

COLTAF

Colorado Lawyer Trust Account Foundation

Making Interest Count

*2015–2016
Annual Report*

Dear Members and Friends:

Colorado boasts one of the best performing economies in the country. There's a dark side to the picture, however, as a sharp increase in median rents and a lack of affordable housing squeeze low income households. Our growing economy hasn't diminished the need for civil legal aid, and the resources to meet that need continue to be inadequate.

COLTAF is an important piece of the funding picture for civil legal aid in Colorado, but given that COLTAF's only regular source of income is the interest earned on COLTAF accounts, eight long years of record-low interest rates have had a devastating impact on the resources available for grants to legal service providers. Last December, for the first time in seven years, the Federal Reserve raised its benchmark interest rate - from a range of 0.0-0.25 percent to a range of 0.25-0.50 percent - but that small change has had no impact on short-term deposit rates. Another rate increase is anticipated before the end of the year, but the extent of that potential increase, as well as how quickly it might be reflected in deposit rates, is uncertain.

In the meantime, with the support of the Colorado Bar Association and the Colorado Access to Justice Commission, COLTAF has continued to try to tap other appropriate potential sources of revenue. Those efforts bore fruit this year, when the Colorado Supreme Court approved (1) amendments to Colorado Rule of Civil Procedure 23, requiring that at least fifty percent of any class action residual be disbursed to COLTAF, and (2) amendments to Colorado Rule of Professional Conduct 1.15B, giving lawyers the option to remit to COLTAF funds in their COLTAF accounts with respect to which, after reasonable efforts, the owner cannot be identified or, if identified, cannot be located (so-called "unclaimed COLTAF funds"). It perhaps goes without saying that neither of these amendments will provide an additional revenue stream to COLTAF that is either consistent or predictable, nor is the revenue they may generate likely to be significant, but particularly in this time of such scarce resources, every little bit helps.

Another welcome development is that COLTAF, along with other IOLTA programs across the country, has received some additional funds from the U.S. Department of Justice's 2014 settlement with Bank of America. These funds are restricted, however, and cannot be used to meet general civil legal needs. By the terms of the settlement agreement, they must be used "for the sole purpose of providing funds to legal aid organizations in the state of Colorado to be used for foreclosure prevention legal assistance and community redevelopment legal assistance."

Finally, a bright spot continues to be our Prime Partners. These generous banks, despite prolonged margin compression, continue to play a leadership role in the COLTAF program, by paying a higher rate on their COLTAF accounts than would otherwise be required. We appreciate their important and sustained contribution to the strength and integrity of our civil justice system.

Robert W. Brandes, Jr., Esq.
COLTAF Board President

Diana M. Poole, Esq.
COLTAF Executive Director

COLTAF is the non-profit 501(c)(3) organization that receives the interest earned on lawyers' pooled trust accounts pursuant to Rule 1.15B of the Colorado Rules of Professional Conduct. With these funds, COLTAF makes grants to support the civil legal aid delivery system and access to justice for low-income and other vulnerable Coloradans.

For more information visit: www.coltaf.org.

Partners in Improving Access

The COLTAF program is an innovative partnership between the legal community and the banking community, whereby the interest on lawyers' COLTAF accounts is used to improve access to civil justice. Interest on Lawyer Trust Account (IOLTA) programs, like COLTAF, operate in all fifty states and in the District of Columbia, providing essential funding for civil legal aid, to help assure fairness in our civil justice system, regardless of individual financial circumstances.

Colorado Rule of Professional Conduct 1.15B(d) requires lawyers to maintain their COLTAF accounts in financial institutions that are approved by the Office of Attorney Regulation Counsel. To be an approved institution, a bank must pay on its COLTAF accounts the highest rate of interest or dividends paid on its similarly-situated non-COLTAF accounts.

PRIME PARTNERS

COLTAF's Prime Partners are those banks that go above and beyond the basic eligibility requirements by paying a net interest rate on all COLTAF deposits of at least 75% of the Federal Funds Target Rate or 0.50%, whichever is higher. COLTAF applauds its Prime Partners for their leadership role in maximizing resources for Colorado's civil legal aid delivery system.

5 Star Bank	First Southwest Bank
Bank SNB	First State Bank of Colorado
Berkley Bank	Fortis Private Bank
Cache Bank & Trust	MidFirst Bank
Centennial Bank	Northstar Bank of Colorado
Collegiate Peaks Bank	Solera National Bank
Compass Bank	UMB Bank
First American State Bank	Vectra Bank

If your bank is among our Prime Partners, please join us in thanking them for their important contribution to the strength and integrity of our civil justice system. **If** your bank is not among our Prime Partners, please encourage them to increase the interest rate paid on their COLTAF accounts to help meet this critical community need. **If** you're considering a change in your banking relationship, please consider our Prime Partners as one way to honor your own personal and professional commitment to equal justice.

To learn more about our Prime Partner Program and/or to download a Prime Partner Enrollment Form, visit www.coltaf.org and look under Information for Banks.

BENCHMARK BANKS

COLTAF would also like to recognize those banks that save COLTAF and themselves valuable administrative time and attention by opting to pay COLTAF's Benchmark Rate of 60% of the Federal Funds Target Rate or 0.35%, whichever is higher.

ANB Bank	Integrity Bank
Bank of Estes Park	Key Bank
Colorado National Bank	Mountain Valley Bank
First Colorado National Bank	Pikes Peak National Bank
First National Bank	Western States Bank
Flatirons Bank	

Funding Access to Civil Justice

COLTAF was established in 1982 by the Colorado Supreme Court, in response to dramatic cuts in federal funding for civil legal aid in Colorado. From 1982 through 2016, COLTAF has made grants of nearly \$39 million dollars to support the civil legal aid delivery system and other justice-related programs. Although the last eight years of near-zero interest rates has had a devastating impact on the funds available for grants, COLTAF continues to provide meaningful support to organizations throughout the state working to provide access to justice and otherwise improve the life prospects of low income Coloradans and other vulnerable populations.

2016 LEGAL SERVICES PROGRAM GRANT

\$569,000 was distributed to Colorado Legal Services (CLS), Colorado’s statewide staffed legal aid program. CLS provides services with a few exceptions to those living at or below 125% of the federal poverty guidelines, which is currently \$30,375 for a family of four. CLS operates as a legal emergency room, giving priority to the poor and elderly in greatest social and economic need, and focusing on legal issues that have an impact on basic needs, including at least minimally-adequate income, food, shelter, utilities, necessary medical care, and freedom from domestic violence and abuse. CLS currently has 50 lawyers statewide to serve almost 900,000 income-eligible Coloradans. By comparison, there are 490 public defenders statewide to serve the indigent in serious criminal matters.

2016 ADVOCACY GRANT

\$40,000 was distributed to the Colorado Center on Law and Policy (CCLP), which engages in multi-forum advocacy for the benefit of low-income Coloradans. CCLP conducts research and independent legal and policy analysis, working to foster greater economic security for low-income individuals and families and to increase access to affordable, quality health care.

2016 PRO BONO PROGRAM GRANTS

Thanks to the **Colorado Bar Foundation**, which for the fourth consecutive year has made a grant to COLTAF to supplement the funds it would otherwise have had available for pro bono grants, COLTAF distributed a total of \$107,250 to pro bono programs around the state.

Alpine Legal Services (serving Pitkin, Garfield & Eagle counties)	\$10,000	Pikes Peak Justice & Pro Bono Center (serving El Paso & Teller counties)	\$10,650
Boulder County Legal Services (serving Boulder County)	\$4,000	Pueblo County and Southeast Colorado Pro Bono Project (serving Baca, Bent, Cheyenne, Crowley, Huerfano, Kiowa, Las Animas, Otero, Prowers and Pueblo counties)	\$11,600
Larimer County Bar Association Pro Bono Program (serving Larimer County)	\$ 7,950	San Luis Valley Bar Association Pro Bono Project (serving the San Luis Valley)	\$ 9,500
Pro Bono Project of Mesa County (serving Mesa County)	\$ 5,000	Southwest Bar Volunteer Legal Aid (serving Archuleta, La Plata & San Juan counties and Southern Ute and Ute Mountain Ute Reservations)	\$ 6,000
Metro Volunteer Lawyers (serving Adams, Arapahoe, Broomfield, Denver, Douglas, Elbert & Jefferson counties)	\$10,000	Uncompahgre Volunteer Legal Aid (serving Montrose, Ouray & San Miguel counties)	\$ 11,000
NW Colorado Legal Services Project (serving Clear Creek, Eagle, Grand, Gunnison, Jackson, Lake, Moffat, Rio Blanco, Routt, Summit, Pitkin & Garfield counties)	\$ 6,500	Weld County Legal Services (serving Weld County)	\$ 15,000

2016 BANK OF AMERICA GRANT

\$231,000 in restricted Bank of America funds was distributed to CLS to extend its Foreclosure Prevention Project, initiated in 2012 and supported for three years with now-fully-expended funds provided by the Colorado Attorney General from an earlier nationwide bank settlement.

Financial Statements*

Statement of Financial Position June 30, 2016

Statement of Activities and Changes in Net Assets Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Restricted</u>
Assets		
Current Assets		
Cash	\$ 622,934	\$ 4,686,894
Interest receivable	78,878	0
Prepaid expense	25,420	0
Total current assets	<u>727,232</u>	<u>4,686,894</u>
Property and Equipment, at cost		
Equipment	7,371	0
Accumulated depreciation	<u>7,371</u>	<u>0</u>
	0	0
Other Assets		
Investments	<u>0</u>	<u>232,000</u>
	0	<u>232,000</u>
Total Assets	<u>\$727,232</u>	<u>\$4,918,894</u>
Liabilities and Net Assets		
Current Liabilities		
Grant commitments	466,250	0
Accrued expenses	7,726	0
Unclaimed funds	3,835	0
	<u>477,811</u>	<u>0</u>
Net Assets		
Unrestricted operating	162,170	0
Board designated reserve	87,251	0
Restricted Bank of America	<u>0</u>	<u>4,918,894</u>
	<u>249,421</u>	<u>4,918,894</u>
Total Liabilities and Net Assets	<u>\$727,232</u>	<u>\$4,918,894</u>

	<u>Unrestricted</u>	<u>Restricted</u>
Total Revenue		
Trust account income	\$ 866,864	\$ 0
Other income and in-kind	20,571	0
Restricted contributions	0	4,722,548
Released from restriction	<u>266,000</u>	<u>(266,000)</u>
	1,153,435	4,456,548
Expenses		
Grants	947,250	0
Operating expenses	<u>76,947</u>	<u>0</u>
Total Expenses	<u>1,124,197</u>	<u>0</u>
Change in Net Assets	29,238	4,456,548
Net Assets, beginning	<u>220,183</u>	<u>462,346</u>
Net Assets, ending	<u>\$ 249,421</u>	<u>\$ 4,918,894</u>

*This financial information is extracted from COLTAF's books and records. An audit was performed by GC²Professional Services PC, and is available upon request.

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*COLTAF shares staff with
the Legal Aid Foundation of Colorado.*