# The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022



# **MEMORIAM**

The Foundation extends its sincere appreciation to longtime CFO, Lou Ann Powell, who passed away on November 10, 2022, due to complications from a terminal illness.

Lou Ann, a certified public accountant since 1980, joined the Foundation in 1991 and oversaw its fiscal administration, including governance, finance, and investments.

While Lou Ann cannot be replaced, the Foundation has every confidence in soon putting someone in place to continue this same success.

UNAUDITED

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# **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust Orlando, Florida

# Opinion

We have audited the accompanying consolidated financial statements of The Florida Bar Foundation Inc. and The Florida Bar Foundation Endowment Trust, (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust, as of June 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# **Prior Period Financial Statements**

The consolidated financial statements of The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust as of June 30, 2021, were audited by other auditors whose report dated December 15, 2021, expressed an unmodified opinion on those statements.

# **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

# Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Florida Bar Foundation, Inc. The Florida Bar Foundation Inc. and The Florida Bar Foundation Endowment Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

# **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of revenues by funding sources and the consolidating schedule of expenses by funding sources is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carr, Riggs & Ungram, L.L.C.

CARR, RIGGS & INGRAM, LLC Orlando, Florida

December 16, 2022

# The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust Consolidated Statements of Financial Position

June 30,	2022		2021
Assets			
Current assets			
	\$ 9,937,697	\$	297,911
Interest on trust accounts (IOTA) contributions receivable	1,250,850		750,350
Fellows and other contributions receivable, current portion, net	25,683		33,126
Notes receivable, net	499,800		622,632
Other receivables	12,063		-
Investments	25,206,700		37,560,800
Prepaid and reimbursable expenses	82,259		89,798
Total current assets	37,015,052		39,354,617
Property and equipment, net	61,076		61,982
Non-current assets			
Fellows and other contributions receivable, long-term portion, n	12,966		22,105
Other assets	15,375		7,715
Investments restricted in perpetuity	2,574,108		2,452,910
Total non-current assets	2,602,449		2,482,730
Total assets	\$ 39,678,577	\$	41,899,329
Liabilities and net assets			
Current liabilities			
Accounts payable and accrued expenses	\$ 245,364	Ś	570,986
Grants payable	3,593,573		2,948,591
Contract liabilities	772,602		1,055,674
Obligations under capital leases, current portion	15,073		14,052
Total current liabilities	4,626,612		4,589,303
Non-current liabilities			
Other long-term liabilities	40,181		43,547
Note payable			255,887
Obligations under capital leases, less current portion	-		15,073
Total non-current liabilities	40,181		314,507
Total liabilities	4,666,793		4,903,810
Net assets			
Without donor restrictions	20,049,604		31,421,485
With donor restrictions	14,962,180		5,574,034
Total net assets	35,011,784		36,995,519
Total liabilities and net assets	\$ 39,678,577	\$	41,899,329
See accompanying notes to consolidated finance		r	, ,

See accompanying notes to consolidated financial statements.

# The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust Consolidated Statements of Activities

For the year ended June 30,	Without Donor Restrictions		With Donor Restrictions		2022 Total
Revenues, Support and Gains (Losses)					
Contributions:					
ΙΟΤΑ	\$	-	\$ 9,999,193	\$	9,999,193
Fellows and other contributions, net		238,007	756,250		994,257
Specialty license plate		-	36,077		36,077
Contract revenue:					
Settlements		280,072	-		280,072
Cy-Pres awards		57,758	-		57,758
Investment income, net		817,199	150,149		967,348
Net realized and unrealized losses					
on investments		(3,502,178)	(764,411)		(4,266,589)
Other income		259,659	-		259,659
Net assets released from restrictions		789,112	(789,112)		-
Total revenues, support and gains (losses)		(1,060,371)	9,388,146		8,327,775
Expenses					
Program activities		8,902,384	_		8,902,384
Management and general		1,158,648	_		1,158,648
Fundraising		250,478	_		250,478
Total expenses		10,311,510	-		10,311,510
Change in Net Assets		(11,371,881)	9,388,146		(1,983,735)
Net assets at beginning of year		31,421,485	5,574,034		36,995,519
Net assets at end of year	\$	20,049,604	\$ 14,962,180	\$	35,011,784

# The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust Consolidated Statements of Activities (Continued)

For the year ended June 30,	Without Donor Restrictions			With Donor Restrictions	2021 Total	
Revenues, Support and Gains (Losses)						
Contributions:						
ΙΟΤΑ	\$	7,748,912	\$	-	\$	7,748,912
Fellows and other contributions, net		167,977		663,178		831,155
Specialty license plate		-		37,258		37,258
Contract revenue:						
Settlements		1,607,941		-		1,607,941
Cy-Pres awards		35 <i>,</i> 996		-		35,996
Investment income, net		588,869		113,025		701,894
Net realized and unrealized gains						
on investments		3,877,901		904,179		4,782,080
Other income		24,939		-		24,939
Net assets released from restrictions		586,307		(586,307)		-
Total revenues, support and gains (losses)		14,638,842		1,131,333		15,770,175
Expenses						
Program activities		8,097,702		-		8,097,702
Management and general		1,094,851		-		1,094,851
Fundraising		247,671		-		247,671
Total expenses		9,440,224		-		9,440,224
Change in Net Assets		5,198,618		1,131,333		6,329,951
Net assets at beginning of year		26,222,867		4,442,701		30,665,568
Net assets at end of year	\$	31,421,485	\$	5,574,034	\$	36,995,519

# The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust Consolidated Statements of Functional Expenses

For the year ended June 30,

		20	)22			20	21	
	Program	Management			Program	Management		
	Activities	and General	Fundraising	<b>Total Expenses</b>	Activities	and General	Fundraising	Total Expenses
Grants	\$ 8,151,802	\$-	\$-	\$ 8,151,802	\$ 7,395,777	\$-	\$-	\$ 7,395,777
Salaries and benefits	351,568	771,021	155,991	1,278,580	413,407	763,042	156,917	1,333,366
Facilities and equipment	222,883	127,055	21,000	370,938	204,549	119,190	21,418	345,157
Professional services	57,734	47,585	23,739	129,058	22,897	36,594	20,945	80,436
Office expenses	15,250	40,616	31,162	87,028	16,025	33,566	30,356	79,947
Audit, accounting, legal and bank fees	2,152	63,711	5,371	71,234	2,472	64,587	4,496	71,555
Insurance	13,111	41,869	6,865	61,845	13,824	34,643	6,175	54,642
Awards	42,045	2,955	-	45,000	11,663	1,870	-	13,533
Depreciation and amortization	6,560	20,950	3,435	30,945	9,645	24,171	4,308	38,124
Meetings and reimbursements	5,614	23,388	1,116	30,118	-	414	-	414
Uncollectable accounts	25,500	-	-	25,500	-	-	-	-
Interest expense	-	-	-	-	-	1,757	-	1,757
Other operating expenses	771	5,810	404	6,985	1,853	6,524	891	9,268
Cultivation, promotion, and recognition	6,094	240	-	6,334	5,590	1,858	1,516	8,964
Travel	314	4,569	1,395	6,278	-	2,373	-	2,373
Personnel and professional development	986	4,914	-	5,900	-	219	649	868
Post-retirement benefits	-	3,965	-	3,965		4,043	-	4,043
Total expenses	\$ 8,902,384	\$ 1,158,648	\$ 250,478	\$ 10,311,510	\$ 8,097,702	\$ 1,094,851	\$ 247,671	\$ 9,440,224

# The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust Consolidated Statements of Cash Flows

Net realized and unrealized losses (gains) on investments4,266,589(4,782,080Write-off of uncollectble accounts(25,500)-Decrease (increase) in:10TA contributions receivable(500,500)825Fellows and other contributions receivable148,3322,825Notes receivables(12,063)44,912Prepaid and reimbursable expenses7,539(1,413Other receivables(7,660)6,719Increase (decrease) in:(7,660)6,719Accounts payable and accrued expenses(325,622)358,243Grants payable644,982334,887Contract liabilities(16,32,390)(16,32,390)Other long-term liabilities(3,366)-Total adjustments3,701,299(5,578,096)Net cash provided by operating activities1,717,564751,855Investing Activities(7,590,103)(30,007,563)Proceeds from sale of investments(7,590,103)(30,007,563)Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing Activities14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net cash (used in) provided by financing activities9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,29	For the year ended June 30,	2022	2021
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Notes receivable148,3322,825Other receivables(12,063)44,912Prepaid and reimbursable expenses7,539(1,413Other assets(7,660)6,719Increase (decrease) in:(7,660)6,719Accounts payable and accrued expenses(325,622)358,243Grants payable(44,982)334,887Contract liabilities(283,072)(1,632,390)Other long-term liabilities(3,366)-Total adjustments3,701,299(5,578,096)Net cash provided by operating activities1,717,564751,855Investing Activities(7,590,103)(30,007,563)Transfer of investments(7,590,103)(30,007,563)Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing ActivitiesPrincipal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	IOTA contributions receivable	(500,500)	825
Other receivables(12,063)44,912Prepaid and reimbursable expenses7,539(1,413Other assets(7,660)6,719Increase (decrease) in:Accounts payable and accrued expenses(325,622)358,243Grants payable644,982334,887Contract liabilities(283,072)(1,632,390Other long-term liabilities(3,366)-Total adjustments3,701,299(5,578,096Net cash provided by operating activities1,717,564751,855Investing Activities15,556,41620,437,164Proceeds from sale of investments(7,590,103)(30,007,563Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing ActivitiesPrincipal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities9,639,786(997,112Cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	Fellows and other contributions receivable	16,582	58,652
Prepaid and reimbursable expenses7,539(1,413Other assets(7,660)6,719Increase (decrease) in:(7,660)6,719Accounts payable and accrued expenses(325,622)358,243Grants payable644,982334,887Contract liabilities(283,072)(1,632,390)Other long-term liabilities(3,366)-Total adjustments3,701,299(5,578,096)Net cash provided by operating activities1,717,564751,855Investing Activities1,5556,41620,437,164Purchase of investments(7,590,103)(30,007,563)Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing ActivitiesPrincipal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	Notes receivable	148,332	2,825
Other assets(7,660)6,719Increase (decrease) in: Accounts payable and accrued expenses(325,622)358,243Grants payable644,982334,887Contract liabilities(283,072)(1,632,390Other long-term liabilities(283,072)(1,632,390Other long-term liabilities(3,366)-Total adjustments3,701,299(5,578,096Net cash provided by operating activities1,717,564751,855Investing Activities15,556,41620,437,164Purchase of investments(7,590,103)(30,007,563)Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457)Financing ActivitiesPrincipal payments under capital lease obligations(14,052)(17,397)Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities9,639,786(997,112)Cash and cash equivalents9,639,786(997,112)Cash and cash equivalents at beginning of year297,9111,295,023	Other receivables	(12,063)	44,912
Increase (decrease) in:(1,00,1)Accounts payable and accrued expenses(325,622)358,243Grants payable644,982334,887Contract liabilities(283,072)(1,632,390Other long-term liabilities(3,366)-Total adjustments3,701,299(5,578,096Net cash provided by operating activities1,717,564751,855Investing Activities1,717,564751,855Proceeds from sale of investments(7,590,103)(30,007,563)Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457)Financing ActivitiesProtection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112)Cash and cash equivalents at beginning of year297,9111,295,023	Prepaid and reimbursable expenses	7,539	(1,413)
Accounts payable and accrued expenses(325,622)358,243Grants payable644,982334,887Contract liabilities(283,072)(1,632,390Other long-term liabilities(3,366)-Total adjustments3,701,299(5,578,096Net cash provided by operating activities1,717,564751,855Investing Activities1,717,564751,855Proceeds from sale of investments(7,590,103)(30,007,563)Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing ActivitiesPrincipal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	Other assets	(7,660)	6,719
Grants payable644,982334,887Contract liabilities(283,072)(1,632,390)Other long-term liabilities(3,366)-Total adjustments3,701,299(5,578,096)Net cash provided by operating activities1,717,564751,855Investing Activities1,717,564751,855Proceeds from sale of investments15,556,41620,437,164Purchase of investments(7,590,103)(30,007,563)Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457)Financing ActivitiesProceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112)Cash and cash equivalents at beginning of year297,9111,295,023	Increase (decrease) in:		
Contract liabilities(283,072)(1,632,390)Other long-term liabilities(3,366)-Total adjustments3,701,299(5,578,096)Net cash provided by operating activities1,717,564751,855Investing Activities1,717,564751,855Investing Activities15,556,41620,437,164Purchase of investments(7,590,103)(30,007,563)Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457)Financing Activities7,936,274(17,397)Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112)Cash and cash equivalents at beginning of year297,9111,295,023	Accounts payable and accrued expenses	(325,622)	358,243
Other long-term liabilities(3,366)-Total adjustments3,701,299(5,578,096)Net cash provided by operating activities1,717,564751,855Investing Activities15,556,41620,437,164Purchase of investments15,556,41620,437,164Purchase of investments(7,590,103)(30,007,563)Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457)Financing ActivitiesPrincipal payments under capital lease obligations(14,052)(17,397)Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112)Cash and cash equivalents at beginning of year297,9111,295,023	Grants payable	644,982	334,887
Total adjustments3,701,299(5,578,096Net cash provided by operating activities1,717,564751,855Investing Activities15,556,41620,437,164Purchase of investments15,556,41620,437,164Purchase of investments(7,590,103)(30,007,563Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing ActivitiesPrincipal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	Contract liabilities	(283,072)	(1,632,390)
Net cash provided by operating activities1,717,564751,855Investing ActivitiesProceeds from sale of investments15,556,41620,437,164Purchase of investments(7,590,103)(30,007,563Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing ActivitiesPrincipal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,8871Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	Other long-term liabilities	(3,366)	-
Investing ActivitiesProceeds from sale of investments15,556,41620,437,164Purchase of investments(7,590,103)(30,007,563Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing ActivitiesProceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	Total adjustments	3,701,299	(5,578,096)
Proceeds from sale of investments15,556,41620,437,164Purchase of investments(7,590,103)(30,007,563Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing Activities-255,887Principal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	Net cash provided by operating activities	1,717,564	751,855
Proceeds from sale of investments15,556,41620,437,164Purchase of investments(7,590,103)(30,007,563Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing Activities-255,887Principal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	Investing Astivities		
Purchase of investments(7,590,103)(30,007,563Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing Activities7,936,274(1,987,457Principal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	-		20 427 464
Transfer of investments to cash and cash equivalents-7,582,942Puchase of property and equipment(30,039)-Net cash provided by (used in) investing activities7,936,274(1,987,457Financing Activities7,936,274(1,987,457Principal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023			
Puchase of property and equipment(30,039)Net cash provided by (used in) investing activities7,936,274(1,987,457Financing Activities7,936,274(1,987,457Principal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023		(7,590,103)	
Net cash provided by (used in) investing activities7,936,274(1,987,457Financing ActivitiesPrincipal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112)Cash and cash equivalents at beginning of year297,9111,295,023	•	-	7,582,942
Financing ActivitiesPrincipal payments under capital lease obligations(14,052)Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786Cash and cash equivalents at beginning of year297,9111,295,023	Puchase of property and equipment	(30,039)	-
Financing ActivitiesPrincipal payments under capital lease obligations(14,052)Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786Cash and cash equivalents at beginning of year297,9111,295,023	Net cash provided by (used in) investing activities	7 936 274	(1 987 457)
Principal payments under capital lease obligations(14,052)(17,397Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112)Cash and cash equivalents at beginning of year297,9111,295,023		7,330,274	(1,507,457)
Proceeds from Paycheck Protection Program-255,887Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	Financing Activities		
Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023	Principal payments under capital lease obligations	(14,052)	(17,397)
Net cash (used in) provided by financing activities(14,052)238,490Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023		-	
Net increase (decrease) in cash and cash equivalents9,639,786(997,112Cash and cash equivalents at beginning of year297,9111,295,023			
Cash and cash equivalents at beginning of year <b>297,911</b> 1,295,023	Net cash (used in) provided by financing activities	(14,052)	238,490
	Net increase (decrease) in cash and cash equivalents	9,639,786	(997,112)
Cash and cash equivalents at end of year <b>\$ 9.937.697</b> \$ 297.911	Cash and cash equivalents at beginning of year	297,911	1,295,023
	Cash and cash equivalents at end of year	\$ 9,937,697	\$ 297,911

See accompanying notes to consolidated financial statements.

## **Note 1: NATURE OF ORGANIZATION**

The Florida Bar Foundation, Inc. (the Foundation), is a non-profit, tax exempt corporation established in 1956 by The Florida Bar Board of Governors under authority granted by the Florida Supreme Court for the purpose of providing greater access to justice. The Foundation accomplishes this mission through funding of programs which expand and improve representation and advocacy on behalf of low-income persons in civil legal matters, improve the fair and effective administration of justice and promote service to the public by members of the legal profession by making public service an integral component of the law school experience.

The Florida Bar Foundation Endowment Trust (the Endowment), is a non-profit, tax-exempt trust established in 1992. The Endowment was created solely to benefit the exempt purposes of the Foundation by providing income to fund its charitable activities from the investment of endowment contributions. The Endowment has no employees and is managed by Foundation personnel. Distributions from the Endowment to the Foundation are at the discretion of the Trustees of the Endowment (the Trustees). Use of Endowment distributions for Foundation charitable activities is determined by the Board of Directors of the Foundation (the Board).

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

The consolidated financial statements of the Foundation and the Endowment include their program services and supporting activities. Program expenses primarily include grants to other organizations for the purpose of accomplishing the objects of the Foundation's grant programs and program-related expenses in support of those programs. Program-related expenses include staff salaries and related costs, professional services, meeting expenses, and other costs to support accomplishment of the programs describe below. Management and general expenses include staff salaries and related costs, accounting, and other professional services expense, insurance, office facility expenses, and other expenses in support of the operations of the Foundation and the Endowment. Fundraising expenses include staff salaries and related costs, professional services, and other expenses include staff salaries and related costs, professional set in support of the operations of the Foundation and the Endowment.

Historically, the Foundation's primary source of funding is the Interest on Trust Accounts (IOTA) program, which represents net assets with donor restrictions for expenditures in support of the Foundation's tax-exempt purposes. IOTA contributions to the Foundation are made through financial institution remittance of interest earned on nominal or short-term deposits in participants' client trust accounts from participating attorneys.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Basis of Accounting (Continued)

The Endowment's primary sources of funding are investment income, the Fellows program and other contributions. To become a life member and Fellow of the Foundation, participants pledge to pay \$1,000 over a five or ten-year term. All payments are invested in perpetuity and income earned thereon may be classified as without donor restrictions or with donor restrictions to specific Foundation programs based on the donor's instruction.

## Principles of Consolidation

The Foundation has the sole authority to appoint Endowment Trustees and has an economic interest in the Endowment. Accordingly, the Foundation and Endowment's financial statements are presented on a consolidated basis. For purposes of this audit, all significant intercompany accounts and transactions have been eliminated in consolidation.

# Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues, gains, and other support and expenses during the reporting period. Actual results could differ from those estimates.

## Cash and Cash Equivalents

The Foundation and the Endowment consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents except for such instruments held by investment custodians.

## IOTA, Fellows and Other Contributions Receivable

Contributions, including unconditional promises to give and IOTA receipts, are recorded as contribution revenue when cash, securities or other assets, or an unconditional promise to give is received. Conditional promise to give, those with a measureable performance barrier or other barrier, and a right of return are not recognized until the conditions on which they depend have been met. The Foundation did not have any conditional contributions at June 30, 2022 or 2021. Contributions receivable are reduced to the amount estimated to be realized by an allowance for uncollectible contributions. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Contributions to be received in future periods greater than one year are generally discounted to their present value in the year the contribution is made.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments

Investments in marketable securities are stated at fair value. Alternative investments are stated at net asset value (NAV). All realized and unrealized gains and losses attributable to investments and all investment income (interest and dividends, net of investment fees) are reflected in the consolidated statements of activities. Cost is determined by the specific identification method or the average cost method in computing realized gains and losses on sales of investments.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. In addition, alternative investment fund are not subject to audit other than at their fiscal year end and there are no published market prices for such investments to establish their fair value at intervening dates. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect investment account balances and the amounts reported in the consolidated statements of financial position and activities.

## Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight-line method over the following useful lives:

	Estimated
	Useful Lives
Asset Classifications	(Years)
Office equipment	5
Computer equipment	5
Furniture and fixtures	6 - 8
Software	5

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Impairment of Long-Lived Assets

The Foundation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairment losses recorded during the years ended June 30, 2022 and 2021.

# Grants Payable

Grants unconditionally approved for payment by the Foundation's Board are recorded as grants expense and grants payable at the time the Board approves the grant. Conditional promises to grant funds, those with a measurable performance barrio or other barrier, and a right of return, are not recorded as grants expense until the conditions on which they depend have been met by the grantee.

## Net Assets

The Foundation and the Endowment report information regarding their financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation and the Endowment, the environment in which they operate, the purposes specified in their 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. The governing board has designated, from net assets without donor restrictions, net assets for specific purposes.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Revenue Recognition**

Payments under various contracts, including legal settlements and Cy-Pres Awards, are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts are satisfied. Income from contract revenue and Cy Pres Awards received in advance are deferred and recognized over the periods to which the dates and income relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

#### **Donated Assets**

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

## **Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

## Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Foundation and the Endowment have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. Rent and maintenance, depreciation expense, insurance, office expenses, and dues and subscriptions are allocated based on the number of employees per function.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

The Foundation and the Endowment are tax exempt organizations under Section 501(c)(3) of the Internal Revenue Code and are exempt from state income taxes under similar provisions in the Florida Statues. The Foundation and the Endowment have been determined to be other than a private foundation under the meaning of Section 509(a) of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the accompanying consolidated financial statements.

The Foundation and the Endowment utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2022 and 2021, the Foundation and the Endowment have no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

## Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

## Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 16, 2022. See Note 17 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

# Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Accounting Pronouncements Issued but Not yet Adopted

#### Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

#### Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* The ASU changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. The ASU includes financial assets recorded at amortized cost basis such as pledges, trade and certain other receivables as well as certain off-balance sheet credit exposures such as loan commitments and financial guarantees. The ASU does not apply to financial assets measured at fair value, and loans and receivables between entities under common control. The ASU is effective for fiscal years beginning after December 15, 2022. Early adoption may be selected for fiscal years beginning after December 15, 2018. The Foundation and Endowment must apply the amendments in the ASU through a cumulated-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective except for certain exclusions. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

# Note 3: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's and Endowment's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

June 30,	2022	2021
Cash and cash equivalents	\$ 9,937,697	\$ 297,911
Investments, net of endowment funds restricted in perpetuity	25,206,700	37,560,800
IOTA contributions receivable	1,250,850	750,350
Fellows and other contributions receivable, current portion, net	25,683	10,755
Total Financial Assets Available Within One Year	36,420,930	38,619,816
Less:		
Net assets with donor restrictions subject to expenditure		
for specific purpose	(12,354,579)	(3,088,310)
Board designated grant reserve fund	(6,505,981)	(8,485,904)
Earnings on bank of America settlement designated for	• • • •	• • • •
program expenses	(103,089)	(103,053)
Board designated special reserves	(3,976,853)	(3,936,853)
Board designated for preservation of minimum investment value	(2,500,000)	(2,500,000)
Net Financial Assets and Liquidity Resources Available		
Within One Year	\$ 10,980,428	\$ 20,505,696

As part of the Foundation's and Endowment's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments and mid-long-term investment accounts which are reviewed and managed by the investment committee. The Foundation has established a board-designated endowment which considers, on a case-by-case basis, individual requests from the Board before making distributions of allowable earnings. Earnings are restricted for specific Foundation programmatic activities or available to the Foundation, as requested, for any of its purposes. In addition, as of June 30, 2022 and 2021, respectively, the Foundation has board designated reserves of \$13,085,923 and \$15,058,624, as well as conditional grants in the amount of \$1,929,860 and \$4,947,087.

## Note 4: CONTRIBUTIONS RECEIVABLE

IOTA contributions receivable in the amount of \$1,250,850 and \$750,350 as of June 30, 2022 and 2021, respectively, are considered fully collectible.

Fellows contributions receivable are collectible over five or ten-year terms and have been recorded net of a discount to reflect the present value of the estimated future cash flows to be received. Fellows contributions receivable are also recorded net of an estimated allowance for uncollectible contributions, which is based on collection experience. Other contributions to be received in future periods greater than one year are similarly recorded. During the years ended June 30, 2022 and 2021, the Foundation discounted contributions for seven years (based on mix of five and ten-year contributions at a rate of 1.44% and 0.36%, respectively. IOTA contributions receivable are considered fully collectible.

Fellows and other contributions receivables are included in the consolidated statements of financial position as follows.

June 30,	2022	2021
Fellows contributions receivable:		
Fellows contributions	\$ <b>36,668</b> \$	55,759
Allowance for unncollectible contributions	(8,678)	(24,833)
Unamortized discount	(6,321)	(4,946)
Total fellows contributions receivable	21,669	25,980
Other contributions receivable:		
Other contributions	36,694	77,477
Allowance for uncollectible contributions	(13,616)	(43 <i>,</i> 087)
Unamortized discount	(6,098)	(5,139)
Total other contributions receivable	16,980	29,251
Total fellows and other contributions receivable, net	\$ <b>38,649</b> \$	55,231

# Note 4: CONTRIBUTIONS RECEIVABLE (Continued)

Future collections of all contributions are estimated to be as follows:

June 30,						2022
	Les	ss Than One	Or	ne to Five	<b>Over Five</b>	
		Year		Years		Years
IOTA contributions receivable	\$	1,250,850	\$	-	\$	-
Fellows and other contributions receivable		39,139		32,523		1,700
Total future collections	\$	1,289,989	\$	32,523	\$	1,700
June 30,						2021
	Le	ss Than One	Or	ne to Five	C	)ver Five
		Year		Years		Years
IOTA contributions receivable	\$	750,350	ć		ć	
	Ş		Ş		\$	
Fellows and other contributions receivable		83,834		47,407		2,000
Total future collections	\$	834,184	\$	47,407	\$	2,000

During the years ended June 30, 2022 and 2021, no contributions were written off to bad debt expense.

#### Note 5: NOTES RECEIVABLE

The Foundation has established a loan repayment assistance program (LRAP). This program provides law school educational debt repayment assistance to law school graduates employed by qualified legal aid organizations. Each participant may receive up to \$5,000 per year that must be applied toward repayment of student loan debt. In the event of an applicant's principal balance is equal to or less than the maximum annual benefit amount, an applicant may qualify for a loan in the amount of the principal balance. The loans are for one year, and are paid to the program participants in semiannual installments and are forgiven annually provided the staff attorney remains employed on a full-time or at least part time (50% or greater FTE) basis for the full loan year by a qualified legal aid organization and provides proof of payment of student loan debt using all of the LRAP proceeds. Loan principal of \$1,018,355 and \$1,043,502, was forgiven during the years ended June 30, 2022 and 2021, respectively.

# Note 5: NOTES RECEIVABLE (Continued)

The unforgiven balance of the loan due from a participant who terminates qualified employment becomes payable in 12 equal monthly installments, including interest at 3%. As of June 30, 2022 and 2021, participants with outstanding loan balances of \$105,177 and \$85,153, respectively, had ceased to qualify under the program's guidelines and their loans are being repaid under the above terms. Interest on the loans is recorded as income when received. Interest income was \$1,364 and \$1,918 for the years ended June 30, 2022 and 2021, respectively, and was included in other income on the consolidated statement of activities.

The Foundation provides an allowance for uncollectible loans based on its collection experience. As of June 30, 2022 and 2021, management determined the allowance for uncollectible loans for all notes receivable to be \$56,864 and \$33,200, respectively. Loans are only written-off after management has exhausted all reasonable collection efforts. Bad debt expense was \$25,500 and \$0 for the years ended June 30, 2022 and 2021, respectively.

#### Note 6: INVESTMENTS

Investment are classified in three separate accounts as Current Operating, Mid-Long Term, and Endowment Investments. The Current Operating Account was established to provide funding for the Foundation's operating expenses. As well as near term capital and grant commitments in support of the Foundation's charitable activities. Consequently, the investment objectives for the Current Operating Account are to provide for preservation of principal value, high liquidity, and current income. To provide for current and future funding of grant programs, operation and capital needs, the Foundation established the Mid-Long Term Investment Account. The investment objective for the Mid-Long Term Investment Account is to provide current income, preservation of capital, and long-term capital growth. The investment objective of Endowment Investments to be held in perpetuity is to provide long-term capital growth.

The Foundation owns the following investments that are recorded at net asset value (NAV):

The ACL Alternative Fund SAC Limited USD Class A Fund (Managed futures) may be redeemed on a daily basis. The investment objective is to produce positive long-term returns of 10-12% per annum over the risk free rate. Diversification is achieved through both the trading style and at the market sector level which is broadly diversified with positions in global currency, financial and commodity markets.

The Hatteras Core Alternatives TEI Institutional Fund, L.P. (Hedge funds of funds) may be redeemed quarterly with a 65 day notice. The maximum amount of redemption, per quarter, is ordinarily limited to 5%, but in no event is to exceed 20%, with a minimum of \$50,000, subject to the approval of the Fund's board. The investment objective of the Fund is to provide capital appreciation consistent with the return characteristics of the alternative investment portfolios of larger endowments. The secondary objective of the Fund is to provide capital appreciation with less volatility than that of the equity markets.

# Note 6: INVESTMENTS (Continued)

Investments consist of the following:

June 30,				2022
		Cost	Μ	larket Value
Current Operating Investments				
Current Operating Investments:	ė	C 240 COC	~	6 075 700
Money market funds	\$	6,310,696	\$	6,075,723
Foundation mid-long term investments:				
Cash and money market funds		253,631		253,156
Common stocks		4,062,636		3,706,664
Commodity mutual funds		613,554		517,966
Equity mutual funds		1,877,701		1,540,431
Exchange traded funds		3,137,624		3,394,618
Fixed income mutual funds		5,919,089		5,322,960
Hedge funds & liquid alternatives		1,010,520		897,092
Managed futures		277,754		445,048
Total mid-long term investments		17,152,509		16,077,935
Endowment investments:				
Cash and money market funds		112,168		112,184
Common stocks		1,392,079		1,308,081
Commodity mutual funds		206,701		180,214
Equity mutual funds		825,283		708,088
Exchange traded funds		989,307		1,309,601
Fixed income mutual funds		1,787,156		1,638,562
Hedge funds & liquid alternatives		188,542		169,114
Managed futures		111,958		201,306
Total endowment investments		5,613,194		5,627,150
Total Investments	\$	29,076,399	\$	27,780,808

# Note 6: INVESTMENTS (Continued)

June 30,			2021
	Cost	N	larket Value
Current Operating Investments:			
Cash and money market funds	\$ 4,728,807	\$	4,722,941
Common stocks	4,564,439		4,567,188
Money market funds	1,970,583		1,958,037
Total current operating investments	11,263,829		11,248,166
Foundation mid-long term investments:			
Cash and money market funds	737,945		737,615
Common stocks	4,069,968		4,680,285
Commodity mutual funds	650,000		663,661
Equity mutual funds	2,067,284		2,481,500
Exchange traded funds	3,765,281		4,850,668
Fixed income mutual funds	6,979,369		7,068,755
U.S. Treasuries	412,691		412,281
Liquid alternatives	1,027,466		1,195,979
Managed futures	277,754		350,679
Total mid-long term investments	19,987,758		22,441,423
Endowment investments:			
Cash and money market funds	209,332		209,398
Common stocks	1,160,889		1,407,199
Commodity mutual funds	187,000		197,560
Equity mutual funds	763,412		944,060
Exchange traded funds	989,307		1,478,111
Fixed income mutual funds	1,632,307		1,674,432
Liquid alternatives	208,854		224,059
Hedge fund of funds	17,803		30,681
Managed futures	 111,958		158,621
Total endowment investments	5,280,862		6,324,121
Total Investments	\$ 36,532,449	\$	40,013,710

# Note 6: INVESTMENTS (Continued)

Investments are classified in the consolidated statements of financial position based on their availability of expenditure as follows:

June 30,	2022	2021
Current assets (available for expenditure)		
Investments	<b>\$ 25,206,700</b> \$	37,560,800
Other assets (not available for expenditure)		
Investments restricted in perpetuity	2,574,108	2,452,910
Total Investments	<b>\$ 27,780,808</b> \$	40,013,710

The consolidated investment return of the Foundation and the Endowment is comprised of the following:

For the year ended June 30,	2022	2021
Investment income, net:		
Interest	<b>\$ 63,175</b> \$	51,107
Dividents and reinvested capital gains	959,160	699,071
Investment fees	(54,987)	(48,284)
Total investment income, net	967,348	701,894
Net gains (losses):		
Realized	508,917	795,104
Unrealized	(4,775,506)	3,986,976
Net realized and unrealized gains (losses) on investments	(4,266,589)	4,782,080
Total investment return, net	<b>\$ (3,299,241)</b> \$	5,483,974

# **Note 7: PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

June 30,		2022	2021
Office equipment	ć	115,849	\$ 115,849
Computer equipment	Ş	102,219	83,259
Furniture and fixtures		168,020	168,020
Software		195,442	808,090
		581,530	1,175,218
Less accumulated depreciation and amortization		(520,454)	(1,113,236)
Total property and equipment	\$	61,076	\$ 61,982

Depreciation and amortization expense was \$30,945 and \$38,124 for the year ended June 30, 2022 and 2021, respectively.

## Note 8: NOTE PAYABLE

On March 27, 2020, the Coronavirus Aid, Relief and Economics Security Act (the CARES Act) was enacted to address the economic fallout of the COVID-19 outbreak on the economy. The CARES Act, among other things, includes provision relating to refundable payroll tax credits, deferment of employer side social security payments, and net operating loss carryback periods. It also appropriated funds for the Payroll Protection Program (PPP), as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Foundation applied for, and received, funds under the PPP in the amount of \$255,887 on February 2, 2021, which is shown as a note payable on the accompanying consolidated statement of financial position as of June 30, 2021. The Foundation accounted for this loan in accordance with ASC 470, *Debt*. Under this guidance, a liability is derecognized upon repayment to the creditor or upon legal release. Legal release occurs upon confirmation of forgiveness from the SBA, at which time the liability will be released and record as income. During the year ended June 30, 2022, the Foundation applied for and was notified that the entire unpaid principal balance of \$255,887 was forgiven and is included in other income on the consolidated statements of activities.

# Note 9: NET ASSETS

A summary of net assets without donor restrictions follows:

June 30,		2022		2021
Undesignated	\$	6,963,681	Ś	16,362,861
Board designated	Ŷ	0,500,001	Ŷ	10,002,001
Earnings on Bank of America settlement designated for				
program expenses		103,089		103,053
Funding of grants reserve		6,505,981		8,485,904
Preservation of minimum investment value		2,500,000		2,500,000
Special reserves, including disaster relief, future building				
fund, and operating		3,976,853		3,969,667
Total board designated		13,085,923		15,058,624
Total net assets without donor restrictions	\$	20,049,604	\$	31,421,485
A summary of net assets with donor restrictions follows: June 30,		2022		2021
		_		
Time restricted	\$	33,493	\$	32,814
Purpose restricted Total subject to expenditure for specified purpose		12,354,579 12,388,072		3,088,310 3,121,124
Total subject to expenditure for specifica purpose		12,300,072		5,121,124
Endowment investments restricted in perpetuity		2,574,108		2,452,910
Total net assets with donor restrictions	\$	14,962,180	\$	5,574,034
A summary of the release of donor restrictions follows:				
June 30,		2022		2021
	\$	2022 789,112	\$	2021 586,307

# Note 9: NET ASSETS (Continued)

As of June 30, 2022 and 2021, the Board had approved grants contingent on the recipients meeting certain conditions specified in the grant agreements. The conditional grants are not reflected in the accompanying consolidated financial statements and will be recorded when the conditions are met. These conditional grant commitments and non-endowed Board designations are as follows:

June 30,	2022	2021
Legal Assistance for the Poor COVID-19 grants	\$ <b>1,929,860</b> \$ -	2,447,087 2,500,000
Total conditional grants	\$ <b>1,929,860</b> \$	4,947,087

#### Note 10: REVENUE

#### Disaggregated Revenue

A summary of disaggregated revenue information follows:

For the years ended June 30,	2022	2021
Contracts revenue Recognized over time	\$ 337,830	\$ 1,643,937
Contributions (non-exchange)	11,029,527	8,617,325
Other revenue (non-exchange)	(3,039,582)	5,508,913
Total revenue	\$ 8,327,775	\$15,770,175
Contract Balances		
June 30,	2022	2021
Contract liabilities, beginning of year Contract liabilities, end of year	<b>\$ 1,055,674</b> \$ <b>\$   772,602</b> \$	2,688,064 1,055,674

## Note 11: ENDOWMENT

Endowment funds include both donor-restricted endowment funds and funds designated for endowment by the Board. As required by U.S. GAAP, the principal of donor-restricted endowment funds are classified and reported as net assets with donor restrictions and the earnings are classified and reported based on the existence or absence of donor-imposed restrictions. The Board-designated endowment fund has been designated by the Board for endowment with the intention of growing the endowment fund to ultimately support the programmatic activities of the Foundation and are classified and reported as net assets without donor restrictions. The earnings on the donor-restricted endowment fund are either restricted for program activities or are unrestricted and will be appropriated for expenditure by the Trustees.

# Interpretation of Relevant Law

The governing document of the Endowment requires the principal of the endowment funds to be maintained in perpetuity as the ultimate source for providing income to carry on the Foundation's charitable activities. Accordingly, the Trustees and the Board interpret Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the donor-restricted endowment funds are classified as net assets with donor restrictions and include (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment funds not otherwise restricted are classified as net assets with donor gift instruments at the time the accumulation is added to the fund. Earnings on donor-restricted endowment funds not otherwise restricted are classified as net assets in a manner consistence with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Trustees consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purpose of the Foundation's request for distribution.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation.
- The investment policies of the Endowment Trust.

# Note 11: ENDOWMENT (Continued)

## Return Objectives and Risk Parameters

The Trustees have adopted investment and spending policies for endowment assets that attempt to provide future funding to Foundation programs. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity, as well as Board-designated funds. Under these policies, as approved by the Trustees, the endowment assets are invested in a manner that is intended to provide a total return primarily emphasizing capital appreciation (realized and unrealized) and current yield (interest and dividends). The Endowment's investment policy targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

## **Endowment Spending Policy**

The Endowment's policy is to not distribute funds annually, but to consider, on a case-by-case basis, individual requests from the Board. In reviewing a request for distribution, the Trustees consider the importance of the Foundation's needs considering its other resources, as well as the objective of providing additional real growth for future funding through accumulations of investment returns.

Endowment net asset composition by type of fund as of June 30, 2022, is as follows:

	 Without Donor Restrictions		Vith Donor Sestrictions	Total
Donor-restricted endowment funds Board-designated endowment funds	\$ - 1,392,840	\$	4,267,536 -	\$ 4,267,536 1,392,840
Total	\$ 1,392,840	\$	4,267,536	\$ 5,660,376

Change in endowment net assets for the fiscal year ended June 30, 2022, is as follows:

	 		Vith Donor estrictions	Total
Endowment net assets, beginning of year Investment income, net Net realized and unrealized losses Contributions	\$ 1,597,363 50,338 (254,861) -	\$	4,759,921 150,149 (764,411) 121,877	\$ 6,357,284 200,487 (1,019,272) 121,877
Endowment net assets, end of year	\$ 1,392,840	\$	4,267,536	\$ 5,660,376

# Note 11: ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of June 30, 2021, is as follows:

	Without Donor Restrictions		With Donor Restrictions		Total
Donor-restricted endowment funds Board-designated endowment funds	\$	- 1,597,363	\$	4,759,921 -	\$ 4,759,921 1,597,363
Total	\$	1,597,363	\$	4,759,921	\$ 6,357,284

Change in endowment net assets for the fiscal year ended June 30, 2021, is as follows:

	Without Donor Restrictions		With Donor Restrictions		Total
Endowment net assets, beginning of year Investment income, net Net realized and unrealized gains Contributions	\$ 1,254,954 38,046 304,363	\$	3,728,111 113,025 904,179 14,606	\$	4,983,065 151,071 1,208,542 14,606
Endowment net assets, end of year	\$ 1,597,363	\$	4,759,921	\$	6,357,284

In March 2022, the Endowment and the Foundation entered into an agreement with Alan B. Bookman Service in Leadership, Inc., a Florida not for profit corporation (Bookman Leadership). The purpose of the agreement is for the Endowment to hold and the Fund to manage a memorial fund in honor of the late Alan B. Bookman, known as the Alan B. Bookman Memorial Fund (Bookman Memorial Fund). Under the terms of the agreement, Bookman Leadership will endeavor to raise funding for the Bookman Memorial Fund. At June 30, 2022, \$104,150 was raised for the Bookman Memorial Fund. The purpose of the Bookman Memorial Fund is to provide grants to Florida civil legal aid providers designated by the recipient of an annual award titled the Alan B. Bookman Service in Leadership Award. For its services in administering the Bookman Memorial Fund an annual fee which shall be the greater of \$1,000 or 1% of the Bookman Memorial Fund's principal balance, as defined in the agreement.

## Note 12: FAIR VALUE INVESTMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

*Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation and the Endowment are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation and the Endowment are deemed to be actively traded.

*Exchange traded funds and US treasuries*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

# Note 12: FAIR VALUE INVESTMENTS (Continued)

*Liquid alternatives*: Valued at the daily closing price as reported by the fund. Liquid alternatives held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The liquid alternatives held by the Organization are deemed to be actively traded.

Managed futures and hedge funds of funds: Valued based on NAV per share or unit as a practical expedient as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date. Accordingly, the NAV based investments have been excluded from the fair value hierarchy leveling.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation and the Endowment believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

## Note 12: FAIR VALUE INVESTMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Foundation's and Endowments' investments at fair value:

June 30,						2022
		Level 1		Level 2	Level 3	Total
Current Operating Investments:						
Money market funds	Ś	6,075,723	\$	- \$	_ <u></u>	6,075,723
Money market runus	Ļ	0,073,723	Ļ	- ,	7	0,075,725
Foundation mid-long term investments:						
Cash and money market funds		253,156		-	-	253,156
Common stocks		3,706,664		-	-	3,706,664
Commodity mutual funds		517,966		-	-	517,966
Equity mutual funds		1,540,431		-	-	1,540,431
Exchange traded funds		3,394,618		-	-	3,394,618
Fixed income mutual funds		5,322,960		-	-	5,322,960
Hedge funds & liquid alternatives		897,092		-	-	897,092
· · · ·		15,632,887				15,632,887
Managed futures (A)		-		-	-	445,048
Total mid-long term investments		15,632,887		-	-	16,077,935
Endowment investments:						
Cash and money market funds		112,184		-	-	112,184
Common stocks		1,308,081		-	-	1,308,081
Commodity mutual funds		180,214		-	-	180,214
Equity mutual funds		708,088		-	-	708,088
Exchange traded funds		1,309,601		-	-	1,309,601
Fixed income mutual funds		1,638,562		-	-	1,638,562
Hedge funds & liquid alternatives		140,526		-	-	140,526
		5,397,256		-	-	5,397,256
Hedge funds & liquid alternatives (A)		_		-	_	28,588
Managed futures (A)		_		_	_	201,306
אמחמקבת ותנתובש (ה)		-		-	-	201,300
Total endowment investments		5,397,256				5,627,150
	-					
Total investments at fair value	\$	27,105,866	\$	- \$	- \$	27,780,808

(A) Investments that are measured at fair value using the net asset value per share have been excluded from the fair value hierarchy leveling

June 30,				2021
	Level 1	Level 2	Level 3	Total
Current Operating Investments:	6 4 700 0 <i>44</i> 6	<u> </u>		
Cash and money market funds	\$ 4,722,941 \$	- \$	-	\$ 4,722,941
Common stocks	4,567,188	-	-	4,567,188
Money market funds	1,958,037	-	-	1,958,037
Total current operating investments	11,248,166	-	-	11,248,166
Foundation mid-long term investments:				
Cash and money market funds	737,615	-	-	737,615
Common stocks	4,680,285	-	-	4,680,285
Commodity mutual funds	663,661	-	-	663,661
Equity mutual funds	2,481,500	-	-	2,481,500
Exchange traded funds	4,850,668	-	-	4,850,668
Fixed income mutual funds	7,068,755	-	-	7,068,755
U.S. Treasuries	412,281	-	-	412,281
Liquid alternatives	1,195,979	-	-	1,195,979
	22,090,744	-	-	22,090,744
Managed futures (A)	-	-	-	350,679
Total mid-long term investments	22,090,744	-	-	22,441,423
Endowment investments:				
Cash and money market funds	209,398	-	-	209,398
Common stocks	1,407,199	-	-	1,407,199
Commodity mutual funds	197,560	-	-	197,560
Equity mutual funds	944,060	-	-	944,060
Exchange traded funds	1,478,111	-	-	1,478,111
Fixed income mutual funds	1,674,432	-	-	1,674,432
Liquid alternatives	224,059	-	-	224,059
	6,134,819	-	-	6,134,819
Hedge fund of funds (A)	-	-	-	30,681
Managed futures (A)	-	-	-	158,621
	-	-	-	189,302
Total endowment investments	6,134,819	-	-	6,324,121
Total investments at fair value	\$ 39,473,729 \$	- \$	-	\$ 40,013,710

# Note 12: FAIR VALUE INVESTMENTS (Continued)

(A) Investments that are measured at fair value using the net asset value per share have been excluded from the fair value hierarchy leveling

## Note 12: FAIR VALUE INVESTMENTS (Continued)

## Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or modelbased valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended December 31, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

## Fair Value of Investments that Calculate Net Asset Value

The following table summarizes information related to the investments measured at fair value based on NAV per share as of June 30, 2022 and 2021, respectively. The investments are maintained by investment companies and hold investments in accordance with a stated set of fund objectives.

			Redemption	
		Unfunded	Frequency	<b>Redemption Notice</b>
June 30,	Fair Value	Commitments	(if eligible)	Period
2022				
Managed Futures	646,354	646,354	Daily	0 - 30 Days
Hedge funds of funds	28,588	28,588	Quarterly	65 Days
2021				
Managed Futures	509,300	509,300	Daily	0 - 30 Days
Hedge funds of funds	30,681	30,681	Quarterly	65 Days

## Note 13: SIGNIFICANT CONTRACTS AND AWARDS

## Bank of America Legal Settlement

As a result of a Justice Department settlement executed in 2014, the Foundation received \$23,048,159 and \$1,395,700 in April 2016 and 2015, respectively. In November 2016, the Foundation received an additional \$25,661. The funds received from the settlement are required to be used in providing funds to legal aid organization in the state of Florida for foreclosure prevention legal assistance and community redevelopment legal assistance. The Foundation awarded grants and recorded grant expense totaling \$141,500 and \$449,390 during the years ended June 30, 2022 and 2021, respectively, which met the requirements of the award, at which time the respective revenue was recognized and included in contract revenue in the consolidated statements of activities. As of June 30, 2022 and 2021, \$166,500 and \$308,000 respectively, related to this settlement is included in contract liabilities on the consolidated statements of financial position in accordance with the Foundation's accounting policy.

# Note 13: SIGNIFICANT CONTRACTS AND AWARDS (Continued)

## Engle Settlement Funds

The Foundation received \$3,623,987, in February 2019, from a four-judge panel of the United States District Court for the Middle District of Florida, the result of a case in which sanctions against two law firms were levied. The Engle funds were required to be awarded to qualified legal aid organizations in the Middle District of Florida to assist litigants in obtaining representation in court. Recipients of this grant funding must provide direct legal services to clients in litigation matters, either active or in pre-suit. The Foundation will allocate \$3,548,987 in rough proportion to the number of Engle cases that emanated from the respective divisions of the Middle District. The Foundation was awarded \$75,000 over a two year period to cover administration of these grants. The Foundation awarded grants and recorded grant expense totaling \$138,572 and \$1,158,551 during the years ended June 30, 2022 and 2021, respectively, which met the requirements of the award, at which time the respective revenue was recognized and included in contract revenue in the consolidated statements of activities. As of June 30, 2022 and 2021, \$606,100 and \$747,674, respectively, related to this settlement is included in contract liabilities on the consolidated statements of financial position in accordance with the Foundation's accounting policy.

# Note 14: CONCENTRATIONS

## Concentration of Credit Risk

Financial instruments which potentially expose the Foundation and the Endowment to concentrations of credit risk, as defined by U.S. GAAP, include bank and brokerage cash and cash equivalent accounts in excess of federally insurance balances in national financial institutions at June 30, 2022 and 2021. In management's opinion, the capitalization and operating history of these financial institutions is such that the likelihood of a loss is remote.

## **Concentration of IOTA Revenue**

A substantial portion of the Foundation's revenues are derived from contributions related to the IOTA program. A reduction in the amount of IOTA contributions received in the near term could have a significant impact on the Foundation's financial position and results of activities.

IOTA programs similar to Florida's have been established in every state, the District of Columbia and the U.S. Virgin Islands. Legal challenges to IOTA programs have been initiated over the years in a number of federal jurisdictions, including Florida. The federal court challenges have ended in the wake of the U.S Supreme Court's decision in Brown v. Legal Foundation of Washington, 538 U.S. 216, (2003), which found that Washington State's program did not violate the Fifth Amendment of the U.S. Constitution. Presently, there are no asserted claims concerning the constitutionality of Florida's IOTA program.

# Note 14: CONCENTRATIONS (Continued)

# Concentration of IOTA Revenue (Continued)

On June 18, 2021, the Florida Supreme Court issued its decision regarding its previously-entered Administrative Order (No. AOSC19-70). That decision can be found on the Court's online docket under Case No. SC 2020-1543 (IN RE: AMENDMENTS TO RULE REGULATING THE FLORIDA BAR 5-1.1(g)). The decision amends Rule 5-1.1(g) which is commonly referred to as "the IOTA rule" in several respects. Most notably, the decision affirms that The Florida Bar Foundation shall continue to remain as the statewide administrator for the collection and distribution of IOTA funds. Similarly, while the amended rule does not diminish (or increase) the total amount of IOTA funds to be received (this amount is directly determined by the principal balance amount of all lawyer trust accounts and the net interest rates paid by participating financial institutions - which makes the Foundation's current primary source of income largely dependent on economic conditions and resulting market rates), it does limit the amount of IOTA revenues the Foundation may use to pay its operating expenses associated with its duties and obligations as Florida's IOTA administrator to 15% of the IOTA funds received in each fiscal year beginning July 1, 2021. In addition, 85% of the IOTA funds received in each fiscal year beginning July 1, 2021 must be used to pay eligible grant recipients. Therefore, funds received will be donor restricted until such remittances and expenses occur.

## **Note 15: COMMITMENTS AND CONTINGENCIES**

## Legal

The Foundation and Endowment may be involved in lawsuits in the normal course of business. Management knows of no asserted claims or threatened litigation at this time. Accordingly, no provision for any contingent liabilities that may result has been made in the consolidated financial statements.

## **Operating Lease Commitments**

The Foundation has an operating lease for its office space in Maitland, Florida that expires in November 2023. The lease contains rent abatement and escalation provisions. Rent expense is calculated on the straight-line basis over the lease term. Other facility charges, including common area maintenance, are expensed in the month incurred. The Foundation also rents miscellaneous office equipment under a month-to-month operating lease.

# Note 15: COMMITMENTS AND CONTINGENCIES (Continued)

# **Operating Lease Commitments (Continued)**

Future minimum rental payments for office space under the operating lease are approximated as follows:

For the year ending June 30,

2023 2024	\$ 129,300 54,300
Total	\$ 183,600

Total rent expense under all operating leases, including month-to-month rentals, was \$127,043 and \$125,418, for the years ended June 30, 2022 and 2021, respectively, and is included in facilities and equipment in the consolidated statements of functional expenses.

## **Capital Lease Commitments**

The Foundation accounts for the leases of certain office equipment as capital leases, which expire in various years through 2023. Capitalized costs and related accumulated depreciation under capital leases are included in property and equipment on the consolidated statements of financial position. Capital lease obligations were \$15,073 and \$29,125, as of June 30, 2022 and 2021, respectively.

## Note 16: EMPLOYEE RETIREMENT PLAN

The Foundation has adopted a defined contribution retirement plan (the Plan) for all eligible employees. The Plan was effective October 1, 2014, and is subject to the provisions of the Employee Retirement income Security Act of 1971 (ERISA). The plan provides for employee contributions through elective salary deferrals and for employer profit sharing contributions after meeting a three-month and a two-year length of service requirement, respectively. Under the Plan, eligible participants may elect to contribute a percentage of their annual compensation, subject to certain limitations under the Internal Revenue Code. The Foundation may, in its sole discretion, make profit sharing contributions equal to 10% of a participant's annual salary, based on participants length of service, but may not exceed the amount permissible under the Internal Revenue Code. Employer contributions amounted to \$97,562 and \$84,549, for the years ended June 30, 2022 and 2021, respectively, and is included in salaries and benefits in the consolidated statements of functional expenses.

## Note 17: SUBSEQUENT EVENTS

The Foundation's current building lease will end November 30, 2023 and will not be renewed. The Foundation purchased a building for operations on July 15, 2022 for \$1,250,000, using investment funds. The Foundation will take occupancy of the new building on January 1, 2023.

The new IOTA Rule 5-1.1(g) effective July 1, 2021, requires direct expenses to administer the IOTA funds not to exceed 15% of collected funds and 85% of funds to be disbursed to eligible grant recipients. Eighty-five percent of IOTA cash receipts were \$8,073,886. Of this amount, \$387,500 was disbursed to LRAP recipients in October, 2022. Another \$6,431,168 was disbursed to eligible grant recipients on December 14, 2022. The remaining \$1,255,218 will be disbursed before December 31, 2022 to meet the IOTA rules requirement.

In November 2022, a senior member of financial and administrative management passed away.



# **SUPPLEMENTARY INFORMATION**



# The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust Schedule I – Consolidating Schedule of Revenue by Funding Sources

For the year ended June 30,	Without	Donor Restric	tions				With	Donor Restr	ictions				2022
	Unallocated	Engle	Bank of America	Legal Assistance for the Poor	Law Student Assistance	Unallocated IOTA	Administration of Justice		Staff Operations	Alan B Bookman Memorial	Earnings Not Yet Appropriated for Expenditures	The Florida Bar Foundation Endowment Trust	Total
Revenue:													
IOTA contributions	\$-\$	- \$		\$-	\$-	\$ 9,999,193	\$-	\$ -	\$-	\$-	\$-	\$-	\$ 9,999,193
Fellows' contributions	-	-	-	-	-	-	-	-	-	-	-	8,625	8,625
Children's Legal Services													
contributions:													
Florida Bar Fee statement													
contributions	-	-	-	411,182	-	-	-	-	-	-	-	-	411,182
Other	-	-	-	164,903	-	-	-	-	-	-	-	-	164,903
Kids Deserve Justice													
license plate sales	-	-	-	36,077	-	-	-	-	-	-	-	-	36,077
Contributions in support of the													
Equal Justice Works fellowships	-	-	-	250	-	-	-	-	-	-	-	-	250
Contract Revenue	-	138,572	141,500	-	-	-	-	-	-	-	-	-	280,072
Payroll Protection Program													
Loan Forgiven	256,925	-	-	-	-	-	-	-	-	-	-	-	256,925
Other contributions	238,960	-	-	55,838	-	-	200		1,000	-	-	113,252	410,250
Net investment income	817,197	-	-	27,311	726	-	1,317	-	-	243	120,552	-	967,346
Net realized and unrealized													
gains (losses) on investments	(3,502,178)	-	-	(138,293)	(3,677)	-	(6,670	) -	-	(5,346	(610,425)	-	(4,266,589)
Cy-Pres awards	57,758	-	-	-	-	-	-	-	-	-	-	-	57,758
Other	(1,217)	3,000	-	-	-	-	-	-	-	-	-	-	1,783
Total Revenue	\$(2,132,555)\$	141,572 \$	141,500	\$ 557,268	\$ (2,951)	\$ 9,999,193	\$ (5,153	) \$ 1,000	\$ 1,000	\$ (5,103)	\$ (489,873)	\$ 121,877	\$ 8,327,775

# The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust Schedule II – Consolidating Schedule of Expenses by Funding Sources

For the year ended June 30,			Foundation	Funds			Other	Funds	202
	Legal Assistance	Law Student	Administration		Other Program		other	Bank of	
	for the Poor	Assistance	of Justice	Pro Bono	Costs	Unallocated	Engle	America	Total
Expenses:									
Program:									
Legal Assistance to the Poor Grants:									
Foreclosure Prevention and Community Redevelopment	\$ 855,000	\$-	\$ -	\$- !	\$-\$	- 5	\$-	\$-	\$ 855,000
Children's Legal Services	994,483	-	-	-	-	-	-	-	994,483
COVID-19 Relief	2,476,961	-	-	-	-	-	-	-	2,476,961
IOTA Trial Run	1,250,000	-	-	-	-	-	-	-	1,250,000
Training and Technology	69,090	-	-	-	-	-	-	-	69,090
Pro Bono Innovation - Unspent Funds	-	-	-	(3,659)	-	-	-	-	(3,659
Engle	-	-	-	-	-	-	138,572	-	138,572
Loan Repayment Assistance Program	1,018,355	-	-	-	-	-	-	-	1,018,355
Equal Justice Works Fellowship Program	156,500	-	-	-	-	-	-	141,500	298,000
Matching Funds	25,000	-	-	-	-	-	-	-	25,000
Administration of Justice Grants:									
Regular	-	-	780,000	-	-	-	-	-	780,000
Law Student Assistance Grants:									
Law School Civil Legal Clinics	-	250,000	-	-	-	-	-	-	250,000
Program-related expenses:		,							
Program personnel and other costs	36,078	-	-	44,991	357,620	-	-	-	438,689
Grantee Capacity Building	153,729	-	-	-	, -	-	-	-	153,729
Other Pro Bono program costs		-	-	83,394	-	-	-	-	83,394
Other	27,950	-	-	-	-	-	-	-	27,950
Goldstein-Van Nortwick Award for Excellence	46,775	-	-	-	-	-	-	-	46,775
Paul Doyle Children's Advocacy Award	45	-	-	-	-	-	-	-	45
Total Program	7,109,966	250,000	780,000	124,726	357,620	-	138,572	141,500	8,902,384
Management and general	-	-	-	-	-	1,158,648	-	-	1,158,64
Fund raising expenses	-	-	-	-	-	250,478	-	-	250,478
Total expenses	\$ 7,109,966	\$ 250,000	\$ 780,000	\$ 124,726	\$ 357,620 \$	5 1,409,126	\$ 138,572	\$ 141,500	\$ 10,311,510