

ANNUAL REPORT FY 2006

The District of Columbia Bar Foundation completed another highly successful year, due to the generosity of area law firms, and to the success of the *DC IOLTA Preferred Bank Initiative*, which helped boost IOLTA revenues by nearly 70%. The result: a record \$1.4 million in grants to support civil legal services in the District of Columbia. The Foundation also laid important groundwork for a poverty lawyer loan repayment assistance program, which we will launch in the fall of 2006. Finally, the Foundation prepared to administer the first-ever public appropriation for civil legal services, brought about by the efforts of the Access to Justice Commission and the DC Consortium of Legal Services Providers.

LAW FIRM CAMPAIGN NETS NEARLY \$500,000

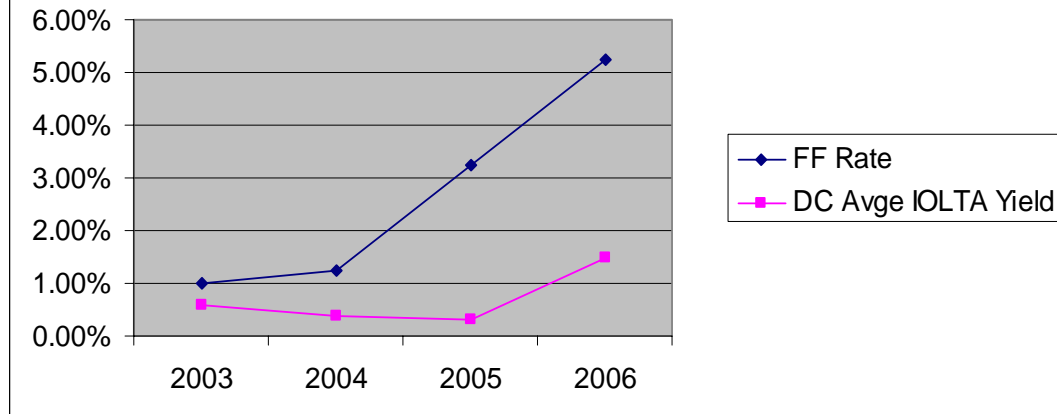
Nearly 90 law firms and lawyers contributed to the Foundation’s annual private bar campaign for legal services. FY 2006 Contributions totaled nearly \$500,000. While the number of firms contributing to the Foundation was up modestly from last Fiscal Year, total contributions were down slightly – by roughly 4%. Total contributions reflected nearly \$50,000 in contributions from first-time contributors. As in prior years, most law firm contributions came from large to mid-size firms. A complete list of contributors is attached to this report. One-hundred percent of private contributions went to legal services providers in the form of direct, challenge, or conditional grants. The Foundation is deeply grateful to the law firms and lawyers who continue to generously support legal services in the District of Columbia.

IOLTA REVENUES INCREASE

Fiscal Year 2006 was a strong year for the IOLTA program in DC. The Bar Foundation launched its *DC IOLTA Preferred Bank Initiative* mid-way through FY 2006. The initiative addresses the growing disparity between short-term rates and rates paid on IOLTA accounts, illustrated below.

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Federal Funds Rate (June) compared to Average IOLTA Yield FY2003 - FY2006



The initiative encourages banks to pay fair interest rates on IOLTA accounts and to link those rates to short-term rates, in an effort to close the widening gap between standard short-term rates and IOLTA rates. Tim Coughlin, former President of Riggs Bank and currently with Edgemoor Capital Management, Inc., joined the all-volunteer DC IOLTA Oversight Committee and helped the Foundation develop the DC IOLTA Preferred Bank Initiative. Through the efforts of this Committee and the Foundation Board, we have secured increases in rates paid by four of the top six banks holding DC IOLTA funds. In addition, three banks have qualified as IOLTA Preferred Banks: PNC Bank, First Horizon Bank, and Adams Bank. Returns on IOLTA accounts have gone up dramatically – by nearly 70%.

The Foundation is grateful to the participating IOLTA Preferred Banks for their strong commitment to the DC community and to legal services. Law firms, lawyers, and others are encouraged to look to these financial institutions for their IOLTA and other banking needs.

Much room for improvement remains: the average highest rate paid on DC IOLTA

accounts at banks that are not *IOLTA Preferred Banks* is 0.93%, well below the

Federal Funds Rate of 5.25%. Law firms have over 1,000 IOLTA accounts at these banks for their IOLTA accounts, despite the inadequate rates.

In addition to its work with financial institutions, the Foundation launched an IOLTA rules review process, which is set to begin in early Fiscal Year 2007. The goal is to strengthen the operating rules of IOLTA in DC to ensure the highest level of participation and accountability.

DC-IOLTA PREFERRED BANKS

The DC Bar Foundation acknowledges with special appreciation the **DC-IOLTA Preferred Banks**, which provide exceptional interest rates on IOLTA accounts, ensuring that IOLTA deposits earn more for legal services for those in need:

PNC BANK
Adams National Bank
First Horizon Bank

We encourage lawyers to look to these banks for their banking needs.

Other banks authorized to hold DC IOLTA accounts are listed on the Foundation website.

WWW.DCBARFOUNDATION.ORG

JERROLD SCOUTT PRIZE AWARDED TO PROF. EDWARD ALLEN

The Foundation awarded the 14th annual Jerrold Scoutt Prize of \$2,500 to Prof. Edward Allen, Director, Housing and Consumer Law Clinic, UDC David A. Clarke School of Law. The Jerrold Scoutt Prize was made possible by an endowment and annual gift from the law firm of Zuckert, Scoutt & Rasenberger in honor of its founding partner, Jerrold Scoutt, a longtime supporter of legal services for the poor. Other contributions to the Scoutt Prize endowment fund have been made by T. Coleman and Susan Andrews, Florence Kate Millar, and St. Margaret's Parish. Additional contributions are welcome.

The recipient of the Jerrold Scoutt Prize is chosen annually by the Scoutt Prize Committee from among lawyers nominated by community organizations and individuals. Nominees must be attorneys employed by organizations that provide direct, hands-on legal services to poor or disadvantaged persons in the Washington area, who have demonstrated compassionate concern for their clients while exhibiting a high degree of skill in acting on their behalf. The Foundation ordinarily presents the award at the District of Columbia Judicial and Bar Conference in March.

THANK YOU!

The DC Bar Foundation gratefully thanks those who volunteered in our offices during FY2006:

*Hurshell Handsome, Gallaudet MSSD
Mara Herrera
Angela Zeller, Gallaudet MSSD*

HELP FOR DC POVERTY LAWYERS

Help is on the way for DC poverty lawyers struggling with educational debt that often reaches six figures. While the DC City Council worked on legislation to establish a publicly-funded poverty lawyer loan repayment assistance program ("LRAP") for DC residents, the Foundation received a \$20,000 seed grant from the DC Bar Litigation Section to help launch an LRAP for all poverty lawyers working in DC. The Foundation will coordinate and operate both programs, and has committed \$94,500 of IOLTA funds for the first year of operations. Both programs will commence in the fall of 2006, with the first loans expected in early 2007. More information, including eligibility criteria, is available on the Foundation's website.

\$1.4 MILLION GIVEN TO SUPPORT LOCAL LEGAL SERVICES

Thanks to the generosity of area law firms and to the strengthened DC – IOLTA program, the Foundation awarded a record \$1.4 million to support local legal services. Most of the grant funds -- \$1.29 million – were awarded directly to legal services providers to support the work of their lawyers.

A list of grants awarded follows. Foundation grantees provide services to clients on matters relating to housing & homelessness, immigration, family issues, domestic violence, employment, special education, individual rights, and income maintenance. In addition, some of the grantees provide legal services to discrete, vulnerable populations, including the elderly, people who are HIV-positive or living with AIDS, current or recently-released prisoners, and various immigrant communities in the District.

DC Bar Foundation FY 2006 Grants Awarded		
Advocates for Justice in Education - \$35,000*	D.C. Employment Justice Center - \$45,000*	Legal Aid Society of D.C. – Appellate Litigation Project - \$25,000
Archdiocesan Legal Network - \$57,000	D.C. Law Students In Court - \$65,000*	Legal Counsel for the Elderly - \$20,000
Asian Pacific American Legal Resource Center - \$30,000	D.C. Prisoners' Legal Services Project - \$74,500	Mid-Atlantic Innocence Project - \$20,000
Ayuda - \$77,000	DV LEAP - \$20,000	Neighborhood Legal Services Program - \$65,000*
Bread for the City Legal Clinic - \$75,000*	EEO Intake Project – Washington Lawyers Committee for Civil Rights & Urban Affairs - \$10,000	Our Place, D.C. – Legal Services Clinic - \$20,000
Capital Area Immigrants' Rights Coalition - \$60,000	Immigrant & Refugee Rights Project – Washington Lawyers Committee for Civil Rights & Urban Affairs - \$25,000	University of the District of Columbia School of Law Community Development/Small Business Clinic - \$50,000*
Central American Resource Center - \$25,000	Human Rights First – Washington, D.C. Asylum Representation Project - \$27,500	US Committee for Refugee & Immigrant Children – DC Project - \$15,000*
Children's Law Center - \$55,000	Lawyers for Children America – Washington DC Program - \$15,000*	Washington Legal Clinic for the Homeless - \$80,000
Columbus Community Legal Services, Family Abuse Project - \$20,000	Legal Aid Society of D.C. – General Support - \$75,000	Whitman-Walker Clinic Legal Services Program - \$100,000
Disability Rights Project – Washington Lawyers Committee for Civil Rights & Urban Affairs - \$35,000		Women Empowered Against Violence - \$40,000
D.C. Coalition Against Domestic Violence – SAFE Program - \$30,000		
CROSS-CUTTING GRANTS:		
Probono.net/dc		\$5,000
TECHNICAL ASSISTANCE GRANTS:		
Children's Law Center		\$10,000
PROGRAM SUPPORT:		
Foundation Poverty Lawyer Loan Repayment Assistance		\$94,500

* Indicates full or partial challenge or conditional grant

More information about the Foundation's grant process is available at www.dcbfoundation.org

DC BAR FOUNDATION SUMMARIZED FINANCIAL INFORMATION
Year ending June 30, 2006

ASSETS

Cash & cash equivalents	\$330,210
Accounts receivable	185,861
Prepaid expenses	581
Fixed assets, net	2,308
Deposits	1,650
Total Assets	\$520,610

LIABILITIES & NET ASSETS

Current Liabilities	
Accounts payable & accrued expenses	\$1,429
Grants payable	138,500
Funds held for Access to Justice program	95,155
Total Current Liabilities	\$235,084
Net Assets	
Unrestricted	
Operations	\$211,574
Board designated	25,000
Total Unrestricted Net Assets	\$236,574
Temporarily Restricted	48,952
Total Net Assets	\$285,526
Total Liabilities & Net Assets	\$520,610

STATEMENT OF ACTIVITIES

REVENUE

Contributions	\$503,310
IOLTA Program	1,032,144*
Other income	17,247
Total Revenue	\$1,552,701

EXPENSES

Grants	\$1,361,250**
Scoutt Award	2,773
Grantmaking/Program Support	\$103,158
Management, Fundraising & General Support	73,580
Total Expenses	1,540,761

Change in Net Assets 11,940

**This figure does not include IOLTA income earned in June 2006, but received in July 2006, although estimated income for June 2006 was allocated for conditional and challenge grants.*

***FY2006 Grant expenses include payments of FY2005 conditional and challenge grants that were met during FY2006. The Foundation records conditional and challenge grant awards only when met and paid out. Thus, FY2006 grant totals do not include unmet FY2006 conditional and challenge grant award amounts*

The District of Columbia Bar Foundation

Thanks Its FY 2006 Donors

Poverty locks people out of the legal system. According to a report issued by the D.C. Bar Foundation, we fail to address 90% of the legal needs of low-income residents in the District of Columbia. Those needs are often dire. They involve such essential issues as shelter, education, child support, and protection from violence. Denying access to justice imposes very real human costs and erodes the fundamental principles sustaining our legal system. We must expand the legal resources available to the poor.

The D.C. Bar Foundation helps narrow the gap between legal needs and available resources. Since 1977, it has provided critical funding to organizations that offer legal representation to the underprivileged in our community. This funding is not nearly sufficient, but every additional dollar helps extend legal services to those who otherwise would have no meaningful access to justice.

We thank the law firms and individuals who have contributed to legal services. The generosity of these donors allowed the D.C. Bar Foundation to award \$1.4 million in grants to support legal services for District of Columbia residents in June 2006.

Martin Luther King said that, "Injustice anywhere is a threat to justice everywhere." Despite our efforts, despite your generosity, injustice continues in our community. Your contribution now can help fight it. Please join your colleagues in generously supporting the D.C. Bar Foundation's effort to open the doors of our legal system to the poor. Call 202-467-3750 or e-mail info@dccbarfoundation.org.

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THE DISTRICT OF COLUMBIA BAR FOUNDATION

The D.C. Bar Foundation, a tax-exempt, nonprofit corporation, was established in 1977 to provide a vehicle for attorneys and law firms to support organizations that provide direct “hands-on” legal services to people in the District of Columbia who cannot afford legal help. In 1985, the D.C. Court of Appeals gave the Foundation responsibility for managing the District’s Interest on Lawyers’ Trust Accounts (IOLTA) program. IOLTA funds that come to the Foundation are the result of interest earned on pooled client trust funds – funds that are nominal in amount or to be held for a short period of time, and that otherwise would not earn interest for the client. Foundation revenues thus depend upon law firm participation in the IOLTA program, the interest rates paid on IOLTA accounts, and, separately, upon direct support from law firms, individuals, and others.

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