

*Audited Financial Statements
Connecticut Bar Foundation, Inc.*

*Years ended December 31, 2022 and 2021
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, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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)

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 by funding source as of December 31, 2022, and the schedule of general and administrative expenses by funding source for the year ended December 31, 2022, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15 2023, 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 15, 2023

Connecticut Bar Foundation, Inc.
 Statements of Financial Position
 December 31, 2022 and 2021

Assets	2022	2021
Cash and cash equivalents	\$ 8,445,773	\$ 2,482,893
IOLTA/IOTA receivables	1,237,693	263,010
Pledges receivable, net	333,044	369,143
Accounts and loans receivable	261,159	319,920
Investments, at fair value	11,117,233	12,389,636
Prepaid expenses	100	-
Property and equipment, net	-	1,645
Total assets	\$ 21,395,002	\$ 15,826,247
Liabilities and net assets		
Accounts payable and accrued expenses	\$ 193,608	\$ 249,332
Deferred revenue	3,032,861	305,668
Total liabilities	3,226,469	555,000
Net assets		
Without donor restrictions	2,156,175	2,736,065
With donor restrictions	16,012,358	12,535,182
Total net assets	18,168,533	15,271,247
Total liabilities and net assets	\$ 21,395,002	\$ 15,826,247

See accompanying notes

Connecticut Bar Foundation, Inc.
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets without donor restrictions:						
Revenues and Support:						
Contributions:						
Court Fees Grants-in-Aid	\$ -	\$ 10,849,867	\$ 10,849,867	\$ -	\$ 10,860,900	\$ 10,860,900
Other revenue - Court Fees Grants-in-Aid	-	568,211	568,211	-	-	-
IOLTA/IOTA income	-	7,047,277	7,047,277	-	2,981,255	2,981,255
Judicial Branch Grants-in-Aid	-	1,670,954	1,670,954	-	1,420,954	1,420,954
RTC/TRO Grants	-	6,677,737	6,677,737	-	39,402	39,402
Other grants	-	290,456	290,456	-	373,850	373,850
Other	30,637	317,706	348,343	574,431	452,251	1,026,682
Paycheck Protection Program (PPP) grant	-	-	-	-	100,145	100,145
Net investment (loss) income	(398,688)	(1,301,991)	(1,700,679)	291,374	589,981	881,355
Net assets released from restrictions	22,643,041	(22,643,041)	-	15,410,418	(15,410,418)	-
Total revenues and support	22,274,990	3,477,176	25,752,166	16,276,223	1,408,320	17,684,543
Expenses:						
Grants and programs	21,917,615	-	21,917,615	14,828,264	-	14,828,264
General and administrative	937,265	-	937,265	703,466	-	703,466
Total expenditures	22,854,880	-	22,854,880	15,531,730	-	15,531,730
Change in net assets	(579,890)	3,477,176	2,897,286	744,493	1,408,320	2,152,813
Net assets - beginning of year	2,736,065	12,535,182	15,271,247	1,991,572	11,126,862	13,118,434
Net assets - end of year	\$ 2,156,175	\$ 16,012,358	\$ 18,168,533	\$ 2,736,065	\$ 12,535,182	\$ 15,271,247

See accompanying notes

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

	James W. Cooper			Management and		
	Legal Aid Services	Fellows	Program Total	General	Total	
Grants	\$ 21,328,557	\$ 245,836	\$ 21,574,393	\$ -	\$ 21,574,393	
Compensation and temporary help	-	1,332	1,332	605,518	606,850	
IOLTA software and monitoring	11,205	-	11,205	-	11,205	
Outside services	-	-	-	88,709	88,709	
Payroll taxes	-	132	132	48,171	48,303	
Employee benefits	-	-	-	44,851	44,851	
Occupancy costs	-	-	-	36,876	36,876	
Professional services	306,621	-	306,621	30,859	337,480	
Pension	-	-	-	22,327	22,327	
Fellows' symposia and other events	-	19,531	19,531	-	19,531	
Bad debt	-	-	-	15,817	15,817	
Insurance	-	-	-	9,854	9,854	
Travel, meetings and dues	-	962	962	8,616	9,578	
Equipment	-	-	-	8,115	8,115	
Office supplies and maintenance	-	-	-	5,447	5,447	
Telephone	-	-	-	4,910	4,910	
Printing costs	-	-	-	3,712	3,712	
Postage	-	1,163	1,163	1,511	2,674	
Bank fees and miscellaneous	-	2,276	2,276	327	2,603	
Depreciation	-	-	-	1,645	1,645	
Total expenses	\$ 21,646,383	\$ 271,232	\$ 21,917,615	\$ 937,265	\$ 22,854,880	

See accompanying notes

Connecticut Bar Foundation, Inc.
 Statements of Functional Expenses
 For the Year Ended December 31, 2021

	Legal Aid Services	James W. Cooper Fellows	Program Total	Management and General	Total
Grants	\$ 14,443,730	\$ 348,258	\$ 14,791,988	\$ -	\$ 14,791,988
Compensation and temporary help	-	4,966	4,966	421,636	426,602
IOLTA software and monitoring	13,190	-	13,190	-	13,190
Outside services	-	-	-	61,088	61,088
Payroll taxes	-	235	235	33,964	34,199
Employee benefits	-	-	-	30,749	30,749
Occupancy costs	-	-	-	36,469	36,469
Professional services	-	-	-	36,533	36,533
Pension	-	-	-	31,755	31,755
Fellows' symposia and other events	-	11,767	11,767	-	11,767
Bad debt	-	-	-	9,330	9,330
Insurance	-	-	-	10,390	10,390
Travel, meetings and dues	-	105	105	5,915	6,020
Equipment	-	-	-	7,845	7,845
Office supplies and maintenance	-	22	22	5,468	5,490
Telephone	-	-	-	4,044	4,044
Printing costs	-	684	684	1,961	2,645
Postage	-	2,637	2,637	3,016	5,653
Bank fees and miscellaneous	-	2,670	2,670	1,657	4,327
Depreciation	-	-	-	1,646	1,646
Total expenses	<u>\$ 14,456,920</u>	<u>\$ 371,344</u>	<u>\$ 14,828,264</u>	<u>\$ 703,466</u>	<u>\$ 15,531,730</u>

See accompanying notes

Connecticut Bar Foundation, Inc.
 Statements of Cash Flows
 For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 2,897,286	\$ 2,152,813
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	1,645	1,646
Bad debt	15,817	9,330
Change in discount for pledges receivable	4,851	8,854
Realized gains on investments	(32,334)	(129,773)
Unrealized losses (gains) on investments	1,992,955	(526,858)
Changes in assets and liabilities:		
IOLTA/IOTA receivables	(974,683)	(5,801)
Prepaid expenses	(100)	-
Pledges receivable	15,431	(1,676)
Accounts and loan receivable	58,761	(227,970)
Accounts payable and accrued expenses	(55,724)	64,070
Deferred revenue	2,727,193	305,668
Net cash provided by operating activities	6,651,098	1,650,303
Cash flows from investing activities:		
Reinvestment of investment income	(232,208)	(214,397)
Purchase of investments	(500,000)	(500,000)
Proceeds from sale of investments	43,990	99,589
Net cash used in investing activities	(688,218)	(614,808)
Change in cash and cash equivalents	5,962,880	1,035,495
Cash and cash equivalents - beginning of year	2,482,893	1,447,398
Cash and cash equivalents - end of year	\$ 8,445,773	\$ 2,482,893

See accompanying notes

Connecticut Bar Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

1. Nature of Foundation

The Connecticut Bar Foundation, Inc. (the Foundation) was incorporated in 1952 exclusively for charitable, scientific, literary and education purposes, primarily to improve and facilitate the administration of justice. The Foundation is designated by the Connecticut Judicial Branch to receive and allocate funds to support legal services that protect the interests of those who cannot afford civil legal counsel. The Foundation does this through the administration of the following grant programs: the Interest earned On Lawyers' Trust Accounts (IOLTA) and Interest On Trust Accounts (IOTA) programs, as required by Connecticut General Statute Sec. 51-81c; a Court Fees Grants-in-Aid (CFGIA), as required by Connecticut General Statutes Sec. 51-5d, and a Judicial Branch Grant-in-Aid (JBGIA), issued annually by the State of Connecticut. In 2021, the CBF was selected to also administer programs to increase access to legal counsel for income-eligible residential tenants at risk of eviction, pursuant to Public Act 21-34, and low-income individuals interested in applying for a temporary restraining order, pursuant to Public Act 21-78 of the Connecticut General Assembly.

In 1994, the Foundation established the James W. Cooper Fellows program. The Fellows program sponsors symposia and projects that enhance the understanding of the role of law in society and promotes 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, 2022 and 2021 there was Board designated funds of \$532,669 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, 2022 and 2021, the donor restricted net asset balance was \$16,012,358 and \$12,535,182, respectively (see Note 7).

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation with no change to total reported net assets.

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

2. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize the assets and liabilities that arise from leases in the balance sheet. Additionally, in July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) – Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Foundation adopted ASU 2016-02 and its related amendments as of January 1, 2022, using the transition relief provisions from ASU 2018-11. The adoption did not have a material impact on the financial statements and as such, no right of use assets and lease liabilities were recorded. The related policy elections made by the Foundation can be found in the lease section of the significant accounting policy footnote and additional lease disclosures can be found in Note 10. There was no cumulative effect adjustment to the opening balance of net assets required.

Cash and Cash Equivalents

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

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.

Pledges and Contributions 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 2022 and 2021 was 3.99% and 1.26%, respectively.

Management periodically evaluates the collectability of its receivables and creates an allowance for any accounts deemed uncollectible (see Note 4).

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.

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

2. Summary of Significant Accounting Policies (continued)

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.

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.

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 effective July 1, 2009, July 1, 2012, July 1, 2014, and July 1, 2016 (Public Acts 09-152, 12-89, 14-217, and 16-26 respectively) and dedicate a portion of those 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. The Foundation receives a portion of the funds for administering the program.

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

2. Summary of Significant Accounting Policies (continued)

Revenue and Support (continued)

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 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.

In an effort to increase pro bono representation of Connecticut residents who cannot afford an attorney, the Connecticut Bar Foundation created a three-year supplemental IOLTA grant program to fund a pro bono manager at an IOLTA recipient legal aid organization in the state.

The number of lawyers participating in the program was 9,107 and 10,715 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, there were 7,036 and 7,136 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 totaling \$2,593,755 and \$2,497,192 from IOLTA/IOTA revenues for the years ended December 31, 2022 and 2021, respectively.

Judicial Branch Grants-in-Aid

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 by the Governor or Connecticut General Assembly. The Foundation receives a portion of the funds for administering the program.

RTC/TRO

The Connecticut general assembly also enacted two new programs in 2021 to increase access to civil legal representation for individuals who cannot afford an attorney, which the Connecticut Bar Foundation is administering. The first program, Right to Counsel in Eviction Proceeding (RTC) enacted in Public Act 21-34, creates a statewide right to counsel for tenants at risk of eviction at no cost to the tenant. The second program, Temporary Restraining Order (TRO), enacted in section 15 of Public Act 21-78, established a grant program to fund increased access to legal representation for individuals who express an interest in applying for a temporary restraining order under section 46b-15 of the Connecticut General Statutes in the judicial districts of Fairfield, Hartford, New Haven, Stamford-Norwalk and Waterbury.

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 sole 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.

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 72% and 73% of its contributions revenue from the Judicial Branch for the years ended December 31, 2022 and 2021, respectively.

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

3. Concentrations of Risk (continued)

Sources of Revenue (continued)

IOLTA/IOTA income represented 26% and 18% of the Foundation's total contributions revenue for the years ended December 31, 2022 and 2021, respectively.

For the year ended December 31, 2022, income generated from two individual banks represented 32% and 26% of total IOLTA/IOTA income. As of December 31, 2021, income generated from three individual banks represented 17%, 11% and 10% 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:

	2022	2021
Less than one year	\$ 80,526	\$ 70,976
One to five years	251,835	291,585
Greater than five years	41,500	52,250
Total pledges receivable	373,861	414,811
Less: allowance for uncollectible pledges	(13,085)	(14,518)
Less: discount to net present value	(27,732)	(31,150)
Total pledges receivable, net	\$ 333,044	\$ 369,143

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.

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

5. Investments and Fair Value Measurements (continued)

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>2022</u>	<u>2021</u>
Equity, mutual funds:		
Stock market index fund	\$ 3,329,700	\$ 4,201,601
International stock index fund	832,424	991,087
Fixed income funds	<u>6,955,109</u>	<u>7,196,948</u>
Total investments	<u>\$ 11,117,233</u>	<u>\$ 12,389,636</u>

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

6. Property and Equipment

A summary of property and equipment as of December 31, is presented below:

	<u>2022</u>	<u>2021</u>
Office equipment	\$ 8,229	\$ 8,229
Less accumulated depreciation	<u>(8,229)</u>	<u>(6,584)</u>
Net property and equipment	<u>\$ -</u>	<u>\$ 1,645</u>

Depreciation expense for the years ended December 31, 2022 and 2021, was \$1,645 and \$1,646, respectively.

7. Net Assets

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

	<u>2022</u>	<u>2021</u>
IOLTA/IOTA Program	\$ 13,987,336	\$ 10,809,933
TRO/RTC Program	112,406	369,024
General Foundation, Fellow Program	481,965	369,143
General Foundation, restricted	383,045	424,478
General Foundation, Singer Fund	126,200	187,592
General Foundation, Kravitz Symposium Fund	155,622	188,047
General Foundation, Innocence Fund	115,815	115,815
General Foundation, Speziale Fund	80,935	70,967
Court Fees Grants-in-Aid	<u>569,034</u>	<u>183</u>
Total net assets with donor restrictions	<u>\$ 16,012,358</u>	<u>\$ 12,535,182</u>

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

8. Paycheck Protection Program Loan

The Coronavirus Aid, Relief, and Economic Security (CARES) Act - Paycheck Protection Program (PPP) was established to assist small businesses in keeping their employees on payroll during the COVID-19 outbreak that began in 2020. Funds can only be used to (a) retain workers and maintain payroll and/or (b) make mortgage interest payments, lease payments, and utility payments, and for no other purposes. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act and maintain a certain number of employees. If these restrictions are not met within a 24-week period, the unspent funds become a loan which is payable two years from the date of issuance and bears an interest rate of 1%. The Foundation has elected to account for the PPP funds using the Government Grant model.

On February 10, 2021, the Foundation received the second of its forgivable PPP loans in the amount of \$100,145. The terms of the loan are described above. During 2021 the full funds were expended and were recognized as a contribution. On June 23, 2021, the Foundation received full forgiveness of the Second PPP Loan.

9. Commitments and Contingencies

Commitments

The Foundation's Board of Directors approved \$15,910,487 for grant awards to be disbursed in monthly payments during the grant year from January 1 through December 31, 2023, and \$30,000 for scholarships that are to be disbursed during the same period.

The Foundation grants loans to newly released exonerees. As of December 31, 2022 and 2021, \$97,500 and \$80,500, respectively, in loans have been disbursed and are recorded in accounts and loans receivable on the Statement of Financial Position.

10. 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.

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

10. Operating Leases (continued)

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, 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 which terminate on various dates through 2025. Total lease expense for years ending December 31, 2022 and 2021, was \$40,067 and \$40,268, respectively.

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

2023	\$	41,126
2024		12,818
2025		1,854
	\$	<u>55,798</u>

11. Pension Plan

The Foundation sponsors a Simplified Employee Pension (SEP) retirement 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 participants' calendar year-end compensation. Pension expenses for the years ended December 31, 2022 and 2021 were \$22,327 and \$31,755, respectively.

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

12. 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, 2022 and 2021, 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, 2022 and 2021, the Foundation's federal and state tax returns generally remain open for examination for three years after December 31, 2019.

13. 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 maintains a Spending Policy to determine the amount of invested (non-IOLTA) assets that would be available each year to support its general operating budget. The policy is 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 December 31st. This amount is approved during the budgetary process and is \$99,484 for the 2023 calendar year. The Board of Directors further stipulated that although it is hoped that 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.

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

13. Liquidity and Availability of Financial Assets (continued)

The Foundation was selected to administer the IOLTA program in 1989 and in that capacity also administers the Court Fee Revenue Grants-in-Aid for the Judicial Branch. Funds from these programs are the primary source of funding for the major legal aid organizations in the State. The Foundation used approximately 3% of the funding for administration of the programs. The James W. Cooper Fellows provide funding for the Fellows programs, education 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.

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.

	2022
Financial assets:	
Cash and cash equivalents	\$ 8,445,773
Investments, fair value	11,117,233
IOLTA/IOTA receivables	1,237,693
Pledges receivable, net	333,044
Accounts and loans receivable	261,159
	21,394,902
Less:	
Amounts unavailable for management:	
Net assets with donor restrictions	(16,012,358)
Board designated funds	(532,669)
	(16,545,027)
Total financial assets available within one year	\$ 4,849,875

14. Subsequent Events

The Foundation has evaluated events occurring between December 31, 2022 and May 15, 2023, the date the financial statements were available to be issued.

Supplementary Information

Connecticut Bar Foundation, Inc.
Schedule of Financial Position by Funding Source
As of December 31, 2022

	IOLTA/IOTA/ RTC/TRO	Court Fees Grants-in- Aid	Judicial Branch Grants-in- Aid	General Foundation	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 7,371,419	\$ 569,034	\$ -	\$ 505,320	\$ 8,445,773
IOLTA/IOTA receivables	1,237,693	-	-	-	1,237,693
Due to/from	10,183	-	-	(10,183)	-
Pledges receivable, net	-	-	-	333,044	333,044
Accounts and loans receivable	-	-	-	261,159	261,159
Investments, fair value	8,959,916	-	-	2,157,317	11,117,233
Prepaid expenses	-	-	-	100	100
Property and equipment, net	-	-	-	-	-
Total assets	\$ 17,579,211	\$ 569,034	\$ -	\$ 3,246,757	\$ 21,395,002
Liabilities and net assets					
Accounts payable and accrued expenses	\$ 77,600	\$ -	\$ -	\$ 116,008	\$ 193,608
Deferred revenue	3,032,861	-	-	-	3,032,861
Total liabilities	3,110,461	-	-	116,008	3,226,469
Net Assets					
Without donor restrictions	-	-	-	2,156,175	2,156,175
With donor restrictions	14,468,750	569,034	-	974,574	16,012,358
Total net assets	14,468,750	569,034	-	3,130,749	18,168,533
Total liabilities and net assets	\$ 17,579,211	\$ 569,034	\$ -	\$ 3,246,757	\$ 21,395,002

See accompanying independent auditors' report

Connecticut Bar Foundation, Inc.
Schedule of General and Administrative Expenses by Funding Source
For the Year Ended December 31, 2022

	<u>IOLTA/IOTA</u>	<u>RTC</u>	<u>TRO</u>	<u>HUD</u>	<u>Court Fees Grants-in- Aid</u>	<u>Judicial Branch Grants-in-Aid</u>	<u>General Foundation</u>	<u>Total</u>
General and administrative:								
Compensation and temporary help	\$ 18,674	\$ 84,958	\$ 20,531	\$ 138,406	\$ 207,030	\$ 10,394	\$ 125,525	\$ 605,518
Outside services	933	16,505	2,958	9,999	35,191	-	23,123	88,709
Payroll taxes	790	6,736	1,620	11,416	16,685	795	10,129	48,171
Employee benefits	280	6,969	1,738	18,160	10,556	-	7,148	44,851
Occupancy costs	360	11,741	1,702	1,608	13,561	-	7,904	36,876
Professional services	316	8,126	1,700	2,743	11,886	-	6,088	30,859
Pension	297	2,924	1,240	2,641	11,172	-	4,053	22,327
Bad debt	-	-	-	-	-	-	15,817	15,817
Insurance	99	3,243	583	-	3,722	-	2,207	9,854
Travel, meetings and dues	111	254	-	174	4,181	-	3,896	8,616
Equipment	72	1,610	-	1,659	2,702	-	2,072	8,115
Office supplies and maintenance	30	441	58	1,166	1,129	-	2,623	5,447
Telephone	30	870	248	1,541	1,120	-	1,101	4,910
Printing costs	68	298	-	350	2,558	-	438	3,712
Depreciation	27	-	-	-	1,066	-	552	1,645
Postage	25	9	-	536	941	-	-	1,511
Miscellaneous	4	-	-	71	47	-	205	327
Total general and administrative	<u>22,116</u>	<u>144,684</u>	<u>32,378</u>	<u>190,470</u>	<u>323,547</u>	<u>11,189</u>	<u>212,881</u>	<u>937,265</u>
Programs	<u>2,654,946</u>	<u>5,450,676</u>	<u>1,050,000</u>	<u>-</u>	<u>10,524,376</u>	<u>1,659,764</u>	<u>577,853</u>	<u>21,917,615</u>
Total expenses	<u>\$ 2,677,062</u>	<u>\$ 5,595,360</u>	<u>\$ 1,082,378</u>	<u>\$ 190,470</u>	<u>\$ 10,847,923</u>	<u>\$ 1,670,953</u>	<u>\$ 790,734</u>	<u>\$ 22,854,880</u>

See accompanying independent auditors' report

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, 2022 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 15, 2023.

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.

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. 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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)

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 15, 2023

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, 2022. 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, 2022.

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, 2022 and have issued our report thereon dated May 15, 2023, 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 15, 2023

Connecticut Bar Foundation, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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	\$ 5,450,676	\$ 5,595,359
Coronavirus State and Local Fiscal Recovery Funds Coronavirus Relief Funding	21.027	Not Provided	49,986	49,986
Total U.S. Department of Treasury			<u>5,500,662</u>	<u>5,645,345</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	-	190,470
Total Expenditures of Federal Awards			<u>\$ 5,500,662</u>	<u>\$ 5,835,815</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, 2022

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, 2022. 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, 2022

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	___yes <u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___yes <u>X</u> none reported
Noncompliance material to financial statements noted?	___yes <u>X</u> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___yes <u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___yes <u>X</u> 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 <u>X</u> no
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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
Coronavirus State and Local Fiscal Recovery Funds Coronavirus Relief Funding	21.027
U.S. Department of Housing and Urban Development:	
Eviction Prevention Services	14.537

Dollar threshold used to distinguish between Type A and Type B program:	\$ 750,000
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Auditee qualified as low-risk auditee?	___yes <u>X</u> no
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II. Financial Statement Findings

None

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, 2022. 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, 2022.

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, 2022 and have issued our report thereon dated May 15, 2023, 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 15, 2023

Connecticut Bar Foundation, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2022

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	\$ 1,659,764	\$ 1,670,954
Civil Legal Representation (Temporary Restraining Orders “TRO” Program)	11000-JUD95162-12516-090	1,050,000	1,082,378
Court Fee Program	11000-JUD95162-40001-089	10,524,376	10,849,867
Total State Financial Assistance		\$ 13,234,140	\$ 13,603,199

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, 2022

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, 2022. 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, 2022

II. Summary of Auditor’s Results

Financial Statements

Type of auditor’s opinion issued: Unmodified

Internal control over financial reporting:
 • Material weakness(es) identified? ___ Yes X 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:

State Grantor and Program	State Core – CT Number	Expenditures
Judicial Branch:		
Civil Legal Representation (Judicial Branch Grants-in-Aid)	11000-JUD95162-12516-090	\$ 1,670,954
Civil Legal Representation (Temporary Restraining Orders “TRO” Program)	11000-JUD95162-12516-090	1,082,378
Court Fee Program	11000-JUD95162-40001-089	10,849,867
Dollar threshold used to distinguish between type A and type B programs		\$ 272,064

III. Financial Statement Findings

No matters were reported.

IV. State Financial Assistance Findings and Questioned Costs

None