



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

Consolidated Financial Statements  
and Supplementary Information  
Years Ended June 30, 2021 and 2020

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



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

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Consolidated Financial Statements and Supplementary Information  
Years Ended June 30, 2021 and 2020

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

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## Independent Auditor's Report

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

The Trustees  
The Florida Bar Foundation Endowment Trust  
Maitland, Florida

### ***Opinion***

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, 2021 and 2020, 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.

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, 2021 and 2020, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Florida Bar Foundation, Inc. and The Florida Bar Foundation Endowment Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*BDO USA, LLP*

Certified Public Accountants  
December 15, 2021

## **Consolidated Financial Statements**

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

**Consolidated Statements of Financial Position**

<i>June 30,</i>	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 297,911	\$ 1,295,023
Receivables:		
IOTA contributions	750,350	751,175
Fellows and other contributions, current portion, net	33,126	72,171
Notes receivable, net	622,632	622,957
Other	-	44,913
Investments	37,560,800	30,826,859
Prepaid and reimbursable expenses	89,798	88,385
<b>Total Current Assets</b>	<b>39,354,617</b>	<b>33,701,483</b>
<b>Property and Equipment, Net</b>	<b>61,982</b>	<b>100,106</b>
<b>Non-Current Assets</b>		
Fellows and other contributions receivable, long-term portion, net	22,105	36,811
Other assets	7,715	14,434
Investments restricted in perpetuity	2,452,910	2,417,315
<b>Total Non-Current Assets</b>	<b>2,482,730</b>	<b>2,468,560</b>
<b>Total Assets</b>	<b>\$ 41,899,329</b>	<b>\$ 36,270,149</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 570,986	\$ 209,393
Grants payable	2,948,591	2,613,704
Deferred revenue	1,055,674	2,688,064
Obligations under capital leases, current portion	14,052	17,397
<b>Total Current Liabilities</b>	<b>4,589,303</b>	<b>5,528,558</b>
<b>Non-Current Liabilities</b>		
Other long-term liabilities	43,548	46,898
Note payable	255,887	-
Obligations under capital leases, less current portion	15,073	29,125
<b>Total Non-Current Liabilities</b>	<b>314,508</b>	<b>76,023</b>
<b>Total Liabilities</b>	<b>4,903,811</b>	<b>5,604,581</b>
<b>Commitments and Contingencies (Note 12)</b>		
<b>Net Assets</b>		
Without donor restrictions	31,421,484	26,222,867
With donor restrictions	5,574,034	4,442,701
<b>Total Net Assets</b>	<b>36,995,518</b>	<b>30,665,568</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 41,899,329</b>	<b>\$ 36,270,149</b>

*See accompanying notes to consolidated financial statements.*

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

**Consolidated Statements of Activities**

*Year ended June 30,*

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support, Revenues, and Gains (Losses)</b>						
Contributions:						
Interest on trust accounts	\$ 7,748,912	\$ -	\$ 7,748,912	\$ 15,214,862	\$ -	\$ 15,214,862
Fellows and other contributions, net	167,977	663,178	831,155	135,906	711,460	847,366
Specialty license plate	-	37,258	37,258	-	35,583	35,583
Contract revenue	1,607,941	-	1,607,941	8,266,467	-	8,266,467
Cy Pres awards	35,996	-	35,996	21,406	-	21,406
Investment income, net	588,869	113,025	701,894	488,355	90,232	578,587
Net realized and unrealized gains (losses)						
on investments	3,877,901	904,179	4,782,080	(912,531)	(169,378)	(1,081,909)
Other	24,938	-	24,938	56,390	-	56,390
Net assets released from restrictions	586,307	(586,307)	-	625,783	(625,783)	-
<b>Total Support, Revenues, and Gains</b>	<b>14,638,841</b>	<b>1,131,333</b>	<b>15,770,174</b>	<b>23,896,638</b>	<b>42,114</b>	<b>23,938,752</b>
<b>Expenses</b>						
Program	8,097,702	-	8,097,702	12,454,231	-	12,454,231
Management and general	1,094,851	-	1,094,851	1,305,896	-	1,305,896
Fundraising	247,671	-	247,671	240,138	-	240,138
<b>Total Expenses</b>	<b>9,440,224</b>	<b>-</b>	<b>9,440,224</b>	<b>14,000,265</b>	<b>-</b>	<b>14,000,265</b>
<b>Change in Net Assets</b>	<b>5,198,617</b>	<b>1,131,333</b>	<b>6,329,950</b>	<b>9,896,373</b>	<b>42,114</b>	<b>9,938,487</b>
<b>Net Assets, beginning of year</b>	<b>26,222,867</b>	<b>4,442,701</b>	<b>30,665,568</b>	<b>16,326,494</b>	<b>4,400,587</b>	<b>20,727,081</b>
<b>Net Assets, end of year</b>	<b>\$ 31,421,484</b>	<b>\$ 5,574,034</b>	<b>\$ 36,995,518</b>	<b>\$ 26,222,867</b>	<b>\$ 4,442,701</b>	<b>\$ 30,665,568</b>

*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>	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 6,329,950	\$ 9,938,487
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	38,124	39,545
Provision for uncollectible receivables	(7,400)	-
Net realized and unrealized losses (gains) on investments	(4,782,080)	1,081,909
Decrease (increase) in:		
IOTA contributions receivable	825	1,018,825
Fellows and other contributions receivable	58,652	37,190
Notes receivable	2,825	(110,565)
Other receivables	44,913	64,147
Prepaid and reimbursable expenses	(1,413)	52,106
Other assets	6,719	986
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	358,243	(82,132)
Grants payable	334,887	(523,512)
Deferred revenue	(1,632,390)	(8,302,185)
<b>Net Cash Provided by Operating Activities</b>	<b>751,855</b>	<b>3,214,801</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	20,437,164	32,848,599
Purchase of investments	(30,007,563)	(25,166,343)
Transfer of investments to cash and cash equivalents	7,582,942	(7,628,997)
Purchase of property and equipment	-	(48,057)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(1,987,457)</b>	<b>5,202</b>
<b>Cash Flows from Financing Activities</b>		
Principal payments under note payable	-	(3,375,000)
Principal payments under capital lease obligations	(17,397)	(17,922)
Loan proceeds, SBA Paycheck Protection Program	255,887	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>238,490</b>	<b>(3,392,922)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(997,112)</b>	<b>(172,919)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,295,023</b>	<b>1,467,942</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 297,911</b>	<b>\$ 1,295,023</b>
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	\$ -	\$ 75,607

*See accompanying notes to consolidated financial statements.*

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

**Consolidated Statements of Functional Expenses**

*Year ended June 30,*

	2021				2020			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Grants	\$ 7,395,777	\$ -	\$ -	\$ 7,395,777	\$ 11,564,652	\$ -	\$ -	\$ 11,564,652
Salaries and benefits	413,407	763,042	156,917	1,333,366	506,171	838,114	152,567	1,496,852
Personnel and professional development	-	219	649	868	5,248	20,715	1,207	27,170
Professional services	22,897	36,594	20,945	80,436	86,513	74,296	18,926	179,735
Audit, accounting, legal and bank fees	2,472	64,587	4,496	71,555	789	62,018	3,497	66,304
Depreciation and amortization	9,645	24,171	4,308	38,124	8,779	27,840	2,926	39,545
Insurance	13,824	34,643	6,175	54,642	10,103	32,036	3,368	45,507
Office expenses	16,025	33,566	30,356	79,947	15,158	39,705	40,855	95,718
Facilities and equipment	204,549	119,190	21,418	345,157	166,299	132,504	13,971	312,774
Meetings and reimbursements	-	414	-	414	39,370	15,727	115	55,212
Awards	11,663	1,870	-	13,533	45,000	3,383	-	48,383
Interest expense	-	1,757	-	1,757	-	15,879	-	15,879
Cultivation, promotion, recognition	5,590	1,858	1,516	8,964	(3,000)	12,273	1,333	10,606
Travel	-	2,373	-	2,373	6,868	13,714	732	21,314
Other operating expenses	1,853	6,524	891	9,268	2,281	9,422	641	12,344
Post-retirement benefits	-	4,043	-	4,043	-	8,270	-	8,270
	<b>\$ 8,097,702</b>	<b>\$ 1,094,851</b>	<b>\$ 247,671</b>	<b>\$ 9,440,224</b>	<b>\$ 12,454,231</b>	<b>\$ 1,305,896</b>	<b>\$ 240,138</b>	<b>\$ 14,000,265</b>

*See accompanying notes to consolidated financial statements.*

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

## Notes to Consolidated Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *Nature of 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 (the Trustees). Use of Endowment distributions for Foundation charitable activities is determined by the Board of Directors of the Foundation (the Board).

#### *Principles of Consolidation*

The Foundation has the sole authority to appoint Endowment Trustees and has an economic interest in the Endowment. Accordingly, the Foundation and Endowment's financial statements are presented on a consolidated basis. For purposes of this audit, 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 (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

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 net assets without donor restrictions for expenditures in support of the Foundation's tax exempt purposes. IOTA contributions to the Foundation are made by participating

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

## Notes to Consolidated Financial Statements

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attorneys through financial institution remittances of interest earned on nominal or short-term deposits in participants' client trust accounts.

The Endowment's primary sources of funding are investment income, the Fellows program and other contributions. 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 classified as without donor restrictions or with donor restrictions to specific Foundation programs based on the donor's instruction.

### ***Contributions***

Contributions, including unconditional promises to give, are recorded as contribution revenue when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, those with a measurable performance barrier or other barrier, and a right of return are not recognized until the conditions on which they depend have been met. The Foundation did not have any conditional contributions at June 30, 2021.

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.

### ***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 to use the contributions to fund legal services for children through Legal Assistance for the Poor grants.

### ***Revenue Recognition - Contract Revenue and Cy Pres Awards***

The Foundation does not consider contract revenue or cy pres awards to be contributions because they are from legal settlements and awards and are not voluntary transfers, as they are the result of court mandated judgments and therefore do not meet the definition of a contribution in accordance with authoritative guidance. (see Note 13).

Contract revenue and cy pres awards are recognized over the time period in which the grants to related legal aid organizations are provided, which represents the performance obligations under the related legal settlement and award contracts. Payments received in advance are recorded as deferred revenue (contract liability) until grants are made and the revenue is earned.

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

**Notes to Consolidated Financial Statements**

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***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 net asset value (NAV) as further discussed under the Fair Value Measurements section of this Note. 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.

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 activities.

***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:

Asset Classifications	Estimated Useful Lives (Years)
Office equipment	5
Computer equipment	5
Furniture and fixtures	6-8
Software	5

***Impairment of Long-Lived Assets***

The Foundation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairment losses recorded during the years ended June 30, 2021 and 2020.

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

**Notes to Consolidated Financial Statements**

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***Grants Expense and Grants Payable***

Grants unconditionally approved for payment by the Foundation's Board of Directors are recorded as grants expense and grants payable at the time the Board of Directors approves the grant. Conditional promises to grant funds, those with a measurable performance barrier or other barrier, and a right of return, are not recorded as grants expense until the conditions on which they depend have been met 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 Foundation and the Endowment identify and evaluate uncertain tax positions, if any, and recognize the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the consolidated statements of financial position. The Foundation and the Endowment have not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Foundation and the Endowment would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Foundation's and the Endowment's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing. There are no open Internal Revenue Service examinations with the Foundation. To date, the Foundation and Endowment have incurred no unrelated business income for which tax is due.

***Net Assets***

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions represents funds that are available without restriction for carrying out the Foundation's objectives.

***Net Assets with Donor Restrictions***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. When a restriction expires, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

Amounts received that are to be maintained by the Foundation in perpetuity are reported as contributions and net assets with donor restrictions.

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

## Notes to Consolidated Financial Statements

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### *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 and functional expenses. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. Rent and maintenance, depreciation expense, insurance, office expenses, and dues and subscriptions are allocated based on the number of employees per function.

### *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* - This level consists of quoted prices (unadjusted) in active markets for identical investments as of the reporting date.

*Level 2* - This level consists of 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. The Foundation and Endowment do not have any Level 2 financial assets or liabilities.

*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 cash and cash equivalents, contribution receivables due in less than one year, accounts payable and accrued expenses, and grants payable. The fair value of notes receivable, note payable, and capital lease obligations are estimated based on current rates that would be available for debt of similar terms which is not significantly different from its stated value. Contributions receivable due beyond one year are 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, which approximates fair value.

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

## Notes to Consolidated Financial Statements

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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 Foundation owns the following investments that are recorded at NAV, which is not required to be evaluated using the Level 1 through 3 fair value hierarchy:

- The ACL Alternative Fund SAC Limited USD Class A Fund (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, 2021 and 2020, the value of Managed Futures was \$509,300 and \$424,409, respectively.
- The Hatteras Core Alternatives TEI Institutional Fund, L.P. (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, 2021 and 2020, the value of the Hedge Funds of Funds was \$30,681 and \$32,341, respectively.

### *Use of Estimates*

The preparation of consolidated financial statements in conformity with U.S. GAAP 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.

### *Accounting Pronouncement Adopted*

#### *Revenue Recognition*

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 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 under this new standard.

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

## Notes to Consolidated Financial Statements

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The standard is effective for annual periods beginning after December 15, 2020, as amended, 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 Foundation adopted ASU 2014-09 as of July 1, 2020, which did not have an impact on its consolidated financial statements.

### *Contributions Made*

Effective July 1, 2020, the Foundation adopted the portion of ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) for “contributions made” using the prospective approach. Under previous guidance, grants made to third-parties were recorded as expenses when approved by the Board. Under the clarified guidance, such transactions must be examined to determine whether the transactions qualify as unconditional or conditional contributions made. For grants made to organizations that are considered unconditional in nature, the Foundation records the grant expense when approved by the Board. Conditional grants, those with a measurable performance barrier or other barrier, and a right of return, are not recorded as expenses until the conditions until the related conditions are satisfied. As the conditions are satisfied, expenses are recorded. There was no material change to grant expense as a result of the adoption of ASU 2018-08.

### *Accounting Pronouncements Issued but Not Yet Adopted*

#### *Leases*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11 was issued in June 2018 and permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606), and Leases (Topic 842): Effective Dates for Certain Entities*, which allows entities to elect to postpone adoption until fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

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

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*Credit Losses*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. The ASU changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. The ASU includes financial assets recorded at amortized cost basis such as pledges, trade and certain other receivables as well as certain off-balance sheet credit exposures such as loan commitments and financial guarantees. The ASU does not apply to financial assets measured at fair value, and loans and receivables between entities under common control. The ASU is effective for fiscal years beginning after December 15, 2022. Early adoption may be selected for fiscal years beginning after December 15, 2018. The Foundation and Endowment must apply the amendments in the ASU through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective except for certain exclusions. Management is currently evaluating the impact of this ASU on its 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.

Investments are classified in three separate accounts as Current Operating, Mid-Long Term and endowment investments. 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.

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**The Florida Bar Foundation, Inc.  
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**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:

*June 30, 2021*

	Level 1	NAV Using Practical Expedient	Total Fair Value	Cost
<b>Current operating investments:</b>				
Cash and money market funds	\$ 4,722,941	\$ -	\$ 4,722,941	\$ 4,728,807
Fixed income mutual funds	4,567,188	-	4,567,188	4,564,439
Exchange traded funds	1,958,037	-	1,958,037	1,970,583
<b>Total Current Operating Investments</b>	<b>11,248,166</b>		<b>11,248,166</b>	<b>11,263,829</b>
<b>Foundation mid-long term investments:</b>				
Cash and money market funds	737,615	-	737,615	737,945
Common stocks	4,680,285	-	4,680,285	4,069,968
Commodity mutual funds	663,661	-	663,661	650,000
Equity mutual funds	2,481,500	-	2,481,500	2,067,284
Exchange traded funds	4,850,668	-	4,850,668	3,765,281
Fixed income mutual funds	7,068,755	-	7,068,755	6,979,369
U.S. treasuries	412,281	-	412,281	412,691
Liquid alternatives	1,195,979	-	1,195,979	1,027,466
Managed futures	-	350,679	350,679	277,754
<b>Total Mid-Long-Term Investments</b>	<b>22,090,744</b>	<b>350,679</b>	<b>22,441,423</b>	<b>19,987,758</b>
<b>Endowment investments:</b>				
Cash and money market funds	209,398	-	209,398	209,332
Common stocks	1,407,199	-	1,407,199	1,160,889
Commodity mutual funds	197,560	-	197,560	187,000
Equity mutual funds	944,060	-	944,060	763,412
Exchange traded funds	1,478,111	-	1,478,111	989,307
Fixed income mutual funds	1,674,432	-	1,674,432	1,632,307
Liquid alternatives	224,059	-	224,059	208,854
Hedge funds of funds	-	30,681	30,681	17,803
Managed futures	-	158,621	158,621	111,958
<b>Total Endowment Investments</b>	<b>6,134,819</b>	<b>189,302</b>	<b>6,324,121</b>	<b>5,280,862</b>
<b>Total Investments</b>	<b>\$ 39,473,729</b>	<b>\$ 539,981</b>	<b>\$ 40,013,710</b>	<b>\$ 36,532,449</b>

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

**Notes to Consolidated Financial Statements**

*June 30, 2020*

	Level 1	NAV Using Practical Expedient	Total Fair Value	Cost
<b>Current operating investments:</b>				
Money market funds	\$ 7,522,458	\$ -	\$ 7,522,458	\$ 7,523,004
<b>Foundation mid-long term investments:</b>				
Cash and money market funds	8,299,190	-	8,299,190	8,310,914
Common stocks	2,850,652	-	2,850,652	2,996,482
Commodity mutual funds	397,415	-	397,415	619,690
Equity mutual funds	1,572,273	-	1,572,273	1,756,442
Exchange traded funds	2,380,091	-	2,380,091	2,370,883
Fixed income mutual funds	4,208,586	-	4,208,586	4,149,276
Liquid alternatives	791,647	-	791,647	865,735
Managed futures	-	293,552	293,552	277,754
<b>Total Mid-Long-Term Investments</b>	<b>20,499,854</b>	<b>293,552</b>	<b>20,793,406</b>	<b>21,347,176</b>
<b>Endowment investments:</b>				
Cash and money market funds	410,445	-	410,445	411,936
Common stocks	1,115,745	-	1,115,745	1,058,469
Commodity mutual funds	153,933	-	153,933	292,560
Equity mutual funds	696,828	-	696,828	749,510
Exchange traded funds	915,108	-	915,108	770,506
Fixed income mutual funds	1,291,270	-	1,291,270	1,268,905
Liquid alternatives	181,783	-	181,783	205,966
Hedge funds of funds	-	32,341	32,341	25,018
Managed futures	-	130,857	130,857	111,958
<b>Total Endowment Investments</b>	<b>4,765,112</b>	<b>163,198</b>	<b>4,928,310</b>	<b>4,894,828</b>
<b>Total Investments</b>	<b>\$ 32,787,424</b>	<b>\$ 456,750</b>	<b>\$ 33,244,174</b>	<b>\$ 33,765,008</b>

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

<i>June 30,</i>	2021	2020
<b>Current assets (available for expenditure):</b>		
Investments	\$ 37,560,800	\$ 30,826,859
<b>Other assets (not available for expenditure):</b>		
Investments restricted in perpetuity	2,452,910	2,417,315
<b>Total Investments</b>	<b>\$ 40,013,710</b>	<b>\$ 33,244,174</b>

**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>	<b>2021</b>	<b>2020</b>
Investment income, net:		
Interest	\$ 51,107	\$ 282,709
Dividends and reinvested capital gains	699,071	326,151
Investment fees	(48,284)	(30,273)
<b>Total Investment Income, Net</b>	<b>701,894</b>	<b>578,587</b>
Net gains (losses):		
Realized	795,104	136,120
Unrealized	3,986,976	(1,218,029)
<b>Net Realized and Unrealized Gains (Losses) on Investments</b>	<b>4,782,080</b>	<b>(1,081,909)</b>
<b>Total Investment Return, Net</b>	<b>\$ 5,483,974</b>	<b>\$ (503,322)</b>

### **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 may receive up to \$5,000 per year that must be applied toward repayment of student loan debt. In the event an applicant's principal balance is equal to or less than the maximum annual benefit amount, an applicant may 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 and provides proof of payment of student loan debt using all of the LRAP proceeds. Loan principal of \$1,043,502 and \$887,388 was forgiven during the years ended June 30, 2021 and 2020, 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 12 equal monthly installments, including interest at 3%. As of June 30, 2021 and 2020, participants with outstanding loan balances of \$85,153 and \$110,834, 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. Interest income was \$1,918 and \$1,845 for the years ended June 30, 2021 and 2020, respectively, and was included in other income on the consolidated statements of activities.

The Foundation provides an allowance for uncollectible loans based on its collection experience. As of June 30, 2021 and 2020, management determined the allowance for uncollectible loans for all notes receivable to be \$33,200 and \$35,700, respectively. Loans are only written-off after management has exhausted all reasonable collection efforts. Bad debt expense was \$0 for the years ended June 30, 2021 and 2020.

**The Florida Bar Foundation, Inc.  
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**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, 2021 and 2020, the Foundation discounted contributions for seven years (based on mix of five and ten-year contributions) at a rate of 0.36% and 1.83%, 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>	<b>2021</b>		<b>2020</b>	
<b>Fellows contributions receivable:</b>				
Fellows contributions	\$	55,759	\$	64,439
Allowance for uncollectible contributions		(24,833)		(23,829)
Unamortized discount		(4,946)		(7,019)
<b>Total Fellows Contributions Receivable</b>	<b>\$</b>	<b>25,980</b>	<b>\$</b>	<b>33,591</b>
<b>Other contributions receivable:</b>				
Other contributions	\$	56,327	\$	66,109
Allowance for uncollectible contributions		(43,087)		(50,236)
Unamortized discount		(5,139)		(7,144)
		<b>8,101</b>		<b>8,729</b>
Non-discounted contributions due within one year		<b>21,150</b>		<b>66,662</b>
<b>Total Other Contributions Receivable</b>	<b>\$</b>	<b>29,251</b>	<b>\$</b>	<b>75,391</b>

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

***June 30, 2021***

	Less Than One Year	One to Five Years	Over Five Years
IOTA contributions receivable	\$ 750,350	\$ -	\$ -
Fellows and other contributions receivable	83,834	47,407	2,000
	<b>\$ 834,184</b>	<b>\$ 47,407</b>	<b>\$ 2,000</b>

***June 30, 2020***

	Less Than One Year	One to Five Years	Over Five Years
IOTA contributions receivable	\$ 751,175	\$ -	\$ -
Fellows and other contributions receivable	130,560	63,350	3,300
	<b>\$ 881,735</b>	<b>\$ 63,350</b>	<b>\$ 3,300</b>

**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>	<b>2021</b>	<b>2020</b>
Office equipment	\$ 115,849	\$ 134,045
Computer equipment	83,259	83,259
Furniture and fixtures	168,020	168,020
Software	808,090	808,090
<b>Total Cost</b>	<b>1,175,218</b>	<b>1,193,414</b>
Less: accumulated depreciation and amortization	(1,113,236)	(1,093,308)
<b>Property and Equipment, Net</b>	<b>\$ 61,982</b>	<b>\$ 100,106</b>

The Foundation recognized depreciation and amortization expense of \$38,124 and \$39,545, for the years ended June 30, 2021 and 2020, respectively.

**6. Notes Payable**

On March 27, 2020, the Coronavirus Aid, Relief, and Economics Security Act (the CARES Act) was enacted to address the economic fallout of the COVID-19 outbreak on the economy. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, and net operating loss carryback periods. It also appropriated funds for the Payroll Protection Program (PPP), as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Foundation applied for, and received, funds under the PPP in the amount of \$255,887 on February 2, 2021, which is shown as a note payable on the accompanying consolidated statement of financial position as of June 30, 2021. The Foundation accounted for this loan in accordance with ASC 470, *Debt*. Under this guidance, a liability is derecognized upon repayment to the creditor or upon legal release. Legal release occurs upon confirmation of forgiveness from the SBA, at which time the liability will be released and recorded as income. Subsequent to year end, the Foundation applied for and was notified that the entire unpaid principal balance of \$255,887 was forgiven (see Note 15).

The Foundation continues to examine the impact that the CARES Act may have on its business and currently does not expect the CARES Act will have a significant impact on its financial condition, results of operation, or liquidity.

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

**7. Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
Accumulated earnings not yet appropriated for expenditure	\$ 1,825,379	\$ 978,907
Legal Assistance for the Poor	1,195,964	926,675
Awards ceremony	-	30,100
COVID-19 grants	775	15,295
Administration of Justice grants	20,889	13,478
Law Student Assistance grants	11,603	7,079
Pro Bono	26,200	50
Staff operations	7,500	-
<b>Total Subject to Expenditure for Specified Purpose</b>	<b>3,088,310</b>	<b>1,971,584</b>
Endowment investments restricted in perpetuity	2,452,910	2,417,315
Endowment receivables restricted in perpetuity	32,814	53,802
<b>Total</b>	<b>\$ 5,574,034</b>	<b>\$ 4,442,701</b>

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

<i>Year ended June 30,</i>	<b>2021</b>	<b>2020</b>
Legal Assistance for the Poor	\$ 518,062	\$ 621,008
Awards Ceremony	50,000	-
COVID-19 grants	16,995	-
Administration of Justice grants	1,000	600
Law Student Assistance grants	200	1,000
Pro Bono	50	3,175
	<b>\$ 586,307</b>	<b>\$ 625,783</b>

**8. Endowment**

Endowment funds include both donor-restricted endowment funds and funds designated for endowment by the Board. As required by U.S. GAAP, the principal of donor-restricted endowment funds are classified and reported as net assets with donor restrictions and the earnings are classified and reported based on the existence or absence of donor-imposed restrictions. The Board-designated endowment fund has been designated by the Board for endowment with the intention of growing the endowment fund to ultimately support the programmatic activities of the Foundation and are classified and reported as net assets without donor restrictions. The earnings on the donor-restricted endowment fund are either restricted for programmatic activities or are unrestricted and will be appropriated for expenditure by the Trustees.

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

## Notes to Consolidated Financial Statements

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### *Interpretation of Relevant Law*

The governing document of the Endowment requires the principal of the endowment funds to be maintained in perpetuity as the ultimate source for providing income to carry on the Foundation's charitable activities. Accordingly, the Trustees and the Board 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 donor-restricted endowment funds are classified as net assets with donor restrictions and include (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. Earnings on donor-restricted endowment funds not otherwise restricted are classified as net assets with donor restrictions 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's investment policy 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.

### *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 Board. In reviewing a request for distribution, the Trustees consider the importance of the Foundation's needs considering its other resources, as well as the objective of providing additional real growth for future funding through accumulations of investment returns.

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

Endowment net asset composition by type of fund as of June 30, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,759,921	\$ 4,759,921
Board-designated endowment fund	1,597,363	-	1,597,363
<b>Total Funds</b>	<b>\$ 1,597,363</b>	<b>\$ 4,759,921</b>	<b>\$ 6,357,284</b>

Change in endowment net assets for the fiscal year ended June 30, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Assets</b> , beginning of year	\$ 1,254,954	\$ 3,728,111	\$ 4,983,065
Investment return:			
Investment income, net	38,046	113,025	151,071
Net realized and unrealized losses	304,363	904,179	1,208,542
Contributions	-	14,606	14,606
<b>Endowment Net Assets</b> , end of year	<b>\$ 1,597,363</b>	<b>\$ 4,759,921</b>	<b>\$ 6,357,284</b>

Endowment net asset composition by type of fund as of June 30, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,728,111	\$ 3,728,111
Board-designated endowment fund	1,254,954	-	1,254,954
<b>Total Funds</b>	<b>\$ 1,254,954</b>	<b>\$ 3,728,111</b>	<b>\$ 4,983,065</b>

Change in endowment net assets for the fiscal year ended June 30, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Assets</b> , beginning of year	\$ 1,281,826	\$ 3,775,301	\$ 5,057,127
Investment return:			
Investment income, net	30,630	90,232	120,862
Net realized and unrealized losses	(57,502)	(169,378)	(226,880)
Contributions	-	31,956	31,956
<b>Endowment Net Assets</b> , end of year	<b>\$ 1,254,954</b>	<b>\$ 3,728,111</b>	<b>\$ 4,983,065</b>

## 9. Net Asset Commitments and Board Designations

As of June 30, 2021 and 2020, the Board had designated a certain amount of the Foundation's net assets without donor restrictions 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.

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

These conditional grant commitments and non-endowed Board designations are as follows:

<i>June 30,</i>	2021	2020
Legal Assistance for the Poor conditional grants	\$ 2,447,087	\$ 3,872,712
Administration of Justice conditional grants	-	10,000
COVID-19 conditional grants	2,500,000	-
<b>Total Conditional Grants</b>	<b>\$ 4,947,087</b>	<b>\$ 3,882,712</b>
Earnings on Bank of America settlement designated for program expenses (Note 10)	\$ 103,053	\$ 103,878
Funding of grants reserve	8,485,904	5,000,000
Preservation of minimum investment value	2,500,000	2,500,000
Special reserves, including disaster relief, future building fund, and operating	3,936,853	1,450,950
<b>Total Board-Designated Net Assets</b>	<b>\$ 15,025,810</b>	<b>\$ 9,054,828</b>

## 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 recorded grant expense totaling \$449,390 and \$6,864,265 during fiscal years 2021 and 2020, respectively, which met 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, 2021 and 2020, \$308,000 and \$757,390, respectively, related to this settlement is included in deferred revenue on the consolidated statements of financial position in accordance with the Foundation's accounting policy.

### *Engle Settlement Funds*

The Florida Bar Foundation received \$3,623,987 in February 2019 from a four-judge panel of the United States District Court for the Middle District of Florida, the result of a case in which sanctions against two law firms were levied. The Engle funds were required to be awarded to qualified legal aid organizations in the Middle District of Florida to assist litigants in obtaining representation in court. Recipients of this grant funding must provide direct legal services to clients in litigation matters, either active or in pre-suit. The Foundation will allocate \$3,548,987 in rough proportion to the number of Engle cases that emanated from the respective divisions of the Middle District. The Foundation was awarded \$75,000 over a two year period to cover administration of these grants. The Foundation awarded grants and recorded grant expense totaling \$1,158,551 and \$1,658,288 during fiscal year 2021 and 2020, respectively, which met 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, 2021 and 2020, \$747,674 and \$1,930,674, respectively, related to this settlement is included in deferred revenue on the consolidated statements of financial position in accordance with the Foundation's accounting policy.

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

**Notes to Consolidated Financial Statements**

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## **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 \$84,549 and \$84,756 for the years ended June 30, 2021 and 2020, respectively, and is included in salaries and benefits in the consolidated statements of functional expenses.

## **12. Commitments and Contingencies**

### ***Legal***

The Foundation and Endowment may be involved in lawsuits in the normal course of business. Management knows of no asserted claims or threatened litigation at this time. Accordingly, no provision for any contingent liabilities that may result has been made in the consolidated financial statements.

### ***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. Other facility charges, including common area maintenance, are expensed in the month incurred. The Foundation also rents miscellaneous office equipment under a month-to-month operating lease.

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

#### ***Year ending June 30,***

2022	\$	125,500
2023		129,300
2024		54,300
<b>Total</b>	<b>\$</b>	<b>309,100</b>

Total rent expense under all operating leases, including month-to-month rentals, was \$125,418 and \$123,926 for the years ended June 30, 2021 and 2020, respectively, and is included in facilities and equipment in the consolidated statements of functional expenses.

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

## Notes to Consolidated Financial Statements

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### *Capital Leases*

The Foundation accounts for the leases of certain office equipment as capital leases, which expire in various years through 2024. 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 \$29,125 and \$46,522 as of June 30, 2021 and 2020, respectively.

### **13. Concentrations**

#### *Concentration of Credit Risk*

Financial instruments which potentially expose the Foundation and the Endowment to concentrations of credit risk, as defined by U.S. GAAP, include bank and brokerage cash and cash equivalent accounts in excess of federally insured balances in national financial institutions at June 30, 2021. In management's opinion, the capitalization and operating history of these financial institutions is such that the likelihood of loss is remote.

#### *Concentration of IOTA Revenue*

A substantial portion of the Foundation's revenues are derived from contributions related to the IOTA program described in Note 1. A reduction in the amount of IOTA contributions received in the near term could have a significant impact on the Foundation's financial position and results of activities.

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 of the U.S. Constitution. Presently, there are no asserted claims concerning the constitutionality of Florida's IOTA program.

On June 18, 2021, the Florida Supreme Court issued its decision regarding its previously-entered Administrative Order (No. AOSC19-70). That decision can be found on the Court's online docket under Case No. SC 2020-1543 (IN RE: AMENDMENTS TO RULE REGULATING THE FLORIDA BAR 5-1.1(g)). The decision amends Rule 5-1.1(g) which is commonly referred to as "the IOTA rule" in several respects. Most notably, the decision affirms that The Florida Bar Foundation shall continue to remain as the statewide administrator for the collection and distribution of IOTA funds. Similarly, while the amended rule does not diminish (or increase) the total amount of IOTA funds to be received (this amount is directly determined by the principal balance amount of all lawyer trust accounts and the net interest rates paid by participating financial institutions—which makes the Foundation's current primary source of income largely dependent on economic conditions and resulting market rates), it does limit the amount of IOTA revenues the Foundation may use to pay its operating expenses associated with its duties and obligations as Florida's IOTA administrator. This amount, without express, prior permission from the Court to exceed such amount, is limited to 15% of the IOTA funds received in each fiscal year beginning July 1, 2021.

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

**Notes to Consolidated Financial Statements**

**14. Financial Assets and Liquidity Resources**

Financial assets and liquidity resources available within one year for general expenditure were as follows:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 297,911	\$ 1,295,023
Investments, net of endowment funds restricted in perpetuity	37,560,800	30,826,859
IOTA receivable	750,350	751,175
Other contributions, current portion, net	10,755	72,171
<b>Total Financial Assets Available Within One Year</b>	<b>38,619,816</b>	<b>32,945,228</b>
Less:		
Net assets with donor restrictions subject to expenditure for specific purpose	(3,088,310)	(1,971,584)
Board designated grant reserve fund	(8,485,904)	(5,000,000)
Earnings on Bank of America settlement designated for program expenses	(103,053)	(103,878)
Board designated special reserves	(3,936,853)	(1,450,950)
Board designated for preservation of minimum investment value	(2,500,000)	(2,500,000)
<b>Net Financial Assets and Liquidity Resources Available Within One Year</b>	<b>\$ 20,505,696</b>	<b>\$ 21,918,816</b>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments and mid-long-term investment accounts which are reviewed and managed by the investment committee. The Foundation has established a board-designated endowment which considers, on a case-by-case basis, individual requests from the Board before making distributions of allowable earnings. Earnings are restricted for specific Foundation programmatic activities or available to the Foundation, as requested, for any of its purposes (see Note 8). In addition, the Foundation has board designated reserves of \$15,025,810, as well as conditional grants in the amount of \$4,947,087 as of June 20, 2021 (see Note 9).

**15. Subsequent Events**

The Foundation and Endowment have evaluated events and transactions occurring subsequent to June 30, 2021 as of December 15, 2021, which is the date the consolidated financial statements were available to be issued. Subsequent events occurring after December 15, 2021 have not been evaluated by management. No material events have occurred since June 30, 2021 that require recognition or disclosure in the consolidated financial statements, except as follow:

The Foundation received forgiveness of the PPP loan for \$255,887 (see Note 6) from its lender and the SBA on October 21, 2021.

Effective July 1, 2021, Rule 5-1.1(g) regulating IOTA funds was amended, as further discussed in Note 13.

## **Consolidated Supplementary Information**

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## Independent Auditor's Report on Consolidated Supplementary Information

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

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, 2021, 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*

December 15, 2021

**The Florida Bar Foundation, Inc.  
and The Florida Bar Foundation Endowment Trust**  
**Consolidated Schedule of Revenues by Funding Sources**

Year ended June 30, 2021

	Without Donor Restrictions			With Donor Restrictions										Total	
	Unallocated	Engle	Bank of America	Legal Assistance for the Poor	Law Student Assistance	Administration of Justice	Pro-Bono	Hurricane	COVID-19	2021 Awards Ceremony	Earnings Not Yet Appropriated for Expenditures	The Florida Bar Foundation Endowment Trust			
<b>Revenue</b>															
IOTA contributions	\$ 7,748,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fellows contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 8,673
Children's Legal Services contributions:															
Florida Bar Fee statement contributions	-	-	-	416,149	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	159,312	-	-	-	-	-	-	-	-	-	-	-
Kids Deserve Justice license plate	-	-	-	37,258	-	-	-	-	-	-	-	-	-	-	-
Contributions in support of the Equal Justice Works fellowships	-	-	-	500	-	-	-	-	-	-	-	-	-	-	500
Contract revenue	-	1,158,551	449,390	-	-	-	-	-	-	-	-	-	-	-	1,607,941
Other contributions	167,977	-	-	15,286	500	750	26,200	-	2,475	27,400	-	5,933	-	246,521	
Investment income, net	589,519	-	(649)	17,650	469	851	-	-	-	-	94,054	-	-	701,894	
Net realized and unrealized gains on investments	3,878,076	-	(176)	141,199	3,754	6,810	-	-	-	-	752,417	-	-	4,782,080	
Cy pres award	35,996	-	-	-	-	-	-	-	-	-	-	-	-	35,996	
Other	488	24,450	-	-	-	-	-	-	-	-	-	-	-	24,938	
<b>Total Revenue</b>	<b>\$ 12,420,968</b>	<b>\$ 1,183,001</b>	<b>\$ 448,565</b>	<b>\$ 787,354</b>	<b>\$ 4,723</b>	<b>\$ 8,411</b>	<b>\$ 26,200</b>	<b>\$ -</b>	<b>\$ 2,475</b>	<b>\$ 27,400</b>	<b>\$ 846,471</b>	<b>\$ 14,606</b>	<b>\$ 15,770,174</b>		

*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, 2021

	Foundation Funds					Other Funds		Total
	Legal Assistance for the Poor	Law Student Assistance	Administration of Justice	Pro Bono	Unallocated	Engle	Bank of America	
<b>Expenses</b>								
Program:								
Legal Assistance to the Poor grants:								
Foreclosure Prevention and Community Redevelopment	\$ 1,965,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 1,970,085
Children's Legal Services	654,283	-	-	-	-	-	-	654,283
COVID-19 Relief	1,196,603	-	-	-	-	-	258,390	1,454,993
Disaster Relief	40,000	-	-	-	-	-	-	40,000
Engle	-	-	-	-	-	1,158,551	-	1,158,551
Loan Repayment Assistance Program	1,066,045	-	-	-	-	-	-	1,066,045
Equal Justice Works Fellowship Program	156,500	-	-	-	-	-	186,000	342,500
Matching Funds	32,000	-	-	-	-	-	-	32,000
Return of Unspent Grant Funds	-	-	-	-	-	-	-	-
Pro Bono program	-	-	-	-	-	-	-	-
Administration of Justice grants:								
Regular	-	-	510,000	-	-	-	-	510,000
Law Student Assistance Grants:								
Summer Fellows	-	-	-	-	-	-	-	-
Law School Civil Legal Clinics	-	167,320	-	-	-	-	-	167,320
Program-related expenses:								
Foundation grant program personnel and related	92,796	-	-	52,057	-	-	-	144,853
Grantee Capacity Building	129,567	-	-	-	371,765	-	-	501,332
Pro Bono Program	-	-	-	29,520	13,607	-	-	43,127
Other	2,450	-	-	-	-	-	-	2,450
Paul Doyle Children's Advocacy Award	10,163	-	-	-	-	-	-	10,163
<b>Total Program</b>	<b>5,345,492</b>	<b>167,320</b>	<b>510,000</b>	<b>81,577</b>	<b>385,372</b>	<b>1,158,551</b>	<b>449,390</b>	<b>8,097,702</b>
Management and general	-	-	-	-	1,094,851	-	-	1,094,851
Fundraising expenses	-	-	-	-	247,671	-	-	247,671
<b>Total Expenses</b>	<b>\$ 5,345,492</b>	<b>\$ 167,320</b>	<b>\$ 510,000</b>	<b>\$ 81,577</b>	<b>\$ 1,727,894</b>	<b>\$ 1,158,551</b>	<b>\$ 449,390</b>	<b>\$ 9,440,224</b>

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