

***Audited Financial Statements
Reports in Accordance with Government
Auditing Standards
and the State Single Audit Act***

Connecticut Bar Foundation, Inc.

*Years ended December 31, 2020 and 2019
with Independent Auditors' Report*



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Connecticut Bar Foundation, Inc.

Financial Statements

Years Ended December 31, 2020 and 2019

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Connecticut Bar Foundation, Inc. (a nonprofit) (the Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Bar Foundation, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of financial position by program as of December 31, 2020, and the schedule of general and administrative expenses by program for the year ended December 31, 2020, 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 April 28, 2021, 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
April 28, 2021

Connecticut Bar Foundation, Inc.
 Statements of Financial Position
 December 31, 2020 and 2019

Assets	2020	2019
Cash and cash equivalents	\$ 1,447,398	\$ 1,419,781
IOLTA/IOTA receivables	257,209	348,281
Pledges receivable, net	385,651	417,347
Accounts and loans receivable	91,950	66,100
Investments, at fair value	11,118,197	10,947,008
Property and equipment, net	3,291	4,937
Total assets	\$ 13,303,696	\$ 13,203,454
Liabilities and net assets		
Accounts payable and accrued expenses	\$ 185,262	\$ 701,708
Total liabilities	185,262	701,708
Net assets		
Without donor restrictions	1,991,572	1,795,382
With donor restrictions	11,126,862	10,706,364
Total net assets	13,118,434	12,501,746
Total liabilities and net assets	\$ 13,303,696	\$ 13,203,454

See accompanying notes

Connecticut Bar Foundation, Inc.
Statements of Activities
For the Years Ended December 31, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions:		
Revenues and Support:		
Contributions	\$ 36,794	\$ 38,347
Net investment realized and unrealized gains	240,543	296,807
Dividends and interest	39,508	45,831
Other income	11	15,360
	316,856	396,345
Net assets released from restrictions	15,456,710	17,967,619
Total revenues and support	15,773,566	18,363,964
Expenses:		
General and administrative	699,952	743,554
Grants and programs	14,877,424	17,290,476
Total expenditures	15,577,376	18,034,030
Change in net assets without donor restrictions	196,190	329,934
Changes in net assets with donor restrictions:		
Revenues and Support:		
Court Fees Grants-in-Aid	\$ 10,123,274	\$ 12,918,458
IOLTA/IOTA income	3,109,203	4,825,887
Judicial Branch Grants-in-Aid	1,370,954	1,370,954
Dividends and interest	198,763	225,780
Pledged contributions, Fellows program	93,460	107,664
General Foundation - Innocence Fund	400	500
General Foundation - Singer Fund	170,363	215,000
General Foundation - Other Restricted Funds	41,862	323,299
Paycheck Protection Program (PPP) grant	92,700	-
IOLTA/IOTA loss on disposal of equipment	-	(4,250)
Net investment realized and unrealized gains	676,229	720,344
Total revenues and support	15,877,208	20,703,636
Net assets released from restrictions	(15,456,710)	(17,967,619)
Change in net assets with donor restrictions	\$ 420,498	\$ 2,736,017
Change in net assets	616,688	3,065,951
Net assets - beginning of year	12,501,746	9,435,795
Net assets - end of year	\$ 13,118,434	\$ 12,501,746

See accompanying notes

Connecticut Bar Foundation, Inc.
 Statements of Functional Expenses
 For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Programs	Management and General	Total	Programs	Management and General	Total
Grants	\$ 14,850,393	\$ -	\$ 14,850,393	\$ 17,220,314	\$ -	\$ 17,220,314
Compensation and temporary help	1,600	463,818	465,418	4,204	443,926	448,130
Employee benefits	-	56,315	56,315	-	64,188	64,188
Payroll taxes	122	37,093	37,215	333	36,562	36,895
Occupancy costs	-	34,714	34,714	-	34,334	34,334
Pension	-	23,485	23,485	-	27,991	27,991
Professional services	-	22,817	22,817	-	30,864	30,864
Outside services	-	15,916	15,916	-	39,693	39,693
Bad debt	-	8,174	8,174	-	17,350	17,350
Travel, meetings and dues	2,051	8,468	10,519	2,709	16,622	19,331
IOLTA software and monitoring	8,580	-	8,580	9,831	-	9,831
Fellows' symposia and other events	8,180	-	8,180	40,850	-	40,850
Insurance	-	7,027	7,027	-	8,250	8,250
Office supplies and maintenance	19	5,753	5,772	48	7,927	7,975
Postage	3,015	1,909	4,924	4,036	1,733	5,769
Bank fees and miscellaneous	3,464	1,128	4,592	3,406	757	4,163
Printing costs	-	4,105	4,105	4,745	3,084	7,829
Equipment	-	3,936	3,936	-	4,688	4,688
Telephone	-	3,648	3,648	-	3,637	3,637
Depreciation	-	1,646	1,646	-	1,646	1,646
UBI Tax	-	-	-	-	302	302
Total expenses	<u>\$ 14,877,424</u>	<u>\$ 699,952</u>	<u>\$ 15,577,376</u>	<u>\$ 17,290,476</u>	<u>\$ 743,554</u>	<u>\$ 18,034,030</u>

See accompanying notes

Connecticut Bar Foundation, Inc.
 Statements of Cash Flows
 For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 616,688	\$ 3,065,951
Adjustments to reconcile the change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,646	1,646
Loss from disposal of asset	-	4,250
Bad debt	8,174	17,350
Change in discount for pledges receivable	16,460	6,664
Realized (gains) loss on investments	(144,380)	(45,513)
Unrealized (gains) loss on investments	(772,392)	(971,638)
Changes in assets and liabilities:		
IOLTA/IOTA receivables	91,072	60,357
Pledges receivable	7,062	11,222
Accounts and loan receivable	(25,850)	(30,000)
Accounts payable and accrued expenses	(516,446)	(1,298,158)
Net cash (used in) provided by operating activities	(717,966)	822,131
Cash flows from investing activities:		
Reinvestment of income	(225,897)	(227,286)
Purchase of investments	(300,000)	(1,400,000)
Sale of investments	1,271,480	1,570,746
Net cash provided by (used in) investing activities	745,583	(56,540)
Net change in cash and cash equivalents	27,617	765,591
Cash and cash equivalents - beginning of year	1,419,781	654,190
Cash and cash equivalents - end of year	\$ 1,447,398	\$ 1,419,781

See accompanying notes

Connecticut Bar Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

1. Nature of Organization

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 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 (US 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. There were no Board designated funds at December 31, 2020 and 2019.

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. At December 31, 2020 and 2019, the donor restricted net asset balance was \$11,126,862 and \$10,706,364, respectively (see Note 7).

Cash and Cash Equivalents

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

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.

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 3.5%. The discount rate used for pledges received in 2020 and 2019 was 0.36% and 1.92 %, 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.

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.

Revenue and Support

Effective January 1, 2019, the Foundation adopted Accounting Standard (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Made and Contributions Received*. The adoption of ASU 2018-08 did not result in a material change to the accounting for any revenue streams during the year of adoption; as such, no cumulative effect adjustment was recorded.

Judicial Branch Grants-in-Aid Program

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

Court Fees Grants-in-Aid Program

In an effort to replace drastically reduced IOLTA/IOTA revenue, the Connecticut State Legislature passed certain court fee increases effective July 1, 2009, 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.

IOLTA/IOTA Program

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

The number of lawyers participating in the program was 11,206 and 11,668 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, there were 7,249 and 7,436 trust accounts in the IOLTA/IOTA Program, respectively.

The Foundation awarded grants to legal service providers and grants to law schools for scholarships based on financial need and paid other program expenses totaling \$3,359,322 and \$3,093,899 from IOLTA/IOTA revenues for the years ended December 31, 2020 and 2019, respectively.

Contributions

Contributions that are unconditional are recorded when pledged and conditional contributions are recorded when the conditions have been met. 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.

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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

Source 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 and Judicial Branch Grants-in-Aid programs. The Foundation received approximately 71% and 68% of its revenue support from the Judicial Branch for the years ended December 31, 2020 and 2019, respectively.

IOLTA/IOTA income represented 19% and 23% of the Foundations total support for the years ended December 31, 2020 and 2019, respectively.

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

3. Concentrations of Risk (continued)

Source of Revenue (continued)

For the year ended December 31, 2020, income generated from two individual banks represented 19% and 12% of total IOLTA/IOTA income. As of December 31, 2019, income generated from one individual bank represented 45% 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:

	2020	2019
Less than one year	\$ 57,233	\$ 60,430
One to five years	323,850	357,785
Greater than five years	60,010	78,760
Total pledges receivable	\$ 441,093	\$ 496,975
Less: allowance for uncollectible pledges	(15,438)	(23,164)
Less: discount to net present value	(40,004)	(56,464)
Total pledges receivable, net	\$ 385,651	\$ 417,347

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>2020</u>	<u>2019</u>
Equity, mutual funds:		
Stock market index fund	\$ 3,487,960	\$ 3,157,663
International stock index fund	864,143	798,876
Fixed income funds	6,766,094	6,990,469
Total investments	<u>\$ 11,118,197</u>	<u>\$ 10,947,008</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>2020</u>	<u>2019</u>
Office equipment	\$ 8,229	\$ 8,229
Less accumulated depreciation	(4,938)	(3,292)
Net property and equipment	<u>\$ 3,291</u>	<u>\$ 4,937</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$1,646.

7. Net Assets

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

	<u>2020</u>	<u>2019</u>
IOLTA/IOTA Program	\$ 9,829,785	\$ 9,351,595
General Foundation, Fellow Program	385,651	417,256
General Foundation, restricted	353,686	339,338
General Foundation, Singer Fund	228,572	302,110
General Foundation, Kravitz Symposium Fund	166,148	144,040
General Foundation, Innocence Fund	100,936	100,442
General Foundation, Speziale Fund	62,052	51,481
Court Fees Grants-in-Aid	32	102
Total net assets with donor restrictions	<u>\$ 11,126,862</u>	<u>\$ 10,706,364</u>

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

8. Paycheck Protection Program Loan

On April 29, 2020, the Foundation obtained a forgivable loan in the amount of \$92,700 from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) that was established to assist small businesses in keeping their employees on payroll during the COVID-19 outbreak. On December 16, 2020, the Foundation was notified that their PPP loan was fully forgiven. The Foundation has elected to account for the PPP funds using the Government Grant model and has recognized the PPP in the amount of \$92,700 as grant income for the year ended December 31, 2020.

9. Commitments and Contingencies

Commitments

The Foundations Board of Directors approved \$14,417,997 for grant awards to be disbursed in monthly payments during the 2021 grant year from January 1 through December 31, 2021, and \$30,000 for scholarships to be disbursed during the same time period.

The Foundation grants loans to newly released exonerees. As of December 31, 2020 and 2019, \$91,950 and \$66,100, respectively, in loans have been disbursed and are recorded in accounts and loan receivable on the Statement of Financial Position.

Contingencies

In March 2020, there was a global outbreak of COVID-19 that has resulted in significant changes in the global economy. While the Foundation has not experienced any significant disruptions to its business operations to date, the Federal Fund rate decreased precipitously, resulting in a decline in IOLTA/IOTA revenue, and court fee revenue has decreased due to court closures and other factors resulting from the pandemic. The Foundation switched most of its in-person programming to a virtual format in 2020 and is beginning to plan limited in-person programming for the latter half of 2021, which will require sponsorships. The future impact the pandemic might have on the Foundation cannot be determined, however it is possible the pandemic could have a prospective material impact to the Foundation's business, cash flows and liquidity.

10. Operating Leases

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, 2023. 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, 2020 and 2019 was \$40,207 and \$39,275, respectively.

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

10. Operating Leases (continued)

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

2021	\$	40,268
2022		38,999
2023		11,483
2024		2,225
2025		1,854
		<u>94,829</u>
	\$	<u>94,829</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, 2020 and 2019 were \$23,485 and \$27,991, respectively.

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. At December 31, 2020 and 2019, 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, 2020 and 2019, the Foundation's federal and state tax returns generally remain open for examination for three years after December 31, 2017.

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.

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

13. Liquidity and Availability of Financial Assets (continued)

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 September 30th. This amount is approved during the budgetary process and is \$84,600 for the 2021 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.

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.

	2020
Financial assets:	
Cash and cash equivalents	\$ 1,447,398
Investments, fair value	11,118,197
IOLTA/IOTA receivables	257,209
Pledges receivable, net	385,651
Accounts and loans receivable	91,950
	13,300,405
Less:	
Amounts unavailable for management:	(11,126,862)
Total financial assets available within one year	\$ 2,173,543

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

14. Subsequent Events

The Foundation has evaluated events occurring between December 31, 2020 and April 28, 2021, the date the financial statements were available to be issued.

On February 10, 2021, the Foundation obtained the second round of PPP funding from SBA in the amount of \$100,145.

Supplemental Information

Connecticut Bar Foundation, Inc.
Schedule of Financial Position by Program
As of December 31, 2020

	<u>IOLTA/IOTA</u>	<u>Court Fees Grants-in-Aid</u>	<u>Judicial Branch Grants-in-Aid</u>	<u>General Foundation</u>	<u>Total</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ 938,702	\$ 32	\$ -	\$ 508,664	\$ 1,447,398
IOLTA/IOTA receivables	257,209	-	-	-	257,209
Due to/from	756	-	-	(756)	-
Pledges receivable, net	-	-	-	385,651	385,651
Accounts and loans receivable	-	-	-	91,950	91,950
Investments, fair value	8,678,711	-	-	2,439,486	11,118,197
Property and equipment, net	2,328	-	-	963	3,291
Total assets	<u>\$ 9,877,706</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 3,425,958</u>	<u>\$ 13,303,696</u>
Liabilities and net assets					
Current liabilities:					
Accounts payable and accrued expenses	\$ 47,919	\$ -	\$ -	\$ 137,343	\$ 185,262
Total current liabilities	<u>47,919</u>	<u>-</u>	<u>-</u>	<u>137,343</u>	<u>185,262</u>
Net Assets					
Without donor restrictions	-	-	-	1,991,572	1,991,572
With donor restrictions	9,829,787	32	-	1,297,043	11,126,862
Total net assets	<u>9,829,787</u>	<u>32</u>	<u>-</u>	<u>3,288,615</u>	<u>13,118,434</u>
Total liabilities and net assets	<u>\$ 9,877,706</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 3,425,958</u>	<u>\$ 13,303,696</u>

See accompanying notes

Connecticut Bar Foundation, Inc.
Schedule of General and Administrative Expenses by Programs
For the Year Ended December 31, 2020

	<u>IOLTA/IOTA</u>	<u>Court Fees Grants-in- Aid</u>	<u>Judicial Branch Grants-in-Aid</u>	<u>General Foundation</u>	<u>Total</u>
General and administrative:					
Compensation and temporary help	\$ 150,007	\$ 198,669	\$ 9,000	\$ 106,142	\$ 463,818
Employee benefits	18,276	25,419	-	12,620	56,315
Payroll taxes	11,585	15,987	139	9,382	37,093
Occupancy costs	11,016	15,797	-	7,901	34,714
Pension	7,686	11,754	-	4,045	23,485
Professional services	3,875	11,795	-	7,147	22,817
Outside services	2,816	8,574	-	4,526	15,916
Travel, meetings and dues	3,793	1,638	-	3,037	8,468
Bad debt	-	-	-	8,174	8,174
Insurance	1,273	3,875	-	1,879	7,027
Office supplies and maintenance	1,096	1,612	-	3,045	5,753
Printing costs	681	2,071	-	1,353	4,105
Equipment	740	2,251	-	945	3,936
Telephone	1,136	1,686	-	826	3,648
Postage	472	1,437	-	-	1,909
Depreciation	537	698	-	411	1,646
Miscellaneous	218	436	-	474	1,128
Total general and administrative	<u>215,207</u>	<u>303,699</u>	<u>9,139</u>	<u>171,907</u>	<u>699,952</u>
Programs	<u>3,359,322</u>	<u>9,819,877</u>	<u>1,361,814</u>	<u>336,411</u>	<u>14,877,424</u>
Total expenses	<u>\$ 3,574,529</u>	<u>\$ 10,123,576</u>	<u>\$ 1,370,953</u>	<u>\$ 508,318</u>	<u>\$ 15,577,376</u>

See accompanying notes