



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

Consolidated Financial Statements
and Supplementary Information
Years Ended June 30, 2017 and 2016

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

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Years Ended June 30, 2017 and 2016

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

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Independent Auditor's Report

To the Board of Directors
The Florida Bar Foundation, Inc.
Maitland, Florida

To the Trustees
The Florida Bar Foundation Endowment Trust
Maitland, Florida

We have audited the accompanying consolidated financial statements of The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust, which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust, as of June 30, 2017 and 2016, and the consolidated results of their activities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

BDO USA, LLP
Certified Public Accountants
November 30, 2017

Consolidated Financial Statements

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

Consolidated Statements of Financial Position

<i>June 30,</i>	2017	2016
Assets		
Current:		
Cash and cash equivalents	\$ 1,918,543	\$ 2,778,710
Receivables:		
IOTA contributions	558,000	473,000
Fellows and other contributions, current portion, net	90,472	92,310
Notes receivable, net	443,653	439,836
Other	12,379	19,684
Investments	34,529,144	39,026,566
Prepaid and reimbursable expenses	174,717	135,537
Total current assets	37,726,908	42,965,643
Property and equipment, net	130,530	178,879
Non-current assets:		
Restricted cash - charitable gift annuities	9,779	11,492
Fellows and other contributions receivable, long-term portion, net	82,362	76,660
Deposits	7,715	7,715
Permanently restricted investments	2,280,702	2,315,034
Total non-current assets	2,380,558	2,410,901
	\$ 40,237,996	\$ 45,555,423

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Financial Position

<i>June 30,</i>	2017	2016
Liabilities and Net Assets		
Current:		
Accounts payable and accrued expenses	\$ 446,479	\$ 325,804
Grants payable	2,184,481	2,236,481
Deferred revenue	22,424,374	23,543,487
Current portion of note payable	750,000	-
Current portion of obligations under capital leases	19,732	17,671
Total current liabilities	25,825,066	26,123,443
Non-current liabilities:		
Note payable, less current portion	5,250,000	6,000,000
Other long-term liabilities	51,867	54,344
Long-term obligations under capital leases	29,209	36,886
Total non-current liabilities	5,331,076	6,091,230
Total liabilities	31,156,142	32,214,673
Commitments and contingencies		
Net assets:		
Unrestricted	5,108,113	8,042,094
Temporarily restricted	1,578,279	2,844,026
Permanently restricted	2,395,462	2,454,630
Total net assets	9,081,854	13,340,750
	\$ 40,237,996	\$ 45,555,423

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Activities

<i>Year Ended June 30,</i>	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains (losses) and other support:								
Contributions:								
Interest on trust accounts	\$ 6,203,542	\$ -	\$ -	\$ 6,203,542	\$ 5,791,723	\$ -	\$ -	\$ 5,791,723
Fellows' and other contributions, net	174,583	584,601	51,682	810,866	310,190	424,800	80,247	815,237
Contract revenue	1,147,532	-	-	1,147,532	1,901,592	-	-	1,901,592
Cy pres award	4,637	-	-	4,637	500,000	-	-	500,000
Specialty license plate purchases	-	37,249	-	37,249	-	38,404	-	38,404
Return of unspent grant funds	302	-	-	302	577,596	-	-	577,596
Investment income, net	391,541	64,591	-	456,132	156,471	55,064	-	211,535
Net unrealized and realized gain (losses) on investments	242,835	288,534	-	531,369	(284,665)	(155,125)	-	(439,790)
Other	60,265	-	-	60,265	42,659	-	-	42,659
Net assets released from restrictions	2,240,722	(2,240,722)	-	-	417,487	(417,487)	-	-
Total revenues, gains (losses) and other support	10,465,959	(1,265,747)	51,682	9,251,894	9,413,053	(54,344)	80,247	9,438,956
Expenses:								
Program	11,446,003	-	-	11,446,003	12,241,639	-	-	12,241,639
Management and general	1,634,537	-	-	1,634,537	1,854,308	-	-	1,854,308
Fundraising	430,250	-	-	430,250	473,485	-	-	473,485
Total expenses	13,510,790	-	-	13,510,790	14,569,432	-	-	14,569,432
Change in net assets	(3,044,831)	(1,265,747)	51,682	(4,258,896)	(5,156,379)	(54,344)	80,247	(5,130,476)
Transfers	110,850	-	(110,850)	-	-	-	-	-
Net assets, beginning of year	8,042,094	2,844,026	2,454,630	13,340,750	13,198,473	2,898,370	2,374,383	18,471,226
Net assets, end of year	\$ 5,108,113	\$ 1,578,279	\$ 2,395,462	\$ 9,081,854	\$ 8,042,094	\$ 2,844,026	\$ 2,454,630	\$ 13,340,750

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

<i>Year Ended June 30,</i>	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (4,258,896)	\$ (5,130,476)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	80,697	72,787
Gain on disposal of assets	(1,068)	-
Net unrealized and realized (gains) losses on investments	(531,369)	439,790
(Increase) decrease in:		
IOTA contributions receivable	(85,000)	55,000
Fellows and other contributions receivable	(3,864)	(3,260)
Notes receivable	(3,817)	2,983
Other receivables	7,305	(2,275)
Prepaid and reimbursable expenses	(39,180)	106,035
Restricted cash - charitable gift annuities	1,713	1,664
Increase (decrease) in:		
Accounts payable and accrued expenses	118,198	50,233
Grants payable	(52,000)	413,520
Deferred revenue	(1,119,113)	22,147,787
Net cash provided by (used for) operating activities	(5,886,394)	18,153,788
Cash flows from investing activities:		
Proceeds from sale of investments	10,574,522	6,099,627
Transfer of investments to cash	3,039,963	-
Purchase of investments	(8,551,362)	(27,083,600)
Purchase of property and equipment	(12,931)	(46,253)
Net cash provided by (used for) investing activities	5,050,192	(21,030,226)
Cash flows from financing activities:		
Proceeds from note payable	-	3,000,000
Principal payments under capital lease obligations	(23,965)	(14,138)
Net cash provided by (used for) financing activities	(23,965)	2,985,862
Net increase (decrease) in cash and cash equivalents	(860,167)	109,424
Cash and cash equivalents, beginning of year	2,778,710	2,669,286
Cash and cash equivalents, end of year	\$ 1,918,543	\$ 2,778,710
Supplemental cash flow information:		
Cash paid for interest	\$ 86,433	\$ 50,241
Non-cash investing and financing activities:		
Equipment acquired under capital lease	\$ 18,349	\$ 18,195

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Functional Expenses

<i>Year Ended June 30,</i>	2017				2016			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Grants	\$ 9,688,345	\$ -	\$ -	\$ 9,688,345	\$ 10,898,618	\$ -	\$ -	\$ 10,898,618
Salaries and benefits	664,389	947,930	267,185	1,879,504	386,792	1,167,711	313,368	1,867,871
Personnel and professional development	11,029	5,809	4,378	21,216	12,401	9,650	2,330	24,381
Professional services	636,047	105,458	29,681	771,186	212,069	117,273	21,527	350,869
Audit, accounting, legal and bank fees	1,356	61,285	4,972	67,613	1,775	68,126	4,860	74,761
Depreciation and amortization	19,206	51,404	10,087	80,697	13,975	48,986	9,826	72,787
Insurance	8,121	21,736	4,265	34,122	6,886	24,137	4,842	35,865
Office expenses	22,218	39,040	49,323	110,581	19,181	53,656	55,381	128,218
Facilities and equipment	173,761	108,439	22,484	304,684	36,335	126,293	30,940	193,568
Meetings and reimbursements	144,052	109,309	7,011	260,372	16,218	128,745	5,126	150,089
Awards	10,000	2,013	-	12,013	45,016	3,098	-	48,114
Interest expense	-	101,372	-	101,372	-	76,879	-	76,879
Grant program development	-	-	-	-	553,996	-	-	553,996
Cultivation, promotion, recognition	4,448	40	13,358	17,846	-	-	10,234	10,234
Travel	45,131	60,541	13,234	118,906	30,280	17,887	10,359	58,526
Other operating expenses	17,900	16,956	4,272	39,128	8,097	8,683	4,692	21,472
Post retirement benefits	-	3,205	-	3,205	-	3,184	-	3,184
	\$ 11,446,003	\$ 1,634,537	\$ 430,250	\$ 13,510,790	\$ 12,241,639	\$ 1,854,308	\$ 473,485	\$ 14,569,432

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Organization

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

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

Principles of Consolidation

The Foundation controls the Endowment Trust through its sole authority to appoint Endowment Trustees and has an economic interest in the Endowment. Accordingly, the Foundation’s and Endowment’s financial statements are presented on a consolidated basis. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and the Endowment and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation or the Endowment and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that the net assets be held and invested in perpetuity.

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

Notes to Consolidated Financial Statements

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

The Foundation's primary source of funding is the Interest on Trust Accounts ("IOTA") program which represents unrestricted net assets for expenditures in support of the Foundation's exempt purposes. IOTA contributions to the Foundation are made by participating attorneys through financial institution remittances of interest earned on nominal or short-term deposits in participants' client trust accounts.

The Endowment's primary source of funding is the Fellows program. To become a life member and Fellow of the Foundation, participants pledge to pay \$1,000 over a five or ten-year term. All payments are invested in perpetuity and income earned thereon may be unrestricted or donor restricted to specific Foundation programs.

Contributions

Contributions, including unconditional promises to give, are recorded at fair value as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions receivable are reduced to the amount estimated to be realized by an allowance for uncollectible contributions. Contributions to be received in future periods greater than one year are generally discounted to their present value in the year the contribution is made.

Contributions of assets other than cash are recorded at fair market value at the date of donation. Contributed services received, other than those rendered by members of the Board of Directors and the Trustees, are recognized as contributions if the services create or enhance nonfinancial assets, require specialized skills and are performed by people with those skills, and would otherwise be purchased by the Foundation.

Cy Pres Awards, Contract Revenue and Legal Settlements

The Foundation does not consider legal settlements or cy pres awards to be contributions, since these settlements and awards are not voluntary transfers as they are the result of legal judgments and therefore do not meet the definition of a contribution in accordance with authoritative guidance. If these settlements and awards are to be spent for a particular program or purpose, they are recorded as deferred revenue when received and revenue is recognized as related costs are incurred and included in cy pres awards or contract revenue on the consolidated statements of activities. If there is no specific restriction placed on these settlements and awards, it is recorded as revenue when received (see Note 10).

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

Notes to Consolidated Financial Statements

Cash Equivalents

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

Investments

Investments in marketable securities are stated at fair value. Alternative investments are stated at fair value as determined by the investment managers of the individual components of such investments using net asset value (“NAV”) as further discussed under “Fair Value Measurements.” All unrealized and realized gains and losses attributable to investments and all investment income (interest and dividends, net of investment fees) are reflected in the consolidated statements of activities. Cost is determined by the specific identification method or the average cost method in computing realized gains and losses on sales of investments.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Any gain or loss on disposition of such assets is recorded in management and general expenses. Depreciation and amortization is calculated using the straight-line method over the following estimated useful lives:

<i>Asset Classifications</i>	Estimated Useful Lives
Office equipment	5 years
Computer equipment	5 years
Furniture and fixtures	6 - 8 years
Software	5 years

Grants Payable

Grants unconditionally approved for payment by the Foundation’s Board of Directors are recorded as grants payable. Grants conditionally approved are not recognized until the condition is satisfied by the grantee (see Note 9).

Return of Unspent Grant Funds

The Foundation records the return of unspent grant funds from previous years as revenue when received in the consolidated statements of activities.

Income Taxes

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

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

Notes to Consolidated Financial Statements

The Foundation and the Endowment have implemented the accounting requirements associated with uncertainty in income taxes using the provisions set forth under the appropriate authoritative guidance. Under those provisions, tax positions initially need to be recognized in financial statements when it is more-likely-than-not the positions will not be sustained upon examination by the tax authorities. Adoption of this guidance has not resulted in the recognition of any unrecognized tax benefits. Management continually analyzes the Foundation's and the Endowment's various federal and state filing positions and believes that their income tax filing positions and exemption status are well documented and supported. Additionally, management believes that no accruals for tax liabilities related to uncertain income tax positions are required. Therefore, no reserves for uncertain income tax positions have been recorded by either the Foundation or the Endowment at June 30, 2017 and 2016.

There have been no unrecognized tax benefits since the date of adoption. Further, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as a component of management and general expenses. The periods that remain open to examination under federal statute generally remain open for three years from the date of filing.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Foundation and the Endowment have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

Fair value is measured using a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments and liabilities measured and reported at fair value are classified and disclosed in levels that represent a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value. The three broad levels are described below:

Level 1 - Quoted prices (unadjusted) in active markets for identical investments as of the reporting date. The types of Foundation and Endowment financial instruments in Level 1 include cash and money market funds that are held in a proprietary money trust of the investment custodian, common stocks, equity mutual funds, fixed income mutual funds, exchange traded funds, real estate investment trust equities and certain alternative investment funds (quoted in active markets), U.S. Treasury securities and commodity mutual funds. Level 1 financial instruments also include notes receivable whose fair value is estimated based on current rates that would be available for debt of similar terms which is not significantly different from its stated value.

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

Notes to Consolidated Financial Statements

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. Level 2 financial instruments include contributions due beyond one year and recorded at their net present value using a risk-free interest rate available on U.S. Treasury issues at the date the pledge was made with an equivalent term approximately equal to the number of years the pledge will be paid (see Note 4).

Level 3 - Unobservable inputs are used when little or no market data is available. The inputs into the determination of fair value include assessments of each underlying investment, comparable transactions, market outlooks and inputs provided from fund managers, among other factors. The fair value hierarchy gives the lowest priority to Level 3 inputs. The Foundation and Endowment do not have any Level 3 financial assets or liabilities.

During fiscal 2017, the Foundation and the Endowment early adopted Accounting Standards Update (ASU) 2015-07, *Fair Value (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Equivalent)*, which provides for the election of the practical expedient to use the net asset value (NAV) as a measure of fair value and to no longer categorize these investments within the fair value hierarchy. The practical expedient criteria differ from the criteria used to categorize other fair value measurements within the hierarchy. As a result, the investments measured at NAV are no longer categorized within the fair value hierarchy. This ASU was adopted retrospectively. There was no impact of adoption of this ASU to the Foundation's or Endowment's financial statements, however, certain disclosures related to fair value hierarchy were eliminated. The following alternative investments are recorded at NAV:

- Managed Futures may be redeemed on a daily basis. The investment objective is to produce positive long-term returns of 10-12% per annum over the risk free rate. Diversification is achieved through both the trading style and at the market sector level which is broadly diversified with positions in global currency, financial and commodity markets. At June 30, 2017 and 2016, the value of Managed Futures was \$217,311 and \$258,936, respectively.
- The Hedge Funds of Funds may be redeemed quarterly with a 65 day notice. The maximum amount of redemption, per quarter, is ordinarily limited to 5%, but in no event is to exceed 20%, with a minimum of \$50,000, subject to the approval of the Fund's board. The investment objective of the Fund is to provide capital appreciation consistent with the return characteristics of the alternative investment portfolios of larger endowments. The secondary objective of the Fund is to provide capital appreciation with less volatility than that of the equity markets. At June 30, 2017 and 2016, the value of this Fund was \$86,503 and \$129,786, respectively.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

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

Notes to Consolidated Financial Statements

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, gains, and other support and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates include the accrual of Interest on Trust Accounts (“IOTA”), the discount amount related to multi-year contributions receivable, allowances for uncollectible contributions and notes receivable, fair value estimates of certain financial instruments and the useful lives of long-lived assets.

Accounting Pronouncements Issued but Not Yet Adopted

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The new standard allows for early adoption for annual periods beginning after December 15, 2016. Management is currently evaluating the impact of its pending adoption of ASU 2014-09 on its consolidated financial statements and has not yet determined the method by which it will adopt the standard.

Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of its pending adoption of the new standard on its consolidated financial statements.

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

Notes to Consolidated Financial Statements

Presentation of Financial Statements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Foundation’s financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Reclassifications

Certain items have been reclassified in the 2016 financial statements to conform to the 2017 presentation.

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

Notes to Consolidated Financial Statements

2. Investments

In determining fair value, the Foundation and Endowment use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation also obtains fair value quotes of fixed income securities from a third party security pricing vendor. The Foundation and Endowment believe that the valuations used in the consolidated financial statements are reasonable and are appropriately classified in the fair value hierarchy.

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

<i>June 30, 2017</i>	Level 1	Net Asset Value Using Practical Expedient	Total Fair Value	Cost
Current operating investments:				
Money market funds	\$ 5,407,711	\$ -	\$ 5,407,711	\$ 5,407,711
Foundation mid-long term investments:				
Cash and money market funds	6,560,564	-	6,560,564	6,560,562
Common stocks	688,426	-	688,426	605,906
Commodity mutual funds	275,732	-	275,732	279,783
Equity mutual funds	706,489	-	706,489	659,179
Exchange traded funds	1,305,669	-	1,305,669	1,194,349
Fixed income mutual funds	1,238,491	-	1,238,491	1,246,007
U.S. treasuries	15,896,356	-	15,896,356	16,064,600
Liquid alternatives	192,843	-	192,843	201,266
Managed futures	-	102,095	102,095	95,754
Total mid-long term investments	26,864,570	102,095	26,966,665	26,907,406
Endowment investments:				
Cash and money market funds	304,427	-	304,427	304,427
Common stocks	647,511	-	647,511	558,216
Commodity mutual funds	239,085	-	239,085	287,520
Equity mutual funds	752,242	-	752,242	709,878
Exchange traded funds	1,236,922	-	1,236,922	1,135,712
Fixed income mutual funds	931,812	-	931,812	935,274
Liquid alternatives	121,752	-	121,752	129,974
Hedge funds of funds	-	86,503	86,503	68,711
Managed futures	-	115,216	115,216	111,958
Total endowment investments	4,233,751	201,719	4,435,470	4,241,670
Total investments	\$36,506,032	\$ 303,814	\$36,809,846	\$36,556,787

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

Notes to Consolidated Financial Statements

<i>June 30, 2016</i>	Level 1	Net Asset Value Using Practical Expedient	Total Fair Value	Cost
Current operating investments:				
Money market funds	\$ 7,788,002	\$ -	\$ 7,788,002	\$ 7,788,002
Foundation mid-long term investments:				
Money market funds	490,227	-	490,227	490,227
Common stocks	815,364	-	815,364	777,100
Equity mutual funds	179,056	-	179,056	193,746
Exchange traded funds	497,525	-	497,525	583,530
Real estate investment trusts	852,111	-	852,111	863,820
Fixed income mutual funds	1,308,317	-	1,308,317	1,301,917
U.S. treasuries	23,011,076	-	23,011,076	22,964,253
Alternative investment funds	181,285	121,651	302,936	283,823
Total mid-long term investments	27,334,961	121,651	27,456,612	27,458,416
Endowment investments:				
Money market funds	2,551,474	-	2,551,474	2,551,474
Common stocks	791,630	-	791,630	764,118
Equity mutual funds	502,102	-	502,102	599,813
Exchange traded funds	811,396	-	811,396	830,474
Fixed income mutual funds	950,087	-	950,087	947,481
Commodity mutual funds	181,272	-	181,272	240,562
Alternative investment funds	41,954	267,071	309,025	267,545
Total endowment investments	5,829,915	267,071	6,096,986	6,201,467
Total investments	\$ 40,952,878	\$ 388,722	\$ 41,341,600	\$ 41,447,885

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

<i>June 30,</i>	2017	2016
Current assets (available for expenditure):		
Investments	\$ 34,529,144	\$ 39,026,566
Other assets (not available for expenditure):		
Permanently restricted investments	2,280,702	2,315,034
	\$ 36,809,846	\$ 41,341,600

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

Notes to Consolidated Financial Statements

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

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

<i>Year Ended June 30,</i>	2017	2016
Investment income, net:		
Interest	\$ 297,968	\$ 45,997
Dividends and reinvested capital gains	197,053	191,342
Investment fees	(38,889)	(25,804)
	456,132	211,535
Net gains (losses):		
Realized	172,025	(60,812)
Unrealized	359,344	(378,978)
	531,369	(439,790)
Total investment return (loss), net	\$ 987,501	\$ (228,255)

3. Notes Receivable

The Foundation has established a loan repayment assistance program (LRAP). This program provides law school educational debt repayment assistance to law school graduates employed by qualified legal aid organizations. Each participant will receive a standardized amount of \$5,000 per year that they apply for LRAP and are employed at a qualified legal aid organization. In the event an applicant's principal balance is equal to or less than the maximum annual benefit amount, an applicant will qualify for a loan in the amount of the principal balance. The one-year loans are paid to the program participants in semiannual installments and are forgiven annually provided the staff attorney remains employed on a full-time or at least part time (50% or greater FTE) basis for the full loan year by a qualified legal aid organization. Loan principal of \$806,300 and \$810,205 was forgiven during the years ended June 30, 2017 and 2016, respectively, and was included in program expense on the consolidated statements of activities.

The unforgiven balance of the loan due from a participant who terminates qualified employment becomes payable in twelve equal monthly installments, including interest at 3%. As of June 30, 2017 and 2016, participants with outstanding loan balances of \$52,063 and \$31,774, respectively, had ceased to qualify under the program's guidelines and their loans are being repaid under the above terms. Interest on the loans is recorded as income when received. The Foundation provides an allowance for uncollectible loans based on its collection experience.

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

Notes to Consolidated Financial Statements

As of June 30, 2017 and 2016, management determined the allowance for uncollectible loans for all notes receivable to be \$4,972 and \$7,677, respectively. Loans are only written-off after management has exhausted all reasonable collection efforts. Bad debt expense was \$0 for each of the years ended June 30, 2017 and 2016.

4. Contributions Receivable

Fellows contributions receivable are collectible over five or ten-year terms and have been recorded net of a discount to reflect the present value of the estimated future cash flows to be received. Fellows contributions receivable are also recorded net of an estimated allowance for uncollectible contributions, which is based on collection experience. Other contributions to be received in future periods greater than one year are similarly recorded. During the year ended June 30, 2017, the client discounted contributions for seven years (based on mix of five and ten-year contributions) at a rate of 2.25%. Discount rates for five and ten-year contributions ranged from 1.76% to 2.27% for the year ended June 30, 2016. IOTA contributions receivable are considered fully collectible.

Fellows and other contributions receivable are included in the consolidated statements of financial position as follows:

<i>June 30,</i>	2017	2016
<hr/>		
Fellows contributions receivable:		
Total contributions receivable	\$ 131,603	\$ 160,487
Allowance for uncollectible pledges	(42,757)	(50,493)
Unamortized discount	(9,317)	(11,369)
<hr/>		
Total Fellows contributions receivable	\$ 79,529	\$ 98,625
<hr/>		
Other contributions receivable:		
Other contributions	\$ 88,228	\$ 63,413
Allowance for uncollectible contributions	(19,857)	(14,928)
Unamortized discount	(12,782)	(5,651)
<hr/>		
	55,589	42,834
Non-discounted contributions due within one year	37,716	27,511
<hr/>		
Total other contributions receivable	\$ 93,305	\$ 70,345
<hr/>		

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

Notes to Consolidated Financial Statements

Future collections of all contributions (before allowances and discounts) are estimated to be as follows:

<i>June 30, 2017</i>	Less Than One Year	One to Five Years	Over Five Years
IOTA contributions receivable	\$ 558,000	\$ -	\$ -
Fellows and other contributions receivable	130,369	103,939	23,239
	\$ 688,369	\$ 103,939	\$ 23,239

<i>June 30, 2016</i>	Less Than One Year	One to Five Years	Over Five Years
IOTA contributions receivable	\$ 473,000	\$ -	\$ -
Fellows and other contributions receivable	133,144	104,940	13,327
	\$ 606,144	\$ 104,940	\$ 13,327

5. Property and Equipment

Property and equipment consist of the following:

<i>June 30,</i>	2017	2016
Office equipment	\$ 126,806	\$ 126,310
Computer equipment	87,809	70,899
Furniture and fixtures	168,020	168,020
Software	776,486	774,050
Total cost	1,159,121	1,139,279
Less: accumulated depreciation and amortization	(1,028,591)	(960,400)
Property and equipment, net	\$ 130,530	\$ 178,879

The Foundation recognized depreciation and amortization expense of \$80,697 and \$72,787, for the years ended June 30, 2017 and 2016, respectively.

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

Notes to Consolidated Financial Statements

6. Note Payable

On November 6, 2014, the Foundation entered into a loan with The Florida Bar (“The Bar”) for a maximum amount of \$6,000,000. The loan proceeds were advanced from The Bar to The Foundation in two (2) installments of \$3,000,000 each. The first request was made November 6, 2014 and received on December 3, 2014, and the second request was made November 2, 2015 and received on December 9, 2015. The initial interest rate is set at the Annual Mid-Term Applicable Federal Rate (AFR) as of the date of the note (1.90%), adjusted monthly, with a floor of 0.75% per annum. The interest rate at June 30, 2017 and 2016 was 1.96% and 1.41%, respectively. Interest payments will be made annually on the anniversary date of the first installment. The maximum term of the loan is seven (7) years commencing with the initial disbursement of funds. Any unpaid principal, interest, and other charges remaining after seven (7) years from the date of the first advance will be due and payable in full. Principal may be repaid at any time without penalty. Prepayments of principal, except for any unpaid principal remaining at maturity, will be in minimum amounts of \$10,000 per payment. Minimum principal payments of \$375,000 per quarter will begin on January 2, 2018. Any unpaid principal and accrued interest will be due and payable on the maturity date, which is December 3, 2021. The loan is collateralized by IOTA contributions receivable.

Future maturities under the loan are as follows:

Year Ending June 30,

2018	\$ 750,000
2019	1,500,000
2020	1,500,000
2021	1,500,000
2022	750,000

Total obligation under note payable	\$ 6,000,000
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The Foundation is to use the loan proceeds to accomplish its mission of access to justice in accordance with past policies and practices, as may be amended from time-to-time by the Board of Directors of The Foundation. The terms of the loan provide that \$1,000,000 of the first draw and \$1,000,000 of the second draw be used either directly or indirectly for technology and the implementation of technology that will allow The Foundation and its grantees to improve access to justice. The Foundation is to report to The Bar, on a quarterly basis following the first advance of loan proceeds, regarding policy and implementation of the utilization of technology in providing greater access to justice.

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

Notes to Consolidated Financial Statements

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

<i>June 30,</i>	2017	2016
Accumulated earnings not yet appropriated for expenditure	\$ 759,611	\$ 2,127,197
Legal Assistance for the Poor	668,474	629,212
Administration of Justice	15,915	8,531
Law Student Assistance	134,279	4,577
Samuel S. Smith Memorial Endowment Fund	-	74,509
	\$ 1,578,279	\$ 2,844,026

Net assets were released from restrictions by incurring expenses satisfying the following program restricted purposes:

<i>Year Ended June 30,</i>	2017	2016
Distribution to the Foundation	\$ 1,669,903	\$ -
Legal Assistance for the Poor	486,384	417,222
Administration of Justice	-	265
Samuel S. Smith Memorial Endowment Fund	84,435	-
	\$ 2,240,722	\$ 417,487

8. Endowment

The Endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors of the Foundation. As required by accounting principles generally accepted in the United States of America, donor-restricted endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board-designated endowment funds have been designated by the Board to the Endowment with the intention of growing the Endowment to ultimately support the programmatic activities of the Foundation and are classified and reported as unrestricted net assets. The donor-restricted endowment funds are restricted for programmatic activities or will be appropriated as disclosed in Note 7.

As further discussed below, income earned on the Endowment is to be used to carry on the Foundation's charitable mission. All earnings (both unrestricted and some temporarily restricted) that are distributed to the Foundation are available to be used for any of the Foundation's charitable programs. Certain temporarily restricted net assets represent earnings that are donor restricted to particular Foundation programs such as Legal Assistance for the Poor, Law Student Assistance (which has been temporarily suspended) and the Administration of Justice.

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

Notes to Consolidated Financial Statements

During the year ended June 30, 2017, the Endowment distributed \$2,000,000 in board designated and donor restricted net assets for use in its charitable activities upon appropriation by the Endowment Trustees. During the year ended June 30, 2016, the Endowment distributed \$1,850,000 in board-designated net assets to the Foundation for use in its charitable activities upon appropriation by the Endowment Trustees. Additionally, during fiscal 2017, the Endowment distributed \$84,435 in accumulated earnings and \$110,850 in corpus previously restricted to the Samuel S. Smith Memorial Endowment Fund as approved by the Endowment Trustees in accordance with the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”).

Interpretation of Relevant Law

The governing document of The Florida Bar Foundation Endowment Trust requires the principal of the Endowment to be maintained in perpetuity as the ultimate source for providing income to carry on the Foundation’s charitable activities. Accordingly, the Trustees of the Endowment and the Board of Directors of the Foundation interpret FUPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Endowment classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Trustees in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Trustees consider the following factors in making a determination to appropriate or accumulate donor-restricted Endowment funds:

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

Return Objectives and Risk Parameters

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

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

Notes to Consolidated Financial Statements

Endowment Spending Policy

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

Endowment net asset composition by type of fund as of June 30, 2017, is as follows:

<i>June 30, 2017</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 992,061	\$ 2,395,462	\$ 3,387,523
Board-designated endowment funds	1,163,798	-	-	1,163,798
Total funds	\$ 1,163,798	\$ 992,061	\$ 2,395,462	\$ 4,551,321

Change in endowment net assets for the fiscal year ended June 30, 2017, is as follows:

<i>Year Ended June 30, 2017</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 1,391,473	\$ 2,393,274	\$ 2,454,630	\$ 6,239,377
Investment return:				
Investment income, net	14,983	64,591	-	79,574
Net realized and unrealized gains	83,883	288,534	-	372,417
Distribution to the Foundation	(330,097)	(1,669,903)	-	(2,000,000)
Distributions to others	-	(84,435)	(110,850)	(195,285)
Contributions	-	-	51,682	51,682
Other changes	3,556	-	-	3,556
Endowment net assets, end of year	\$ 1,163,798	\$ 992,061	\$ 2,395,462	\$ 4,551,321

Endowment net asset composition by type of fund as of June 30, 2016, is as follows:

<i>June 30, 2016</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,393,274	\$ 2,454,630	\$ 4,847,904
Board-designated endowment funds	1,391,473	-	-	1,391,473
Total funds	\$ 1,391,473	\$ 2,393,274	\$ 2,454,630	\$ 6,239,377

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

Notes to Consolidated Financial Statements

Change in endowment net assets for the fiscal year ended June 30, 2016, is as follows:

<i>Year Ended June 30, 2016</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 3,309,505	\$ 2,493,336	\$ 2,374,383	\$ 8,177,224
Investment return:				
Investment income, net	25,911	55,064	-	80,975
Net realized and unrealized losses	(105,468)	(155,126)	-	(260,594)
Distribution to the Foundation	(1,850,000)	-	-	(1,850,000)
Contributions	-	-	80,247	80,247
Other changes	11,525	-	-	11,525
Endowment net assets, end of year	\$ 1,391,473	\$ 2,393,274	\$ 2,454,630	\$ 6,239,377

9. Net Asset Commitments and Board Designations

As of June 30, 2017 and 2016, the Board of Directors had designated a certain amount of the Foundation's unrestricted net assets for specific uses and had approved grants contingent on the recipients meeting certain conditions specified in the grant agreements. The conditional grants are not reflected in the accompanying consolidated financial statements and will be recorded when the conditions are met. These conditional grant commitments and board designations are as follows:

<i>June 30,</i>	2017	2016
Legal Assistance for the Poor conditional grants	\$ 1,502,831	\$ 945,717
Administration of Justice conditional grants	10,000	10,000
Total conditional grants	\$ 1,512,831	\$ 955,717
Note payable principal payments (Note 6)	\$ 1,500,000	\$ -
Future building fund reserve	1,000,000	1,666,667
Legal Assistance for the Poor disaster relief	500,000	666,667
Total board designated net assets	\$ 3,000,000	\$ 2,333,334

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

Notes to Consolidated Financial Statements

10. Significant Contracts and Awards

Bank of America Legal Settlement

As a result of a Justice Department Settlement executed in 2014, the Foundation received \$23,048,159 and \$1,395,700 in April 2016 and 2015, respectively. In November 2016, the Foundation received an additional \$25,661. The funds received from the settlement are required to be used in providing funds to legal aid organizations in the state of Florida for foreclosure prevention legal assistance and community redevelopment legal assistance. The Foundation awarded grants of \$1,006,466 and \$1,395,700 during fiscal years 2017 and 2016, respectively, which meet the requirements of the award, at which time the respective revenue was recognized and included in contract revenue in the consolidated statements of activities. As of June 30, 2017 and 2016, \$22,067,355 and \$23,048,159, respectively, is included in deferred revenue on the consolidated statements of financial position in accordance with the Foundation's accounting policy.

Contributions from Specialty License Plate Purchases

Beginning in 2005, Florida vehicle owners could purchase a "Kids Deserve Justice" specialty license plate from the Florida Department of Highway Safety and Motor Vehicles. The \$25 additional cost of the specialty license plate, net of an administrative fee, is accounted for as a restricted contribution from the purchaser to the Foundation. The program requires the Foundation use the contributions to fund legal services for children through Legal Assistance for the Poor grants. Contributions received from this program during the years ended June 30, 2017 and 2016, were \$37,249 and \$38,404, respectively. Expenditures of prior years' contributions during the years ended June 30, 2017 and 2016, were \$38,404 and \$38,011, respectively.

11. Employee Retirement Plan

The Foundation has adopted a defined contribution retirement plan for all eligible employees. During fiscal year 2015, the Foundation transitioned from a 403(b) plan to a 401(k) Retirement Plan (the "Plan".) The Plan was effective October 1, 2014, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan provides for employee contributions through elective salary deferrals and for employer profit sharing contributions after meeting a three month and a two year length of service requirement, respectively. Under the Plan, eligible participants may elect to contribute a percentage of their annual compensation, subject to certain limitations under the Internal Revenue Code. The Foundation may, in its sole discretion, make Profit Sharing contributions which are either 12% or 15% of a participant's annual salary, based on participants length of service, but may not exceed the amount permissible under the Internal Revenue Code. Employer contributions amounted to \$149,501 and \$131,340 for the years ended June 30, 2017 and 2016, respectively, and is included in salaries and benefits in the consolidated statements of functional expenses.

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

Notes to Consolidated Financial Statements

12. Commitments and Contingencies

Legal

The Foundation may be involved in lawsuits in the normal course of business. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result has been made in the consolidated financial statements. Management believes that losses resulting from these matters, if any, would not have a material adverse effect on the financial position or results of operations of the Foundation.

Concentration of Credit Risk

Financial instruments which potentially expose the Foundation and the Endowment to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of America, include bank and brokerage cash and cash equivalent accounts in excess of federally insured balances in national financial institutions at June 30, 2017. In management's opinion, the capitalization and operating history of these financial institutions is such that the likelihood of loss is remote.

Risks and Uncertainties

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

Concentration of Revenue

A substantial portion of the Foundation's revenues are derived from contributions related to the Interest on Trust Accounts program described in Note 1. IOTA programs similar to Florida's have been established in every state, the District of Columbia and the U.S. Virgin Islands. Legal challenges to IOTA programs have been initiated over the years in a number of federal jurisdictions, including Florida. The federal court challenges have ended in the wake of the U.S. Supreme Court's decision in *Brown v. Legal Foundation of Washington*, 538 U.S. 216, (2003), which found that Washington State's program did not violate the Fifth Amendment. Presently, there are no asserted claims concerning the constitutionality of Florida's IOTA program.

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

Notes to Consolidated Financial Statements

Lease Commitments

Operating Leases

In June 2013, the Foundation entered into a 64-month lease for new office space in Maitland, Florida that expires in October 2018. The lease contains rent abatement and escalation provisions. Rent expense is calculated on the straight-line basis over the lease term. The aggregate difference of \$14,940 and \$23,274 as of June 30, 2017 and 2016, respectively, between recognized rent expense and scheduled rent payments (deferred rent) is included on the consolidated statements of financial position in accounts payable and accrued expenses. The Foundation also rents miscellaneous office equipment under a month-to-month operating lease.

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

Year Ending June 30,

2018	\$	104,500
2019		26,800
Total		\$ 131,300

Total rent expense under all operating leases, including month-to-month rentals, was \$106,382 and \$103,041 for the years ended June 30, 2017 and 2016, respectively, and is included in facilities and equipment in the consolidated statements of functional expenses.

Capital Leases

The Foundation accounts for the lease of certain office equipment as capital leases, which expire in various years ranging from 2019 to 2021. Capitalized costs and related accumulated depreciation under capital leases are included in property and equipment on the consolidated statements of financial position. Capital lease obligations were \$48,941 and \$54,557 as of June 30, 2017 and 2016, respectively.

13. Subsequent Events

The Foundation and Endowment have evaluated events and transactions occurring subsequent to June 30, 2017 as of November 30, 2017, which is the date the consolidated financial statements were available to be issued. Subsequent events occurring after November 30, 2017 have not been evaluated by management. No material events have occurred since June 30, 2017 that require recognition or disclosure in the consolidated financial statements.

Consolidated Supplementary Information



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Independent Auditor's Report on Consolidated Supplementary Information

To the Board of Directors
The Florida Bar Foundation, Inc.
Maitland, Florida

To the Trustees
The Florida Bar Foundation Endowment Trust
Maitland, Florida

Our audit of the consolidated financial statements as of and for the year ended June 30, 2017, included in the preceding section of this report was performed for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

BDO USA, LLP

BDO USA, LLP
Certified Public Accountants
November 30, 2017

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

Consolidated Schedule of Revenues by Funding Sources

Year Ended June 30, 2017	Unrestricted			Temporarily Restricted				Earnings Not Yet Appropriated for Expenditure	Permanently Restricted The Florida Bar Foundation Endowment Trust	Total
	Unallocated	Chase	Bank of America	Legal Assistance for the Poor	Law Student Assistance	Administration of Justice	Pro Bono			
Revenue:										
IOTA contributions	\$6,203,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$6,203,542
Fellows' contributions	-	-	-	-	-	-	-	-	31,663	31,663
Children's Legal Services contributions:										
Florida Bar Fee statement contributions	-	-	-	310,921	-	-	-	-	-	310,921
Other	-	-	-	60,163	-	-	-	-	-	60,163
Contributions in support of the Equal Justice Works fellowships	-	-	-	25,250	-	-	-	-	-	25,250
Kids Deserve Justice license plate sales	-	-	-	37,249	-	-	-	-	-	37,249
Contract revenue	-	141,066	1,006,466	-	-	-	-	-	-	1,147,532
Other contributions	173,353	-	-	31,212	128,525	5,100	23,080	-	20,019	381,289
Memorial/honorary gifts	1,230	-	-	350	-	-	-	-	-	1,580
Investment income, net	589,981	-	44,395	37,776	958	1,817	-	312,574	-	987,501
Return of unspent grant funds	302	-	-	-	-	-	-	-	-	302
Cy pres award	4,637	-	-	-	-	-	-	-	-	4,637
Gain on sales of assets	1,068	-	-	-	-	-	-	-	-	1,068
Change in value of split-interest agreements	(363)	-	-	-	-	-	-	-	-	(363)
Annual dinner revenue	59,560	-	-	-	-	-	-	-	-	59,560
Total revenue	\$7,033,310	\$ 141,066	\$1,050,861	\$ 502,921	\$ 129,483	\$ 6,917	\$ 23,080	\$ 312,574	\$ 51,682	\$9,251,894

See accompanying independent auditor's report on consolidated supplementary information.

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

Consolidated Schedule of Expenses by Funding Sources

Year Ended June 30, 2017	Foundation Funds			Other Funds			Total
	Legal Assistance for the Poor	Administration of Justice	Unallocated	Bank of America	Endowment	Chase	
Expenses:							
Program:							
Legal Assistance to the Poor grants:							
General support	\$ 5,731,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,731,965
Children's Legal Services	993,720	-	-	-	-	-	993,720
Foreclosure Prevention and Community Redevelopment	-	-	-	1,000,000	-	-	1,000,000
Loan Repayment Assistance Program	806,300	-	-	-	-	-	806,300
Equal Justice Works Fellowship Program	56,000	-	-	-	-	-	56,000
Legal research for grantee programs	32,075	-	-	-	-	-	32,075
Administration of Justice grants:							
Regular	-	873,000	-	-	-	-	873,000
Samuel S. Smith Memorial Endowment Fund:							
Regular	-	-	-	-	195,285	-	195,285
Program-related expenses:							
Legal Assistance to the Poor:							
Foundation grant program personnel and related	-	-	462,706	-	-	-	462,706
Strategic Direction	220,396	-	-	-	-	-	220,396
Triage Pilot Program	-	-	-	-	141,066	-	141,066
Grantee Capacity Building	307,442	-	-	-	-	-	307,442
Pro Bono Program	71,989	-	-	-	-	-	71,989
Foundation Pro Bono program personnel and related	-	-	371,248	-	-	-	371,248
Legal Aid Impact Study	54,000	-	-	-	-	-	54,000
Grantee and program evaluations	74,004	-	-	-	-	-	74,004
Other	44,807	-	-	-	-	-	44,807
Paul Doyle Children's Advocacy Award	10,000	-	-	-	-	-	10,000
Total program	8,402,698	873,000	833,954	1,000,000	195,285	141,066	11,446,003
Management and general	-	-	1,634,537	-	-	-	1,634,537
Fundraising expenses	-	-	430,250	-	-	-	430,250
Total expenses	\$ 8,402,698	\$ 873,000	\$ 2,898,741	\$ 1,000,000	\$ 195,285	\$ 141,066	\$ 13,510,790

See accompanying independent auditor's report on consolidated supplementary information.