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THE HAWAII JUSTICE FOUNDATION 2011 ANNUAL REPORT

In 2011, Act 180 was passed by the Legislature and signed by the Governor. This is the best financial news for legal service providers in an economy that continues to present challenges to all. Act 180 increases both the filing fee surcharges and the types of cases included in the Indigent Legal Assistance Fund (ILAF), which HJF administers in cooperation with the Hawaii State Judiciary. Increases from Act 180 will begin to flow to the grantees on July 1, 2012. The Legislature, the Governor, the Judiciary, legal service providers, HJF, Gary Slovin, Mihoko Ito, and the Access to Justice Commission are to be commended for their efforts that resulted in Act 180. The funds from Act 180 will not be sufficient to replace losses from other funding streams, but certainly Act 180 is a major milestone in improving access to justice for Hawaii's low-income population.

In 2011, the Hawaii Justice Foundation (HJF) experienced many of the same financial difficulties faced by other charitable foundations. HJF's primary source of income is through the Interest on Lawyer Trust Accounts (IOLTA) Program. The amount of income from IOLTA varies directly with interest rates, which have dropped from 5.25% in September 2007 to 0.25% in 2009. In late June 2008, the Hawaii Supreme Court adopted HJF's requested Rule 11 amendment, making Hawaii the twentieth state to have "rate comparability." This has helped with our income losses from IOLTA, but the reality is that until interest rates return to 2.00% or higher, IOLTA income will be severely impacted.

Fortunately, previous actions of HJF have prepared us to meet these financial challenges. First, in 2003 we reduced our overhead to a minimum by eliminating our rented office and changing from two full-time staff with benefits to one part-time person who is an independent contractor. Second, we have set aside financial reserves for difficult times such as these. Third, HJF has diversified income streams and programs, so HJF is instrumental in the distribution of several sources of funds, as are further described in this Annual Report. Sums distributed through IOLTA in recent years are: 2003, \$68,500; 2004, \$70,000; 2005, \$70,000; 2006, \$155,000; 2007, \$278,000; 2008, \$410,000; 2009, \$345,000; 2010, \$175,000; and 2011, \$152,050. For 2012, HJF anticipates awarding \$125,000 in IOLTA grants. In addition to IOLTA grants, each year HJF distributes a total of \$100,000 to the ten Bretzlaff grantees. Please note that these funds are limited to the ten Bretzlaff grantees designated by agreement with The Bretzlaff Foundation, which results in some of the Bretzlaff funds being awarded to non-profit groups who undertake assistance in areas other than low-income legal services. In 2011, HJF received \$45,000 from The Hart Foundation of Reno, Nevada, and an additional 45,000 will be received in 2012. In both FY 2010-11 and 2011-12, in cooperation with the Hawaii State Judiciary, HJF will distribute \$330,000 to grantees through the Indigent Legal Assistance Fund (ILAF). In 2011, HJF received a grant of \$10,000 from The Cades Foundation to fund the improvement of a website for the Access to Justice Commission and to fund expenses of the Annual Summit Conference on June 25, 2011.

In 2009 HJF provided the necessary funding for the Access to Justice Commission and has actively participated in its various activities including co-sponsorship of the June 24, 2011 Access to Justice Summit held at the Richardson School of Law. HJF is also active on a national level with ABA Access to Justice initiatives and the National Association of IOLTA Programs. HJF continues to work cooperatively with Hawaii's low-income legal service providers. **Certainly we all wish that times were better economically for all groups attempting to increase access to justice. Please be assured that HJF has sufficient operating income and reserves to ensure our continued ability to work for access to justice. We ask you to join with us in these efforts.**

2011 BRETZLAFF FOUNDATION GRANTS

2011 Bretzlaff Foundation Grants Total \$100,000

Big Brothers/Big Sisters of Honolulu, Inc.

\$12,000 to fund school-based mentoring programs for underprivileged youth

Boys & Girls Club of Hawaii

\$10,500 to fund the Spalding Art & Dance Program to provide youth age 7-17 with exposure to creative arts and Hip Hop dance to give them an exciting way to get active.

Community Association of Hawaii (formerly known as John Howard Association)

\$12,000 to assist and support youthful offenders and their families through the Hui Ola Residential Program and the Juvenile Anger Management Program

Foster Grandparents

\$9,500 to recruit foster grandparents in Maui County and expand services on Maui.

Hale Kipa

\$10,500 for the Haloa Transition House for Young Females Transitioning out of Foster Care

Hawaii Foodbank

\$12,000 to help feed 55,050 children statewide in 2011. Children represent the largest group of the 183,500 people statewide the Foodbank feeds each year.

Kids First Program (Through Friends of Kids First)

\$4,000 to promote peaceful co-parenting relationships and effective communication through mandatory parent education programs in divorce and paternity cases. Funds are used for needed equipment, costs for recognition of volunteers, honoraria for training, and tax preparation costs for the 501(c)(3) organization.

The Mediation Center of the Pacific, Inc.

\$17,000 to support mediation programs for children and the elderly.

Volunteer Guardian Ad Litem Program

No funds were requested by this Program for 2011, although this Program is one of the ten traditional Bretzlaff grantees. Funds are requested for 2012.

Waikiki Health Center

\$12,500 to provide operational support to enable the Center to provide quality and affordable medical care, health education, and social services that are accessible to the needs of individuals and the community

2011 IOLTA GRANTS

2011 IOLTA Grants Total \$152,050

Advocates for Public Interest Law

Fund summer internships for law students working in public interest law firms

Big Island Mediation, Inc., dba West Hawaii Mediation Center

Provide quality mediation, conciliation, and advocacy services to individuals and organizations with limited access to legal-related services in West Hawaii

Domestic Violence Action Center

Provide legal advice and representation for low-income persons who are in imminent danger of harm in domestic abuse situations

Ethnic Education Foundation of Hawaii

Provide general legal information to large numbers of the ethnic poor by translating legal information into various languages and broadcasting the translations on KNDI Radio

Hale 'Opio Teen Court Project (Kauai)

Provide funding for a diversion program built on restorative justice principles for first-time misdemeanor or status offending youth.

Kauai Economic Opportunity, Inc., dba Mediation Services

Provide quality mediation, conciliation, and advocacy services to individuals and organizations with limited access to legal-related services in Kauai

Kuikahi Mediation Services (Hilo)

Provide quality mediation, conciliation, and advocacy services to individuals and organizations with limited access to legal-related services in East Hawaii

Legal Aid Society of Hawaii

Provide legal information, advice, and representation to low-income clients

The Mediation Center of the Pacific, Inc.

Provide mediation services throughout Honolulu and provide mediation training statewide to help parties resolve disagreements in a peaceful manner

Native Hawaiian Legal Corporation

Provide legal advocacy for Native Hawaiians

University of Hawaii Elder Law Program (UHELP) William S. Richardson School of Law

General support of legal services for Hawaii's low-income elderly

University of Hawaii Medical/Legal Partnership William S. Richardson School of Law

Establish a partnership between legal service providers and a medical clinic to provide legal assistance at early stages for low-income clients

2011 IOLTA GRANTS CONTINUED

Volunteer Legal Services Hawaii

Fund general operations to match pro bono attorney and paralegal volunteers with available cases and to provide other legal services for low-income clients

2011 HART FOUNDATION GRANTS

2011 Hart Foundation Grants Total \$45,000

In 2011, \$45,000 was given in grants made possible by The Hart Foundation of Reno, Nevada. HJF is extremely proud to have been selected by The Hart Foundation for a two-year partnership that enables HJF to make grant awards to help meet medical and legal needs of low-income people in the Islands. In 2011, \$45,000 of Hart funds was distributed as follows for use in 2011:

Boys & Girls Club of Hawaii, \$10,000
Foster Grandparents Program, \$5,000
Hale Kipa, \$15,000
Hawaii Justice Foundation, \$4,500
Waikiki Health Center, \$10,000

An additional \$45,000 will be awarded in 2012.

ACCESS TO JUSTICE COMMISSION ***\$58,650 SPECIAL FUNDING***

\$58,650 for special funding from reserves for the start-up and initial operating costs of the Access to Justice Commission (provides funding for 2009-2014 years)

2011 ILAF PROGRAM

2011 ILAF Grants Total \$330,000

The Indigent Legal Assistance Fund (ILAF) is a process where surcharges are collected on certain filing fees in the State of Hawaii Judicial System. These funds are retained by the Judiciary for distribution to qualified low-income service providers. The Hawaii Justice Foundation acts as administrator for these funds. ILAF funds are distributed in cooperation with the Hawaii State Judiciary, the low-income service providers, and HJF.

The amount available in ILAF funds varies each year, depending upon the number of eligible cases filed. In FY 2010-11, the amount distributed to seven grantees is \$330,000, and in FY 2011-12, the amount to be distributed to eight grantees is \$330,000. As described earlier in this report, Act 180 of the Session Laws of 2011 increases the amount that will be distributed under ILAF, but these increases will not take effect until 2012.