



# **PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY**

## **2023-2024 ANNUAL REPORT**

# Introduction

The Pennsylvania Lawyers Fund for Client Security (the “Fund”) was established by Order of the Supreme Court of Pennsylvania dated April 30, 1982. The Fund was originally established as the “Pennsylvania Client Security Fund.” The name was changed to the “Pennsylvania Lawyers Fund for Client Security” by Supreme Court Order dated March 11, 1993. The Fund operates under Pennsylvania Rules of Disciplinary Enforcement, Section 501, et seq.

The Fund was established to reimburse clients who have suffered losses as a result of a misappropriation of funds by their Pennsylvania attorney. There must have been an attorney-client relationship or a fiduciary relationship between the client and the attorney, which could include the attorney acting as an escrow agent or other fiduciary, having been designated as such by a client or as a result of an attorney-client relationship. The Fund does not have jurisdiction over claims alleging malpractice, negligence, or ineffective representation. The Board of the Fund does not adjudicate what the Board determines to be a fee dispute.

Funding is derived from an annual fee paid by every active-licensed Pennsylvania attorney. The Fund does not receive any tax dollars. For the fiscal year ending June 30, 2024, the Fund’s portion of the \$275 annual fee paid by each Pennsylvania-licensed attorney was \$50. The Fund received a total of \$3,212,211 in fee revenue for the fiscal year ending June 30, 2024. The Fund’s assets at year end reflect an increase of approximately \$3.1 million compared to a beginning year value as of July 1, 2023 of \$17.47 million. At the direction of the Supreme Court of Pennsylvania, the Fund switched from a modified cash basis of accounting to an accrual basis as of July 1, 2021. The pending claims at the end of the fiscal year alleged losses totaling \$3,539,815. The Fund’s maximum exposure, given the \$150,000 maximum award is approximately \$1,968,223.

In accordance with Pennsylvania Rule of Disciplinary Enforcement 502(d), an independent audit of the Pennsylvania Lawyers Fund for Client Security has been conducted by a certified public accountant. A copy of the audited financial statements has been filed with the Supreme Court of Pennsylvania and is a part of this Report.

The period covered by this Report is the Fund’s fiscal year July 1, 2023 through June 30, 2024. This Report has not been submitted to the Supreme Court of Pennsylvania for review prior to publication.

## **Beginning of the Fiscal Year**

The Fund commenced the 2023-2024 fiscal year with 60 pending claims, carrying an award potential of \$991,639. This dollar amount was calculated after applying the Fund's \$100,000 award limitation that was in effect at June 30, 2023. There were four claims alleging a loss of \$100,000 or more among the pending claims. The aggregate total of the alleged losses for the 60 pending claims was \$1,306,295.

## **Activity During Fiscal Year**

The Fund received a total of 174 claims against 134 attorneys during the period July 1, 2023 through June 30, 2024, alleging losses totaling \$6,242,166. This was an increase of 17 claims from the number of claims received during the prior fiscal year. Eight of these claims alleged losses of \$150,000 or greater. Effective September 1, 2023, the Supreme Court of Pennsylvania approved increasing the maximum award to \$150,000.

During the 2023-2024 fiscal year, the Board of the Fund made disposition of 139 claims. Forty-eight claims reviewed resulted in the approval of awards, which awards totaled \$865,763. This amount reflects an increase of \$224,059 in the amount of approved awards compared with the prior fiscal year. The Board approved two awards in the amount of \$150,000, the Fund's maximum award. The amount of the alleged losses in the claims where awards were approved was \$1,082,151. Four awards totaling \$13,100 were subsequently rescinded due to the attorney paying the claimant the amount of the approved award prior to the Fund paying the award, or the claimant failing to comply with the conditions imposed by the Board as a condition of payment. Five claims alleging losses totaling \$26,100 were administratively closed when the attorney paid the claimant the amount of the alleged loss prior to the Board's review of the claim.

Effective September 4, 2007, the Rules of Disciplinary Enforcement under which the Fund operates, were amended to permit, after the approval of an award, the disclosure of the name of the attorney and the amount of the approved award. A list of attorneys involved with the awards approved between July 1, 2023 and June 30, 2024, follows this Report on Operations.

The Board denied 69 claims which alleged aggregate losses totaling \$1,482,175. Many of the claims that were denied were determined by the Board to be fee disputes. Several of the claims denied were claims alleging ineffective assistance of counsel, and several were alleging perceived damages, which do not fall within the definition of a Reimbursable Loss. Seventeen

claims with aggregate alleged losses totaling \$1,515,574 were discontinued by the claimants. There were two more denials during this fiscal year than in the previous fiscal year. The number of claims which were discontinued by the claimants decreased by one compared with the prior fiscal year.

## **Fiscal Year End**

On June 30, 2024, the Fund had 95 pending claims alleging aggregate total losses in the amount of \$3,539,815. Five of the pending claims allege a loss of \$150,000 or more, seeking an aggregate total of \$2,321,592. The Fund's potential maximum exposure from all pending claims as of June 30, 2024, given the \$150,000 maximum award, is approximately \$1,968,223.

## **Then to Now**

Since the establishment of the Fund in April 1982, through the period ending June 30, 2024, a period of 42 years, the Fund has approved awards in the aggregate amount of \$78,204,444 as a result of the actions of approximately 1,121 attorneys.

## **Conduct Underlying Awards**

Lawsuit Settlement Proceeds - The conversion of lawsuit settlement proceeds accounted for the largest category of awards paid during the 2023-2024 fiscal year. Six awards were approved in this category totaling \$340,860, and represented 39.37% of total awards approved during the fiscal year. One claimant received the maximum \$150,000 award.

Estates/Trusts – The conversion of funds held by a lawyer on behalf of an estate or trust, or funds being held in trust, was the second largest category of approved awards as measured by dollar amount. During the 2023-2024 fiscal year, these types of fiduciary claims resulted in the Fund approving awards totaling \$208,950 or 24.13% of the total award dollars. \$31,075 of this amount represents estate funds, with the \$177,875 balance representing funds that were to have been held in escrow or trust by the attorney. None of these claims received the maximum award of \$150,000.

Nonperformance or Unearned Fees – The acceptance and retention of unearned fees or retainers accounted for the third largest category of awards paid during the 2023-2024 fiscal year. Approved awards for this category totaled \$165,952 or 19.17% of the total approved awards during this fiscal year. Thirty-four claimants received awards representing the return of unearned fees.

Balance of Awards - The \$150,000 balance of approved awards resulted from an attorney fraudulently obtaining funds from a client. This award represented 17.33% of the total awards approved during the fiscal year.

Notwithstanding the award amounts reported herein, it should be noted that in Fiscal Year Ending 2024, these awards were due to the actions of only 26 of the over 60,000 attorneys licensed in Pennsylvania, or less than one in one thousand. This very small percentage speaks highly of the integrity of the Pennsylvania Bar.

## **Preventative Measures**

Lawyers Concerned for Lawyers - During the 2023-2024 fiscal year, the Fund provided \$440,052 for the activities of Lawyers Concerned for Lawyers, as directed by the Supreme Court of Pennsylvania. The funding assistance provided to Lawyers Concerned for Lawyers complements the Fund's mission to ameliorate losses resulting from attorney dishonesty. Oftentimes when an attorney converts client funds, the conduct is related to alcohol or substance abuse, or a gambling addiction. The financial support for Lawyers Concerned for Lawyers helps to mitigate the losses suffered by clients by providing a resource for impaired attorneys. The Fund anticipates that it will continue to support Lawyers Concerned for Lawyers during the fiscal year 2024-2025 in the amount of \$448,584.

Mandatory Overdraft Notification - Pennsylvania Rule of Disciplinary Enforcement 221 was promulgated by the Supreme Court of Pennsylvania on April 24, 1995, requiring approved financial institutions to report to the Fund the occurrence of an item being presented against insufficient funds, when the item involves an attorney trust account. The approved financial institutions are required to submit a report to the Fund even when the financial institution chooses to honor the item that was presented against insufficient funds. The fiscal year began with seven pending inquiries. The Fund received 111 negative balance reports during the 2023-2024 fiscal year. Thirty-four matters were referred to the appropriate Office of Disciplinary Counsel for further inquiry. A negative balance matter could be referred to the Office of Disciplinary Counsel as a result of an unsatisfactory explanation, or because the attorney or law firm did not cooperate with the Fund's inquiry, or as a result of an incident of fraud involving the attorney's trust account. Seventy-five negative balance reports were reviewed and closed based upon a satisfactory explanation. The fiscal year ended with five negative balance inquiries pending.

## **Restitution and Subrogation**

All claimants are required to execute a subrogation agreement prior to the receipt of an approved award, which subrogation agreement assigns to the Fund the right to collect the award amount from the Covered Attorney or other responsible parties. The Fund may subsequently receive restitution through civil collection efforts or through criminal restitution payments. The Fund also receives restitution from formerly admitted attorneys who desire to seek reinstatement in accordance with Pa.R.D.E. 531. During the 2023-2024 fiscal year, the Fund recovered \$188,546 through subrogation and Rule 531 restitution. Additionally, the Fund received a total of \$72,768 in accordance with Rule of Disciplinary Enforcement 324(c)(1), which requires a conservator for the practice of an absent attorney to petition the appointing court to distribute to the Fund, the funds in an absent attorney's trust account for which ownership cannot be determined.

## **Board Meetings and Locations**

During this fiscal year, Board meetings were held in Allegheny, Dauphin and Philadelphia Counties. Informational dinners were held on the evening prior to the Board meeting date. Invitations to these informational dinners are extended to the Judiciary, Bar leaders and *prominent local citizens from the county* where the Board meets, as well as from the surrounding counties. Through these dinners, through various bar events, and through continuing legal education courses and publications, the Fund continues to educate the legal community and the public about the Fund, its mission and activities.

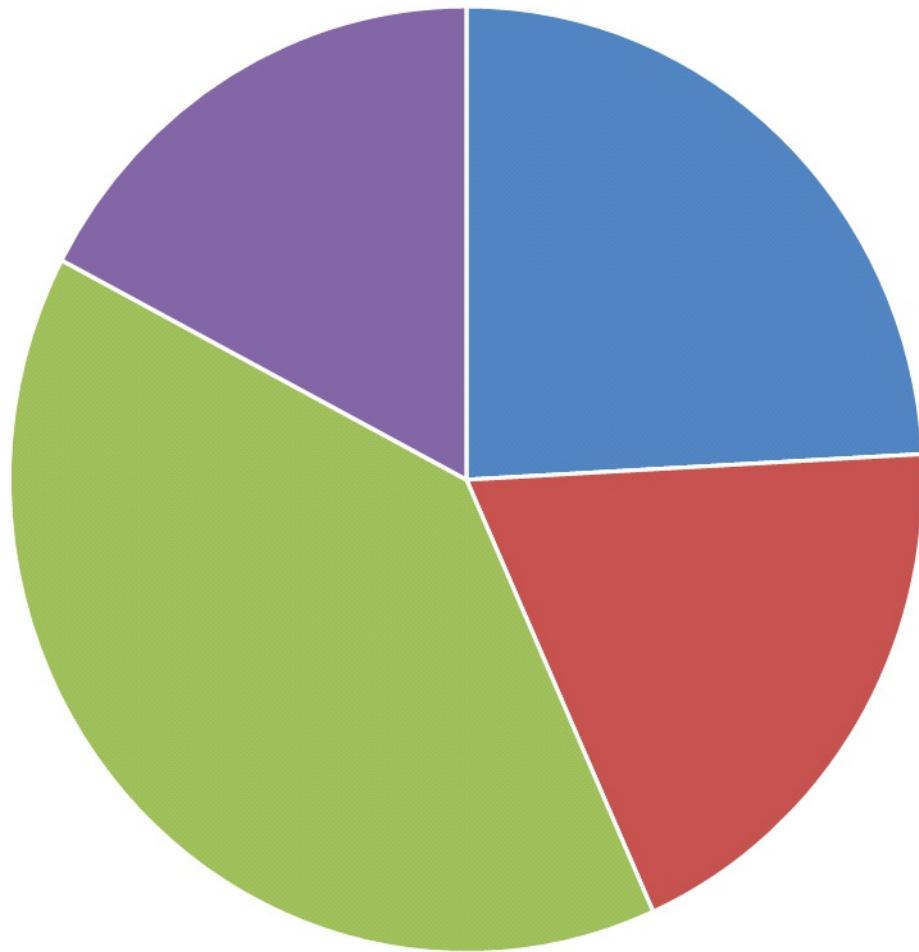
Respectfully submitted,

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Bruce S. Zero, Esquire, Board Chair  
Arthur H. Stroyd, Jr., Esquire, Vice Chair  
Daniel W. Coleman, Esquire  
John P. Kopesky, Esquire  
Laurie M. Schwager, Treasurer  
Douglas Evan Ress, Esquire  
Dr. Patrick J. Carey

<u>LAST NAME</u>	<u>FIRST NAME</u>	<u>ID #</u>	<u>COUNTY</u>	<u>NUMBER OF CLAIMS RESULTING IN AWARDS</u>	<u>TOTAL AWARDS</u>
Adler	Michael E.	82205	Montgomery	1	\$3,500
Barbin	Andrew W.	43571	Cumberland	2	\$11,100
Clewell	Robert S.	63600	Philadelphia	1	\$4,825
Cohen	Micheal	308651	Blair	7	\$9,685
Cortina de Cardenas	Susana	207465	Lancaster	1	\$1,900
Diaz	Eric	81859	Philadelphia	1	\$33,750
Anonymous*			Allegheny	1	\$150,000
Garvin	William L.	5968	Allegheny	2	\$2,200
Glennon	Daniel L.	91862	Philadelphia	1	\$140,323
Harrison, Jr.	W. Fred Jennifer	35899	Philadelphia	1	\$4,000
Jackson	Lynch	92274	Allegheny	2	\$9,510
Jones	Christopher	64689	Lackawanna	4	\$32,432
Keller	Kelley E.C.	320105	Cumberland	3	\$7,980
Lento	Joseph D. Christopher	208824	Philadelphia	2	\$10,350
Martini	J.	321416	Elk	3	\$22,500
McGogney	Glenn	19856	Lehigh	1	\$150,000
Miller	James	65886	McKean	1	\$7,500
Moreman	Donald	47805	Westmoreland	1	\$8,700
Parr	Darren K.	81971	Dauphin	2	\$107,430
Parroccini	John R.	82328	Dauphin	1	\$67,430
Repetto	Maureen	778	Delaware	1	\$3,000
Rosen	Harris R.	33015	Philadelphia	1	\$15,000
Saurman	Robert A.	79415	Monroe	1	\$3,000
Anonymous**			Dauphin	1	\$2,200
Smith	Royce W.	201295	Philadelphia	1	\$1,000
Zeigler	Matthew	83367	Lycoming	1	\$2,060
				44	\$852,663
Awards approved, but rescinded prior to payment				4	\$13,100
				<u>48</u>	<u>\$865,763</u>
*Reconsideration is pending					
**Rescission is pending					

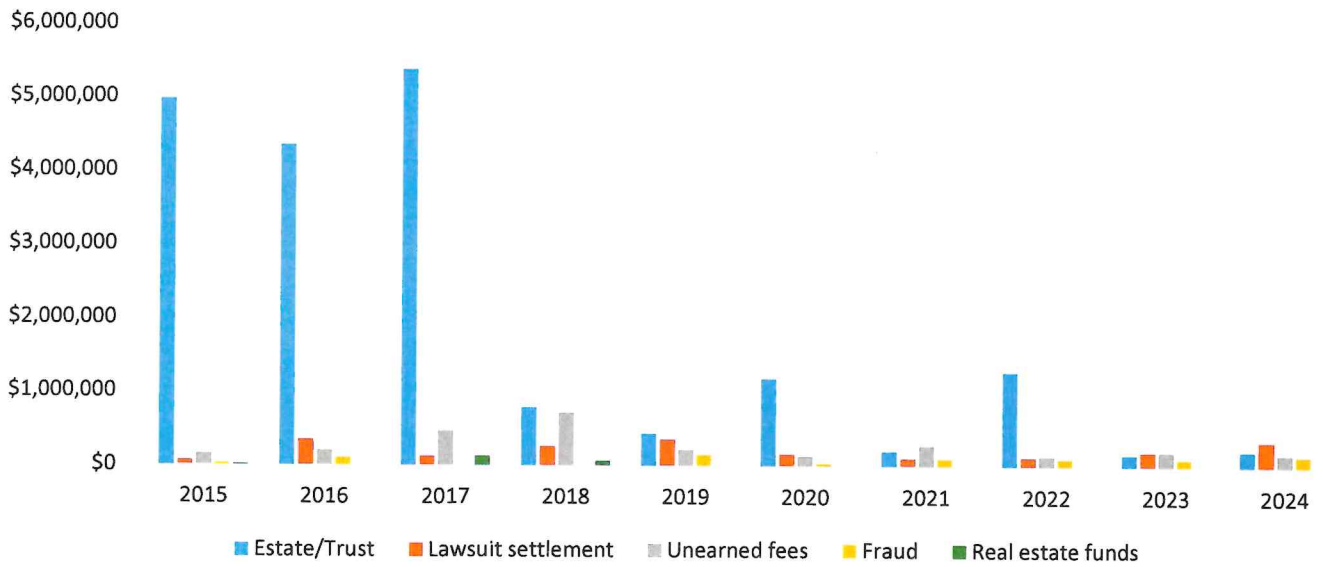
Dollar Amount of Awards By Category  
Approved in FYE 2024



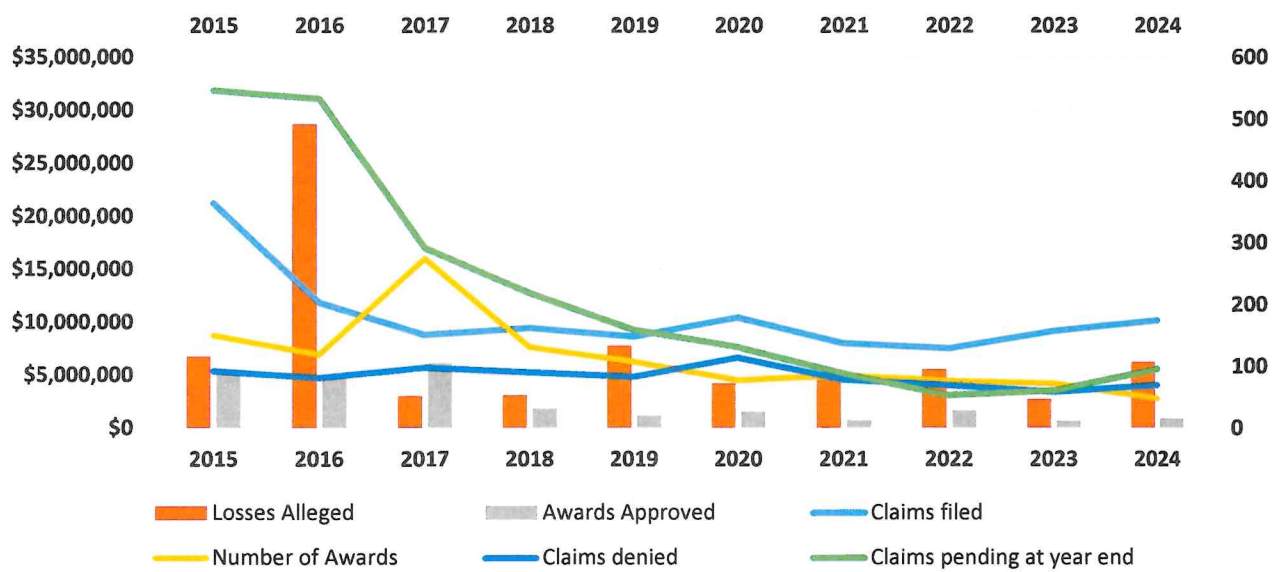
■ Estate/Trusts ■ Unearned Fees ■ Lawsuit settlements ■ Other



## Conduct Underlying Awards



## 10 Year History



**Pennsylvania Lawyers Fund  
For Client Security**

Financial Statements

Years Ended June 30, 2024 and 2023  
with Independent Auditor's Report

**MaherDuessel**

A horizontal bar is positioned below the company name, consisting of a black segment on the left and a blue segment on the right.

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

YEARS ENDED JUNE 30, 2024 AND 2023

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### **Independent Auditor's Report**

### **Financial Statements:**

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## Independent Auditor's Report

**Board of Trustees**  
**Pennsylvania Lawyers Fund for Client Security**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the Pennsylvania Lawyers Fund for Client Security (Fund), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Change in Accounting Principle**

As described in Note 1 to the financial statements, the Fund adopted ASU 2016-13, "*Financial Instruments – credit losses (Topic 326): Measurement of Credit Losses on Financial Instruments*," which requires new and enhanced disclosures surrounding the expected credit losses on financial assets measured at amortized cost basis. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Maher Duessel*

Harrisburg, Pennsylvania  
September 11, 2024

**PENNSYLVANIA LAWYERS FUND  
FOR CLIENT SECURITY**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 7,633,264	\$ 5,910,031
Investments	15,595,880	14,205,655
Accounts receivable, net of allowance for credit losses of \$347,675 in 2024	23,565	138,017
<b>Total Assets</b>	<b>\$ 23,252,709</b>	<b>\$ 20,253,703</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 520,859	\$ 324,930
Deferred revenue	2,084,200	2,379,250
Accrued vacation	73,323	72,251
Payroll taxes payable	114	3,593
Total Liabilities	2,678,496	2,780,024
<b>Net Assets:</b>		
Without donor restrictions:		
Undesignated	20,574,213	17,473,679
Total Net Assets	20,574,213	17,473,679
<b>Total Liabilities and Net Assets</b>	<b>\$ 23,252,709</b>	<b>\$ 20,253,703</b>

The accompanying notes are an integral part of these financial statements.

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
<b>Operating Revenues:</b>		
<hr/>		
Without donor restrictions:		
Annual attorney fees	\$ 3,213,211	\$ 3,211,769
Restitution	188,546	191,760
Rule 324 income	72,768	95,051
Investment income, net	1,475,799	1,137,339
	<hr/>	<hr/>
Total Operating Revenues	4,950,324	4,635,919
	<hr/>	<hr/>
<b>Operating Expenses:</b>		
<hr/>		
Program expenses:		
Awards	811,912	606,751
Funding of Lawyers Concerned for Lawyers, Inc.	440,052	425,661
Salaries and benefits	180,157	174,102
	<hr/>	<hr/>
Total program expenses	1,432,121	1,206,514
Supporting service expenses:		
Management and general	417,669	241,759
Fundraising	-	-
	<hr/>	<hr/>
Total supporting service expenses	417,669	241,759
	<hr/>	<hr/>
Total Operating Expenses	1,849,790	1,448,273
	<hr/>	<hr/>
<b>Change in Net assets Without Donor Restrictions</b>	3,100,534	3,187,646
<b>Net Assets:</b>		
<hr/>		
Beginning of year	17,473,679	14,286,033
	<hr/>	<hr/>
End of year	\$ 20,574,213	\$ 17,473,679
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The accompanying notes are an integral part of these financial statements.



# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2024 AND 2023

	Years Ended June 30,					
	2024			2023		
	Program	Management and General	Total	Program	Management and General	Total
Awards	\$ 811,912	\$ -	\$ 811,912	\$ 606,751	\$ -	\$ 606,751
Benefits and taxes	-	65,237	65,237	-	43,435	43,435
Dues and publications	-	4,928	4,928	-	4,666	4,666
Funding of Lawyers Concerned for Lawyers, Inc.	440,052	-	440,052	425,661	-	425,661
Bank Fees	-	30	30	-	30	30
Insurance	-	890	890	-	730	730
Investigation	-	122	122	-	323	323
Occupancy	-	35,652	35,652	-	33,438	33,438
Office, stationary, supplies, and postage	-	46,052	46,052	-	37,309	37,309
Bad debt expense	-	147,676	-	-	-	-
Professional fees	-	60,633	60,633	-	67,493	67,493
Salaries	180,157	45,039	225,196	174,102	43,525	217,627
Telephone	-	228	228	-	219	219
Travel	-	11,182	11,182	-	10,591	10,591
Total	<u>\$ 1,432,121</u>	<u>\$ 417,669</u>	<u>\$ 1,849,790</u>	<u>\$ 1,206,514</u>	<u>\$ 241,759</u>	<u>\$ 1,448,273</u>

The accompanying notes are an integral part of these financial statements.

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 3,100,534	\$ 3,187,646
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Unrealized (gain) loss on investments	(1,390,225)	(1,109,152)
Allowance for credit losses	147,676	-
Changes in assets and liabilities		
Increase (decrease) in:		
Accounts receivable	(33,224)	29,697
Accounts payable	195,929	(539,840)
Deferred revenue	(295,050)	17,000
Accrued vacation	1,072	4,183
Payroll taxes payable	(3,479)	(153)
Net cash and cash equivalents provided by (used in) operating activities	1,723,233	1,589,381
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,723,233	1,589,381
<b>Cash and Cash Equivalents:</b>		
Beginning of Year	5,910,031	4,320,650
End of Year	\$ 7,633,264	\$ 5,910,031

The accompanying notes are an integral part of these financial statements.

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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### 1. Nature of Activities and Significant Accounting Policies

#### Nature of Activities

The Pennsylvania Lawyers Fund for Client Security (Fund) was established by the Supreme Court of Pennsylvania to reimburse clients who have suffered a loss of money or other property as a result of the dishonest conduct of Pennsylvania attorneys. The Fund is a remedy for clients who are unable to obtain reimbursement from other sources, such as third parties or the attorney involved. The Fund's support comes primarily from annual fees.

#### Basis of Accounting

The financial statements of the Fund have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and, consequently, revenue is recognized when earned and expenses are recognized when incurred. Previously, the Fund reported on the modified cash basis of accounting.

#### Basis of Presentation

Financial statement presentation follows the Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires the Fund to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Fund had no net assets with donor restrictions.

#### Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Fund considers all cash on hand, money market accounts, and all highly liquid investments with an initial maturity date of three months or less to be cash and cash equivalents.

#### Investments

Investments are recorded and valued at fair market value on a recurring basis in the statements of financial position. The investments in the Supreme Court of Pennsylvania Investment Advisory Board (IAB) Combined Fund are reported at fair value as reported from external investment managers typically daily. The use of observable inputs are maximized,

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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and the use of unobservable inputs are minimized by using observable inputs when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 — Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available, but traded less frequently, and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 — Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Investment income (loss), including realized and unrealized gains/(losses) are reported as a change in net assets without donor restrictions on the statement of activities.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible changes in risks in the near term would materially affect investment assets reported in the statement of financial position.

### Risks and Uncertainties

Financial instruments, which potentially expose the Fund to concentrations of credit risk, include cash and investments in marketable securities. As a matter of policy, the Fund

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# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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maintains cash balances only with financial institutions having a high credit quality. Investment securities are exposed to risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such changes could materially affect the amount reported on the statement of financial position.

### Accounts Receivable and Allowance for Credit Losses

Accounts receivable includes attorneys who have an executed forbearance agreement signed between the Fund and the attorney. These agreements set the repayments terms with each individual attorney over a set period of time and set amount, they are agreed upon by both the Fund and the attorney and any additional recovery against the attorney is paused while they are under the forbearance agreement. The remaining receivables are fully accounted for under the allowance for credit losses as the Fund does not expect to receive these payments as the attorneys usually do not have the means to pay the Fund the amount owed. Accounts receivable are stated at the amount management expects to collect from outstanding accounts (restitution) as of June 30, 2024 and 2023 and July 1, 2022, in the amount of \$23,565, \$138,017, and \$167,714, respectively.

On an annual basis the Fund reviews the current executed forbearance agreements with attorneys to ensure that contract terms and conditions are being followed, if the attorney has not met the terms and conditions of the agreement a notification is sent to the attorney noting that the forbearance agreement is going to be terminated unless the arrears are current, or a new agreement is accepted. Management also reviews the capability of the attorney to repay the funds, including, their current income, age of the attorney, whether the attorney is incarcerated, or if the attorney has been responsive to Fund inquiries.

The Fund writes off receivables when there is information that indicates the Attorney is facing significant financial difficulties and there is no possibility of recovery. The Fund will officially terminate the attorney's forbearance agreement before the receivable is fully written off. If any recoveries are made from any accounts previously written off, they will be recognized in income, in accordance with Fund's accounting policies. The total amount of write offs was immaterial to the financial statements as a whole for the year ending June 30, 2024.

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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The allowance for credit losses for accounts receivable by portfolio segment and the related activity are as follows:

	<u>2024</u>
Beginning Balance	\$ -
Provision for credit loss	353,186
Write-offs	-
Recoveries	<u>(5,600)</u>
Ending Balance	<u>\$ 347,586</u>

Accounts receivable from clients at June 30, 2024, and 2023 are presented net of allowances for credit losses of approximately \$348,000 and \$0, respectively, in the statement of net position.

### Deferred Revenue

Deferred revenue consists of annual attorney fees, which are received prior to the fiscal year to which they apply. Revenue is not recognized until the year earned.

### Compensated Absences

Full-time employees of the Fund are entitled to paid time off (PTO) (sick leave, vacation, and personal leave). Employees are allowed to carryover a maximum 100 vacation days and 200 sick days from year to year, no carryover of personal leave occurs. Any unused vacation or personal days at termination will be paid out to the employee. Accrued vacation is calculated based on the employee's annual salary rate in effect at the statement of financial position date.

### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions- Net assets available for use in general operations and not subject to donor- or certain grantor- imposed restrictions.

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# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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Net Assets With Donor Restrictions – Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

### Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

### Revenue Recognition

Annual attorney fee revenue is recognized in the applicable period, which runs within the Fund's fiscal year. Revenue received prior to the fiscal year in which it applies, is recorded as deferred revenue.

Restitution revenue is recognized when payments are received from attorneys. If there is an executed forbearance agreement between the fund and the attorney that restitution revenue is recognized in the period the forbearance is signed.

### Functional Allocation of Expenses

The Fund's expenses have been allocated by function in the statements of functional expenses. Management has reviewed each expense line to determine the allocation to program services, management and general, and fundraising. Allocation of salary expense was based on an estimate of the amount of time spend on claims. The Fund has no fundraising expenses.

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# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

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### Taxation

The Fund is exempt from federal income tax as provided by Code Section 501(c)(4) of the Internal Revenue Code. Accordingly, no income tax is incurred unless the Fund earns income considered to be unrelated business income. The Fund conducted no activities that were subject to income taxes.

Management evaluated the tax positions taken and concluded that the Fund had taken no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Fund is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years through June 30, 2021.

### Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires the use of estimates based on management's knowledge and experience. Accordingly, actual results could differ from those estimates.

### Adopted Accounting Standards

The provisions of the standard have been adopted and incorporated into the financial statements:

ASU 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.*" These amendments and related amendments require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The Fund adopted Topic 326 using the modified retrospective method for all financial assets measured at amortized cost, therefore the 2023 information is not comparable due to being reported under the prior model. Results for the year ended June 30, 2024 are presented under topic 326 while prior period amounts continue to be reported in accordance with previously applicable generally accepted accounting principles. The impact of the adoption primarily resulted in new/enhanced disclosures only.



# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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### Subsequent Events

Management has evaluated subsequent events through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

## 2. Liquidity and Availability

The following represents the Fund's financial assets at June 30:

Financial assets:	2024	2023
Cash and cash equivalents	\$ 7,633,264	\$ 5,910,031
Investments	15,595,880	14,205,655
Accounts receivable	23,565	138,017
Total financial assets	<u>23,252,709</u>	<u>20,253,703</u>
Financial assets available to meet expenses over the next year	<u>\$ 23,252,709</u>	<u>\$ 20,253,703</u>

The Fund has minimal fixed expenditures and has a maximum dollar threshold for awards paid out to claimants to ensure that the fund has adequate liquidity. Any excess cash is invested with the IAB Fund.

## 3. Cash and Cash Equivalents

The Fund had cash and cash equivalents with a book value and bank balance of \$7,633,264, and \$7,637,264, respectively, at June 30, 2024. The Fund had cash and cash equivalents with a book value and bank balance of \$5,910,031, and \$5,922,663, respectively, at June 30, 2023.

Financial instruments that potentially subject the Fund to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. From time to time throughout the year, amounts at one financial institution exceeded the limit of insurance provided by the FDIC. The amount in excess of

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# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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the FDIC limit was \$7,387,264 and \$5,672,663 for the years ended June 30, 2024 and 2023, respectively.

### 4. Investments

#### IAB Combined Fund Pool

The Fund's investments are part of the Supreme Court of Pennsylvania Investment Advisory Board (IAB) Combined Fund. The IAB Combined Fund was established in 2005. This combined fund is an internal investment pool consisting of contributions from the Board, the Disciplinary Board of the Supreme Court, the Pennsylvania Continuing Legal Education Board, and the Pennsylvania Board of Law Examiners. Pursuant to the IAB's Investment Policy, as agreed to by the Board, investments are held in custody by a third-party investment manager and must comply with stated allocations between asset classes, and prescribed guidelines for portfolio holdings. The fair value of the position in the IAB investment pool is the same as the value of the pool shares. The pool is a level 3 investment.

The investments of this internal investment pool, as of June 30, 2024 and 2023, consist of a variety of investment types.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,181,070	\$ 17,895,755
Fixed income and corporate bonds	7,226,738	6,629,503
Mutual funds - fixed income	8,537,801	-
Equities	16,196,360	6,768,780
Mutual funds - international	7,729,862	7,078,696
Total	<u>\$ 43,871,831</u>	<u>\$ 38,372,734</u>

Investment policies related to the IAB Combined Fund Pool are as follows:

*Cash and cash equivalents*- Cash and short-term investments maintain maturities of 360 days or less and are restricted to a maximum of 10% of total assets at all times. Cash equivalent reserves consist of cash instruments having a quality rating of A-2, P-2, or higher, as established by Moody's or Standard & Poor's. Bankers' acceptances, certificates of

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# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

deposit, and saving accounts must be made at United States banks or financial institutions or foreign branches of United States' banks, which are federally insured with unrestricted capital of at least \$50 million. Short-term obligations must be rated "A" or better by Moody's or Standard & Poor's. The internal investment pool held approximately 10% and 47% in cash and cash equivalents for the years ended June 30, 2024 and 2023, respectively.

*Fixed income and corporate bonds* - These investments are high-quality, marketable securities with a preponderance of the investments in (1) U.S. Treasury bonds and notes, federal agencies, and U.S. government- guaranteed obligations and (2) investment-grade municipal or corporate issues including convertibles. Fixed income securities of any one issuer may not exceed 5% of the total bond portfolio at the time of purchase. However, this guideline does not apply to issues of the U.S. Treasury or other federal agencies. The overall rating of fixed income assets must be equal to or greater than an "A" rating, according to Fitch, Moody's, or Standard & Poor's. The IAB may also permit specific fixed income managers to invest up to 15% of the market value of the funds in fixed income securities rated in the "BBB" credit rating category, subject to the IAB and the Investment Consultant's approval. As of June 30, 2024, the internal investment pool held approximately 54% in fixed income investments with overall ratings equal or greater than "A" and had approximately 46% invested in "Baa" bonds. As of June 30, 2023, the internal investment pool held approximately 77% in fixed income investments with overall ratings equal or greater than "A" and had approximately 23% invested in "Baa" bonds. Maturities in years and percentage of investments are as follows: 0-5 years represented 42%; 6-10 years represented 42%; 11-15 years represented 8%; and 16 or more years represented 8%. As of June 30, 2024 the internal investment pool held approximately 36% and 10%, respectively, of its portfolio in fixed income and corporate bonds. As of June 30, 2023 the internal investment pool held approximately 17% and 8%, respectively, of its portfolio in fixed income and corporate bonds. The following table discloses the ratings of the bonds held as of June 30, 2024 and 2023.

	2024	2023
Moody's Aaa	\$ 1,622,539	\$ 3,364,224
Moody's Aa2	499,087	479,097
Moody's Aa3	486,427	176,504
Moody's Aa1	1,330,485	905,308
Other	3,288,200	1,704,370
Total	\$ 7,226,738	\$ 6,629,503

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

*Equities*- Equities are made up of common stocks, preferred stocks, and publicly traded real estate investments. Not more than 5% of the stock portfolio valued at fair value is invested in the common stock of any one company. Ownership of the shares of one company does not exceed 2% of those outstanding. Not more than 25% of stock valued at fair value can be held in any one industry category per the investment policy. As of June 30, 2024 and 2023, the internal investment pool held approximately 37% and 17% of its portfolio in equities, respectively.

The following table discloses equity sectors represented as of June 30, 2024 and 2023:

<u>Equity Sectors</u>	<u>2024</u> <u>% Allocation</u>	<u>2023</u> <u>% Allocation</u>
Industrials	12.79%	11.46%
Consumer discretionary	8.82%	10.94%
Consumer staples	7.45%	6.55%
Energy	3.67%	5.98%
Financial	14.66%	10.87%
Materials	1.87%	2.89%
Information technology	27.80%	25.52%
Real estate	0.62%	1.37%
Utilities	1.75%	1.63%
Healthcare	15.65%	15.58%
Telecommunication services	4.92%	7.21%
Total	<u>100.00%</u>	<u>100.00%</u>

*Mutual Funds* - These investments are represented by investments in equity mutual funds. The internal investment pool held approximately 18% and 18% in mutual funds for the years ended June 30, 2024 and 2023, respectively.

Following is a description of the valuation methodologies used for assets measured at fair value. The hierarchy of investments is explained in Note 1 of the financial statements.

*Money market mutual funds classified as cash and cash equivalents, fixed income, and equities classified in Level 1* of the fair value hierarchy are valued using prices quoted in active markets for those securities.

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

*Fixed Income classified in Level 2* of the fair value hierarchy are valued based on appraisal by pricing service. Pricing services categorize comparable bonds and calculate general and derived yield levels.

The following table sets forth by level, within the fair value hierarchy, as reported by the IAB Combined Fund, the Fund only owns a percentage of the fund and not the underlying investments. The Fund's share of the IAB Combined Funds investments at June 30, 2024, is approximately 35.56%.

	Level 1	Level 2	Level 3	Total
Money market mutual funds classified as cash and cash equivalents	\$ 4,181,070	\$ -	\$ -	\$ 4,181,070
Fixed Income:				
Corporate bonds	-	4,415,202	-	4,415,202
U.S. Treasury bonds	1,622,539	-	-	1,622,539
Agency bonds	-	1,040,008	-	1,040,008
ETFs	430,273	-	-	430,273
Mutual funds- fixed income	8,107,528	-	-	8,107,528
Asset backed	-	148,988	-	148,988
Total fixed income	10,160,340	5,604,198	-	15,764,538
Equities:				
Industrials	2,071,494	-	-	2,071,494
Consumer discretionary	1,428,353	-	-	1,428,353
Consumer staples	1,206,093	-	-	1,206,093
Energy	593,968	-	-	593,968
Financial	2,374,121	-	-	2,374,121
Materials	303,560	-	-	303,560
Information technology	4,501,706	-	-	4,501,706
Real estate	99,857	-	-	99,857
Utilitites	283,621	-	-	283,621
Healthcare	2,534,005	-	-	2,534,005
Telecommunication services	799,582	-	-	799,582
Mutual funds - equity	7,729,862	-	-	7,729,862
Total equities	23,926,222	-	-	23,926,222
Total investments in the Fair Value Hierarchy	\$ 38,267,632	\$ 5,604,198	\$ -	43,871,830
Total investments at Fair Value				\$ 43,871,830

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

The following table sets forth by level, within the fair value hierarchy, as reported by the IAB Combined Fund, the Fund only owns a percentage of the fund and not the underlying investments. The Fund's share of the IAB Combined Funds investments at June 30, 2023, is approximately 37.03%.

	Level 1	Level 2	Level 3	Total
Money market mutual funds classified as cash and cash equivalents	\$ 17,895,755	\$ -	\$ -	\$ 17,895,755
Fixed Income:				
Corporate bonds	-	3,140,855	-	3,140,855
U.S. Treasury bonds	3,140,944	-	-	3,140,944
Agency bonds	-	198,663	-	198,663
Asset backed	-	149,040	-	149,040
Total fixed income	3,140,944	3,488,558	-	6,629,502
Equities:				
Industrials	775,527	-	-	775,527
Consumer discretionary	740,281	-	-	740,281
Consumer staples	443,511	-	-	443,511
Energy	405,412	-	-	405,412
Financial	735,956	-	-	735,956
Materials	195,597	-	-	195,597
Information technology	1,727,293	-	-	1,727,293
Real estate	92,499	-	-	92,499
Utilitites	110,089	-	-	110,089
Healthcare	1,054,287	-	-	1,054,287
Telecommunication services	488,329	-	-	488,329
Mutual funds - equity	7,078,696	-	-	7,078,696
Total equities	13,847,477	-	-	13,847,477
Total investments in the Fair Value Hierarchy	\$ 34,884,176	\$ 3,488,558	\$ -	38,372,734
Total investments at Fair Value				\$ 38,372,734

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

The Fund's investments consisted of the following at June 30, 2024:

	Cost	Market Value	Unrealized Gain
Money market - mutual funds	\$ 4,537	\$ 4,537	\$ -
PA Supreme Court unitized asset	10,002,493	15,595,880	5,593,387
<b>Total</b>	<b>\$ 10,007,030</b>	<b>\$ 15,600,417</b>	<b>\$ 5,593,387</b>

The Fund's investments consisted of the following at June 30, 2023:

	Cost	Market Value	Unrealized Gain
Money market - mutual funds	\$ 4,307	\$ 4,307	\$ -
PA Supreme Court unitized asset	10,002,493	14,205,655	4,203,162
<b>Total</b>	<b>\$ 10,006,800</b>	<b>\$ 14,209,962</b>	<b>\$ 4,203,162</b>

Fair values of investments measured on a recurring basis at June 30, 2024 is as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market - mutual funds	\$ 4,537	\$ 4,537	\$ -	\$ -
PA Supreme Court unitized asset	15,595,880	-	-	15,595,880
<b>Total</b>	<b>\$ 15,600,417</b>	<b>\$ 4,537</b>	<b>\$ -</b>	<b>\$ 15,595,880</b>

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Fair values of investments measured on a recurring basis at June 30, 2023 is as follows:

	Fair Value	<u>Fair Value Measurements at Reporting Date Using:</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market - mutual funds	\$ 4,307	\$ 4,307	\$ -	\$ -
PA Supreme Court unitized asset	<u>14,205,655</u>	<u>-</u>	<u>-</u>	<u>14,205,655</u>
Total	<u>\$ 14,209,962</u>	<u>\$ 4,307</u>	<u>\$ -</u>	<u>\$ 14,205,655</u>

Investment income consisted of the following for the year ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest	\$ 76,854	\$ 28,178
Dividends	85,572	79,028
Unrealized gain (loss) on investments	1,390,225	1,109,150
Investment fees	<u>(76,852)</u>	<u>(79,028)</u>
Total	<u>\$ 1,475,799</u>	<u>\$ 1,137,328</u>



# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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### 5. Revenue from Contracts with Customers

Deferred revenue consisted solely of annual attorney fees which are received prior to the fiscal year to which they apply as the year runs from July 1st through June 30th. The following table provides information about significant changes in deferred revenue for the year ended June 30, 2024:

Deferred revenue, beginning of year	\$ 2,379,250
Revenue recognized that was included in deferred revenue at the beginning of year	(2,379,250)
Increases in deferred revenue due to cash received during the year	<u>2,084,200</u>
Deferred revenue, end of year	<u><u>\$ 2,084,200</u></u>

The following table provides information about significant changes in deferred revenue for the year ended June 30, 2023:

Deferred revenue, beginning of year	\$ 2,362,250
Revenue recognized that was included in deferred revenue at the beginning of year	(2,362,250)
Increases in deferred revenue due to cash received during the year	<u>2,379,250</u>
Deferred revenue, end of year	<u><u>\$ 2,379,250</u></u>

### 6. Funding of Lawyers Concerned for Lawyers, Inc.

At the direction of the Supreme Court of Pennsylvania, the Fund has agreed to fund a portion of the operations of Lawyers Concerned for Lawyers, Inc. in the amounts of \$440,052 and \$425,661 for the years ended June 30, 2024 and 2023, respectively. This is considered a program expense on the statement of functional expenses.

# PENNSYLVANIA LAWYERS FUND FOR CLIENT SECURITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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### **7. Commitments and Contingencies**

On June 30, 2024, the Fund had 95 pending claims alleging an aggregate total loss in the amount of \$3,539,815. Claims are not considered a valid claim and booked as an expense until the claims have been accepted by the board of trustees through a defined process. Four of these claims exceed the \$150,000 maximum reimbursement limit and are seeking a total of \$2,051,592 in awards. The Fund's maximum potential exposure from the pending claims, given the \$150,000 maximum award is \$1,968,223. However, the Fund's exposure may be further limited by the \$1,000,000 per attorney aggregate cap per Pa.R.D.E. 514(b). There are no claims pending that would be affected by Rule 514(b).

On June 30, 2023, the Fund had 60 pending claims alleging an aggregate total loss in the amount of \$1,306,294. Claims are not considered a valid claim and booked as an expense until the claims have been accepted by the board of trustees through a defined process. Four of these claims exceed the \$150,000 maximum reimbursement limit and are seeking a total of \$714,822 in awards. The Fund's maximum potential exposure from the pending claims, given the \$150,000 maximum award is approximately \$1,091,639. However, the Fund's exposure may be further limited by the \$1,000,000 per attorney aggregate cap per Pa.R.D.E. 514(b). There are no claims pending that would be affected by Rule 514(b).

### **8. Office Space**

The Fund relocated to the Pennsylvania Judicial Center on July 9, 2009. The Fund does not have a lease but has assessed shared occupancy costs totaling \$35,652 and \$33,438 for the years ending June 30, 2024 and 2023, respectively.

### **9. Employee Benefit Plan**

The Fund has a simplified employee pension plan which is available to all employees after one year of employment. The plan permits contributions, including employee and employer, to a maximum of 10% of employee compensation limited to a contribution of \$30,000. Employer contributions totaled \$21,975 and \$21,344 for the years ended June 30, 2024 and 2023, respectively.