

Michigan State Bar Foundation
Financial Statements
December 31, 2022

Balance Sheet

Usual check points:

Total assets of \$11.4 million are \$3.5 million less than last year with just over a \$3.5 million decrease in investments. The decrease in investments is due to the sale of some investments and a significant drop in stock markets.

Current liabilities of \$2.175 million decreased \$0.9 million from last year due to grants payable and Michigan Supreme Court payables being paid off. There was also a decrease in the fiscal agent funds being spent according to direction from the JFA Committee. Although we are expensing the grant from the Pew Charitable Trusts, we will not receive the final payment on the grant until it closes.

ATJ temporarily restricted net assets decreased from prior year due to payouts of prior year large cy pres awards and decreased investment values. MSHDA EDP funds increased due to timing of fund advances from the State of Michigan and expense reimbursement requests from programs. IOLTA net assets decreased due to a larger amount of IOLTA funds used for annual grants this year as well as decreased investment values. Unrestricted net asset reserves also decreased due to a greater amount used for annual grants this year and decreased investment values.

Items of special interest:

Eviction Diversion Program – In 2022, MSBF received an additional contract for \$16 million that can be spent through December 2023 with the possibility of extending further.

MDHHS – In FY23, MSBF renewed contract of \$325,000 to support annual grantees in administering funds from Michigan Department of Health and Human Services to provide legal assistance to help individuals with disabilities obtain federal benefits.

Areas to discuss:

In the past we have used CJSA and MSBF unrestricted net asset reserves to supplement Annual Legal Services grants when IOLTA funds were low due to low interest rates. Having those reserves enabled us to keep grantee funding stable which helps keep those legal services consistent. We have a board policy for MSBF unrestricted net assets to be used for MSBF operations, but do not have a board approved policy for grant reserves. With IOLTA interest rates increasing, we should consider a policy for fund reserves for grants.

Revenue & Expense Statement

Usual check points:

Total revenues were about \$885 thousand compared to budget as follows:

IOLTA – Revenue has increased 31% compared to prior year and 24% to budget. We anticipate significantly larger increases in the upcoming year.

FELLOWS - Fellows revenue is up slightly compared to budget and prior year.

MSHDA EDP – Revenue year to date is down from budget but up from last year.

ATJ Campaign – ATJ Campaign revenue is up compared to budget which is somewhat due to seasonality and also up compared to prior year.

Special Fund – Special Funds revenue is down compared to budget due to seasonality but comparable to prior year.

DHS SSI – Revenue is down compared to budget due to timing of fund disbursements from the State of Michigan.

Grant Awards (Sched. I) – Annual Legal Services grants are slightly higher than last year and awarded in the first fiscal quarter, but paid out quarterly over the calendar year. We had an increase in overall MSHDA EDP funding available and the time to expend those funds has been extended to the end of December 2023 so those funds are not being awarded as quickly as originally budgeted.

Items of special interest:

Net Income – Net income year to date is about \$885,000 which is better than budgeted.

Areas of concern:

As expected the stock market remains lower and has impacted our investment income and net asset values.

Grants list

We continue to award and pay grants per our budget, Committees, and Board approvals. Our current healthy financial position allows us to keep funding these meaningful programs at prior year levels.