

**THE CHICAGO BAR FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2022 AND 2021**



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**THE CHICAGO BAR FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Chicago Bar Foundation
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Chicago Bar Foundation which comprise the statements of financial position as of May 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Chicago Bar Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

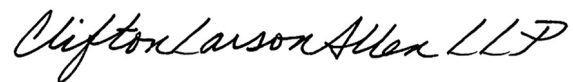
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Chicago Bar Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Chicago Bar Foundation'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.

Board of Directors
The Chicago Bar Foundation

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 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.



CliftonLarsonAllen LLP

Oak Brook, Illinois
November 28, 2022

**THE CHICAGO BAR FOUNDATION
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 387,764	\$ 1,142,785
Investments	445,721	466,305
Accounts Receivable - Current Portion	939,612	1,018,547
Current Portion of Pledges Receivable - Net	422,635	455,773
Other Assets	44,255	6,711
Total Current Assets	2,239,987	3,090,121
LONG-TERM PLEDGES RECEIVABLE - NET	7,056	19,003
DEPOSITS	7,003	6,999
PROPERTY AND EQUIPMENT - NET	475,643	508,059
Total Assets	\$ 2,729,689	\$ 3,624,182
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 84,180	\$ 66,319
Grants Payable	771,870	1,920,820
Deferred Revenue	-	500
Current Portion of Long-Term Debt	50,000	50,000
Total Current Liabilities	906,050	2,037,639
LONG-TERM DEBT	28,914	83,333
Total Liabilities	934,964	2,120,972
NET ASSETS		
Without Donor Restrictions	842,129	528,244
With Donor Restrictions	952,596	974,966
Total Net Assets	1,794,725	1,503,210
Total Liabilities and Net Assets	\$ 2,729,689	\$ 3,624,182

See accompanying Notes to Financial Statements.

THE CHICAGO BAR FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED MAY 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 1,083,928	\$ 1,903,372	\$ 2,987,300
Grants	72,406	4,844,937	4,917,343
Cy Pres Distributions	466,123	-	466,123
Special Events Revenue:			
Gross Revenue	215,689	-	215,689
Direct Benefit to Donor Costs	(205,902)	-	(205,902)
Total Special Events Revenue	<u>9,787</u>	<u>-</u>	<u>9,787</u>
Net Realized and Unrealized Losses on Investments	(24,996)	(5,575)	(30,571)
Investment Income - Net of Fees	8,134	1,860	9,994
Net Assets Released from Restrictions	<u>6,766,964</u>	<u>(6,766,964)</u>	<u>-</u>
Total Revenue, Gains, Losses, and Other Support	8,382,346	(22,370)	8,359,976
EXPENSES			
Grants and Program Services	7,370,900	-	7,370,900
Support Services:			
Management and General	455,251	-	455,251
Fundraising	<u>242,310</u>	<u>-</u>	<u>242,310</u>
Total Support Services	<u>697,561</u>	<u>-</u>	<u>697,561</u>
Total Expenses	<u>8,068,461</u>	<u>-</u>	<u>8,068,461</u>
CHANGE IN NET ASSETS	313,885	(22,370)	291,515
Net Assets - Beginning of Year	<u>528,244</u>	<u>974,966</u>	<u>1,503,210</u>
NET ASSETS - END OF YEAR	<u>\$ 842,129</u>	<u>\$ 952,596</u>	<u>\$ 1,794,725</u>

See accompanying Notes to Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>467,645</u>	<u>-</u>	<u>467,645</u>
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	<u>3,792,960</u>	<u>(3,792,960)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>5,473,244</u>	<u>(80,191)</u>	<u>5,393,053</u>
EXPENSES			
Grants and Program Services	4,344,827	-	4,344,827
Support Services:			
Management and General	421,770	-	421,770
Fundraising	<u>196,860</u>	<u>-</u>	<u>196,860</u>
Total Support Services	<u>618,630</u>	<u>-</u>	<u>618,630</u>
Total Expenses	<u>4,963,457</u>	<u>-</u>	<u>4,963,457</u>
CHANGE IN NET ASSETS	509,787	(80,191)	429,596
Net Assets - Beginning of Year	<u>18,457</u>	<u>1,055,157</u>	<u>1,073,614</u>
NET ASSETS - END OF YEAR	<u>\$ 528,244</u>	<u>\$ 974,966</u>	<u>\$ 1,503,210</u>

See accompanying Notes to Financial Statements.

**THE CHICAGO BAR FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants Awarded	\$ 5,966,927	\$ -	\$ -	\$ 5,966,927
Salaries, Taxes, and Fringe Benefits	787,213	218,959	220,786	1,226,958
Special Events Expenses	25,381	-	180,520	205,901
Occupancy	113,286	10,373	7,173	130,832
Office Expenses	14,189	74,574	2,892	91,655
Professional Fees and Consulting	402,653	94,755	180	497,588
Depreciation Expense	22,184	5,490	4,742	32,416
Meetings, Conferences, and Grantee Programs	26,711	9,936	239	36,886
Marketing, Printing, and Design	13,925	19,155	5,046	38,126
Computers and Equipment	23,812	22,609	1,252	47,673
Total Functional Expenses	<u>7,396,281</u>	<u>455,851</u>	<u>422,830</u>	<u>8,274,962</u>
Less Expenses Netted Against Revenues on the Statement of Activities:	<u>(25,381)</u>	<u>(600)</u>	<u>(180,520)</u>	<u>(206,501)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 7,370,900</u>	<u>\$ 455,251</u>	<u>\$ 242,310</u>	<u>\$ 8,068,461</u>

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
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 291,515	\$ 429,596
Adjustments to Reconcile Increase in Net Assets to Net Cash (Used) by Operating Activities:		
Depreciation	32,416	32,747
Net Change in Realized and Unrealized (Gains) Losses in Investments	30,571	(71,578)
Loss on Disposal of Assets	-	1,834
Discount on Long-Term Pledges	178	886
Forgiveness of Debt	-	(237,798)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	78,935	(864,165)
Pledges Receivable	44,907	(41,394)
Other Assets	(37,548)	1,052
Accounts Payable and Accrued Expenses	17,861	19,741
Grants Payable	(1,148,950)	1,072,870
Deferred Revenue	(500)	500
Net Cash Provided (Used) by Operating Activities	(690,615)	344,291
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(34,774)	(63,978)
Proceeds from Sale of Investments	24,787	60,437
Purchase of Property and Equipment	-	(23,721)
Net Cash Used by Investing Activities	(9,987)	(27,262)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on Debt	(54,419)	(50,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(755,021)	267,029
Cash and Cash Equivalents - Beginning of Year	1,142,785	875,756
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 387,764	\$ 1,142,785
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 5,418	\$ 5,442

See accompanying Notes to Financial Statements.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021**

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 8 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, 2022 AND 2021**

**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, 2022 and 2021.

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, 2022 and 2021 are restricted for time and various programmatic purposes.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021**

**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 \$13,182,000 and \$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 as of May 31, 2022 and 2021, respectively.

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.

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 Payable and Programs

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

During the years ended May 31, 2022 and 2021, the Foundation had contracts with Cook County, Illinois to fund services in connection with the resolution of residents' housing and debt issues as well as 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, 2022 AND 2021**

**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 generally accepted accounting principles 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.

Upcoming Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures, regarding the nature of the Foundation's leasing activities. The amendments in the guidance are effective for the Foundation's year ending May 31, 2023.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021**

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

Upcoming Accounting Pronouncements (Continued)

Contributed Nonfinancial Assets

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The amendments in the guidance will be effective for the Foundation's year ending May 31, 2023.

Reclassifications

Certain amounts have been reclassified for the year ended May 31, 2021 to conform with the presentation for the year ended May 31, 2022. The reclassifications had no impact on previously reported net assets.

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, 2022 and 2021 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.

THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

	2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Operating Investments:				
Mutual Funds	\$ 157,516	\$ -	\$ -	\$ 157,516
Common Stock and Equity Funds	260,109	-	-	260,109
Total investments at Fair Value	\$ 417,625	\$ -	\$ -	417,625
Money Market Funds				28,096
Total Investments				\$ 445,721
	2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Operating Investments:				
Mutual Funds	\$ 160,610	\$ -	\$ -	\$ 160,610
Common Stock and Equity Funds	279,314	-	-	279,314
Total investments at Fair Value	\$ 439,924	\$ -	\$ -	439,924
Money Market Funds				26,381
Total Investments				\$ 466,305

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 2022 or 2021.

THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

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, 2022 and 2021 are expected to be collected as follows:

	<u>2022</u>	<u>2021</u>
Receivable in Less than a Year	\$ 426,385	\$ 461,223
Receivable in One to Five Years, Net of Present Value		
Discount of \$450 and \$628, Respectively	<u>7,056</u>	<u>19,003</u>
Gross Unconditional Promises to Give	433,441	480,226
Allowance for Uncollectable Pledges	<u>(3,750)</u>	<u>(5,450)</u>
Net Unconditional Promises to Give	<u><u>\$ 429,691</u></u>	<u><u>\$ 474,776</u></u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follow:

	<u>2022</u>	<u>2021</u>	Depreciable Life - Years
Condominium and Improvements	\$ 708,004	\$ 708,004	7-40
Equipment and Fixtures	<u>120,949</u>	<u>120,949</u>	2-10
Total Cost	828,953	828,953	
Less Accumulated Depreciation	<u>353,310</u>	<u>320,894</u>	
Net Property and Equipment	<u><u>\$ 475,643</u></u>	<u><u>\$ 508,059</u></u>	

Depreciation expense for 2022 and 2021 was \$32,416 and \$32,747, 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 3.64% at May 31, 2022). The note is collateralized by the real property constructed under and associated with the terms of the note and matures on July 23, 2023.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021**

NOTE 5 LONG TERM DEBT (CONTINUED)

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>Years Ended May 31,</u>	<u>Amount</u>
2023	\$ 50,000
2024	28,914
Total	<u>\$ 78,914</u>

NOTE 6 NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Restricted for Purpose:		
Investing in Justice Campaign Fund	\$ 247,806	\$ 530,831
Law School Public Interest Scholarships (Moses)	139,276	161,940
Scholarships to Needy Law Students Pursuing Careers in Legal Aid and Public Interest (Marovitz)	4,243	4,325
Support of Projects of the CBA Young Lawyers Sections and Other Legal Projects for the Benefit of Children (Gray)	26,543	37,081
Annual Award to a Lawyer Under Age 35 who Provided Outstanding Service (Weigle)	24,253	27,822
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
Legal Aid and Foreclosure Mediation Program	38,899	-
Right to Counsel Pilot Program Evaluation	300,000	-
Total Restricted for Purpose	<u>791,020</u>	<u>772,118</u>
Restricted for Time - Multiyear Pledges to be Received in Future Years	145,576	186,848
Net Assets Restricted in Perpetuity	16,000	16,000
Total	<u>\$ 952,596</u>	<u>\$ 974,966</u>

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021**

NOTES 6 NET ASSETS (CONTINUED)

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, 2022 and 2021.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021**

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:

	2022	2021
Purpose Restrictions Accomplished:		
Investing in Justice Campaign Fund	\$ 1,330,984	\$ 1,296,391
Legal Aid and Foreclosure Mediation Program	4,616,478	1,647,390
Chicago Area Fund for Legal Assistance	287,605	285,178
Chicago Sun-Times Public Interest Law Fellowship Program	-	8,000
Cook County Municipal Advice Desk	183,875	178,910
Cook County Guardianship Desk	80,125	77,789
Kimball R. Anderson & Karen Gatsis Anderson Public Interest Law Fellowship	50,000	50,000
Justice Entrepreneur Project	-	7,034
Pro Bono Help Desk Support	25,000	25,000
Law School Public Interest Scholarships (Moses)	22,664	20,000
Scholarships to Needy Law Students Pursuing Careers in Legal Aid and Public Interest (Marovitz)	81	15,000
Support of Projects of the CBA Young Lawyers Sections and Other Legal Projects for the Benefit of Children (Gray)	10,538	8,840
Annual Award to a Lawyer Under Age 35 who Provided Outstanding Service (Weigle)	3,569	3,138
Annual Award to a Lawyer in Public Service who has Demonstrated Excellent Work, Leadership, and Service (Morsch)	10,000	10,000
Bankruptcy Pro Bono Fund	20,000	-
Annual Award to Distinguished Lawyers who have Demonstrated an Exemplary Commitment to Integrity and Public Service (Stevens)	119	1,000
Subtotal	6,641,038	3,633,670
Time Restrictions Expired:		
Passage of Specified Time	125,926	159,290
Total Net Assets Released from Restriction	\$ 6,766,964	\$ 3,792,960

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 39 voting directors of the Foundation.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021**

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, 2022 and 2021 was \$8,962 and \$9,305, 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 \$34,810 and \$12,446 as of May 31, 2022 and 2021, respectively.

NOTE 8 OPERATING LEASES

As of May 31, 2022, the Foundation has four operating leases. The most significant lease, which ends on April 30, 2023, 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 \$90,058 and \$96,180 for 2022 and 2021, respectively.

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

<u>Years Ended May 31,</u>	<u>Amount</u>
2023	\$ 83,397
2024	6,408
2025	<u>252</u>
Total	<u><u>\$ 90,058</u></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, 2022 and 2021 amounted to \$27,133 and \$26,470, respectively.

**THE CHICAGO BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021**

NOTE 10 LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of May 31, 2022 and 2021, 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>2022</u>	<u>2021</u>
Cash	\$ 387,764	\$ 1,142,785
Pledges and Accounts Receivable to be Received Within 12 Months	1,362,247	1,474,320
Short-Term Investments	<u>445,721</u>	<u>466,305</u>
Financial Assets - at Year-End	2,195,732	3,083,410
Less: Those Unavailable for General Expenditures Within One Year		
Due to Contractual or Donor-Imposed Restriction: Subject to Appropriation and Satisfaction of Donor Restrictions	936,596	958,966
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>\$ 1,243,136</u>	<u>\$ 2,108,444</u>

The Foundation maintains cash balances sufficient to pay current liabilities and obligations.

NOTE 11 CONTINGENCY

The Foundation has received significant revenues from federal and county agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a repayment liability. Management believes any such disallowed items would not have a material effect on the Foundation's financial position and results of operations.

NOTE 12 RISKS AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. The current economic environment has increased the degree of uncertainty.

NOTE 13 SUBSEQUENT EVENTS

The financial statements and related disclosures include evaluation of events up through and including November 28, 2022, which is the date the financial statements were available to be issued.



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