



WISCONSIN TRUST ACCOUNT FOUNDATION, INC.

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY SCHEDULES**

December 31, 2003

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wisconsin Trust Account Foundation, Inc.
Madison, Wisconsin

We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Wisconsin Trust Account Foundation, Inc. as of December 31, 2003, and the related statements of revenue, expenses and changes in net assets – modified cash basis and cash flows – modified cash basis for the year then ended. These financial statements are the responsibility of Wisconsin Trust Account Foundation, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Wisconsin Trust Account Foundation, Inc. as of December 31, 2003, and its revenue, expenses and changes in net assets and its cash flows for the year then ended on the basis of accounting described in Note 1.

Our audit was conducted for the purposes of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of grant awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wegner LLP

Wegner LLP
January 27, 2004

WISCONSIN TRUST ACCOUNT FOUNDATION, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
December 31, 2003

ASSETS	
CURRENT ASSETS	
Cash	\$ 146,897
Prepaid expenses	6,849
	<hr/>
Total current assets	153,746
EQUIPMENT	
Equipment	16,655
Less accumulated depreciation	14,291
	<hr/>
Equipment - net	2,364
OTHER ASSETS	
Investments	1,163,040
Security deposit	500
	<hr/>
Total other assets	1,163,540
	<hr/>
Total assets	\$ 1,319,650
	<hr/> <hr/>
LIABILITIES AND NET ASSETS	
LIABILITIES	
	\$ -
NET ASSETS	
Unrestricted	209,450
Board designated	1,110,200
	<hr/>
Total net assets	1,319,650
	<hr/>
Total liabilities and net assets	\$ 1,319,650
	<hr/> <hr/>

See accompanying notes.

WISCONSIN TRUST ACCOUNT FOUNDATION, INC.
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
Year ended December 31, 2003

UNRESTRICTED NET ASSETS

REVENUE

Trust account interest income	\$ 1,099,788
Investment income - net	200,786
Other	1,899
	1,302,473
Total revenue	1,302,473

EXPENSES

Program services	
Grant awards	1,146,700
Supporting activities	
Personnel	168,792
Occupancy	20,347
Office expenses	7,238
Telephone	2,842
Board expenses	5,544
Training and conferences	580
Professional services	7,700
Equipment maintenance and support	5,058
Bank charges	4,673
Publicity and public relations	4,548
Insurance	2,342
Depreciation	2,902
Other	2,971
	235,537
Total supporting activities	235,537
Total expenses	1,382,237

Change in net assets (79,764)

Net assets - beginning of year 1,399,414

Net assets - end of year \$ 1,319,650

See accompanying notes.

WISCONSIN TRUST ACCOUNT FOUNDATION, INC.
STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS
Year ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (79,764)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	2,902
Realized gain on sales of investments	(97,276)
Unrealized gain on investments	(69,430)
(Increase) decrease in assets	
Prepaid expenses	(650)
Prepaid grant awards	46,500
	<hr/>
Net cash used in operating activities	(197,718)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(2,508,228)
Proceeds from the sales of investments	2,476,496
	<hr/>
Net cash used in investing activities	(31,732)
 Change in cash	 (229,450)
Cash - beginning of year	<hr/> 376,347
Cash - end of year	 <hr/> \$ 146,897

See accompanying notes.

WISCONSIN TRUST ACCOUNT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

The mission of Wisconsin Trust Account Foundation, Inc. (WisTAF) is dedicated to equal access to the civil justice system; funding legal services for low-income persons through the fair and effective administration of interest from lawyers' trust accounts (IOLTA) and other sources. WisTAF is a nonprofit corporation created to administer the IOLTA program throughout the state of Wisconsin and to disburse the funds collected under this program. Beginning January 1, 1987, the IOLTA program required lawyers to remit the interest income earned on clients' nominal trust account balances to WisTAF. These funds are distributed by WisTAF to provide legal aid to the poor and to fund programs for the benefit of the public as may be approved by the Supreme Court for exclusively public purposes. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting. This basis differs from U.S. generally accepted accounting principles because WisTAF has not recognized accounts receivable from trust accounts, accrued interest on investments, and accounts payable to vendors and grantees and their related effects on earnings. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of WisTAF and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Board Designated Net Assets – Unrestricted net assets subject to self-imposed limits by action of the Board of Directors for grant awards to be paid in the future.

Equipment

Acquisitions of equipment in excess of \$500 are capitalized. Purchases of equipment are recorded at cost. Depreciation is provided using the straight-line method over three to five years, the estimated useful lives of the assets.

Investments

WisTAF carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of assets, liabilities and net assets – modified cash basis. Unrealized gains and losses are included in the change in net assets in the accompanying statement of revenue, expenses and changes in net assets – modified cash basis.

Trust Account Interest Income

Trust account interest income consists of funds transferred from IOLTA accounts throughout the state of Wisconsin. Revenue is recognized when received in accordance with the modified cash basis of accounting.

WISCONSIN TRUST ACCOUNT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Grants

The Wisconsin Family Law Project of WisTAF is funded by a service contract with the Wisconsin Department of Workforce Development. Revenue from this contract is based upon the actual cost of providing such services up to the maximum amount specified in the contract. Costs are allocated to the project in accordance with established procedures and are subject to audit by the Wisconsin Department of Workforce Development. No determination has been made regarding the effect, if any, such an audit could have on the financial statements.

Functional Expenses

The costs of administering the program services and supporting activities have been summarized on a functional basis in the statement of revenue, expenses and changes in net assets – modified cash basis.

Income Taxes

WisTAF is an exempt public charity under Section 501(c)(3) of the Internal Revenue Code and therefore is not subject to federal and state income or franchise taxes.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CONCENTRATION OF CREDIT RISK

WisTAF maintains cash balances at one financial institution. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$100,000. WisTAF had uninsured cash balances of \$55,079 at December 31, 2003.

NOTE 3 – INVESTMENTS

Investments consisted of the following at December 31, 2003:

	Basis	Unrealized Gain	Fair Value
Money market funds	\$ 461	\$ -	\$ 461
Bond funds	440,834	1,543	442,377
Equity funds	652,315	67,887	720,202
Investments	<u>\$ 1,093,610</u>	<u>\$ 69,430</u>	<u>\$ 1,163,040</u>

WISCONSIN TRUST ACCOUNT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 3 – INVESTMENTS (continued)

The investments are uninsured and are subject to changes in economic market conditions. WisTAF's investment policy attempts to minimize the risk of credit exposure through portfolio diversification.

Investment income consisted of the following for 2003:

Operational interest	\$ 2,348
Reserve interest and dividends	37,615
Realized gain	97,276
Unrealized gain	<u>69,430</u>
Investment income	206,669
Less investment fees	<u>5,883</u>
Investment income - net	<u>\$ 200,786</u>

NOTE 4 – LINE OF CREDIT

WisTAF has a \$750,000 line of credit, which was unused at December 31, 2003. The line of credit requires monthly payments of interest and a lump sum payment of principal on June 1, 2004. The note bears interest on the unpaid principal balance before maturity at an annual rate equal to the "One Month LIBOR Rate" plus 2.5%, which rate will change as of the first day of each month. "One Month LIBOR Rate" means the annual rate equal to the rate at which U.S. dollar deposits are offered on the first day of each calendar month on or about 9 a.m., Milwaukee, Wisconsin time as determined by the British Bankers Association (BBA LIBOR) and reported by a major news service selected by Lender. The note is secured by a securities account security agreement. In January 2004, WisTAF drew \$128,000 on the line of credit.

NOTE 5 – RETIREMENT PLAN

WisTAF sponsors a Simplified Employee Pension (SEP) plan. To be eligible to participate in the plan, employees must be 21 years of age, performed services during at least one of the preceding five years and earned at least the Internal Revenue Service minimum requirement for a SEP during the year. Contributions to the plan are based on 10% of gross salaries of eligible employees. Total contributions to the plan were \$10,950 for 2003.

NOTE 6 – DESCRIPTION OF LEASING ARRANGEMENTS

WisTAF leases office space in Madison under an operating lease agreement that expires in September 2004. The lease requires monthly payments of \$1,274, with annual increases of about 5% of the base rental. WisTAF leases a copier for use in the operation of its program under an operating lease agreement that expires in December 2004. The lease requires monthly payments of \$270. Total lease expense was \$17,970 for 2003. Future minimum lease payments are \$14,706 for 2004.

WISCONSIN TRUST ACCOUNT FOUNDATION, INC.
SCHEDULE OF GRANT AWARDS
Year ended December 31, 2003

	Foundation Grants	Wisconsin Family Law Project Grants	Grant Awards
Legal Action of Wisconsin	\$ 657,212	\$ 17,950	\$ 675,162
Wisconsin Judicare	205,488	5,645	211,133
Centro Legal Por Derechos Humanos	7,500	3,767	11,267
Wisconsin Coalition for Advocacy	45,000	5,803	50,803
Legal Aid Society of Milwaukee	76,000	5,802	81,802
ABC for Health	42,500	3,767	46,267
Center Against Sexual and Domestic Abuse	32,000	-	32,000
Portage County Legal Aid Society	3,500	-	3,500
Legal Action of Wisconsin - Racine	21,000	-	21,000
AIDS Network	10,000	-	10,000
AIDS Resource Center of Wisconsin	-	3,766	3,766
Grant awards	<u>\$ 1,100,200</u>	<u>\$ 46,500</u>	<u>\$ 1,146,700</u>