

**THE CHICAGO BAR FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2021 AND 2020**



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**THE CHICAGO BAR FOUNDATION
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YEARS ENDED MAY 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Chicago Bar Foundation
Chicago, Illinois

We have audited the accompanying financial statements of The Chicago Bar Foundation, which comprise the statement of financial position as of May 31, 2021, and the related statements of activities and changes in net assets, 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 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 audits 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Chicago Bar Foundation as of May 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2022, on our consideration of The Chicago 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 The Chicago 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 The Chicago Bar Foundation's internal control over financial reporting and compliance.

Other Matter

The 2020 financial statements of The Chicago Bar Foundation were audited by other auditors whose report dated November 16, 2020, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Oakbrook, Illinois
February 14, 2022

**THE CHICAGO BAR FOUNDATION
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,142,785	\$ 875,756
Investments	466,305	391,186
Accounts Receivable - Current Portion	1,018,547	91,345
Current Portion of Pledges Receivable - Net	455,773	391,025
Other Assets	6,711	7,758
Total Current Assets	3,090,121	1,757,070
LONG-TERM PLEDGES RECEIVABLE - NET	19,003	43,243
DEPOSITS	6,999	7,004
PROPERTY AND EQUIPMENT - NET	508,059	518,919
ACCOUNTS RECEIVABLE - LONG-TERM PORTION	-	63,037
Total Assets	\$ 3,624,182	\$ 2,389,273
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 66,319	\$ 46,578
Grants Payable	1,920,820	847,950
Deferred Revenue	500	-
Current Portion of Long-Term Debt	50,000	117,942
Total Current Liabilities	2,037,639	1,012,470
LONG-TERM DEBT	83,333	303,189
Total Liabilities	2,120,972	1,315,659
NET ASSETS		
Without Donor Restrictions	528,244	18,457
With Donor Restrictions	974,966	1,055,157
Total Net Assets	1,503,210	1,073,614
Total Liabilities and Net Assets	\$ 3,624,182	\$ 2,389,273

See accompanying Notes to Financial Statements.

THE CHICAGO BAR FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED MAY 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 488,280	\$ 1,752,359	\$ 2,240,639
Grants	96,052	1,936,110	2,032,162
Cy Pres Distributions	335,464	-	335,464
Special Events Revenue:			
Gross Revenue	480,570	-	480,570
Direct Benefit to Donor Costs	(12,925)	-	(12,925)
Total Special Events Revenue	467,645	-	467,645
Net Realized and Unrealized Gains on Investments	49,641	21,937	71,578
Investment Income - Net of Fees	5,404	2,363	7,767
Debt Forgiveness	237,798	-	237,798
Net Assets Released from Restrictions	3,792,960	(3,792,960)	-
Total Revenue, Gains, and Other Support	5,473,244	(80,191)	5,393,053
EXPENSES			
Grants and Program Services	4,344,827	-	4,344,827
Support Services:			
Management and General	421,770	-	421,770
Fundraising	196,860	-	196,860
Total Support Services	618,630	-	618,630
Total Expenses	4,963,457	-	4,963,457
CHANGE IN NET ASSETS	509,787	(80,191)	429,596
Net Assets - Beginning of Year	18,457	1,055,157	1,073,614
NET ASSETS - END OF YEAR	\$ 528,244	\$ 974,966	\$ 1,503,210

See accompanying Notes to Financial Statements.

THE CHICAGO BAR FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED MAY 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 607,961	\$ 1,432,699	\$ 2,040,660
Grants	97,431	299,727	397,158
Cy Pres Distributions	99,172	-	99,172
Special Events Revenue:			
Gross Revenue	414,110	-	414,110
Direct Benefit to Donor Costs	(238,800)	-	(238,800)
Total Special Events Revenue	175,310	-	175,310
Net Realized and Unrealized Gains on Investments	1,656	588	2,244
Investment Income - Net of Fees	8,024	2,168	10,192
Net Assets Released from Restrictions	2,608,910	(2,608,910)	-
Total Revenue, Gains, and Other Support	3,598,464	(873,728)	2,724,736
EXPENSES			
Grants and Program Services	3,060,639	-	3,060,639
Support Services:			
Management and General	424,535	-	424,535
Fundraising	304,028	-	304,028
Total Support Services	728,563	-	728,563
Total Expenses	3,789,202	-	3,789,202
CHANGE IN NET ASSETS	(190,738)	(873,728)	(1,064,466)
Net Assets - Beginning of Year	209,195	1,928,885	2,138,080
NET ASSETS - END OF YEAR	\$ 18,457	\$ 1,055,157	\$ 1,073,614

See accompanying Notes to Financial Statements.

**THE CHICAGO BAR FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants Awarded	\$ 3,327,796	\$ -	\$ -	\$ 3,327,796
Salaries, Taxes, and Fringe Benefits	776,029	226,093	177,860	1,179,982
Special Events Expenses	4,548	-	8,377	12,925
Occupancy	113,559	7,199	6,304	127,062
Office Expenses	13,875	42,708	2,797	59,380
Professional Fees and Consulting	53,160	95,742	291	149,193
Depreciation Expense	23,160	5,405	4,182	32,747
Meetings, Conferences, and Grantee Programs	11,803	4,052	-	15,855
Marketing, Printing, and Design	9,271	19,182	4,281	32,734
Computers and Equipment	16,174	21,389	1,145	38,708
Total Functional Expenses	<u>4,349,375</u>	<u>421,770</u>	<u>205,237</u>	<u>4,976,382</u>
Less Expenses Netted Against Revenues on the Statement of Activities:	<u>(4,548)</u>	<u>-</u>	<u>(8,377)</u>	<u>(12,925)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 4,344,827</u>	<u>\$ 421,770</u>	<u>\$ 196,860</u>	<u>\$ 4,963,457</u>

See accompanying Notes to Financial Statements.

**THE CHICAGO BAR FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants Awarded	\$ 1,980,085	\$ -	\$ -	\$ 1,980,085
Salaries, Taxes, and Fringe Benefits	775,389	260,600	266,665	1,302,654
Special Events Expenses	39,376	-	199,424	238,800
Occupancy	160,898	8,492	9,787	179,177
Office Expenses	27,437	35,980	14,062	77,479
Professional Fees and Consulting	24,386	60,148	287	84,821
Depreciation Expense	25,871	4,214	5,716	35,801
Meetings, Conferences, and Grantee Programs	44,792	8,714	53	53,559
Marketing, Printing, and Design	8,213	27,078	5,964	41,255
Computers and Equipment	13,568	19,309	1,494	34,371
Total Functional Expenses	<u>3,100,015</u>	<u>424,535</u>	<u>503,452</u>	<u>4,028,002</u>
Less Expenses Netted Against Revenues on the Statement of Activities:	<u>(39,376)</u>	<u>-</u>	<u>(199,424)</u>	<u>(238,800)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 3,060,639</u>	<u>\$ 424,535</u>	<u>\$ 304,028</u>	<u>\$ 3,789,202</u>

See accompanying Notes to Financial Statements.

**THE CHICAGO BAR FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in Net Assets	\$ 429,596	\$ (1,064,466)
Adjustments to Reconcile Decrease in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	32,747	35,801
Net Change in Realized and Unrealized (Gains) Losses in Investments	(71,578)	(2,244)
Bad Debt (Recovery) Expense	-	(3,146)
Loss on Disposal of Assets	1,834	-
Discount on Long-Term Pledges	886	5,895
Deferred Rent	-	(1,254)
Forgiveness of Debt	(237,798)	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(864,165)	(31,150)
Pledges Receivable	(41,394)	215,627
Other Assets	1,052	44,896
Accounts Payable and Accrued Expenses	19,741	(17,719)
Grants Payable	1,072,870	787,325
Deferred Revenue	500	(35,000)
Net Cash Provided (Used) by Operating Activities	344,291	(65,435)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(63,978)	(165,142)
Proceeds from Sale of Investments	60,437	145,074
Purchase of Property and Equipment	(23,721)	(1)
Net Cash Used by Investing Activities	(27,262)	(20,069)
 CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Debt	-	237,798
Payments on Debt	(50,000)	(50,000)
Net Cash Provided (Used) by Financing Activities	(50,000)	187,798
 NET CHANGE IN CASH AND CASH EQUIVALENTS	267,029	102,294
Cash and Cash Equivalents - Beginning of Year	875,756	773,462
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,142,785	\$ 875,756

See accompanying Notes to Financial Statements.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021 AND 2020**

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Chicago Bar Foundation (the Foundation) is a nonprofit corporation whose mission is to bring Chicago's legal community together to improve access to justice for people in need and make the legal system more fair and efficient for everyone. The Foundation's primary sources of revenue are from private contributions, grants, and fundraising programs.

The Foundation is an affiliate of The Chicago Bar Association (the Association) and conducts its activities from a condominium building that also houses the Association's offices. See Note 7 for additional information.

Basis of Presentation

The financial statements of the Foundation have been prepared on the basis of accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash

Cash held by the Foundation in bank accounts may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes the Foundation is not exposed to any significant credit risk related to cash.

Investments

The Foundation's investments are reported at fair value. Investment income and net realized and unrealized gains/losses are reflected in the statement of activities and changes in net assets. Interest and dividend income is recorded on the accrual basis.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021 AND 2020**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all grants that remain unpaid following normal payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Management considers all accounts receivable collectible, and, therefore, an allowance for doubtful accounts has not been recorded at May 31, 2021 and 2020.

Pledges Receivable

Pledges receivable are reported at their net present values. An allowance for uncollectible pledges is estimated based upon management's judgment, including such factors as prior collection history and the type of pledge. If a pledge is receivable over an extended period of time, the present value of the pledge is recorded. Pledges are shown net of the allowance for uncollectible pledges and the present value discount, if any.

Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. The cost of leasehold improvements is depreciated over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Deferred Revenue

Sponsorships received in advance for future events are recorded as deferred revenue. Recognition as revenue occurs when the event takes place.

Contributions

Unconditional promises to give cash and other assets to the Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Net assets with donor restrictions at May 31, 2021 and 2020 are restricted for time and various programmatic purposes.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021 AND 2020**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions (Continued)

A portion of the Foundation's revenue is derived from cost-reimbursable federal and county grants, which is conditional upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract and grant provisions. Any amounts received in advance would be recorded as refundable advance in the statement of financial position. Contributions of approximately \$818,000 have not been recognized in the accompanying statement of activities and changes in net assets because the qualifying expenditures have not yet been incurred.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. All receivables at May 31, 2021 and 2020 are deemed to be collectible.

Cy Pres Distributions

Cy pres distributions are awarded by the courts and are recorded as revenue when official award notification with amounts specified is received by the Foundation.

Grant Revenue

Grant revenue received for grants is considered a conditional contribution and is recognized as the conditions of the grants have been met. Grant funding received in advance of conditions being met is recorded as deferred revenue.

Special Events

The Foundation hosts special events to raise contributions to support the Foundation's activities. The Foundation recognizes sponsorships as revenue after the event takes place, which is presented in the statement of activities and changes in net assets net of actual direct costs of the events.

Grants and Programs

Grants are recorded as liabilities and expensed at the time they are approved by the board of directors.

During the years ended May 31, 2021 and 2020, the Foundation had contracts with Cook County, Illinois to fund services in connection with two court-based help desks. The Foundation enters into grant contracts with various grantees who provide services under its agreement with Cook County, Illinois. Revenue is recognized as it is earned through expenditure and service delivery. The Foundation reimburses its grantees immediately upon receipt of funds from Cook County, Illinois.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021 AND 2020**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes

The Foundation is a nonprofit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Expenses deemed to be indirect to employee work, such as professional services, are considered to be management and general expenses. Other expenses utilized by all employees, such as occupancy, utilities, and training, are also allocated on the basis of time and effort. Costs have been allocated between the various programs and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that may produce significantly different amounts.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Accounting Policy

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The financial statements reflect the application of ASC 606 guidance beginning in the year ended May 31, 2021. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Foundation's reported historical revenue.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021 AND 2020**

NOTE 2 FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at May 31, 2021 and 2020 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	2021			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Operating Investments:				
Mutual Funds	\$ 160,555	\$ -	\$ -	\$ 160,555
Common Stock and Equity Funds	279,314	-	-	279,314
Total investments at Fair Value	<u>\$ 439,869</u>	<u>\$ -</u>	<u>\$ -</u>	439,869
Money Market Funds				26,436
Total Investments				<u>\$ 466,305</u>

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021 AND 2020**

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

	2020			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Operating Investments:				
Mutual Funds	\$ 163,309	\$ -	\$ -	\$ 163,309
Common Stock and Equity Funds	144,159	-	-	144,159
Total investments at Fair Value	\$ 307,468	\$ -	\$ -	307,468
Money Market Funds				83,718
Total Investments				\$ 391,186

The Foundation's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer. There were no significant transfers between levels of the fair value hierarchy during 2021 or 2020.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable represent donors' promises to pay contributions to the Foundation (including The Justice Society program) and are measured at the present value of estimated future cash flows using a discount rate of 3%. The allowance for uncollectible contributions is a general valuation based on the percentage of prior year pledge write-offs. Specific pledges deemed uncollectible are charged against the allowance for uncollectible pledges in the period in which the determination is made. Both the general allowance and the specific write-offs are reported in the statement of activities and changes in net assets.

Pledges outstanding at May 31, 2021 and 2020 are expected to be collected as follows:

	2021	2020
Receivable in Less than a Year	\$ 461,223	\$ 396,675
Receivable in One to Five Years	19,631	44,757
Gross Unconditional Promises to Give	480,854	441,432
Allowance for Uncollectable Pledges	(5,450)	(5,650)
Discount to Fair Value	(628)	(1,514)
Net Unconditional Promises to Give	\$ 474,776	\$ 434,268

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021 AND 2020**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follow:

	<u>2021</u>	<u>2020</u>	<u>Depreciable Life - Years</u>
Condominium and Improvements	\$ 708,004	\$ 699,917	7-40
Equipment and Fixtures	120,949	118,149	2-10
Total Cost	<u>828,953</u>	<u>818,066</u>	
Less: Accumulated Depreciation	320,894	299,147	
Net Property and Equipment	<u>\$ 508,059</u>	<u>\$ 518,919</u>	

Depreciation expense for 2021 and 2020 was \$32,747 and \$35,801, respectively.

NOTE 5 LONG-TERM DEBT

The Foundation entered into a debt agreement with a bank during fiscal year 2019. The Foundation borrowed the funds to make significant improvements to its office condominium. With these improvements, the Foundation was able to consolidate offices and will realize significant cost savings in the long-term. The note payable of \$250,000 is due in monthly installments of \$4,166.67, plus interest at overnight LIBOR plus 3.25% (an effective rate of 3.31% at May 31, 2021). The note is collateralized by the real property constructed under and associated with the terms of the note and matures on July 23, 2023.

On April 17, 2020, the Foundation received a Paycheck Protection Program term note through Wintrust Bank in the amount of \$237,798. The note was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program. This amount was forgiven by the U.S. Small Business Administration (SBA) on May 13, 2021. The revenue from this matter is included in the accompanying statements of activities and changes in net assets as debt forgiveness revenue. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

The balance of the debt matures as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2022	\$ 50,000
2023	50,000
2024	33,333
Total	<u>\$ 133,333</u>

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021 AND 2020**

NOTE 6 NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Restricted for Purpose:		
Investing in Justice Campaign Fund	\$ 530,831	\$ 469,505
Chicago Sun-Times Public Interest Law Fellowship Program	-	8,000
Law School Public Interest Scholarships (Moses)	161,940	164,918
Scholarships to Needy Law Students Pursuing Careers in Legal Aid and Public Interest (Marovitz)	4,325	18,870
Support of Projects of the CBA Young Lawyers Sections and Other Legal Projects for the Benefit of Children (Gray)	37,081	42,024
Annual Award to a Lawyer Under Age 35 who Provided Outstanding Service (Weigle)	27,822	28,036
Annual Award to a Lawyer in Public Service who has Demonstrated Excellent Work, Leadership, and Service (Morsch)	10,000	10,000
Annual Award to Distinguished Lawyers who have Demonstrated an Exemplary Commitment to Integrity and Public Service (Stevens)	119	1,119
Total Restricted for Purpose	772,118	742,472
Restricted for Time - Multiyear Pledges to be Received in Future Years	186,848	296,685
Net Assets Restricted in Perpetuity	16,000	16,000
Total	\$ 974,966	\$ 1,055,157

Due to the COVID-19 outbreak and shutdown, the FY2020 Investing in Justice Campaign was delayed and the time frame was extended into FY2021. The Investing in Justice Campaign Fund is composed of individual contributions made by members of Chicago's legal community. Through the Foundation, the legal community comes together each year through the campaign to ensure that everyone has access to necessary legal help, not just people who can afford it. A total of 100% of these individual contributions goes toward grants and other support for more than 30 pro bono and legal aid organizations and related initiatives.

The Foundation generally assesses a 2% annual administrative fee to a limited number of funds when permitted by the donor.

Net assets restricted in perpetuity consist of two donor-restricted endowments, the income from which is expendable for general purposes of the Foundation. The Denning and Miller Funds totaled \$16,000 as of May 31, 2021 and 2020.

**THE CHICAGO BAR FOUNDATION
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NOTES 6 NET ASSETS (CONTINUED)

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified as follows for the years ended May 31:

	2021	2020
Purpose Restrictions Accomplished:		
Investing in Justice Campaign Fund	\$ 1,296,391	\$ 1,590,468
Legal Aid and Foreclosure Mediation Program	1,647,390	-
Chicago Area Fund for Legal Assistance	285,178	277,147
Chicago Sun-Times Public Interest Law Fellowship Program	8,000	5,791
Cook County Municipal Advice Desk	178,910	173,102
Illinois JusticeCorps	-	-
Cook County Guardianship Desk	77,789	75,675
Kimball R. Anderson & Karen Gatsis Anderson Public Interest Law Fellowship	50,000	50,000
Justice Entrepreneur Project	7,034	25,950
Pro Bono Help Desk Support	25,000	25,000
Law School Public Interest Scholarships (Moses)	20,000	20,000
Scholarships to Needy Law Students Pursuing Careers in Legal Aid and Public Interest (Marovitz)	15,000	30,000
Support of Projects of the CBA Young Lawyers Sections and Other Legal Projects for the Benefit of Children (Gray)	8,840	5,422
Annual Award to a Lawyer Under Age 35 who Provided Outstanding Service (Weigle)	3,138	3,221
Annual Award to a Lawyer in Public Service who has Demonstrated Excellent Work, Leadership, and Service (Morsch)	10,000	9,893
Bankruptcy Pro Bono Fund	-	-
Annual Award to Distinguished Lawyers who have Demonstrated an Exemplary Commitment to Integrity and Public Service (Stevens)	1,000	1,047
Subtotal	3,633,670	2,292,716
Time Restrictions Expired:		
Passage of Specified Time	159,290	316,194
Total Net Assets Released from Restriction	\$ 3,792,960	\$ 2,608,910

NOTE 7 AFFILIATED ORGANIZATION TRANSACTIONS

In accordance with the bylaws of the Foundation, four members of the board of managers of the Association, an affiliated organization, are appointed as directors of the Foundation for a one-year term. There are 34 voting directors of the Foundation.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTES 7 AFFILIATED ORGANIZATION TRANSACTIONS (CONTINUED)

The Foundation receives voluntary contributions from members of the Association. These contributions accompany their dues remittances to the Association. Contribution revenue for the years ended May 31, 2021 and 2020 was \$9,305 and \$16,922, respectively. The Foundation also pays for The Chicago Bar Association memberships and complimentary continuing legal education for attorneys practicing at the Foundation's grantee organizations; the Association provides these memberships at a reduced rate.

Related party amounts consisted of receivables of \$12,446 and \$24,950 as of May 31, 2021 and 2020, respectively.

NOTE 8 OPERATING LEASES

As of May 31, 2021, the Foundation has four operating leases. The most significant lease, which ends on October 31, 2021, is a monthly office lease and does not require the Foundation to pay taxes, insurance, utilities, or maintenance costs. In addition, the Foundation leases various office equipment under operating leases expiring through July 31, 2024. Total rent expense under the leases was \$96,180 and \$126,582 for 2021 and 2020, respectively.

Future minimum annual commitments under these operating leases are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2022	\$ 44,953
2023	6,408
2024	6,408
2025	252
Total	<u>\$ 58,021</u>

NOTE 9 DEFINED CONTRIBUTION PLANS

The Foundation sponsors a defined contribution 403(b) plan for all eligible employees, as defined. Employees may make elective contributions to the 403(b) plan in accordance with the Internal Revenue Service regulations. The Foundation may make contributions to the 403(b) plan, as approved by the board.

Total contributions to the plan for the years ended May 31, 2021 and 2020 amounted to \$26,470 and \$28,188, respectively.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of May 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions effective within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,142,785	\$ 875,756
Pledges and Accounts Receivable to be Received Within 12 Months	1,473,692	482,370
Short-Term Investments	<u>466,305</u>	<u>391,186</u>
Financial Assets - At Year End	3,082,782	1,749,312
Less: Those Unavailable for General Expenditures Within one Year Due to Contractual or Donor-Imposed Restriction:		
Subject to Appropriation and Satisfaction of Donor Restrictions	958,966	1,038,318
Donor-Restricted Endowment Funds	<u>16,000</u>	<u>16,000</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within one Year	<u>\$ 2,107,816</u>	<u>\$ 694,994</u>

The Foundation maintains cash balances sufficient to pay current liabilities and obligations. It is the Foundation's goal to have one year's worth of program and operating expenses available for general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

NOTE 11 CONCENTRATIONS

For the years ended May 31, 2021 and 2020, revenue from one grantor amounted to 34% of total revenue. The amount of revenue from the grantor was approximately \$1,826,000 and \$173,000, respectively. Accounts receivable related to this grantor amounted to approximately \$937,000 and \$63,000 as of May 31, 2021 and 2020, respectively.

NOTE 12 RISKS AND UNCERTAINTIES

The World Health Organization has declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may have continuing impacts on various parts of its operations and financial results including, but not limited to, loss of revenue due to the inability to hold in person events, as well as other reductions in certain revenue streams. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonable estimated as these events are still developing.

**THE CHICAGO BAR FOUNDATION
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NOTE 13 SUBSEQUENT EVENTS

The financial statements and related disclosures include evaluation of events up through and including February 14, 2022, which is the date the financial statements were available to be issued.

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