

**ALLEGHENY COUNTY BAR FOUNDATION**  
**AUDITED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**ALLEGHENY COUNTY BAR FOUNDATION**

**AUDITED FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Allegheny County Bar Foundation  
Pittsburgh, Pennsylvania

### **Opinion**

We have audited the accompanying financial statements of the Allegheny County Bar Foundation (a nonprofit Organization), which comprise the statements of financial position as of June 30, 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 Allegheny County Bar Foundation, as of June 30, 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 of Opinion**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Allegheny County Bar Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.

**INDEPENDENT AUDITOR'S REPORT**

(Continued)

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Allegheny County 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 Allegheny County 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.

*Mock Bosco & Associates P.C.*

Certified Public Accountants  
Carnegie, Pennsylvania

October 7, 2022

**ALLEGHENY COUNTY BAR FOUNDATION****STATEMENTS OF FINANCIAL POSITION****ASSETS**

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$1,299,006	\$1,030,295
Investments at fair value	4,566,452	5,142,638
Grants and contract receivable	306,560	528,820
Contributions receivable	261,300	362,200
Notes receivable	14,300	17,800
Due from affiliated organization	-	3,073
Prepaid expenses	<u>16,947</u>	<u>12,038</u>
TOTAL CURRENT ASSETS	6,464,565	7,096,864
<b>NON-CURRENT ASSETS:</b>		
Contributions receivable - less current portion	286,849	198,931
Notes receivable - less current portion	<u>39,224</u>	<u>57,425</u>
TOTAL NON-CURRENT ASSETS	<u>326,073</u>	<u>256,356</u>
TOTAL ASSETS	<u>\$6,790,638</u>	<u>\$7,353,220</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 146,867	\$ 4,918
Accrued expenses	195,239	428,971
Due to affiliated organization	35,401	-
Deferred rent expense	27,047	9,697
Deferred revenue	<u>25,995</u>	<u>500</u>
TOTAL CURRENT LIABILITIES	<u>430,549</u>	<u>444,086</u>
<b>LONG-TERM LIABILITIES:</b>		
Deferred compensation liability	<u>45,271</u>	<u>44,062</u>
TOTAL LIABILITIES	<u>475,820</u>	<u>488,148</u>
<b>NET ASSETS:</b>		
Without donor restrictions	815,763	869,510
With donor restrictions	<u>5,499,055</u>	<u>5,995,562</u>
TOTAL NET ASSETS	<u>6,314,818</u>	<u>6,865,072</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$6,790,638</u>	<u>\$7,353,220</u>

The accompanying notes are an integral part of these financial statements.

**ALLEGHENY COUNTY BAR FOUNDATION****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT:</b>			
Grants and contract services	\$ -	\$2,648,500	\$2,648,500
Contributions	360,613	753,330	1,113,943
Employee retention credit	159,862	-	159,862
Programs, events, and fees	2,599	-	2,599
Net assets released from restrictions	<u>3,102,051</u>	<u>( 3,102,051)</u>	<u>-</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>3,625,125</u>	<u>299,779</u>	<u>3,924,904</u>
<b>EXPENSES:</b>			
Program expenses	2,926,385	-	2,926,385
Administrative expenses	602,906	-	602,906
Fundraising expenses	<u>150,087</u>	<u>-</u>	<u>150,087</u>
<b>TOTAL EXPENSES</b>	<u>3,679,378</u>	<u>-</u>	<u>3,679,378</u>
<b>TOTAL CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<u>( 54,253)</u>	<u>299,779</u>	<u>245,526</u>
<b>NONOPERATING REVENUE AND SUPPORT:</b>			
Net realized and unrealized investment losses	-	( 883,689)	( 883,689)
Net investment return (net of investment fees of \$26,325)	<u>506</u>	<u>87,403</u>	<u>87,909</u>
<b>TOTAL NONOPERATING REVENUE AND SUPPORT</b>	<u>506</u>	<u>( 796,286)</u>	<u>( 795,780)</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>( 53,747)</u>	<u>( 496,507)</u>	<u>( 550,254)</u>
<b>NET ASSETS – Beginning of Year</b>	<u>869,510</u>	<u>5,995,562</u>	<u>6,865,072</u>
<b>NET ASSETS – End of Year</b>	<u>\$ 815,763</u>	<u>\$5,499,055</u>	<u>\$6,314,818</u>

The accompanying notes are an integral part of these financial statements.

**ALLEGHENY COUNTY BAR FOUNDATION****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT:</b>			
Grants and contract services	\$ -	\$2,610,555	\$2,610,555
Contributions	313,737	739,081	1,052,818
PPP loan forgiveness	-	326,300	326,300
Programs, events, and fees	7,825	-	7,825
Net assets released from restrictions	<u>3,527,997</u>	<u>( 3,527,997)</u>	<u>-</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>3,849,559</u>	<u>147,939</u>	<u>3,997,498</u>
<b>EXPENSES:</b>			
Program expenses	3,084,254	-	3,084,254
Administrative expenses	416,186	-	416,186
Fundraising expenses	<u>149,983</u>	<u>-</u>	<u>149,983</u>
<b>TOTAL EXPENSES</b>	<u>3,650,423</u>	<u>-</u>	<u>3,650,423</u>
<b>TOTAL CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	199,136	147,939	347,075
<b>NONOPERATING REVENUE AND SUPPORT:</b>			
Net realized and unrealized investment gains	-	1,022,004	1,022,004
Net investment return (net of investment fees of \$23,756)	<u>5,024</u>	<u>97,833</u>	<u>102,857</u>
<b>TOTAL NONOPERATING REVENUE AND SUPPORT</b>	<u>5,024</u>	<u>1,119,837</u>	<u>1,124,861</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	204,160	1,267,776	1,471,936
<b>NET ASSETS – Beginning of Year</b>	<u>665,350</u>	<u>4,727,786</u>	<u>5,393,136</u>
<b>NET ASSETS – End of Year</b>	<u>\$ 869,510</u>	<u>\$5,995,562</u>	<u>\$6,865,072</u>

The accompanying notes are an integral part of these financial statements.

**ALLEGHENY COUNTY BAR FOUNDATION****STATEMENTS OF CASH FLOWS****INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>Year Ended June 30</u>	
	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	(\$ 550,254)	\$1,471,936
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for bad debts	16,000	7,000
Realized (gains) losses on sales of investments	( 84,897)	( 247,726)
Unrealized (gains) losses on investments	968,586	( 774,277)
PPP loan forgiveness	-	( 326,300)
Contributions restricted to long-term purposes - endowment	( 405,861)	( 421,400)
Decrease (increase) in:		
Grants and contract receivable	222,260	( 330,140)
Contributions receivable	12,982	( 265,420)
Notes receivable	5,701	( 2,608)
Due from affiliated organization	3,073	172,454
Prepaid expenses	( 4,909)	751
Increase (decrease) in:		
Accounts payable and accrued expenses	( 91,783)	284,018
Due to affiliated organization	35,401	-
Deferred rent expense	17,350	9,697
Deferred revenue	25,495	( 3,251)
Deferred compensation liability	<u>1,209</u>	<u>7,288</u>
Total adjustments	<u>720,607</u>	<u>( 1,889,914)</u>
Net cash provided by (used in) operating activities	<u>170,353</u>	<u>( 417,978)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	885,814	1,798,532
Purchases of investments	<u>( 1,193,317)</u>	<u>( 1,776,305)</u>
Net cash provided by (used in) investing activities	<u>( 307,503)</u>	<u>22,227</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Restricted contributions - endowment	<u>405,861</u>	<u>421,400</u>
Net cash provided by financing activities	<u>405,861</u>	<u>421,400</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	268,711	25,649
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,030,295</u>	<u>1,004,646</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$1,299,006</u>	<u>\$1,030,295</u>

The accompanying notes are an integral part of these financial statements.



**ALLEGHENY COUNTY BAR FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2022**

Program Expenses

	<u>Juvenile Court Project</u>	<u>ProBono/ Divorce Law</u>	<u>Other Programs and Events</u>	<u>Total Program Expenses</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Totals</u>
Salaries and wages	\$1,614,255	\$158,630	\$ -	\$1,772,885	\$318,957	\$ 78,531	\$2,170,373
Employee benefits	234,737	18,731	-	253,468	34,906	6,001	294,375
Rent expense	180,308	15,570	-	195,878	20,061	6,673	222,612
Grants and donations	-	-	177,072	177,072	-	-	177,072
Payroll taxes	124,395	12,688	-	137,083	24,529	6,185	167,797
Administrative fee with affiliate	-	-	-	-	106,000	-	106,000
Employer contribution 401(k)	49,840	7,771	-	57,611	14,924	3,711	76,246
Student fellowship internship expenses	-	-	73,193	73,193	-	-	73,193
Professional fees	16,726	827	-	17,553	7,216	27,219	51,988
Scholarship expenses	-	-	51,000	51,000	-	-	51,000
Travel expenses	589	995	-	1,584	37,654	-	39,238
Office expense	31,134	1,118	-	32,252	3,651	-	35,903
Miscellaneous	-	1,315	21,473	22,788	6,674	3,100	32,562
Mailing and printing	1,056	-	105	1,161	11,083	18,667	30,911
Software licenses and maintenance	21,170	-	-	21,170	4,126	-	25,296
Attorney assistance	-	-	24,865	24,865	-	-	24,865
Insurance	16,520	6,537	-	23,057	1,047	-	24,104
Bad debt	-	-	23,471	23,471	-	-	23,471
Professional memberships and subscriptions	16,975	723	-	17,698	1,694	-	19,392
Conferences and seminars	5,792	1,409	-	7,201	3,778	-	10,979
Member events and projects	-	-	7,624	7,624	-	-	7,624
Food and beverage	-	217	3,628	3,845	1,769	-	5,614
Asset usage charge	-	1,626	-	1,626	2,005	-	3,631
Credit card and bank fees	-	-	-	-	2,753	-	2,753
Repairs and maintenance	1,225	-	-	1,225	-	-	1,225
Telephone and internet	1,075	-	-	1,075	-	-	1,075
Advertising and marketing	-	-	-	-	79	-	79
<b>Total expenses</b>	<b><u>\$2,315,797</u></b>	<b><u>\$228,157</u></b>	<b><u>\$382,431</u></b>	<b><u>\$2,926,385</u></b>	<b><u>\$602,906</u></b>	<b><u>\$150,087</u></b>	<b><u>\$3,679,378</u></b>

The accompanying notes are an integral part of these financial statements.

**ALLEGHENY COUNTY BAR FOUNDATION****STATEMENT OF FUNCTIONAL EXPENSES****YEAR ENDED JUNE 30, 2021**Program Expenses

	<u>Juvenile Court Project</u>	<u>ProBono/ Divorce Law</u>	<u>Other Programs and Events</u>	<u>Total Program Expenses</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Totals</u>
Salaries and wages	\$1,403,200	\$140,633	\$118,720	\$1,662,553	\$300,864	\$ 71,278	\$2,034,695
Employee benefits	171,342	17,685	-	189,027	25,839	5,914	220,780
Rent expense	179,747	9,616	-	189,363	14,699	4,802	208,864
Grants and donations	-	-	207,308	207,308	-	-	207,308
Employer contribution 401(k)	110,830	10,378	-	121,208	26,008	6,262	153,478
Payroll taxes	109,054	11,052	-	120,106	22,818	5,587	148,511
Office expense	143,039	2,285	-	145,324	1,033	-	146,357
Software licenses and maintenance	124,724	-	-	124,724	4,126	-	128,850
Professional fees	24,211	842	-	25,053	7,593	35,248	67,894
Administrative fee with affiliate	88,909	-	( 22,800)	66,109	-	-	66,109
Student fellowship internship expenses	-	-	61,000	61,000	-	-	61,000
Attorney assistance	-	-	59,022	59,022	-	-	59,022
Scholarship expenses	-	-	34,307	34,307	-	-	34,307
Mailing and printing	6,614	-	37	6,651	7,059	19,423	33,133
Insurance	14,597	6,069	-	20,666	1,140	-	21,806
Professional memberships and subscriptions	13,135	495	-	13,630	785	-	14,415
Repairs and maintenance	10,789	-	-	10,789	-	-	10,789
Conferences and seminars	8,282	-	-	8,282	873	-	9,155
Miscellaneous	598	733	4,233	5,564	656	1,469	7,689
Bad debt	-	-	7,000	7,000	-	-	7,000
Member events and projects	-	-	4,500	4,500	-	-	4,500
Credit card and bank fees	-	-	-	-	2,182	-	2,182
Asset usage charge	-	1,324	-	1,324	511	-	1,835
Telephone and internet	666	-	-	666	-	-	666
Food and beverage	-	50	-	50	-	-	50
Travel expenses	-	28	-	28	-	-	28
Advertising and marketing	-	-	-	-	-	-	-
Total expenses	<u>\$2,409,737</u>	<u>\$201,190</u>	<u>\$473,327</u>	<u>\$3,084,254</u>	<u>\$416,186</u>	<u>\$149,983</u>	<u>\$3,650,423</u>

The accompanying notes are an integral part of these financial statements.

**ALLEGHENY COUNTY BAR FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES:**

The Allegheny County Bar Foundation (the Foundation) was established by the Allegheny County Bar Association (the Association) in 1980 to conduct a broad range of educational and charitable activities related to the law. The Foundation was determined to be exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Foundation is governed by a Board of Trustees who are appointed by the Association's Board of Governors. The mission of the Foundation is to be a driving force in promoting justice for all and to improve the community through public service law-related programs as the charitable arm of the Allegheny County Bar Association. To fulfill this mission, the Foundation raises, manages, and distributes funds, encourages and assists lawyers to provide pro bono legal services, and develops and supports public information initiatives.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who are responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

- A. Basis of Accounting - The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and 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 passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**ALLEGHENY COUNTY BAR FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

- B. Revenue Recognition - Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Foundation expects to be entitled to receive in exchange for those goods and services.

Grants and contract services revenue, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions.

Contributions are recognized as revenue at fair value in the earlier of the period promised or received. Conditional pledges or promises to give, with a measurable performance or another barrier, and the right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation had no conditional promises during the years ending June 30, 2022 and 2021.

Revenue from programs, events, and fees is recognized as revenue when the events or programs are held. Deferred program, events, and fees revenue represent advance payments received that are applicable to future periods.

- C. Revenue With and Without Donor Restrictions - Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor 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 property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.
- D. Receivables - Receivables are stated at the amount the Foundation's management expects to collect from balances outstanding at year-end. The Foundation's management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Foundation's management has used reasonable collection efforts are written off through a charge to the valuation allowance.

**ALLEGHENY COUNTY BAR FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

- E. Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- F. Investments - Investments, which primarily consist of mutual funds, equities and bonds, are stated at their fair value based on readily determinable market quotations. Realized gains and losses are computed on the FIFO cost method. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment revenue is presented net of investment fees.
- G. Donated Services - A portion of the Foundation's functions, including certain charitable programs, are conducted by non-compensated volunteers. The value of this contributed time is not reflected in the accompanying financial statements as the volunteers' time does not meet the criteria for recognition. In addition, the Foundation received contributed management and accounting services from the Association. The value of the services received was determined by the management of the Association based on actual personnel expenses allocated based on time and effort.
- H. Promises to Give - Unconditional promises to give are recognized as contribution revenue in the period received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- I. Grants - Grants are recorded as expenses when they are approved by the Board of Trustees for payment.
- J. Fair Value of Financial Instruments - The Foundation follows the Fair Value Measurement and Disclosures topic of the FASB codification. The topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on assumptions that market participants would use, including a consideration of non-performance risk.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market as follows:

Level I - Quoted prices are readily available for identical assets or liabilities in active markets that the Foundation has the ability to access and are most observable. Management has concluded that its investments in mutual funds, bonds and equities qualify for a Level I valuation.

**ALLEGHENY COUNTY BAR FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Level II - Inputs include quoted market prices for similar assets or liabilities and observable inputs such as interest rates, currency exchange rates, commodity rates and yield curves. The Foundation's financial statements do not include any Level II investments at June 30, 2022 and 2021.

Level III - Inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable. The Foundation's financial statements do not include any Level III investments at June 30, 2022 and 2021.

The carrying amounts of other financial instruments including receivables, accounts payable, and accrued expenses approximated fair value as of June 30, 2022 and 2021 because of the relatively short maturity of these instruments.

- K. Cash and Cash Equivalents - Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. In addition, the Foundation may at times have deposits at individual financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) insured limits.
- L. Advertising and Marketing - The Foundation expenses advertising and marketing costs as they are incurred. There were no significant advertising and marketing costs incurred for the years ended June 30, 2022 and 2021.
- M. Functional Expense Allocation - The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs or supporting functions. Such allocations are determined by management on an equitable basis, and are based on management's estimate of usage of expenses or estimates of time and effort.
- N. Reclassifications - Certain reclassifications have been made to the 2021 presentation to conform to the format used in 2022. Total net assets and changes in net assets are unchanged due to these reclassifications.
- O. Date of Management's Review and Subsequent Event - Management has evaluated subsequent events through October 7, 2022, the date the financial statements were available to be issued.

**ALLEGHENY COUNTY BAR FOUNDATION****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 3 - INVESTMENTS:**

Investments are reported on the statements of financial position at fair value and consist of the following:

	<u>June 30, 2022</u>			<u>June 30, 2021</u>		
	<u>Average</u> <u>Cost</u>	<u>Fair Value</u> <u>( Level 1 )</u>	<u>Unrealized</u> <u>Gain (Loss)</u>	<u>Average</u> <u>Cost</u>	<u>Fair Value</u> <u>( Level 1 )</u>	<u>Unrealized</u> <u>Gain (Loss)</u>
Investments With Donor Restrictions:						
Mutual Funds	\$3,069,912	\$3,048,945	(\$ 20,967)	\$2,616,149	\$3,304,548	\$ 688,399
Bonds	283,067	288,739	5,672	409,350	435,001	25,651
Equities	<u>1,100,218</u>	<u>1,228,768</u>	<u>128,550</u>	<u>1,035,298</u>	<u>1,403,089</u>	<u>367,791</u>
Total Investments	<u>\$4,453,197</u>	<u>\$4,566,452</u>	<u>\$ 113,255</u>	<u>\$4,060,797</u>	<u>\$5,142,638</u>	<u>\$1,081,841</u>

In addition, the Foundation, through the Lawyers Fund, receives distributions from the F.C. Grote Trust Fund. Under the Last Will and Testament of Frederick C. Grote, the F.C. Grote Trust Fund designates a portion of its earnings to the Lawyers Fund, which is paid in monthly installments. Distributions received from this Fund are included as contributions with donor restrictions in the statement of activities and changes in net assets, and amounted to \$37,781 and \$36,264 for the years ended June 30, 2022 and 2021, respectively. The portion of the F.C. Grote Trust Fund, from which the Lawyers Fund receives distributions, has an approximate fair value of \$1,401,000 and \$1,485,000 for the years ended June 30, 2022 and 2021, respectively.

**ALLEGHENY COUNTY BAR FOUNDATION****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 4 - GRANTS AND CONTRACT RECEIVABLE:**

Grants and contract receivable consist of the following:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Allegheny County - Parent Advocacy (Juvenile Court Project)	\$306,560	\$523,512
Other grants	<u>-</u>	<u>5,308</u>
	<u>\$306,560</u>	<u>\$528,820</u>

All amounts are due in less than one year.

**NOTE 5 - CONTRIBUTIONS RECEIVABLE:**

Contributions receivable consist of the following:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Contributions Without Donor Restrictions:		
Law Firm Leadership Campaign	\$162,300	\$ 53,500
Discount to net present value	( 4,300)	-
Less allowance for uncollectible contributions	<u>( 600)</u>	<u>( 600)</u>
	<u>157,400</u>	<u>52,900</u>
Contributions With Donor Restrictions:		
Endowment Campaign	396,333	479,295
Fellows Program for Foundation Endowment	12,016	29,536
Discount to net present value	( 17,000)	-
Less allowance for uncollectible contributions	<u>( 600)</u>	<u>( 600)</u>
	<u>390,749</u>	<u>508,231</u>
	548,149	561,131
Less current portion	<u>( 261,300)</u>	<u>( 362,200)</u>
Contributions receivable - less current portion (one to five years)	<u>\$286,849</u>	<u>\$198,931</u>

The Foundation routinely conducts various fundraising campaigns, including the Endowment Fund Campaign, the Law Firm Leadership Campaign, and Fellows Program, to raise funds for operations and various program functions.



**ALLEGHENY COUNTY BAR FOUNDATION****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 6 - NOTES RECEIVABLE:**

Notes receivable consist of the following:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Louis Little Fund	\$ 63,844	\$ 62,521
Lawyers Fund	23,680	30,704
Less allowance for doubtful accounts	( 34,000)	( 18,000)
	53,524	75,225
Less current portion	( 14,300)	( 17,800)
Notes receivable - less current portion (one to five years)	<u>\$ 39,224</u>	<u>\$ 57,425</u>

The Foundation provides interest bearing loans to law students through the Louis Little Fund. The loans are receivable in varying installments plus interest at 4.5% commencing six months after the student's graduation from law school, and require no collateral.

The Foundation periodically provides loans to needy members of the Association through the Lawyers Fund. The loans are receivable in varying installments with minimal or no interest, and require no collateral.

**NOTE 7 - PREPAID EXPENSES:**

Prepaid expenses consist of the following:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Prepaid insurance	\$ 9,410	\$ 8,905
Other prepaid expenses	<u>7,537</u>	<u>3,133</u>
	<u>\$ 16,947</u>	<u>\$ 12,038</u>

**ALLEGHENY COUNTY BAR FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 8 - ACCRUED EXPENSES:**

Accrued expenses consist of the following:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Accrued Juvenile Court Project expenses	\$140,321	\$373,740
Accrued 401(k) contribution	17,279	29,688
Accrued compensation	14,102	-
Accrued expenses - other	<u>23,537</u>	<u>25,543</u>
	<u>\$195,239</u>	<u>\$428,971</u>

Accrued expenses under the Juvenile Court Project represent approved expenditures that are related to the contract period for the years ending June 30, 2022 and 2021.

**NOTE 9 - DEFERRED REVENUE:**

Deferred revenue consists of amounts collected during the current year for the events or services to be recognized in the subsequent year:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Golf outing	\$ 24,495	\$ -
Equal justice America	<u>1,500</u>	<u>500</u>
	<u>\$ 25,995</u>	<u>\$ 500</u>

**ALLEGHENY COUNTY BAR FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN:**

On April 28, 2020, the Foundation (the Borrower) was granted a loan (the Loan) from Dollar Bank in the aggregate amount of \$326,300, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

Funds from the Loan could only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020. The Foundation used the entire Loan amount for qualifying expenses during the year ended June 30, 2021, as such the proceeds were included in revenues in these financial statements for the year ended June 30, 2021.

During the year ended June 30, 2021, the Foundation calculated, applied, and received full forgiveness of this loan.

**NOTE 11 - EMPLOYEE RETENTION CREDIT:**

In addition to the Paycheck Protection Program, the CARES Act provided qualifying employers with a refundable tax credit against certain employment taxes. During the year ending June 30, 2022, the Foundation claimed employee retention credits amounting to \$159,862, which are included in revenue and other support in the statements of activities and changes in net assets.

**ALLEGHENY COUNTY BAR FOUNDATION****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 12 - NET ASSETS:**

Net assets consist of the following:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions:		
Operating	<u>\$ 815,763</u>	<u>\$ 869,510</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Lawyers Fund	1,746,332	2,169,667
Pro Bono Center	241,789	230,944
Zittrain Fund	190,498	229,123
Notre Dame Fund	97,495	124,401
John P. Gismondi Fund	84,607	108,412
Louis Little Fund	80,188	97,661
John A. Meehan Fund	63,309	70,705
John Sorg Fund	39,672	55,207
Los Mansmann Fund	31,887	40,914
Environmental Law Fund	28,971	26,783
Other	<u>48,485</u>	<u>51,890</u>
	2,653,233	3,205,707
Subject to passage of time:		
Law Firm Leadership - deferred contributions	158,000	53,500
Subject to spending policy appropriation:		
The Foundation Endowment Fund	<u>2,687,822</u>	<u>2,736,355</u>
	<u>5,499,055</u>	<u>5,995,562</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$6,314,818</u></b>	<b><u>\$6,865,072</u></b>

**ALLEGHENY COUNTY BAR FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 13 - ENDOWMENT:**

The endowment fund net assets, which include a portion of the Fellows Program, consist of the following:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 28,430	\$ 20,161
Contributions receivable	390,749	508,231
Investments at fair value	2,268,378	2,341,464
Due to net assets without donor restrictions	<u>265</u>	<u>( 133,501)</u>
	<u>\$2,687,822</u>	<u>\$2,736,355</u>

The Endowment Fund (Fund) is a fund of the Allegheny County Bar Foundation (Foundation), a 501(c)(3) charitable nonprofit corporation. The Fund was established May 2, 1996, to provide financial support to the programs and charitable mission of the Foundation. The long-term goal is that the invested balance of the Fund will continue to grow and provide a reliable source of annual funding for the Foundation to provide pro bono services, award legal aid grants, and continue programs that make an impactful difference in both the community and profession.

The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

All planned expenditures are subject to the spending policy and must be approved by the Trustees in the annual operating budget.

The Foundation's Board of Trustees has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment fund.

The Foundation may take distributions from the Fund each year for administrative fees and programming expenses. Distributions are subject to this annual spending policy:

- The annual distribution should be an amount not to exceed 5% of the average valuation of the Endowment Fund for the preceding four years.
- The exact amount to be withdrawn annually, up to 5%, shall be approved by the Board of Trustees.

**ALLEGHENY COUNTY BAR FOUNDATION****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 13 - ENDOWMENT (continued):**

	<u>Year Ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Endowment net assets – beginning balance	<u>\$2,736,355</u>	<u>\$1,907,385</u>
Contributions	405,861	421,400
Investment return	( 406,001)	514,344
Administrative fees	( 46,629)	( 36,744)
Appropriation of endowment assets for expenditures	( 1,764)	( 70,030)
Endowment net assets – ending balance	<u>\$2,687,822</u>	<u>\$2,736,355</u>

All of the activity in the endowment fund is reflected in the statements of activities and changes in net assets for the years ended June 30, 2022 and 2021.

**NOTE 14 - SUPPORT FROM GRANTS AND CONTRACT SERVICES:**

Support from grants and contract services with donor restrictions consist of the following:

	<u>Year Ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Grants With Donor Restrictions:		
IOLTA - Pro Bono Coordinator Position	\$ 122,000	\$ 178,055
Other sources	<u>96,141</u>	<u>30,719</u>
	218,141	208,774
Contract Services With Donor Restrictions:		
Allegheny County - Parent Advocacy (Juvenile Court Project Contract)	<u>2,430,359</u>	<u>2,401,781</u>
	<u>\$2,648,500</u>	<u>\$2,610,555</u>

The Foundation provides parent advocacy services under the terms of an annual contract with the Allegheny County Department of Human Services (Juvenile Court Project). The contract requires that the Foundation provide legal representation to indigent parents in all phases of Juvenile Court dependency proceedings. Revenues under the contract, which amounted to \$2,430,359 and \$2,401,781 for the years ended June 30, 2022 and 2021, respectively, are recognized as net assets with donor restrictions until the period in which the related expenses are incurred, in compliance with the specific restrictions of the contract. During the contract period for the year ending June 30, 2022, the Foundation did not utilize the entire contract awarded, which amounted to \$2,519,359. Through approval with the Allegheny County Department of Human Services, the excess funds are to be applied to the subsequent contract period. All office furniture and equipment purchased with proceeds from the contract are the property of the Allegheny County Department of Human Services.

**ALLEGHENY COUNTY BAR FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 15 - INCOME TAXES:**

The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code but would be subject to tax on net income not related to the exempt purpose of the Foundation. The Foundation does not have any material unrelated business income (UBI) and, accordingly, no provision for income taxes is recorded in the financial statements for the years ended June 30, 2022 and 2021.

The Foundation follows the Accounting for Uncertainty in Income Taxes topic of the Codification. This topic clarifies the accounting and reporting of uncertainties in income tax positions to be taken on the Foundation's tax returns, applying minimum recognition and measurement thresholds. Management does not believe there are any material uncertain tax positions requiring recording or disclosure in the financial statements.

With few exceptions, the Foundation is no longer subject to income tax examinations by tax authorities for its fiscal years ended before June 30, 2019.

**NOTE 16 - EMPLOYEE BENEFIT PLAN:**

The Foundation is a co-sponsor with the Association of a 401(k) Deferred Compensation and Retirement Plan covering substantially all salaried employees. Contributions to the Plan are determined annually at the discretion of the Board of Trustees. In addition, the Plan allows eligible employees to defer a portion of their annual compensation, pursuant to section 401(k) of the Internal Revenue Code. The Foundation contributed approximately \$67,000 and \$140,000 to the Plan for the years ended June 30, 2022 and 2021, respectively.

The Foundation has a nonqualified deferred compensation plan for a key employee. The plan provides for payments to a key employee conditioned upon their retirement and separation from service on or after attaining age 65. Investment earnings accrue to the benefit of the Plan participant. The total amount expensed under the plan amounted to \$5,000 and \$0- for the years ended June 30, 2022 and 2021.

**ALLEGHENY COUNTY BAR FOUNDATION****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED JUNE 30, 2022 AND 2021**

(Continued)

**NOTE 17 - RELATED PARTY TRANSACTIONS:**

The Association pledged \$50,000 and \$250,000 to the Foundation's endowment campaign during the years ended June 30, 2022 and 2021, respectively.

The Foundation leases its operating facilities under the terms of an annual lease agreement with the Association, with rent expense amounting to approximately \$222,600 and \$209,000 for the years ended June 30, 2022 and 2021, respectively. Within the provisions of the lease agreement there are escalations in payments over the base lease term, as well as renewal periods. The effects of the escalations have been reflected in rent expense on straight-line basis over the expected lease term. Differences between amounts paid and amounts expensed are recorded as deferred rent expense. Total deferred rent expense amounted to \$27,047 and \$9,697 as of the years ended June 30, 2022 and June 30, 2021, respectively.

The Foundation was charged a \$106,000 and \$66,109 administrative fee from the Association for the years ended June 30, 2022 and 2021, respectively. The Foundation also received contributed management and administrative services from the Association which amounted to approximately \$196,200 and \$186,700 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 18 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$1,299,006	\$1,030,295
Investments at fair value	4,566,452	5,142,638
Grants and contract receivable	306,560	528,820
Contributions receivable	261,300	362,200
Notes receivable	14,300	17,800
Due from affiliated organization	-	3,073
Less: restricted by donors with purpose and time restrictions	( 5,499,055)	( 5,995,562)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 948,563</u>	<u>\$1,089,264</u>

As part of the Foundation's liquidity management plan, it invests excess cash in money market funds and other short-term investments.