

MICHIGAN STATE BAR FOUNDATION
2022-2023 PROPOSED BUDGET

Trustees Meeting 9/14/2022

9/7/2022

	2021-2022	2021-2022	2022-2023
	Budget	Projected	Budget
	Actual		
REVENUES			
IOLTA (Net of Service Charges)	1,476,062	1,506,358	1,656,994
Civil Justice System Access and Legal Self-Help	450,000	650,000	650,000
MSHDA Eviction Diversion Program	10,954,092	9,954,092	9,100,000
Filing Fees	58,561	54,784	55,000
Fellows and Other Memberships	25,000	24,600	25,000
Special Funds and Fundraising Support	351,960	98,247	95,000
ATJ Fund Contributions	1,375,118	1,352,627	1,355,549
MDHHS - Social Security Disability	-	325,000	325,000
Memorials, Tributes, and Contributions	500	-	250
Interest and Dividends	286,240	278,667	226,000
Other Revenue		172,371	
TOTAL REVENUES	14,977,533	14,416,747	13,488,793
ADMINISTRATIVE EXPENDITURES			
Personnel	586,241	579,319	694,130
Employee Taxes and Benefits	193,974	182,220	196,521
Accounting Fees	30,000	28,842	30,000
Legal Fees and Filing Fees	5,000	493	3,000
Other Professional Fees	4,000	7,005	3,000
Postage and Printing	10,057	7,679	8,832
Rent	41,517	39,596	41,507
Insurance	8,400	11,928	12,000
Telephone	6,045	5,959	4,595
Meetings, Conferences, Travel, and Training	54,965	37,001	44,965
Dues, Subscriptions, and Publications	10,155	11,866	12,655
Supplies	6,750	15,373	6,000
Program Evaluation and Support	20,475	20,755	21,562
Maintenance and Repairs	56,000	63,744	49,450
Miscellaneous	5,374	333	5,020
Interest and Service Charges	36,161	24,968	28,925
Depreciation	5,000	5,102	7,000
TOTAL ADMINISTRATIVE EXPENSES	1,080,113	1,042,184	1,169,161
NET REVENUES AFTER ADMIN EXPENSES	13,897,419	13,374,562	12,319,632
GRANTS			
IOLTA - Civil Legal Services	1,360,000	1,327,500	1,500,000
IOLTA - Administration of Justice	323,971	102,526	137,995
IOLTA - Race/Ethnic/Gender Related	88,724	99,243	103,673
IOLTA - Supreme Court Historical Society	41,325	46,584	50,534
MDHHS - Social Security Disability	-	321,750	312,000
Civil Justice System Access Grants and Legal Self-Help Grants	450,000	650,000	650,000
ATJ Fund - Designated and Statewide Distribution	2,012,616	1,913,143	1,617,038
ATJ Fund - Grants (Designated Endowments)	100,000	95,815	100,000
MSHDA Eviction Diversion Program	10,849,092	9,861,592	9,010,000
Franck Fund	10,000	-	10,000
Special Grants	356,960	-	-
TOTAL GRANTS	15,592,687	14,418,153	13,491,240
NET REVENUES AFTER GRANTS	(1,695,268)	(1,043,590)	(1,171,608)
CAPITAL EXPENDITURES DETAIL			
TOTAL CAPITAL EXPENDITURES	12,000	2,179	20,000
FUND BALANCES			
Beginning Designated Fund Balances	9,426,994	9,321,518	7,168,112
Increase/(decrease) of designated fund reserves from MSBF activity	(1,298,019)	(802,444)	(639,837)
<i>Increase/(decrease) of designated fund reserves from investments</i>	-	(1,350,962)	-
Estimated Designated Fund Reserve Balance	8,128,975	7,168,112	6,528,275
Beginning Undesignated Fund Balances (includes \$500K board reserves)	1,972,259	1,972,259	1,403,873
Increase/(decrease) of undesignated fund reserves from MSBF activity	(397,249)	(241,147)	(535,175)
<i>Increase/(decrease) of undesignated fund reserves from investments</i>	-	(327,240)	-
Estimated Undesignated Fund Reserve Balance (includes \$500K reserve)	1,575,010	1,403,873	868,698

MICHIGAN STATE BAR FOUNDATION

2022-2023 PROPOSED BUDGET

9/7/2022

Trustees Meeting 9/14/2022

MICHIGAN STATE BAR FOUNDATION				
REVENUES				
SOURCE	AMOUNT			EXPLANATION
	2021-2022 Budget	2021-2022 Projected Actual	2022-2023 Budget	
IOLTA	1,476,062	1,506,358	1,656,994	IOLTA receipts (net of service charges) are expected to average about \$137,500 per month during 2022-2023, based on rates the past few months and remittance averages during times with similar interest rates. The Federal Fund rates is expected to still increase and the IOLTA Community Investment Committee with continue to work on expanding the Banking on Justice program. 15% of net IOLTA revenues is allocated for Gender/Racial/Ethnic/ATJ related issues (10%) and the Michigan Supreme Court Historical Society (5%).
Civil Justice System Access & Legal Self-Help	450,000	650,000	650,000	Revenue for Michigan Legal Help operations includes \$650,000 for FY 2021-2022 and \$650,000 projected for FY 2022-2023.
MSHDA Eviction Diversion Program	10,954,092	9,954,092	9,100,000	MSBF administers federal funds received from MSHDA for the Eviction Diversion Program meant to assist people in need due to the COVID-19 pandemic. FY 2021-2022 includes part of the \$1.5 million from CERA 1 and part of the \$16 million from CERA 2. FY 2022-2023 includes the rest of the \$16 million from CERA 2.
Filing Fees	58,561	54,784	55,000	The statutory allocation for the Foundation's annual reimbursement for costs in performing its functions relating to P.A. 189 of 1993 is 1% of the legal services portion of the funds. FY 2021-2022 court filings continued to be lower than pre-pandemic levels. We anticipate continued lower levels for FY 2022-2023 with an annual total only slightly increased over the prior year pandemic levels.
Fellows and Other Memberships	25,000	24,600	25,000	Fellows income budget for 2022-2023 is based on historical averages of prior year actuals.
Special Funds and Fundraising Support	351,960	98,247	95,000	These represent contributions and grants for special projects such as the Lawyers and Judges Assistance Program which are pass-through funds. In 2021-2022 the Foundation received \$75,000 for fundraising support and expects a similar amount in 2022-2023. JFA funds were initially budgeted to be included as revenue, but were later accounted for as fiscal agent funds.
Access to Justice Fund	1,375,118	1,352,627	1,355,549	The budget for donations for 2022-2023 assumes donations similar to prior years with a slight increase from increased campaign efforts.
MDHHS - Social Security Disability	0	325,000	325,000	This contract is expected to be renewed in 2022-2023.
Memorials, Tributes, and Contributions	500	0	250	FY 2021-2022 projections are based on receipts received so far in 2021-2022. The 2022-2023 budget is based on prior year averages.
Interest and Dividends on Invested Funds	286,240	278,667	226,000	The 2022-2023 budget projection is based on an average of 1.0% return on an average of \$2.3 million in IOLTA and Civil Justice System Access funds, plus an average of 2.5% return on an average of \$8.1 million in Foundation and Access to Justice funds. Current fiscal year projections are annualized amounts based on current fiscal year actuals year to date.
Other Revenue	0	172,371	0	This revenue is a general category for unanticipated revenue. In 2021-2022, MSBF was the recipient of a cy pres award.
TOTAL	14,977,533	14,416,747	13,488,793	

**MICHIGAN STATE BAR FOUNDATION
ADMINISTRATIVE EXPENSES**

TYPE	AMOUNT			EXPLANATION
	2021-2022 Budget	2021-2022 Projected Actual	2022-2023 Budget	
Personnel Salaries & Wages Taxes & Benefits	586,241 193,974	579,319 182,220	694,130 196,521	2022-2023 budgeted salaries and wages include the current positions of Executive Director, Chief Financial Officer, Development Manager, Program Coordinator, Development Associate, and IOLTA Manager, and Communications Manager. The 2022-2023 budget includes up to a 5.55% (aggregate amount) in salary adjustments. Any actual salary and benefits will be set later per our compensation policy. The increase in taxes and benefits provides for annual increases in health insurance costs and increased staffing hired in 2021-
Accounting Fees	30,000	28,842	30,000	The FY 2022-2023 budget is based on audit costs (which includes IRS Form 990 preparation and another Single Audit) and specialized services and is projected based on prior year actuals.
Legal Fees and Filing Fees	5,000	493	3,000	This is a contingent category based on the possible need for legal advice or services. In the past the Foundation has utilized the services of a law firm for advice regarding such matters as personnel questions, the Foundation's charitable solicitations registration, the ATJ Fund, and planned giving. This figure is also warranted in light of MSBF's D & O Policy deductible of \$2,500 per occurrence and general liability policy deductible of \$500 per occurrence.
Other Professional Fees	4,000	7,005	3,000	FY 2021-2022 includes annual grants database programming, QuickBooks Online upgrade consultant work, and half the consultant costs related to the IOLTA database upgrade migration. FY 2021-2022 is a contingency amount for annual grant database programming.
Postage and Printing	10,057	7,679	8,832	The FY 2021-2022 projected expenditures are lower than expected due to increased paperless communications. The FY 2022-2023 budget includes Fellows communications, distribution of grant reports, newsletters, informational materials, and fundraising materials.
Rent	41,517	39,596	41,507	A new lease agreement with annual adjustments based on annual CPI changes started Sept. 30, 2021. In 2021-2022 we were not charged an increase in CPI from the prior year. The budgeted amount for 2022-2023 is based on a maximum rate increase of 5%.
Insurance	8,400	11,928	12,000	This includes MSBF's participation in the Council on Foundations insurance program for D&O liability, Dishonesty Bond and Data Breach coverage, Workers Compensation, as well as Office Contents and General Liability coverage. Cyber liability is expected to be added.
Telephone	6,045	5,959	4,595	These costs include phone service, the Foundation's Internet Site, and internet access. MSBF changed internet providers near the beginning of March with lower expected internet costs for fiscal year 2022-2023.

MICHIGAN STATE BAR FOUNDATION
ADMINISTRATIVE EXPENSES, Continued

TYPE	AMOUNT			EXPLANATION
	2021-2022 Budget	2021-2022 Projected Actual	2022-2023 Budget	
Meetings, Conferences, Travel, and Training	54,965	37,001	44,965	FY 2022-2023 budget includes anniversary meeting costs estimated at \$30,000. Meeting and travel costs, including Board/Committee meetings, are budgeted at \$1,000. Meetings, staff training and conferences include: costs of staff training, one person attending the Council on Foundations conference, costs for two staff to attend the spring ABA Equal Justice Conference where there is also a NAIP pre-conference, and attendance for two people at the MIE Fundraising Conference, and one person for LSC/Tech Innovations Conference for a total of \$18,000 for meetings, training and conference travel. This line item also includes almost \$1,000 for ATJ event travel costs.
Dues, Subscriptions, & Publications	10,155	11,866	12,655	This includes membership in Michigan Bankers Association (MBA), National Association of IOLTA Programs, Council of Michigan Foundations, and other similar entities.
Supplies	6,750	15,373	6,000	These costs include stationery/envelopes and computer/word processing supplies, brochures, flyers and other items, including hardware and software which would be capitalized, but are expensed pursuant to Board policy of expensing items below \$1,000. In 2021-2022 new monitors, computer docking stations, headsets, and desks were purchased and expensed with each item below \$1000.
Program Evaluation and Support	20,475	20,755	21,562	Program evaluation and support costs help assure accountability and effectiveness for over \$9 million in annual legal services and other grants. Smaller technical assistance funds can often strengthen larger grant investments. This includes some implementation costs for assessment recommendations and other needed support. One on-site visit was conducted in 2020-2021 and one is planned for 2021-2022.
Maintenance & Repairs	56,000	63,744	49,450	Maintenance is primarily on-site warranties and hardware and software maintenance contracts, including fundraising and email software upgrade/maintenance agreements and online grant management system. The 2022-2023 FY costs include IT support services from Providence, SurveyMonkey website costs, Raisers Edge fundraising donor software costs, and IOLTA database maintenance costs.
Miscellaneous & Contingency	5,374	333	5,020	This contingency category is about 0.5% of total administrative expenses.
Interest and Service Charges	36,161	24,968	28,925	The monthly service charge on the JPMorgan Chase checking account is \$25 per month plus charges for any EFT transfers. Credit card processing by Blackbaud for Fellows payments is 3.06% This category also includes Vanguard investment account service charges which did increase in 2021-2022.
Depreciation	5,000	5,102	7,000	All equipment, computers, capitalized leases of office equipment, and software are depreciated on a five-year straight line basis. All furniture is depreciated on ten-year straight line basis. Depreciation will increase slightly in 2022-2023 with purchases of office furniture.
TOTAL ADMIN. EXPENSES	1,080,113	1,042,184	1,169,161	

**MICHIGAN STATE BAR FOUNDATION
GRANT EXPENDITURES**

TYPE	AMOUNT			EXPLANATION
	2021-2022 Budget	2021-2022 Projected Actual	2022-2023 Budget	
IOLTA Civil Legal Services (70%)	1,360,000	1,327,500	1,500,000	Per Board policy, FY 2021-2022 grant expenditures for civil legal services were made pursuant to a formal grant process; grants came out of IOLTA revenues received in FY 2020-2021 supplemented by ATJ Fund grants. FY 2022-2023 is calculated based on FY 2021-2022 projected revenues and supplemented by ATJ Fund grants and MSBF unallocated reserve funds.
Administration of Justice (15%)	323,971	102,526	137,995	FY 2022-2023 budgeted amount for various grants is comprised of prior year AOJ designated revenues including 15% of IOLTA net revenues of the prior year, 2% of the prior year ATJ contributions, and the AOJ share of IOLTA investment earnings from prior year.
Race/Ethnic (10%)	88,724	99,243	103,673	The FY 2021-2022 grant amount reflects estimated IOLTA funds payable to the State Court Administrative Office which are 10% of IOLTA net revenues. The FY 2022-2023 budget is based on estimated FY 2022-2023 IOLTA earnings.
Supreme Court Historical Society (5%)	41,325	46,584	50,534	The FY 2021-2022 grant amount reflects estimated IOLTA funds payable to the Michigan Supreme Court Historical Society which are 5% of IOLTA net revenues. The FY 2022-2023 budget is based on estimated FY 2022-2023 IOLTA earnings.
MDHHS - Social Security Disability	0	321,750	312,000	The FY 2021-2022 grants are after a 1% admin fee for MSBF. After reviewing the first year of this program and analyzing costs we are planning on a 4% admin fee for MSBF in FY 2022-2023.
Civil Justice System Access and Legal Self- Help	450,000	650,000	650,000	Legal Self-Help funds are specifically designated for support of the Michigan Legal Help website and self-help centers. This includes expenditures for Michigan Legal Help operations in projected amounts of \$650,000 for FY 2021-2022 and \$650,000 for FY 2022-2023 from funds received for that purpose.
ATJ Fund - Designated and Statewide Distribution	2,012,616	1,913,143	1,617,038	As a statewide campaign, distributions are made to programs based on poverty population for the service area for local legal aid programs and based on a distribution allocation worked out by statewide programs. Access to Justice Fund Operations donations designated for a legal services program are distributed quarterly to that program. Included in 2022-2023 grant estimates are the last of previous year excess cy pres funds totalling \$288,600 we expect to use to assist grantees receiving significantly less filing fees than prior years due to
ATJ Fund - Grants (Designated Endowments)	100,000	95,815	100,000	FY 2021-2022 funds were used for Endowment payouts to programs with designated endowments which elected a distribution of up to 5% during the year. In 2022-2023, the budgeted amount is if all programs elect a distribution from their designated endowments.
MSHDA Eviction Diversion Program Program	10,849,092	9,861,592	9,010,000	MSBF administers federal funds received from MSHDA for the Eviction Diversion Program meant to assist people in need due to the COVID-19 pandemic. FY 2021-2021 includes part of the initial \$4 million available starting in 2020 for expense reimbursement and much of \$7 million available starting in 2021. FY 2021-2022 includes the rest of the \$7 million available in 2021 and another \$7 million
Franck Fund	10,000	0	10,000	The Michael Franck Fund for Professional Responsibility was established in June, 1994. This reflects grants awarded from cumulative earnings over several years. Annual Franck Fund earnings typically range from around \$4,000 to \$6,000.
Special Grants	356,960	0	0	JFA funds were initially budgeted to be included in grant costs, but were later accounted for as fiscal agent funds. FY 2022-2023 budget includes no anticipated LJAP grants.
TOTAL GRANTS	15,592,687	14,418,153	13,491,240	An additional \$5.75 million in 2021 Filing Fees grants was processed by the Foundation but are not shown because the State Treasury writes these checks directly to the grantees upon request from MSBF. MSBF expenses for administering this grant and reporting process are included in this budget. A slightly lower amount of \$5.5 million is expected in 2022 Filing Fees as court activity is still slowly recovering from COVID-19 closures.

**MICHIGAN STATE BAR FOUNDATION
CAPITAL EXPENDITURES**

TYPE	AMOUNT			EXPLANATION
	2021-2022 Budget	2021-2022 Projected Actual	2022-2023 Budget	
Computer Hardware	0	2,179	0	Purchased 1 laptop in FY 2021-2022. A rotating plan of technology upgrades spreads costs out more evenly from year to year.
Software	0	0	0	No planned software purchases are expected in 2022-2023.
Office Equipment	0	0	0	No planned equipment purchases are expected in 2022-2023.
Office Furniture and Equipment	2,000	0	20,000	2022-2023 purchase of office desks, chairs, conference table, cubicle, etc.
Leasehold Improvements	10,000	0	0	2022-2023 office renovation expenses of painting and carpet are being covered by landlord State Bar of Michigan.
TOTAL CAPITAL EXPENDITURES	12,000	2,179	20,000	
Unrealized Gain/(Loss) on Investments	0	-1,794,375	0	Marketable securities must be listed on the balance sheet at the market value. However, this is not a budget item because it is very difficult to predict what the market price of the Funds will be at some future point, to identify whether there will be a gain or a loss. MSBF has decided on an investment strategy for long-term growth perpetually, but annual increases or decreases are very difficult to predict.
Realized Gain/(Loss) on Sale of Investment	0	116,173	0	Various market transactions to maintain the portfolio take place on a continuing basis by our investment managers. However, this is not a budget item because it is very difficult to predict the extent of any gain or loss on the sales of investments. Again, MSBF has decided on an investment strategy for long-term growth perpetually, but annual gains or losses on investments sold are very difficult to predict.

Designated Fund Balance	8,128,975	7,168,112	6,528,275	Using audited fund balances now available, the budget from prior year planned a decrease in designated funds of about \$1.2 million leaving a balance of \$8.1 million. We expect about \$0.8 million decrease in funds from planned operational activities and an unplanned decrease of about \$1.35 million from changes in investments leaving a fund balance of \$7.17 million. There is an expected change to prior year's audit fund balance due to reclassifying some Justice For All funds received as fiscal agent funds instead of revenue. Next fiscal year we are planning a decrease in designated funds of about \$0.64 million to end with a fund balance of \$6.5 million.
Undesignated Fund Balance (includes Board designated reserves of \$500 thousand)	1,575,010	1,403,873	868,698	Using audited fund balances now available, the budget from prior year planned a decrease in undesignated funds of about \$400 thousand leaving a balance of \$1.575 million. We expect about \$240 thousand decrease in funds from planned operational activities and an unplanned decrease of about \$330 thousand from changes in investments leaving a fund balance of \$1.4 million. Next fiscal year we are planning a decrease in undesignated funds of about \$535 thousand to end with a fund balance of \$868 thousand.