

KENTUCKY BAR ASSOCIATION
Frankfort, Kentucky

FINANCIAL STATEMENTS
June 30, 2018 and 2017

CONTENTS

Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-14
Supplementary Information:	
Combining Statements of Financial Position	15-16
Combining Statements of Activities	17-18
Statements of Functional Expenses	19-20



INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Kentucky Bar Association
Frankfort, Kentucky

We have audited the accompanying financial statements of Kentucky Bar Association (a non-profit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Bar Association as of June 30, 2018 and 2017, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statements of financial position and activities and the statements of functional expenses, on pages 15-20, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RFH

RFH, PLLC
Lexington, Kentucky
January 11, 2019

KENTUCKY BAR ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
June 30,

	2018	2017
ASSETS		
Current assets		
Cash	\$ 1,419,743	\$ 877,221
Certificates of deposit	60,663	160,542
Investments	9,913,382	9,778,186
Accounts receivable	80,659	146,418
Due from affiliate	804,037	63,034
Interest receivable	16,074	21,750
Prepaid expenses	<u>105,702</u>	<u>119,533</u>
Total current assets	<u>12,400,260</u>	<u>11,166,684</u>
Property, building and equipment, net	<u>3,364,615</u>	<u>3,077,684</u>
Total net property and equipment	<u>3,364,615</u>	<u>3,077,684</u>
Total assets	<u>\$ 15,764,875</u>	<u>\$ 14,244,368</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 672,587	\$ 208,223
Due to affiliate	-	422
Accrued expenses	12,893,422	336,641
Current maturities of bonds payable	<u>-</u>	<u>140,000</u>
Total current liabilities	13,566,009	685,286
Deferred revenue	11,179	12,330
Bonds payable, less current maturities	<u>-</u>	<u>20,000</u>
Total liabilities	<u>13,577,188</u>	<u>717,616</u>
Net assets		
Unrestricted		
Board designated	320,279	285,471
Undesignated	<u>1,867,408</u>	<u>13,241,281</u>
Total net assets	<u>2,187,687</u>	<u>13,526,752</u>
Total liabilities and net assets	<u>\$ 15,764,875</u>	<u>\$ 14,244,368</u>

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

**KENTUCKY BAR ASSOCIATION
STATEMENTS OF ACTIVITIES
for the years ended June 30,**

	2018	2017
UNRESTRICTED NET ASSETS		
Revenue and support		
Membership dues	\$ 4,766,706	\$ 4,833,176
Other dues	277,576	189,655
Investment income/realized gain(loss)	631,766	164,018
Sections income	164,171	179,249
Reimbursement of costs	69,119	78,312
Attorney Advertising Commission	5,875	11,675
Pro Hac Vice	227,900	212,660
Publications/communications	84,799	85,649
Conventions and conferences	440,685	411,985
Rent of building	9,600	9,600
Net change in the fair value of investments	(225,831)	467,641
Other revenue and support	<u>622,179</u>	<u>624,397</u>
Total revenue and support	<u>7,074,545</u>	<u>7,268,017</u>
Expenses		
Program Services:		
Sections	155,657	193,658
Board of Governors, Officers, Committees	139,986	109,812
Disciplinary/Unauthorized practice	3,251,428	1,758,237
Disciplinary Clerk's Office	277,748	88,087
Publications and Communications	359,726	300,067
Conventions and Conferences	413,061	313,972
Attorney Advertising Commission	99,348	96,360
Lawyers Assistance Program	267,828	220,823
Continuing Legal Education	3,623,976	1,105,863
Client Security	374,392	6,948
Bar Center	322,409	313,859
Donated Legal Services	<u>125,000</u>	<u>-</u>
Total program services	9,410,559	4,507,686
Supporting Services:		
Management and general	<u>9,003,051</u>	<u>1,557,386</u>
Total expenses	<u>18,413,610</u>	<u>6,065,072</u>
CHANGE IN TOTAL NET ASSETS	(11,339,065)	1,202,945
Net assets, beginning of year	<u>13,526,752</u>	<u>12,323,807</u>
NET ASSETS, END OF YEAR	<u>\$ 2,187,687</u>	<u>\$ 13,526,752</u>

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

**KENTUCKY BAR ASSOCIATION
STATEMENTS OF CASH FLOWS
for the years ended June 30,**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (11,339,065)	\$ 1,202,945
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	189,680	163,234
Net (increase) decrease in the fair value of investments	225,831	(467,641)
Realized (gains)/losses on sales of investments	(393,074)	57,016
(Increase) decrease in operating assets:		
Accounts receivable	65,759	(53,443)
Due from affiliate	(741,003)	4,126
Interest receivable	5,676	(4,259)
Prepaid expenses	13,831	(42,536)
Increase (decrease) in operating liabilities:		
Accounts payable	464,364	64,497
Due to affiliate	(422)	-
Accrued expenses	12,556,781	(24,293)
Deferred revenue	<u>(1,151)</u>	<u>(2,339)</u>
Net cash provided by operating activities	<u>1,047,207</u>	<u>897,307</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(476,612)	(118,386)
Purchase of investments	(2,793,173)	(2,314,698)
Proceeds from sale of investments	<u>2,925,100</u>	<u>826,238</u>
Net cash (used in) investing activities	<u>(344,685)</u>	<u>(1,606,846)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long term debt	<u>(160,000)</u>	<u>(430,000)</u>
Net cash (used in) financing activities	<u>(160,000)</u>	<u>(430,000)</u>
Net increase (decrease) in cash	542,522	(1,139,539)
Cash, beginning of year	<u>877,221</u>	<u>2,016,760</u>
CASH, END OF YEAR	<u>\$ 1,419,743</u>	<u>\$ 877,221</u>

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

KENTUCKY BAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The statements presented are those of the Kentucky Bar Association (KBA). This is an agency of the judicial branch of the Commonwealth of Kentucky. The KBA implements, administers and enforces Kentucky Supreme Court Rules regarding the discipline and education of the lawyers of Kentucky and is the professional association for the practice of law in Kentucky.

Fund Accounting

The KBA is an agency that provides various services which are maintained in accounts in accordance with the principles and practices of “fund accounting”. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives as specified, in accordance with regulations, restrictions, or limitations imposed by sources outside the organization, or in accordance with directions issued by the governing board. The assets, liabilities, and net assets of the KBA are reported in six self-balancing fund groups, a description of which is as follows:

General Fund - The General Fund is engaged in the administrative, general and disciplinary functions of the KBA, primarily dealing with Kentucky attorneys and the practice of law within the Commonwealth of Kentucky.

Continuing Legal Education Fund - The Continuing Legal Education Fund administers the continuing legal education rules of the Supreme Court, which includes mandatory continuing legal education, attorney records, Kentucky Law Updates and New Lawyers’ Skills Programs.

Client Security Fund - The Client Security Fund provides assistance to individuals who have suffered financial loss due to misappropriation of clients’ funds by members of the KBA. During the year ended June 30, 2018, 80 new claims were received alleging losses totaling approximately \$1,893,009. During the year ended June 30, 2017, 64 new claims were received alleging losses totaling approximately \$1,521,903.

The Board of Governors has established Fund claim limits of \$50,000 per claim and \$150,000 aggregate claims against one attorney; accordingly, the total exposure was approximately \$895,517 for the year ended June 30, 2018 and \$1,064,441 for the year ended June 30, 2017.

Bar Center Headquarters Trustees Fund - The Bar Center Headquarters Trustees Fund acts for the KBA in all matters incidental to the ownership, management, and control of the Bar Center building.

Bar Center Fund - The Bar Center Fund accounts for dues allocated for the furnishing and maintenance of the Bar Center building located in Frankfort, Kentucky.

Donated Legal Services Fund - The Donated Legal Services Fund accounts for dues allocated for pro bono efforts.

Basis of Financial Statements

The KBA prepares its financial statements on the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The following accounting policies are presented to facilitate the understanding of information presented in the financial statements.

KENTUCKY BAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Presentation

The financial statements are presented in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the KBA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are not subject to donor-imposed restrictions and may be designated for specific purposes by action of the Board of Governors. Temporarily restricted net assets are subject to donor-imposed restrictions that can be fulfilled by actions of the organization pursuant to those restrictions or that expire by the passage of time. Permanently restricted net assets are subject to donor-imposed restrictions that they be maintained permanently. The KBA has no temporarily or permanently restricted net assets as of June 30, 2018 and 2017.

Cash and Cash Equivalents

The KBA considers cash in operating bank accounts to be cash and cash equivalents. Money Market accounts in investments are not included in cash and cash equivalents.

Supplemental Disclosure of Cash Flow Information for the year ended June 30,

	2018	2017
Cash paid during the year for interest	\$ 5,089	\$ 27,410
Cash paid during the year for unrelated business tax	\$ 827	\$ 91

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note K for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the KBA's gains and losses on investments bought and sold as well as held during the year.

Fixed Assets

Fixed assets are stated at cost. Major renewals and improvements are charged to the fixed asset accounts. Expenditures greater than \$5,000 and which increase values or extend useful lives of the respective assets, are capitalized, whereas expenditures for maintenance and repairs are charged to expense as incurred. At the time fixed assets are retired or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to income.

Revenue

The major source of revenue is membership dues. All members are required to pay dues to the KBA, with the exception of those members whose status is Senior Counselor, Senior Retired Inactive, and Disabled Inactive. Dues are determined annually and are recognized as revenues when assessed because they are measurable and are collectible within the current period.

Depreciation

Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. Depreciation expense totaled \$189,680 and \$163,234 for the years ended June 30, 2018 and 2017, respectively. Estimated useful lives for purposes of depreciation are as follows:

Bar Center building	50 years
Furniture, fixtures and equipment	5-10 years

KENTUCKY BAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension Plan

The KBA participated as members of the Kentucky Employee Retirement System (KERS), a cost sharing, multiple-employer, public employee retirement system, until approval was given in November 2017 by the Board of Governors for voluntary cessation from the Kentucky Retirement System (KRS) with an effective date of June 30, 2018. The employees ceased their contributions at that date, but the KBA continues to make contributions until final approval of the voluntary cessation is received from KRS. KERS provides retirement benefits based on an employee's final average salary and number of years of service. Benefits are subject to certain reductions if the employee retires before reaching age sixty-five, or after less than twenty-seven years of service. The plan also provides for disability retirement, death and survivor benefits and medical insurance.

The Kentucky Employee Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Employees Retirement System, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky 40601 or by calling (502) 564-4646.

Funding for the plan is provided by eligible employees who contribute 5% of their salary, 6% for employees hired after September 1, 2008, through payroll deductions and the KBA, which contributed 49.47% and 48.59% of current eligible employee's salary to the KERS during the fiscal years ended June 30, 2018 and 2017, respectively. The KBA's contribution rates are determined by Kentucky Revised Statute and the Board of Trustees of the Kentucky Retirement Systems biennium. The KBA's contributions totaled \$1,112,628 and \$1,131,749 for the fiscal years ending June 30, 2018 and 2017, respectively.

NOTE B – INVESTMENTS

Investments are administered utilizing the services of the trust department of a bank. These investments are Level 1 investments, which include investments that are uninsured and unregistered held by the counterparty's trust department or agent in the KBA's name. Investment service fees of approximately \$30,100 and \$26,238 have been included in bank and investment fees in the statement of activities for the years ended June 30, 2018 and 2017, respectively. All investments have been classified as current assets in the accompanying statement of financial position since proceeds would be available to the KBA upon request to the trust department of the bank.

A summary of investments at June 30, 2018 is as follows:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gains/Losses</u>
KBA Long Term Portfolio -			
Money Market Funds	\$ 3,020,632	\$ 3,020,632	\$ -
Fixed income	1,049,116	1,000,309	(48,807)
Equities	1,340,942	1,773,992	433,050
Real Assets	122,108	129,614	7,506
	<u>5,532,798</u>	<u>5,924,547</u>	<u>391,749</u>
KBA Short Term Portfolio -			
Money Market Funds	2,114,388	2,114,388	-
Fixed income	1,923,245	1,874,447	(48,798)
	<u>4,037,633</u>	<u>3,988,835</u>	<u>(48,798)</u>
Total	<u>\$ 9,570,431</u>	<u>\$ 9,913,382</u>	<u>\$ 342,951</u>

KENTUCKY BAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE B – INVESTMENTS (CONTINUED)

A summary of investments at June 30, 2017 is as follows:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gains/Losses</u>
KBA Long Term Portfolio -			
Money Market Funds	\$ 204,703	\$ 204,703	\$ -
Fixed income	1,782,133	1,709,771	(72,362)
Equities	3,028,817	3,672,277	643,460
Real Assets	216,259	234,627	18,368
	<u>5,231,912</u>	<u>5,821,378</u>	<u>589,466</u>
KBA Short Term Portfolio -			
Money Market Funds	2,090,077	2,090,077	-
Fixed income	1,887,415	1,866,731	(20,684)
	<u>3,977,492</u>	<u>3,956,808</u>	<u>(20,684)</u>
Total	<u>\$ 9,209,404</u>	<u>\$ 9,778,186</u>	<u>\$ 568,782</u>

Investment return is summarized as follows for the year ended June 30,

	2018	2017
Interest and dividend income	\$ 237,422	\$ 221,034
Realized gains (losses)	393,074	(57,016)
Change in fair value	<u>(225,831)</u>	<u>467,641</u>
	<u>\$ 404,665</u>	<u>\$ 631,659</u>

NOTE C – INCOME TAX STATUS

The KBA is not a private foundation and is exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954, except on certain unrelated business income, which is not material. The KBA believes it is no longer subject to income tax examinations for the fiscal years prior to June 30, 2015. There are currently no audits for any tax periods in progress.

NOTE D – LEASES

The KBA entered into seven non-cancelable leases for office equipment (copiers) that expire during 2019. The monthly payments range from \$130 to \$465 per month. One lease was upgraded in June 2018 for a non-cancelable 48-month operating lease. The total monthly payment for the leased copiers is \$2,146.

The KBA entered into four non-cancelable leases for office equipment (printers). The lease is for 60 months under non-cancelable operating leases. The total monthly payment for the leased printers is \$112.

The KBA entered into a lease for a mailing system during December 2014. The lease is for 60 months under a non-cancelable operating lease expiring in December 2020 with a monthly payment of \$540.

**KENTUCKY BAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE D – LEASES (CONTINUED)

The KBA incurred approximately \$33,598 of lease-related expense in the year ended June 30, 2018, and \$32,343 in the year ended June 30, 2017. These leases are classified as operating with minimum rental commitments as follows:

Year Ending June 30,		
2019	\$	30,473
2020		9,853
2021		4,865
2022		4,571
2023		<u>280</u>
	\$	<u>50,042</u>

NOTE E – LONG-TERM DEBT

During October 2002, the KBA issued \$2,390,000 in City of Frankfort, Kentucky Governmental Project Revenue Obligation Bonds with rates of 2.0% - 5.0%. The bonds were secured by membership dues revenue.

The final principal and interest requirements of \$160,000 relating to the above long-term debt were paid in full in November 2017.

Interest expense for the years ended June 30, 2018 and 2017 totaled \$5,089 and \$27,410, respectively.

NOTE F – RELATED PARTY

The Kentucky Bar Foundation, Inc. (the Foundation) is a related party to the Kentucky Bar Association in that both organizations share common facilities and that the KBA provides payroll services for the Foundation. The KBA has also recorded a receivable of approximately \$738,000, for the Foundation's share of the withdrawal liability to the Kentucky Retirement System, see Note L for more information.

The following summarizes significant transactions and balances between the two at June 30,

	2018	2017
Accounts receivable from Foundation	\$ <u>804,037</u>	\$ <u>63,034</u>
Rent paid or payable to the KBA from Foundation	\$ <u>9,600</u>	\$ <u>9,600</u>

NOTE G – COMPENSATED ABSENCES

In prior years the KBA has allowed a carryover of a maximum of forty-five unused vacation days accumulated through year-end. For fiscal years 2018 and 2017, the KBA allowed in excess of forty-five unused vacation days until December 31, 2018 and 2017. Accordingly, for these future compensated absences, the KBA had accrued expenses of \$177,202 in the General Fund and \$41,384 in the Continuing Legal Education Fund for the year ended June 30, 2018 and \$176,917 in the General Fund and \$51,082 in the Continuing Legal Education Fund for the year ended June 30, 2017.

KENTUCKY BAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE H – DESIGNATED FUND BALANCE

By Board resolution, the General Fund surplus for Sections, Brief Insights and Lawyer’s Assistance Program funds are allowed to be carried over to the next ensuing budget year and have been designated as such. Any current year excess support and revenue over expenses excluding the current effects of the aforementioned carryforward funds less transfers made to other funds may be transferred to related investment accounts for future operating needs.

NOTE I – CONTINGENCIES

The KBA is subject to various other claims and investigations covering a wide range of matters that arise in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance or by accruals when determinable. There are also matters that are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the KBA, if disposed of unfavorably.

NOTE J – EQUIPMENT

Equipment consists of the following at June 30,

	2018	2017
Property, building, and equipment	\$ 6,306,627	\$ 5,897,553
Vehicle	28,375	28,375
Less accumulated depreciation	<u>(2,970,387)</u>	<u>(2,848,244)</u>
	<u>\$ 3,364,615</u>	<u>\$ 3,077,684</u>

NOTE K – FAIR VALUE MEASUREMENT

The KBA’s investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the KBA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices of identical assets, and Level 3 inputs are unobservable and have the lowest priority. The KBA uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the KBA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the KBA.

**KENTUCKY BAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE K – FAIR VALUE MEASUREMENT (CONTINUED)

Level 1 Fair Value Measurements

The fair value of common stocks and money market funds, are based on closing price reported on the active market for the securities at the end of the year.

The following table sets forth by level, within the fair value hierarchy, the KBA's assets at fair value as of June 30, 2018:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Money market funds	\$ 5,135,020	\$ 5,135,020
Fixed income	2,874,756	2,874,756
Equities	1,773,992	1,773,992
Real Assets	129,614	129,614
	<u>\$ 9,913,382</u>	<u>\$ 9,913,382</u>

The following table sets forth by level, within the fair value hierarchy, the KBA's assets at fair value as of June 30, 2017:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Money market funds	\$ 2,294,780	\$ 2,294,780
Fixed income	3,576,502	3,576,502
Equities	3,672,277	3,672,277
Real Assets	234,627	234,627
	<u>\$ 9,778,186</u>	<u>\$ 9,778,186</u>

NOTE L - MULTI-EMPLOYER DEFINED BENEFIT PENSION PLAN

As mentioned in the Summary of Significant Accounting Policies note, the KBA participated with other organizations in the KERS's defined benefit pension plan until it submitted its voluntary cessation, effective June 30, 2018. The risks of participating in this multi-employer plan are different from single-employer plans in the following aspects:

1. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

**KENTUCKY BAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE L - MULTI-EMPLOYER DEFINED BENEFIT PENSION PLAN (CONTINUED)

3. The KBA has chosen to stop participating in this multi-employer plan, so it will be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. This amount is estimated to be \$12,049,250 at June 30, 2018, which includes approximately \$738,000 related to employees of the Foundation. The withdrawal liability is included in accrued expenses on the statement of financial position, as of June 30, 2018.

The KBA's participation in the plan for the annual period ended June 30, 2018 is outlined in the following table. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented.

Pension Fund	EIN/Pension	FIP/RP Status Pending/Implemented	Contributions of the KBA for the period ended June 30, 2018	Surcharged Imposed
Pension plan for employees of KERS and affiliated agencies	61-0488768	Yes	\$ 1,182,165	No

As determined by the plan's actuary, the KBA is noted as providing less than 5% of the total contributions for plan year ended June 30, 2018. At the date the financial statements were issued, the Form 5500 was not available for the plan year ending in 2017.

NOTE M - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the KBA to concentrations of credit risk consist of cash, which may at times exceed federally insured limits. The KBA places its cash with high credit quality financial institutions. The cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor in each institution. At times during the year ended June 30, 2018, the KBA exceeded the \$250,000 insured by the FDIC.

NOTE N – SUBSEQUENT EVENTS

KBA's management has evaluated events through January 11, 2019, the date on which the financial statements were available for issue. On December 12, 2018, the KBA received the Notice of Actuarial Cost from the Kentucky Retirement System which noted that the full actuarial cost of the withdrawal liability for the KBA was \$12,049,250. An actuarial firm was hired by the KBA to determine if this amount is accurate. No later than February 11, 2019, the KBA must notify Kentucky Retirement Systems in writing of its decision to move forward with voluntary cessation of its participation in KERS or withdraw its request. Upon final approval by KRS, the Kentucky Bar Association must pay the full actuarial cost.

KENTUCKY BAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE N – SUBSEQUENT EVENTS (CONTINUED)

During September 2018, the KBA entered into a promissory note with the City of Frankfort (the City) to repay amounts related to a bond issuance by the City on behalf of KBA. The City issued a general obligation bond of \$4,180,000 in Kentucky Revenue Bond, Taxable Series 2018C. The Kentucky League of Cities is the program administrator and the Kentucky Bond Corporation is the lessor. The bond was issued for the purpose of funding a note issued by the KBA to fund the payment of the withdrawal liability to the Kentucky Retirement System during the spring of 2019. The maturity date for the note and bond is February 1, 2033. The note and bond carry a 3.75% interest rate.

For the year ending June 30, 2019, the KBA will be required to implement the Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities. The ASU changes the net asset classification requirements and modifies the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The KBA is currently analyzing the impact of its implementation of ASU 2016-14.

SUPPLEMENTARY INFORMATION

KENTUCKY BAR ASSOCIATION
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2018

	General Fund	Continuing Legal Education Fund	Client Security Fund	Bar Center Headquarters Trustee Fund	Bar Center Fund	Donated Legal Services Fund	Interfund Eliminations	Total
ASSETS								
Current assets								
Cash	\$ 877,357	\$ 1,753	\$ 355,171	\$ 11,383	\$ 155,121	\$ 18,958	\$ -	\$ 1,419,743
Certificates of deposit	-	-	-	-	-	60,663	-	60,663
Investments	7,067,673	2,134,620	399,137	-	311,952	-	-	9,913,382
Accounts receivable	40,165	40,494	-	-	-	-	-	80,659
Interfund receivable	111,651	1,294	-	77,418	-	-	(190,363)	-
Due from Bar Foundation/IOLTA	801,637	-	-	2,400	-	-	-	804,037
Interest receivable	11,597	3,303	576	-	588	10	-	16,074
Prepaid expenses	79,093	23,910	-	2,699	-	-	-	105,702
Total current assets	<u>8,989,173</u>	<u>2,205,374</u>	<u>754,884</u>	<u>93,900</u>	<u>467,661</u>	<u>79,631</u>	<u>(190,363)</u>	<u>12,400,260</u>
Property, building and equipment, net	-	-	-	3,364,615	-	-	-	3,364,615
Total net property and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,364,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,364,615</u>
Total assets	<u>\$ 8,989,173</u>	<u>\$ 2,205,374</u>	<u>\$ 754,884</u>	<u>\$ 3,458,515</u>	<u>\$ 467,661</u>	<u>\$ 79,631</u>	<u>\$ (190,363)</u>	<u>\$ 15,764,875</u>
LIABILITIES AND NET ASSETS								
Current liabilities								
Accounts payable	\$ 341,092	\$ 2,710	\$ 318,883	\$ 9,902	\$ -	\$ -	\$ -	\$ 672,587
Interfund payable	37,324	147,062	-	5,977	-	-	(190,363)	-
Accrued expenses	10,354,455	2,512,247	22,909	3,800	11	-	-	12,893,422
Total current liabilities	<u>10,732,871</u>	<u>2,662,019</u>	<u>341,792</u>	<u>19,679</u>	<u>11</u>	<u>-</u>	<u>(190,363)</u>	<u>13,566,009</u>
Deferred revenue	11,179	-	-	-	-	-	-	11,179
Total liabilities	<u>10,744,050</u>	<u>2,662,019</u>	<u>341,792</u>	<u>19,679</u>	<u>11</u>	<u>-</u>	<u>(190,363)</u>	<u>13,577,188</u>
Net assets								
Unrestricted								
Designated for Sections	290,503	-	-	-	-	-	-	290,503
Designated for Lawyer's Assistance Program	26,633	-	-	-	-	-	-	26,633
Designated for Brief Insights	3,143	-	-	-	-	-	-	3,143
Undesignated	<u>(2,075,156)</u>	<u>(456,645)</u>	<u>413,092</u>	<u>3,438,836</u>	<u>467,650</u>	<u>79,631</u>	<u>-</u>	<u>1,867,408</u>
Total net assets	<u>(1,754,877)</u>	<u>(456,645)</u>	<u>413,092</u>	<u>3,438,836</u>	<u>467,650</u>	<u>79,631</u>	<u>-</u>	<u>2,187,687</u>
Total liabilities and net assets	<u>\$ 8,989,173</u>	<u>\$ 2,205,374</u>	<u>\$ 754,884</u>	<u>\$ 3,458,515</u>	<u>\$ 467,661</u>	<u>\$ 79,631</u>	<u>\$ (190,363)</u>	<u>\$ 15,764,875</u>

See Independent Auditors' Report

KENTUCKY BAR ASSOCIATION
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2017

	General Fund	Continuing Legal Education Fund	Client Security Fund	Bar Center Headquarters Trustee Fund	Bar Center Fund	Donated Legal Services Fund	Interfund Eliminations	Total
ASSETS								
Current assets								
Cash	\$ 709,654	\$ 78,946	\$ 69,159	\$ 2,967	\$ 1,151	\$ 15,344	\$ -	\$ 877,221
Certificates of deposit	-	-	-	-	-	160,542	-	160,542
Investments	6,821,165	2,038,550	608,904	-	309,567	-	-	9,778,186
Accounts receivable	80,385	58,658	-	7,375	-	-	-	146,418
Interfund receivable	238,438	-	-	34,539	-	-	(272,977)	-
Due from Bar Foundation/IOLTA	60,634	-	-	2,400	-	-	-	63,034
Interest receivable	14,556	5,007	1,721	-	410	56	-	21,750
Prepaid expenses	90,706	26,507	-	2,320	-	-	-	119,533
Total current assets	<u>8,015,538</u>	<u>2,207,668</u>	<u>679,784</u>	<u>49,601</u>	<u>311,128</u>	<u>175,942</u>	<u>(272,977)</u>	<u>11,166,684</u>
Vehicle, net	473	-	-	-	-	-	-	473
Property, building and equipment, net	-	-	-	3,077,211	-	-	-	3,077,211
Total net property and equipment	<u>473</u>	<u>-</u>	<u>-</u>	<u>3,077,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,077,684</u>
Total assets	<u>\$ 8,016,011</u>	<u>\$ 2,207,668</u>	<u>\$ 679,784</u>	<u>\$ 3,126,812</u>	<u>\$ 311,128</u>	<u>\$ 175,942</u>	<u>\$ (272,977)</u>	<u>\$ 14,244,368</u>
LIABILITIES AND NET ASSETS								
Current liabilities								
Accounts payable	\$ 191,966	\$ 1,285	\$ 592	\$ 14,380	\$ -	\$ -	\$ -	\$ 208,223
Interfund payable	3,193	257,488	-	2,933	9,363	-	(272,977)	-
Due to affiliate	422	-	-	-	-	-	-	422
Accrued expenses	264,962	67,877	1	3,800	1	-	-	336,641
Current maturities of bonds payable	-	-	-	140,000	-	-	-	140,000
Total current liabilities	460,543	326,650	593	161,113	9,364	-	(272,977)	685,286
Deferred revenue	10,940	1,390	-	-	-	-	-	12,330
Bonds payable, less current maturities	-	-	-	20,000	-	-	-	20,000
Total liabilities	<u>471,483</u>	<u>328,040</u>	<u>593</u>	<u>181,113</u>	<u>9,364</u>	<u>-</u>	<u>(272,977)</u>	<u>717,616</u>
Net assets								
Unrestricted								
Designated for Sections	281,989	-	-	-	-	-	-	281,989
Designated for Brief Insights	3,482	-	-	-	-	-	-	3,482
Undesignated	7,259,057	1,879,628	679,191	2,945,699	301,764	175,942	-	13,241,281
Total net assets	<u>7,544,528</u>	<u>1,879,628</u>	<u>679,191</u>	<u>2,945,699</u>	<u>301,764</u>	<u>175,942</u>	<u>-</u>	<u>13,526,752</u>
Total liabilities and net assets	<u>\$ 8,016,011</u>	<u>\$ 2,207,668</u>	<u>\$ 679,784</u>	<u>\$ 3,126,812</u>	<u>\$ 311,128</u>	<u>\$ 175,942</u>	<u>\$ (272,977)</u>	<u>\$ 14,244,368</u>

See Independent Auditors' Report

KENTUCKY BAR ASSOCIATION
COMBINING STATEMENT OF ACTIVITIES
for the year ended June 30, 2018

	General Fund	Continuing Legal Education Fund	Client Security Fund	Bar Center Headquarters Trustee Fund	Bar Center Fund	Donated Legal Services Fund	Total
UNRESTRICTED NET ASSETS							
Revenue and support							
Membership dues	\$ 3,493,447	\$ 793,554	\$ 120,079	\$ -	\$ 331,112	\$ 28,514	\$ 4,766,706
Other dues	277,576	-	-	-	-	-	277,576
Investment income/realized gain(loss)	412,456	155,982	58,514	16	4,623	175	631,766
Sections income	164,171	-	-	-	-	-	164,171
Reimbursement of costs	69,119	-	-	-	-	-	69,119
Attorney Advertising Commission	5,875	-	-	-	-	-	5,875
Pro Hac Vice	227,900	-	-	-	-	-	227,900
Publications/communications	84,799	-	-	-	-	-	84,799
Conventions and conferences	440,685	-	-	-	-	-	440,685
Rent of building	-	-	-	9,600	-	-	9,600
Net change in the fair value of investments	(147,731)	(54,548)	(21,866)	-	(1,686)	-	(225,831)
Other revenue and support	<u>81,796</u>	<u>537,500</u>	<u>2,816</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>622,179</u>
Total revenue and support	<u>5,110,093</u>	<u>1,432,488</u>	<u>159,543</u>	<u>9,683</u>	<u>334,049</u>	<u>28,689</u>	<u>7,074,545</u>
Expenses							
Program Services:							
Sections	155,657	-	-	-	-	-	155,657
Board of Governors, Officers, Committees	139,986	-	-	-	-	-	139,986
Disciplinary/Unauthorized practice	3,251,428	-	-	-	-	-	3,251,428
Disciplinary Clerk's Office	277,748	-	-	-	-	-	277,748
Publications/Communications	359,726	-	-	-	-	-	359,726
Conventions and Conferences	413,061	-	-	-	-	-	413,061
Attorney Advertising Commission	99,348	-	-	-	-	-	99,348
Lawyers Assistance Program	267,828	-	-	-	-	-	267,828
Continuing Legal Education	-	3,623,976	-	-	-	-	3,623,976
Client Security	-	-	374,392	-	-	-	374,392
Bar Center	-	-	-	316,035	6,374	-	322,409
Donated Legal Services	-	-	-	-	-	125,000	125,000
Total program services	4,964,782	3,623,976	374,392	316,035	6,374	125,000	9,410,559
Supporting Services:							
Management and general	<u>9,003,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,003,051</u>
Total expenses	<u>13,967,833</u>	<u>3,623,976</u>	<u>374,392</u>	<u>316,035</u>	<u>6,374</u>	<u>125,000</u>	<u>18,413,610</u>
INCREASE (DECREASE) IN TOTAL NET ASSETS	(8,857,740)	(2,191,488)	(214,849)	(306,352)	327,675	(96,311)	(11,339,065)
Net assets, beginning of year	7,544,528	1,879,628	679,191	2,945,699	301,764	175,942	13,526,752
TRANSFERS IN (OUT)	<u>(441,665)</u>	<u>(144,785)</u>	<u>(51,250)</u>	<u>799,489</u>	<u>(161,789)</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ (1,754,877)</u>	<u>\$ (456,645)</u>	<u>\$ 413,092</u>	<u>\$ 3,438,836</u>	<u>\$ 467,650</u>	<u>\$ 79,631</u>	<u>\$ 2,187,687</u>

See Independent Auditors' Report

KENTUCKY BAR ASSOCIATION
COMBINING STATEMENT OF ACTIVITIES
for the year ended June 30, 2017

	General Fund	Continuing Legal Education Fund	Client Security Fund	Bar Center Headquarters Trustee Fund	Bar Center Fund	Donated Legal Services Fund	Total
UNRESTRICTED NET ASSETS							
Revenue and support							
Membership dues	\$ 3,562,479	\$ 791,898	\$ 120,074	\$ -	\$ 330,662	\$ 28,063	\$ 4,833,176
Other dues	189,655	-	-	-	-	-	189,655
Investment income/realized gain(loss)	108,670	38,761	13,483	11	2,927	166	164,018
Sections income	179,249	-	-	-	-	-	179,249
Reimbursement of costs	78,312	-	-	-	-	-	78,312
Attorney Advertising Commission	11,675	-	-	-	-	-	11,675
Pro Hac Vice	212,660	-	-	-	-	-	212,660
Publications/communications	85,649	-	-	-	-	-	85,649
Conventions and conferences	411,985	-	-	-	-	-	411,985
Rent of building	-	-	-	9,600	-	-	9,600
Net change in the fair value of investments	295,960	123,274	49,732	-	(1,325)	-	467,641
Other revenue and support	<u>63,917</u>	<u>558,347</u>	<u>2,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624,397</u>
Total revenue and support	<u>5,200,211</u>	<u>1,512,280</u>	<u>185,422</u>	<u>9,611</u>	<u>332,264</u>	<u>28,229</u>	<u>7,268,017</u>
Expenses							
Program Services:							
Sections	193,658	-	-	-	-	-	193,658
Board of Governors, Officers, Committees	109,812	-	-	-	-	-	109,812
Disciplinary/Unauthorized practice	1,758,237	-	-	-	-	-	1,758,237
Disciplinary Clerk's Office	88,087	-	-	-	-	-	88,087
Publications/Communications	300,067	-	-	-	-	-	300,067
Conventions and Conferences	313,972	-	-	-	-	-	313,972
Attorney Advertising Commission	96,360	-	-	-	-	-	96,360
Lawyers Assistance Program	220,823	-	-	-	-	-	220,823
Continuing Legal Education	-	1,105,863	-	-	-	-	1,105,863
Client Security	-	-	6,948	-	-	-	6,948
Bar Center	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,446</u>	<u>6,413</u>	<u>-</u>	<u>313,859</u>
Total program services	3,081,016	1,105,863	6,948	307,446	6,413	-	4,507,686
Supporting Services:							
Management and general	<u>1,557,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,557,386</u>
Total expenses	<u>4,638,402</u>	<u>1,105,863</u>	<u>6,948</u>	<u>307,446</u>	<u>6,413</u>	<u>-</u>	<u>6,065,072</u>
INCREASE (DECREASE) IN TOTAL NET ASSETS	561,809	406,417	178,474	(297,835)	325,851	28,229	1,202,945
Net assets, beginning of year	7,047,765	1,723,980	551,967	2,532,712	319,670	147,713	12,323,807
TRANSFERS IN (OUT)	<u>(65,046)</u>	<u>(250,769)</u>	<u>(51,250)</u>	<u>710,822</u>	<u>(343,757)</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 7,544,528</u>	<u>\$ 1,879,628</u>	<u>\$ 679,191</u>	<u>\$ 2,945,699</u>	<u>\$ 301,764</u>	<u>\$ 175,942</u>	<u>\$ 13,526,752</u>

See Independent Auditors' Report

KENTUCKY BAR ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended June 30, 2018

	Management and General	Sections	Board of Governors, Officers, and Committees	Disciplinary and Unauthorized Practices	Disciplinary Clerk's Office	Publications	Conventions	Advertising Commission	Lawyers Assistance Program	Continuing Legal Education	Client Security	Bar Center	Donated Legal Services	Total
Salaries	\$ 611,454	\$ -	\$ -	\$ 928,347	\$ 52,987	\$ 100,609	\$ -	\$ 48,987	\$ 116,203	\$ 458,072	\$ -	\$ -	\$ -	\$ 2,316,659
Payroll taxes	45,118	-	-	70,668	4,029	7,048	-	3,757	8,702	34,940	-	-	-	174,262
Retirement	7,580,218	-	-	2,057,972	211,765	105,413	-	35,641	93,786	2,646,576	-	-	-	12,731,371
Benefits	76,568	-	-	120,615	2,045	18,099	-	7,839	18,665	74,271	-	-	-	318,102
Accounting fees	18,189	-	-	-	-	-	-	-	-	740	-	-	-	18,929
Legal fees	189,633	-	-	-	-	-	-	-	-	-	-	-	-	189,633
Professional fees	28,238	5,562	2,685	10,185	-	135	4,848	-	8,815	3,062	180	-	-	63,710
Supplies	26,043	60	9,531	12,611	1,018	4,646	16,410	61	665	14,177	736	3,390	-	89,348
Telephone	9,987	417	869	627	-	718	48	31	957	5,455	-	-	-	19,109
Postage	18,710	792	9,755	6,556	5,588	34,966	8,188	49	223	10,115	536	-	-	95,478
Utilities	-	-	-	-	-	-	-	-	-	-	-	48,520	-	48,520
Equipment and computer expense	145,173	2,500	-	-	-	-	-	-	-	21,200	-	-	-	168,873
Printing	22,114	671	295	1,674	245	79,638	5,464	100	607	55,119	13	-	-	165,940
Travel and lodging	24,400	33,071	58,977	19,937	66	2,610	39,880	1,701	13,684	45,428	2,181	-	-	241,935
Conference, convention and meeting	4,117	1,025	4,835	11,101	-	1,848	76,140	488	1,450	77,591	530	-	-	179,125
Interest	-	-	-	-	-	-	-	-	-	-	-	5,089	-	5,089
Depreciation	473	-	-	-	-	-	-	-	-	-	-	189,207	-	189,680
Bank and investment fees	23,045	-	-	-	-	-	10,604	-	-	7,088	2,576	374	-	43,687
Stipends	-	3,000	-	5,000	-	-	-	-	-	-	-	-	-	8,000
Meals and entertainment	19,989	36,959	44,412	5,702	5	55	135,925	492	2,745	44,148	660	-	-	291,092
Library and research	94,265	-	-	-	-	-	-	-	-	-	-	-	-	94,265
Maintenance and repairs	906	-	-	-	-	-	-	-	-	906	-	50,599	-	52,411
Audio visual expense	-	1,860	1,390	-	-	-	48,896	-	-	111,626	-	-	-	163,772
Contributors, sponsors and grants	-	25,200	-	-	-	-	-	-	-	-	-	-	125,000	150,200
Insurance	48,099	-	-	-	-	-	-	-	-	1,544	-	19,230	-	68,873
Speakers	-	8,000	-	-	-	-	59,600	-	-	2,000	-	-	-	69,600
Payment on claims	-	-	-	-	-	-	-	-	-	-	366,980	-	-	366,980
Contribution in lieu of taxes	-	-	-	-	-	-	-	-	-	-	-	6,000	-	6,000
Unrelated business tax	-	-	-	-	-	827	-	-	-	-	-	-	-	827
Other	12,339	34,101	-	-	-	-	-	-	-	50	-	-	-	46,490
Miscellaneous	3,973	2,439	7,237	433	-	3,114	7,058	202	1,326	9,868	-	-	-	35,650
Total expenses	\$ 9,003,051	\$ 155,657	\$ 139,986	\$ 3,251,428	\$ 277,748	\$ 359,726	\$ 413,061	\$ 99,348	\$ 267,828	\$ 3,623,976	\$ 374,392	\$ 322,409	\$ 125,000	\$ 18,413,610

See Independent Auditors' Report

KENTUCKY BAR ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended June 30, 2017

	Management and General	Sections	Board of Governors, Officers, and Committees	Disciplinary and Unauthorized Practices	Disciplinary Clerk's Office	Publications	Conventions	Advertising Commission	Lawyers Assistance Program	Continuing Legal Education	Client Security	Bar Center	Total
Salaries	\$ 650,023	\$ -	\$ -	\$ 996,772	\$ 50,912	\$ 103,870	\$ -	\$ 47,616	\$ 112,536	\$ 430,565	\$ -	\$ -	\$ 2,392,294
Payroll taxes	47,151	-	-	74,236	3,852	7,312	-	4,732	8,544	32,683	-	-	178,510
Retirement	290,573	-	-	478,445	24,756	49,422	-	30,160	54,773	203,620	-	-	1,131,749
Benefits	77,811	-	-	134,935	2,068	18,091	-	10,487	15,691	71,801	-	-	330,884
Accounting fees	17,730	-	-	-	-	-	-	-	-	650	-	-	18,380
Legal fees	21,326	-	-	-	-	-	-	-	-	-	-	-	21,326
Professional fees	20,626	7,835	-	12,708	-	115	2,182	-	1,492	1,185	-	1,250	47,393
Supplies	25,773	1,163	3,736	9,180	1,510	2,347	23,590	51	715	14,713	-	2,888	85,666
Telephone	12,118	523	507	764	-	729	2,159	64	979	2,801	-	21	20,665
Postage	20,792	759	1,458	7,087	4,776	35,589	13,074	193	241	5,233	388	-	89,590
Utilities	-	-	-	-	-	-	-	-	-	-	-	47,129	47,129
Equipment and computer expense	108,452	2,500	-	-	-	-	2,800	-	-	15,180	-	-	128,932
Printing	21,261	1,803	774	1,162	77	77,686	4,929	115	117	60,844	13	-	168,781
Travel and lodging	23,471	31,113	60,288	30,538	136	2,879	38,570	1,361	13,776	43,233	2,243	292	247,900
Conference, convention and meeting	6,576	920	3,765	7,574	-	295	2,295	468	1,588	69,157	240	-	92,878
Interest	-	-	-	-	-	-	-	-	-	-	-	27,410	27,410
Depreciation	5,675	-	-	-	-	-	-	-	-	-	-	157,559	163,234
Bank and investment fees	18,163	-	-	-	-	-	8,765	-	-	6,386	2,275	994	36,583
Stipends	300	-	-	-	-	-	-	-	-	-	-	-	300
Meals and entertainment	19,745	45,635	36,878	4,836	-	141	98,679	503	7,856	33,564	75	110	248,022
Library and research	95,739	-	-	-	-	-	-	-	-	-	-	-	95,739
Maintenance and repairs	469	-	-	-	-	-	-	-	-	530	-	52,449	53,448
Audio visual expense	-	4,156	-	-	-	-	53,270	-	-	99,051	-	-	156,477
Contributors, sponsors and grants	-	48,300	-	-	-	-	-	-	-	-	-	-	48,300
Insurance	60,190	-	-	-	-	-	-	-	-	1,299	-	17,757	79,246
Speakers	-	8,000	-	-	-	-	59,700	-	-	2,000	-	-	69,700
Payment on claims	-	-	-	-	-	-	-	-	-	-	1,714	-	1,714
Contribution in lieu of taxes	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000
Unrelated business tax	-	-	-	-	-	91	-	-	-	-	-	-	91
Other	13,312	38,973	-	-	-	-	-	-	903	283	-	-	53,471
Miscellaneous	110	1,978	2,406	-	-	1,500	3,959	610	1,612	11,085	-	-	23,260
Total expenses	\$ 1,557,386	\$ 193,658	\$ 109,812	\$ 1,758,237	\$ 88,087	\$ 300,067	\$ 313,972	\$ 96,360	\$ 220,823	\$ 1,105,863	\$ 6,948	\$ 313,859	\$ 6,065,072

See Independent Auditors' Report