



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

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023



	Page
REPORT	
Independent Auditor’s Report	1
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses.....	7
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9
SUPPLEMENTARY INFORMATION	
Schedule I – Consolidating Schedule of Revenues by Funding Sources	38
Schedule II – Consolidating Schedule of Expenses by Funding Sources	39



Carr, Riggs & Ingram, LLC
1031 West Morse Boulevard
Suite 200
Winter Park, FL 32789

407.644.7455
407.628.5277 (fax)
CRIcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Florida Bar Foundation, Inc. and
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, (nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows 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, 2023 and 2022, and the changes in their net assets and their 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 Consolidated 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 available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, 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 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of revenues by funding sources and the consolidating schedule of expenses by funding sources are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Orlando, Florida

January 31, 2024

**The Florida Bar Foundation, Inc. and
The Florida Bar Foundation Endowment Trust
Consolidated Statements of Financial Position**

<i>June 30,</i>	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 1,217,059	\$ 9,937,697
Interest on trust accounts (IOTA) contributions receivable	24,594,645	1,250,850
Fellows and other contributions receivable, current portion, net	24,421	25,683
Notes receivable, net	407,742	499,800
Interest and dividends receivable	45,041	-
Other receivables	1,761	12,063
Investments	65,983,459	25,206,700
Prepaid and reimbursable expenses	70,366	82,259
Total current assets	92,344,494	37,015,052
Property and equipment, net	1,315,696	61,076
Non-current assets		
Fellows and other contributions receivable, long-term portion, net	-	12,966
Other assets	3,964	15,375
Investments restricted in perpetuity	2,608,713	2,574,108
Total non-current assets	2,612,677	2,602,449
Total assets	\$ 96,272,867	\$ 39,678,577
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 230,566	\$ 245,364
Grants payable	1,593,612	3,593,573
Contract liabilities	86,445	772,602
Obligations under capital leases, current portion	9,120	15,073
Total current liabilities	1,919,743	4,626,612
Non-current liabilities		
Other long-term liabilities	36,238	40,181
Obligations under capital leases, less current portion	18,451	-
Total non-current liabilities	54,689	40,181
Total liabilities	1,974,432	4,666,793
Net assets		
Without donor restrictions	21,586,485	20,049,604
With donor restrictions	72,711,950	14,962,180
Total net assets	94,298,435	35,011,784
Total liabilities and net assets	\$ 96,272,867	\$ 39,678,577

The accompanying notes are an integral part of the consolidated financial statements.

**The Florida Bar Foundation, Inc. and
The Florida Bar Foundation Endowment Trust
Consolidated Statements of Activities**

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2023 Total
Revenues, Support and Gains (Losses)			
Contributions:			
IOTA	\$ -	\$ 68,891,186	\$ 68,891,186
Fellows and other contributions, net	123,756	513,351	637,107
Specialty license plate	-	26,850	26,850
Contract revenue:			
Settlements	673,632	-	673,632
Cy-Pres awards	61,886	-	61,886
Investment income, net	1,019,007	111,761	1,130,768
Net realized and unrealized gains			
on investments	979,274	243,780	1,223,054
Other income	109,345	-	109,345
Net assets released from restrictions	12,037,158	(12,037,158)	-
Total revenues, support and gains (losses)	15,004,058	57,749,770	72,753,828
Expenses			
Program activities	11,954,003	-	11,954,003
Management and general	1,245,501	-	1,245,501
Fundraising	267,673	-	267,673
Total expenses	13,467,177	-	13,467,177
Change in Net Assets	1,536,881	57,749,770	59,286,651
Net assets at beginning of year	20,049,604	14,962,180	35,011,784
Net assets at end of year	\$ 21,586,485	\$ 72,711,950	\$ 94,298,435

The accompanying notes are an integral part of the consolidated financial statements.

**The Florida Bar Foundation, Inc. and
The Florida Bar Foundation Endowment Trust
Consolidated Statements of Activities (Continued)**

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2022 Total
Revenues, Support and Gains (Losses)			
Contributions:			
IOTA	\$ -	\$ 9,999,193	\$ 9,999,193
Fellows and other contributions, net	238,007	756,250	994,257
Specialty license plate	-	36,077	36,077
Contract revenue:			
Settlements	280,072	-	280,072
Cy-Pres awards	57,758	-	57,758
Investment income, net	817,199	150,149	967,348
Net realized and unrealized losses on investments	(3,502,178)	(764,411)	(4,266,589)
Other income	259,659	-	259,659
Net assets released from restrictions	789,112	(789,112)	-
Total revenues, support and gains (losses)	(1,060,371)	9,388,146	8,327,775
Expenses			
Program activities	8,902,384	-	8,902,384
Management and general	1,158,648	-	1,158,648
Fundraising	250,478	-	250,478
Total expenses	10,311,510	-	10,311,510
Change in Net Assets	(11,371,881)	9,388,146	(1,983,735)
Net assets at beginning of year	31,421,485	5,574,034	36,995,519
Net assets at end of year	\$ 20,049,604	\$ 14,962,180	\$ 35,011,784

The accompanying notes are an integral part of the consolidated financial statements.

**The Florida Bar Foundation, Inc. and
The Florida Bar Foundation Endowment Trust
Consolidated Statements of Functional Expenses**

For the year ended June 30,

	2023				2022			
	Program Activities	Management and General	Fundraising	Total Expenses	Program Activities	Management and General	Fundraising	Total Expenses
Grants	\$11,324,992	\$ -	\$ -	\$ 11,324,992	\$ 8,151,802	\$ -	\$ -	\$ 8,151,802
Salaries and benefits	317,437	743,786	153,127	1,214,350	351,568	771,021	155,991	1,278,580
Facilities and equipment	212,465	144,626	25,727	382,818	222,883	127,055	21,000	370,938
Professional services	17,135	41,794	30,849	89,778	57,734	47,585	23,739	129,058
Office expenses	18,605	50,744	35,419	104,768	15,250	40,616	31,162	87,028
Audit, accounting, legal and bank fees	2,289	61,375	4,748	68,412	2,152	63,711	5,371	71,234
Insurance	7,561	23,747	4,189	35,497	13,111	41,869	6,865	61,845
Awards	11,000	3,056	-	14,056	42,045	2,955	-	45,000
Depreciation and amortization	12,844	40,342	7,116	60,302	6,560	20,950	3,435	30,945
Meetings and reimbursements	4,380	48,140	1,050	53,570	5,614	23,388	1,116	30,118
Uncollectable notes receivable	17,553	-	-	17,553	25,500	-	-	25,500
Other operating expenses	6,104	5,147	908	12,159	771	5,810	404	6,985
Cultivation, promotion, and recognition	-	329	1,417	1,746	6,094	240	-	6,334
Travel	1,458	15,617	3,123	20,198	314	4,569	1,395	6,278
Personnel and professional development	180	62,311	-	62,491	986	4,914	-	5,900
Post-retirement benefits	-	4,487	-	4,487	-	3,965	-	3,965
Total expenses	\$ 11,954,003	\$ 1,245,501	\$ 267,673	\$ 13,467,177	\$ 8,902,384	\$ 1,158,648	\$ 250,478	\$ 10,311,510

The accompanying notes are an integral part of the consolidated financial statements.

**The Florida Bar Foundation, Inc. and
The Florida Bar Foundation Endowment Trust
Consolidated Statements of Cash Flows**

<i>For the year ended June 30,</i>	2023	2022
Cash Flow from Operating Activities		
Change in net assets	\$59,286,651	\$ (1,983,735)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	60,302	30,945
Paycheck Protection Program loan forgiveness	-	(255,887)
Gain on disposal of equipment	(17,605)	-
Net realized and unrealized losses (gains) on investments	(1,223,054)	4,266,589
Write-off of uncollectible notes receivable	(17,553)	(25,500)
Decrease (increase) in:		
IOTA contributions receivable	(23,343,795)	(500,500)
Fellows and other contributions receivable	14,228	16,582
Notes receivable	109,611	148,332
Interest and dividends receivable	(45,041)	-
Other receivables	10,302	(12,063)
Prepaid and reimbursable expenses	11,893	7,539
Other assets	11,411	(7,660)
Increase (decrease) in:		
Accounts payable and accrued expenses	(14,798)	(325,622)
Grants payable	(1,999,961)	644,982
Contract liabilities	(686,157)	(283,072)
Other long-term liabilities	(3,943)	(3,366)
Total adjustments	(27,134,160)	3,701,299
Net cash provided by operating activities	32,152,491	1,717,564
Investing Activities		
Proceeds from sale of investments	47,238,859	15,556,416
Purchase of investments	(86,827,169)	(7,590,103)
Purchase of property and equipment	(1,269,746)	(30,039)
Net cash (used in) provided by investing activities	(40,858,056)	7,936,274
Financing Activities		
Principal payments under capital lease obligations	(15,073)	(14,052)
Net cash provided by (used in) financing activities	(15,073)	(14,052)
Net (decrease) increase in cash and cash equivalents	(8,720,638)	9,639,786
Cash and cash equivalents at beginning of year	9,937,697	297,911
Cash and cash equivalents at end of year	\$ 1,217,059	\$ 9,937,697
Schedule of Noncash Transactions:		
Acquisition of capital asset through financing	\$ 27,521	\$ -

The accompanying notes are an integral part of the consolidated financial statements.

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

Note 1: 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).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

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 expenses, insurance, office facility expenses, and other expenses in support of the operations of the Foundation and the Endowment. Fundraising expenses include staff salaries and related costs, printing, mail costs, professional services, travel and meetings, and other expenses of soliciting contributions to support the programs of the Foundation.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Historically, the Foundation's primary source of funding is the Interest on Trust Accounts (IOTA) program, which represents net assets with donor restrictions for expenditures in support of the Foundation's tax-exempt purposes. IOTA contributions to the Foundation are made through financial institution remittance of interest earned on nominal or short-term deposits in participants' client trust accounts from participating attorneys.

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.

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.

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are the investment valuation, allowance for doubtful accounts, depreciation on assets, and allocation of functional expenses.

Program Services

The Foundation's program services consist of the following:

Legal Assistance for the Poor – The Foundation provides funding for the expansion and improvement of representation and advocacy on behalf of low-income persons in civil legal matters.

Administration of Justice – The Foundation provides funding for the improvement of the administration of justice.

Law Student Assistance Grants – The Foundation provides funding for the promotion of 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, Inc. and
The Florida Bar Foundation Endowment Trust
Notes to Consolidated Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and 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.

IOTA, Fellows and Other Contributions Receivable

Contributions, including unconditional promises to give and IOTA receipts, are recorded as contribution revenue when cash, securities or other assets, or an unconditional promise to give is received. Conditional promise to give, those with a measureable 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, 2023 or 2022. Contributions receivable are reduced to the amount estimated to be realized by an allowance for uncollectible contributions. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivable will not be collected. 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.

Investments

Investments in marketable securities are stated at fair value. Alternative investments are stated at net asset value (NAV). All realized and unrealized 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 value 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment, Net

Acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the following useful lives:

<i>Asset Classifications</i>	Estimated Useful Lives (Years)
Buildings	30
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, 2023 and 2022.

Grants Payable

Grants unconditionally approved for payment by the Foundation's Board are recorded as grants expense and grants payable at the time the Board 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.

Net Assets

The Foundation and the Endowment report information regarding their financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation and the Endowment, the environment in which they operate, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for specific purposes.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Revenue Recognition

Payments under various contracts, including legal settlements and Cy-Pres Awards are recognized as revenue when performance obligations under the terms of the contracts are satisfied. Income from contract revenue and Cy Pres Awards received in advance are deferred and recognized over the periods to which the dates and income relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and noncash donations are recorded as contributions at their fair values at the date of donation. During the year ending June 30, 2023, there were no donated assets.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

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.

Income Taxes

The Foundation and the Endowment are tax exempt organizations under Section 501(c)(3) of the Internal Revenue Code and are 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 utilize the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023 and 2022, the Foundation and the Endowment have no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 31, 2024. See Note 17 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position 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 statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021.

Management believes the impact of the guidance is not material to the financial statements and therefore, the new lease standard was not adopted.

Note 3: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's and Endowment's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

<i>June 30,</i>	2023	2022
Cash and cash equivalents	\$ 1,217,059	\$ 9,937,697
Investments, net of endowment funds restricted in perpetuity	65,983,459	25,206,700
IOTA contributions receivable	24,594,645	1,250,850
Fellows and other contributions receivable, current portion, net	24,421	25,683
Interest and dividends receivable	45,041	-
Total Financial Assets Available Within One Year	91,864,625	36,420,930
Less:		
Net assets with donor restrictions subject to expenditure for specific purpose	(70,077,493)	(12,354,579)
Board designated grant reserve fund	(5,105,981)	(6,505,981)
Earnings on Bank of America settlement designated for program expenses	(103,089)	(103,089)
Board designated special reserves	(3,976,853)	(3,976,853)
Board designated for preservation of minimum investment value	(2,500,000)	(2,500,000)
Net Financial Assets and Liquidity Resources Available Within One Year	\$ 10,101,209	\$ 10,980,428

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

Note 3: LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

As part of the Foundation's and Endowment'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. In addition, as of June 30, 2023 and 2022, respectively, the Foundation has board designated reserves, which are excluded from financial assets, of \$11,685,923 and \$13,085,923, as well as conditional grants in the amount of \$1,011,694 and \$1,929,860.

Note 4: CONTRIBUTIONS RECEIVABLE

IOTA contributions receivable in the amount of \$24,594,645 and \$1,250,850 as of June 30, 2023 and 2022, respectively, are considered fully collectible.

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, 2023 and 2022, the Foundation discounted contributions for seven years (based on mix of five and ten-year contributions at a rate of 1.44%.

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

Note 4: CONTRIBUTIONS RECEIVABLE (Continued)

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

<i>June 30,</i>	2023	2022
Fellows contributions receivable:		
Fellows contributions	\$ 37,687	36,668
Allowance for uncollectible contributions	(8,678)	(8,678)
Unamortized discount	(6,321)	(6,321)
Total fellows contributions receivable	22,688	21,669
Other contributions receivable:		
Other contributions	21,447	36,694
Allowance for uncollectible contributions	(13,616)	(13,616)
Unamortized discount	(6,098)	(6,098)
Total other contributions receivable	1,733	16,980
Total fellows and other contributions receivable, net	\$ 24,421	\$ 38,649

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

Note 4: CONTRIBUTIONS RECEIVABLE (Continued)

Future collections of all contributions are estimated to be as follows:

<i>June 30,</i>	2023		
	Less Than One Year	One to Five Years	Over Five Years
IOTA contributions receivable	\$ 24,594,645	\$ -	\$ -
Fellows and other contributions receivable	49,134	10,000	-
Total future collections	\$ 24,643,779	\$ 10,000	\$ -

<i>June 30,</i>	2022		
	Less Than One Year	One to Five Years	Over Five Years
IOTA contributions receivable	\$ 1,250,850	\$ -	\$ -
Fellows and other contributions receivable	39,139	32,523	1,700
Total future collections	\$ 1,289,989	\$ 32,523	\$ 1,700

During the years ended June 30, 2023 and 2022, no contributions were written off to bad debt expense.

Note 5: 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 loans are for one year and 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 \$776,970 and \$1,018,355, was forgiven during the years ended June 30, 2023 and 2022, respectively.

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

Note 5: NOTES RECEIVABLE (Continued)

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, 2023 and 2022, participants with outstanding loan balances of \$122,079 and \$105,177, 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 \$1,499 and \$1,394 for the years ended June 30, 2023 and 2022, respectively, and was included in other income on the consolidated statement of activities.

The Foundation provides an allowance for uncollectible loans based on its collection experience. As of June 30, 2023 and 2022, management determined the allowance for uncollectible loans for all notes receivable to be \$74,000 and \$56,864, respectively. Loans are only written off after management has exhausted all reasonable collection efforts. Bad debt expense was \$17,553 and \$25,500 for the years ended June 30, 2023 and 2022, respectively.

Note 6: INVESTMENTS

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, operation 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 Foundation owns the following investments that are recorded at net asset value (NAV):

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. 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.

The Hatteras Core Alternatives TEI Institutional Fund, L.P. (Hedge funds of funds) may be redeemed quarterly with a 65-day notice. 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.

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

Note 6: INVESTMENTS (Continued)

Investments consist of the following:

<i>June 30,</i>	2023	
	Cost	Market Value
Current Operating Investments:		
Cash and money market funds	\$ 4,150,094	\$ 4,141,236
Exchange traded funds	741,025	735,145
Fixed income mutual funds	1,488,999	1,468,080
Total operating investments	6,380,118	6,344,461
Foundation mid long-term investments:		
Cash and money market funds	1,206,666	1,206,198
Common stocks	3,723,003	3,863,416
Commodity mutual funds	502,280	459,380
Equity mutual funds	2,015,596	1,998,558
Exchange traded funds	2,887,815	3,306,346
Fixed income mutual funds	6,262,458	5,712,085
Hedge funds & liquid alternatives	828,257	789,247
Managed futures	341,927	469,942
US Treasuries	38,266,409	38,417,417
Total mid long-term investments	56,034,411	56,222,589
Endowment investments:		
Cash and money market funds	237,242	237,261
Common stocks	1,334,423	1,421,313
Commodity mutual funds	191,207	165,423
Equity mutual funds	838,704	865,508
Exchange traded funds	795,302	1,183,685
Fixed income mutual funds	1,985,113	1,812,868
Hedge funds & liquid alternatives	188,542	148,146
Managed futures	111,958	190,918
Total endowment investments	5,682,491	6,025,122
Total Investments	\$ 68,097,020	\$ 68,592,172

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

Note 6: INVESTMENTS (Continued)

<i>June 30,</i>	2022	
	Cost	Market Value
Current Operating Investments:		
Money market funds	\$ 6,310,696	\$ 6,075,723
Total current operating investments	6,310,696	6,075,723
Foundation mid long-term investments:		
Cash and money market funds	253,631	253,156
Common stocks	4,062,636	3,706,664
Commodity mutual funds	613,554	517,966
Equity mutual funds	1,877,701	1,540,431
Exchange traded funds	3,137,624	3,394,618
Fixed income mutual funds	5,919,089	5,322,960
Hedge funds & liquid alternatives	1,010,520	897,092
Managed futures	277,754	445,048
Total mid long-term investments	17,152,509	16,077,935
Endowment investments:		
Cash and money market funds	112,168	112,184
Common stocks	1,392,079	1,308,081
Commodity mutual funds	206,701	180,214
Equity mutual funds	825,283	708,088
Exchange traded funds	989,307	1,309,601
Fixed income mutual funds	1,787,156	1,638,562
Hedge funds and liquid alternatives	188,542	169,114
Managed futures	111,958	201,306
Total endowment investments	5,613,194	5,627,150
Total Investments	\$ 29,076,399	\$ 27,780,808

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

Note 6: INVESTMENTS (Continued)

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

<i>June 30,</i>	2023	2022
Current assets (available for expenditure)		
Investments	\$ 65,983,459	\$ 25,206,700
Other assets (not available for expenditure)		
Investments restricted in perpetuity	2,608,713	2,574,108
Total Investments	\$ 68,592,172	\$ 27,780,808

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

<i>For the year ended June 30,</i>	2023	2022
Investment income, net:		
Interest	\$ 590,030	\$ 63,175
Dividends and reinvested capital gains	579,888	959,160
Investment fees	(39,150)	(54,987)
Total investment income, net	1,130,768	967,348
Net gains (losses):		
Realized	(567,690)	508,917
Unrealized	1,790,744	(4,775,506)
Net realized and unrealized gains (losses) on investments	1,223,054	(4,266,589)
Total investment return, net	\$ 2,353,822	\$ (3,299,241)

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

Note 7: PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

<i>June 30,</i>	2023	2022
Land	\$ 391,785	\$ -
Buildings	865,533	-
Office equipment	81,410	115,849
Computer equipment	18,960	102,219
Furniture and fixtures	50,000	168,020
Software	147,374	195,442
	1,555,062	581,530
Less accumulated depreciation and amortization	(239,366)	(520,454)
Total property and equipment, net	\$ 1,315,696	\$ 61,076

The Foundation purchased land and building of \$1,257,318 for operations during the year ended June 30, 2023.

Depreciation and amortization expenses were \$60,302 and \$30,945 for the year ended June 30, 2023 and 2022, respectively.

Note 8: NOTE 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 a provision 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. 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. During the year ended June 30, 2022, the Foundation applied for and was notified that the entire unpaid principal balance of \$255,887 was forgiven and is included in other income on the consolidated statements of activities.

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

Note 9: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2023	2022
Undesignated	\$ 9,900,562	\$ 6,963,681
Board designated		
Earnings on Bank of America settlement designated for program expenses	103,089	103,089
Funding of grants reserve	5,105,981	6,505,981
Preservation of minimum investment value	2,500,000	2,500,000
Special reserves, including disaster relief, future building fund, and operating	3,976,853	3,976,853
Total board designated	11,685,923	13,085,923
Total net assets without donor restrictions	\$ 21,586,485	\$ 20,049,604

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2023	2022
Time restricted	\$ 25,744	33,493
Purpose restricted	70,077,493	12,354,579
Total subject to expenditure for specified purpose	70,103,237	12,388,072
Endowment investments restricted in perpetuity	2,608,713	2,574,108
Total net assets with donor restrictions	\$ 72,711,950	\$ 14,962,180

A summary of the release of donor restrictions follows:

<i>June 30,</i>	2023	2022
Purpose restricted	\$ 12,037,158	\$ 789,112
Total net assets released from restrictions	\$ 12,037,158	\$ 789,112

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

Note 9: NET ASSETS (Continued)

As of June 30, 2023 and 2022, the Board 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 non-endowed Board designations are as follows:

<i>June 30,</i>	2023	2022
Legal Assistance for the Poor	\$ 1,011,694	\$ 1,929,860
Total conditional grants	\$ 1,011,694	\$ 1,929,860

Note 10: REVENUE

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2023	2022
Contracts revenue		
Recognized over time	\$ 735,518	\$ 337,830
Contributions (non-exchange)	69,555,143	11,029,527
Other revenue (non-exchange)	2,463,167	(3,039,582)
Total revenue	\$72,753,828	\$ 8,327,775

Contract Balances

<i>June 30,</i>	2023	2022
Contract liabilities, beginning of year	\$ 772,602	\$ 1,055,674
Contract liabilities, end of year	\$ 86,445	\$ 772,602

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

Note 11: 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 program activities or are unrestricted and will be appropriated for expenditure by the Trustees.

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 Florida Uniform Prudent Management of Institutional Funds Act (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.

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

Note 11: ENDOWMENT (Continued)

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.

Endowment net asset composition by type of fund as of June 30, 2023, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,648,893	\$ 4,648,893
Board-designated endowment funds	1,508,950	-	1,508,950
Total	\$ 1,508,950	\$ 4,648,893	\$ 6,157,843

Change in endowment net assets for the fiscal year ended June 30, 2023, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,392,840	\$ 4,267,536	\$ 5,660,376
Investment income, net	36,497	111,761	148,258
Net realized and unrealized losses	79,613	243,780	323,393
Contributions	-	25,816	25,816
Endowment net assets, end of year	\$ 1,508,950	\$ 4,648,893	\$ 6,157,843

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

Note 11: ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of June 30, 2022, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,267,536	\$ 4,267,536
Board-designated endowment funds	1,392,840	-	1,392,840
Total	\$ 1,392,840	\$ 4,267,536	\$ 5,660,376

Change in endowment net assets for the fiscal year ended June 30, 2022, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,597,363	\$ 4,759,921	\$ 6,357,284
Investment income, net	50,338	150,149	200,487
Net realized and unrealized gains	(254,861)	(764,411)	(1,019,272)
Contributions	-	121,877	121,877
Endowment net assets, end of year	\$ 1,392,840	\$ 4,267,536	\$ 5,660,376

In March 2022, the Endowment and the Foundation entered into an agreement with Alan B. Bookman Service in Leadership, Inc., a Florida not for profit corporation (Bookman Leadership). The purpose of the agreement is for the Endowment to hold and the Fund to manage a memorial fund in honor of the late Alan B. Bookman, known as the Alan B. Bookman Memorial Fund (Bookman Memorial Fund). Under the terms of the agreement, Bookman Leadership will endeavor to raise funding for the Bookman Memorial Fund. At June 30, 2023 and 2022, the fund balance of the Bookman Memorial Fund was \$109,822 and \$104,150, respectively. The purpose of the Bookman Memorial Fund is to provide grants to Florida civil legal aid providers designated by the recipient of an annual award titled the Alan B. Bookman Service in Leadership Award. For its services in administering the Bookman Memorial Fund and administering an annual grant, the Foundation may charge the Bookman Memorial Fund an annual fee which shall be the greater of \$1,000 or 1% of the Bookman Memorial Fund's principal balance, as defined in the agreement.

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

Note 12: FAIR VALUE INVESTMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds and exchange-traded: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation and the Endowment are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation and the Endowment are deemed to be actively traded.

US treasuries: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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

Note 12: FAIR VALUE INVESTMENTS (Continued)

Liquid alternatives: Valued at the daily closing price as reported by the fund. Liquid alternatives held by the Organization are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The liquid alternatives held by the Organization are deemed to be actively traded.

Managed futures and hedge funds: Valued based on NAV per share or unit as a practical expedient as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date. Accordingly, the NAV based investments have been excluded from the fair value hierarchy leveling.

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. Furthermore, although the Foundation and the Endowment believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

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

Note 12: FAIR VALUE INVESTMENTS (Continued)

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

<i>June 30,</i>				2023
	Level 1	Level 2	Level 3	Total
Current Operating Investments:				
Cash and money market funds	\$ 4,141,236	\$ -	\$ -	\$ 4,141,236
Exchange traded funds	735,145	-	-	735,145
Fixed income mutual funds	1,468,080	-	-	1,468,080
Total operating investments	6,344,461	-	-	6,344,461
Foundation mid long-term investments:				
Cash and money market funds	1,206,198	-	-	1,206,198
Common stocks	3,863,416	-	-	3,863,416
Commodity mutual funds	459,380	-	-	459,380
Equity mutual funds	1,998,558	-	-	1,998,558
Exchange traded funds	3,306,346	-	-	3,306,346
Fixed income mutual funds	5,712,085	-	-	5,712,085
Hedge funds & liquid alternatives	789,247	-	-	789,247
US Treasuries	38,417,417	-	-	38,417,417
	55,752,647	-	-	55,752,647
Managed futures (A)	-	-	-	469,942
Total mid long-term investments	55,752,647	-	-	56,222,589
Endowment investments:				
Cash and money market funds	237,261	-	-	237,261
Common stocks	1,421,313	-	-	1,421,313
Commodity mutual funds	165,423	-	-	165,423
Equity mutual funds	865,508	-	-	865,508
Exchange traded funds	1,183,685	-	-	1,183,685
Fixed income mutual funds	1,812,868	-	-	1,812,868
Hedge funds & liquid alternatives	137,188	-	-	137,188
	5,823,246	-	-	5,823,246
Hedge funds (A)	-	-	-	10,958
Managed futures (A)	-	-	-	190,918
	-	-	-	201,876
Total endowment investments	5,823,246	-	-	6,025,122
Total investments at fair value	\$ 67,920,354	\$ -	\$ -	\$ 68,592,172

(A) Investments that are measured at fair value using the net asset value per share have been excluded from the fair value hierarchy leveling.

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

Note 12: FAIR VALUE INVESTMENTS (Continued)

<i>June 30,</i>				2022
	Level 1	Level 2	Level 3	Total
Current Operating Investments:				
Money market funds	\$ 6,075,723	\$ -	\$ -	\$ 6,075,723
Total current operating investments	6,075,723	-	-	6,075,723
Foundation mid long-term investments:				
Cash and money market funds	253,156	-	-	253,156
Common stocks	3,706,664	-	-	3,706,664
Commodity mutual funds	517,966	-	-	517,966
Equity mutual funds	1,540,431	-	-	1,540,431
Exchange traded funds	3,394,618	-	-	3,394,618
Fixed income mutual funds	5,322,960	-	-	5,322,960
Hedge funds & liquid alternatives	897,092	-	-	897,092
	15,632,887	-	-	15,632,887
Managed futures (A)	-	-	-	445,048
Total mid long-term investments	15,632,887	-	-	16,077,935
Endowment investments:				
Cash and money market funds	112,184	-	-	112,184
Common stocks	1,308,081	-	-	1,308,081
Commodity mutual funds	180,214	-	-	180,214
Equity mutual funds	708,088	-	-	708,088
Exchange traded funds	1,309,601	-	-	1,309,601
Fixed income mutual funds	1,638,562	-	-	1,638,562
Hedge funds & liquid alternatives	140,526	-	-	140,526
	5,397,256	-	-	5,397,256
Hedge fund (A)	-	-	-	28,588
Managed futures (A)	-	-	-	201,306
	-	-	-	229,894
Total endowment investments	5,397,256	-	-	5,627,150
Total investments at fair value	\$ 27,105,866	\$ -	\$ -	\$ 27,780,808

(A) Investments that are measured at fair value using the net asset value per share have been excluded from the fair value hierarchy leveling.

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

Note 12: FAIR VALUE INVESTMENTS (Continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2023 and 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

Fair Value of Investments that Calculate Net Asset Value

Common collective trusts are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. Common collective trusts measured at fair value based on NAV per share consists of the following.

June 30,	Fair Value	Unfunded Commitments	Redemption Frequency (if eligible)	Redemption Notice Period
2023				
Managed Futures	\$ 660,860	\$ 660,860	Daily	0 - 30 Days
Hedge funds & liquid alternatives	\$ 10,958	\$ 10,958	Quarterly	65 Days
2022				
Managed Futures	\$ 646,354	\$ 646,354	Daily	0 - 30 Days
Hedge funds & liquid alternatives	\$ 28,588	\$ 28,588	Quarterly	65 Days

Note 13: 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 \$80,056 and \$141,500 during the years ended June 30, 2023 and 2022, 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, 2023 and 2022, \$86,444 and \$166,500 respectively, related to this settlement are included in contract liabilities 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**

Note 13: SIGNIFICANT CONTRACTS AND AWARDS (Continued)

Engle Settlement Funds

The 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 to cover administration of these grants. The Foundation awarded grants and recorded grant expense totaling \$593,576 and \$138,572 during the years ended June 30, 2023 and 2022, 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, 2023 and 2022, \$0 and \$606,100, respectively, related to this settlement is included in contract liabilities on the consolidated statements of financial position in accordance with the Foundation's accounting policy.

Note 14: 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 insurance balances in national financial institutions at June 30, 2023 and 2022. In management's opinion, the capitalization and operating history of these financial institutions is such that the likelihood of a loss is remote.

Concentration of IOTA Revenue

A substantial portion of the Foundation's revenues are derived from contributions related to the IOTA program. 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.

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

Note 14: CONCENTRATIONS (Continued)

Concentration of IOTA Revenue (Continued)

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 to 15% of the IOTA funds received in each fiscal year beginning July 1, 2021. In addition, 85% of the IOTA funds received in each fiscal year beginning July 1, 2021 must be used to pay eligible grant recipients. Such payments must also occur no later than 6 months after the end of each fiscal year. Therefore, funds received will be donor restricted until such remittances and expenses occur.

Note 15: 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.

Operating Lease Commitments

The Foundation has an operating lease for its office space in Maitland, Florida that will expire November 2023. The lease contained 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.

Total rent expense under the operating lease was \$129,586 and \$127,043 for the years ended June 30, 2023 and 2022, respectively, and is included in facilities and equipment in the consolidated statements of functional expenses. Future minimum lease payments for the year ending June 30, 2024 are \$54,900.

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

Note 15: COMMITMENTS AND CONTINGENCIES (Continued)

Capital Lease Commitments

The Foundation accounts for the leases of certain office equipment as capital leases. 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 \$27,571 and \$15,073, as of June 30, 2023 and 2022, respectively.

Future minimum payments under the lease are approximated as follows:

For the year ending June 30,

2024	\$ 9,120
2025	5,263
2026	5,263
2027	5,263
2028	4,826
Total payments	29,735
Less interest	2,164
Total lease obligation	\$ 27,571

Lease as Lessor

The Foundation leases office space to a tenant through July 31, 2024. Rental income as of June 30, 2023 was \$61,886 and is included in other income on the consolidated statements of activities.

Future minimum payments to be received under the lease are as follows:

For the year ending June 30,

2024	\$ 50,400
2025	4,200
Total	\$ 54,600

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

Note 16: 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 1971 (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 equal to 10% of a participant's annual salary, based on participant's length of service, but may not exceed the amount permissible under the Internal Revenue Code. Employer contributions amounted to \$76,856 and \$97,562, for the years ended June 30, 2023 and 2022, respectively, and is included in salaries and benefits in the consolidated statements of functional expenses.

Note 17: SUBSEQUENT EVENTS

Effective December, 2023, the Director of Finance and Controller in Training resigned from their positions. Management is actively seeking replacements.

Effective December, 2023, the Foundation adopted a fictitious name: FFLA (Funding Florida Legal Aid) and the mission statement was revised as follows:

To increase access to the justice system for people of limited means, FFLA funds legal services, develops innovative tools and programs, and supports legal aid providers and the courts. A 501(c)(3) nonprofit organization, FFLA funds civil legal aid providers and projects to improve the administration of justice, increase the effectiveness and efficiency of the legal aid delivery system and develop and expand pro bono initiatives.

Effective November, 2023, the existing office lease expired (see Note 15).



SUPPLEMENTARY INFORMATION



**The Florida Bar Foundation, Inc. and
The Florida Bar Foundation Endowment Trust**
Schedule I – Consolidating Schedule of Revenue by Funding Sources

For the year ended June 30,

2023

	Without Donor Restrictions				With Donor Restrictions										Total
	Unallocated	Engle	Bank of America	Total Without Donor Restrictions	Legal Assistance for the Poor	Law Student Assistance	Unallocated IOTA	Administration of Justice	COVID	Alan B Bookman Memorial	Earnings Not Yet Appropriated for Expenditures	The Florida Bar Foundation Endowment Trust	Total With Donor Restrictions		
Revenue:															
IOTA contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,891,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fellows' contributions	-	-	-	-	-	-	-	-	-	-	-	-	13,000	-	-
Children's Legal Services contributions:															
Florida Bar Fee statement contributions	-	-	-	-	317,413	-	-	-	-	-	-	-	-	317,413	317,413
Other	-	-	-	-	150,370	-	-	-	-	-	-	-	-	150,370	150,370
Kids Deserve Justice license plate sales	-	-	-	-	26,850	-	-	-	-	-	-	-	-	26,850	26,850
Contributions in support of the Equal Justice Works fellowships	-	-	-	-	50	-	-	-	-	-	-	-	-	50	50
Contract Revenue	-	593,576	80,056	673,632	-	-	-	-	-	-	-	-	-	-	673,632
Other contributions	124,883	-	-	124,883	18,489	1,000	-	-	215	8,208	-	4,606	-	32,518	157,401
Net investment income	1,019,008	-	-	1,019,008	14,220	378	-	686	-	-	96,477	-	-	111,761	1,130,769
Net realized and unrealized gains on investments	979,274	-	-	979,274	31,017	825	-	1,496	-	-	210,442	-	-	243,780	1,223,054
Cy-Pres awards	61,886	-	-	61,886	-	-	-	-	-	-	-	-	-	-	61,886
Rental income	61,586	-	-	61,586	-	-	-	-	-	-	-	-	-	-	61,586
Other	34,106	12,525	-	46,631	-	-	-	-	-	-	-	-	-	-	46,631
Total Revenue	\$ 2,280,743	\$ 606,101	\$ 80,056	\$ 2,966,900	\$ 558,409	\$ 2,203	\$ 68,891,186	\$ 2,182	\$ 215	\$ 8,208	\$ 306,919	\$ 17,606	\$ 69,786,928	\$ 72,753,828	

See Independent Auditor's Report on Supplementary Information.

**The Florida Bar Foundation, Inc. and
The Florida Bar Foundation Endowment Trust**
Schedule II – Consolidating Schedule of Expenses by Funding Sources

For the year ended June 30,

2023

	Foundation Funds						Other Funds			Total
	Legal Assistance for the Poor	Law Student Assistance	Administration of Justice	Pro Bono	Other Program Costs	Unallocated	Engle	Bookman	Bank of America	
Expenses:										
Program:										
Legal Assistance to the Poor Grants:										
Foreclosure Prevention and Community Redevelopment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Children's Legal Services	973,777	-	-	-	-	-	-	-	-	973,777
LAP - General	12,000	-	-	-	-	-	-	-	-	12,000
IOTA	7,668,113	-	-	-	-	-	-	-	-	7,668,113
Training and Technology	-	-	-	-	-	-	-	-	-	-
Pro Bono Innovation - Unspent Funds	-	-	-	-	-	-	-	-	-	-
Engle	-	-	-	-	-	-	593,576	-	-	593,576
Loan Repayment Assistance Program	776,970	-	-	-	-	-	-	-	-	776,970
Equal Justice Works Fellowship Program	-	-	-	-	-	-	-	-	80,056	80,056
Alan B. Bookman Memorial Funds	25,000	-	-	-	-	-	-	2,500	-	25,000
Matching Funds	-	-	-	-	-	-	-	-	-	-
Administration of Justice Grants:										
Regular	-	-	900,000	-	-	-	-	-	-	900,000
Law Student Assistance Grants:										
Law School Civil Legal Clinics	-	293,000	-	-	-	-	-	-	-	293,000
Program-related expenses:										
Program personnel and other costs	-	-	-	48,405	365,300	-	-	-	-	413,705
Grantee Capacity Building	138,189	-	-	-	-	-	-	-	-	138,189
Other Pro Bono program costs	-	-	-	44,806	-	-	-	-	-	44,806
Other	20,003	-	-	-	-	-	-	-	-	20,003
Paul Doyle Children's Advocacy Award	12,308	-	-	-	-	-	-	-	-	12,308
Total Program	9,626,360	293,000	900,000	93,211	365,300	-	593,576	2,500	80,056	11,954,003
Management and general	-	-	-	-	-	1,245,501	-	-	-	1,245,501
Fund raising expenses	-	-	-	-	-	267,673	-	-	-	267,673
Total expenses	\$ 9,626,360	\$ 293,000	\$ 900,000	\$ 93,211	\$ 365,300	\$ 1,513,174	\$ 593,576	\$ 2,500	\$ 80,056	\$ 13,467,177

See Independent Auditor's Report on Supplementary Information.