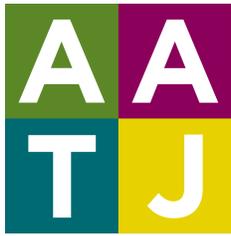


Arkansas Access to Justice Foundation Meeting
September 10, 2021 via Zoom



ARKANSAS
ACCESS TO
JUSTICE
REPRESENTING HOPE

Foundation Board Members: Cliff McKinney- Chair, Sainabou Sonko-Vice Chair, Brian Clary-Secretary, Hillis Schild-Treasurer, Stacey Pectol, Gwendolyn Rucker, Aaron Brooks, Debby Nye, Jonathan Warren, Tabitha Lee, & Vicki Smith,

Guests: Mark Mayfield (Access to Justice Commission Chair), Courtney Nosari-Wall (Law Clerk, Arkansas Supreme Court), Marty Sullivan (Director, Administrative Office of the Courts), Jean Carter (Executive Director-Center for Arkansas Legal Services), Lee Richardson (Executive Director-Legal Aid of Arkansas), Mark Glover (Auditor-HCJ), & Thom Cobb (Auditor-HCJ)

Staff: Jordan Bates-Rogers, Tameka Parker, Desirae' Walker, & Cristy Park

1. **Welcome and Introductions** – Mr. McKinney called the meeting to order and welcomed everyone.
2. **Business Items**
 - a. A quorum was present for the meeting.
 - b. Approval of June Minutes- Mr. McKinney asked for a motion regarding the June 2021 minutes. Mr. Light made a motion to accept the minutes as written, motion seconded by Mr. Clary, motion passed unanimously.
 - c. Election of At-Large Board Member - Mr. McKinney discussed John Thomas Shepherd's qualifications to serve on the board and the recommendation for his election by the Governance Committee. After a brief discussion Mr. Clary made a motion to accept the Governance Committee recommendation to nominate Mr. Shepherd to the board, motion seconded by Mr. Warren, motion passed unanimously.
 - d. Review of Auditor's Report-Mr. McKinney & Mr. Glover from HCJ CPAs and Advisors, PLLC.

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- i. Mr. Glover provided a brief overview of the audited financial statements. He presented a clean, unmodified report. Mr. Glover explained that the Foundation is on the modified-cash basis of accounting.
- ii. A note was made that because of the cash-basis of accounting, investments appear at cost, rather than at value.
- iii. Mr. Glover noted the decline in Participants Income (IOLTA income). However, unclaimed and unidentifiable funds made up for the drop in Participants Income.
- iv. The approximately \$683,000 in net assets released from restriction were grant funds paid out of the Bank of America settlement.
- v. It was mentioned that the Foundation experienced a net loss in 2020.
- vi. The Foundation's balance did exceed FDIC insurance limits at a financial institution multiple times during the year. However, the risk to the Foundation is not particularly high.
- vii. The restricted net assets are primarily composed of the Bank of America Settlement fund and the unclaimed/unidentifiable funds.
- viii. No internal control concerns were identified. The use of Hogan Taylor as outside accountants was cited as being helpful in this regard, as it brings outside checks into the financials.
- ix. Mr. Light asked about the decrease in net assets and if that took into account the Bank of America grant payments. Mr. Glover said that the Bank of America grant payments were factored into that decrease.
- x. Mr. Bates-Rogers explained that the decrease in net assets is expected, as the Bank of America settlement funds were received in a large payment, but the associated expenses were spread out over time.
- xi. Mr. Light also asked about the Foundation exceeding FDIC insurance limits. Mr. Bates-Rogers explained that the Board at its last meeting approved opening an Insured Cash Sweep account to address this issue.

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- xii. Mr. Light made a motion to accept the auditors financial report as presented, motion seconded by Mr. Clary, motion passed unanimously.
- xiii. Our 990 is still in process and will be presented at the next meeting.
- e. Review of Financial Reports - Ms. Schild provided a brief overview of the 2021 May-July financials. With no further discussion or questions, the original motion came from the Finance Committee to approve the financials as presented, motion seconded by Mr. Warren, motion passed unanimously.
- f. Review of Financial Policies and Procedures
 - i. Mr. Light explained that the accountants had reviewed the policies. Mr. Clary clarified that much of the document restated existing policies. Mr. Bates-Rogers provided a brief overview of the policies. With no further discussion or questions, the original motion came from the Finance Committee to approve the financial policies as presented, motion seconded by Ms. Sonko, motion passed unanimously.
- g. Authorization to resume contributions to the Reserve Fund-Mr. Bates-Rogers provided a brief overview of the Reserve Fund.
 - i. From Reserve Policy: “If the reserve fund is not fully funded, at least ten percent (10%) of each month’s IOLTA income shall be placed in the Reserve Fund of the Foundation, as defined below. Additionally, any unrestricted surplus revenue remaining after the conclusion of a grant cycle may also be placed in the Reserve Fund or Endowment Fund, or divided between the two. All earnings on investments in the Reserve Fund shall be maintained in the Reserve Fund and reinvested. The Board may, at its option, decrease or discontinue distributions to the Reserve Fund at any time.”
 - ii. The board paused contributions when interest rates began declining last year.
 - iii. The Finance Committee recommends resuming contributions.
 - iv. Mr. McKinney expressed his support for having savings as a hedge against volatility.

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- v. With no further discussion or questions, the original motion came from the Finance committee to approve to resume contributions to the Reserve Fund, motion seconded by Ms. Smith, motion passed unanimously.
 - h. Investment/Endowment Statements
 - i. Mr. Bates-Rogers pointed out that the Stephens account will likely generate funds in excess of that required from grant payments, which will require action by the board at a later date. He also explained that the Community Foundation statement will not match the financial statements because of the way the accountants value investments under the modified cash basis of accounting.
3. **Executive Director's Report**—Mr. Bates-Rogers (for information)
- a. McDonald v. Longley: Mr. Bates-Rogers discussed the case out of Texas. The plaintiffs successfully challenged the mandatory bar in Texas, in part, based on lobbying work that the Texas Access to Justice Commission does. We are in a different position because we do not have a mandatory bar and we do not do the lobbying work that our counterpart in Texas does. However, it's something to be aware of.
 - b. Eviction Diversion Grant Application-We submitted an application for funding from American Rescue Plan Act funds to assist with eviction diversion.
 - c. Midsummer Fundraising Appeal & Fall Campaign for Legal Aid Appeal-We are reaching out to individuals that have attended a CLE and asking them to contribute to our work. We are also gearing up for our Fall campaign and we will be reaching out for your assistance. We will have a focus on acquiring more monthly donors.
4. **IOLTA Report**-Ms. Walker provided an update on IOLTA revenue. We have not lost any preferred banks and we expect to add Chase Bank to the IOLTA Program shortly. Unclaimed and unidentifiable funds are lower than last year. One way we are addressing this is by running a monthly report to identify estates of deceased attorneys that may have unremitted unclaimed/unidentifiable funds. Ms. Pectol asked all attorney board members to report attorney deaths to the Clerk's Office so that they can keep an accurate roster of attorneys.

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5. **Project Reports**—Ms. Park (for information)

- a. POWER Act CLE—September 24th from noon to 3 pm: We have partnered with the federal courts for a CLE on Sept 24, 2021. The federal courts are required to do a pro bono focused event each year. We have partnered with the federal courts on this project for the last three years.
- b. AR Free Legal Answers Clinics—We able to answer more questions now. We are still getting a lot of family law questions, evictions and unemployment. We are also still accepting volunteers to answer questions. We have had several new volunteers join recently.

6. **Partner Organization Updates** (for information)

- a. Access to Justice Commission/Joint Resource Development Committee— Mr. Mayfield provided a brief update to the board regarding the Commission's agenda and what they have been working on.
 - i. The Commission continues to do good work trying to get forms online for common legal problems.
 - ii. Mr. Mayfield also discussed the Access to Justice Month Kickoff event. Please consider attending, sponsoring, and leaving a note for our award winners.
- b. Legal Aid Program Updates – Ms. Carter & Mr. Richardson
 - i. **Jean Carter (Center for Arkansas Legal Services)**—Ms. Carter explained that CALS assisted with the eviction diversion grant application. If approved, the grant funding would enable a special intake line, the creation of positions to guide tenants through the application process for rental assistance, and other interventions to reduce evictions. CALS and Legal Aid of Arkansas are currently updating the statewide website to make it more user friendly, with a new look and feel. The branding will be Arkansas Law Help. The Foundation helped to fund this project. CALS has been working to increase community outreach, after the pandemic had limited outreach events.

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- ii. **Lee Richardson (Legal Aid of Arkansas Services)**-Mr. Richardson said that much of Ms. Carter's report was applicable to his organization's work as well. One of the challenges Legal Aid of Arkansas is facing is trying to hire attorneys. It is hard to be competitive with wages. It is helpful that we have the Uniform Bar Exam and we can hire across state lines.
 - iii. Mr. Bates-Rogers thanked Ms. Kendal Lewellen from the CALS staff for taking the lead on the eviction diversion grant application. The grant application would not have happened without her.
7. **Next Meeting Date:** November 12th, 11:30 a.m. via Zoom
8. **Meeting Adjourned:** Mr. Clary made a motion to adjourn the meeting, motion seconded by Mr. Warren, motion passed unanimously.