

NATIONAL CONFERENCE OF BAR FOUNDATIONS  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED  
AUGUST 31, 2021 and 2020

## CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-10

March 1, 2022

To the Board of Directors of  
National Conference of Bar Foundations

We have audited the accompanying financial statements of National Conference of Bar Foundations (a Nonprofit corporation), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

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

**Prior Period Financial Statements**

The August 31, 2020 financial statements were reviewed by us, and our report thereon, dated May 7, 2021, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

*Kaizen CPAs + Advisors*

Kaizen CPAs + Advisors  
Arlington Heights, Illinois

NATIONAL CONFERENCE OF BAR FOUNDATIONS  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31,

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 87,358	\$ 90,260
Accounts Receivable	415	5,415
Prepaid Expenses	-	416
<b>Total Current Assets</b>	<b>87,773</b>	<b>96,091</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 87,773</b>	 <b>\$ 96,091</b>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 6,411	\$ 750
Deferred Revenue	-	1,060
<b>Total Current Liabilities</b>	<b>6,411</b>	<b>1,810</b>
 <b>NET ASSETS</b>		
Donations Without Restrictions - Undesignated	\$ 81,362	\$ 94,281
Donations with Restrictions	-	-
<b>Total Net Assets</b>	<b>81,362</b>	<b>94,281</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 87,773</b>	 <b>\$ 96,091</b>

See accompanying notes to financial statements.

NATIONAL CONFERENCE OF BAR FOUNDATIONS  
STATEMENTS OF ACTIVITIES  
FOR THE FISCAL YEARS ENDED AUGUST 31,

	2021			2020		
	Donations without Restrictions	Donations with Restrictions	Total	Donations without Restrictions	Donations with Restrictions	Total
<b>SUPPORT, REVENUE, AND OTHER ADDITIONS</b>						
Membership Dues	\$ 14,608	\$ -	\$ 14,608	\$ 15,061	\$ -	\$ 15,061
Meeting Registration Fees	8,387	-	8,387	19,646	-	19,646
Sponsorships	5,340	-	5,340	5,000	-	5,000
Contributions	568	-	568	960	-	960
Interest	3	-	3	8	-	8
Miscellaneous Income	-	-	-	280	-	280
<b>Total Support and Revenue</b>	<u>28,906</u>	<u>-</u>	<u>28,906</u>	<u>40,955</u>	<u>-</u>	<u>40,955</u>
<b>EXPENSES</b>						
Program Services	11,554	-	11,554	22,570	-	22,570
Management and General	30,271	-	30,271	15,619	-	15,619
<b>Total Expenses</b>	<u>41,825</u>	<u>-</u>	<u>41,825</u>	<u>38,189</u>	<u>-</u>	<u>38,189</u>
<b>CHANGES IN NET ASSETS</b>	(12,919)	-	(12,919)	2,766	-	2,766
NET ASSETS, BEGINNING OF PERIOD	<u>94,281</u>	<u>-</u>	<u>94,281</u>	<u>91,515</u>	<u>-</u>	<u>91,515</u>
<b>NET ASSETS, END OF PERIOD</b>	<u><u>\$ 81,362</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 81,362</u></u>	<u><u>\$ 94,281</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 94,281</u></u>

See accompanying notes to financial statements.

NATIONAL CONFERENCE OF BAR FOUNDATIONS  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED AUGUST 31,

	2021	2020
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ (12,919)	\$ 2,766
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in:		
Accounts Receivable	5,000	8,541
Prepaid Expenses	416	(4)
Accounts Payable and Accrued Expenses	5,661	(3,626)
Deferred Revenue	(1,060)	(4,861)
<b>Cash provided (used) by operating activities</b>	<b>(2,902)</b>	<b>2,816</b>
 <b>CASH PROVIDED BY INVESTING ACTIVITIES</b>		
Cash provided by investing activities	-	-
 <b>CASH PROVIDED BY FINANCING ACTIVITIES</b>		
Cash provided by financing activities	-	-
 <b>NET INCREASE (DECREASE) IN CASH</b>	<b>(2,902)</b>	<b>2,816</b>
 CASH, BEGINNING OF PERIOD	90,260	87,444
 <b>CASH, END OF PERIOD</b>	<b>\$ 87,358</b>	<b>\$ 90,260</b>

See accompanying notes to financial statements.

NATIONAL CONFERENCE OF BAR FOUNDATIONS  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEARS ENDED AUGUST 31,

	2021			2020		
	Program	Administrative	Total	Program	Administrative	Total
Insurance	\$ 1,272	\$ -	\$ 1,272	\$ 828	\$ -	\$ 828
Professional Fees	-	27,254	27,254	-	6,206	6,206
Administrative fees - ABA	-	-	-	-	5,500	5,500
Awards	1,500	-	1,500	264	-	264
Web site	-	3,000	3,000	-	3,800	3,800
Annual meeting	8,037	-	8,037	-	-	-
Midyear meeting	-	-	-	16,322	-	16,322
Bank and credit card fees	11	-	11	405	-	405
Board of Trustees reimbursements	734	-	734	4,751	-	4,751
Office expense	-	17	17	-	113	113
<b>Total Expenses</b>	<u>\$ 11,554</u>	<u>\$ 30,271</u>	<u>\$ 41,825</u>	<u>\$ 22,570</u>	<u>\$ 15,619</u>	<u>\$ 38,189</u>

See accompanying notes to financial statements.



NATIONAL CONFERENCE OF BAR FOUNDATIONS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies which have been followed in preparing the accompanying financial statements is set forth below.

**Nature of Activities**

The National Conference of Bar Foundations (NCBF) advances the work of all types of bar foundations by: a) promoting the internal role of bar foundations in advancing law-related philanthropy to the organized bar, the larger legal community and the philanthropic community; and b) serving as a clearinghouse and resource to assist bar foundations in carrying out their charitable missions.

**Method of Accounting**

The Foundation maintains its records on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Financial Statement Presentation**

NCBF reports information regarding its financial position and activities according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions in accordance with FASB ASC 958-205 Not-For-Profit entities – Presentation of Financial Statements.

**Estimates and Assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Contributions**

Contributions are recognized when the donor makes a promise to give to NCBF that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets with restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

NATIONAL CONFERENCE OF BAR FOUNDATIONS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 and 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, NCBF considers all cash accounts and money market accounts with an initial maturity of three months or less to be cash equivalents.

**Property and Equipment**

NCBF capitalizes property and equipment over \$2,500. Lesser amounts are expensed. Property and equipment are stated at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 10 years. The costs of maintenance and repairs are charged to expense as incurred. There was no depreciation expense for the fiscal years ended August 31, 2021 and 2020.

**Donated Materials and Services**

NCBF receives services donated by volunteers to assist in carrying out its mission. No amounts have been reflected in the financial statements for those services since there is not a readily determinable value to assign to the services and the services do not meet the criteria for recognition under FASB ASC 958-605-50-1.

The members of the Board of Directors do not receive compensation; no provision is made in the financial statements for either their services or expenses.

**Income Taxes**

As a nonprofit organization, NCBF is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Contributions to NCBF are tax deductible since the Foundation qualifies under Section 170(c) of the Internal Revenue Code.

The accounting standard FASB ASC 740, Income Taxes, on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the tax returns to determine whether the tax positions are “more likely than not” of being sustained when challenged or when examined by the applicable taxing authorities. The measurement of unrecognized tax benefits as well as unrecorded tax liability is adjusted when new information is available, or when an event occurs that requires a change.

For the fiscal year ended August 31, 2021, NCBF has determined that there were no material uncertain tax positions. NCBF Forms 990 Return of Organization Exempt from Income Tax, for the fiscal years ended August 31, 2019, 2020 and 2021 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

NATIONAL CONFERENCE OF BAR FOUNDATIONS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Functional Expenses**

The Foundation allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly to their natural expenditure classification.

**2. CONCENTRATION OF CREDIT RISK**

NCBF maintains its cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At August 31, 2021, the Organization did not have balances in excess of the FDIC insurance limits.

**3. FAIR VALUE**

In determining fair value, NCBF uses various valuation approaches for fair value measurement within FASB ASC 820. Fair value measurements are determined based on the assumptions that the market participants would use in pricing an asset or liability.

FASB ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the uses of unobservable inputs by requiring that the most observable inputs be used when available. The defined levels within the hierarchy based on the reliability of inputs are as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

As of August 31, 2021, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investment securities. Securities listed on national markets or exchanges are valued at the last sales price. If there is no sale and the market is still considered active, at the last transaction price before year-end. NCBF measures fair value for mutual funds and money markets as classified within Level 1 of the valuation hierarchy and certificates of deposit as classified within Level 2 of the valuation hierarchy and are included in investments in the accompany statements of financial position. Currently, NCBF only has a checking and savings account.

NATIONAL CONFERENCE OF BAR FOUNDATIONS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 and 2020

**4. LIQUIDITY**

NCBF regularly monitors liquidity to meet operating needs and other commitments, and to maintain a sufficient level of liquid reserves to provide reasonable assurance that these needs and commitments can continue to be met. Sources of liquidity include cash on hand and contribution and membership dues receivables. NCBF operates with a balanced budget and reviews a comparison of actual results to the budget on a regular basis.

NCBF financial assets which are available within one year of the statement of financial position as of August 31, 2021 for general expenditures are as follows:

Cash and cash equivalents	\$ 87,358
Accounts receivable	<u>415</u>
	<u>\$ 87,773</u>

**5. SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through March 1, 2022, the date which the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may cause some disruption to operational income. While any potential disruption is expected to be temporary, the extent to which COVID-19 may impact the Foundation's financial condition or results of activities is unclear.