

LOUISIANA BAR FOUNDATION
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 2
 <u>FINANCIAL STATEMENTS:</u>	
Exhibit "A" Statements of Financial Position	3
Exhibit "B" Statements of Activities	4 - 5
Exhibit "C" Statements of Functional Expenses	6 - 7
Exhibit "D" Statements of Cash Flows.....	8
Notes to Financial Statements.....	9 - 20
 <u>SUPPLEMENTARY INFORMATION:</u>	
Schedule "1" Combining Schedule of Activities.....	21
Schedule "2" Schedule of Compensation, Benefits, and Other Payments to Agency Head.....	22
 <u>OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23 – 24
Schedule of Findings and Responses	25
Summary Schedule of Prior Year Findings	26



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Louisiana Bar Foundation
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Bar Foundation (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Louisiana Bar Foundation
December 3, 2021

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Bar Foundation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Louisiana Bar Foundation as of June 30, 2020, were audited by other auditors whose report dated December 9, 2020, expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combing schedule of activities and the schedule of compensation, benefits, and other payments to the agency head, as required by Louisiana Revised Statute 24:513(A)(3), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of Louisiana Bar Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Bar Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Bar Foundation's internal control over financial reporting and compliance.

December 3, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

LOUISIANA BAR FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 1,776,174	\$ 1,395,550
Certificates of deposit	13,319	87,321
Investments	13,351,258	8,618,284
Contributions receivable	3,372,844	3,351,389
Prepaid expenses	15,314	10,331
Promises to give - less allowance for doubtful accounts of \$0 and \$3,750	<u>10,000</u>	<u>29,500</u>
 Total assets	 <u>\$ 18,538,909</u>	 <u>\$ 13,492,375</u>
 <u>LIABILITIES:</u>		
Accounts payable and accrued liabilities	\$ 80,243	\$ 69,322
Grants payable	7,058,447	7,376,517
Other liabilities	<u>23,103</u>	<u>24,120</u>
 Total liabilities	 <u>7,161,793</u>	 <u>7,469,959</u>
 <u>NET ASSETS:</u>		
Without donor restrictions		
Undesignated	(3,301,444)	(3,043,982)
Board designated		
Operating reserve	8,948,356	7,413,390
Endowments	<u>1,224,034</u>	<u>960,728</u>
 Total without donor restrictions	 <u>6,870,946</u>	 <u>5,330,136</u>
With donor restrictions		
Purpose restricted		
Donor designated	3,845,465	12,075
Endowments	<u>660,705</u>	<u>680,205</u>
 Total with donor restrictions	 <u>4,506,170</u>	 <u>692,280</u>
 Total net assets	 <u>11,377,116</u>	 <u>6,022,416</u>
 Total liabilities and net assets	 <u>\$ 18,538,909</u>	 <u>\$ 13,492,375</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA BAR FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>SUPPORT AND OTHER REVENUES:</u>			
Contributions	\$ 5,223,913	\$ 6,517,108	\$ 11,741,021
Federal grant	-	618,087	618,087
Investment income, net	1,767,420	559,985	2,327,405
Publications and dinners	84,189	-	84,189
PPP loan forgiveness	181,857	-	181,857
Other income	30,707	55	30,762
Net assets released from restrictions	<u>3,881,345</u>	<u>(3,881,345)</u>	<u>-</u>
 Total support and other revenues	 <u>11,169,431</u>	 <u>3,813,890</u>	 <u>14,983,321</u>
<u>EXPENSES:</u>			
Program services:			
IOLTA	4,588,685	-	4,588,685
State of Louisiana	3,838,948	-	3,838,948
Kid's Chance	35,903	-	35,903
Access to Justice	29,042	-	29,042
Supporting services:			
Management and general	822,976	-	822,976
Fundraising	<u>313,067</u>	<u>-</u>	<u>313,067</u>
 Total expenses	 <u>9,628,621</u>	 <u>-</u>	 <u>9,628,621</u>
 Change in net assets	 1,540,810	 3,813,890	 5,354,700
 Net assets, beginning of year	 <u>5,330,136</u>	 <u>692,280</u>	 <u>6,022,416</u>
 Net assets, end of year	 <u>\$ 6,870,946</u>	 <u>\$ 4,506,170</u>	 <u>\$ 11,377,116</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA BAR FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND OTHER REVENUES:</u>			
Contributions	\$ 7,033,417	\$ 3,346,012	\$ 10,379,429
Federal grant	-	453,114	453,114
Investment income, net	219,917	11,306	231,223
Publications and dinners	99,883	16,826	116,709
PPP loan forgiveness	177,000	-	177,000
Other income	3,076	-	3,076
Net assets released from restrictions	<u>3,848,109</u>	<u>(3,848,109)</u>	<u>-</u>
 Total support and other revenues	 <u>11,381,402</u>	 <u>(20,851)</u>	 <u>11,360,551</u>
<u>EXPENSES:</u>			
Program services:			
IOLTA	5,674,022	-	5,674,022
State of Louisiana	3,538,099	-	3,538,099
Kid's Chance	73,894	-	73,894
Access to Justice	53,078	-	53,078
Supporting services:			
Management and general	602,809	-	602,809
Fundraising	<u>261,028</u>	<u>-</u>	<u>261,028</u>
 Total expenses	 <u>10,202,930</u>	 <u>-</u>	 <u>10,202,930</u>
 Change in net assets	 1,178,472	 (20,851)	 1,157,621
 Net assets, beginning of year	 <u>4,151,664</u>	 <u>713,131</u>	 <u>4,864,795</u>
 Net assets, end of year	 <u>\$ 5,330,136</u>	 <u>\$ 692,280</u>	 <u>\$ 6,022,416</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA BAR FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services		Total	
	IOLTA	State of Louisiana	Kid's Chance	Access to Justice	Total Program Services	Management and General		Fund Raising
Salaries and wages	\$ 306,201	\$ -	\$ -	\$ -	\$ 306,201	\$ 306,201	\$ 184,920	\$ 797,322
Payroll taxes and employee benefits	81,890	-	-	-	81,890	90,284	44,462	216,636
Total salaries and related expenses:	388,091	-	-	-	388,091	396,485	229,382	1,013,958
Grant payments	4,171,424	3,838,948	-	29,042	8,039,414	158,849	-	8,198,263
Other expenses	-	-	-	-	-	17,376	19,500	36,876
Program expenses	15,011	-	35,750	-	50,761	30,361	-	81,122
Sponsored events	-	-	-	-	-	4,287	55,115	59,402
Conference and meetings	14	-	67	-	81	18,495	200	18,776
Occupancy expense	-	-	-	-	-	85,448	-	85,448
Supplies, postage, and printing	1,061	-	86	-	1,147	34,857	-	36,004
Contract services	4,520	-	-	-	4,520	44,231	8,870	57,621
Insurance	324	-	-	-	324	15,194	-	15,518
Bank charges	57	-	-	-	57	6,149	-	6,206
Repairs and maintenance	-	-	-	-	-	3,932	-	3,932
Information technology services	8,183	-	-	-	8,183	7,312	-	15,495
Total functional expenses	<u>\$ 4,588,685</u>	<u>\$ 3,838,948</u>	<u>\$ 35,903</u>	<u>\$ 29,042</u>	<u>\$ 8,492,578</u>	<u>\$ 822,976</u>	<u>\$ 313,067</u>	<u>\$ 9,628,621</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA BAR FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services					Supporting Services		Total
	IOLTA	State of Louisiana	Kid's Chance	Access to Justice	Total Program Services	Management and General	Fund Raising	
Salaries and wages	\$ 432,297	\$ -	\$ -	\$ -	\$ 432,297	\$ 256,899	\$ 175,400	\$ 864,596
Payroll taxes and employee benefits	110,108	-	-	-	110,108	77,755	42,789	230,652
Total salaries and related expenses	542,405	-	-	-	542,405	334,654	218,189	1,095,248
Grant payments	5,016,733	3,538,099	-	49,950	8,604,782	128,827	-	8,733,609
Other expenses	19,433	-	-	3,076	22,509	14,044	-	36,553
Program expenses	-	-	73,894	-	73,894	815	-	74,709
Sponsored events	2,297	-	-	-	2,297	2,947	33,033	38,277
Conference and meetings	21,750	-	-	-	21,750	13,805	9,806	45,361
Occupancy expense	44,751	-	-	-	44,751	42,248	-	86,999
Supplies, postage, and printing	16,442	-	-	-	16,442	16,643	-	33,085
Contract services	3,085	-	-	-	3,085	31,830	-	34,915
Insurance	4,446	-	-	-	4,446	8,382	-	12,828
Bank charges	-	-	-	52	52	5,935	-	5,987
Repairs and maintenance	2,680	-	-	-	2,680	2,679	-	5,359
Total functional expenses	<u>\$ 5,674,022</u>	<u>\$ 3,538,099</u>	<u>\$ 73,894</u>	<u>\$ 53,078</u>	<u>\$ 9,339,093</u>	<u>\$ 602,809</u>	<u>\$ 261,028</u>	<u>\$ 10,202,930</u>

LOUISIANA BAR FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 5,354,700	\$ 1,157,621
Adjustments to reconcile change in net assets to net cash from operating activities:		
Non-cash contributions of securities	(2,961,256)	-
Unrealized (gain) loss on investments	(1,494,772)	(316,606)
Realized (gain) loss on sale of investments	(661,468)	220,937
(Increase) decrease in assets:		
Contributions receivable	(21,455)	(530,536)
Promises to give	19,500	-
Prepaid expenses	(4,983)	(1,960)
Increase (decrease) in liabilities:		
Accounts payable	10,921	55,757
Grants payable	(318,070)	26,779
Other liabilities	(1,017)	24,120
Deferred lease payable	<u>-</u>	<u>(7,003)</u>
 Net cash from (used for) operating activities	 <u>(77,900)</u>	 <u>629,109</u>
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Purchases of investments	(587,689)	(1,282,394)
Purchases of certificates of deposit	-	(507)
Maturities of certificates of deposit	74,002	4,160
Sales and maturities of investments	<u>972,211</u>	<u>357,477</u>
 Net cash from (used for) investing activities	 <u>458,524</u>	 <u>(921,264)</u>
 Net increase (decrease) in cash and cash equivalents	 380,624	 (292,155)
 Cash and cash equivalents, beginning of year	 <u>1,395,550</u>	 <u>1,687,705</u>
 Cash and cash equivalents, end of year	 <u>\$ 1,776,174</u>	 <u>\$ 1,395,550</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Louisiana Bar Foundation (the Foundation) is a nonprofit organization whose objectives and purposes are to promote study and research in the field of law, to publish and distribute literary works on legal subjects, and to administer the collection and disbursement of interest on Lawyers' Trust Accountants (IOLTA) funds.

Interest on Lawyers' Trust Accounts (IOLTA) is a unique and innovative method to increase access to justice for individuals and families living in poverty. Without taxing the public, and at no cost to the lawyers or their clients, interest from IOLTA funds is pooled to provide civil legal aid to the poor and to support improvements to the justice system.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, The Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets with donor restrictions - The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net assets without donor restrictions - The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Contributions receivable are stated at unpaid balances. No allowance for doubtful accounts is recognized based on the nature of the contributions receivables. Contributions receivables are considered impaired if full principal payments are not received in accordance with the contractual terms.

Investments

Short-term investments consist of mutual funds that can be used to support cash flow needs during the year. Long-term investments are valued at fair value in the statement of financial position and include investment in stocks, corporate fixed income, government securities, and mutual funds. Unrealized and realized gains and losses are included in the change in net assets without donor restrictions.

Investments are stated at fair value. Gains and losses on investments are reported on the statement of activities as increases or decreases in net assets without donor restrictions. Dividend, interest and other investment income are reported in the period earned in the statement of activities as increases in net assets without donor restrictions. Investment return is presented net of investment fees.

The Foundation discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Investments are recorded at fair value on a recurring basis. Nonrecurring fair value adjustments, if any, would typically involve donated property and equipment. There were no material nonrecurring fair value adjustments in 2021 or 2020. The three levels of the fair value hierarchy are described below:

Level 1 lies at the top of the hierarchy. Inputs are quoted prices in an active market.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)

For assets that are measured at fair value on a recurring basis in periods after initial recognition, there were no transfers between Levels 1 and 2, or transfers into and out of Level 3 in 2021 or 2020. If such transfers were to occur, they would be recognized as of the actual date of the event.

No level 2 or level 3 inputs were used by the Foundation during 2021 or 2020.

The Foundation's measurements of fair value are made on a recurring basis, and their valuation techniques (no changes in 2021 or 2020) for assets and liabilities recorded at fair value are as follows:

Stocks, Corporate Fixed Income, Government Securities, and Mutual Funds – value at quoted market prices which approximated fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Property and Equipment

Acquisitions, renewals, and betterments of \$5,000 or more are capitalized and stated at cost. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the asset. Estimated useful lives for property and equipment range from three (3) to seven (7) years. All property and equipment was fully depreciated as of June 30, 2021 and 2020.

Grants Payable

The Foundation makes grants to various agencies in accordance with the Foundation's purpose. Grants are recorded as an expense after Board of Director's approval if they are unconditional or if the conditions have been substantially met.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Grants and Contributions

Grants and contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, in the reporting period in which the revenue is recognized.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Publications and Dinners

The Foundation receives revenue from publications and dinners. A portion of the revenue is recognized as a contribution at the time of ticket purchase. These amounts are reported to the donor as tax-deductible when received. The remainder of the revenues are recognized when the event takes place as the event is the relevant performance obligation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Foundation have been summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Foundation's evaluation as of June 30, 2021 and 2020 revealed no tax positions that would have a material impact on the financial statements. The Foundation remains subject to examination by tax authorities for all years subsequent to 2017. The Foundation does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

New Accounting Pronouncements Adopted

On May 28, 2014, FASB issued ASU 2014-09 "*Revenue from Contracts with Customers*." The new guidance established the principles to report useful information to users financial statements about the nature, time and uncertainty of revenue from contracts with customers. The new guidance removes inconsistencies and weaknesses in existing revenue requirements, provides a more robust framework for addressing revenue issues, improved comparability of revenue recognition practices, provides more useful information to users of the financial statements through improved disclosure requirements and simplifies the preparation of financial statements by reducing the requirements to which an organization must refer.

Subsequent Events

Management has evaluated subsequent events through December 3, 2021 which is the date the financial statements were available to be issued. Subsequent to year end on November 16, 2021, the 2nd Paycheck Protection Program loan was forgiven.

Grant Income – Paycheck Protection Program

On April 22, 2020 the Foundation received a loan in the amount of \$177,000 under the Paycheck Protection Program (PPP) pursuant to the CARES Act and administered by the U.S. Small Business Administrations (the SBA). On February 28, 2021 the loan was forgiven.

On March 8, 2021 the Foundation received a 2nd round of loans in the amount of \$181,857 under the Paycheck Protection Program (PPP) pursuant to the CARES Act and administered by the U.S. Small Business Administrations (the SBA).

The Foundation recognized revenue from the PPP loan following the guidance under FASB ASC 958-605, government grant model. PPP loan funds are considered a conditional contribution and recorded as a refundable advance on the balance sheet until the barriers to entitlement are met. The Foundation considers the barriers to entitlement to include the incurrence of qualifying expenses and maintaining specified levels of payroll and employment to be conditions to recognize the PPP loan as revenue. Revenue is recognized once conditions have been substantially met or explicitly waived.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of board designations, contractual, or donor-imposed restrictions within one year of the balance sheet date. However, amounts already appropriated for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2021	2020
Financial assets, at year end	\$ 18,513,595	\$ 13,452,544
Less those unavailable for general expenditure within one year due to:		
Board designations (see Note 7)	(6,870,946)	(5,330,136)
Donor-imposed restrictions	(4,506,170)	(692,280)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,136,479	\$ 7,430,128

The Foundation's liquidity management plan allows for investment of cash in excess of daily requirement in stocks, corporate fixed income, government securities, and mutual funds.

As part of the Foundation liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note 5, the Foundation has assets held in board designated investments which are in excess of amounts needed for daily cash requirements. Although the Foundation does not intend to spend from its assets held in the board designated investments, amounts from the assets could be made available if necessary.

(3) PROMISES TO GIVE

The Foundation has received pledges from supporting law firms and individuals, which are restricted to the Foundation's board designated endowment campaign. These pledges are payable to the Foundation upon donor demise. Management's estimate for the allowance of uncollectible promises to give as of June 30, 2021 and 2020 was \$0 and \$3,750 per year, respectively.

	2021	2020
Gross unconditional promises to give	10,000	33,250
Less allowance for doubtful accounts	-	(3,750)
Net unconditional promises to give	\$ 10,000	\$ 29,500

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(4) INVESTMENTS AND FAIR VALUE MEASUREMENT

The fair value of assets measured at June 30, 2021 are as follows:

	<u>2021</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Common stocks	\$ 8,909,760	-	-	\$ 8,909,760
Corporate fixed income	-	3,682,461	-	3,682,461
Government securities	-	52,888	-	52,888
Cash equivalents	<u>706,149</u>	<u>-</u>	<u>-</u>	<u>706,149</u>
Investments at fair value	<u>\$ 9,615,909</u>	<u>\$ 3,735,349</u>	<u>\$ -</u>	<u>\$ 13,351,258</u>

The fair value of assets measured at June 30, 2020 are as follows:

	<u>2020</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Common stocks	\$ 5,226,495	-	-	\$ 5,226,495
Corporate fixed income	-	3,180,282	-	3,180,282
Government securities	-	54,699	-	54,699
Cash equivalents	<u>156,808</u>	<u>-</u>	<u>-</u>	<u>156,808</u>
Investments at fair value	<u>\$ 5,383,303</u>	<u>\$ 3,234,981</u>	<u>\$ -</u>	<u>\$ 8,618,284</u>

Investment income consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 209,578	\$ 177,538
Investment fees	(38,413)	(41,984)
Realized gain (loss) on sale of investments	661,468	(220,937)
Unrealized gain on investments	<u>1,494,772</u>	<u>316,606</u>
Total	<u>\$ 2,327,405</u>	<u>\$ 231,223</u>

(5) PROPERTY AND EQUIPMENT

Property and equipment of the Foundation consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Property and equipment	\$ 86,916	\$ 86,916
Less accumulated depreciation	<u>(86,916)</u>	<u>(86,916)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(6) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at June 30, 2021 and 2020:

	2021	2020
Endowment funds with donor restrictions	\$ 660,705	\$ 680,205
Donor designated	3,845,465	12,075
	\$ 4,506,170	\$ 692,280

(7) BOARD DESIGNATIONS

The policy of the Board of Directors of the Foundation is to review its plans for future programs, investment, contingencies, purchase or construction of fixed assets, and other uses from time to time. The policy also allows for the designation of appropriate sums of net assets without donor restrictions to ensure adequate financing. As of June 30, 2021 and 2020, the Foundation had board-designated funds totaling \$10,172,390 and \$8,374,118, respectively.

(8) ENDOWMENTS

The Foundation's endowment consists of six individual funds established for a variety of purposes. Its endowments include both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions using (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(8) ENDOWMENTS (CONTINUED)

Endowment assets are invested in well-diversified asset mix, which includes equity and debt securities. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy. The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The foundation expects the current spending policy to allow its endowment funds to grow at an average rate of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide the additional real growth through new gifts and investment return.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). As of June 30, 2021 and 2020, the Foundation did not have any endowment funds that were underwater.

Changes in endowment net assets as of June 30, 2021:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total Endowment <u>Net Assets</u>
Endowment net assets – beginning of year	\$ 960,728	\$ 680,205	\$ 1,640,933
Contributions	34,510	-	34,510
Investment income	96,100	-	96,101
Net appreciation	132,696	-	132,696
Amounts appropriated for expenditures	-	(19,500)	(19,500)
Endowment net assets – end of year	<u>\$ 1,224,034</u>	<u>\$ 660,705</u>	<u>\$ 1,884,740</u>

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(8) ENDOWMENTS (CONTINUED)

Changes in endowment net assets as of June 30, 2020:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total Endowment <u>Net Assets</u>
Endowment net assets – beginning of year	\$ 994,418	\$ 701,063	\$ 1,695,481
Contributions	-	2	2
Investment income	10,529	6,443	16,972
Net appreciation	5,328	3,646	8,974
Amounts appropriated for expenditures	<u>(49,547)</u>	<u>(30,949)</u>	<u>(80,496)</u>
Endowment net assets – end of year	<u>\$ 960,728</u>	<u>\$ 680,205</u>	<u>\$ 1,640,933</u>

(9) CONCENTRATION OF CREDIT RISK

The Foundation maintains cash and investment balances with financial institutions. The Federal Deposit Insurance Corporation (FDIC) ensures the accounts held at member institutions up to \$250,000. As of June 30, 2021 and 2020, the Foundation's cash balance did not exceed the FDIC insurance. The Securities Investor Protection Corporation (SIPC) insures accounts at each member institution up to \$500,000. The balances of cash and investments held by investment brokerage firms exceeded SIPC insurance by \$1,492,696 and \$974,183 at June 30, 2021 and 2020, respectively. The Foundation has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

Revenue from three grantors represents 54% of total revenue for the year ended June 30, 2021. Revenue from two grantors represents 86% of total revenue for the year ended June 30, 2020.

Contribution receivables from one grantor represents 99% of total contribution receivables for the year ended June 30, 2021 and 2020.

(10) RETIREMENT PLAN

The Foundation sponsors a retirement arrangement covering substantially all employees of the Foundation. The Foundation decides the amount, if any, to contribute each year to the SEP-IRA accounts for eligible employees. The contribution percentage (10%) of salary remained unchanged from the prior year. The Foundation's contributions to the plan totaled \$68,986 and \$80,050 for the years ended June 30, 2021 and 2020, respectively. Contributions to the retirement arrangement are included in the Fringe Benefits line item on the Statements of Functional Expenses.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(11) OPERATING LEASE

The Foundation entered into a lease agreement for office space commencing on July 1, 2018. The lease expires January 31, 2022, unless terminated early in accordance with the lease agreement. On December 28, 2020, lease was extended for an additional 60 months commencing April 1, 2021 and ending on March 31, 2026. Total rent expense under the operating lease was \$85,448 and \$75,829 for the years ended June 30, 2021 and 2020, respectively.

Future minimum rental payments required under the operating lease as of June 30, 2021 are as follows:

2022	\$ 100,371
2023	101,909
2024	103,447
2025	104,601
2026	<u>78,451</u>
	<u>\$ 488,779</u>

(12) RISK AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) was discovered in China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Foundation characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. The Foundation is operating within governmental guidelines. However, the future effects of these issues are unknown.

(13) NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued Update No. 2016-02, “Leases.” This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02, the FASB has issued Update No. 2019-10, “*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)*.” Update No. 2019-10 permits entities to apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, and to interim reporting periods within annual reporting periods beginning after December 15, 2021. The FASB further delayed the implementation date by one year through ASU 2020-05 “*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*.” Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. The Foundation plans to adopt this Update as applicable by the effective date.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(13) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The Financial Accounting Standards Board (FASB) has issued Accounting Standard Update (Update) No. 2020-07, “Not-for-Profit Entities Topic (958).” This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFP’s, as well as the amount of those contributions used in an NFP’s programs and other activities. This Update will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. Louisiana Bar Foundation plans to adopt this Update as applicable by the effective date.

LOUISIANA BAR FOUNDATION
COMBINING STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021 AN COMPARATIVE TOTALS FOR 2020

	Mangement and General	IOLTA	Access to Justice	State of Louisiana	Kid's Chance	Kendall Vick	2021 Totals	2020 Totals
Revenues								
Contributions	\$ 505,831	\$ 4,962,574	\$ 20,569	\$ 3,220,853	\$ 19,938	\$ 3,011,256	\$ 11,741,021	\$ 10,379,429
Federal grant	-	-	-	618,087	-	-	618,087	453,114
Investment income	360,378	1,510,381	54,885	-	35,602	366,159	2,327,405	231,223
PPP loan revenue	181,857	-	-	-	-	-	181,857	177,000
Publications and dinners	84,189	-	-	-	-	-	84,189	116,709
Other income	762	-	30,000	-	-	-	30,762	3,076
Total revenues	<u>\$ 1,133,017</u>	<u>\$ 6,472,955</u>	<u>\$ 105,454</u>	<u>\$ 3,838,940</u>	<u>\$ 55,540</u>	<u>\$ 3,377,415</u>	\$ 14,983,321	<u>\$ 11,360,551</u>
Expenses:								
Grant payments	\$ 158,849	\$ 4,171,424	\$ 29,042	\$ 3,838,948	\$ -	\$ -	\$ 8,198,263	\$ 8,733,609
Salaries	491,121	306,201	-	-	-	-	797,322	864,596
Fringe benefits	134,746	81,890	-	-	-	-	216,636	230,652
Other expenses	36,876	-	-	-	-	-	36,876	36,553
Program expenses	30,361	15,011	-	-	35,750	-	81,122	74,709
Sponsored events	59,402	-	-	-	-	-	59,402	38,277
Conference and meetings	18,695	14	-	-	67	-	18,776	45,361
Occupancy expense	85,448	-	-	-	-	-	85,448	86,999
Supplies, postage, and printing	34,857	1,061	-	-	86	-	36,004	33,085
Contract services	53,101	4,520	-	-	-	-	57,621	34,915
Insurance	15,194	324	-	-	-	-	15,518	12,828
Bank charges	6,149	57	-	-	-	-	6,206	5,987
Repairs and maintenance	3,932	-	-	-	-	-	3,932	-
Information technology services	7,312	8,183	-	-	-	-	15,495	5,359
Total expenses	<u>1,136,043</u>	<u>4,588,685</u>	<u>29,042</u>	<u>3,838,948</u>	<u>35,903</u>	<u>-</u>	9,628,621	<u>10,202,930</u>
Increase (decrease) in net assets	(3,026)	1,884,270	76,412	(8)	19,637	3,377,415	5,354,700	1,157,621
Net assets at beginning of year	(642,783)	5,881,901	270,864	315,122	197,312	-	6,022,416	4,864,795
Net assets at end of year	<u>\$ (645,809)</u>	<u>\$ 7,766,171</u>	<u>\$ 347,276</u>	<u>\$ 315,114</u>	<u>\$ 216,949</u>	<u>\$ 3,377,415</u>	\$ 11,377,116	<u>\$ 6,022,416</u>

LOUISIANA BAR FOUNDATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

(See Independent Auditors' Report)

Donna C. Cuneo
Executive Director

Time served

Total compensation,
benefits, and other payments

\$ -

There were no payments for the benefit of the Executive Director that were derived from the public funds (state and/or local governmental funds and/or federal funds passed through a state or local government agency) that the Foundation receives.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Louisiana Bar Foundation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Bar Foundation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Bar Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Bar Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Bar Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Louisiana Bar Foundation
December 3, 2021

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Bar Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Bar Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Bar Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 3, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

LOUISIANA BAR FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Louisiana Bar Foundation.
2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended June 30, 2021.

SECTION II FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE

LOUISIANA BAR FOUNDATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

NOT APPLICABLE

SECTION II – MANAGEMENT LETTER ITEMS

NOT APPLICABLE