# Consolidated Financial Statements, Details of Consolidation, and Other Information

American Bar Association
Years Ended August 31, 2010 and 2009
With Reports of Independent Auditors

Ernst & Young LLP

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American Bar Association

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Details of Consolidation, and Other Information

Years Ended August 31, 2010 and 2009

## Contents

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# 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, 2010 and 2009, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the ABA's management. Our responsibility is to express an opinion on these consolidated 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 ABA at August 31, 2010 and 2009, 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 12, 2011

# American Bar Association

## Consolidated Statements of Financial Position

| | August 31 | |
|---|---|---|
| | **2010** | **2009** |
| **Assets** | | |
| Cash and cash equivalents | **$ 28,192,817** | $ 28,832,495 |
| Accounts receivable, net *(Note 6)* | **17,126,861** | 15,189,448 |
| Inventory | **3,618,102** | 2,000,000 |
| Prepaid and other assets | **2,226,447** | 2,499,217 |
| Due from related parties | **82,756** | 329,305 |
| Long-term investments | **162,711,603** | 156,101,786 |
| Long-term investments held for others | **218,593** | 207,468 |
| Property and equipment: | | |
| Land | **11,940,005** | 11,940,005 |
| Building | **21,317,720** | 21,317,720 |
| Furniture and equipment | **37,964,776** | 37,524,002 |
| Leasehold improvements | **22,215,601** | 21,158,140 |
| Work-in-process | **39,847** | 234,946 |
| Accumulated depreciation | **(51,682,830)** | (48,823,568) |
| Net property and equipment | **41,795,119** | 43,351,245 |
| Total assets | **$ 255,972,298** | $ 248,510,964 |
| | | |
| **Liabilities and net assets** | | |
| Accounts payable | **$ 9,672,760** | $ 9,199,633 |
| Deferred revenue | **50,386,462** | 50,182,400 |
| Deferred rent abatement | **6,045,586** | 6,729,992 |
| Pension liability | **55,184,695** | 45,390,854 |
| Other liabilities | **15,376,432** | 13,269,368 |
| Debt | **12,922,621** | 15,905,022 |
| Total liabilities | **149,588,556** | 140,677,269 |
| | | |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | **41,595,028** | 33,960,080 |
| Board-designated | **55,663,566** | 60,868,870 |
| Total unrestricted | **97,258,594** | 94,828,950 |
| Temporarily restricted | **2,407,797** | 6,288,044 |
| Permanently restricted | **6,717,351** | 6,716,701 |
| Total net assets | **106,383,742** | 107,833,695 |
| Total liabilities and net assets | **$ 255,972,298** | $ 248,510,964 |

*See accompanying notes to consolidated financial statements.*

American Bar Association

Consolidated Statements of Activities and Changes in Net Assets

| | Year Ended August 31 | |
|---|---|---|
| | **2010** | **2009** |
| **Unrestricted** | | |
| Operating: | | |
| Revenues: | | |
| Membership dues | **$ 78,975,698** | $ 83,996,482 |
| Meeting fees | **26,527,613** | 25,113,287 |
| Advertising | **3,937,165** | 4,013,751 |
| Gifts and grants | **51,181,253** | 50,897,553 |
| Publications | **11,870,724** | 12,777,437 |
| Royalties | **7,814,161** | 8,657,865 |
| Rental income | **3,002,875** | 2,825,012 |
| Accreditation fees | **1,893,717** | 2,039,591 |
| Other | **2,315,449** | 2,293,559 |
| Investment income for operations | **6,253,434** | 7,383,611 |
| Designated reserve for operations | **5,468,400** | 3,298,382 |
| Net assets released from restrictions | **6,545,557** | 2,707,400 |
| Total operating income | **205,786,046** | 206,003,930 |
| | | |
| Expenses: | | |
| Salaries, wages, and benefits | **88,261,985** | 87,922,150 |
| Professional fees and services | **26,220,926** | 24,691,607 |
| Meetings and travel | **37,636,434** | 37,252,573 |
| Advertising and marketing | **1,059,602** | 1,666,335 |
| Printing and publications | **18,384,681** | 20,732,306 |
| Facilities | **20,471,750** | 21,351,994 |
| General operations | **7,477,436** | 7,282,365 |
| Total expenses | **199,512,814** | 200,899,330 |
| Excess revenues over expenses | **6,273,232** | 5,104,600 |
| | | |
| Nonoperating: | | |
| Investment income, realized and changes in unrealized gains (losses), net | **5,282,418** | (19,686,570) |
| Pension related changes other than net periodic pension cost | **(4,709,429)** | (31,437,906) |
| Designated reserve for operations | **(5,468,400)** | (3,298,382) |
| Other nonoperating | **1,051,823** | 1,579,530 |
| Net change in unrestricted net assets | **2,429,644** | (47,738,728) |

American Bar Association

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

| | Year Ended August 31 2010 | 2009 |
|---|---|---|
| **Temporarily restricted** | | |
| Gifts and pledges | **$ 4,842,843** | $ 4,176,572 |
| Investment income (loss) | **267,913** | (237,941) |
| Net assets released from restrictions | **(6,545,557)** | (2,707,400) |
| Transfer of World Justice | **(2,445,446)** | – |
| Net change in temporarily restricted net assets | **(3,880,247)** | 1,231,231 |
| | | |
| **Permanently restricted** | | |
| Gifts and pledges | **650** | 700 |
| Net change in permanently restricted net assets | **650** | 700 |
| | | |
| Net change in total net assets | **(1,449,953)** | (46,506,797) |
| Total net assets at beginning of year | **107,833,695** | 154,340,492 |
| Total net assets at end of year | **$ 106,383,742** | $ 107,833,695 |

*See accompanying notes to consolidated financial statements.*

American Bar Association

Consolidated Statements of Cash Flows

| | Year Ended August 31 | |
|---|---|---|
| | **2010** | **2009** |
| **Operating activities** | | |
| Net change in total net assets | **$ (1,449,953)** | $ (46,506,797) |
| Adjustments to reconcile net change in total net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | **2,903,654** | 2,871,416 |
| (Gain) loss on sales of equipment | **(40)** | 327,691 |
| Change in unrealized (gains) losses from investing activities | **(7,500,871)** | 20,656,696 |
| Changes in operating assets and liabilities: | | |
| Increase in accounts receivable | **(1,937,413)** | (386,746) |
| Increase in inventory | **(1,618,102)** | (2,000,000) |
| Decrease in prepaid and other assets | **272,770** | 763,674 |
| Decrease (increase) in amounts due from related parties | **246,549** | (201,028) |
| Increase (decrease) in deferred revenue | **204,062** | (1,291,489) |
| Decrease in deferred rent abatement | **(684,406)** | (684,406) |
| Increase in accounts payable | **473,127** | 175,951 |
| Increase in pension liability | **9,793,841** | 26,184,578 |
| Increase in other liabilities | **2,107,064** | 1,668,563 |
| Net cash provided by operating activities | **2,810,282** | 1,578,103 |
| | | |
| **Investing activities** | | |
| Sales of investments | **5,455,561** | 3,991,532 |
| Purchases of investments | **(4,575,632)** | (11,785,555) |
| Net purchases of property and equipment | **(1,347,488)** | (1,185,353) |
| Net cash used in investing activities | **(467,559)** | (8,979,376) |
| | | |
| **Financing activities** | | |
| Principal payments on long-term debt | **(2,982,401)** | (2,824,464) |
| | | |
| Net decrease in cash and cash equivalents | **(639,678)** | (10,225,737) |
| Cash and cash equivalents at beginning of year | **28,832,495** | 39,058,232 |
| Cash and cash equivalents at end of year | **$ 28,192,817** | $ 28,832,495 |

*See accompanying notes to consolidated financial statements.*

## 1. Organization

The American Bar Association (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, its profession and the public by defending liberty and delivering justice as the national representative of the legal profession.

The consolidated financial statements of the ABA include the accounts of the ABA, the American Bar Association Fund for Justice and Education (FJE), The James O. Broadhead Corporation (JOB), and the ABA Museum of Law (Museum).

The ABA established the FJE as a separate fund in order to obtain tax deductibility for contributions made to the FJE. The FJE has no existence separate from the ABA other than its having applied for and maintained its status as a tax-exempt fund. The FJE's bylaws require that the FJE maintain its assets separate and apart from the general and unrestricted assets of the ABA, that these assets may not be used in any manner for the general purposes of the ABA and that the FJE maintain books and records separate and apart from the general books and records of the ABA.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The ABA's consolidated statements are prepared in conformity with United States Generally Accepted Accounting Principles (U.S. 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.

All material inter-organization balances and transactions have been eliminated in consolidation.

Financial statement presentation follows the accounting standards for not-for-profit organizations. Under these standards, net assets, revenues, and investment income or loss are classified based on the existence or absence of donor-imposed restrictions, as follows:

- Permanently restricted net assets are assets subject to donor-imposed restrictions that do not expire over time or cannot be removed or satisfied by the entity itself.

**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 other than broad restrictions relating to the nature or purposes of the entity. The ABA uses unrestricted contributions at its complete discretion without time or purpose limits. 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.

Certain accounts in the 2009 financial statements have been reclassified to conform with the current year's presentation.

**Cash Equivalents**

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

**Accounts Receivable**

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

**Inventory**

Inventory consists of book publications and is stated at the lower of cost or market. This accounting method takes into consideration both selling price and cost. The ABA uses weighted average cost method in determining inventory cost.

**2. Summary of Significant Accounting Policies (continued)**

In 2009, the ABA's inventory policy was to value only books published in the current fiscal year due to the inventory product life cycle. In 2010, the ABA determined, through communications with other publishing organizations and a review of the sales history of its existing inventory, that establishing a reserve for inventory items in excess of 18 months of sales activity is an accurate estimate of obsolete/slow moving inventory.

**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 (see Note 3), which are maintained in the ABA investment portfolio.

**Property and Equipment**

The ABA records land, buildings, leasehold improvements, 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 five 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. Except for instruments evidencing indebtedness of the ABA, the fair value of financial instruments approximates their carrying value in the financial statements, for which fair value information is provided in Note 5.

**2. Summary of Significant Accounting Policies (continued)**

**Net Assets**

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 by transferring amounts from or to the nonoperating section of the Consolidated Statements of Activities and Changes in Net Assets. Amounts equal to the amounts transferred, if any, are then re-classified within the Net Assets section of the Consolidated Statements of Financial Position between Board-designated and undesignated. In the case of amounts transferred to operating revenues, the Board-designated amounts are decreased and the undesignated amounts are increased by the amounts transferred. In the case of amounts transferred from operating revenues, the Board-designated amounts are increased and the undesignated amounts are decreased by the amounts transferred.

**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.

**Gifts and Contributions**

Gifts and contributions are recognized as revenue in the period received. Gifts and contributions are reported as either temporarily or permanently restricted if they are received with donor restrictions that limit their use other than broad restrictions relating to the nature or purposes of the entity receiving the contribution such as a restriction requiring that a contribution only be used for ABA purposes. The expiration or fulfillment of donor-imposed restrictions on contributions result in those contributions being reported as net assets released from restrictions in the Consolidated Statements of Activities and Changes in Net Assets.

## 2. Summary of Significant Accounting Policies (continued)

### Membership Dues

Revenue is recognized in the period when the latter of the following has occurred: (1) goods and services are provided and (2) payment for those goods and services has been received. Membership dues received for a future fiscal period are accounted for as deferred revenue. That deferred revenue is recognized as revenue in the fiscal period when the goods and services paid for are provided.

### 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 for publications sold to libraries and government agencies. Book and magazine revenue is recorded when the invoice is issued; invoices are issued upon shipment.

### 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.

## 2. Summary of Significant Accounting Policies (continued)

### Income Taxes

The ABA, the JOB, the FJE, and the Museum are qualified under the U.S. Internal Revenue Code (the Code) as tax-exempt organizations or, in the case of the FJE, as a tax-exempt fund 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 FJE and other 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, 2010 and 2009.

There are no amounts of interest and penalties associated with tax matters that are recognized in the ABA's consolidated financial statements for the fiscal years ending August 31, 2010 and 2009. The U.S. federal income tax returns of the ABA for years prior to the fiscal year ending August 31, 2006 are closed.

### Adoption of New Accounting Standards

In June 2009, the FASB approved the FASB Accounting Standards Codification (the Codification or ASC) as the single source of authoritative U.S. GAAP recognized by the FASB. The codification does not change current U.S. GAAP but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded, and all other accounting literature not included in the Codification will be considered nonauthoritative. The Codification is effective for annual periods ending after Sept 15, 2009. The Codification was effective for the ABA for the year ended August 31, 2010, and did not have an impact on its consolidated financial position, results of operations, or cash flows.

ASC 715, *Employers' Accounting for Pensions*, requires disclosures about how investment allocation decisions are made, the fair value of each major category of assets in the plans as of each annual reporting date and the basis for determining the value, more descriptions of investment policies and strategies, and more detailed descriptions of concentrations of risk in plan assets.

**2. Summary of Significant Accounting Policies (continued)**

In January 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 amends ASC 820 to require a number of additional disclosures regarding fair value measurement. These disclosures include the amounts of significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for these transfers; the reasons for any transfer in or out of Level 3; and information in the reconciliation of recurring Level 3 measurements about purchases, sales, issuances, and settlements on a gross basis, as well as clarification of previously required reporting requirements. This new guidance is effective for the first reporting period, including interim periods, beginning after December 15, 2009, for all disclosures except the requirement to separately disclose purchases, sales, issuances, and settlements of recurring Level 3 measurements. This latter disclosure requirement relating to recurring Level 3 measurements is effective for fiscal years beginning after December 15, 2010. The ABA has no significant assets or liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3). Further, there have been no significant transfers between the three levels of fair value measurement.

**3. Related-Party Transactions**

Each of the American Bar Endowment, the American Bar Foundation, the ABA Retirement Funds, and the National Judicial College is under its own management but each is related to the ABA through some common directors, officers, or memberships.

On September 1, 2009, the Word Justice Project (WJP) separated into an independent legal entity. As part of the transition agreement, the ABA continued to process WJP-related expenses through March 2010. Upon completion of the transition, the ABA transferred these costs to receivables totaling $1,160,975. This amount has been paid in full as of November 30, 2010.

## 3. Related-Party Transactions (continued)

The American Bar Endowment contributed $3,750,000 to the ABA in 2010 and 2009. The FJE contributed $258,300 and $287,000 to the National Judicial College in 2010 and 2009, respectively. In addition, the ABA's expenses were reduced by $2,626,771 and $1,044,481 in 2010 and 2009, respectively, for expense reimbursements received from the following related organizations:

| | 2010 | 2009 |
|---|---|---|
| World Justice Project | **$ 1,160,975** | $ – |
| American Bar Endowment | **373,130** | 338,021 |
| American Bar Foundation | **74,970** | 54,676 |
| American Bar Association Retirement Funds | **956,678** | 512,481 |
| National Judicial College | **61,018** | 139,303 |
| | **$ 2,626,771** | $ 1,044,481 |

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

## 4. Investments

The ABA's consolidated long-term investments consist of $162,930,196 and $156,309,254 in mutual funds at August 31, 2010 and 2009 respectively:

Investment returns in each net asset category for the years ended August 31 are:

| | 2010 | | | | 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Interest and dividends | **$ 3,668,382** | **$ 89,431** | **$ –** | **$ 3,757,813** | $ 5,615,172 | $ 123,317 | $ – | $ 5,738,489 |
| Realized gains | **545,704** | **14,262** | **–** | **559,966** | 2,319,647 | 55,575 | – | 2,375,222 |
| Unrealized gains (losses) in market value | **7,321,766** | **164,220** | **–** | **7,485,986** | (20,237,778) | (416,833) | – | (20,654,611) |
| Total investment return (loss) | **$ 11,535,852** | **$ 267,913** | **$ –** | **$ 11,803,765** | $ (12,302,959) | $ (237,941) | $ – | $ (12,540,900) |

**4. Investments (continued)**

The unrestricted investment return totaled $11,535,852 and $(12,302,959) in fiscal years 2010 and 2009, respectively. Investment income allocated to operations in 2010 and 2009 totaled $6,253,434 and $7,383,611, respectively. The allocated amount includes all short-term investment income earned and a percentage of the average balance of the long-term investments for a prior 12-quarter period. Investment returns on long-term investments, excluding the return on long-term investments allocated to operations, are recorded as a nonoperating activity and totaled $5,282,418 and $(19,686,570) for fiscal years 2010 and 2009, respectively.

The ABA pays management fees to various fund managers that are netted against investment income. Management fees were $89,391 and $74,127 for fiscal years 2010 and 2009, respectively. The liability related to long-term investments held for others is included under the caption "Due from related parties" on the Consolidated Statements of Financial Position.

**5. Fair Value of Financial Instruments**

ASC 820, *Fair Value Measurements and Disclosures*, requires expanded disclosures about instruments measured at fair value. ASC 820 applies to other accounting pronouncements that require or permit fair value measurements, and accordingly, ASC 820 does not require any new fair value measurements.

The ABA values its financial assets based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value in three broad levels, which are described below:

- **Level 1 –** Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- **Level 2 –** Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

- **Level 3 –** Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

## 5. Fair Value of Financial Instruments (continued)

In determining fair value, the ABA uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. Financial assets carried at fair value at August 31, 2010 and 2009, are classified in the tables below in one of three categories as described above.

Accounts receivables and accounts payables are not included in the three categories because the carrying amounts approximate fair value due to their short-term nature.

| | August 31, 2010 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Cash and cash equivalents | **$ 28,192,817** | **$ –** | **$ –** | **$ 28,192,817** |
| Equity securities: | | | | |
| U.S. Large-Cap Index | **48,605,530** | **–** | **–** | **48,605,530** |
| U.S. Mid-Cap Index | **14,237,392** | **–** | **–** | **14,237,392** |
| U.S. Small-Cap Index | **11,072,739** | **–** | **–** | **11,072,739** |
| International Index | **30,565,188** | **–** | **–** | **30,565,188** |
| Fixed income securities: | | | | |
| Corporate Bond Fund | **58,230,754** | **–** | **–** | **58,230,754** |
| Investment held for affiliates: | | | | |
| Corporate Bond Fund | **218,593** | **–** | **–** | **218,593** |
| Total assets at fair value | **$ 191,123,013** | **$ –** | **$ –** | **$ 191,123,013** |

| | August 31, 2009 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Cash and cash equivalents | $ 28,832,495 | $ – | $ – | $ 28,832,495 |
| Equity securities: | | | | |
| U.S. Large-Cap Index | 48,528,471 | – | – | 48,528,471 |
| U.S. Mid-Cap Index | 12,877,992 | – | – | 12,877,992 |
| U.S. Small-Cap Index | 10,335,515 | – | – | 10,335,515 |
| International Index | 30,665,043 | – | – | 30,665,043 |
| Fixed income securities: | | | | |
| Corporate Bond Fund | 53,694,765 | – | – | 53,694,765 |
| Investment held for affiliates: | | | | |
| Corporate Bond Fund | 207,468 | – | – | 207,468 |
| Total assets at fair value | $ 185,141,749 | $ – | $ – | $ 185,141,749 |

## 5. Fair Value of Financial Instruments (continued)

The following table sets forth the investment strategies and redemption terms for those investments that are measured at net asset values per share as of August 31, 2010:

| Investment Name | Fair Value | Redemption Frequency | Redemption Period |
|---|---|---|---|
| Vanguard Mega-Cap 300 Index Fund | $ 48,605,530 | Daily | N/A |
| Vanguard Mid-Cap Index Fund | 14,237,392 | Daily | N/A |
| Vanguard Small Cap Index Fund | 11,072,739 | Daily | N/A |
| Vanguard Developed Markets Index Fund | 21,256,484 | Daily | N/A |
| Vanguard Emerging Markets Stock Index Fund | 9,308,705 | Daily | N/A |
| PIMCO Total Return Fund | 58,449,346 | Daily | N/A |
| Total | $ 162,930,196 | | |

## 6. Accounts Receivable

Accounts receivable consist of the following at August 31:

| | 2010 | 2009 |
|---|---|---|
| Grants (net of allowance for doubtful accounts of $811,832 in 2010 and $50,236 in 2009) | **$ 9,134,992** | $ 8,379,398 |
| Special advances | **2,174,080** | 2,107,004 |
| Advertising (net of allowance for doubtful accounts of $228,480 in 2010 and $166,075 in 2009) | **2,037,159** | 1,281,659 |
| Publications (net of allowance for doubtful accounts of $393,029 in 2010 and $292,100 in 2009) | **925,832** | 891,885 |
| Rent | **292,109** | 379,116 |
| Royalties | **1,202,658** | 630,066 |
| Mailing list (net of allowance for doubtful accounts of $2,146 in 2009 and $58 in 2009) | **278,366** | 255,120 |
| Other | **1,081,665** | 1,265,200 |
| | **$ 17,126,861** | $ 15,189,448 |

**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 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 (the Thrift 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 defined-contribution portion of the Thrift 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 to the defined-contribution plan are 5% of the participant's annual salary. Employees who converted to the defined-contribution plan retain vested benefits accrued as of December 31, 2006, under the Pension Plan.

Under the Thrift Plan, participants may contribute to a 401(k) in which the employer matches each contribution dollar-for-dollar to a maximum of $300 and thereafter the employer contributes at a rate of 50% of the participant's contribution, to a maximum of 6% of the participant's annual salary.

The ABA's portion of the Pension Plan expense for the years ended August 31, 2010 and 2009, was $5,624,244 and $2,850,292, respectively.

## 7. Employee Benefit Plans (continued)

The funded status of the ABA's portion of the Pension Plan at the measurement dates, August 31, 2010 and 2009, and the accrued pension costs recognized in the ABA's consolidated statements of financial position at August 31 are as follows:

| | 2010 | 2009 |
|---|---|---|
| **Change in projected benefit obligation** | | |
| Projected benefit obligation at beginning of year | **$ 132,032,007** | $ 113,295,357 |
| Service cost | **3,308,605** | 3,832,284 |
| Interest cost | **7,260,551** | 8,107,694 |
| Actuarial loss | **7,672,032** | 11,444,384 |
| Benefits paid | **(4,232,338)** | (4,647,712) |
| Projected benefit obligation at end of year | **$ 146,040,857** | $ 132,032,007 |
| | | |
| **Change in Pension Plan assets** | | |
| Fair value of Pension Plan assets at beginning of year | **$ 86,641,153** | $ 88,701,218 |
| Actual return on Pension Plan assets | **7,907,515** | (10,903,835) |
| Benefits paid | **(4,232,338)** | (4,647,712) |
| Employer contributions | **539,832** | 13,491,482 |
| Fair value of assets at end of year | **$ 90,856,162** | $ 86,641,153 |
| | | |
| Funded status as of the measurement date | **$ (55,184,695)** | $ (45,390,854) |
| | | |
| Components of adjustments to unrestricted net assets: | | |
| Unrecognized prior service cost | **(4,360,240)** | (5,706,387) |
| Unrecognized net loss | **67,161,584** | 63,798,301 |
| Total adjustments to unrestricted net assets | **62,801,343** | 58,091,914 |

## 7. Employee Benefit Plans (continued)

| | 2010 | 2009 |
|---|---|---|
| **Amounts recognized in the consolidated statements of financial position** | | |
| Accrued pension liability | **$ (55,184,695)** | $ (45,390,854) |
| | | |
| Projected benefit obligation | **$ 146,040,857** | $ 132,032,007 |
| Accumulated benefit obligation | **142,982,568** | 129,695,691 |
| Fair value of assets | **90,856,162** | 86,641,153 |
| | | |
| **Weighted-average assumptions used to determine benefit obligations** | | |
| Discount rate | **5.13%** | 5.60% |
| Rate of compensation increase | **4.00%** | 4.00% |
| Expected return on Pension Plan assets | **7.00%** | 8.00% |
| | | |
| **Components of net periodic pension costs** | | |
| Service cost | **$ 3,308,605** | $ 3,832,284 |
| Interest cost | **7,260,551** | 8,107,694 |
| Expected return on Pension Plan assets | **(7,141,564)** | (9,262,311) |
| Amortization of net loss | **3,542,798** | 1,739,035 |
| Amortization of prior service cost | **(1,346,146)** | (1,566,410) |
| Total net periodic pension cost | **$ 5,624,244** | $ 2,850,292 |
| | | |
| **Weighted-average assumptions used to determine net periodic benefit cost** | | |
| Discount rate | **5.60%** | 6.25% |
| Expected return on Pension Plan assets | **7.00%** | 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 is as follows:

| | **2010** | **2009** |
|---|---|---|
| Equity securities: | | |
| Domestic | **41.4%** | 41.8% |
| International | **10.6** | 10.8 |
| Global | **8.6** | 9.3 |
| | **60.6** | 61.9 |
| Debt securities: | | |
| Fixed income | **38.8** | 30.6 |
| Invested cash | **0.6** | 7.5 |
| | **39.4** | 38.1 |
| | **100.0%** | 100.0% |

The investment policy of the A-E-F-C Pension Plan Administration Committee seeks reasonable asset growth at prudent risk levels within target allocations. Pension Plan assets invested within the asset allocation target ranges shown above are 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.

## 7. Employee Benefit Plans (continued)

The fair values of the ABA's plan assets at August 31 by asset category are as follows:

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 1** | **Level 2** |
| **Collective trust funds** | | | | |
| NTGI-QM Collective Daily All Country ex-US Equity Index Fund | **$ 9,620,704** | $ – | $ 9,317,484 | $ – |
| NTGI Collective Daily US Marketcap Equity | **37,617,151** | – | 36,279,504 | – |
| **Fixed income mutual fund** | | | | |
| CF SSGA LONG CR INDEX (CME3NON) FD | **–** | 17,619,652 | – | 12,550,263 |
| PIMCO Long Duration Total Return Fund | **17,675,511** | – | 13,944,895 | – |
| **Equity mutual fund** | | | | |
| MFO Vanguard Horizon Global Equity Fund | **7,776,868** | – | 8,074,597 | – |
| **Money market fund** | | | | |
| Northern Trust Short Term Investment Fund | **546,276** | – | 6,474,410 | – |
| Total investments | **$ 73,236,510** | $ 17,619,652 | $ 74,090,890 | $ 12,550,263 |

**CF SSGA LONG CR INDEX (CME3NON) FD –** This fund participates in an agency securities lending program sponsored by State Street Bank and Trust Company (the lending agent) whereby the lending agent may lend up to 100% of the fund's securities and invest the collateral posted by the borrowers of those loaned securities in collateral reinvestment funds (the Collateral Pools). The Collateral Pools are not registered money market funds and are not guaranteed investments. This fund compensates its lending agent in connection with operating and maintaining the securities lending program. SSGA acts as investment manager for the Collateral Pools and is compensated for its services. The Collateral Pools are managed to a

**7. Employee Benefit Plans (continued)**

specific investment objective as set forth in the governing documents for the Collateral Pools. Securities lending programs and the subsequent reinvestment of the posted collateral are subject to a number of risks, including the risk that the value of the investments held in the CollateralPool may decline in value, be sold at a loss, or incur credit losses. The net asset value of the Collateral Pool is subject to market conditions and will fluctuate and may decrease in the future.

To determine the expected annual 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, 2010, the expected long-term rate of return assumption used to determine pension expense is 7.00%.

**Cash Flows**

| | | |
|---|---|---|
| Expected contributions for the fiscal year ending August 31, 2011 | $ | 665,986 |
| | | |
| Estimated future benefit payments reflecting expected future service for the fiscal year ending August 31: | | |
| 2011 | | 5,455,703 |
| 2012 | | 5,829,379 |
| 2013 | | 6,287,488 |
| 2014 | | 6,593,714 |
| 2015 | | 7,213,044 |
| 2016 through 2020 | | 40,890,555 |

## 7. Employee Benefit Plans (continued)

### ABA Thrift Plan

The ABA's expense related to the 401(k) match of the Thrift Plan for the years ended August 31, 2010 and 2009 totaled $1,216,229 and $1,285,813, respectively. The ABA's expense related to the defined-contribution plan years ended August 31, 2010 and 2009 totaled $1,030,750 and $377,187, 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 $25,084,280 at August 31, 2010. The notes are due in semiannual principal installments ranging from $781,714 to $1,433,419, beginning on June 1, 1994, and ending on December 1, 2014. The total outstanding amounts for the notes were $9,997,272 and $12,030,913 at August 31, 2010 and 2009 respectively. Interest expense for the years ended August 31, 2010 and 2009 totaled $909,510 and $1,070,705, respectively. Interest paid for the years ended August 31, 2010 and 2009 totaled $951,454 and $1,109,391, respectively.

Aggregate maturities of the long-term debt with the insurance company at August 31 for the next five years are $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.

**8. Long-Term Debt (continued)**

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 St. facility in Chicago. Interest charged on the loan agreement is set at London Interbank Offered Rate 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 $2,925,347 and $3,874,108 at August 31, 2010 and 2009 respectively. Interest expense for the years ended August 31, 2010 and 2009 totaled $48,507 and $104,832, respectively. Interest paid for the years ended August 31, 2010 and 2009 totaled $47,705 and $113,665, respectively.

Aggregate maturities of the long-term debt under the loan agreement are $948,756 annually in 2011 through 2013. 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 annual interest rate of 6.65%. The fair value of the agreement at August 31, 2010 and 2009 was $605 and $16,700, and is included in other assets in the consolidated statements of financial position. A loss of $16,095 for the year ended August 31, 2010, 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.

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 $13,077,000 and $18,160,000 at August 31, 2010 and 2009, respectively.

**9. Commitments and Contingencies**

The ABA leases certain facilities and equipment under non-cancelable 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 the ABA's previous lease agreements for its Chicago-based operations. The North Clark Lease is for a 15-year period, with a renewal option for an additional year, and the payment of allocated 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 are as follows:

| | Minimum Lease Payments | Minimum Sublease Rental Income | Net Minimum Lease Payments |
|---|---|---|---|
| Fiscal year ending August 31: | | | |
| 2011 | $ 5,351,405 | $ 200,825 | $ 5,150,580 |
| 2012 | 5,376,065 | 252,309 | 5,123,756 |
| 2013 | 5,099,508 | 257,868 | 4,841,640 |
| 2014 | 6,369,817 | 262,718 | 6,107,099 |
| 2015 | 477,265 | 270,544 | 206,721 |
| Thereafter | 24,306,934 | 1,114,783 | 23,192,151 |
| Total minimum lease payments | $ 46,980,994 | $ 2,359,047 | $ 44,621,947 |

Certain leases contain clauses allowing the ABA to terminate the agreements. If these options are exercised, financial penalties will be incurred. Management does not currently intend to exercise these options, but management is exploring its options under the current real estate market.

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 also is included in facilities expense. The amortization and accretion amounted to $1,102,122 at both August 31, 2010 and 2009.

**9. Commitments and Contingencies (continued)**

The North Clark Lease includes additional rent abatements in the future amounting to $3,689,824 and $4,107,540 for the years ended August 31, 2010 and 2009 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 $8,547,884 and $8,698,052 for the years ended August 31, 2010 and 2009 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, 2010 and 2009 totaled $199,318 and $197,005, respectively.

The ABA has been named as a defendant in several 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, its 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:

| | **2010** | 2009 |
|---|---|---|
| Programs | **$ 156,813,951** | $ 159,847,346 |
| General and administrative | **42,079,502** | 40,415,686 |
| Fund-raising | **619,361** | 636,298 |
| | **$ 199,512,814** | $ 200,899,330 |

**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, 2010 and 2009 are available for the following purposes:

| | 2010 | 2009 |
|---|---|---|
| Fund for Judicial Improvement Projects | **$ 737,512** | $ 453,565 |
| Rule of Law Initiative | **373,395** | 645,664 |
| Commission on Law and Aging | **198,977** | 157,786 |
| Children and the Law | **194,551** | 359,801 |
| Death Penalty Program Funds | **116,349** | 114,874 |
| Public Contract Law Education Projects | **101,082** | 99,656 |
| Individual Rights and Responsibilities Programs | **76,658** | 90,544 |
| Litigation Fellows Support Fund | **46,324** | 61,434 |
| Environmental Law | **25,531** | 53,537 |
| Commission on Immigration | **20,343** | 26,866 |
| Commission on Women Program Support Fund | **14,719** | 70,739 |
| Commission on Domestic Violence | **7,180** | 24,701 |
| World Justice Forum | **–** | 2,257,560 |
| Pro Bono Child Custody Project | **–** | 40,231 |
| Other | **495,177** | 1,831,086 |
| | **$ 2,407,797** | $ 6,288,044 |

During fiscal years 2010 and 2009, temporarily restricted net assets of $6,545,557 and $2,707,400, respectively, were released to cover program expenses meeting the donor restrictions.

## 11. Temporarily and Permanently Restricted Net Assets (continued)

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 consisted of the following:

| | **2010** | **2009** |
|---|---|---|
| FJE Endowment Fund | **$ 3,456,669** | $ 3,456,669 |
| Justice Funds | **2,068,946** | 2,068,296 |
| 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 |
| | **$ 6,717,351** | $ 6,716,701 |

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.

The ABA has interpreted the Uniform Prudent Management of Institutional Act of 2006 (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 classifies 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 as 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.

## 11. Temporarily and Permanently Restricted Net Assets (continued)

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

- The duration and preservation of the fund
- The purposes of the ABA and the FJE, as applicable, and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the ABA
- The investment policies of the ABA

The ABA has 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% annually 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 relies 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 targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

**11. Temporarily and Permanently Restricted Net Assets (continued)**

The ABA has a policy of appropriating for distribution each year 5% of its endowment funds' 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 considered the long-term expected return on its endowments. Accordingly, over the long-term, the ABA expects 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'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, 2009 | $ 98,879 | $ 485,260 | $ 6,716,701 | $ 7,300,840 |
| Investment return: | | | | |
| Investment income | 85,622 | 90,343 | – | 175,965 |
| Net appreciation (realized and unrealized) | 159,560 | 178,483 | – | 338,043 |
| Total investment return | 245,182 | 268,826 | – | 514,008 |
| Contributions | 24,287 | 200,000 | 650 | 224,937 |
| Net assets released | 223,913 | (223,913) | – | – |
| Appropriation of endowment assets for expenditure | (15,938) | – | – | (15,938) |
| Endowment net assets, August 31, 2010 | $ 576,323 | $ 730,173 | $ 6,717,351 | $ 8,023,847 |

**12. Subsequent Events**

The ABA evaluated events and transactions occurring subsequent to August 31, 2010 through February 12, 2011, 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 non-recognized subsequent event for disclosure.

On October 30, 2010, the Board of Governors voted to amend the A-E-F-C Pension Plan effective January 1, 2011, to reduce the plan benefit formula with the intent that ABA's future cost will not exceed 5% of total participants' pay.

# Details of Consolidation

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# 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 12, 2011

# American Bar Association

## Details of Consolidated Statements of Financial Position

### August 31, 2010 and 2009

| | August 31, 2010 | | | | | | | August 31, 2009 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **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 | $ 25,309,694 | $ 2,201,289 | $ 681,834 | $ – | $ 28,192,817 | $ – | $ 28,192,817 | $ 27,733,427 | $ 177,071 | $ 921,997 | $ – | $ 28,832,495 | $ – | $ 28,832,495 |
| Accounts receivable, net | 6,664,856 | 10,169,896 | 292,109 | – | 17,126,861 | – | 17,126,861 | 4,289,647 | 10,520,685 | 379,116 | – | 15,189,448 | – | 15,189,448 |
| Inventory | 3,618,102 | – | – | | 3,618,102 | – | 3,618,102 | 2,000,000 | – | – | – | 2,000,000 | – | 2,000,000 |
| Prepaid and other assets | 2,124,265 | 79,318 | 22,864 | – | 2,226,447 | – | 2,226,447 | 2,477,935 | – | 21,282 | – | 2,499,217 | – | 2,499,217 |
| Due from related parties | 16,143,475 | (13,386,668) | (2,700,898) | 26,847 | 82,756 | – | 82,756 | 5,864,989 | (2,193,555) | (3,369,630) | 27,502 | 329,306 | – | 329,306 |
| Loans to related-party organization | 11,773,561 | – | – | – | 11,773,561 | (11,773,561) | – | 13,609,140 | – | – | – | 13,609,140 | (13,609,140) | – |
| 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 | 154,471,068 | 8,240,535 | – | – | 162,711,603 | – | 162,711,603 | 148,618,209 | 7,483,577 | – | – | 156,101,786 | – | 156,101,786 |
| Long-term investments held for others | 218,593 | – | – | – | 218,593 | – | 218,593 | 207,468 | – | – | – | 207,468 | – | 207,468 |
| Property and equipment: | | | | | | | | | | | | | | |
| Land | – | – | 11,940,005 | – | 11,940,005 | – | 11,940,005 | – | – | 11,940,004 | – | 11,940,004 | – | 11,940,004 |
| Building | – | – | 21,317,720 | – | 21,317,720 | – | 21,317,720 | – | – | 21,317,720 | – | 21,317,720 | – | 21,317,720 |
| Furniture and equipment | 37,958,366 | 6,410 | – | – | 37,964,776 | – | 37,964,776 | 37,517,592 | 6,410 | – | – | 37,524,002 | – | 37,524,002 |
| Leasehold improvements | 22,215,601 | – | – | – | 22,215,601 | – | 22,215,601 | 21,158,140 | – | – | – | 21,158,140 | – | 21,158,140 |
| Work-in-progress | 928 | – | 38,919 | – | 39,847 | – | 39,847 | 196,027 | – | 38,919 | – | 234,946 | – | 234,946 |
| Less accumulated depreciation | (43,464,057) | (6,410) | (8,212,363) | – | (51,682,830) | – | (51,682,830) | (41,249,362) | (6,101) | (7,568,105) | – | (48,823,568) | – | (48,823,568) |
| Net property and equipment | 16,710,838 | – | 25,084,281 | – | 41,795,119 | – | 41,795,119 | 17,622,397 | 309 | 25,728,538 | – | 43,351,244 | – | 43,351,244 |
| Total assets | $ 239,934,452 | $ 7,304,370 | $ 23,380,190 | $ 26,847 | $ 270,645,859 | $ (14,673,561) | $ 255,972,298 | $ 225,323,212 | $ 15,988,087 | $ 23,681,303 | $ 27,502 | $ 265,020,104 | $ (16,509,140) | $ 248,510,964 |
| | | | | | | | | | | | | | | |
| **Liabilities and net assets** | | | | | | | | | | | | | | |
| Accounts payable | $ 8,570,122 | $ 984,082 | $ 118,556 | $ – | $ 9,672,760 | $ – | $ 9,672,760 | $ 7,980,025 | $ 1,011,863 | $ 207,745 | $ – | $ 9,199,633 | $ – | $ 9,199,633 |
| Deferred revenue | 49,749,290 | 637,172 | – | – | 50,386,462 | – | 50,386,462 | 48,404,395 | 1,778,005 | – | – | 50,182,400 | – | 50,182,400 |
| Deferred rent abatement | 6,045,586 | – | – | – | 6,045,586 | – | 6,045,586 | 6,729,992 | – | – | – | 6,729,992 | – | 6,729,992 |
| Pension liability | 55,184,695 | – | – | – | 55,184,695 | – | 55,184,695 | 45,390,854 | – | – | – | 45,390,854 | – | 45,390,854 |
| Other liabilities | 15,000,237 | 12,000 | 364,195 | – | 15,376,432 | – | 15,376,432 | 12,722,115 | 152,527 | 394,726 | – | 13,269,368 | – | 13,269,368 |
| Debt | 12,922,621 | – | – | – | 12,922,621 | – | 12,922,621 | 15,905,022 | – | – | – | 15,905,022 | – | 15,905,022 |
| Loans from related-party organization | – | – | 11,773,561 | – | 11,773,561 | (11,773,561) | – | – | – | 13,609,140 | – | 13,609,140 | (13,609,140) | – |
| 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 | 147,472,551 | 1,633,254 | 15,156,312 | – | 164,262,117 | (14,673,561) | 149,588,556 | 137,132,403 | 2,942,395 | 17,111,611 | – | 157,186,409 | (16,509,140) | 140,677,269 |
| | | | | | | | | | | | | | | |
| Net assets: | | | | | | | | | | | | | | |
| Unrestricted: | | | | | | | | | | | | | | |
| Undesignated | $ 36,798,335 | $ (3,454,032) | $ 8,223,878 | $ 26,847 | $ 41,595,028 | $ – | $ 41,595,028 | $ 27,572,695 | $ (209,809) | $ 6,569,692 | $ 27,502 | $ 33,960,080 | $ – | $ 33,960,080 |
| Board-designated | 55,663,566 | – | – | – | 55,663,566 | – | 55,663,566 | 60,618,114 | 250,756 | – | – | 60,868,870 | – | 60,868,870 |
| Total unrestricted | 92,461,901 | (3,454,032) | 8,223,878 | 26,847 | 97,258,594 | – | 97,258,594 | 88,190,809 | 40,947 | 6,569,692 | 27,502 | 94,828,950 | – | 94,828,950 |
| Temporarily restricted | – | 2,407,797 | – | – | 2,407,797 | – | 2,407,797 | – | 6,288,044 | – | – | 6,288,044 | – | 6,288,044 |
| Permanently restricted | – | 6,717,351 | – | – | 6,717,351 | – | 6,717,351 | – | 6,716,701 | – | – | 6,716,701 | – | 6,716,701 |
| Total net assets | 92,461,901 | 5,671,116 | 8,223,878 | 26,847 | 106,383,742 | – | 106,383,742 | 88,190,809 | 13,045,692 | 6,569,692 | 27,502 | 107,833,695 | – | 107,833,695 |
| Total liabilities and net assets | $ 239,934,452 | $ 7,304,370 | $ 23,380,190 | $ 26,847 | $ 270,645,859 | $ (14,673,561) | $ 255,972,298 | $ 225,323,212 | $ 15,988,087 | $ 23,681,303 | $ 27,502 | $ 265,020,104 | $ (16,509,140) | $ 248,510,964 |

# American Bar Association

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

### Years Ended August 31, 2010 and 2009

| | American Bar Association | ABA Fund for Justice and Education | The James O. Broadhead Corporation | ABA Museum of Law | Total Prior to Eliminations | Eliminations | 2010 Consolidated | 2009 Consolidated |
|---|---|---|---|---|---|---|---|---|
| **Unrestricted** | | | | | | | | |
| Operating | | | | | | | | |
| Revenues: | | | | | | | | |
| Membership dues | $ 78,975,698 | $ – | $ – | $ – | $ 78,975,698 | $ – | **$ 78,975,698** | $ 83,996,482 |
| Meeting fees | 24,518,378 | 2,009,235 | – | – | 26,527,613 | – | **26,527,613** | 25,113,287 |
| Advertising | 3,937,165 | – | – | – | 3,937,165 | – | **3,937,165** | 4,013,751 |
| Gifts and grants | 6,460,220 | 44,721,033 | – | – | 51,181,253 | – | **51,181,253** | 50,897,553 |
| Publications | 11,068,131 | 802,593 | – | – | 11,870,724 | – | **11,870,724** | 12,777,437 |
| Royalties | 7,785,920 | 28,241 | – | – | 7,814,161 | – | **7,814,161** | 8,657,865 |
| Rental income | 62,869 | – | 5,819,993 | – | 5,882,862 | (2,879,987) | **3,002,875** | 2,825,012 |
| Accreditation fees | 450 | 1,893,267 | – | – | 1,893,717 | – | **1,893,717** | 2,039,591 |
| Other | 1,645,011 | 670,438 | – | – | 2,315,449 | – | **2,315,449** | 2,293,559 |
| Investment income for operations | 6,251,253 | 2,582 | (401) | – | 6,253,434 | – | **6,253,434** | 7,383,611 |
| Designated reserve for operations | 5,468,400 | – | – | – | 5,468,400 | – | **5,468,400** | 3,298,382 |
| Net assets released from restrictions | (387,157) | 6,932,714 | – | – | 6,545,557 | – | **6,545,557** | 2,707,400 |
| Total operating income | 145,786,338 | 57,060,103 | 5,819,592 | – | 208,666,033 | (2,879,987) | **205,786,046** | 206,003,930 |
| Expenses: | | | | | | | | |
| Salaries, wages, and benefits | 61,066,133 | 27,195,852 | – | – | 88,261,985 | – | **88,261,985** | 87,922,150 |
| Professional fees and services | 12,869,195 | 13,221,799 | 129,932 | – | 26,220,926 | – | **26,220,926** | 24,691,607 |
| Meetings and travel | 26,068,129 | 11,568,172 | – | 133 | 37,636,434 | – | **37,636,434** | 37,252,573 |
| Advertising and marketing | 1,003,060 | 56,542 | – | – | 1,059,602 | – | **1,059,602** | 1,666,335 |
| Printing and publications | 16,922,402 | 1,461,943 | – | 336 | 18,384,681 | – | **18,384,681** | 20,732,306 |
| Facilities | 16,333,634 | 2,983,525 | 4,034,578 | – | 23,351,737 | (2,879,987) | **20,471,750** | 21,351,994 |
| General operations | 2,193,100 | 5,302,765 | 895 | 186 | 7,496,946 | – | **7,496,946** | 7,282,365 |
| Total expenses | 136,455,653 | 61,790,598 | 4,165,405 | 655 | 202,412,311 | (2,879,987) | **199,532,324** | 200,899,330 |
| Interfund transfers | 671,712 | (691,222) | – | – | (19,510) | – | **(19,510)** | – |
| Total expenses and transfers | 137,127,365 | 61,099,376 | 4,165,405 | 655 | 202,392,801 | (2,879,987) | **199,512,814** | 200,899,330 |
| Excess revenues over (under) expenses after transfers | 8,658,973 | (4,039,273) | 1,654,187 | (655) | 6,273,232 | – | **6,273,232** | 5,104,600 |
| Nonoperating: | | | | | | | | |
| Investment income, realized and unrealized (losses) gains, net | 4,976,814 | 305,604 | – | – | 5,282,418 | – | **5,282,418** | (19,686,570) |
| Net change in pension liability other than periodic cost | (4,709,429) | – | – | – | (4,709,429) | – | **(4,709,429)** | (31,437,906) |
| Designated reserve for operations | (5,468,400) | – | – | – | (5,468,400) | – | **(5,468,400)** | (3,298,382) |
| Other nonoperating | 813,136 | 238,687 | – | – | 1,051,823 | – | **1,051,823** | 1,579,530 |
| Net change in unrestricted net assets | 4,271,094 | (3,494,982) | 1,654,187 | (655) | 2,429,644 | – | **2,429,644** | (47,738,728) |
| **Temporarily restricted** | | | | | | | | |
| Gifts and pledges | – | 4,842,843 | – | – | 4,842,843 | – | **4,842,843** | 4,176,572 |
| Investment loss | – | 267,913 | – | – | 267,913 | – | **267,913** | (237,941) |
| Net assets released from restrictions | – | (6,545,557) | – | – | (6,545,557) | – | **(6,545,557)** | – |
| Transfer of World Justice Project | – | (2,445,446) | – | – | (2,445,446) | – | **(2,445,446)** | (2,707,400) |
| Net change in temporarily restricted net assets | – | (3,880,247) | – | – | (3,880,247) | – | **(3,880,247)** | 1,231,231 |
| **Permanently restricted** | | | | | | | | |
| Gifts and pledges | – | 650 | – | – | 650 | – | **650** | 700 |
| Net change in permanently restricted net assets | – | 650 | – | – | 650 | – | **650** | 700 |
| Net change in total net assets | 4,271,094 | (7,374,579) | 1,654,187 | (655) | (1,449,953) | – | **(1,449,953)** | (46,506,797) |
| Total net assets at beginning of year | 88,190,809 | 13,045,692 | 6,569,692 | 27,502 | 107,833,695 | – | **107,833,695** | 154,340,492 |
| Total net assets at end of year | $ 92,461,903 | $ 5,671,113 | $ 8,223,879 | $ 26,847 | $ 106,383,742 | $ – | **$ 106,383,742** | $ 107,833,695 |



1012-1213549

# American Bar Association

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

### Years Ended August 31, 2010 and 2009

| | American Bar Association | | | | The James O. Broadhead Corporation Operations | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General Operations | Other Funds | Sections | Grants/ Gifts | | Total Prior to Eliminations | Eliminations | 2010 Consolidated | 2009 Consolidated |
| **Unrestricted** | | | | | | | | | |
| Operating: | | | | | | | | | |
| Revenues: | | | | | | | | | |
| Membership dues | $ 64,513,404 | $ – | $ 14,462,294 | $ – | $ – | $ 78,975,698 | $ – | **78,975,698** | $ 83,996,482 |
| Meeting fees | 6,019,459 | – | 19,253,279 | 1,254,875 | – | 26,527,613 | – | **26,527,613** | 25,113,287 |
| Advertising | 3,170,427 | 701,938 | 64,800 | – | – | 3,937,165 | – | **3,937,165** | 4,013,751 |
| Gifts and grants | 11,343,119 | – | 5,702,165 | 34,135,969 | – | 51,181,253 | – | **51,181,253** | 50,897,554 |
| Publications | 3,068,324 | 197,899 | 8,392,234 | 212,267 | – | 11,870,724 | – | **11,870,724** | 12,777,437 |
| Royalties | 6,686,214 | – | 1,127,938 | 9 | – | 7,814,161 | – | **7,814,161** | 8,657,865 |
| Rental income | 62,869 | – | – | – | 5,819,993 | 5,882,862 | (2,879,987) | **3,002,875** | 2,825,012 |
| Accreditation fees | 1,556,059 | – | 450 | 337,208 | – | 1,893,717 | – | **1,893,717** | 2,039,591 |
| Other | 1,978,212 | – | 44,039 | 293,198 | – | 2,315,449 | – | **2,315,449** | 2,293,559 |
| Investment income for operations | 4,944,039 | – | 1,307,214 | 2,582 | (401) | 6,253,434 | – | **6,253,434** | 7,383,611 |
| Designated reserve for operations | 5,468,400 | – | – | – | – | 5,468,400 | – | **5,468,400** | 3,298,382 |
| Net assets released from restrictions | (387,157) | – | – | 6,932,714 | – | 6,545,557 | – | **6,545,557** | 2,707,400 |
| Section service fees | 329,184 | – | (329,184) | – | – | – | – | **–** | – |
| Total operating income | 108,752,553 | 899,837 | 50,025,229 | 43,168,822 | 5,819,592 | 208,666,033 | (2,879,987) | **205,786,046** | 206,003,931 |
| Expenses: | | | | | | | | | |
| Salaries, wages, and benefits | 65,294,480 | – | 8,904,003 | 14,063,502 | – | 88,261,985 | – | **88,261,985** | 87,922,150 |
| Professional fees and services | 11,676,333 | – | 1,841,598 | 12,573,063 | 129,932 | 26,220,926 | – | **26,220,926** | 24,691,607 |
| Meetings and travel | 8,968,848 | – | 19,815,579 | 8,852,007 | – | 37,636,434 | – | **37,636,434** | 37,252,573 |
| Advertising and marketing | 582,451 | – | 460,154 | 16,997 | – | 1,059,602 | – | **1,059,602** | 1,666,335 |
| Printing and publications | 8,545,586 | 621 | 9,185,058 | 653,416 | – | 18,384,681 | – | **18,384,681** | 20,732,306 |
| Facilities | 14,847,073 | 309 | 2,772,559 | 1,697,218 | 4,034,578 | 23,351,737 | (2,879,987) | **20,471,750** | 21,351,994 |
| General operations | (3,462,630) | 474,456 | 6,131,314 | 4,352,911 | 895 | 7,496,946 | – | **7,496,946** | 7,282,365 |
| Total expenses | 106,452,141 | 475,386 | 49,110,265 | 42,209,114 | 4,165,405 | 202,412,311 | (2,879,987) | **199,532,324** | 200,899,330 |
| Intrafund transfers | 933,833 | 423,760 | (1,215,666) | (180,877) | – | (38,950) | – | **(38,950)** | – |
| Interfund transfers | (217,786) | – | 552,900 | (315,674) | – | 19,440 | – | **19,440** | – |
| Total expenses and transfers | 107,168,188 | 899,146 | 48,447,499 | 41,712,563 | 4,165,405 | 202,392,801 | (2,879,987) | **199,512,814** | 200,899,330 |
| Excess revenues over (under) expenses after transfers | 1,584,365 | 691 | 1,577,730 | 1,456,259 | 1,654,187 | 6,273,232 | – | **6,273,232** | 5,104,601 |
| Nonoperating: | | | | | | | | | |
| Investment income, realized, and unrealized gains (losses) | 1,835,367 | – | 3,141,447 | 305,604 | – | 5,282,418 | – | **5,282,418** | (19,686,570) |
| Net change in pension liability other than periodic cost | (4,709,429) | – | – | – | – | (4,709,429) | – | **(4,709,429)** | (31,437,906) |
| Change in minimum pension liability | – | – | – | – | – | – | – | **–** | – |
| Designated reserve for operations | (5,468,400) | – | – | – | – | (5,468,400) | – | **(5,468,400)** | (3,298,382) |
| Effect of adoption of SFAS No. 158 | – | – | – | – | – | – | – | **–** | – |
| Other nonoperating | 1,067,994 | (250,756) | (4,103) | 238,688 | – | 1,051,823 | – | **1,051,823** | 1,579,530 |
| Net change in unrestricted net assets | (5,690,103) | (250,065) | 4,715,074 | 2,000,551 | 1,654,187 | 2,429,644 | – | **2,429,644** | (47,738,727) |
| **Temporarily restricted** | | | | | | | | | |
| Gifts and pledges | 1,750 | – | – | 4,841,093 | – | 4,842,843 | – | **4,842,843** | 4,176,572 |
| Investment income | (913) | – | – | 268,826 | – | 267,913 | – | **267,913** | (237,941) |
| Net assets released from restrictions | – | – | – | (6,545,557) | – | (6,545,557) | – | **(6,545,557)** | |
| Transfer of World Justice Project | – | – | – | (2,445,446) | – | (2,445,446) | – | **(2,445,446)** | (2,707,400) |
| Net change in temporarily restricted net assets | 837 | – | – | (3,881,084) | – | (3,880,247) | – | **(3,880,247)** | 1,231,231 |
| **Permanently restricted** | | | | | | | | | |
| Gifts and pledges | – | – | – | 650 | – | 650 | – | **650** | 700 |
| Net change in permanently restricted net assets | – | – | – | 650 | – | 650 | – | **650** | 700 |
| Net change in total net assets | (5,689,266) | (250,065) | 4,715,074 | (1,879,883) | 1,654,187 | (1,449,953) | – | **(1,449,953)** | (46,506,796) |
| Total net assets at beginning of year | 14,806,687 | 250,756 | 66,177,550 | 20,029,010 | 6,569,692 | 107,833,695 | – | **107,833,695** | 154,340,492 |
| Total net assets at end of year | $ 9,117,421 | $ 691 | $ 70,892,624 | $ 18,149,127 | $ 8,223,879 | $ 106,383,742 | $ – | **106,383,742** | $ 107,833,696 |

# Other Information

# American Bar Association

## Organizational Data

August 31, 2010

| | |
|---|---|
| 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, 2010

| | |
|---|---|
| **Officers during 2009 – 2010** | |
| President | Carolyn B. Lamm |
| President – Elect | Stephan N. Zacks |
| Immediate Past President | H. Thomas Wells, Jr. |
| Chair, House of Delegates | William C. Hubbard |
| Secretary | Bernice B. Donald |
| Treasurer | Alice E. Richmond |
| Executive Director | Jack L. Rives |
| **Board of Governors during 2009 – 2010** | |
| Ex-Officio members | The Officers |
| First District | Stephen L. Tober |
| Second District | Harold D. Pope, III |
| Third District | Amelia H. Boss |
| Fourth District | Robert N. Weiner |
| Fifth District | Charles E. English, Sr. |
| Sixth District | Howard H. Vogel |
| Seventh District | H. Ritchey Hollenbaugh |
| Eighth District | Richard Pena |
| Ninth District | Frederick E. Finch |
| Tenth District | David Ray Gienapp |
| Eleventh District | Don Bivens |
| Twelfth District | Craig Allen Orraj |
| Thirteenth District | Katherine H. O’Neil |
| Fourteenth District | Mark I. Schickman |
| Fifteenth District | Vacant |
| Sixteenth District | G. Nicholas Casey, Jr. |
| Seventeenth District | C. Timothy Hopkins |
| Eighteenth District | Kathleen Joan Hopkins |

| | |
|---|---|
| Judicial: | |
| Member-at-Large | Hon. Leslie Miller |
| Section: | |
| Members-at-Large | Neal R. Sonnett<br>R. Kinnan Golemon<br>Scott Francis Partridge<br>John Hardin Young<br>Lee S. Kolczun<br>Mitchell A. Orpett |
| Minority: | |
| Members-at-Large | Mary L. Smith<br>Richard A. Soden |
| Women: | |
| Members-at-Large | Paulette Brown<br>Lauren Stiller Rikleen |
| Young Lawyers: | |
| Members-at-Large | Kendyl T. Hanks<br>Jonathan W. Wolfe |
| Law Student: | |
| Member-at Large | Brandon D. Sherr |
| Date and place of 2010 annual meeting of members: | July 30 – August 4, 2010, in San Francisco, California |

Ernst & Young LLP

Assurance | Tax | Transactions | Advisory