

CONNECTICUT BAR FOUNDATION, INC.

Independent Auditors' Report
Financial Statements
Supplemental Information

December 31, 2018 and 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Connecticut Bar Foundation, Inc.

We have audited the accompanying financial statements of Connecticut Bar Foundation, Inc. (the “Foundation”), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended December 31, 2018, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Bar Foundation, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of financial position as of December 31, 2018 and the schedule of expenses for the year then ended are presented for purposes of additional analysis and are 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.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut
May 9, 2019

CONNECTICUT BAR FOUNDATION, INC.

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 654,190	\$ 719,110
Investments, fair value	9,873,317	9,772,219
IOLTA/IOTA receivables	408,638	173,081
JBGIA grant receivable	-	310,477
Pledges receivable, net	452,583	442,879
Accounts and loans receivable	36,100	39,669
Property and equipment, net	10,833	10,813
Total assets	<u>\$ 11,435,661</u>	<u>\$ 11,468,248</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 1,999,866</u>	<u>\$ 1,285,525</u>
Net assets:		
Net assets without donor restrictions	1,465,448	1,736,625
Net assets with donor restrictions	<u>7,970,347</u>	<u>8,446,098</u>
Total net assets	<u>9,435,795</u>	<u>10,182,723</u>
Total liabilities and net assets	<u>\$ 11,435,661</u>	<u>\$ 11,468,248</u>

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

CONNECTICUT BAR FOUNDATION, INC.

Statements of Activities

For the years ended December 31, 2018 and 2017

	2018	2017
Changes in net assets without donor restrictions		
Revenues and Support:		
Contributions	\$ 58,691	\$ 58,248
Net realized and unrealized (loss)/gain on investments	(128,004)	205,331
Dividends and interest	38,001	34,962
Other income	11,320	16,764
	(19,992)	315,305
Net assets released from restrictions	18,611,481	18,169,880
Total revenues and support	18,591,489	18,485,185
Expenses:		
General and administrative	706,194	695,865
Grants and program	18,156,472	17,552,348
Total expenses	18,862,666	18,248,213
Change in net assets without donor restrictions	(271,177)	236,972
Net assets without donor restrictions, beginning of year	1,736,625	1,499,653
Net assets without donor restrictions, end of year	\$ 1,465,448	\$ 1,736,625
Changes in net assets with donor restrictions		
Revenues and Support:		
Court Fees Grants-in-Aid	\$ 12,911,216	\$ 13,200,994
IOLTA/IOTA income	3,418,951	1,989,935
Judicial Branch Grants-in-Aid	1,370,954	1,435,477
Dividends and interest	182,687	135,489
Pledged contributions, Fellows program	112,855	126,220
General Foundation - Innocence Fund	450	5,015
General Foundation - Speziale Fund	-	13,250
General Foundation - Singer Fund	225,204	225,000
General Foundation - Other Restricted Funds	116,310	40,633
Net realized and unrealized (loss)/gain on investments	(202,897)	309,497
Total revenues and support	18,135,730	17,481,510
Net assets released from restrictions	(18,611,481)	(18,169,880)
Change in net assets with donor restrictions	(475,751)	(688,370)
Net assets with donor restrictions, beginning of year	8,446,098	9,134,468
Net assets with donor restrictions, end of year	\$ 7,970,347	\$ 8,446,098

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

CONNECTICUT BAR FOUNDATION, INC.

Statement of Functional Expenses

For the year ended December 31, 2018

	Program	Management and General	Total
Grants	\$ 18,045,293	\$ -	\$ 18,045,293
Compensation and temporary help	4,275	430,480	434,755
Payroll taxes	409	34,552	34,961
Employee benefits	-	67,885	67,885
Pension	-	39,538	39,538
Fellows' symposia and other events	78,771	-	78,771
Occupancy costs	-	34,836	34,836
Telephone	-	2,321	2,321
Insurance	-	8,295	8,295
Professional services	-	26,384	26,384
Outside services	-	22,869	22,869
IOLTA software and monitoring	10,077	-	10,077
Equipment	-	4,395	4,395
Travel, meetings and dues	4,167	15,133	19,300
Office supplies and maintenance	-	7,860	7,860
Printing costs	5,776	6,362	12,138
Postage	5,325	1,608	6,933
Bank fees and miscellaneous	2,379	780	3,159
Bad debt	-	1,250	1,250
Depreciation	-	1,646	1,646
Total expenses	<u>18,156,472</u>	<u>706,194</u>	<u>18,862,666</u>

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

CONNECTICUT BAR FOUNDATION, INC.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (746,928)	\$ (451,398)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	1,646	927
Gain on sale of fixed asset	-	(4,484)
Bad debt	1,250	6,000
Change in allowance for uncollectible pledges and discount rate for pledges receivable	(405)	(4,720)
Realized (gain)/loss on investments	43,116	(103,063)
Unrealized (gain)/loss on investments	287,785	(411,765)
(Increase)/decrease in operating assets:		
IOLTA/IOTA receivables	(235,557)	13,349
JBGIA grant receivable	310,477	(310,477)
Pledges receivable	(10,549)	3,677
Accounts and loans receivable	3,569	(11,669)
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses	714,341	1,238,431
Net change in cash from operating activities	368,745	(35,192)
Cash flows from investing activities:		
Purchase of property and equipment	(1,666)	(10,813)
Reimbursement from disposal of asset	-	8,140
Reinvestment of income	(114,716)	(66,404)
Purchase of investments	(2,832,001)	(61,013)
Sale of investments	2,514,718	214,791
Net change in cash from investing activities	(433,665)	84,701
Net change in cash and cash equivalents	(64,920)	49,509
Cash and cash equivalents at beginning of year	719,110	669,601
Cash and cash equivalents at end of year	\$ 654,190	\$ 719,110

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

CONNECTICUT BAR FOUNDATION, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of Organization

The Connecticut Bar Foundation, Inc. (the “Foundation”) was incorporated in 1952 exclusively for charitable, scientific, literary and educational purposes, primarily to improve and facilitate the administration of justice. Support and revenue of the Foundation consist of state grants, contributions, and investment earnings. The Foundation is the designated agency to receive and allocate Interest earned On Lawyers’ Trust Accounts (“IOLTA”), Interest On Trust Accounts (“IOTA”), as required by Connecticut General Statute Sec. 51-81c, Judicial Branch Grants-in-Aid (“JBGIA”) and Court Fees Grants-in-Aid (“CFGIA”), as required by P.A. 09-152, P.A. 12-89, P.A. 14-217, and P.A.16-26, issued by the State of Connecticut.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets, as follows:

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by the Board of Directors.

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time, or which may be perpetual.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

The Foundation carries investments in certificates of deposit and marketable securities at fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Contributions

Unrestricted and unconditional contributions are recognized as support when received or pledged. Contributions are reported as restricted support if they are received with donor stipulations that limit the use of such assets. When a restriction expires or restricted purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Under the *Accounting for Contributions Received and Contributions Made* topic of the FASB Codification, (FASB ASC 958), long-term promises to give are discounted to their net present value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Cost Allocation

The financial statements report certain categories of expenses that are attributable to one or more program functions of the Foundation. These categories include compensation, payroll taxes, meetings, printing and postage. The allocation of these categories is based on detailed records of time and effort maintained by the Foundation. The only amounts recorded as program expenses are those that are incurred for the sole purpose of running a specific program. All other amounts are recorded as management and general expenses.

Judicial Branch Grants-in-Aid Program

The Foundation acts as a pass through entity for the State of Connecticut Judicial Branch Grants-in-Aid program. The Foundation distributes these funds to current IOLTA grantees for civil legal representation for the poor. These funds are subject to reduction or termination.

Court Fees Grants-in-Aid Program

In an effort to replace drastically reduced IOLTA/IOTA revenue, the Connecticut State Legislature passed certain court fee increases effective July 1, 2009 and other increases effective July 1, 2012. Effective July 1, 2014, additional increases in the allocation of court fee revenue to the Foundation were passed in the Legislature through Public Act No. 14-217 Section 179. Effective July 1, 2016, P.A. 16-26 made small increases to a set of court fees that had not been adjusted since 2012 and dedicated the increases to funding legal services.

Under the Court Fees Grants-in-Aid program, the Judicial Branch transfers the revenue from the fee increases to the Foundation on a monthly basis. The Foundation distributes the funds pursuant to Section 51-81c of Connecticut General Statutes to current IOLTA/IOTA grantees for the purpose of funding the delivery of legal services to the poor.

IOLTA/IOTA Program

The revenue of the IOLTA/IOTA Program is derived from interest earned on lawyers' trust accounts and interest on trust accounts, made available by participating attorneys through eligible financial institution remittances of interest earned on these accounts. The purpose of the program is to make funds available to provide for the delivery of legal services to the poor and for law school scholarships based on financial need. As of October 1, 1989, Connecticut state statute made participation in IOLTA/IOTA mandatory for attorney clients' funds not held in separate interest-bearing accounts for the benefit of the client. The statute was amended in 2005 to include funds from all entities having accounts established to receive loan proceeds from a mortgage lender, which implemented the interest on trust accounts program.

The number of lawyers participating in the Program was 11,182 and 11,800 for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, there were 7,569 and 7,869 trust accounts in the IOLTA/IOTA Program, respectively.

The Foundation awarded grants to legal service providers and grants to law schools for scholarships based on financial need and paid other program expenses totaling \$3,943,497 and \$3,233,807 from IOLTA/IOTA revenues for the years ended December 31, 2018 and 2017, respectively.

The Foundation received 98% and 93% of total revenue from JBGIA, CFGIA and IOLTA/IOTA programs for the years ended December 31, 2018 and 2017, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

IOLTA/IOTA Receivables

IOLTA/IOTA receivables represent interest earned on lawyers' and other trust accounts during the year that is transferred by the banks to the Foundation in January of the following year. No reserves are deemed necessary, as all receivables are considered collectible.

Property and Equipment

Property and equipment acquisitions and improvements that individually exceed \$2,500 are capitalized at cost and are depreciated over their estimated useful lives of five to seven years using the straight-line method. Repairs and maintenance that do not prolong asset life are charged to expense as incurred.

Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from Connecticut income taxes. Therefore, no provision has been made for federal or state income taxes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, the Foundation adopted the Financial Accounting Standard Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets are now reported as net assets with donor restrictions.

Reclassifications

Certain reclassifications have been made to the December 31, 2017 financial statements to conform to the December 31, 2018 financial statement presentation.

Subsequent Events Measurement Date

The Foundation monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for the year ended December 31, 2018 through May 9, 2019, the date on which financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF RISK

Cash and Cash Equivalents

The Foundation maintains deposits which exceed Federal depository insurance limits in financial institutions. Management continually reviews the financial institutions for financial stability. The Foundation has not experienced any losses and believes that its cash and cash equivalents are not exposed to significant credit risk.

Investments

Management considers investments to be sufficiently diversified to minimize to an acceptable level the individual investment and industry concentration risks. The Foundation's investments are subject to the risks of the securities market as a whole.

Court Fees Grants-in-Aid Program

Approximately 71% and 74% of the Foundation's total support was derived from Court Fees Grants-in-Aid program income for the years ended December 31, 2018 and 2017, respectively.

IOLTA/IOTA Support

Approximately 19% and 11% of the Foundation's total support was derived from IOLTA/IOTA income for the years ended December 31, 2018 and 2017, respectively.

For the years ended December 31, 2018 and 2017, income generated from five individual banks totaled 63% and 54%, respectively, of total IOLTA/IOTA income.

Pledges Receivable

Pledges receivable consist of unconditional promises to give from individuals. Management has provided for potential credit losses through an allowance for doubtful accounts and charges against this allowance have been within management's expectations.

NOTE 3 – FAIR VALUE MEASUREMENT

The Foundation follows the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification, (FASB ASC 820) which defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. The topic defines fair value as 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. The topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

NOTE 3 – FAIR VALUE MEASUREMENT - (CONTINUED)

Three levels of inputs may be used to measure fair values:

Level 1 - inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The allocation and fair value measurements of the Foundation's investments that are reported in the accompanying statements of financial position are as follows at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equity, mutual funds:		
Total Stock Market Index Fund	\$ 2,373,975	\$ 2,337,167
International Stock Index Fund	606,354	641,261
Fixed income funds	<u>6,892,988</u>	<u>6,793,791</u>
Total investments	<u>\$ 9,873,317</u>	<u>\$ 9,772,219</u>

All investments held by the Foundation are valued using Level 1 inputs.

NOTE 4 – PLEDGES RECEIVABLE

The Foundation sponsors the James W. Cooper Fellows Program to promote a better understanding of the legal profession and the justice system among the citizens of Connecticut, and to address matters concerning the legal profession and administration of justice in Connecticut. Such pledges are recorded as revenue when made to the Foundation. Pledges receivable consist of the following as of December 31,:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 63,432	\$ 40,650
One to five years	378,943	382,626
Greater than five years	<u>96,500</u>	<u>106,750</u>
Total pledges receivable	538,875	530,026
Less: 2.50% allowance for uncollectible pledges	(16,251)	(13,348)
Less: 3.50% discount to net present value	<u>(70,041)</u>	<u>(73,799)</u>
Total pledges receivable, net	<u>\$ 452,583</u>	<u>\$ 442,879</u>

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31 is as follows:

	<u>2018</u>	<u>2017</u>
Office furniture and equipment	\$ 12,479	\$ 15,456
Less: accumulated depreciation	(1,646)	(4,643)
Property and equipment, net	<u>\$ 10,833</u>	<u>\$ 10,813</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions will be recognized in subsequent years upon satisfaction of purpose restrictions in the following areas:

	<u>2018</u>	<u>2017</u>
IOLTA/IOTA Program	\$ 6,861,428	\$ 7,479,591
Judicial Branch Grants-in-Aid	37	23
Court Fees Grants-in-Aid	296	21
General Foundation, Fellows Program	452,583	442,879
General Foundation, Speziale Fund	45,997	48,662
General Foundation, Innocence Fund	99,583	98,871
General Foundation, Kravitz Symposium Fund	118,184	124,708
General Foundation, Singer Fund	341,617	225,352
General Foundation, Restricted	50,622	25,991
Total net assets with donor restrictions	<u>\$ 7,970,347</u>	<u>\$ 8,446,098</u>

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes specified by those donors during the years ended December 31, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
IOLTA/IOTA program activity	\$ 4,075,292	\$ 3,362,776
JBGIA/CFGIA program activity	14,282,170	14,637,173
Speziale program activity	138	13,109
Innocence program activity	5	17
Restricted program activity	150,837	24,120
Kravitz program activity	43	1,508
Write off of uncollectible pledges	1,700	6,000
Satisfaction of pledge time restrictions	101,296	125,177
	<u>\$ 18,611,481</u>	<u>\$ 18,169,880</u>

NOTE 7 – COMMITMENTS

The Foundation's board of directors approved \$17,032,915 for grant awards to be disbursed in monthly payments during the 2019 grant year from January 1 through December 31, 2019, and \$30,000 for scholarships to be disbursed during the same time period.

The Foundation grants loans to newly released exonerees. As of December 31, 2018 and 2017, \$36,100 and \$39,400, respectively, in loans have been disbursed and are recorded in accounts and loans receivable on the statements of financial position.

During 2018 and 2017 the Foundation received a \$225,000 contributions that must be used to fund the salaries of three fellows employed by grantees of the Foundation. The funds are expected to be fully expended in the year ended December 31, 2019. As of December 31, 2018 and 2017, \$112,500 and \$-0-, respectively, of these contributions have been spent, and \$337,500 and \$225,000, respectively, of these contributions are reflected in General Foundation, Restricted.

NOTE 8 – OPERATING LEASES

The Foundation has a lease agreement for office space and parking that calls for monthly payments. The lease agreement ends March 31, 2023. Expenses for parking and rent were \$32,529 and \$30,981 for 2018 and 2017, respectively.

The Foundation has entered into operating leases for various office equipment which terminate on various dates through 2021. Expense for the leases was \$5,462 and \$5,337 for 2018 and 2017, respectively.

The following is a schedule by years of future minimum lease payments required under the operating leases as of December 31:

2019	\$	39,273
2020		39,836
2021		38,043
2022		36,774
2023		9,258

NOTE 9 – PENSION PLAN

The Foundation sponsors a simplified employee pension plan. To participate, full time employees must be 21 years of age and have been employed for any part of three consecutive calendar years. Contributions are based on ten percent of the participant's calendar year compensation. Pension expense was \$39,538 and \$38,848 for the years ended December 31, 2018 and 2017, respectively.

NOTE 10 – LIQUIDITY AND AVAILABLE RESOURCES

The following reflects the Foundation’s financial assets as of December 31, 2018, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Cash and cash equivalents	\$ 654,190
Investments, fair value	9,873,317
IOLTA/IOTA receivables	408,638
Pledges receivable, net	452,583
Accounts and loans receivable	36,100
Financial assets, at year end	<u>11,424,828</u>
Less those unavailable for general expenditure within one year, due to:	
<i>Contractual or donor-imposed:</i>	
- Restricted by donor with time or purpose restrictions	<u>(7,970,347)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,454,481</u></u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, and other obligations that come due. The Foundation defines general expenditures as those expenses related to administration of its programs including but not limited to salaries, employee benefits, rent, supplies, professional services and equipment. These expenses are included in the Foundation’s annual budget. Any costs over the budgeted expenses would be discussed with the President or Treasurer of the Foundation and a budget revision would be submitted to the Board if the overage were substantial enough or would negatively impact the overall budget.

The Board of Directors has adopted and periodically reviews Investment, Reserve and Finance and Control policies to stipulate goals and controls for maintaining financial assets and guidelines for investing excess cash when available.

The Foundation adopted a Spending Policy in 2013, the purpose of which was to determine the amount of invested (non-IOLTA) assets that would be available each year to support its general operating budget. The policy was designed to work with its investment strategy to preserve invested (non-IOLTA) assets over time. It stipulates that during any one fiscal year, to support the operating budget, the Foundation shall use only 5% of the average value of total invested assets over the twelve quarters ending the previous September 30th. This amount is approved during the budgetary process and is \$76,210 for the 2019 calendar year. The Board of Directors further stipulated, that although it is hoped that the funds invested will provide investment return for a long period, all invested assets may be fully expended at any time at the discretion of the Board of Directors.

The Foundation was selected to administer the Interest on Lawyer’s Trust Accounts (IOLTA) program in 1989 and in that capacity also administers the Court Fee Revenue Grants-in-Aid for the Judicial Branch. Funds from these two sources are the primary source of funding for the major legal aid programs in the State. The Foundation uses approximately 3% of the funding for administration of the programs. The James W. Cooper Fellows provide funding for the Fellows programs, educational symposia, and administrative expenses through their contributions to the Foundation.

The Foundation closely tracks donations that have been received with donor restrictions to assure that these funds are only used for their intended purpose.

SUPPLEMENTAL INFORMATION

CONNECTICUT BAR FOUNDATION, INC.

Schedule of Financial Position

December 31, 2018

	<u>IOLTA/IOTA</u>	<u>Court Fees Grants-in-Aid</u>	<u>Judicial Branch Grants-in-Aid</u>	<u>General Foundation</u>	<u>Total</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ 395,628	\$ 296	\$ 37	\$ 258,229	\$ 654,190
Investments, fair value	7,931,026	-	-	1,942,291	9,873,317
IOLTA/IOTA receivables	408,638	-	-	-	408,638
Pledges receivable, net	-	-	-	452,583	452,583
Accounts and loans receivable	-	-	-	36,100	36,100
Due to/(from) other programs	1,363	-	-	(1,363)	-
Property and equipment, net	9,047	-	-	1,786	10,833
	<u>\$ 8,745,702</u>	<u>\$ 296</u>	<u>\$ 37</u>	<u>\$ 2,689,626</u>	<u>\$ 11,435,661</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,884,274	\$ -	\$ -	\$ 115,592	\$ 1,999,866
Net assets:					
Net assets without donor restrictions	-	-	-	1,465,448	1,465,448
Net assets with donor restrictions	6,861,428	296	37	1,108,586	7,970,347
Total net assets	<u>6,861,428</u>	<u>296</u>	<u>37</u>	<u>2,574,034</u>	<u>9,435,795</u>
Total liabilities and net assets	<u>\$ 8,745,702</u>	<u>\$ 296</u>	<u>\$ 37</u>	<u>\$ 2,689,626</u>	<u>\$ 11,435,661</u>

CONNECTICUT BAR FOUNDATION, INC.

Schedule of Expenses

For the year ended December 31, 2018
(with summarized totals for the year ended December 31, 2017)

	IOLTA/IOTA	Court Fees Grants-in-Aid	Judicial Branch Grants-in-Aid	General Foundation	2018 Total	2017 Total
General and administrative:						
Compensation and temporary help	\$ 82,437	\$ 238,635	\$ 8,997	\$ 100,411	\$ 430,480	\$ 413,456
Payroll taxes	7,495	18,869	-	8,188	34,552	33,051
Employee benefits	12,038	40,284	-	15,563	67,885	64,019
Pension	6,983	23,371	-	9,184	39,538	38,848
Occupancy costs	5,694	19,053	-	10,089	34,836	32,584
Telephone	399	1,334	-	588	2,321	4,091
Insurance	1,431	4,790	-	2,074	8,295	10,988
Professional services	4,116	13,776	-	8,492	26,384	27,524
Outside services	3,730	12,484	-	6,655	22,869	27,432
Equipment	836	2,796	-	763	4,395	5,402
Travel, meetings and dues	4,077	3,845	-	7,211	15,133	14,831
Office supplies and maintenance	693	2,316	-	4,851	7,860	6,996
Printing costs	786	2,632	-	2,944	6,362	6,933
Postage	370	1,238	-	-	1,608	1,957
Miscellaneous	49	163	-	568	780	826
Bad debt	-	-	-	1,250	1,250	6,000
Depreciation	661	714	-	271	1,646	927
Total general and administrative	<u>131,795</u>	<u>386,300</u>	<u>8,997</u>	<u>179,102</u>	<u>706,194</u>	<u>695,865</u>
Grants and program	<u>3,943,497</u>	<u>12,524,916</u>	<u>1,361,957</u>	<u>326,102</u>	<u>18,156,472</u>	<u>17,552,348</u>
Total expenses	<u>\$ 4,075,292</u>	<u>\$ 12,911,216</u>	<u>\$ 1,370,954</u>	<u>\$ 505,204</u>	<u>\$ 18,862,666</u>	<u>\$ 18,248,213</u>

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