NORTH DAKOTA BAR FOUNDATION, INC.
BISMARCK, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
North Dakota Bar Foundation, Inc.
Bismarck, North Dakota

Opinion

We have audited the accompanying financial statements of North Dakota Bar Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 North Dakota Bar Foundation, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 North Dakota Bar Foundation, Inc. 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, 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 North Dakota Bar Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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.

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 North Dakota Bar Foundation, Inc.'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 North Dakota Bar Foundation, Inc.'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Grants, Scholarships, and Contributions is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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Report on Summarized Comparative Information

We have previously audited North Dakota Bar Foundation, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

June 6, 2024

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NORTH DAKOTA BAR FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023 WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022 (Memorandum only)
Cash and cash equivalents	$ 23,873	$ 433,341	$ 457,214	$ 229,563
Marketable securities	223,874	-	223,874	262,103
Related party receivable	13,699	-	13,699	250
Total assets	$ 261,446	$ 433,341	$ 694,787	$ 491,916

LIABILITIES AND NET ASSETS

Accounts payable	$ 10,000	$ 20,020	$ 30,020	$ 36,125
Contribution payable	-	-	-	10,000
Grants payable	-	30,000	30,000	50,000
Total liabilities	10,000	50,020	60,020	96,125
Net assets:				
Without donor restrictions	251,446	-	251,446	284,877
With donor restrictions	-	383,321	383,321	110,914
Total net assets	251,446	383,321	634,767	395,791
Total liabilities and net assets	$ 261,446	$ 433,341	$ 694,787	$ 491,916

See Notes to the Financial Statements

NORTH DAKOTA BAR FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022 (Memorandum only)
Revenue and support:				
I.O.L.T.A. income	$ -	$ 275,945	$ 275,945	$ 59,500
Investment income	10,885	1,178	12,063	15,056
Realized and unrealized gain on investments	21,783	-	21,783	(91,470)
Annual meeting	7,323	-	7,323	7,735
Contributions	20,928	37,690	58,618	48,891
Revenue and support before net assets released	60,919	314,813	375,732	39,712
Net assets released from restrictions:	42,406	(42,406)	-	-
Total revenue and support	103,325	272,407	375,732	39,712
Expenses and losses:				
Grants, scholarships and contributions	102,900	-	102,900	152,200
Program management	17,791	-	17,791	19,274
General and administrative	16,065	-	16,065	16,501
Total expenses and losses	136,756	-	136,756	187,975
Change in net assets	(33,431)	272,407	238,976	(148,263)
Net assets - beginning of year	284,877	110,914	395,791	544,054
Net assets - end of year	$ 251,446	$ 383,321	$ 634,767	$ 395,791

See Notes to the Financial Statements

NORTH DAKOTA BAR FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Grants, Scholarships & Contributions	Program Management	Total Program Costs	General & Administrative	Total 2023	Total 2022 (Memorandum only)
Grant awards	$ 30,000	$ -	$ 30,000	$ -	$ 30,000	$ 30,000
Scholarships	5,500	-	5,500	-	5,500	5,500
Contributions	67,400	-	67,400	-	67,400	116,700
Professional fees - biography	-	-	-	-	-	10,000
Salaries	-	317	317	5,646	5,963	5,789
Audit fees	-	5,195	5,195	3,880	9,075	8,755
Supplies	-	298	298	725	1,023	615
Dues and subscriptions	-	150	150	100	250	330
Postage	-	225	225	200	425	365
Telephone	-	175	175	400	575	575
Contract services	-	1,945	1,945	1,445	3,390	3,500
Printing	-	-	-	30	30	30
Website maintenance	-	350	350	475	825	400
Annual meeting	-	6,386	6,386	-	6,386	599
Rent	-	2,750	2,750	2,950	5,700	4,525
Bank charges	-	-	-	139	139	292
Travel & education	-	-	-	75	75	-
Total	$ 102,900	$ 17,791	$ 120,691	$ 16,065	$ 136,756	$ 187,975

See Notes to the Financial Statements

NORTH DAKOTA BAR FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022 (Memorandum only)
Cash flows from operating activities:				
Change in net assets	$ (33,431)	$ 272,407	$ 238,976	$ (148,263)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:				
Realized and unrealized (gain) on marketable securities	(21,783)	-	(21,783)	91,470
Effects on operating cash flows due to change in:				
Related party receivable	(13,449)	-	(13,449)	(95)
Contribution payable	(10,000)	-	(10,000)	(30,000)
Grants payable	(50,000)	30,000	(20,000)	20,000
Accounts payable	(17,465)	11,360	(6,105)	(5,677)
Cash provided (used) by operating activities	(146,128)	313,767	167,639	(72,565)
Cash flows from investing activities:				
Proceeds from sale of marketable securities/CDs	81,063	-	81,063	141,926
Purchase of marketable securities/CDs	(21,051)	-	(21,051)	(9,922)
Cash provided (used) by investing activities	60,012	-	60,012	132,004
Net change in cash and cash equivalents	(86,116)	313,767	227,651	59,439
Cash and cash equivalents - beginning of year	109,989	119,574	229,563	170,124
Cash and cash equivalents - end of year	$ 23,873	$ 433,341	$ 457,214	$ 229,563

See Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

North Dakota Bar Foundation, Inc. is a not-for-profit corporation organized to advance the science of jurisprudence and promote the administration of justice and uniformity of judicial decision, exclusively through educational and scientific means or purpose within the State of North Dakota. Approximately 89% of the Foundation's revenues are received from contributions, grants and interest earned on lawyer trust accounts. The Foundation began operations in 1982.

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, (“GAAP”), as codified by the Financial Accounting Standards Board.

Financial statement presentation follows the recommendations of the Accounting Standards Codification Topic 958, Accounting for Not-for-Profit Entities. The codification requires the Foundation to report information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction.

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for a board designated purpose.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Foundation's net assets with donor restriction consist of the following:

IOLTA funds to be used for:

1. The support of civil legal services to the poor
2. Public education relating to the courts and legal matters
3. The improvement of the administration of justice

Pro Bono funds are voluntary contributions to be used to provide pro bono legal services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Revenue and Support Without and With Donor Restriction

Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Depending on the existence and/or nature of any restrictions, contributions received are recorded as support with donor restrictions or support without donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

The Foundation recognizes various grant revenues at the time expenditures are incurred, which are allocable to the grant. Expenses incurred in excess of amounts received under grant contracts may result in grants receivable. Amounts received under grant contracts in excess of expenses are reported as unearned revenue. Other unrestricted support is recognized when received. Expenses are recognized at the time they are incurred.

Interest on lawyer trust accounts (I.O.L.T.A.) is recorded as earned when notification is received from the financial institution.

Cash and Cash Equivalents

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

Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Fixed Income Bonds: Evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information, and for structured securities also incorporate cash flow and, when available, loan performance data to value fixed income securities including corporate bonds. To evaluate a wide range of fixed-income securities, evaluators draw parallels from the trading and quoting of bonds with similar features (comparable bonds). Characteristics used to identify comparable securities may include such things as: sector, type of bond, coupon, credit quality ratings, bond insurance or other credit enhancements, maturity, call, put sinking fund or other early redemption features.

U.S. Government Securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

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

Contributions Payable

Contributions payable are reported at net realizable value if, at the time the promise is made, the Foundation expects to make payment in one year or less. Unconditional promises that the Foundation expects to pay in more than one year are reported at fair value initially and in subsequent periods because the Foundation elected the fair value option in accordance with generally accepted accounting principles. Management believes that the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their payment and provides equal or better information to users of its financial statements if those promises were measured using present value techniques and historical discount rates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, which are allocated on the basis of estimates of time and effort and occupancy costs, which are allocated on the basis of square footage.

Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and has been determined not to be a private foundation.

The Foundation's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence.

NOTE 2 MARKETABLE SECURITIES

Marketable securities at December 31, 2023 were held as follows:

	Cost	Market Value	Unrealized Gain (Loss)
Marketable Securities - Edward Jones	$ 210,097	$ 223,874	$ 13,777

The Foundation had an unrealized gain of $9,164 for the year ended December 31, 2023.

NOTE 3 FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring base as of December 31, 2023 are summarized as follows:

Description	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income securities:				
Government bonds-FHLB	$ 7,239	$ -	$ 7,239	$ -
Corporate bonds	98,175	-	98,175	-
Mutual Funds	118,460	118,460	-	-
Total	$ 223,874	$ 118,460	$ 105,414	$ -

NOTE 4 CREDIT RISK

The Foundation maintains its cash and cash equivalents on deposit with various financial institutions which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses in such accounts nor does the Foundation believe it is exposed to any significant credit risk on its cash and cash equivalents.

NOTE 5 RELATED PARTY

The State Bar Association of North Dakota is a separate not-for-profit organization. The Foundation's Board of Directors consists of directors who are elected by the membership and those who are appointed by the State Bar Association. In addition, the Association maintains the records of the Foundation and employees of the Association perform various duties for the Foundation. The Foundation owes the Association $20,020 for these services along with reimbursement of expenses paid on their behalf for the year ended December 31, 2023. This amount is included in accounts payable on the statement of financial position and program management expenses and general and administrative expenses on the statement of activities.

The State Bar Association owes the Foundation $13,699 as of December 31, 2023 for contributions and silent auction receipts collected on their behalf and also an overpayment of expenses. This amount is included in related party receivable on the statement of financial position.

NOTE 6 INCOME TAXES

It is the opinion of management that the Foundation has no significant uncertain tax positions that would be subject to change upon examination. The federal income tax returns of the Foundation are subject to examination by the IRS, generally for three years after they were filed, all filings are current.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2023:

Subject to expenditure for specified purpose:	
IOLTA	$ 343,574
Pro Bono Fund	39,747
Total	$ 383,321

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the year ended December 31, 2023:

Purpose restrictions accomplished:	
IOLTA program costs	$ 11,406
IOLTA grant	30,000
Scholarship	1,000
Total	$ 42,406

NOTE 8 LIQUIDITY AND AVAILABILITY

The following reflects the Foundation's financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at year end:	
Cash and cash equivalents	$ 457,214
Marketable securities	223,874
Related party receivable	13,699
Total financial assets	694,787
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(383,321)
Cash restricted for grants payable	(30,000)
Total amounts not available to be used within one year	(413,321)
Financial assets available to meet general expenditures over the next twelve months	$ 281,466

The Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in marketable securities.

NOTE 9 CONTRIBUTION PAYABLE

On September 24, 2019, the board of directors approved a contribution of $50,000 to the University of North Dakota Foundation for funding the Law School. The Foundation paid $10,000 of this unconditional promise to give in 2019, 2020, 2021 and 2022. The remaining $10,000 was paid out in 2023.

NOTE 10 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Foundation's year end. Subsequent events have been evaluated through June 6, 2024, which is the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Schedule I

NORTH DAKOTA BAR FOUNDATION, INC.
SCHEDULE OF GRANTS, SCHOLARSHIPS AND CONTRIBUTIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Recipient	2023	2022
Legal Services of North Dakota - IOLTA	$ 30,000	$ 30,000
UND Law School Scholarships	5,500	5,500
UND Law School Grant	14,700	14,700
North Dakota Human Rights Coalition	-	10,000
North Dakota Court Improvement Program	10,000	10,000
Legal Services of North Dakota	-	20,000
Legal Services of North Dakota - Pro Bono Fund	-	32,000
North Dakota Humanities Council	5,000	5,000
High Plains Fair Housing Center, Inc	-	5,000
Children's Advocacy Centers of ND	5,000	-
Gender Justice	10,000	-
North Dakota State Courts	15,000	-
North Dakota Supreme Court	2,700	-
Stenehjem Scholarship Endowment Fund	5,000	20,000
Total	$ 102,900	$ 152,200