Consolidated Financial Statements, Details of Consolidation, and Other Information

American Bar Association
As of and for the Years Ended August 31, 2009 and 2008
With Reports of Independent Auditors

American Bar Association

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Details of Consolidation, and Other Information

As of and for the Years Ended August 31, 2009 and 2008

Contents

Ernst & Young LLP
233 South Wacker Drive
Chicago, IL 60606-6301

Tel: +1 312 879 2000
Fax: +1 312 879 4000
www.ey.com

Report of Independent Auditors

The Board of Governors
American Bar Association

We have audited the accompanying consolidated statements of financial position of the American Bar Association (the ABA) as of August 31, 2009 and 2008, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the ABA's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the ABA's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ABA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the American Bar Association at August 31, 2009 and 2008, and the consolidated changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

February 5, 2010

American Bar Association

Consolidated Statements of Financial Position

	August 31 2009	August 31 2008
Assets		
Cash and cash equivalents	**$ 28,832,495**	$ 39,058,232
Accounts receivable, net *(Note 6)*	**15,189,448**	14,802,702
Inventory	**2,000,000**	–
Prepaid and other assets	**2,499,217**	3,262,891
Due from related parties	**329,306**	128,278
Long-term investments	**156,101,786**	168,827,955
Long-term investments held for others	**207,468**	343,972
Property and equipment:		
Land	**11,940,004**	11,940,005
Building	**21,317,720**	21,091,153
Furniture and equipment	**37,524,002**	36,647,800
Leasehold improvements	**21,158,140**	20,821,404
Work-in-process	**234,946**	992,460
Less accumulated depreciation	**(48,823,568)**	(46,127,824)
Net property and equipment	**43,351,244**	45,364,998
Total assets	**$ 248,510,964**	$ 271,789,028
Liabilities and net assets		
Accounts payable	**$ 9,199,633**	$ 9,023,682
Deferred revenue	**50,182,401**	51,473,890
Deferred rent abatement	**6,729,992**	7,414,398
Pension liability	**45,390,854**	19,206,276
Other liabilities	**13,269,368**	11,600,805
Debt	**15,905,021**	18,729,485
Total liabilities	**140,677,269**	117,448,536
Net assets:		
Unrestricted:		
Undesignated	**33,979,893**	76,075,504
Board-designated	**60,849,057**	66,492,174
Total unrestricted	**94,828,950**	142,567,678
Temporarily restricted	**6,288,044**	5,056,813
Permanently restricted	**6,716,701**	6,716,001
Total net assets	**107,833,695**	154,340,492
Total liabilities and net assets	**$ 248,510,964**	$ 271,789,028

See accompanying notes to consolidated financial statements.

American Bar Association

Consolidated Statements of Activities and Changes in Net Assets

	Year Ended August 31	
	2009	**2008**
Unrestricted		
Operating:		
Revenues:		
Membership dues	**$ 83,996,482**	$ 86,015,676
Meeting fees	**25,113,287**	29,274,407
Advertising	**4,013,751**	4,361,906
Gifts and grants	**50,897,553**	46,108,629
Publications	**12,777,437**	13,786,728
Royalties	**8,657,865**	9,301,665
Rental income	**2,825,012**	2,774,614
Accreditation fees	**2,039,591**	1,659,200
Other	**2,293,559**	2,393,597
Investment income for operations	**7,383,611**	7,354,729
Designated reserve for operations	**3,298,382**	71,413
Net assets released from restrictions	**2,707,400**	7,649,392
Total operating income	**206,003,930**	210,751,956
Expenses:		
Salaries, wages, and benefits	**87,922,150**	81,873,988
Professional fees and services	**24,691,607**	24,081,141
Meetings and travel	**37,252,573**	41,206,272
Advertising and marketing	**1,666,335**	1,753,237
Printing and publications	**20,732,306**	23,385,440
Facilities	**21,351,994**	24,018,584
General operations	**7,282,365**	7,230,631
Total expenses	**200,899,330**	203,549,293
Excess revenues over expenses	**5,104,600**	7,202,663
Nonoperating:		
Investment income, realized and unrealized (losses) gains, net	**(19,686,570)**	(21,650,778)
Net change in pension liability, other than periodic cost	**(31,437,906)**	(12,320,929)
Change in accounting estimate on service life	**–**	(8,405,262)
Designated reserve for operations	**(3,298,382)**	(71,413)
Other nonoperating	**1,579,530**	39,086
Net change in unrestricted net assets	**(47,738,728)**	(35,206,633)

American Bar Association

Consolidated Statements of Activities and Changes in Net Assets (continued)

	Year Ended August 31	
	2009	**2008**
Temporarily restricted		
Gifts and pledges	**$ 4,176,572**	$ 7,041,079
Investment loss	**(237,941)**	(344,949)
Net assets released from restrictions	**(2,707,400)**	(7,649,392)
Net change in temporarily restricted net assets	**1,231,231**	(953,262)
Permanently restricted		
Gifts and pledges	**700**	6,250
Net change in permanently restricted net assets	**700**	6,250
Net change in total net assets	**(46,506,797)**	(36,153,645)
Total net assets at beginning of year	**154,340,492**	190,494,137
Total net assets at end of year	**$ 107,833,695**	$ 154,340,492

See accompanying notes to consolidated financial statements.

American Bar Association

Consolidated Statements of Cash Flows

	Year Ended August 31	
	2009	**2008**
Operating activities		
Net change in total net assets	**$ (46,506,797)**	$ (36,153,645)
Adjustments to reconcile net change in total net assets to net cash provided by operating activities:		
Effect of change in accounting estimate on service life	**–**	8,405,262
Depreciation and amortization	**2,871,416**	5,448,631
Loss on sales of equipment	**327,691**	–
Change in unrealized gains (losses) from investing activities	**20,656,696**	20,584,229
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	**(386,746)**	951,176
Increase in inventory	**(2,000,000)**	–
Decrease (increase) in prepaid and other assets	**763,674**	(404,306)
(Increase) decrease in amounts due from related parties	**(201,028)**	919,577
Decrease in deferred revenue	**(1,291,489)**	(4,255,550)
Decrease in deferred rent abatement	**(684,406)**	(684,406)
Increase (decrease) in accounts payable	**175,951**	(641,389)
Increase in pension liability	**26,184,578**	9,441,400
Increase in other liabilities	**1,668,563**	3,950,956
Net cash provided by operating activities	**1,578,103**	7,561,935
Investing activities		
Sales of investments	**3,991,532**	126,753,898
Purchases of investments	**(11,785,555)**	(130,729,091)
Net purchases of property and equipment	**(1,185,353)**	(1,227,643)
Net cash used in investing activities	**(8,979,376)**	(5,202,836)
Financing activities		
Principal payments on long-term debt	**(2,824,464)**	(2,678,792)
Net cash used in financing activities	**(2,824,464)**	(2,678,792)
Net decrease in cash and cash equivalents	**(10,225,737)**	(319,693)
Cash and cash equivalents at beginning of year	**39,058,232**	39,377,925
Cash and cash equivalents at end of year	**$ 28,832,495**	$ 39,058,232

See accompanying notes to consolidated financial statements.

American Bar Association

Notes to Consolidated Financial Statements

August 31, 2009

1. Organization

The American Bar Association (the ABA) is the national professional association for the nation's lawyers and provides a wide range of services to its members and the public. The ABA's mission is to serve equally its members, the legal profession, and the public by defending liberty and delivering justice as the national representative of the legal profession.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of the ABA include the central accounts of the ABA, the American Bar Association Fund for Justice and Education (FJE), The James O. Broadhead ABA (JOB), and the ABA Museum of Law (Museum). The Central European and Eurasian Law Initiative (CEELI) is not included in the consolidated financial statements, since there are no assets or liabilities and no current transactions associated with the CEELI. The ABA has both control and an economic interest in the FJE, the JOB, the Museum, and CEELI as defined by the American Institute of Certified Public Accountants' Statement of Position 94-3, *Reporting of Related Entities by Not-for-Profit Organizations*. Material interorganization balances and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated statements are prepared on the accrual basis of accounting in conformity with United States generally accepted accounting principles (GAAP). These principles require management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses in the reporting period. Actual results could differ from those estimates. Net assets, revenues, and investment income or loss are classified based on the existence or absence of donor-imposed restrictions in accordance with the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, as follows:

- Permanently restricted net assets are assets subject to donor-imposed restrictions requiring the asset be retained permanently and invested. Restrictions permit the use of some or all of the income earned on the invested assets for specific purposes.

2. Summary of Significant Accounting Policies (continued)

- Temporarily restricted net assets are assets with donor restrictions that expire with the passage of time, the occurrence of an event, or the fulfillment of certain conditions. Earnings related to temporarily restricted net assets are recorded as temporarily restricted net assets until amounts are expensed in accordance with the donor's specified purposes. When donor restrictions are met, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as "net assets released from restrictions."

- Unrestricted net assets are not subject to donor-imposed stipulations. Board-designated net assets are unrestricted net assets designated by the Board of Governors to be used for several specific purposes. The Board of Governors retains control over these net assets and may, at its discretion, subsequently use the net assets for other purposes.

Tax Status

The ABA, the JOB, the FJE, and the Museum are qualified under the U.S. Internal Revenue Code (the Code) as tax-exempt organizations and are exempt from tax on income related to their tax-exempt purposes under Section 501(a) of the Code. The ABA is exempt from income taxes as an association described in Section 501(c)(6) of the Code. The JOB is exempt under Section 501(c)(2), and the FJE and the Museum are exempt under Section 501(c)(3). The organizations do not have any material unrelated business income. Accordingly, no provision for income taxes has been made in the consolidated financial statements for the fiscal years ended August 31, 2009 and 2008.

In July 2006, the FASB issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109.* This interpretation requires that realization of an uncertain income tax position must be more likely than not (i.e., greater than 50% likelihood of being realized) before it can be recognized in the consolidated financial statements. Furthermore, this interpretation prescribes the benefit to be recorded in the consolidated financial statements as the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. FIN 48 also clarifies the financial statement classification of tax-related penalties and interest and sets forth new disclosures regarding unrecognized tax benefits. The effective date for adopting FIN 48 was deferred for nonpublic entities until the annual reporting period beginning after December 15, 2008. Management does not expect the adoption of FIN 48 to have a material effect on the consolidated financial statements.

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

Cash equivalents include a money market fund with underlying securities having a dollar-weighted-average maturity of 90 days or less. Some underlying securities have a maturity date up to 397 days from purchase date. The ABA can liquidate shares at any time for no cost.

Accounts Receivable

The ABA evaluates the collectibility of its accounts receivable based on the length of time the receivable is outstanding and the anticipated future uncollectible amounts based on historical experience. Accounts receivable are charged to the allowance for doubtful accounts when they are deemed uncollectible.

Investments

The ABA records all investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the consolidated statements of financial position based on quoted market prices. Investments held for others represent investments that are the property of related-party organizations that are maintained in the ABA investment portfolio.

Property and Equipment

The ABA records land, buildings, and equipment at cost and capitalizes acquisitions having an initial cost of $5,000 or more. Acquisitions with a cost of less than $5,000 are expensed in the current period. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the assets ranging from 5 to 40 years.

Fair Value of Financial Instruments

Financial instruments of the ABA consist of cash and cash equivalents, accounts receivable, long-term investments, accounts payable, and obligations under long-term debt. The fair value of financial instruments approximates their carrying value in the financial statements, except for indebtedness, for which fair value information is provided in Note 8.

2. Summary of Significant Accounting Policies (continued)

Designated Reserve for Operations

The ABA's unrestricted net assets include certain amounts the Board of Governors of the ABA (the Board) has designated as a reserve for operations. As part of the ABA's annual budgeting process, the Board decides whether it is appropriate to increase or decrease operating revenues through using or increasing the reserve for operations.

Operations

Revenues earned and expenses incurred in conducting the programs and services of the ABA are presented in the consolidated financial statements as operating activities. Nonoperating activities include investment income or loss, net of income designated for operations; net change in the pension liability other than periodic costs; gains or losses on the sale or disposal of property and equipment; initial valuation of publishing inventory; and other nonrecurring items.

Inventory

Prior to 2009, the cost to manufacture books, periodicals, journals, and other printed materials had been expensed as incurred rather than when shipped to the customer. During 2009, management changed its accounting for publishing inventory. Using the retail inventory method, the ABA recorded $2,000,000 of inventory in the consolidated statements of financial position as of August 31, 2009. The net impact to the consolidated statement of financial position was an increase in assets by $2,000,000 and the net impact to the consolidated statement of activities and changes in net assets was an increase to the net change in total net assets by the same amount.

Inventory is valued based on the retail inventory method. This accounting method takes into consideration both selling price and cost. Ending inventory is valued at average cost. Following publishing industry conventions indicating that a transition to electronic publishing will continue to occur, only inventory that has been published in the current year is valued as inventory by the ABA.

Gifts and Pledges

Gifts, including unconditional promises to give (pledges), are recognized as revenue in the period received and reported at present value. The gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit their use. The expiration or fulfillment of donor-imposed restrictions on contributions in the period in which the restriction expires or in which the restrictions are fulfilled are reported as net assets released from restrictions in the consolidated statements of activities and changes in net assets. Pledges are fully reserved due to the uncertainty regarding their collectability.

2. Summary of Significant Accounting Policies (continued)

Membership Dues

Because membership in the ABA is voluntary, dues according to the fee structure are not recognized as revenue in the consolidated financial statements until the cash is received for the services or goods provided during the contracted period. Dues collected for the next fiscal year's memberships are accounted for as deferred revenue.

Meeting Fees

Meeting fees for the current fiscal year are recognized when the meeting dates have occurred. Payments received for meetings being held in the next fiscal year are accounted for as deferred revenue.

Publications Revenue

The ABA has numerous publications of magazines and books. Payment is requested in advance for all publications, except from libraries and government agencies. Book revenue is recorded when the invoice is issued; invoices are invoiced upon shipment. Magazine revenue is recognized upon delivery or performance of service.

Royalty Revenue

The ABA receives various royalties from other organizations. These royalties are primarily from membership benefits offered to members and staff of the ABA. The revenue is recognized when earned according to contractual agreements with each organization.

Grant Revenue

Grant revenue is recognized when the expenses have been incurred for the purpose specified by the grantor. Payments received in advance are initially recorded as deferred revenue. Revenue is then recognized once the expense has been incurred and conditions have been satisfied.

Deferred Revenue and Revenue Recognition

The ABA provides various services and delivers various goods for which it bills and collects cash in advance. It is the practice of the ABA to record amounts billed as deferred revenue. Revenue is then recognized as the services are provided and the goods are invoiced.

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standards

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which defines fair value as 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 and establishes a framework for measuring fair value. SFAS No. 157 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

SFAS No. 157 expands disclosures about instruments measured at fair value. SFAS No. 157 applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, SFAS No. 157 does not require any new fair value measurements. In November 2007, the FASB issued a FASB Staff Position (FSP) that would defer the effective date of SFAS No. 157 for one year for all nonfinancial assets and liabilities, except for those items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of SFAS No. 157 did not have a material impact on the ABA's financial position and results of operations.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*. SFAS No. 165 defines subsequent events as events or transactions that occur after the balance sheet date, but before the financial statements are issued or available to be issued. It defines two types of subsequent events: recognized subsequent events, which provide additional evidence about conditions that existed at the balance sheet date, and nonrecognized subsequent events, which provide evidence about conditions that did not exist as of the balance sheet date, but arose after that date. Recognized subsequent events are required to be recognized in the financial statements, and certain nonrecognized subsequent events are required to be disclosed. SFAS No. 165 requires entities to disclose the date through which the subsequent events have been evaluated and the basis for that date. The ABA adopted SFAS No. 165 as required.

In August 2008, the FASB issued FSP 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. FSP 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. FSP 117-1 also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

3. Related-Party Transactions

Other organizations, each under its own corporate management, related to the ABA through some common directors, officers, or membership, are the American Bar Endowment, the American Bar Foundation, the ABA Retirement Funds, and the National Judicial College.

The American Bar Endowment contributed $3,750,000 and $3,702,138 to the ABA during the fiscal years ended August 31, 2009 and 2008, respectively, which are included in gifts and grants in the consolidated statements of activities. The FJE contributed $287,000 to the National Judicial College in both 2009 and 2008. In addition, the ABA's expenses were reduced by $548,085 and $598,805 during the fiscal years ended August 31, 2009 and 2008, respectively, for expense reimbursements received from the following related organizations:

	2009	2008
American Bar Endowment	**$ 225,793**	$ 235,483
American Bar Foundation	**144,642**	157,188
American Bar Association Retirement Funds	**124,988**	150,313
National Judicial College	**52,662**	55,821
	$ 548,085	$ 598,805

The expense reimbursements are principally for rent and services provided by the ABA that are either directly chargeable to the related organization or allocated based on usage studies.

4. Investments

The ABA's consolidated long-term investments consist of the following at August 31, 2009 and 2008:

	2009	2008
Mutual funds	**$ 156,101,786**	$ 168,813,530
Other	**–**	14,425
Total long-term investments	**156,101,786**	168,827,955
Investments held for others	**207,468**	343,972
Total investments	**$ 156,309,254**	$ 169,171,927

4. Investments (continued)

Investment returns (losses) in each net asset category for the years ended August 31, 2009 and 2008, are:

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	**$ 5,615,172**	**$ 123,317**	**$ –**	**$ 5,738,489**	$ 5,797,291	$ 77,873	$ –	$ 5,875,164
Realized gains/(losses)	**2,319,647**	**55,575**	**–**	**2,375,222**	74,781	(283)	–	74,498
Unrealized losses in market value	**(20,237,778)**	**(416,833)**	**–**	**(20,654,611)**	(20,168,121)	(422,539)	–	(20,590,660)
Total investment return	**$ (12,302,959)**	**$ (237,941)**	**$ –**	**$ (12,540,900)**	$(14,296,049)	$ (344,949)	$ –	$ (14,640,998)

The unrestricted investment return (loss) totaled $(12,302,959) and $(14,296,049) in fiscal years 2009 and 2008, respectively. Investment income allocated to operations during the fiscal years ended August 31, 2009 and 2008, totaled $7,383,611 and $7,354,729, respectively. The allocated amount includes all short-term investment income earned and a percentage of the average balance of the long-term investments for the immediately preceding prior twelve-quarter period. Investment returns on long-term investments are recorded as a non-operating activity and totaled $(19,686,570) and $(21,650,778) for fiscal years 2009 and 2008, respectively.

The ABA pays management fees to various fund managers that are netted against investment income. Management fees were $74,127 and $380,406 for fiscal years 2009 and 2008, respectively.

The liability related to long-term investments held for others is included in due from related parties on the consolidated statements of financial position.

5. Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

As presented in Note 2, the ABA adopted SFAS No. 157, which establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- **Level 1** – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- **Level 2 –** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments.

- **Level 3 –** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following table presents the financial instruments carried at fair value as of August 31, 2009, by caption, on the consolidated statements of financial position by the SFAS No. 157 valuation hierarchy defined in Note 2 (in thousands).

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents (a)	$ 28,832	$ –	$ –	$ 28,832
Long-term investments (b)	156,102	–	–	156,102
Long-term investments held for others (b)	207	–	–	207
Total assets at fair value	$ 185,141	$ –	$ –	$ 185,141

(a) Pricing for mutual funds, short-term investments, and money market funds is based on the open market and is valued on a daily basis.
(b) Pricing is based on the market value of the securities and is valued on a daily basis.

5. Fair Value of Financial Instruments (continued)

The ABA's investments are exposed to various kinds and levels of risk. Equity mutual funds expose the ABA to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity markets. Performance risk is the risk associated with a company's operating performance. Fixed-income mutual funds expose the ABA to interest rate risk, credit risk, and liquidity risk. As interest rates change, the values of many fixed-income securities are affected, including those with fixed interest rates. Credit risk is the risk that the obligor of the security will not fulfill its obligations. Liquidity risk is affected by the willingness of market participants to buy and sell given securities. Liquidity risk tends to be higher for equities related to small capitalization companies. Due to the volatility of the capital markets, there is a reasonable possibility of material changes in fair value, resulting in additional gains and losses in the near term.

6. Accounts Receivable

Accounts receivable consist of the following at August 31:

	2009	**2008**
Grants (net of allowance for doubtful accounts of $50,236 in 2009 and $82,102 in 2008)	**$ 8,379,398**	$ 8,468,029
Special advances	**2,107,004**	1,551,141
Advertising (net of allowance for doubtful accounts of $166,075 in 2009 and $18,665 in 2008)	**1,281,659**	1,001,379
Publications (net of allowance for doubtful accounts of $292,100 in 2009 and $64,850 in 2008)	**891,885**	1,042,562
Rent	**379,116**	294,910
Royalties	**630,066**	375,000
Mailing list (net of allowance for doubtful accounts of $58 in 2009 and $2,577 in 2008)	**255,120**	440,815
Other	**1,265,200**	1,628,866
	$15,189,448	$14,802,702

7. Employee Benefit Plans

The employees of the ABA, together with the employees of the American Bar Endowment, the American Bar Foundation, and the National Judicial College (collectively, the Sponsors), participate in the A-E-F-C Pension Plan (the Pension Plan), a defined-benefit plan, and the ABA Thrift Plan, a contributory and defined-contribution plan. In an amendment effective January 1, 2007, employees hired on or after that date are not eligible to participate in the Pension Plan but participate in the new defined-contribution plan. Employees as of December 31, 2006, could remain in and accrue additional benefits under the Pension Plan or elect to convert to the defined-contribution plan as of January 1, 2007. Annual contributions in the defined-contribution plan are 5% of the participant's annual compensation. Employees who converted to the defined-contribution plan retain vested benefits accrued under the Pension Plan as of December 31, 2006.

Under the ABA Thrift Plan, employees with one year or more of service are eligible to contribute to a 401(k), which is matched dollar-for-dollar by the employer for the first $300 contributed by the employee and then at 50% of the participant's contribution, to a maximum of 6% of the employee's annual salary.

The ABA's portions of the Pension Plan expense for the years ended August 31, 2009 and 2008, were $2,850,292 and $2,703,829, respectively.

SFAS No. 158, *Employers' Accounting for Defined-Benefit Pension and Other Postretirement Plans – an Amendment of FASB Statements No. 87, 88, 106, and 132(R)*, requires plan sponsors of defined-benefit pension and other postretirement benefit plans (collectively, postretirement benefit plans) to recognize the funded status of their postretirement benefit plans in the consolidated statements of financial position, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statements of financial position, and provide additional disclosures. On August 31, 2007, the ABA adopted the recognition and disclosure provisions of SFAS No. 158. The provisions of SFAS No. 158 regarding the change in the measurement date of postretirement benefit plans to the ABA's fiscal year-end were effective for the year ended August 31, 2009. Included in other changes in net assets is $406,600 to initially apply the measurement provisions of SFAS No. 158, representing two months of net periodic benefit cost necessary to change the measurement date from June 30 to August 31.

7. Employee Benefit Plans (continued)

The funded status of the ABA's portion of the Pension Plan at the measurement dates, August 31, 2009 and June 30, 2008, and the accrued pension costs recognized in the ABA's consolidated statements of financial position at August 31, are as follows:

	2009	2008
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	**$ 113,295,357**	$ 108,378,317
Service cost	**3,832,284**	3,328,268
Interest cost	**8,107,694**	6,391,365
Actuarial loss (gain)	**11,444,384**	(1,225,040)
Benefits paid	**(4,647,712)**	(3,577,553)
Projected benefit obligation at end of year	**$ 132,032,007**	$ 113,295,357
Change in Pension Plan assets		
Fair value of Pension Plan assets at beginning of year	**$ 88,701,218**	$ 87,035,379
Actual return on Pension Plan assets	**(10,903,835)**	(6,530,165)
Benefits paid	**(4,647,712)**	(3,577,553)
Employer contributions	**13,491,482**	11,773,557
Fair value of assets at end of year	**$ 86,641,153**	$ 88,701,218

7. Employee Benefit Plans (continued)

	2009	2008
Components of adjustments to unrestricted net assets:		
Unrecognized prior service cost	**$ (5,706,387)**	$ (7,272,797)
Unrecognized net loss	**63,798,301**	33,926,805
Total adjustments to unrestricted net assets	**$ 58,091,914**	$ 26,654,008
Amounts recognized in the consolidated statements of financial position		
Accrued pension liability before contributions made after the measurement date	**$ (45,390,854)**	$ (24,594,139)
Contributions made after the measurement date	**–**	5,387,863
Accrued pension liability	**$ (45,390,854)**	$ (19,206,276)
Projected benefit obligation	**$ 132,032,007**	$ 113,295,357
Accumulated benefit obligation	**129,695,691**	107,570,067
Fair value of assets	**86,641,153**	88,701,218
Weighted-average assumptions used to determine benefit obligations are as follows:		
Discount rate	**5.60%**	6.25%
Rate of compensation increase	**4.00%**	4.00%
Expected return on Pension Plan assets	**8.00%**	8.00%
Components of net periodic pension costs		
Service cost	**$ 3,832,284**	$ 3,328,268
Interest cost	**8,107,694**	6,391,365
Expected return on Pension Plan assets	**(9,262,311)**	(7,325,555)
Amortization of net loss	**1,739,035**	1,649,487
Amortization of prior service cost	**(1,566,410)**	(1,339,736)
Total net periodic pension cost	**$ 2,850,292**	$ 2,703,829
Weighted-average assumptions used to determine net annual periodic benefit cost are as follows:		
Discount rate	**6.25%**	6.00%
Expected return on Pension Plan assets	**8.00%**	8.00%
Rate of compensation increase	**4.00%**	4.00%

7. Employee Benefit Plans (continued)

Pension Plan Assets

The composition of Pension Plan assets at the measurement dates of August 31, 2009 and June 30, 2008, is as follows:

	2009	2008
Equity securities:		
Domestic	**41.8%**	44.7%
International	**10.8**	10.3
Global	**9.3**	10.1
	61.9	65.1
Debt securities:		
Fixed income	**30.6**	34.6
Invested cash	**7.5**	0.3
	38.1	34.9
	100.0%	100.0%

The investment policy seeks reasonable asset growth at prudent risk levels within target allocations. Pension Plan assets invested within the asset allocation target ranges shown above are well-diversified and are of quality consistent with the standards set in the Pension Plan. Asset allocation target ranges are reviewed quarterly and rebalanced to within policy target allocations. The investment policy is reviewed at least annually, and revised, as deemed appropriate by the A-E-F-C Pension Plan Administration Committee.

The Pension Plan's investments are diversified to mitigate risks of loss, yet maximize investment returns. Due to the volatility of the capital markets, there is a reasonable possibility of changes in fair value, resulting in additional losses in the near term. It is the intention of the ABA to fund the Pension Plan as required by the Employee Retirement Income Security Act (ERISA).

To determine the expected long-term rate of return for the Pension Plan, the historical performance, investment community forecasts, and current market conditions are analyzed to develop expected returns for each of the asset classes used by the Pension Plan. The expected returns for each asset class are then weighted by the target allocations of the Pension Plan. Effective September 1, 2009, the expected long-term rate of return assumption used to determine annual pension expense is 7.00%.

7. Employee Benefit Plans (continued)

Cash Flows

Expected contributions for the fiscal year ending August 31, 2010, have not yet been determined.

Estimated future benefit payments reflecting expected future service for the fiscal year ending August 31:	
2010	$ 4,824,333
2011	5,188,124
2012	5,656,068
2013	6,080,241
2014	6,526,209
2015 through 2019	40,328,916

ABA Thrift Plan

The 401(k) match of the Thrift Plan sponsors a dollar-for-dollar match of the first $300 contributed by each participant to the Thrift Plans and also matches 50% of each participant's contributions in excess of $300, up to 6% of each participant's gross earnings per pay period and up to the limits allowable by law. The ABA's expense related to the 401(k) match of the Thrift Plan during the years ended August 31, 2009 and 2008, totaled $1,285,813 and $1,218,297, respectively. The defined-contribution plan of the Thrift Plan provides for a 5% contribution of the participant's annual compensation. The ABA's expenses related to the defined-contribution plan years ended August 31, 2009 and 2008, are $377,187 and $1,058,947, respectively.

8. Long-Term Debt

In May 1994, the ABA issued three 8.25% senior notes totaling $29,000,000 to an insurance company. The proceeds from the notes were used to purchase an office building primarily to house operations in Washington, D.C. The notes are secured by the office building and are related to improvements with a net book value of $25,728,538 at August 31, 2009. The notes are due in semiannual principal installments ranging from $781,714 to $1,433,419, payable semiannually beginning on June 1, 1994 and ending on December 1, 2014. The total outstanding amounts for the notes were $12,030,913 and $13,906,615 at August 31, 2009 and 2008, respectively. Interest expense during the years ended August 31, 2009 and 2008, totaled $1,070,705 and $1,219,381, respectively. Interest paid during the years ended August 31, 2009 and 2008, totaled $1,109,391 and $1,255,063, respectively.

8. Long-Term Debt (continued)

Aggregate maturities of the long-term debt with the insurance company at August 31 for the next five years are $2,033,640 in 2010, $2,204,876 in 2011, $2,390,530 in 2012, $2,591,816 in 2013, and $2,810,051 in 2014. In connection with the issuance of the notes, the ABA entered into a Trust Agreement, which includes, among other things, provisions relative to additional borrowings, investment in subsidiaries or joint ventures, and maintenance of the ABA's tax-exempt status.

In July 2002, the ABA entered into a variable rate loan agreement with a financial institution to borrow $8,538,852, which was used to build out the office space at the 321 N. Clark facility. Interest charged on the loan agreement is set at LIBOR plus 1.15%, and is determined and payable monthly. Commencing February 1, 2004, and each month thereafter through September 30, 2004, the ABA paid all interest expense accrued on the principal amount outstanding. Commencing October 1, 2004, and each month thereafter, the ABA is required to repay the outstanding principal in equal monthly installments based on a nine-year amortization schedule, together with all interest accrued. The loan agreement matures on October 1, 2013. The total outstanding amounts under the loan agreement were $3,874,108 and $4,822,870 at August 31, 2009 and 2008, respectively. Interest expense for the years ended August 31, 2009 and 2008, totaled $104,832 and $264,306, respectively. Interest paid for the years ended August 31, 2009 and 2008, totaled $113,665 and $279,296, respectively.

Aggregate maturities of the long-term debt under the loan agreement at August 31, 2009, for the next four years are $948,756. The loan agreement includes, among other things, provisions relative to additional borrowings and maintenance of the ABA's tax-exempt status.

In August 2002, the ABA entered into a Rate Cap Transaction Agreement (Rate Cap) with a financial institution for the purpose of limiting its interest expense on floating rate liabilities under the loan agreement without modifying the underlying principal amount. The Rate Cap agreement was not entered into for trading or speculative purposes. Under terms of the agreement, the ABA paid a fixed amount at inception to guarantee a maximum interest rate of 6.65%. The fair value of the agreement at August 31, 2009 and 2008, was $16,700, and is included in other assets in the consolidated statements of financial position. A loss of $42,390 for the year ended August 31, 2008, is included in the other nonoperating line of the consolidated statements of activities and changes in net assets. There was no gain or loss related to this Rate Cap for the year ended August 31, 2009.

8. Long-Term Debt (continued)

The estimated fair value of the ABA's indebtedness is calculated using a discounted cash flow analysis based on the current incremental borrowing rate for a similar type of borrowing arrangement. Under this methodology, the fair value of the debt was approximately $18,160,000 and $21,156,000 at August 31, 2009 and 2008, respectively.

9. Commitments and Contingencies

The ABA leases certain facilities and equipment under noncancelable operating leases extending to June 2019. In November 2002, the ABA entered into an operating lease agreement for space to house the Chicago-based operations (North Clark Lease). The lease agreement allowed for the ABA to take occupancy of the space in May 2004. The lease commenced on July 1, 2004, which coincided with the conclusion of its previous lease agreements for the Chicago-based operations. The lease agreement is for a 15-year period, with a renewal option for an additional year period, and includes the payment of real estate taxes and certain other expenses. Future minimum payments under these leases with initial or remaining terms of one year or more and future minimum sublease rental income from related parties consisted of the following at August 31, 2009:

	Minimum Lease Payments	Minimum Sublease Rental Income	Net Minimum Lease Payments
Fiscal year ending August 31:			
2010	$ 6,683,258	$ 189,082	$ 6,494,176
2011	4,747,009	200,825	4,546,184
2012	4,756,198	252,309	4,503,889
2013	4,458,958	257,868	4,201,090
2014	5,732,240	262,718	5,469,522
Thereafter	30,211,141	1,385,327	28,825,814
Total minimum lease payments	$ 56,588,804	$ 2,548,129	$ 54,040,675

Certain leases contain clauses allowing the ABA to terminate the agreements. If these options are exercised, financial penalties will be incurred. Management does not intend to exercise these options.

9. Commitments and Contingencies (continued)

In conjunction with the North Clark Lease, the landlord made a contribution for tenant improvements amounting to $10,266,090. This contribution is reflected as a leasehold improvement and deferred rent abatement in the consolidated statements of financial position. The leasehold improvement is being amortized over 15 years, the life of the lease, and is included in facilities expense in the consolidated statements of activities and changes in net assets. The deferred rent abatement is being accreted over 15 years, and is included as a reduction in rent expense, which is also included in facilities expense. The amortization and accretion amounted to $1,102,122 at both August 31, 2009 and 2008.

The North Clark Lease includes additional rent abatements in the future amounting to $4,107,540 and $4,525,256 for the years ended August 31, 2009 and 2008, respectively. These abatements are reflected as a reduction in rent expense over the life of the lease in the consolidated statements of activities and changes in net assets.

Rent expense for all operating leases totaled $8,698,052 and $8,399,329 for the years ended August 31, 2009 and 2008, respectively.

The ABA subleases space to several related organizations. Under these agreements, annual sublease rental income may be adjusted for increases in operating expenses. Total sublease rental income for the years ended August 31, 2009 and 2008, totaled $197,005 and $173,511, respectively.

The ABA has been named as a defendant in lawsuits arising in the ordinary course of business. It is the opinion of the ABA that these suits will not have a material adverse effect on the ABA's financial position or operations.

10. Functional Expenses

The ABA's mission is to serve equally its members, the legal profession, and the public by defending liberty and delivering justice as the national representative of the legal profession. Expenses related to program functions, general and administrative functions, and fund-raising functions for the years ended August 31, are as follows:

	2009	2008
Programs	**$ 159,847,346**	$ 161,755,409
General and administrative	**40,415,686**	41,187,824
Fund-raising	**636,298**	606,060
	$ 200,899,330	$ 203,549,293

11. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets include gifts and investment income for which donors' restrictions have not yet been met. Temporarily restricted net assets at August 31 are available for the following purposes:

	2009	2008
World Justice Forum	**$ 2,257,560**	$ 717,318
Children and the Law	**359,801**	536,439
Fund for Judicial Improvement Projects	**453,565**	527,400
Commission on Immigration	**26,866**	151,516
Commission on Law and Aging	**157,786**	318,368
Pro Bono Child Custody Project	**40,231**	39,423
Public Contract Law Education Projects	**99,656**	101,941
Commission on Women Program Support Fund	**70,739**	55,485
Death Penalty Program Funds	**114,874**	120,087
Individual Rights and Responsibilities Programs	**90,544**	84,593
Litigation Fellows Support Fund	**61,434**	161,021
Environmental Law	**53,537**	53,961
Commission on Domestic Violence	**24,701**	62,135
Young Lawyers Support Fund	**–**	9,819
Other	**2,476,750**	2,117,307
	$ 6,288,044	$ 5,056,813

11. Temporarily and Permanently Restricted Net Assets (continued)

During fiscal years 2009 and 2008, temporarily restricted net assets of $2,707,400 and $7,649,392, respectively, were released to cover program expenses meeting the donor restrictions.

Permanently restricted net assets are maintained in perpetuity and invested according to the ABA investment policy and donor-imposed restrictions. The investment income is available to support various programs and operations as restricted by the donor. Permanently restricted net assets at August 31 consist of the following:

	2009	2008
Fund for Justice and Education Endowment Fund	**$ 3,456,669**	$ 3,456,669
Justice Funds	**2,068,296**	2,067,596
Marie Walsh Sharpe Fund	**927,115**	927,115
Carlos Morris Fund for Professional Education	**100,000**	100,000
Erskine M. Ross Fund	**100,000**	100,000
Henry C. Morris Fund	**50,000**	50,000
Magna Carta Memorial Fund	**14,621**	14,621
	$ 6,716,701	$ 6,716,001

The FJE endowments consist of 37 individual funds established for a variety of purposes. Its endowments are classified as donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

11. Temporarily and Permanently Restricted Net Assets (continued)

The ABA and FJE have interpreted UPMIFA as requiring the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the ABA and FJE classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the ABA and FJE consider the following factors when making a determination to appropriate or accumulate donor-restricted funds:

(1) The duration and preservation of the fund
(2) The purposes of the ABA and FJE and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the ABA and FJE
(7) The investment policies of the ABA and FJE

The ABA and FJE have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the FJE must hold in perpetuity. Under this policy, endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the ABA and FJE rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The ABA and FJE target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints.

11. Temporarily and Permanently Restricted Net Assets (continued)

The ABA and FJE have a policy of appropriating for distribution each year 5% of its endowment fund's rolling average fair value over the prior 36 months through the calendar year-end immediately preceding the fiscal year in which the distribution is planned. In establishing this policy, the ABA and FJE considered the long-term expected return on its endowments. Accordingly, over the long-term, the ABA and FJE expect the current spending policy to allow its endowments to grow at an average of the estimated long-term rate of inflation. This is consistent with the ABA and FJE's objective to maintain the purchasing power of endowment assets held for a specific term, as well as to provide additional real growth through new gifts and investment return.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, September 1, 2008	$ 637,082	$ 526,812	$ 6,716,001	$ 7,879,895
Investment return:				
Investment income	125,369	123,341	–	248,710
Net depreciation (realized and unrealized)	(464,089)	(361,255)	–	(825,344)
Total investment return	(338,720)	(237,914)	–	(576,634)
Contributions	10,837	196,362	700	207,899
Appropriation of endowment assets for expenditure	(210,320)	–	–	(210,320)
Endowment net assets, August 31, 2009	$ 98,879	$ 485,260	$ 6,716,701	$ 7,300,840

12. Subsequent Events

The ABA evaluated events and transactions occurring subsequent to August 31, 2009 through February 5, 2010, the date of issuance of the financial statements. During this period, there were no subsequent events requiring recognition in the consolidated financial statements. There is one nonrecognized subsequent event requiring disclosure.

12. Subsequent Events (continued)

In 2007, the ABA started an initiative called the World Justice Project, with a primary objective of understanding, measuring, and promoting justice throughout the world. By September 2009, World Justice Project leaders determined that it had developed to the point where it would be better able to perform its mission as an independent entity. Therefore, effective September 1, 2009, pursuant to authorization from the ABA Board of Governors, the ABA transferred approximately $2,068,000, which represents all of the assets and obligations of the World Justice Project, to an independent not-for-profit corporation called World Justice Project. The parties also entered into a Transition Services Agreement, whereby the ABA continues to furnish space and certain services and administrative functions to the World Justice Project during a transition period, which runs until March 30, 2010.

Details of Consolidation

Ernst & Young

Ernst & Young LLP
233 South Wacker Drive
Chicago, IL 60606-6301

Tel: +1 312 879 2000
Fax: +1 312 879 4000
www.ey.com

Report of Independent Auditors
on the Details of Consolidation

The Board of Governors
American Bar Association

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ernst + Young LLP

February 5, 2010

Other Information

American Bar Association

Details of Consolidated Statements of Financial Position

August 31, 2009 and 2008

	August 31, 2009							August 31, 2008						
	American Bar Association	ABA Fund for Justice and Education	The James O. Broadhead Corporation	ABA Museum of Law	Total Prior to Eliminations	Eliminations	Consolidated	American Bar Association	ABA Fund for Justice and Education	The James O. Broadhead Corporation	ABA Museum of Law	Total Prior to Eliminations	Eliminations	Consolidated
Assets														
Cash and cash equivalents	**$ 27,733,427**	**$ 177,071**	**$ 921,997**	**$ –**	**$ 28,832,495**	**$ –**	**$ 28,832,495**	$ 36,888,980	$ 437,505	$ 1,731,747	$ –	$ 39,058,232	$ –	$ 39,058,232
Accounts receivable, net	**4,289,647**	**10,520,685**	**379,116**	**–**	**15,189,448**	**–**	**15,189,448**	4,459,690	10,048,102	294,910	–	14,802,702	–	14,802,702
Inventory	**2,000,000**	**–**	**–**	**–**	**2,000,000**	**–**	**2,000,000**	–	–	–	–	–	–	–
Prepaid and other assets	**2,477,935**	**–**	**21,282**	**–**	**2,499,217**	**–**	**2,499,217**	3,172,567	12,765	77,559	–	3,262,891	–	3,262,891
Due from related parties	**5,864,989**	**(2,193,555)**	**(3,369,630)**	**27,502**	**329,306**	**–**	**329,306**	121,848	–	–	–	121,848	6,430	128,278
Loans to related-party organization	**13,609,140**	**–**	**–**	**–**	**13,609,140**	**(13,609,140)**	**–**	16,734,773	–	–	–	16,734,773	(16,734,773)	–
Cash advances to related-party organization	**2,900,000**	**–**	**–**	**–**	**2,900,000**	**(2,900,000)**	**–**	2,900,000	–	–	–	2,900,000	(2,900,000)	–
Long-term investments	**148,618,209**	**7,483,577**	**–**	**–**	**156,101,786**	**–**	**156,101,786**	160,575,969	8,251,986	–	–	168,827,955	–	168,827,955
Long-term investments held for others	**207,468**	**–**	**–**	**–**	**207,468**	**–**	**207,468**	343,972	–	–	–	343,972	–	343,972
Property and equipment:														
Land	**–**	**–**	**11,940,004**	**–**	**11,940,004**	**–**	**11,940,004**	–	–	11,940,005	–	11,940,005	–	11,940,005
Building	**–**	**–**	**21,317,720**	**–**	**21,317,720**	**–**	**21,317,720**	–	–	21,091,153	–	21,091,153	–	21,091,153
Furniture and equipment	**37,517,592**	**6,410**	**–**	**–**	**37,524,002**	**–**	**37,524,002**	36,641,390	6,410	–	–	36,647,800	–	36,647,800
Leasehold improvements	**21,158,140**	**–**	**–**	**–**	**21,158,140**	**–**	**21,158,140**	20,821,404	–	–	–	20,821,404	–	20,821,404
Work-in-progress	**196,027**	**–**	**38,919**	**–**	**234,946**	**–**	**234,946**	914,716	–	77,744	–	992,460	–	992,460
Less accumulated depreciation	**(41,249,362)**	**(6,101)**	**(7,568,105)**	**–**	**(48,823,568)**	**–**	**(48,823,568)**	(39,196,395)	(4,819)	(6,926,610)	–	(46,127,824)	–	(46,127,824)
Net property and equipment	**17,622,397**	**309**	**25,728,538**	**–**	**43,351,244**	**–**	**43,351,244**	19,181,115	1,591	26,182,292	–	45,364,998	–	45,364,998
Total assets	**$ 225,323,212**	**$ 15,988,087**	**$ 23,681,303**	**$ 27,502**	**$ 265,020,104**	**$ (16,509,140)**	**$ 248,510,964**	$ 244,378,914	$ 18,751,949	$ 28,286,508	$ –	$ 291,417,371	$ (19,628,343)	$ 271,789,028
Liabilities and net assets														
Accounts payable	**$ 7,980,025**	**$ 1,011,863**	**$ 207,745**	**$ –**	**$ 9,199,633**	**$ –**	**$ 9,199,633**	$ 7,753,468	$ 1,140,425	$ 129,789	$ –	$ 9,023,682	$ –	$ 9,023,682
Deferred revenue	**48,404,396**	**1,778,005**	**–**	**–**	**50,182,401**	**–**	**50,182,401**	50,540,734	933,156	–	–	51,473,890	–	51,473,890
Deferred rent abatement	**6,729,992**	**–**	**–**	**–**	**6,729,992**	**–**	**6,729,992**	7,414,398	–	–	–	7,414,398	–	7,414,398
Pension liability	**45,390,854**	**–**	**–**	**–**	**45,390,854**	**–**	**45,390,854**	19,206,276	–	–	–	19,206,276	–	19,206,276
Other liabilities	**12,722,115**	**152,527**	**394,726**	**–**	**13,269,368**	**–**	**13,269,368**	11,486,797	114,008	–	–	11,600,805	–	11,600,805
Due to related-party organization	**–**	**–**	**–**	**–**	**–**	**–**	**–**	(128,278)	(3,068,041)	3,227,645	(37,756)	(6,430)	6,430	–
Debt	**15,905,021**	**–**	**–**	**–**	**15,905,021**	**–**	**15,905,021**	18,729,485	–	–	–	18,729,485	–	18,729,485
Loans from related-party organization	**–**	**–**	**13,609,140**	**–**	**13,609,140**	**(13,609,140)**	**–**	–	–	16,734,773	–	16,734,773	(16,734,773)	–
Cash advances from related-party organization	**–**	**–**	**2,900,000**	**–**	**2,900,000**	**(2,900,000)**	**–**	–	–	2,900,000	–	2,900,000	(2,900,000)	–
Total liabilities	**137,132,403**	**2,942,395**	**17,111,611**	**–**	**157,186,409**	**(16,509,140)**	**140,677,269**	115,002,880	(880,452)	22,992,207	(37,756)	137,076,879	(19,628,343)	117,448,536
Net assets:														
Unrestricted:														
Undesignated	**27,592,508**	**(209,809)**	**6,569,692**	**27,502**	**33,979,893**	**–**	**33,979,893**	63,134,616	7,608,831	5,294,301	37,756	76,075,504	–	76,075,504
Board-designated	**60,598,301**	**250,756**	**–**	**–**	**60,849,057**	**–**	**60,849,057**	66,241,418	250,756	–	–	66,492,174	–	66,492,174
Total unrestricted	**88,190,809**	**40,947**	**6,569,692**	**27,502**	**94,828,950**	**–**	**94,828,950**	129,376,034	7,859,587	5,294,301	37,756	142,567,678	–	142,567,678
Temporarily restricted	**–**	**6,288,044**	**–**	**–**	**6,288,044**	**–**	**6,288,044**	–	5,056,813	–	–	5,056,813	–	5,056,813
Permanently restricted	**–**	**6,716,701**	**–**	**–**	**6,716,701**	**–**	**6,716,701**	–	6,716,001	–	–	6,716,001	–	6,716,001
Total net assets	**88,190,809**	**13,045,692**	**6,569,692**	**27,502**	**107,833,695**	**–**	**107,833,695**	129,376,034	19,632,401	5,294,301	37,756	154,340,492	–	154,340,492
Total liabilities and net assets	**$ 225,323,212**	**$ 15,988,087**	**$ 23,681,303**	**$ 27,502**	**$ 265,020,104**	**$ (16,509,140)**	**$ 248,510,964**	$ 244,378,914	$ 18,751,949	$ 28,286,508	$ –	$ 291,417,371	$ (19,628,343)	$ 271,789,028

American Bar Association

Details of Consolidated Statements of Activities and Changes in Net Assets

Years Ended August 31, 2009 and 2008

	American Bar Association	ABA Fund for Justice and Education	The James O. Broadhead Corporation	ABA Museum of Law	Total Prior to Eliminations	Eliminations	2009 Consolidated	2008 Consolidated
Unrestricted								
Operating								
Revenues:								
Membership dues	$ 83,996,482	$ –	$ –	$ –	$ 83,996,482	$ –	**$ 83,996,482**	$ 86,015,676
Meeting fees	23,051,859	2,061,428	–	–	25,113,287	–	**25,113,287**	29,274,407
Advertising	4,013,751	–	–	–	4,013,751	–	**4,013,751**	4,361,906
Gifts and grants	6,262,572	44,634,981	–	–	50,897,553	–	**50,897,553**	46,108,629
Publications	11,859,638	917,605	–	194	12,777,437	–	**12,777,437**	13,786,728
Royalties	8,632,017	25,848	–	–	8,657,865	–	**8,657,865**	9,301,665
Rental income	62,869	–	5,727,358	–	5,790,227	(2,965,215)	**2,825,012**	2,774,614
Accreditation fees	–	2,039,591	–	–	2,039,591	–	**2,039,591**	1,659,200
Other	1,730,945	562,364	–	250	2,293,559	–	**2,293,559**	2,393,597
Investment income for operations	7,135,722	240,988	6,901	–	7,383,611	–	**7,383,611**	7,354,729
Designated reserve for operations	3,298,382	–	–	–	3,298,382	–	**3,298,382**	71,413
Net assets released from restrictions	(275,394)	2,982,794	–	–	2,707,400	–	**2,707,400**	7,649,392
Total operating income	149,768,843	53,465,599	5,734,259	444	208,969,145	(2,965,215)	**206,003,930**	210,751,956
Expenses:								
Salaries, wages, and benefits	61,159,087	26,763,063	–	–	87,922,150	–	**87,922,150**	81,873,988
Professional fees and services	12,885,338	11,661,163	145,106	–	24,691,607	–	**24,691,607**	24,081,141
Meetings and travel	25,433,693	11,818,880	–	–	37,252,573	–	**37,252,573**	41,206,272
Advertising and marketing	1,110,056	556,279	–	–	1,666,335	–	**1,666,335**	1,753,237
Printing and publications	18,981,838	1,750,468	–	–	20,732,306	–	**20,732,306**	23,385,440
Facilities	15,838,808	4,164,640	4,313,761	–	24,317,209	(2,965,215)	**21,351,994**	24,018,584
General operations	2,200,105	5,071,561	–	10,699	7,282,365	–	**7,282,365**	7,230,631
Total expenses	137,608,925	61,786,054	4,458,867	10,699	203,864,545	(2,965,215)	**200,899,330**	203,549,293
Interfund transfers	1,109,271	(1,109,271)	–	–	–	–	**–**	–
Total expenses and transfers	138,718,196	60,676,783	4,458,867	10,699	203,864,545	(2,965,215)	**200,899,330**	203,549,293
Excess revenues over (under) expenses after transfers	11,050,647	(7,211,184)	1,275,392	(10,255)	5,104,600	–	**5,104,600**	7,202,663
Nonoperating:								
Investment income, realized and unrealized (losses) gains, ne	(19,072,584)	(613,986)	–	–	(19,686,570)	–	**(19,686,570)**	(21,650,778)
Net change in pension liability other than periodic cost	–	–	–	–	–	–	**(31,437,906)**	(12,320,929)
Change in accounting estimates on service lif	–	–	–	–	–	–	**–**	(8,405,262)
Change in minimum pension liabilit	–	–	–	–	–	–	**–**	–
Designated reserve for operations	(3,298,382)	–	–	–	(3,298,382)	–	**(3,298,382)**	(71,413)
Other nonoperating	(29,864,906)	6,530	–	–	(29,858,376)	–	**1,579,530**	39,086
Net change in unrestricted net assets	(41,185,225)	(7,818,640)	1,275,392	(10,255)	(47,738,728)	–	**(47,738,728)**	(35,206,633)
Temporarily restricted								
Gifts and pledges	–	4,176,572	–	–	4,176,572	–	**4,176,572**	7,041,079
Investment loss	–	(237,941)	–	–	(237,941)	–	**(237,941)**	(344,949)
Net assets released from restrictions	–	(2,707,400)	–	–	(2,707,400)	–	**(2,707,400)**	(7,649,392)
Net change in temporarily restricted net assets	–	1,231,231	–	–	1,231,231	–	**1,231,231**	(953,262)
Permanently restricted								
Gifts and pledges	–	700	–	–	700	–	**700**	6,250
Net change in permanently restricted net assets	–	700	–	–	700	–	**700**	6,250
Net change in total net assets	(41,185,225)	(6,586,709)	1,275,392	(10,255)	(46,506,797)	–	**(46,506,797)**	(36,153,645)
Total net assets at beginning of year	129,376,035	19,632,401	5,294,300	37,756	154,340,492	–	**154,340,492**	190,494,137
Total net assets at end of year	$ 88,190,810	$ 13,045,692	$ 6,569,692	$ 27,501	$ 107,833,695	$ –	**$ 107,833,695**	$ 154,340,492

American Bar Association

Functional Details of Consolidated Statements of Activities and Changes in Net Assets

Years Ended August 31, 2009 and 2008

	American Bar Association				The James O. Broadhead				
	General Operations	Other Funds	Sections	Grants/ Gifts	Corporation Operations	Total Prior to Eliminations	Eliminations	2009 Consolidated	2008 Consolidated
Unrestricted									
Operating:									
Revenues:									
Membership dues	$ 68,494,202	$ –	$ 15,502,280	$ –	$ –	$ 83,996,482	$ –	**$ 83,996,482**	$ 86,015,676
Meeting fees	6,447,032	–	17,583,311	1,082,944	–	25,113,287	–	**25,113,287**	29,274,407
Advertising	3,077,771	927,205	8,775	–	–	4,013,751	–	**4,013,751**	4,361,906
Gifts and grants	10,953,766	–	5,189,328	34,754,460	–	50,897,554	–	**50,897,554**	46,108,629
Publications	3,065,693	246,544	9,254,505	210,695	–	12,777,437	–	**12,777,437**	13,786,728
Royalties	7,546,849	–	1,111,016	–	–	8,657,865	–	**8,657,865**	9,301,665
Rental income	62,869	–	–	–	5,727,358	5,790,227	(2,965,215)	**2,825,012**	2,774,614
Accreditation fees	2,039,591	–	–	–	–	2,039,591	–	**2,039,591**	1,659,200
Other	1,674,954	–	130,649	487,956	–	2,293,559	–	**2,293,559**	2,393,597
Investment income for operations	5,066,135	–	2,253,187	57,388	6,901	7,383,611	–	**7,383,611**	7,354,729
Designated reserve for operations	3,298,382	–	–	–	–	3,298,382	–	**3,298,382**	71,413
Net assets released from restrictions	(275,394)	–	–	2,982,794	–	2,707,400	–	**2,707,400**	7,649,392
Section service fees	339,312	–	(339,312)	–	–	–	–	**–**	–
Total operating income	111,791,162	1,173,749	50,693,739	39,576,237	5,734,259	208,969,146	(2,965,215)	**206,003,931**	210,751,956
Expenses:									
Salaries, wages, and benefits	65,654,547	–	8,566,440	13,701,163	–	87,922,150	–	**87,922,150**	81,873,988
Professional fees and services	10,620,139	–	3,032,142	10,894,220	145,106	24,691,607	–	**24,691,607**	24,081,141
Meetings and travel	9,416,775	2,076	19,195,741	8,637,981	–	37,252,573	–	**37,252,573**	41,206,272
Advertising and marketing	577,186	–	600,830	488,319	–	1,666,335	–	**1,666,335**	1,753,237
Printing and publications	9,081,969	2,021	10,860,855	787,461	–	20,732,306	–	**20,732,306**	23,385,440
Facilities	14,948,796	1,282	3,096,142	1,957,228	4,313,761	24,317,209	(2,965,215)	**21,351,994**	24,018,584
General operations	(3,226,803)	526,061	5,936,522	4,046,585	–	7,282,365	–	**7,282,365**	7,230,631
Total expenses	107,072,609	531,440	51,288,672	40,512,957	4,458,867	203,864,545	(2,965,215)	**200,899,330**	203,549,293
Intrafund transfers	780,528	643,591	(1,202,919)	(221,200)	–	–	–	**–**	–
Interfund transfers	(370,175)	–	1,056,775	(686,600)	–	–	–	**–**	–
Total expenses and transfers	107,482,962	1,175,031	51,142,528	39,605,157	4,458,867	203,864,545	(2,965,215)	**200,899,330**	203,549,293
Excess revenues over (under) expenses after transfers	4,308,200	(1,282)	(448,789)	(28,920)	1,275,392	5,104,601	–	**5,104,601**	7,202,663
Nonoperating:									
Investment income, realized, and unrealized gains (losses)	(11,919,357)	–	(7,153,227)	(613,986)	–	(19,686,570)	–	**(19,686,570)**	(21,650,778)
Net change in pension liability other than periodic cost	(31,437,906)	–	–	–	–	(31,437,906)	–	**(31,437,906)**	(12,320,929)
Change in accounting estimates on service life	–	–	–	–	–	–	–	**–**	(8,405,262)
Change in minimum pension liability	–	–	–	–	–	–	–	**–**	–
Designated reserve for operations	(3,298,382)	–	–	–	–	(3,298,382)	–	**(3,298,382)**	(71,413)
Effect of adoption of SFAS No. 158	–	–	–	–	–	–	–	**–**	–
Other nonoperating	1,576,078	–	(3,078)	6,530	–	1,579,530	–	**1,579,530**	39,086
Net change in unrestricted net assets	(40,771,367)	(1,282)	(7,605,094)	(636,376)	1,275,392	(47,738,727)	–	**(47,738,727)**	(35,206,633)
Temporarily restricted									
Gifts and pledges	5,000	–	–	4,171,572	–	4,176,572	–	**4,176,572**	7,041,079
Investment income	(27)	–	–	(237,914)	–	(237,941)	–	**(237,941)**	(344,949)
Net assets released from restrictions	–	–	–	(2,707,400)	–	(2,707,400)	–	**(2,707,400)**	(7,649,392)
Net change in temporarily restricted net assets	4,973	–	–	1,226,258	–	1,231,231	–	**1,231,231**	(953,262)
Permanently restricted									
Gifts and pledges	–	–	700	–	–	700	–	**700**	6,250
Net change in permanently restricted net assets	–	–	700	–	–	700	–	**700**	6,250
Net change in total net assets	(40,766,394)	(1,282)	(7,604,394)	589,882	1,275,392	(46,506,796)	–	**(46,506,796)**	(36,153,645)
Total net assets at beginning of year	55,574,364	250,756	73,782,644	19,438,428	5,294,300	154,340,492	–	**154,340,492**	190,494,137
Total net assets at end of year	$ 14,807,970	$ 249,474	$ 66,178,250	$ 20,028,310	$ 6,569,692	$ 107,833,696	$ –	**$ 107,833,696**	$ 154,340,492

American Bar Association

Organizational Data

August 31, 2009

Association data	Established in 1878 as a voluntary not-for-profit association of the legal profession, the ABA was incorporated effective December 7, 1992.
Membership	Any person of good moral character in good standing at the bar of a state, territory, or possession of the United States is eligible to be a member of the ABA in accordance with the Bylaws. The Bylaws may specify classes of members.
Purpose	The purposes of the Association are to uphold and defend the Constitution of the United States and maintain representative government; to advance the science of jurisprudence; to promote throughout the nation the administration of justice and the uniformity of legislation and of judicial decisions; to uphold the honor of the profession of law; to apply the knowledge and experience of the profession to the promotion of the public good; to encourage cordial intercourse among the members of the American Bar; and to correlate and promote the activities of the bar organizations in the nation within these purposes and in the interests of the profession and of the public.
Nature of principal activities	Administration of the ABA is to advance the science of jurisprudence and the advancement of the public good; membership dues and other resources are primarily expended on professional, public service, and educational activities.

American Bar Association

Organizational Data (continued)

August 31, 2009

Officers during 2008 – 2009	
President	H. Thomas Wells, Jr.
President – Elect	Carolyn B. Lamm
Immediate Past President	William H. Neukom
Chair, House of Delegates	William C. Hubbard
Secretary	Bernice B. Donald
Treasurer	Alice E. Richmond
Executive Director	Henry F. White, Jr.

Board of Governors during 2008 – 2009	
Ex-Officio members	The Officers
First District	Stephen L. Tober
Second District	W. Anthony Jenkins
Third District	Wayne J. Positan
Fourth District	Robert N. Weiner
Fifth District	Larry McDevitt
Sixth District	Howard H. Vogel
Seventh District	H. Ritchey Hollenbaugh
Eighth District	Richard Pena
Ninth District	Charles A. Weiss
Tenth District	David Ray Gienapp
Eleventh District	Don Bivens
Twelfth District	Craig Allen Orraj
Thirteenth District	Katherine H. O'Neil
Fourteenth District	Laurie D. Zelon
Fifteenth District	Bettina B. Plevan
Sixteenth District	W. Scott Welch III
Seventeenth District	William P. Curran
Eighteenth District	Kathleen Joan Hopkins

American Bar Association

Organizational Data (continued)

Judicial:	
Member-at-Large	Louraine C. Arkfeld
Section:	
Members-at-Large	E. Paul Herrington Gary A. Munneke Scott Francis Partridge John Hardin Young Lee S. Kolczun Mitchell A. Orpett
Minority:	
Members-at-Large	Anthony Nolan Upshaw Richard A. Soden
Women:	
Members-at-Large	Paulette Brown Lauren Stiller Rikleen
Young Lawyers:	
Members-at-Large	Matthew Lehmann Nelson Jonathan W. Wolfe
Law Student:	
Member-at Large	Caithlin Fitzgerald
Date and place of 2009 annual meeting of members:	July 30 – August 4, 2009, in Chicago, Illinois