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THE HAWAII JUSTICE FOUNDATION 2019 ANNUAL REPORT

In 2019, the Hawaii Justice Foundation (HJF) experienced positive financial increases in key income areas. HJF faced many of the same financial difficulties experienced by other charitable foundations during the years 2009 through 2015. However, HJF is now in its best financial condition ever. HJF has a strong team with its Board, officers, auditors, accountants, and management. HJF has deep and positive relationships with the Judiciary, legal service providers, IOLTA banks, HSBA, School of Law, and the general legal community.

The Interest on Lawyer Trust Accounts (IOLTA) Interest Rates. 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 dropped from 5.25% in September 2007 to 0.25% in December, 2008. Starting in late 2015, the federal funds target rate began increasing, although there have been two decreases recently in this target rate. Hawaii's banks have been cooperative in implementing favorable rates for IOLTA accounts, which has allowed HJF to increase its IOLTA grants. For 2020 it is anticipated that IOLTA income will decrease but will be substantially higher than during 2009 through 2015. Sums distributed through IOLTA in recent years are: 2005, \$70,000; 2006, \$155,000; 2007, \$278,000; 2008, \$410,000; 2009, \$345,000; 2010, \$175,000; 2011, \$152,050; 2012 \$124,650; 2013 \$104,000; 2014 \$100,000; 2015 \$125,000; 2016 \$155,000; 2017 \$207,500; 2018 \$362,500; and 2019 \$726,500. For 2020, IOLTA awards are in excess of \$700,000.

The Continuation of Funding through The Bretzlaff Foundation. In addition to IOLTA grants, each year HJF distributes a minimum of \$100,000 to the ten Bretzlaff grantees, due to the generosity of The Bretzlaff Foundation of Reno, Nevada. In 2019, a total of \$113,500 was awarded.

The Indigent Legal Assistance Fund (ILAF). 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 under the statutory formula. From the inception of ILAF, HJF has served as the ILAF Administrator. ILAF funds are distributed in cooperation with the Hawaii State Judiciary, the legal service providers, and HJF. In FY 2019, ILAF distributed \$1,000,000 to eight legal services grantees with a similar amount for FY 2020. This is a critical part of funding for legal services, and the Legislature is to be commended for its creation of this valuable program.

Bank of America Settlement Funds. Hawaii was not part of the litigation with the Bank of America, but all states received financial benefits from the funds involved in the settlement with the Bank of America arising from the foreclosure crisis. HJF received a total of \$1,810,000 from this settlement, with the funds to be awarded to legal aid organizations for foreclosure prevention and community redevelopment legal assistance. Through 2019, approximately \$1,683,000 has been distributed.

The Cades Foundation. Each year in June, the Hawaii Access to Justice Commission hosts its Access to Justice Summit Conference held at the Richardson School of Law. The Cades Foundation has generously provided yearly financial support to HJF for this event. The keynote speaker for 2019 was Daniel Greenberg, Special Counsel for Pro Bono Initiatives, Schulte Roth & Zabel, New York. More than 275 attended the event, and the Conference is always the yearly highlight of access to justice activities.

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, and we are optimistic for the financial outlook for 2020. Much work remains to be done to achieve the ideal and goal of achieving "justice for all."

2019 BRETZLAFF FOUNDATION GRANTS

2019 Bretzlaff Foundation Grants Total \$113,500

Note: The amount distributed each year is 5% of the corpus value of HJF's Bretzlaff Endowment at the start of the calendar year.

Big Brothers/Big Sisters of Honolulu, Inc.

\$11,300 to fund three mentoring programs

Boys & Girls Club of Hawaii

\$11,300 to continue its "Spalding House" program.

Community Association of Hawaii

\$11,300 to assist and support youthful offenders and their families through the Juvenile Anger Management Program

Foster Grandparents

\$10,350 to develop a dynamic marketing campaign to increase the number of active Foster Grandparent Program volunteers

Hale Kipa

\$11,300 to fund the Transitional Living Program for Young Adults who are Homeless

Hawaii Foodbank

\$11,300 to help collect, inspect and distribute over 12 million pounds of food on Oahu for children and the elderly, who are the two groups most at risk of hunger in Hawaii

Kids First Program (Through Friends of Kids First)

\$5,350 to fund four programs that otherwise would not be funded through traditional state funding. Funds are used for costs for recognition of volunteers, honoraria for training, incentives for teens, and purchase of required equipment and other items

The Mediation Center of the Pacific, Inc.

\$16,350 to support mediation training for the Custody Mediation Program, the Kupuna Pono Program, and the Online Mediation Program

Court Appointed Special Advocates (CASA) Program (fka GAL Program)

\$11,300 to provide five programs that otherwise could not be funded through state funds to help provide special advocates for children involved in family court issues

Waikiki Health Center

\$13,350 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

2019 IOLTA GRANTS TOTAL \$726,500

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.

Hawaii Access to Justice Commission Support

To provide support for the Hawaii Access to Justice Commission on various projects

Hawaii Appleseed Center for Law and Economic Justice (LEJ)

Provide funding for class action lawsuits, policy research, and legislative advocacy on behalf of Hawaii's low-income people

Kapiolani Community College Paralegal Program

Provide funding for an estate planning clinic utilizing paralegal students

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 Legal Clinic

Provide start-up and operating support for a clinic helping people with immigration issues

Mediation Center of the Pacific

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

Mediation Services of Maui

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

Microsoft Portal Grant Support

Provide financial support to both the Legal Aid Society of Hawaii and The Legal Services Corporation for the development of a legal access portal that should receive national utilization

Native Hawaiian Legal Corporation

Provide funding for this organization designed to protect the rights and legal interests of people of Native Hawaiian descent.

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

University of Hawaii Immigration Clinic

Provide start-up and operating support for a clinic helping people with immigration issues

University of Hawaii Innocence Project

Provide support for this program designed to assist those in prison who are in fact not guilty of the crime for which he/she is currently incarcerated

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

ACCESS TO JUSTICE COMMISSION

CADES FOUNDATION FUNDING FOR THE YEARLY ATJ CONFERENCE

\$7,500 Grant Received

Each year the ATJ Commission hosts an access to justice conference held at the Richardson School of Law on a Friday in June. The Cades Foundation for the past several years (including 2019) has generously provided funding for this Conference. The keynote speaker for 2019 was Daniel Greenberg, Special Counsel for Pro Bono Initiatives, Schulte Roth & Zabel, New York. More than 275 attended the event, and the Conference is always the yearly highlight of access to justice activities. Each year, HJF collects the tuition income from CLE credit requests and saves these funds for future use at the discretion of the ATJ Commission.

JUSTICE FOR ALL PROJECT

\$99,520 and \$116,763 Grants Received

For 2017, Hawaii was named one of seven jurisdictions from twenty-five applicants for an award of \$99,520 from the National Center on State Courts to develop plans for providing some form of access to justice for each Hawaii resident. HJF and the Access to Justice Commission are working diligently on this project. Hawaii has received a continuation grant for 2018-2019 in the amount of \$116,763. HJF contributed \$50,000 supplemental funding for this project in 2019-20.

BANK OF AMERICA SETTLEMENT FUNDS

Hawaii was not part of the litigation with the Bank of America, but all states received financial benefits from the funds involved in the settlement with the Bank of America arising from the foreclosure crisis. HJF has received a total of \$1,810,000 from this settlement, with the funds to be awarded to legal aid organizations for foreclosure prevention and community redevelopment legal assistance. Through 2019, approximately \$1,683,000 has been distributed to various Hawaii legal service providers.

2018-2019 AND 2019-2020 ILAF PROGRAM

2018-19 and 2019-20 ILAF Grants Total \$1,000,000 Per Year

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. ILAF is a critical part of funding for legal services. The Legislature is to be commended for its creation and support of this valuable program that is a partnership between the Judiciary, HJF, and the participating legal service providers.

The amount available in ILAF funds varies each year, depending upon the number of eligible cases filed and the rate of the surcharge. The ILAF program has seen significant growth from earlier years, due to the surcharge rate increase. In FY 2012-13, the amount distributed was \$472,039; for FY 2013-14 \$1,400,000; for FY 2014-15 \$1,425,000; for FY 2015-16 \$1,300,000; for FY 2016-17 \$1,000,000; for FY 2017-18 \$1,100,000; for FY 2018-19 \$1,000,000; and for 2019-2020 \$1,000,000.

Summary and Conclusion: HJF is in the best financial and operational situation it has ever experienced. Through careful management of our existing resources and continued efforts to minimize operational costs, HJF will continue to be a valuable and essential contributor to Hawaii's access to justice efforts. HJF has a strong team with its Board, officers, auditors, accountants, and management. HJF has deep and positive relationships with the Judiciary, legal service providers, IOLTA banks, HSBA, School of Law, and the general legal community.