

# COLTAF

Colorado Lawyer Trust Account Foundation

*Banking on Justice*

*2011 - 2012  
Annual Report*

Dear Members and Friends:

It is becoming a familiar refrain. Yet another year of record-low interest rates continues to take its devastating toll on Colorado's civil legal aid delivery system, a place of last resort for so many. COLTAF is one of the primary funding sources for legal aid, and trust account interest income, which is COLTAF's only regular source of revenue, fell this year to a new low. As a result, notwithstanding another significant draw on its dwindling reserve, COLTAF was forced to eliminate its discretionary grants entirely and to further cut its remaining grants by a total of over \$600,000.

As bad as it is, the situation could have been worse. In June, COLTAF received an unexpected distribution of residual funds collected on several national class action judgments won in Washington state courts. This distribution meant slightly smaller cuts in grants than would otherwise have been the case, and a little more in reserve to help with next year's projected free fall. In addition, the Colorado Bar Association and its Sections, upon learning that COLTAF's *pro bono* grants budget was less than half what it was last year, stepped in to provide some supplemental funding for this year's *pro bono* grants.

Looking for a moment beyond the current dismal state of affairs, COLTAF is working closely with the Office of Attorney Regulation Counsel to propose amendments to Colorado Rule of Professional Conduct 1.15. If approved by the Colorado Supreme Court, the amendments would ensure the more equitable treatment of COLTAF accounts by requiring lawyers to maintain those accounts in financial institutions that pay COLTAF interest rates that are the same as those paid on comparable non-COLTAF accounts. This concept, known as "rate comparability," already in place in thirty-three other states, would have little effect in the current rate environment, but it would put Colorado in a position to benefit more quickly once rates begin to rise.

In the meantime, COLTAF is working hard to strengthen its Leadership Bank Program, which promotes those banks that are paying the most generous COLTAF interest rates. The Program is a win-win. On the one hand, banks have the opportunity to increase their visibility within the legal community, showcasing their commitment to fully supporting the professional needs of lawyers and law firms. On the other, lawyers and law firms, who are being asked to do more and more to respond to the ever-widening civil justice gap, have the information they need to establish and maintain their banking relationships with those institutions that have assumed a leadership role in helping the legal community maximize resources for civil justice.

In this time of great need, we must all do what we can to preserve access to our civil justice system. Justice is, as Daniel Webster said, "the ligament which holds civilized beings and civilized nations together."

Philip E. Johnson, Esq.  
COLTAF Board President

Diana M. Poole, Esq.  
COLTAF Executive Director

## Leadership by the Banks

**Thank you** to COLTAF's Leadership Banks for their leadership. COLTAF's Leadership Banks are those banks that help maximize resources for Colorado's civil legal aid delivery system by waiving fees and paying the highest interest rates statewide on COLTAF accounts. The Leadership Banks that are in bold have the largest impact because of amounts on deposit. (List effective as of 9/14/2012)

5 Star Bank

Advantage Bank

**American National Bank**

Cache Bank & Trust

Citizens Bank of Pagosa  
Springs

**Citywide Banks**

Collegiate Peaks Bank

Colorado East Bank & Trust  
Fairplay

Colorado East Bank & Trust  
Pueblo

Colorado State Bank of Walsh

**Compass Bank**

Evergreen National Bank

First American State Bank

First National Bank of Niwot

First National Bank of the Rockies

First Southwest Bank

First State Bank Hotchkiss

First Western Trust Bank

Grand Mountain Bank

**Guaranty Bank & Trust**

Mile High Banks

MontroseBank

Mountain Valley Bank -  
Steamboat Springs

Mutual of Omaha Bank

Paonia State Bank

Pine River Valley Bank

Premier Bank

San Luis Valley Federal Bank

Solera National Bank

Steele Street State Bank

Summit Bank & Trust

**UMB Bank Colorado**

Valley National Bank

**Vectra Bank**

Yampa Valley Bank

## Leadership by the Bar

**Thank you** to the Colorado Bar Association and its Sections for generously supplementing the funds available this year for *pro-bono* grants. To date, the following CBA Sections have made contributions from their own budgets, which were matched dollar for dollar by the CBA:

Business Law

Construction Law

Criminal Law

Disability Law

Dispute Resolution

Elder Law

Environmental Law

Family Law

Health Law

Immigration Law

Judicial Liaison

Labor & Employment Law

Litigation

Natural Resources & Energy

Real Estate Law (in honor of Pat Randolph)

Solo-Small Firm Practice

Taxation Law

Trust & Estate

Water Law

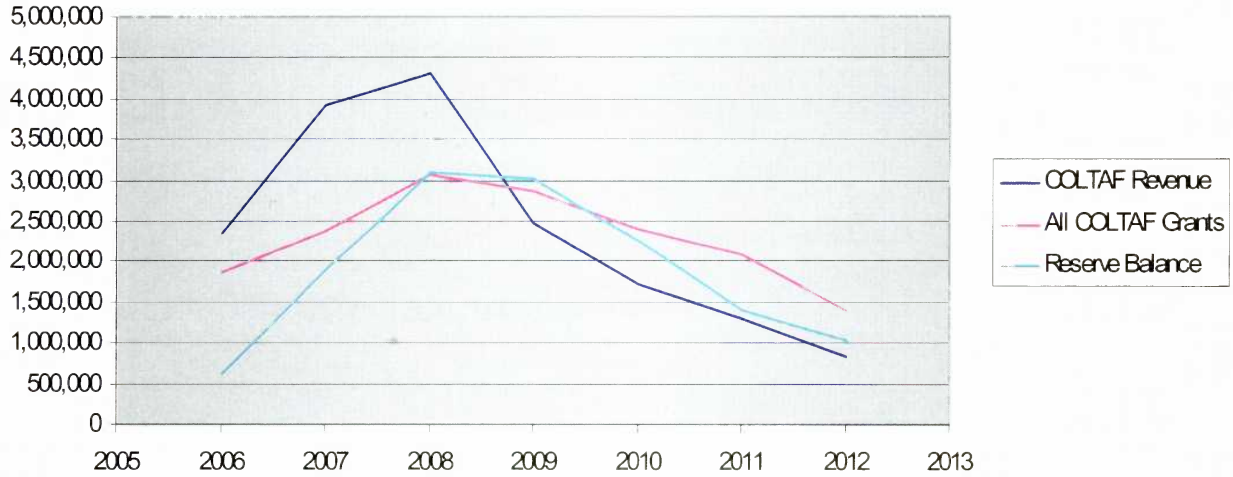
Workers' Compensation

COLTAF is the non-profit 501(c)(3) organization that receives the interest earned on lawyers' pooled trust accounts pursuant to Rule 1.15 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](http://www.coltaf.org).

# The Funding Crisis

As illustrated below, the extended period of very low interest rates has had a devastating impact on the resources available for Colorado’s civil legal aid delivery system. COLTAF grants are less than half what they were in 2008, with additional cuts projected in 2013.



# Funding Justice

## LEGAL SERVICES PROGRAM GRANT

\$1,280,000 was distributed to Colorado Legal Services (CLS), Colorado’s statewide staffed legal aid program, which provides services to those living at or below 125% of the federal poverty guidelines. The most recent Census Bureau survey indicates that there are now more than 880,000 Coloradans who are income eligible for services.

## ADMINISTRATIVE & LEGISLATIVE ADVOCACY GRANT

\$70,000 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 educates and advocates to foster greater economic security for all Coloradans, to increase access to affordable health care, and to promote responsible and equitable fiscal policies.

## PRO BONO PROGRAM GRANTS

<b>Alpine Legal Services</b> (serving Pitkin, Garfield & Eagle counties)	\$10,860	<b>Pikes Peak Pro Bono Project</b> (serving El Paso & Teller counties)	\$12,705
<b>Boulder County Legal Services</b> (serving Boulder County)	\$ 4,220	<b>San Luis Valley Bar Association</b> (serving the San Luis Valley)	\$ 8,000
<b>Larimer County Bar Association</b> (serving Larimer County)	\$ 8,500	<b>Southeast Colorado Pro Bono Project</b> (serving Baca, Bent, Cheyenne, Crowley, Huerfano, Kiowa, Las Animas, Otero, Prowers and Pueblo counties)	\$17,750
<b>Mesa County Bar Association</b> (serving Mesa County)	\$ 6,250	<b>Southwest Colorado Bar Association</b> (serving Archuleta, La Plata & San Juan counties and Southern Ute and Ute Mountain Ute Reservations)	\$ 7,000
<b>Metro Volunteer Lawyers</b> (serving Adams, Arapahoe, Denver, Douglas, Elbert & Jefferson counties)	\$11,660	<b>Uncompahgre Volunteer Legal Aid</b> (serving Montrose, Ouray & San Miguel counties)	\$14,450
<b>NW Colorado Legal Services Project</b> (serving Clear Creek, Eagle, Grand, Gunnison, Jackson, Lake, Moffat, Rio Blanco, Routt, Summit, Pitkin & Garfield counties)	\$ 7,665	<b>Weld County Legal Services</b> (serving Weld County)	\$14,000

# Financial Statements\*

## Statement of Financial Position June 30, 2012 and 2011

## Statement of Activities and Changes in Net Assets Years Ended June 30, 2012 and 2011

Assets	2011	2012
<b>Current Assets</b>		
Cash	\$1,458,456	\$1,416,799
Interest receivable	102,492	59,505
Contribution receivable	0	73,000
Prepaid expense	<u>250</u>	<u>0</u>
Total current assets	<u>1,561,198</u>	<u>1,549,304</u>
<b>Property and Equipment, at cost</b>		
Equipment	7,371	7,371
Accumulated depreciation	<u>6,032</u>	<u>6,683</u>
	<u>1,339</u>	<u>688</u>
<b>Other Assets</b>		
Investments	<u>1,200,007</u>	<u>500,007</u>
<b>Total Assets</b>	<u><u>\$2,762,544</u></u>	<u><u>\$2,049,999</u></u>
<b>Liabilities And Net Assets</b>		
<b>Current Liabilities</b>		
Grant commitments	1,199,500	853,000
Accrued expenses	5,863	5,514
Due to Legal Aid Foundation	<u>0</u>	<u>870</u>
Total current liabilities	<u>\$1,205,363</u>	<u>\$859,384</u>
<b>Net Assets</b>		
Unrestricted operating	(406,225)	57,376
Board designated reserve	<u>1,963,406</u>	<u>1,133,239</u>
Total net assets	<u>1,557,181</u>	<u>1,190,615</u>
<b>Total Liabilities And Net Assets</b>	<u><u>\$2,762,544</u></u>	<u><u>\$2,049,999</u></u>

	2011	2012
<b>Total Revenue</b>	<u>\$1,377,852</u>	<u>\$1,264,477</u>
<b>Expenses</b>		
Operating expenses	164,907	158,043
Grants	<u>2,079,500</u>	<u>1,473,000</u>
<b>Total Expenses</b>	<u>2,244,407</u>	<u>1,631,043</u>
<b>Change in Net Assets</b>	(866,555)	(366,566)
<b>Net Assets, beginning</b>	<u>2,423,736</u>	<u>1,557,181</u>
<b>Net Assets, ending</b>	<u><u>\$1,557,181</u></u>	<u><u>\$1,190,615</u></u>

\*This financial information is extracted from COLTAF's books and records. An audit was performed by Ginsburg Cohen & Company PC and is available upon request.

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Phone: 303-863-7221 Fax: 303-863-7226  
E-mail: coltaf@legalaidfoundation.org  
Web site: www.coltaf.org

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

