

**MAINE JUSTICE FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

# MAINE JUSTICE FOUNDATION

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
**Maine Justice Foundation**

We have audited the accompanying financial statements of Maine Justice Foundation (a nonprofit organization), which comprise the statements of assets, liabilities and net assets -- modified cash basis as of September 30, 2020 and 2019, and the related statements of revenue and support, expenses and other changes in net assets -- modified cash basis and functional expenses -- modified cash basis for the years 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. 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 auditors' 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 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 assets, liabilities, and net assets of Maine Justice Foundation as of September 30, 2020 and 2019, and changes in its net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Marcum LLP*

February 24, 2021  
Portland, ME

# MAINE JUSTICE FOUNDATION

## STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -- MODIFIED CASH BASIS

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents		
Operating	\$ 464,867	\$ 208,938
Frank Coffin Fellowship	59,438	65,732
Campaign for Justice	185,864	168,147
Racial Justice Fund	<u>11,610</u>	<u>--</u>
<b>Total Current Assets</b>	<u>721,779</u>	<u>442,817</u>
<b>Property and Equipment</b>		
Land, Building and Improvements	181,580	181,581
Furniture and Equipment	<u>24,725</u>	<u>24,725</u>
	206,305	206,306
Less: Accumulated Depreciation	<u>104,886</u>	<u>99,041</u>
<b>Property and Equipment, net</b>	<u>101,419</u>	<u>107,265</u>
<b>Other Assets</b>		
Board designated investment held for long-term purposes	237,610	256,544
Investments with donor restrictions	<u>4,897,943</u>	<u>4,737,335</u>
<b>Total Other Assets</b>	<u>5,135,553</u>	<u>4,993,879</u>
<b>Total Assets</b>	<u>\$ 5,958,751</u>	<u>\$ 5,543,961</u>
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Payroll Protection Program loan	<u>\$ 82,500</u>	<u>\$ --</u>
<b>Total Current Liabilities</b>	<u>82,500</u>	<u>--</u>
<b>Net Assets</b>		
Without donor restrictions	765,212	575,151
With donor restrictions	<u>5,111,039</u>	<u>4,968,810</u>
<b>Total Net Assets</b>	<u>\$ 5,876,251</u>	<u>\$ 5,543,961</u>
	<u>\$ 5,958,751</u>	<u>\$ 5,543,961</u>

*The accompanying notes are an integral part of these financial statements.*

# MAINE JUSTICE FOUNDATION

## STATEMENTS OF REVENUE AND SUPPORT, EXPENSES AND OTHER CHANGES IN NET ASSETS -- MODIFIED CASH BASIS

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
IOLTA contributions	\$ 980,601	\$ --	\$ 980,601	\$ 1,012,303	\$ --	\$ 1,012,303
Frank Coffin Fellowship contributions	--	159,252	159,252	--	154,687	154,687
Campaign for Justice	--	629,735	629,735	--	540,700	540,700
Downing Fund contributions	--	7,650	7,650	--	4,490	4,490
Racial Justice Fund contributions	--	166,710	166,710	--	--	-
Other contributions	39,989	55,775	95,764	12,084	58,650	70,734
Investment income	24,361	89,546	113,907	33,910	107,434	141,344
Net realized and unrealized investment gains (losses)	--	431,389	431,389	--	35,561	35,561
Rental income	6,600	--	6,600	6,150	--	6,150
Other income	--	--	--	--	--	--
Net Assets Released from Restrictions	<u>1,397,828</u>	<u>(1,397,828)</u>	<u>--</u>	<u>1,457,753</u>	<u>(1,457,753)</u>	<u>--</u>
<b>Total Revenue and Support, and Net Assets Released from Restrictions</b>	<u>2,449,379</u>	<u>142,229</u>	<u>2,591,608</u>	<u>2,522,200</u>	<u>(556,231)</u>	<u>1,965,969</u>
<b>Expenses</b>						
Program services	1,725,825	--	1,725,825	1,912,635	--	1,912,635
Management and general	222,540	--	222,540	137,630	--	137,630
Fundraising	<u>310,953</u>	<u>--</u>	<u>310,953</u>	<u>316,254</u>	<u>--</u>	<u>316,254</u>
	<u>2,259,318</u>	<u>--</u>	<u>2,259,318</u>	<u>2,366,519</u>	<u>--</u>	<u>2,366,519</u>
<b>Excess of Revenue and Support over Expenses</b>	190,061	142,229	332,290	155,681	(556,231)	(400,550)
Net Assets, Beginning of Year	<u>575,151</u>	<u>4,968,810</u>	<u>5,543,961</u>	<u>419,470</u>	<u>5,525,041</u>	<u>5,944,511</u>
Net Assets, End of Year	<u>\$ 765,212</u>	<u>\$ 5,111,039</u>	<u>\$ 5,876,251</u>	<u>\$ 575,151</u>	<u>\$ 4,968,810</u>	<u>\$ 5,543,961</u>

*The accompanying notes are an integral part of these financial statements.*

# MAINE JUSTICE FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES -- MODIFIED CASH BASIS

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Program Services	Management and General	Fund Raising		Total
			CFJ	Other	
Salaries and wages	\$ 56,003	\$ 88,504	\$ 108,875	\$ 91,452	\$ 344,834
Pension plan contributions	3,691	45,782	5,373	4,821	59,667
Other employee benefits	5,607	10,593	13,923	9,672	39,795
Payroll taxes	4,364	6,897	8,485	7,127	26,873
Grants and other assistance	1,643,868	--	--	--	1,643,868
Property taxes	185	292	359	302	1,138
Consulting fees	4,937	4,881	--	7,626	17,444
Accounting fees	233	14,063	452	380	15,128
Credit card fees	--	--	9,900	--	9,900
Investment fees	--	23,279	--	--	23,279
Supplies	--	4,730	2,610	--	7,340
Telephone	1,351	2,068	2,508	1,990	7,917
Postage	--	956	1,673	2,454	5,083
Occupancy	2,145	3,389	4,170	3,502	13,206
Equipment rental and maintenance	1,706	2,697	3,317	2,787	10,507
Printing and publications	--	53	1,659	3,192	4,904
Travel	582	820	881	980	3,263
Conferences, meetings and events	--	2,753	1,515	1,155	5,423
Depreciation	949	1,500	1,845	1,550	5,844
Insurance	204	2,555	397	333	3,489
Annuity payments	--	--	--	707	707
Membership and subscriptions	--	3,553	--	360	3,913
Miscellaneous	--	3,175	68	2,553	5,796
	<u>\$ 1,725,825</u>	<u>\$ 222,540</u>	<u>\$ 168,010</u>	<u>\$ 142,943</u>	<u>\$ 2,259,318</u>

*The accompanying notes are an integral part of these financial statements.*

# MAINE JUSTICE FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES -- MODIFIED CASH BASIS

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Program Services	Management and General	Fund Raising		Total
			CFJ	Other	
Salaries and wages	\$ 77,875	\$ 64,581	\$ 105,450	\$ 83,136	\$ 331,042
Pension plan contributions	5,446	4,512	7,387	5,824	23,169
Other employee benefits	10,763	5,517	20,220	9,730	46,230
Payroll taxes	5,991	4,968	8,113	6,396	25,468
Grants and other assistance	1,787,107	--	--	--	1,787,107
Property taxes	265	220	359	283	1,127
Consulting fees	11,142	560	--	11,975	23,677
Accounting fees	339	12,680	460	364	13,843
Credit card fees	--	--	7,903	--	7,903
Investment fees	--	26,497	--	--	26,497
Supplies	--	3,121	1,291	--	4,412
Telephone	1,818	1,582	2,846	1,756	8,002
Postage	--	903	1,789	1,761	4,453
Occupancy	3,112	2,581	4,214	3,323	13,230
Equipment rental and maintenance	2,132	1,768	2,887	2,276	9,063
Printing and publications	--	343	3,395	3,243	6,981
Travel	1,152	1,191	1,927	1,864	6,134
Conferences, meetings and events	--	991	4,042	1,311	6,344
Depreciation	1,384	1,147	1,874	1,477	5,882
Insurance	276	2,567	373	294	3,510
Awards	--	650	--	2,744	3,394
Membership and subscriptions	3,833	855	--	865	5,553
Miscellaneous	--	396	85	3,017	3,498
	<u>\$ 1,912,635</u>	<u>\$ 137,630</u>	<u>\$ 174,615</u>	<u>\$ 141,639</u>	<u>\$ 2,366,519</u>

*The accompanying notes are an integral part of these financial statements.*



# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *NATURE OF ORGANIZATION*

The Maine Justice Foundation (the Foundation) is a not-for-profit organization established in 1983 by the Maine State Bar Association to increase access to justice for low income and vulnerable Mainers and to support and encourage the legal profession's commitment to law-related public service. The Foundation's mission is supported through the Interest on Lawyers' Trust Accounting Program (IOLTA), annual fundraising within the Bar through the Campaign for Justice, endowments, and other funds. The Foundation receives these funds and distributes grants to other organizations that provide civil legal aid services, legal education, or otherwise meet the Foundation's mission.

#### *BASIS OF ACCOUNTING*

The accompanying financial statements have been prepared on the modified cash basis of accounting. That basis differs from accounting principles generally accepted in the United States of America primarily because the Foundation has not recognized balances, and the related effects on the changes in net assets, of fees and contributions receivable and of accounts payable to vendors. The financial statements include a provision for depreciation of property and equipment and recording investments at fair value rather than cost.

#### *ADOPTION OF RECENTLY ISSUED ACCOUNTING STANDARD*

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2018-08 ("ASU 2018-08"), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange transactions, subject to the guidance under ASU 2014-09. This ASU gives further guidance related to when a contribution is deemed to be conditional such that recognition of revenue should be delayed until conditions are substantially met. This ASU is effective for annual periods beginning after December 15, 2018 for resource recipients and for annual periods beginning after December 15, 2019 for resource providers. No changes were necessary to the financial statements for implementation of this standard.

#### *BASIS OF PRESENTATION*

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets, net assets without donor restrictions and net assets with donor restrictions.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *NET ASSETS WITHOUT DONOR RESTRICTIONS*

Net assets without donor restrictions represent those assets that are not subject to donor-imposed stipulations or from releases of donor restricted net assets designated for stipulated activities or programs.

#### *NET ASSETS WITH DONOR RESTRICTIONS*

Net assets with donor restrictions represent those net assets of a not-for-profit entity that is subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from (1) the nature of the not-for-profit entity, (2) the environment in which it operates, and/or (3) the purpose specified in its articles of incorporation or bylaws or comparable documents. Some donors impose restrictions that are temporary in nature, for example stipulating that resources be used after a specified date, for particular programs or services. Other donors impose restrictions which are perpetual in nature, for example, stipulating that resources be maintained in perpetuity.

Net realized and unrealized gains and losses on investments are allocated to net assets with donor restrictions. In the event that the balance of net realized and unrealized gains included in net assets with donor restrictions is below its original value, any remaining losses are required to continue to reduce net assets with donor restrictions.

#### *CASH AND CASH EQUIVALENTS*

All highly liquid savings deposits and investments with maturities of three months or less when purchased are considered to be cash equivalents.

#### *INVESTMENT VALUATION AND REVENUE RECOGNITION*

The Foundation's investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales are recorded on a trade-date basis. Interest and dividend income is recognized as received. Realized gains and losses are determined by a comparison of specific costs of the investment's acquisition to the proceeds at the time of its sale. Unrealized gains or losses are determined by comparison of the investment's acquisition cost to its fair value of year-end.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *FAIR VALUE MEASUREMENTS*

The Foundation provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair values. 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 are described as follows:

**Level 1:** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets and liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Observable inputs other than quoted prices that are used in the valuation of the asset or liability (e.g., interest rate and yield curve quotes at commonly quoted intervals)
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3:** Inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Following is a description of valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020 and 2019.

*Money Market and Mutual Funds:* Valued at fair value, which equals the quoted market price at year-end using the share values of the funds reported.

*U.S Government Obligations, Common Stocks and Exchange Traded Funds:* Valued at quoted market prices in an active exchange market which are considered Level 1 measurement inputs.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *PROPERTY AND EQUIPMENT*

Property and equipment are recorded at cost, if purchased, or fair value if donated less accumulated depreciation. The Foundation's policy is to capitalize expenditures for major improvements and charge maintenance and repairs for expenditures which do not increase the useful lives of existing equipment. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to thirty-nine years.

Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and gains or losses are included in the statements of revenue and support, and expenses and changes in net assets -- modified cash basis.

Donations of property and equipment are recorded as contributions at their estimated value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted contributions until placed in service.

#### *REVENUE RECOGNITION*

The Foundation recognizes revenues and other program revenues in the period in which the funds are received.

Unconditional contributions received are recorded as with donor restriction or without donor restriction, depending on the existence or nature of donor restrictions. When a restriction has been met or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of revenue and support, expenses and changes in net assets -- modified cash basis as net assets released from restrictions. However, if a restriction is fulfilled in the same period the contribution is received, the Foundation reports the contribution as without donor restrictions.

#### *FUNCTIONAL ALLOCATION OF EXPENSES*

The costs associated with program expenses, management and general expenses, and fundraising expenses have been summarized on a functional basis in the statements of functional expenses -- modified cash basis. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Salaries and benefits are allocated based on specific time allocation. Other expenses are allocated by the percentage of payroll expenses of the related department.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *USE OF ESTIMATES*

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect some reported amounts. Actual results could differ from those estimates.

#### *INCOME TAXES*

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under the meaning of Section 509(a)(2) of the Internal Revenue Code. There was no unrelated business income for 2020 or 2019. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Foundation recognizes and measures its unrecognized tax positions and assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. Interest and penalties paid associated with unrecognized tax positions if any, would be classified as interest expense and additional income taxes, respectively in the statement of revenue and support, expenses and changes in net assets - modified cash basis. The Foundation did not identify any uncertain tax positions at September 30, 2020 or 2019. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods pending or in progress.

#### *RECENT ACCOUNTING PRONOUNCEMENTS*

As described below, the Foundation has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its consolidated financial statements.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)*

In May 2014, the Financial Accounting Standards Board (FASB) issued an Accounting Standard Update (ASU) 2014-09 (ASU 2014-09) *Revenue from Contracts with Customers* to establish Accounting Standards Codification (ASC) Topic 606, (ASC 606). ASU 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, most industry-specific guidance throughout the Industry Topics of the Codification, and some cost guidance included in ASC Subtopic 605-35, *Revenue Recognition - Construction-Type and Production-Type Contracts*. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides five steps for an entity to achieve that core principle and provides disclosure requirements for revenue recognition. The guidance also specifies the accounting for some costs to obtain or fulfill a contract with a customer.

In August 2015, the FASB issued ASU 2015-14, *Deferral of the Effective Date*, which amended the effective date to reporting periods beginning after December 15, 2018 for nonpublic reporting entities. In March 2016, the FASB issued an update (ASU 2016-08) to ASC 606, *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies the guidance on principal versus agent considerations. In April 2016, the FASB issued an update (ASU 2016-10) to ASC 606, *Identifying Performance Obligations and Licensing*, which provides clarification related to identifying performance obligations and licensing implementation guidance under ASU 2014-09. In May 2016, the FASB issued an update (ASU 2016-12) to ASC 606, *Narrow-Scope Improvements and Practical Expedients*, which amends guidance on transition, collectability, noncash consideration and the presentation of sales and other similar taxes.

In December 2016, the FASB issued an update (ASU 2016-20) to ASC 606, *Technical Corrections and Improvements*, which outlines technical corrections to certain aspects of the new revenue recognition standard such as provisions for losses on construction type contracts and disclosure of remaining performance obligations, among other aspects. The effective date and transition requirements are the same as those in ASU 2014-09 for all subsequent clarifying guidance discussed herein. In June 2020, the FASB issued ASU 2020-05 to extend the effective date of ASC 606 to reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of adopting ASC 606 and subsequent clarifying pronouncements on the Foundation's financial statements.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *SUBSEQUENT EVENTS*

The Foundation has evaluated subsequent events through February 24, 2021, the date the financial statements were available to be issued. Other than as disclosed below, no subsequent events have been identified that would require disclosure in the notes to the financial statements.

As disclosed in Note 14, the Paycheck Protection Program loan was forgiven by the U.S. Small Business Administration on October 19, 2020.

### NOTE 2 – CONCENTRATION OF CREDIT RISK

#### *CREDIT RISK*

The Foundation maintains cash balances at one financial institution. Accounts at this financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Balances in certain accounts often exceed this amount. The Foundation is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. The financial stability of the institution is continually monitored by management.

#### *MARKET VALUE RISK*

The Foundation invests in stocks, mutual funds and fixed income securities. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

#### NOTE 3 – INVESTMENTS

The cost and fair value of the Foundation’s investments reported at fair value on a recurring basis are as follows at September 30:

	As of September 30, 2020				
	Cost	Fair Value Measurement Level 1	Fair Value Measurement Level 2	Fair Value Measurement Level 3	Fair Value Total
	Money market funds	\$ 439,457	\$ 439,457	\$ --	\$ --
U.S. Government obligations	143,558	143,618	--	--	143,618
Corporate bonds	386,942	397,026	--	--	397,026
Corporate stock	1,644,105	2,737,571	--	--	2,737,571
Mutual funds	<u>1,196,293</u>	<u>1,417,881</u>	<u>--</u>	<u>--</u>	<u>1,417,881</u>
 Total investments	 <u>\$ 3,810,355</u>	 <u>\$ 5,135,553</u>	 <u>\$ --</u>	 <u>\$ --</u>	 <u>\$ 5,135,553</u>

	As of September 30, 2019				
	Cost	Fair Value Measurement Level 1	Fair Value Measurement Level 2	Fair Value Measurement Level 3	Fair Value Total
	Money market funds	\$ 620,767	\$ 620,767	\$ --	\$ --
U.S. Government obligations	194,657	194,309	--	--	194,309
Corporate bonds	508,767	507,748	--	--	507,748
Corporate stock	1,932,518	2,783,846	--	--	2,783,846
Mutual funds	<u>679,609</u>	<u>887,209</u>	<u>--</u>	<u>--</u>	<u>887,209</u>
 Total investments	 <u>\$ 3,936,318</u>	 <u>\$ 4,993,879</u>	 <u>\$ --</u>	 <u>\$ --</u>	 <u>\$ 4,993,879</u>

#### NOTE 4 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without restrictions are as follows as of September 30:

	2020	2019
Undesignated	\$ 527,602	\$ 318,607
Amount Designated by the Board of Directors	<u>237,610</u>	<u>256,544</u>
 <b>Total Net Assets Without Donor Restrictions</b>	 <u><b>\$ 765,212</b></u>	 <u><b>\$ 575,151</b></u>



**MAINE JUSTICE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions may be expended for, at September 30:

	2020	2019
<b>Subject to Expenditure for Specified Purpose:</b>		
Coffin Fellowship	\$ 55,845	\$ 63,791
Wernick Fund	11,516	14,461
Howard Dana Fund	16,894	13,142
Campaign for Justice	146,276	168,147
ESO Endowment	785,630	616,939
BOA Settlement	433,005	752,331
Bar Fellows	350,042	273,675
Roux Endowment	30,938	19,767
LGBT Endowment	9,725	5,743
Levey/Brown Endowment	7,366	3,666
Downing Fund	25,807	9,306
Racial Justice Fund	166,878	--
	<u>2,039,922</u>	<u>1,940,968</u>
 <b>Subject to Organization Spending Policy and Appropriation:</b>		
Investment in perpetuity which, once appropriated, is expendable to support:		
Wernick Fund	\$ 20,000	\$ 20,000
ESO Endowment	2,000,000	2,000,000
Bar Fellows	785,070	744,445
Howard Dana Fund	39,818	39,768
Roux Endowment	140,737	140,737
LGBT Endowment	46,478	44,078
Levey/Brown Endowment	39,014	38,814
	<u>3,071,117</u>	<u>3,027,842</u>
 <b>Total Net Assets With Donor Restrictions</b>	<u><u>\$5,111,039</u></u>	<u><u>\$4,968,810</u></u>

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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#### NOTE 6 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors during the years ended September 30, as follows:

	2020	2019
<b>Purpose Restrictions Accomplished:</b>		
Coffin Fellowship	\$ 167,442	\$ 154,575
Wernick Fund	6,487	--
Howard Dana Fund	2,355	2,106
Campaign for Justice	652,548	627,701
ESO Endowment	139,151	150,117
BOA Settlement	372,912	470,569
Bar Fellows	45,563	43,409
Roux Endowment	7,231	6,058
LGBT Endowment	1,795	1,776
Levey/Brown Endowment	1,260	792
Downing Fund	292	650
Racial Justice Fund	32	-
Annuity Funds	760	-
	<u>760</u>	<u>-</u>
<b>Total Net Assets Released From Donor Restrictions</b>	<u><u>\$1,397,828</u></u>	<u><u>\$1,457,753</u></u>

#### NOTE 7 – ENDOWMENT

The Foundation's endowment consists of board-designated endowment funds and donor-restricted endowment funds. As required by accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *INTERPRETATION OF RELEVANT LAW*

The Foundation follows the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), adopted by the State of Maine and effective as of July 1, 2009, and its own governing policies for donor-restricted endowment funds and board-designated reserves. The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 7—ENDOWMENT (CONTINUED)

#### *INTERPRETATION OF RELEVANT LAW (CONTINUED)*

As a result of this interpretation, the Foundation classifies as donor restricted in perpetuity net assets (a) the original value of gifts donated to the permanently donor-restricted endowment (b) the original value of subsequent gifts to the permanent donor-restricted endowment, and (c) accumulations to the permanent donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in the permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

#### *RETURN OBJECTIVES AND RISK PARAMETERS*

The Foundation's investment and spending policies for donor-restricted endowment assets and board-designated reserves attempt to provide a predictable stream of funding to programs supported by its donor-restricted endowment and board-designated reserves while seeking to maintain purchasing power of the donor-restricted endowment assets and board-designated reserves. Donor-restricted endowment assets and board-designated reserves are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index, including dividends, for equities and the Intermediate Treasury Bond Index for fixed income investments while assuming a moderate level of investment risk.

#### *STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES*

To satisfy its long-term, rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 7—ENDOWMENT (CONTINUED)

#### *SPENDING POLICY AND HOW INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY*

The Foundation has various temporarily and permanently donor-restricted funds held in three separate investment accounts.

Contributions have been made to three funds, the Bank of America Fund, the Thomas P. Downing Jr. Fund and the Racial Justice Fund, the gifts to which are temporarily restricted until disbursed for expenditures related to the purpose of the funds.

Contributions have been made to certain permanently restricted funds as follows: ESO Endowment Fund, Sidney W. Wernick Lecture Fund, Bar Fellows Endowment Fund, Justice Howard H. Dana Fund, James M. Roux Fund, LGBT Justice Fund and the Michael J. Levey and Michael S. Brown Fund. The earnings for these funds are temporarily restricted pending disbursement for the purpose of the funds.

Except for the listed above, all of the remaining net assets of the Foundation are unrestricted and available for its operations. All unrestricted net assets are classified as long-term reserve. The Board has not budgeted for any expenditures from reserves for 2020. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets to be held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

#### *ENDOWMENT COMPOSITION AND CHANGES*

Endowment net asset composition by type of fund as of September 30, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ --	\$ 4,611,918	\$ 4,611,918
Board-designated reserves	<u>237,610</u>	<u>--</u>	<u>237,610</u>
<b>Total Funds</b>	<u>\$ 237,610</u>	<u>\$ 4,611,918</u>	<u>\$ 4,849,528</u>

**MAINE JUSTICE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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**NOTE 7– ENDOWMENT (CONTINUED)**

*ENDOWMENT COMPOSITION AND CHANGES (CONTINUED)*

Changes in endowment net assets for the years ended September 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Assets</b>			
Beginning	\$ 256,544	\$ 4,737,335	\$ 4,993,879
Investment return, net	21,576	498,796	520,372
Contributions	--	98,262	98,262
Appropriation of endowment assets for expenditure	(40,510)	(722,475)	(762,985)
<b>Net Change</b>	(18,934)	(125,417)	(144,351)
<b>Endowment Net Assets</b>			
Ending	\$ 237,610	\$ 4,611,918	\$ 4,849,528

Endowment net asset composition by type of fund as of September 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ --	\$ 4,737,335	\$ 4,737,335
Board-designated reserves	256,544	--	256,544
<b>Total Funds</b>	\$ 256,544	\$ 4,737,335	\$ 4,993,879

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

#### NOTE 7— ENDOWMENT (CONTINUED)

##### *ENDOWMENT COMPOSITION AND CHANGES (CONTINUED)*

Changes in endowment net assets for the year ended September 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Assets</b>			
Beginning	\$ 248,721	\$ 5,207,458	\$ 5,456,179
Investment return, net	7,823	142,995	150,818
Contributions	--	90,158	90,158
Appropriation of endowment assets for expenditure	--	(703,276)	(703,276)
<b>Net Change</b>	<b>7,823</b>	<b>(470,123)</b>	<b>(462,300)</b>
<b>Endowment Net Assets</b>			
Ending	\$ 256,544	\$ 4,737,335	\$ 4,993,879

Description of amounts classified as net assets with donor restrictions as of September 30 are as follows:

	2020	2019
<b>Net Assets With Donor Restrictions:</b>		
Original donor-restricted endowment gift and amounts required to be retained by donor	\$ 3,071,117	\$ 3,027,842
Accumulated investment gains on endowment funds (with purpose restriction)	1,540,801	1,709,493
<b>Total Endowment Funds Classified as Net Assets With Donor Restrictions</b>	<b>\$ 4,611,918</b>	<b>\$ 4,737,335</b>

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 7– ENDOWMENT (CONTINUED)

#### *ENDOWMENT COMPOSITION AND CHANGES (CONTINUED)*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation plans to review and update its spending policies to clarify what actions it will take in the event endowment funds go under water. There were no such deficiencies as of September 30, 2020 and 2019, respectively.

### NOTE 8 – IOLTA CONTRIBUTIONS

The Foundation is supported primarily through income earned from the Interest on Lawyers' Trust Accounts (IOLTA). Under Maine's IOLTA Program, participating attorneys receiving certain client trust funds, which would not otherwise earn distributive interest, are deposited in a special pooled account. The interest earnings from the accounts are paid to the Foundation and represent IOLTA revenue. Approximately 38% and 51% of the Foundation's total support and other revenue for the years ended September 30, 2020 and 2019, respectively, came from interest earned on IOLTA accounts.

### NOTE 9 – GRANTS AND OTHER PROGRAMS

The Foundation distributes grants to organizations, which provide legal services, education and other services that fall within the Foundation's mission.

Grants and other program expenses are comprised of the following:

	2020	2019
Annual grants	\$ 571,379	\$ 565,000
Discretionary grants	429,553	547,344
Campaign for Justice grants	447,591	486,049
Frank Coffin Fellowship	151,442	142,575
JAG	403	5,248
Loan Repayment Assistance Program	38,000	35,391
Other grants assistance	5,500	5,500
	<u>\$ 1,643,868</u>	<u>\$ 1,787,107</u>

**MAINE JUSTICE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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**NOTE 9 – GRANTS AND OTHER PROGRAMS (CONTINUED)**

The following annual grants were made during the years ended September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Pine Tree Legal Assistance	\$ 77,250	\$ 75,596
Legal Services for the Elderly	79,219	78,000
Cumberland Legal Aid Clinic	34,125	33,600
Maine Equal Justice Project	106,031	104,396
Immigrant Legal Advocacy Project	65,737	67,620
Volunteer Lawyers Project	<u>209,017</u>	<u>205,788</u>
	<u>\$ 571,379</u>	<u>\$ 565,000</u>

The following discretionary grants were made during the years ended September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Legal Services for the Elderly	\$ 125,588	\$ 156,394
Volunteer Lawyers Project	43,290	57,987
Pine Tree Legal Assistance	71,084	100,573
University of Maine School of Law Foundation	12,750	37,300
Immigrant Legal Advocacy Project	70,043	97,428
Maine Equal Justice Project	91,698	87,237
Cumberland Legal Aid Clinic	15,100	10,417
Other	<u>-</u>	<u>8</u>
	<u>\$ 429,553</u>	<u>\$ 547,344</u>



**MAINE JUSTICE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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**NOTE 10 – CAMPAIGN FOR JUSTICE**

Created in 2004, the Campaign for Justice (the "Campaign") is an annual statewide fundraising effort to raise money on behalf of six civil legal aid providers to increase access to legal services for low-income and elderly people in Maine. The providers consist of Pine Tree Legal Assistance, Legal Services for the Elderly, Maine Equal Justice Partners, Immigrant Legal Advocacy Project, the Cumberland Legal Aid Clinic and the Volunteer Lawyers Project (collectively referred to as "the Providers"). The Foundation, through an operational agreement with the Providers, provides annual funding and administrative assistance to the Campaign for Justice. Funds received each year from the Campaign are divided as follows:

- First, to pay direct costs of the Campaign identified in the campaign budget or otherwise approved by the Campaign steering committee;
- Second, to maintain a separate reserve fund not to exceed \$25,000 to cover anticipated campaign expenses for future years;
- Third, to allocate and disburse to the Providers funding each year in accordance with the allocation formula outlined in the operational agreement.

The following Campaign funds were allocated to the Providers for the years ended September 30, 2020 and 2019:

	2020	2019
Pine Tree Legal Assistance	\$ 169,902	\$ 185,468
Cumberland Legal Aid Clinic	10,425	10,425
Legal Services for the Elderly	78,755	84,344
Maine Equal Justice Partners	67,639	71,857
Immigrant Legal Advocacy Project	43,177	48,228
Volunteer Lawyers Project	77,693	85,727
	<u>\$ 447,591</u>	<u>\$ 486,049</u>

**NOTE 11 – LOAN REPAYMENT ASSISTANCE PROGRAM**

The Loan Repayment Assistance Program (LRAP) makes loans to assist new lawyers committed to public service positions to defray the costs of law school debt. Loans are forgiven when attorneys complete a term of service in a public non-profit legal assistance office.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 12 – PENSION PLAN

The Foundation has a defined contribution pension plan covering employees meeting certain age and service requirements. Employer contributions are not to exceed 7% of the total compensation earned by plan participants for the year. Pension plan expense totaled \$19,158 and \$23,169 for the years ended September 30, 2020 and 2019, respectively.

The Foundation also has a 401(k) Plan covering employees meeting certain age and service requirements. This Plan allows for employee contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. The Foundation may, at its sole discretion, elect to make employer contributions for any plan year. The Foundation made no discretionary contributions during 2020 or 2019.

During 2018, the Foundation self-reported to the Department of Labor regarding retirement plan contributions that had not been made for former part-time employees. The Foundation received a response letter from the Department of Labor accepting the method of correction. During the year ended September 30, 2020, the Foundation paid \$40,509 in contributions for the correction.

### NOTE 13 – LINE OF CREDIT

During year ended September 30, 2018, the Foundation entered into a \$50,000 line of credit with an interest rate equal to the Wall Street Journal Prime Rate (3.25% and 4.75% at September 30, 2020 and 2019, respectively), but never below 4.00%. The line of credit balance was \$0 at September 30, 2020 and 2019.

### NOTE 14 – PAYCHECK PROTECTION PROGRAM LOAN

On April 13, 2020, the Foundation entered into a Promissory Note dated April 13, 2020 (the “PPP Note”) with Kennebec Bank as the lender (the “Lender”), pursuant to which the Lender agreed to make a loan to the Foundation under the Paycheck Protection Program (the “PPP Loan”) offered by the U.S. Small Business Administration (the “SBA”) in a principal amount of \$82,500 pursuant to Title 1 of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”).

The PPP Loan proceeds are available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves; rent; utilities; and interest on certain other outstanding debt. The amount that will be forgiven will be calculated in part with reference to the Foundation’s full time headcount during the 24 week period following the funding of the PPP Loan.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 14 – PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

The interest rate on the PPP Note is a fixed rate of 1% per annum. To the extent that the amounts owed under the PPP Loan, or a portion of them, are not forgiven, the Foundation will be required to make principal and interest payments in monthly installments beginning seven months from April 2020. The PPP Note matures in two years.

The PPP Note includes events of default. Upon the occurrence of an event of default, the Lender will have the right to exercise remedies against the Foundation, including the right to require immediate payment of all amounts due under the PPP Note.

On October 19, 2020, the Foundation received formal approval from the U.S. Small Business Administration for the forgiveness of the PPP Loan.

### NOTE 15 – LEASE COMMITMENTS

#### *LEASE INCOME*

The Foundation leases a portion of the building to a third party tenant. The lease agreement is for one year with a monthly rent of \$500. Rental income for the years ended September 30, 2020 and 2019 was \$6,600 and \$6,150, respectively.

#### *LEASE EXPENSE*

The Foundation leases a copier and other office equipment on a month-to-month basis. Rent expense for the equipment for the years ended September 30, 2020 and 2019 was \$3,904 and \$3,970, respectively.

### NOTE 16 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's working capital and cash flows have fluctuations during the year attributable to timing of payment of receipts and payments required. The following reflects the Foundation's financial assets as of September 30, reduced by amounts not available for general use within one year of the statements of assets, liabilities and net assets -- modified cash basis date. Amounts not available include net assets with donor-imposed restrictions.

# MAINE JUSTICE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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### NOTE 16 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

	<u>2020</u>	<u>2019</u>
<b>Financial assets available at year-end:</b>		
Cash and cash equivalents	\$ 721,779	\$ 442,817
Investments	<u>5,135,553</u>	<u>4,993,879</u>
<b>Total financial assets available within one year</b>	<u>5,857,332</u>	<u>5,436,696</u>
<b>Less:</b>		
Amounts unavailable for general expenditures within one year due to donor restrictions	<u>5,111,039</u>	<u>4,968,810</u>
<b>Financial assets available to meet general expenditures over the next 12 months</b>	<u>\$ 746,293</u>	<u>\$ 467,886</u>

The Foundation monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. In addition to financial assets available to meet general expenditures over the year, the Foundation operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient contributions, interest fees and other revenues, by utilizing donor-restricted resources and prior years' gifts and by appropriating the investment return on its board-designated and donor-restricted endowments, as needed. To manage liquidity, the Foundation maintains a line of credit of \$50,000 with a bank that is drawn upon as needed during the year to manage cash flow. See Note 13 for further description of this line. The statements of revenue and support, expenses and other changes in net assets -- modified cash basis identifies the sources and uses of the Foundation's cash and shows net cash provided by excess of revenue and support over expenses of \$332,290 and \$(400,550) for the years ended September 30, 2020 and 2019, respectively.

### NOTE 17 – RISKS AND UNCERTAINTIES

Beginning in March 2020, the COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of closings. Therefore, the Foundation expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. The Foundation has been able to continue to operate in a remote environment.