

Audited Financial Statements

Connecticut Bar Foundation, Inc.

*Years ended December 31, 2023 and 2022
with Independent Auditors' Report and
Reports in Accordance with Government Auditing
Standards, the Uniform Guidance
and the State Single Audit Act*



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Connecticut Bar Foundation, Inc.

Financial Statements

Years Ended December 31, 2023 and 2022

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Independent Auditors' Report

To the Board of Directors of
Connecticut Bar Foundation, Inc.
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Connecticut Bar Foundation, Inc. (the Foundation), a not-for-profit, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

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

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 and *Government 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Independent Auditors' Report (continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024, on our consideration of Connecticut Bar Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
May 29, 2024

Connecticut Bar Foundation, Inc.
Statements of Financial Position
December 31, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 8,042,288	\$ 8,445,773
IOLTA/IOTA receivables	1,721,362	1,237,693
Grants receivable	650,338	-
Pledges receivable, net	307,625	333,044
Accounts and loans receivable	128,289	261,159
Investments, at fair value	27,370,827	11,117,233
Prepaid expenses	3,175	100
Total assets	\$ 38,223,904	\$ 21,395,002
Liabilities and net assets		
Accounts payable and accrued expenses	\$ 1,221,215	\$ 193,608
Deferred revenue	1,623,263	3,032,861
Total liabilities	2,844,478	3,226,469
Net assets		
Without donor restrictions	1,998,786	1,523,506
Board designated	632,669	632,669
Total net assets without donor restrictions	2,631,455	2,156,175
With donor restrictions	32,747,971	16,012,358
Total net assets	35,379,426	18,168,533
Total liabilities and net assets	\$ 38,223,904	\$ 21,395,002

See accompanying notes

Connecticut Bar Foundation, Inc.
Statements of Activities
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets without donor restrictions:						
Revenues and Support:						
State grants	\$ 2,817,463	\$ 11,601,912	\$ 14,419,375	\$ 2,753,332	\$ 10,849,867	\$ 13,603,199
Federal grants	4,411,068	-	4,411,068	5,835,815	-	5,835,815
Other revenue - Court Fees Grants-in-Aid	-	472,266	472,266	-	568,211	568,211
IOLTA/IOTA income	-	19,036,015	19,036,015	-	7,047,277	7,047,277
Fellows contributions	17,850	66,043	83,893	36,825	50,918	87,743
Other contributions	199,532	255,780	455,312	33,907	276,693	310,600
Net assets released from restrictions	16,523,927	(16,523,927)	-	14,013,799	(14,013,799)	-
Total revenues and support	<u>23,969,840</u>	<u>14,908,089</u>	<u>38,877,929</u>	<u>22,673,678</u>	<u>4,779,167</u>	<u>27,452,845</u>
Expenses:						
Grants and programs	23,619,561	-	23,619,561	22,636,586	-	22,636,586
General and administrative	242,824	-	242,824	218,294	-	218,294
Total expenditures	<u>23,862,385</u>	<u>-</u>	<u>23,862,385</u>	<u>22,854,880</u>	<u>-</u>	<u>22,854,880</u>
Other income (loss):						
Net investment income (loss)	367,825	1,827,524	2,195,349	(398,688)	(1,301,991)	(1,700,679)
Total other income (loss)	<u>367,825</u>	<u>1,827,524</u>	<u>2,195,349</u>	<u>(398,688)</u>	<u>(1,301,991)</u>	<u>(1,700,679)</u>
Change in net assets	<u>475,280</u>	<u>16,735,613</u>	<u>17,210,893</u>	<u>(579,890)</u>	<u>3,477,176</u>	<u>2,897,286</u>
Net assets - beginning of year	<u>2,156,175</u>	<u>16,012,358</u>	<u>18,168,533</u>	<u>2,736,065</u>	<u>12,535,182</u>	<u>15,271,247</u>
Net assets - end of year	<u>\$ 2,631,455</u>	<u>\$ 32,747,971</u>	<u>\$ 35,379,426</u>	<u>\$ 2,156,175</u>	<u>\$ 16,012,358</u>	<u>\$ 18,168,533</u>

See accompanying notes

Connecticut Bar Foundation, Inc.
 Statements of Functional Expenses
 For the Year Ended December 31, 2023

	Legal Aid Services	Other Programs	Program Total	Management and General	Total
Grants	\$ 21,874,279	\$ 352,412	\$ 22,226,691	\$ 647	\$ 22,227,338
Compensation and temporary help	683,993	-	683,993	146,494	830,487
Professional services	377,641	-	377,641	33,728	411,369
Employee benefits	88,529	-	88,529	13,297	101,826
Computer and software services	84,610	-	84,610	15,019	99,629
Payroll taxes	54,335	-	54,335	11,866	66,201
Occupancy costs	32,268	-	32,268	8,017	40,285
Fellows' symposia and other events	2,145	30,748	32,893	4,066	36,959
Travel, meetings and dues	7,199	100	7,299	2,470	9,769
Equipment	7,140	-	7,140	1,509	8,649
Insurance	6,817	-	6,817	1,512	8,329
Printing and postage costs	6,803	-	6,803	267	7,070
Telephone	4,764	-	4,764	1,046	5,810
Bank fees and miscellaneous	502	2,974	3,476	783	4,259
Office supplies	2,041	261	2,302	999	3,301
Bad debt	-	-	-	1,104	1,104
Total expenses	<u>\$ 23,233,066</u>	<u>\$ 386,495</u>	<u>\$ 23,619,561</u>	<u>\$ 242,824</u>	<u>\$ 23,862,385</u>

See accompanying notes

Connecticut Bar Foundation, Inc.
 Statements of Functional Expenses
 For the Year Ended December 31, 2022

	Legal Aid Services	Other Programs	Program Total	Management and General	Total
Grants	\$ 21,328,557	\$ 245,836	\$ 21,574,393	\$ -	\$ 21,574,393
Compensation and temporary help	461,319	-	461,319	145,531	606,850
Professional services	362,042	5,699	367,741	14,110	381,851
Employee benefits	55,399	-	55,399	11,779	67,178
Computer and software services	43,878	-	43,878	7,599	51,477
Payroll taxes	37,251	-	37,251	11,052	48,303
Occupancy costs	31,625	-	31,625	9,159	40,784
Fellows' symposia and other events	-	19,531	19,531	-	19,531
Travel, meetings and dues	4,608	-	4,608	4,970	9,578
Equipment	4,629	-	4,629	3,486	8,115
Insurance	7,549	-	7,549	2,305	9,854
Printing and postage costs	4,693	156	4,849	1,695	6,544
Telephone	3,778	-	3,778	1,132	4,910
Bank fees and miscellaneous	118	240	358	2,245	2,603
Office supplies	2,795	-	2,795	2,652	5,447
Bad debt	-	15,817	15,817	-	15,817
Depreciation	1,066	-	1,066	579	1,645
Total expenses	<u>\$ 22,349,307</u>	<u>\$ 287,279</u>	<u>\$ 22,636,586</u>	<u>\$ 218,294</u>	<u>\$ 22,854,880</u>

See accompanying notes

Connecticut Bar Foundation, Inc.
 Statements of Cash Flows
 For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 17,210,893	\$ 2,897,286
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	-	1,645
Bad debt	1,104	15,817
Change in discount for pledges receivable	189	4,851
Investment (income) loss, net	(2,195,349)	1,728,413
Changes in assets and liabilities:		
IOLTA/IOTA receivables	(483,669)	(974,683)
Grants receivable	(650,338)	-
Prepaid expenses	(3,075)	(100)
Pledges receivable	24,126	15,431
Accounts and loan receivable	132,870	58,761
Accounts payable and accrued expenses	1,027,607	(55,724)
Deferred revenue	(1,409,598)	2,727,193
Net cash provided by operating activities	13,654,760	6,418,890
Cash flows from investing activities:		
Purchase of investments	(14,058,245)	(500,000)
Proceeds from sale of investments	-	43,990
Net cash used in investing activities	(14,058,245)	(456,010)
Change in cash and cash equivalents	(403,485)	5,962,880
Cash and cash equivalents - beginning of year	8,445,773	2,482,893
Cash and cash equivalents - end of year	\$ 8,042,288	\$ 8,445,773

See accompanying notes

Connecticut Bar Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2023 and 2022

1. Nature of Foundation

The Connecticut Bar Foundation (CBF) is a non-profit organization established in 1952. Its mission is to facilitate systemic change that advances civil justice for all, regardless of power or resources, to achieve a more just and equitable society. The CBF works to do this by stewarding funding, volunteers, programming, data, innovation, and collaboration to lead and partner in integrated approaches to improving the administration of civil justice. Specifically, the CBF administers several grant programs that fund the delivery of legal services for Connecticut residents who cannot afford an attorney, including the Interest on Lawyers' Trust Accounts and the Interest on Trust Accounts (IOLTA/IOTA) programs, the Judicial Branch Grants-in-Aid, the Court Fees Grants-in-Aid, and the state's Right to Counsel program. The Foundation also funds scholarships, based on financial need, for Connecticut students attending law schools in the state.

In 1994, the Foundation established the James W. Cooper Fellows as the result of a generous bequest from James W. Cooper. The Fellows develop and sponsor projects and programs to promote a better understanding of the legal profession, the judicial system, and the role of law in society; to explore ways to improve the profession and the administration of justice; and to further the highest ideals of the legal system.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. They are described as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. These funds are available for general operating purposes and/or to use at the discretion of the Board of Directors. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for general use by Management. As of December 31, 2023 and 2022, there was Board designated funds of \$632,669 to provide legal aid services.

With Donor Restrictions - Net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provision of additional donor-imposed stipulations or a board approved spending policy. As of December 31, 2023 and 2022, the donor restricted net asset balance was \$32,747,971 and \$16,012,358, respectively (see Note 7).

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. The standard represents a change in the allowance for credit losses (allowance for doubtful accounts) accounting model by requiring immediate recognition of management’s estimates of current expected credit losses (referred to as the “CECL” model). Estimates of expected credit losses on trade receivables over their life are required to be recorded at inception, based on historical information, current conditions, and reasonable and supportable forecasts. The Foundation has adopted ASU 2016-13 as of January 1, 2023 and has applied the CECL model to pledge and contribution receivables. The adoption did not have a material impact to the financial statements.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation with no change to total reported net assets, including the December 31, 2022, schedule of functional expense, which was reclassified to correspond to the 2023 presentation that classifies certain costs that are incurred directly to run the programs as program expenses.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid investments with a maturity of three months or less when acquired.

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.

Pledges and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as receivables at their net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at the present value of their estimated future cash flows using rates ranging from 0.36% to 3.99%. The discount rate used for pledges received in 2023 and 2022 was 3.84% and 3.99%, respectively.

Grants receivables are conditional and are recorded when earned.

Management periodically evaluates the collectability of its receivables and creates an allowance for any accounts deemed uncollectible (estimates for credit losses) when applicable. Estimates for credit losses are determined by management based on an assessment of their collectability collected (see Note 4). Receivables are written off when management determines amounts will not be collected.

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investments

The Foundation carries investments in marketable securities at their current fair value as determined through published market quotations. Net investment earnings are included in the accompanying statement of activities.

Endowment

The Foundation follows the provisions of ASC Subtopic 958-205 which provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and also requires disclosures about endowment funds.

Property and Equipment

Property and equipment acquisitions and improvements are recorded at cost. Maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from five to seven years. Depreciation expense for the years ended December 31, 2023 and 2022, was \$0 and \$1,645, respectively.

Deferred Revenue

The Foundation records deferred revenue for grant funding received not yet expended for the use intended.

Revenue and Support

Contributions

Contributions are defined as voluntary, nonreciprocal transfers. Unconditional contributions are recognized as support when received or pledged. Conditional contributions that are contingent on the occurrence of a future event are not recognized until the condition has been satisfied. Contributions are recorded as restricted support when they are received with donor stipulations that limit the use of such assets. When a restriction expires or when the 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.

Grant funds returned, if any, are recognized as a component of other revenue when returned.

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue and Support (continued)

The Foundation receives the following specific grants as identified on the statement of activities:

Court Fees Grants-in-Aid

In an effort to replace drastically reduced IOLTA/IOTA revenue, the Connecticut State Legislature passed certain court fee increases and dedicate a portion of those increases to funding civil legal services.

IOLTA/IOTA

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 civil legal services to the poor and for law school scholarships based on financial need. 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 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 Foundation distributes revenue from the IOLTA/IOTA Program to civil legal aid organizations through a competitive grant process.

Judicial Branch Grants-in-Aid

The State of Connecticut Judicial Branch Grants-in-Aid program provides additional funding for civil legal aid. The Foundation distributes these funds to grantees for civil legal representation for the poor. These funds are subject to reduction or termination by the Governor or Connecticut General Assembly.

RTC/TRO

The Connecticut general assembly also enacted two new programs in 2022 to increase access to civil legal representation for individuals who cannot afford an attorney, and the Connecticut Bar Foundation was selected as the administering entity. The first program, Right to Counsel Eviction Defense Program (RTC) created a statewide program for tenants at risk of eviction at no cost to the tenant. The second program, Temporary Restraining Order Program (TRO), established a grant program to fund increased access to legal representation for individuals who express an interest in applying for a temporary restraining order.

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

2. 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 direct purpose of running a specific program. All other amounts are recorded as management and general expenses.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Leases

Upon adoption of Accounting Standards Codification (ASC) 842 *Leases* as of January 1, 2022, the Foundation has elected the “Package of Three” transition relief package, which must be elected as a package of three (“all or none”), and allows an entity to not reassess the following:

- A. Whether any expired or existing contracts are, or contain, leases
- B. The lease classification for any expired or existing leases
- C. Initial direct costs for any existing leases

Short Term Leases - Short term leases will be expensed on a straight-line basis over the lease term, with differences between lease payments and lease expenses being recorded to deferred rent.

Operating Leases - Operating leases will be recorded through a right of use asset and lease liability on the statements of financial position. The lease liability will be recorded at a present value using the risk-free discount rate (or rate implicit in the lease). The lease liability will be reduced as lease payments are made throughout the life of the lease. The right of use asset will be reduced as lease expense is recognized on a straight-line basis throughout the life of the lease. The total lease expense will be equal to the total lease component payments made for the lease.

Variable Payments - Variable lease payments will be recognized as lease expenses in the period in which they are incurred.

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

The Foundation has elected the following practical expedients and policies related to their leasing arrangements:

- (1) To not separate lease and nonlease components for leases within the real estate asset class. The Organization accounts for lease and nonlease components within the real estate asset class as a single combined lease component.
- (2) Not to record on the balance sheet a lease whose term is 12 months or less and does not include a purchase option that the lessee is reasonably certain to exercise.
- (3) To use the risk-free rate in lieu of determining an incremental borrowing rate when determining the present value of the lease payments for purposes of calculating the ROU asset and lease liability.
- (4) To use hindsight in determining the lease term, including lease renewal, termination and purchase options, as well as in assessing any impairment of the right-of-use (ROU) asset by taking into consideration all available information prior to the effective date but not the events or circumstances after the effective date.

3. Concentrations of Risk

Credit Risk - Cash

The Foundation maintains its cash in financial institution accounts that, at times during the year, may exceed federally insured limits. The interest-bearing cash balances in the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. 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.

Credit Risk - Investments

The Foundation also maintains an investment account in a financial institution that is not insured by the FDIC. Management considers investments to be sufficiently diversified to minimize to an acceptable level the individual investment and industry concentration risks.

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

3. Concentrations of Risk (continued)

Sources of Revenue

A substantial portion of the Foundation's total support is derived from grants received from the Judicial Branch for the Court Fee Grants-in-Aid, Judicial Branch Grants-in-Aid, and RTC/TRO grant programs. The Foundation received approximately 48% and 70% of its revenue and support from the Judicial Branch for the years ended December 31, 2023 and 2022, respectively.

IOLTA/IOTA income represented 49% and 26% of the Foundation's total revenue and support for the years ended December 31, 2023 and 2022, respectively.

For the year ended December 31, 2023, income generated from two individual banks represented 31% and 27% of total IOLTA/IOTA income. As of December 31, 2022, income generated from two individual banks represented 32% and 26% of total IOLTA/IOTA income.

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:

	2023	2022
Less than one year	\$ 82,669	\$ 80,526
One to five years	223,084	251,835
Greater than five years	42,500	41,500
Total pledges receivable	348,253	373,861
Less: estimates of current expected credit losses	(14,189)	(13,085)
Less: discount to net present value	(26,439)	(27,732)
Total pledges receivable, net	\$ 307,625	\$ 333,044

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

5. Investments and Fair Value Measurements

The Foundation provides disclosures about the fair value of its investment assets that are recognized at fair value in the financial statements on a recurring basis. The Foundation classifies these assets into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

These levels are:

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:

	<u>2023</u>	<u>2022</u>
Equity, mutual funds:		
Stock market index fund	\$ 6,844,344	\$ 3,329,700
International stock index fund	1,765,869	832,424
Fixed income funds	18,760,614	6,955,109
Total investments	<u>\$ 27,370,827</u>	<u>\$ 11,117,233</u>

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

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

6. Endowment Funds

The Foundation's net assets with donor restrictions consists of ten individual funds, two of which are to be held in perpetuity. The remainder are with donor-imposed restrictions for purpose.

For endowed net assets with donor restrictions, the Foundation follows the provisions of the State of Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation reports endowed net assets as an amount equal to the value of each fund at the time it became an endowment fund, and subsequent contributions and accumulations pursuant to the applicable gift instrument. Unless otherwise explicitly stated by the donor, return on investments of donor-restricted endowment funds is reported as accumulated gains within the with donor-restriction classification, until appropriated for expenditure by the Foundation.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: duration and preservation of the fund, purpose of the expenditures, general economic conditions, possible effect of inflation and deflation, expected total return on the charitable assets, other resources of the organization and investment policies of the Foundation.

The Foundation has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its donor restricted funds. Under this policy, the Finance and Investment Committees invests the Foundation's funds in a manner that is intended to produce results that meet the price and yield results of composite benchmarks, while assuming a moderate level of investment risk.

The Foundation maintains a spending policy based on 5% of the average value of invested assets over the twelve-quarters ending the previous September 30, provided that the annual spending amount shall be no greater than 120%, nor less than 80%, of the prior year's spending amount. This policy is designed to work together with its investment strategy to preserve the inflation adjusted value of donor restricted endowment funds over time.

In an effort to achieve its long-term rate of return objectives, the Finance and Investment Committees rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Finance and Investment Committees targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

6. Endowment Funds (continued)

Net assets for donor restricted endowment funds as of December 31, 2023 and 2022, were \$215,609 and \$191,105, respectively.

Changes in donor restricted endowment funds for the year ended December 31 were as follows:

Endowment funds – December 31, 2021	\$ 230,774
Net realized and unrealized losses	(43,820)
Interest and dividends	4,151
Endowment funds – December 31, 2022	\$ 191,105
Net realized and unrealized losses	29,630
Interest and dividends	4,972
Distributions	(10,099)
Endowment funds – December 31, 2023	\$ 215,609

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or CTUPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist as indicated in the following table. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions.

	Historic Gift Value	Fair Market Value	Underwater	Number of Funds
December 31, 2023	\$ 42,155	\$ 41,335	\$ (820)	1
December 31, 2022	\$ 42,155	\$ 35,483	\$ (6,672)	1

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

7. Net Assets

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

	2023	2022
Purpose restricted:		
<i>Legal Service Programs:</i>		
IOLTA/IOTA Program	\$ 30,571,374	\$ 13,987,336
TRO/RTC Program	-	112,406
Court Fees Grants-in-Aid	1,037,110	569,034
<i>General Foundation Programs:</i>		
Singer Fellowship Program	130,287	126,200
Reentry Award Fund	200,173	219,623
Connecticut Innocence Fund	116,065	115,815
Speziale Symposia Memorial Fund	70,967	80,935
Fitzgerald Fund for Excellence	25,344	26,844
Pels Homelessness Prevention Fund	26,980	38,658
Oral History of CT Women in Legal Profession	34,190	50,190
History of Attorneys of Color	12,247	12,247
Time Restricted:		
James W. Cooper Fellows	307,625	481,965
Endowment Funds:		
Kravitz Symposia Fund	174,274	155,622
Eginton Memorial Fund	41,335	35,483
Total net assets with donor restrictions	\$ 32,747,971	\$ 16,012,358

8. Commitments and Contingencies

Commitments

The Foundation's Board of Directors approved \$19,653,601 of conditional grant awards to be disbursed in monthly payments during the grant year from January 1 through December 31, 2024, and \$36,000 for scholarships that are to be disbursed during the same period.

The Foundation grants loans to newly released exonerees. As of December 31, 2023 and 2022, \$97,500, respectively, in loans have been disbursed and are recorded in accounts and loans receivable on the Statement of Financial Position.

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

9. Operating Leases

The Foundation determines if an arrangement is a lease at inception. Operating leases are included as operating lease right-of-use (ROU) assets and operating lease liabilities in the statements of financial position. Finance leases are included in property and equipment and finance lease liabilities in the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Foundation uses a risk-free interest rate when an implicit rate is not provided. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

As of December 31, 2023 and 2022, there were no ROU assets or operating lease liabilities recorded in the financial statements as management did not believe they were material.

The Foundation has a lease agreement for office space and parking with minimum monthly required payments ranging from \$2,485 to \$3,086. The lease agreement is effective through March 31, 2024. The Foundation has entered into operating lease agreements for various office equipment, with minimum monthly required payments ranging from \$170 to \$289 and terminate on various dates through 2025. Total lease expense for years ending December 31, 2023 and 2022, was \$41,126 and \$40,067, respectively.

In March 2024, the Foundation moved office space locations and entered into a new lease agreement (see Note 13). The new lease agreement is included in the future minimum lease payments table below.

Future minimum lease payments required under the operating leases as of December 31 are as follows:

2024	\$	49,142
2025		16,569
	\$	<u>65,711</u>

10. Pension Plan

The Foundation sponsors a Simplified Employee Pension (SEP) retirement plan. To participate, employees must be 21 years of age and have been employed for any part of three consecutive calendar years, earning at least \$650 for each year. Contributions are based on ten percent of the participants' calendar year-end compensation. Pension expenses for the years ended December 31, 2023 and 2022, were \$42,578 and \$22,327, respectively.

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

11. Income Taxes

The Foundation has received an exemption from the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose.

Management of the Foundation evaluates all significant tax positions required by accounting principles generally accepted in the United States of America. As of December 31, 2023 and 2022, management stated it does not have any tax position that would require the recording of any additional tax liability nor does it have any unrealized tax benefits that would either increase or decrease within the next twelve months.

The Foundation's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2023 and 2022, the Foundation's federal and state tax returns generally remain open for examination for three years after December 31, 2020.

12. Liquidity and Availability of Financial Assets

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 amounts 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 negatively impact the overall budget.

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

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

Connecticut Bar Foundation, Inc.
Notes to Financial Statements (continued)

12. Liquidity and Availability of Financial Assets (continued)

The following reflects the Foundation's financial assets as of the financial position date, reduced by amounts not available for general use within one year of the financial position date because of contractual or donor-imposed restrictions or internal designations.

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 8,042,288	\$ 8,445,773
IOLTA/IOTA receivables	1,721,362	1,237,693
Grants receivable	650,338	-
Pledges receivable, net	307,625	333,044
Accounts and loans receivable	128,289	261,159
Investments, fair value	27,370,827	11,117,233
	38,220,729	21,394,902
Less:		
Amounts unavailable for management:		
Net assets with donor restrictions	(32,747,971)	(16,012,358)
Board designated funds	(632,669)	(632,669)
	(33,380,640)	(16,645,027)
Total financial assets available within one year	\$ 4,840,089	\$ 4,749,875

12. Subsequent Events

The Foundation has evaluated events occurring between December 31, 2023 and May 29, 2024, the date the financial statements were available to be issued.

On March 1, 2024, the Foundation moved office space locations and entered into a new lease agreement requiring minimum monthly payments of \$3,645, through April 30, 2025.

II. Report in Accordance with *Government Auditing Standards*



Independent Auditors' Report
on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
Connecticut Bar Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Connecticut Bar Foundation, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedules of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedules of findings and questioned costs as item 2023-001 to be a material weakness.

Independent Auditors' Report
on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards (continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. During our audit, we did not identify any deficiencies in internal control that we considered to be significant deficiencies. However, significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
May 29, 2024

III. Report in Accordance with Uniform Guidance for Federal Awards



Independent Auditors' Report on Compliance for each Major Program; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors of
Connecticut Bar Foundation, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Connecticut Bar Foundation's (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2023. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Independent Auditors' Report on Compliance for each Major Program; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (continued)

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Independent Auditors' Report on Compliance for each Major Program; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (continued)

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Independent Auditors' Report on Compliance for each Major Program; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Foundation as of and for the year ended December 31, 2023, and have issued our report thereon dated May 29, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
May 29, 2024

Connecticut Bar Foundation, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through Subrecipient	Federal Expenditures
U.S. Department of Treasury:				
<i>Pass-through Programs:</i>				
Judicial Branch				
Coronavirus State and Local Fiscal Recovery Funds Right to Council – (RTC)	21.027	SLFRP0128	\$ 3,946,911	\$ 4,252,622
Total U.S. Department of Treasury			<u>3,946,911</u>	<u>4,252,622</u>
U.S. Department of Housing and Urban Development:				
<i>Pass-through Programs:</i>				
Connecticut Fair Housing Center				
Eviction Prevention Services	14.537	FR-6500-N-79	-	158,446
Total Expenditures of Federal Awards			<u>\$ 3,946,911</u>	<u>\$ 4,411,068</u>

See Notes to Schedule of Expenditures of Federal Awards

Connecticut Bar Foundation, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended December 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Connecticut Bar Foundation, Inc. (the Foundation) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The Foundation has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Connecticut Bar Foundation, Inc.
 Schedule of Federal Findings and Questioned Costs
 For the Fiscal Year Ended December 31, 2023

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 510(a)? Yes X No

Identification of major programs:

Name of Federal Program or Cluster	Federal Assistance Listing Number
U.S. Department of Treasury: Coronavirus State and Local Fiscal Recovery Funds Right to Council – (RTC)	21.027

Dollar threshold used to distinguish between Type A and Type B program: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Connecticut Bar Foundation, Inc.
Schedule of Federal Findings and Questioned Costs (continued)

II. Financial Statement Findings

2023-001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition

Insufficient review controls over year-end account reconciliations for certain investments, related investment earnings, and revenue accounts.

Criteria or Specific Requirement

Internal controls over financial reporting are required to be designed to provide reasonable assurance that financial statement misstatements are prevented or detected and corrected. Lack of such review controls over year-end account reconciliations led to material audit adjustments.

Effect

The associated assets and revenue reported in the subsidiary ledgers was not reported in accordance with GAAP, however, the federal expenditures were properly recognized and reported.

Cause

Year-end review control procedures for certain accounts were not performed on a timely basis or as designed.

Repeat Finding

No

Recommendation

We recommend that management ensures that all year-end reconciliations are performed in a timely manner and ensures that all transactions are properly recorded prior to commencement of the annual audit.

Views of Responsible Officials

There is no disagreement with the audit finding.

III. Federal Award Findings and Questioned Costs

None.

IV. Report in Accordance with the State Single Audit Act



**Independent Auditors' Report on Compliance for
Each Major State Program; Report on Internal Control over Compliance; and
Report on the Schedule of Expenditures of State Financial Assistance
Required by the State Single Audit Act**

To the Board of Directors of
Connecticut Bar Foundation, Inc.

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Connecticut Bar Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major state programs for the year ended December 31, 2023. The Foundation's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to below that could have a direct and material effect on each of its major state programs for the year ended December 31, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's state programs.

Independent Auditors' Report on Compliance for
Each Major State Program; Report on Internal Control over Compliance; and
Report on the Schedule of Expenditures of State Financial Assistance
Required by the State Single Audit Act (continued)

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236) will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Independent Auditors' Report on Compliance for
Each Major State Program; Report on Internal Control over Compliance; and
Report on the Schedule of Expenditures of State Financial Assistance
Required by the State Single Audit Act (continued)

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Independent Auditors' Report on Compliance for
Each Major State Program; Report on Internal Control over Compliance; and
Report on the Schedule of Expenditures of State Financial Assistance
Required by the State Single Audit Act (continued)

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act.

We have audited the financial statements of Connecticut Bar Foundation, Inc., as of and for the year ended December 31, 2023 and have issued our report thereon dated May 29, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
May 29, 2024

Connecticut Bar Foundation, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2023

State Grantor / Pass Through Grantor Program Title	State Grant Program Core - CT Number	Passed Through Subrecipient	Expenditures
Judicial Branch:			
Civil Legal Representation (Judicial Branch Grants-in-Aid)	11000-JUD95162-12516-090	\$ 1,860,956	\$ 1,870,955
Civil Legal Representation (Temporary Restraining Orders “TRO” Program)	11000-JUD95162-12516-090	884,764	946,508
Court Fee Program	11000-JUD95162-40001-089	11,258,036	11,601,912
Total State Financial Assistance		\$ 14,003,756	\$ 14,419,375

See Notes to Schedule of Expenditures of State Financial Assistance.

Connecticut Bar Foundation, Inc.
Note to Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2023

Note 1 - Basis of Presentation and Summary of Significant Accounting Policies

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes state grant activity of Connecticut Bar Foundation, Inc. (the Foundation) under programs of the State of Connecticut for the fiscal year ended December 31, 2023. The Judicial Branch of the State of Connecticut has provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs to provide civil legal representation to poor people in Connecticut.

The accounting policies of the Foundation conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities. The information in the Schedule of Expenditures of State Financial Assistance (the Schedule) is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

Connecticut Bar Foundation, Inc.
 Schedule of State Findings and Questioned Costs
 For the Year Ended December 31, 2023

I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

State Financial Assistance

Internal control over major program:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Type of auditor's opinion issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? Yes X No

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core – CT Number</u>	<u>Expenditures</u>
Judicial Branch:		
Court Fee Program	11000-JUD95162-40001-089	\$ 11,601,912
Dollar threshold used to distinguish between type A and type B programs		\$ 288,388

Connecticut Bar Foundation, Inc.
Schedule of State Findings and Questioned Costs (continued)

II. Financial Statement Findings

2023-001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition

Insufficient review controls over year-end account reconciliations for certain investments, related investment earnings, and revenue accounts.

Criteria or Specific Requirement

Internal controls over financial reporting are required to be designed to provide reasonable assurance that financial statement misstatements are prevented or detected and corrected. Lack of such review controls over year-end account reconciliations led to material audit adjustments.

Effect

The associated assets and revenue reported in the subsidiary ledgers was not reported in accordance with GAAP, however, the federal expenditures were properly recognized and reported.

Cause

Year-end review control procedures for certain accounts were not performed on a timely basis or as designed.

Repeat Finding

No

Recommendation

We recommend that management ensures that all year-end reconciliations are performed in a timely manner and ensures that all transactions are properly recorded prior to commencement of the annual audit.

Views of Responsible Officials

There is no disagreement with the audit finding.

III. State Financial Assistance Findings and Questioned Costs

None