



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

Consolidated Financial Statements
and Supplementary Information
Years Ended June 30, 2018 and 2017

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

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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, 2018 and 2017, 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, 2018 and 2017, 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 20, 2018

Consolidated Financial Statements

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

Consolidated Statements of Financial Position

<i>June 30,</i>	2018	2017
Assets		
Current:		
Cash and cash equivalents	\$ 888,123	\$ 1,918,543
Receivables:		
IOTA contributions	795,800	558,000
Fellows and other contributions, current portion, net	123,304	90,472
Notes receivable, net	480,659	443,653
Other	167,802	12,379
Investments	28,802,692	34,529,144
Prepaid and reimbursable expenses	171,098	174,717
Total current assets	31,429,478	37,726,908
Property and equipment, net	77,204	130,530
Non-current assets:		
Restricted cash - charitable gift annuities	8,654	9,779
Fellows and other contributions receivable, long-term portion, net	72,148	82,362
Deposits	7,715	7,715
Permanently restricted investments	2,334,391	2,280,702
Total non-current assets	2,422,908	2,380,558
	\$ 33,929,590	\$ 40,237,996

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>	2018	2017
Liabilities and Net Assets		
Current:		
Accounts payable and accrued expenses	\$ 252,769	\$ 446,479
Grants payable	3,011,515	2,184,481
Deferred revenue	14,007,585	22,424,374
Current portion of note payable	1,500,000	750,000
Current portion of obligations under capital leases	12,555	19,732
Total current liabilities	18,784,424	25,825,066
Non-current liabilities:		
Note payable, less current portion	3,375,000	5,250,000
Other long-term liabilities	48,897	51,867
Long-term obligations under capital leases	17,768	29,209
Total non-current liabilities	3,441,665	5,331,076
Total liabilities	22,226,089	31,156,142
Commitments and contingencies (Note 12)		
Net assets:		
Unrestricted	7,557,684	5,108,113
Temporarily restricted	1,737,488	1,578,279
Permanently restricted	2,408,329	2,395,462
Total net assets	11,703,501	9,081,854
	\$ 33,929,590	\$ 40,237,996

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>	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:								
Contributions:								
Interest on trust accounts	\$ 6,731,129	\$ —	\$ —	\$ 6,731,129	\$ 6,203,542	\$ —	\$ —	\$ 6,203,542
Fellows' and other contributions, net	222,309	584,062	12,867	819,238	174,583	584,601	51,682	810,866
Board designated	741,202	—	—	741,202	—	—	—	—
Contract revenue	8,666,136	—	—	8,666,136	1,147,532	—	—	1,147,532
Cy pres award	649,838	—	—	649,838	4,637	—	—	4,637
Specialty license plate purchases	—	37,198	—	37,198	—	37,249	—	37,249
Investment income, net	475,487	68,630	—	544,117	391,541	64,591	—	456,132
Net unrealized and realized gains on investments	36,803	128,953	—	165,756	242,835	288,534	—	531,369
Other	49,619	—	—	49,619	60,567	—	—	60,567
Net assets released from restrictions	659,634	(659,634)	—	—	2,240,722	(2,240,722)	—	—
Total revenues, gains and other support	18,232,157	159,209	12,867	18,404,233	10,465,959	(1,265,747)	51,682	9,251,894
Expenses:								
Program	13,667,164	—	—	13,667,164	11,446,003	—	—	11,446,003
Management and general	1,692,837	—	—	1,692,837	1,634,537	—	—	1,634,537
Fundraising	422,585	—	—	422,585	430,250	—	—	430,250
Total expenses	15,782,586	—	—	15,782,586	13,510,790	—	—	13,510,790
Change in net assets	2,449,571	159,209	12,867	2,621,647	(3,044,831)	(1,265,747)	51,682	(4,258,896)
Transfers	—	—	—	—	110,850	—	(110,850)	—
Net assets, beginning 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
Net assets, end of year	\$ 7,557,684	\$ 1,737,488	\$ 2,408,329	\$11,703,501	\$ 5,108,113	\$ 1,578,279	\$ 2,395,462	\$ 9,081,854

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>	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 2,621,647	\$ (4,258,896)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization	51,281	80,697
(Gain) loss on disposal of equipment	2,045	(1,068)
Net unrealized and realized gains on investments	(165,756)	(531,369)
(Increase) decrease in:		
IOTA contributions receivable	(237,800)	(85,000)
Fellows and other contributions receivable	(22,618)	(3,864)
Notes receivable	(37,006)	(3,817)
Other receivables	(155,423)	7,305
Prepaid and reimbursable expenses	3,619	(39,180)
Restricted cash - charitable gift annuities	1,125	1,713
Increase (decrease) in:		
Accounts payable and accrued expenses	(196,680)	118,198
Grants payable	827,034	(52,000)
Deferred revenue	(8,416,789)	(1,119,113)
Net cash used for operating activities	(5,725,321)	(5,886,394)
Cash flows from investing activities:		
Proceeds from sale of investments	5,685,056	15,052,565
Transfer of investments to (from) cash and cash equivalents	8,914,426	(1,438,080)
Purchase of investments	(8,760,963)	(8,551,362)
Purchase of property and equipment	—	(12,931)
Net cash provided by investing activities	5,838,519	5,050,192
Cash flows from financing activities:		
Principal payments under note payable	(1,125,000)	—
Principal payments under capital lease obligations	(18,618)	(23,965)
Net cash used for financing activities	(1,143,618)	(23,965)
Net decrease in cash and cash equivalents	(1,030,420)	(860,167)
Cash and cash equivalents, beginning of year	1,918,543	2,778,710
Cash and cash equivalents, end of year	\$ 888,123	\$ 1,918,543
Supplemental cash flow information:		
Cash paid for interest	\$ 116,584	\$ 86,433
Non-cash investing and financing activities:		
Equipment acquired under capital lease	\$ —	\$ 18,349

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>	2018				2017			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Grants	\$12,313,058	\$ —	\$ —	\$12,313,058	\$ 9,688,345	\$ —	\$ —	\$ 9,688,345
Salaries and benefits	555,268	1,005,407	249,243	1,809,918	664,389	947,930	267,185	1,879,504
Personnel and professional development	44,039	6,658	1,388	52,085	11,029	5,809	4,378	21,216
Professional services	257,726	149,967	54,523	462,216	636,047	105,458	29,681	771,186
Audit, accounting, legal and bank fees	1,598	56,384	5,333	63,315	1,356	61,285	4,972	67,613
Depreciation and amortization	14,000	29,640	7,641	51,281	19,206	51,404	10,087	80,697
Insurance	9,084	19,234	4,958	33,276	8,121	21,736	4,265	34,122
Office expenses	25,446	41,745	40,972	108,163	22,218	39,040	49,323	110,581
Facilities and equipment	211,555	96,927	25,390	333,872	173,761	108,439	22,484	304,684
Meetings and reimbursements	120,798	107,808	6,326	234,932	144,052	109,309	7,011	260,372
Awards	45,466	2,605	—	48,071	10,000	2,013	—	12,013
Interest expense	—	127,249	—	127,249	—	101,372	—	101,372
Cultivation, promotion, recognition	8,717	326	10,782	19,825	4,448	40	13,358	17,846
Travel	41,454	29,384	11,699	82,537	45,131	60,541	13,234	118,906
Other operating expenses	18,955	16,219	4,330	39,504	17,900	16,956	4,272	39,128
Post retirement benefits	—	3,284	—	3,284	—	3,205	—	3,205
	\$13,667,164	\$ 1,692,837	\$ 422,585	\$15,782,586	\$ 11,446,003	\$ 1,634,537	\$ 430,250	\$ 13,510,790

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 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.

Historically, 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 are investment income and 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 or Endowment.

Cy Pres Awards, Contract Revenue and Legal Settlements

The Foundation does not consider legal settlements, contract revenue or cy pres awards to be contributions, because 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, they are 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.

Restricted Cash

Restricted cash represents amounts held as charitable gift annuities and are restricted for annuity payments to donors.

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. 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).

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, 2018 and 2017.

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 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 contribution was made with an equivalent term approximately equal to the number of years the contribution will be paid (see Note 4).

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

Notes to Consolidated Financial Statements

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.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial statements include other receivables and accounts payable and accrued expenses. These financial instruments include notes receivable and notes payable 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 Foundation owns the following investments that are recorded at net asset value, which is not required to be evaluated using the Level 1 through 3 fair value hierarchy:

- 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, 2018 and 2017, the value of Managed Futures was \$231,666 and \$217,311, 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, 2018 and 2017, the value of this Fund was \$60,373 and \$86,503, 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.

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 related to multi-year contributions receivable, allowances for uncollectible contributions receivable and notes receivable, investments at net asset value and the useful lives of long-lived assets.

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

Notes to Consolidated Financial Statements

Accounting Pronouncements Issued but Not Yet Adopted

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 consolidated 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.

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.

Contributions Received and Contributions Made

In June 2018 the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred.

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

Notes to Consolidated Financial Statements

The new standard is effective for fiscal periods beginning after December 15, 2018, using either of the following transition methods: (i) a modified prospective in the first set of financial statements following the effective date to agreements that are either not completed as of the effective date or entered into after the effective date, or (ii) a full retrospective approach reflecting the application of the standard in each prior reporting period in the financial statements. Early adoption is permitted. Management is currently evaluating the impact of its pending adoption of the new standard on its consolidated financial statements.

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.

Reclassifications

Certain items have been reclassified in the 2017 consolidated financial statements to conform to the 2018 presentation.

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

Notes to Consolidated Financial Statements

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, 2018</i>	Level 1	Net Asset Value Using Practical Expedient	Total Fair Value	Cost
Current operating investments:				
Money market funds	\$ 2,996,869	\$ —	\$ 2,996,869	\$ 2,996,869
Foundation mid-long term investments:				
Cash and money market funds	446,935	—	446,935	446,887
Common stocks	703,868	—	703,868	616,667
Commodity mutual funds	283,470	—	283,470	284,519
Equity mutual funds	704,764	—	704,764	640,089
Exchange traded funds	1,302,278	—	1,302,278	1,094,503
Fixed income mutual funds	1,239,327	—	1,239,327	1,280,188
U.S. treasuries	18,289,740	—	18,289,740	18,630,604
Liquid alternatives	307,119	—	307,119	319,300
Managed futures	—	108,839	108,839	95,754
Total mid-long term investments	23,277,501	108,839	23,386,340	23,408,511
Endowment investments:				
Cash and money market funds	468,426	—	468,426	468,404
Common stocks	672,765	—	672,765	580,072
Commodity mutual funds	245,795	—	245,795	291,627
Equity mutual funds	769,927	—	769,927	709,268
Exchange traded funds	1,292,164	—	1,292,164	1,082,877
Fixed income mutual funds	944,553	—	944,553	973,355
Liquid alternatives	177,044	—	177,044	186,546
Hedge funds of funds	—	60,373	60,373	45,970
Managed futures	—	122,827	122,827	111,958
Total endowment investments	4,570,674	183,200	4,753,874	4,450,077
Total investments	\$30,845,044	\$ 292,039	\$31,137,083	\$30,855,457

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

Notes to Consolidated Financial Statements

<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

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

<i>June 30,</i>	2018	2017
Current assets (available for expenditure):		
Investments	\$ 28,802,693	\$ 34,529,144
Other assets (not available for expenditure):		
Permanently restricted investments	2,334,391	2,280,702
	\$ 31,137,084	\$ 36,809,846

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

Notes to Consolidated Financial Statements

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

<i>Year Ended June 30,</i>	2018	2017
Investment income, net:		
Interest	\$ 356,908	\$ 297,968
Dividends and reinvested capital gains	225,287	197,053
Investment fees	(38,078)	(38,889)
	544,117	456,132
Net gains:		
Realized	137,191	172,025
Unrealized	28,565	359,344
	165,756	531,369
Total investment return, net	\$ 709,873	\$ 987,501

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 \$862,289 and \$806,300 was forgiven during the years ended June 30, 2018 and 2017, respectively, and was included in grant expense on the consolidated statements of functional expenses.

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, 2018 and 2017, participants with outstanding loan balances of \$63,392 and \$52,063, 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.

As of June 30, 2018 and 2017, management determined the allowance for uncollectible loans for all notes receivable to be \$13,159 and \$4,972, respectively. Loans are only written-off after management has exhausted all reasonable collection efforts. Bad debt expense was \$9,500 and \$0 for the years ended June 30, 2018 and 2017, respectively.

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

Notes to Consolidated Financial Statements

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 years ended June 30, 2018 and 2017, the Foundation discounted contributions for seven years (based on mix of five and ten-year contributions) at a rate of 2.33% and 2.25%, respectively. 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>	2018	2017
Fellows contributions receivable:		
Total contributions receivable	\$ 110,263	\$ 131,603
Allowance for uncollectible contributions	(35,617)	(42,757)
Unamortized discount	(8,467)	(9,317)
Total Fellows contributions receivable	\$ 66,179	\$ 79,529
Other contributions receivable:		
Other contributions	\$ 75,545	\$ 88,228
Allowance for uncollectible contributions	(46,939)	(19,857)
Unamortized discount	(9,348)	(12,782)
	19,258	55,589
Non-discounted contributions due within one year	110,015	37,716
Total other contributions receivable	\$ 129,273	\$ 93,305

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

<i>June 30, 2018</i>	Less Than One Year	One to Five Years	Over Five Years
IOTA contributions receivable	\$ 795,800	\$ —	\$ —
Fellows and other contributions receivable	185,736	95,676	14,411
	\$ 981,536	\$ 95,676	\$ 14,411
<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

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

Notes to Consolidated Financial Statements

5. Property and Equipment

Property and equipment consist of the following:

<i>June 30,</i>	2018	2017
Office equipment	\$ 126,806	\$ 126,806
Computer equipment	83,498	87,809
Furniture and fixtures	168,020	168,020
Software	760,042	776,486
Total cost	1,138,366	1,159,121
Less: accumulated depreciation and amortization	(1,061,162)	(1,028,591)
Property and equipment, net	\$ 77,204	\$ 130,530

The Foundation recognized depreciation and amortization expense of \$51,281 and \$80,697, for the years ended June 30, 2018 and 2017, respectively.

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, 2018 and 2017 was 2.86% and 1.96%, 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 on the maturity date, which is December 3, 2021. 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 began on January 2, 2018. The loan is collateralized by IOTA contributions receivable.

Future maturities under the loan are as follows:

<i>Year Ending June 30,</i>	
2019	\$ 1,500,000
2020	1,500,000
2021	1,500,000
2022	375,000
Total obligation under note payable at June 30, 2018	\$ 4,875,000

**The Florida Bar Foundation, Inc. and
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Notes to Consolidated Financial Statements

The Foundation used 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.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

<i>June 30,</i>	2018	2017
Accumulated earnings not yet appropriated for expenditure	\$ 923,201	\$ 759,611
Legal Assistance for the Poor	772,704	668,474
Administration of Justice	12,628	15,915
Law Student Assistance	28,205	134,279
Pro Bono	750	—
	\$ 1,737,488	\$ 1,578,279

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

<i>Year Ended June 30,</i>	2018	2017
Distribution to the Foundation	\$ —	\$ 1,669,903
Legal Assistance for the Poor	528,239	486,384
Administration of Justice	5,100	—
Samuel S. Smith Memorial Endowment Fund	—	84,435
Pro Bono	16,020	—
Law Student Assistance	110,275	—
	\$ 659,634	\$ 2,240,722

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.

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

Notes to Consolidated Financial Statements

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 and the Administration of Justice.

During the year ended June 30, 2018 and 2017, the Endowment distributed \$0 and \$2,000,000, respectfully, in board-designated and donor restricted net assets 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 transferred \$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, 2018, is as follows:

<i>June 30, 2018</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ —	\$ 1,189,644	\$ 2,408,329	\$ 3,597,973
Board-designated endowment funds	1,231,678	—	—	1,231,678
Total funds	\$ 1,231,678	\$ 1,189,644	\$ 2,408,329	\$ 4,829,651

Change in endowment net assets for the fiscal year ended June 30, 2018, is as follows:

<i>Year Ended June 30, 2018</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 1,163,798	\$ 992,061	\$ 2,395,462	\$ 4,551,321
Investment return:				
Investment income, net	22,130	68,630	—	90,760
Net realized and unrealized gains	44,302	128,953	—	173,255
Contributions	—	—	12,867	12,867
Other changes	1,448	—	—	1,448
Endowment net assets, end of year	\$ 1,231,678	\$ 1,189,644	\$ 2,408,329	\$ 4,829,651

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

**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, 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

9. Net Asset Commitments and Board Designations

As of June 30, 2018 and 2017, 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>	2018	2017
Legal Assistance for the Poor conditional grants	\$ 1,747,426	\$ 1,502,831
Administration of Justice conditional grants	10,000	10,000
Total conditional grants	\$ 1,757,426	\$ 1,512,831
Note payable principal payments (Note 6)	\$ 1,500,000	\$ 1,500,000
Earnings on Bank of America settlement designated for program expenses (Note 10)	252,847	123,146
Future building fund reserve	1,000,000	1,000,000
Legal Assistance for the Poor disaster relief	500,000	500,000
Total board-designated net assets	\$ 3,252,847	\$ 3,123,146

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 and paid program related expenses totaling \$8,063,786 and \$1,006,466 during fiscal years 2018 and 2017, 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, 2018 and 2017, \$14,003,569 and \$22,067,355, 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, 2018 and 2017, were \$37,198 and \$37,249, respectively. Expenditures of prior years' contributions during the years ended June 30, 2018 and 2017, were \$37,249 and \$38,404, respectively.

11. Employee Retirement Plan

The Foundation has adopted a defined contribution retirement plan (the "Plan") for all eligible employees. 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 11% or 14% 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 \$135,933 and \$149,501 for the years ended June 30, 2018 and 2017, 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 and Endowment 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, 2018. 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.

Lease Commitments

Operating Leases

The Foundation has an operating lease for its office space in Maitland, Florida that expires in November 2023 (as amended). The lease contains rent abatement and escalation provisions. Rent expense is calculated on the straight-line basis over the lease term. The Foundation also rents miscellaneous office equipment under a month-to-month operating lease.

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

Notes to Consolidated Financial Statements

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

Year Ending June 30,

2019	\$	94,300
2020		118,300
2021		121,900
2022		125,500
2023		129,300
Thereafter		54,300
Total		\$ 643,600

Total rent expense under all operating leases, including month-to-month rentals, was \$107,579 and \$106,382 for the years ended June 30, 2018 and 2017, 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 \$30,323 and \$48,941 as of June 30, 2018 and 2017, respectively.

13. Subsequent Events

The Foundation and Endowment have evaluated events and transactions occurring subsequent to June 30, 2018 as of November 20, 2018, which is the date the consolidated financial statements were available to be issued. Subsequent events occurring after November 20, 2018 have not been evaluated by management. No material events have occurred since June 30, 2018 that require recognition or disclosure in the consolidated financial statements.

Consolidated Supplementary Information



Tel: 407-841-6930
Fax: 407-841-6347
www.bdo.com

201 South Orange Ave., Suite 800
Orlando, FL 32801

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, 2018, 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 20, 2018

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

Consolidated Schedule of Revenues by Funding Sources

Year Ended June 30, 2018	Unrestricted			Temporarily Restricted					Earnings Not Yet Appropriated for Expenditures	Permanently Restricted	Total	
	Unallocated	Chase	Bank of America	Legal Assistance for the Poor	Law Student Assistance	Administration of Justice	Pro Bono	Hurricane	The Florida Bar Foundation Endowment Trust			
Revenue:												
IOTA contributions	\$ 6,731,129	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,731,129
Fellows' contributions	—	—	—	—	—	—	—	—	—	—	30,702	30,702
Children's Legal Services contributions:												
Florida Bar Fee statement contributions	—	—	—	300,963	—	—	—	—	—	—	—	300,963
Other	—	—	—	137,640	—	—	—	—	—	—	—	137,640
Contributions in support of the Equal Justice Works fellowships	—	—	—	27,100	—	—	—	—	—	—	—	27,100
Kids Deserve Justice license plate sales	—	—	—	37,198	—	—	—	—	—	—	—	37,198
Contract revenue	250,000	352,350	8,063,786	—	—	—	—	—	—	—	—	8,666,136
Other contributions	958,228	—	—	35,795	3,350	200	16,770	62,194	—	—	8,365	1,084,902
Memorial/honorary gifts	5,284	—	—	50	—	—	—	—	—	—	—	5,334
Investment income, net	345,786	—	129,701	10,968	290	549	—	—	56,823	—	—	544,117
Net realized and unrealized gains/losses on investments	36,803	—	—	20,608	545	1,032	—	—	106,768	—	—	165,756
Return of unspent grant funds	13	—	—	—	—	—	—	—	—	—	—	13
Cy pres award	649,838	—	—	—	—	—	—	—	—	—	—	649,838
Loss on disposal of assets	(2,045)	—	—	—	—	—	—	—	—	—	—	(2,045)
Loss on uncollectible contributions	—	—	—	—	—	—	—	—	—	—	(26,200)	(26,200)
Change in value of split-interest agreements	(897)	—	—	—	—	—	—	—	—	—	—	(897)
Annual dinner revenue	48,537	—	—	—	—	—	—	—	—	—	—	48,537
Other	4,010	—	—	—	—	—	—	—	—	—	—	4,010
Total revenue	\$ 9,026,686	\$ 352,350	\$ 8,193,487	\$ 570,322	\$ 4,185	\$ 1,781	\$ 16,770	\$ 62,194	\$ 163,591	\$ 12,867	\$ 18,404,233	

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

<i>Year Ended June 30, 2018</i>	Foundation Funds				Other Funds			Total
	Legal Assistance for the Poor	Law Student Assistance	Administration of Justice	Unallocated	Bank of America	Endowment	Chase	
Expenses:								
Program:								
Legal Assistance to the Poor grants:								
Foreclosure Prevention and Community Redevelopment	\$ —	\$ —	\$ —	\$ —	\$ 6,371,839	\$ —	\$ —	\$ 6,371,839
Children's Legal Services	1,467,000	—	—	—	—	—	—	1,467,000
Disaster Recovery:								
Equal Justice Works Fellowships	400,000	—	—	—	—	—	—	400,000
Other	681,001	—	—	—	500,000	—	—	1,181,001
Loan Repayment Assistance Program	862,289	—	—	—	—	—	—	862,289
Equal Justice Works Fellowship Program	58,000	—	—	—	248,000	—	—	306,000
Pro Bono program	—	—	—	—	300,000	—	—	300,000
Legal research for grantee programs	20,311	—	—	—	—	—	—	20,311
Administration of Justice grants:								
Regular	—	—	730,000	—	—	—	351,000	1,081,000
Law Student Assistance Grants:								
Summer Fellows	—	102,672	—	—	—	—	—	102,672
Law School Civil Legal Clinics	—	—	—	—	220,946	—	—	220,946
Program-related expenses:								
Foundation grant program personnel and related Strategic Direction	50,861	—	12,872	422,635	—	—	—	422,635
Grantee Capacity Building	264,750	—	—	—	—	—	—	264,750
Pro Bono Program	102,316	—	—	—	—	—	—	102,316
Foundation Pro Bono program personnel and related Grantee and program evaluations	48,038	—	—	376,171	—	—	—	376,171
Other	17,832	—	—	—	—	—	—	17,832
Steven M. Goldstein Award for Excellence	46,031	—	—	—	—	—	—	46,031
Triage Pilot Program	—	—	11,250	—	—	—	1,350	12,600
Total program	4,018,429	102,672	754,122	798,806	7,640,785	—	352,350	13,667,164
Management and general	—	—	—	1,692,837	—	—	—	1,692,837
Fundraising expenses	—	—	—	422,585	—	—	—	422,585
Total expenses	\$ 4,018,429	\$ 102,672	\$ 754,122	\$ 2,914,228	\$ 7,640,785	\$ —	\$ 352,350	\$ 15,782,586

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