

**NORTH DAKOTA BAR FOUNDATION, INC.  
BISMARCK, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

## TABLE OF CONTENTS

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule I: Schedule of Grants, Scholarships and Contributions	15

## INDEPENDENT AUDITOR'S REPORT

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

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, 2019, 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 North Dakota Bar Foundation, Inc. as of December 31, 2019, 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.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, the Foundation changed its method for recognizing revenue as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*, effective 2019. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the Foundation has adopted Accounting Standards Update No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective 2019. Our opinion is not modified with respect to this matter.

## 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.

## Report on Summarized Comparative Information

We have previously audited North Dakota Bar Foundation, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**BISMARCK, NORTH DAKOTA**

June 9, 2020

**NORTH DAKOTA BAR FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
DECEMBER 31, 2019 WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018

**ASSETS**

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018 (Memorandum only)
Cash & cash equivalents	\$ 46,715	\$ 532,083	\$ 578,798	\$ 575,160
Certificates of deposit	28,000	-	28,000	28,000
Marketable securities	379,194	-	379,194	330,533
Accounts receivable	8,000	-	8,000	560
Grants receivable	8,162	-	8,162	17,815
	<u>\$ 470,071</u>	<u>\$ 532,083</u>	<u>\$ 1,002,154</u>	<u>\$ 952,068</u>
Total assets				

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 29,506	\$ 3,372	\$ 32,878	\$ 37,107
Deferred grant revenue	-	-	-	1,304
Contribution payable	40,000	-	40,000	-
Grants payable	-	454,065	454,065	508,868
	<u>69,506</u>	<u>457,437</u>	<u>526,943</u>	<u>547,279</u>
Total liabilities				
Net assets:				
Without donor restrictions	400,565	-	400,565	384,622
With donor restrictions	-	74,646	74,646	20,167
	<u>400,565</u>	<u>74,646</u>	<u>475,211</u>	<u>404,789</u>
Total net assets				
Total liabilities and net assets	<u>\$ 470,071</u>	<u>\$ 532,083</u>	<u>\$ 1,002,154</u>	<u>\$ 952,068</u>

See Notes to the Financial Statements

**NORTH DAKOTA BAR FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 WITH COMPARATIVE TOTALS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018 (Memorandum only)</u>
Revenue and support:				
I.O.L.T.A. income	\$ -	\$ 74,177	\$ 74,177	\$ 40,614
Grant income	-	50,605	50,605	35,768
Investment income	19,324	6,327	25,651	25,818
Realized and unrealized gain (loss)				
on investments	51,292	-	51,292	(40,619)
Annual meeting	7,539	-	7,539	10,424
Contributions	19,738	11,565	31,303	40,299
Revenue and support before net assets released	<u>97,893</u>	<u>142,674</u>	<u>240,567</u>	<u>112,304</u>
Net assets released from restrictions:	<u>88,195</u>	<u>(88,195)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>186,088</u>	<u>54,479</u>	<u>240,567</u>	<u>112,304</u>
Expenses and losses:				
Grants, scholarships and contributions	99,950	-	99,950	90,700
Program management	58,197	-	58,197	43,600
General and administrative	11,998	-	11,998	10,349
Total expense	<u>170,145</u>	<u>-</u>	<u>170,145</u>	<u>144,649</u>
Change in net assets	15,943	54,479	70,422	(32,345)
Net assets - beginning of year	<u>384,622</u>	<u>20,167</u>	<u>404,789</u>	<u>437,134</u>
Net assets - end of year	<u>\$ 400,565</u>	<u>\$ 74,646</u>	<u>\$ 475,211</u>	<u>\$ 404,789</u>

See Notes to the Financial Statements

**NORTH DAKOTA BAR FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 WITH COMPARATIVE TOTALS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Grants, Scholarships & Contributions	Program Management	Total Program Costs	General & Administrative	Total 2019	Total 2018 (Memorandum only)
Grant awards	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ 30,000	\$ 30,000
Scholarships	5,250	-	5,250	-	5,250	5,000
Contributions	64,700	-	64,700	-	64,700	55,700
Professional fees - biography	-	20,000	20,000	-	20,000	-
Civics education	-	30,605	30,605	-	30,605	35,768
Salaries	-	449	449	2,023	2,472	1,648
Audit fees	-	3,965	3,965	3,965	7,930	7,150
Supplies	-	-	-	-	-	133
Dues and subscriptions	-	-	-	10	10	165
Postage	-	-	-	152	152	263
Telephone	-	-	-	397	397	476
Contract services	-	1,378	1,378	1,378	2,756	2,926
Printing	-	-	-	4	4	3
Website maintenance	-	-	-	312	312	390
Annual meeting	-	-	-	1,488	1,488	954
Rent	-	1,800	1,800	1,980	3,780	3,880
Bank charges	-	-	-	289	289	193
<b>Total</b>	<b>\$ 99,950</b>	<b>\$ 58,197</b>	<b>\$ 158,147</b>	<b>\$ 11,998</b>	<b>\$ 170,145</b>	<b>\$ 144,649</b>

See Notes to the Financial Statements

**NORTH DAKOTA BAR FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 WITH COMPARATIVE TOTALS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018 (Memorandum only)
Cash flows from operating activities:				
Change in net assets	\$ 15,943	\$ 54,479	\$ 70,422	\$ (32,345)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:				
Realized and unrealized (gain) on marketable securities	(51,292)	-	(51,292)	40,619
Effects on operating cash flows due to change in:				
Accounts receivable	(7,440)	-	(7,440)	11,241
Grants receivable	9,653	-	9,653	(17,815)
Deferred grant revenue	(1,304)	-	(1,304)	1,304
Contribution payable	40,000	-	40,000	-
Grants payable	-	(54,803)	(54,803)	(227,033)
Accounts payable	17,299	(21,529)	(4,230)	9,553
	<u>22,859</u>	<u>(21,853)</u>	<u>1,006</u>	<u>(214,476)</u>
Cash provided (used) by operating activities				
Cash flows from investing activities:				
Proceeds from sale of marketable securities/CDs	16,002	-	16,002	38,000
Purchase of marketable securities/CDs	(13,370)	-	(13,370)	(73,900)
	<u>2,632</u>	<u>-</u>	<u>2,632</u>	<u>(35,900)</u>
Cash (used) by investing activities				
Net change in cash and cash equivalents	25,491	(21,853)	3,638	(250,376)
Cash and cash equivalents - beginning of year	<u>21,224</u>	<u>553,936</u>	<u>575,160</u>	<u>825,536</u>
Cash and cash equivalents - end of year	<u>\$ 46,715</u>	<u>\$ 532,083</u>	<u>\$ 578,798</u>	<u>\$ 575,160</u>

See Notes to the Financial Statements



**NORTH DAKOTA BAR FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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 65% 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. Interest on lawyer trust accounts (I.O.L.T.A.) is recorded as earned when notification is received from the financial institution.

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 voluntary contributions to be used to provide pro bono legal services.

**NORTH DAKOTA BAR FOUNDATION, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**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, 2018, 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.

**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.

**Accounts Receivable**

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. An allowance for uncollectible accounts has not been provided since management believes that the balance in accounts receivable will be collected. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Interest is not charged on accounts receivable that are outstanding.

**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

**NORTH DAKOTA BAR FOUNDATION, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

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, 2019.

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 CMO's, mutual fund bonds, mortgage backed bonds, and 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.

**NORTH DAKOTA BAR FOUNDATION, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**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 statements 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 rent , which is 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.

**Use of Estimates**

The presentation 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.

**New Accounting Pronouncement**

Effective January 1, 2019, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective method of transition applied to contracts that were not complete as of January 1, 2019. This ASU replaced existing revenue recognition guidance, including industry-specific guidance, and requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled to in an exchange of goods or services. There was no adjustment required to the opening balance of net assets for the adoption of this ASU. Comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods.

**NORTH DAKOTA BAR FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

**NOTE 2 CERTIFICATES OF DEPOSIT**

Certificates of deposit are recorded at cost and consist of the following as of December 31, 2019:

Financial Institution	Amount	Rate	Maturity Date
Wells Fargo Bank	\$ 14,000	2.50%	02/01/21
Wells Fargo Bank	<u>14,000</u>	2.55%	01/31/22
Total certificates of deposit	<u><u>\$ 28,000</u></u>		

**NOTE 3 MARKETABLE SECURITIES**

Marketable securities at December 31, 2019 were held as follows:

	Cost	Market Value	Unrealized Gain (Loss)
Marketable Securities - Edward Jones	<u>\$ 320,918</u>	<u>\$ 379,194</u>	<u>\$ 58,276</u>

The Foundation had an unrealized gain of \$52,295 and a realized loss of \$3 for the year ended December 31, 2019.

**NOTE 4 FAIR VALUE MEASUREMENTS**

Assets measured at fair value on a recurring base as of December 31, 2019 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	\$ 23,701	\$ 23,701	\$ -	\$ -
Corporate bonds	77,303	77,303	-	-
Mutual Funds	<u>278,190</u>	<u>278,190</u>	-	-
Total	<u><u>\$ 379,194</u></u>	<u><u>\$ 379,194</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**NORTH DAKOTA BAR FOUNDATION, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**NOTE 5 CREDIT RISK**

The Foundation maintains its cash, cash equivalents and certificates of deposit 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 maintains their cash, cash equivalents and certificates of deposits in large, well-capitalized financial institutions. The Foundation also maintains certificates of deposit with a local brokerage firm which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investors Protection Corporation (SIPC). 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, cash equivalents and certificates of deposit.

**NOTE 6 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 as of December 31, 2019. The Foundation paid the Association \$33,134 for these services, for the year ended December 31, 2019. This amount is included in program management expenses and general and administrative expenses.

As of December 31, 2019, the Foundation recorded \$32,878 as accounts payable due to the Association.

**NOTE 7 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 8 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2019:

Subject to expenditure for specified purpose:	
IOLTA	\$ 61,958
Pro Bono Fund	<u>12,688</u>
	<u><u>\$ 74,646</u></u>

**NORTH DAKOTA BAR FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

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, 2019:

Purpose restrictions accomplished:	
IOLTA program costs	\$ 7,591
IOLTA grant	30,000
We the People grant expenses	30,604
Northwest ND Community Foundation grant expenses	20,000
	<u>\$ 88,195</u>

**NOTE 9 LIQUIDITY AND AVAILABILITY**

The following reflects the Foundation's financial assets as of December 31, 2019, 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	\$ 578,798
Certificates of deposit	28,000
Marketable securities	379,194
Accounts receivable	8,000
Grants receivable	8,162
Total financial assets	<u>1,002,154</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	74,646
Unconditional promises to give	10,000
Cash restricted for grants and awards payable	454,065
	<u>538,711</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 463,443</u>

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 and certificates of deposit.

**NOTE 10 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 at the Law School. A total of \$10,000 of this unconditional promise to give was paid in 2019. The remaining \$40,000 will be paid out at \$10,000 per year in years 2020 through 2023.

**NORTH DAKOTA BAR FOUNDATION, INC.**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**NOTE 11 SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Federal state and local governments have since implemented various restrictions on travel, public gatherings, and business operations. Restrictions and government social distancing recommendations have impacted the activities of the Foundation. While the Foundation expects this matter to negatively impact its results of operations and financial condition, the extent of the impact is uncertain.

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Foundation is closely monitoring their investment portfolio and its liquidity and are actively working to minimize the impact of these declines. The financial statements do not include adjustments to fair value that have resulted from these declines.

Subsequent events have been evaluated through June 9, 2020, which is the date these financial statements were available to be issued.



## **SUPPLEMENTARY INFORMATION**

**NORTH DAKOTA BAR FOUNDATION, INC.**  
**SCHEDULE OF GRANTS, SCHOLARSHIPS AND CONTRIBUTIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

<u>Recipient</u>	<u>2019</u>	<u>2018</u>
Legal Services of North Dakota - IOLTA	\$ 30,000	\$ 30,000
UND Law School Scholarships	5,250	5,000
UND Law School Grant	14,700	14,700
Legal Services Restricted Continued Payment	-	20,000
*UND Foundation	50,000	-
Legal Services of North Dakota - Pro Bono Fund	-	21,000
Total	<u>\$ 99,950</u>	<u>\$ 90,700</u>

\* See footnote 10 to the audit report