

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Two Years Ended September 30, 2017  
Performed as Special Assistant Auditors  
For the Auditor General, State of Illinois

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Two Years Ended September 30, 2017

**TABLE OF CONTENTS**

	<u>Page</u>
Board Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	3
Accountant's Report	
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	4
Financial Statement Report	
Summary	6
Independent Auditor's Report	7
Financial Statements	
Statements of Financial Position	9
Statements of Activities	10
Statements of Cash Flows	11
Notes to the Financial Statements	12
Supplementary Information	
Statement of Functional Expenses for the Year Ended September 30, 2017	18
Statement of Functional Expenses for the Year Ended September 30, 2016	19
Supplementary Information for Compliance Purposes	<u>Schedule</u>
Summary	20
Fiscal Schedules and Analysis	
Schedule of Changes in Property	1      21
Comparative Schedule of Cash Receipts	2      22
Comparative Schedule of Expenses	2      22
Expenses on a Functional Basis	2      22

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Two Years Ended September 30, 2017

**TABLE OF CONTENTS (CONTINUED)**

	<u>Page</u>
Supplementary Information for Compliance Purposes (Continued)	
Analysis of Operations (Unaudited)	
Board Functions and Planning Program (Unaudited)	23
Analysis of Significant Balance Sheet Accounts (Unaudited)	24
Analysis of Significant Variations in Cash Receipts (Unaudited)	26
Analysis of Significant Variations in Expenses (Unaudited)	27
Average Number of Employees (Unaudited)	28
Service Efforts and Accomplishments (Unaudited)	28

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Two Years Ended September 30, 2017

**BOARD OFFICIALS**

Director of Administration (Beginning February 6, 2017)	Ms. Nancy R. Vincent
Director of Administration (Through January 31, 2017)	Ms. Regina Kwan Peterson
Deputy Director of Administration	Ms. Lillian M. Leskera
Members of the Board	
President (Beginning January 1, 2016)	Mr. Brian J. Towne
President (Through December 31, 2015)	Mr. Lawrence N. Hill
Vice-President and Treasurer (Beginning January 1, 2016)	Mr. Randy K. Johnson
Vice President (Through December 31, 2015)	Mr. Brian J. Towne
Secretary	Mr. Thomas A. Clancy
Treasurer (Through December 31, 2015)	Mr. Randy K. Johnson
Member of the Board	Ms. Margaret J. Ryan
Member of the Board	Mr. Andrew M. Raucci
Member of the Board (Beginning January 1, 2016)	Ms. Arlene Y. Coleman-Romeo
Member of the Board (Beginning January 1, 2017)	Ms. Suzanne J. Schmitz
Member of the Board (Through December 31, 2016)	Mr. John P. Long
Ex-Officio	Mr. Harold J. Krent

Board offices are located at:

625 South College Street  
Springfield, Illinois 62704-2521



**MEMBERS OF THE BOARD**

**BRIAN J. TOWNE, PRESIDENT, OTTAWA**  
**RANDY K. JOHNSON, VICE-PRESIDENT &  
TREASURER, WEST DUNDEE**  
**THOMAS A. CLANCY, SECRETARY, EVANSTON**  
**MARGARET J. RYAN, SPRINGFIELD**  
**ANDREW M. RAUCCI, CHICAGO**  
**ARLENE Y. COLEMAN, CHICAGO**  
**SUZANNE J. SCHMITZ, CARBONDALE**  
**MEMBER EX-OFFICIO**  
**HAROLD J. KRENT, CHICAGO**

**ILLINOIS BOARD OF ADMISSIONS  
TO THE BAR**

**NANCY L. VINCENT**  
**DIRECTOR OF ADMINISTRATION**  
**625 SOUTH COLLEGE STREET**  
**SPRINGFIELD, ILLINOIS 62704-2521**  
**TELEPHONE (217) 522-6445**  
**FACSIMILE (217) 522-9327**  
***NVincent@ILBarAdmissions.org***

April 11, 2018

Doehring, Winders & Co, LLP  
1601 Lafayette Avenue  
Mattoon, Illinois 61938

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, and contracts that could have a material effect on the operations of the Illinois Board of Admissions to the Bar. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of Illinois Board of Admissions to the Bar's compliance with the following assertions during the two-year period ended September 30, 2017. Based on this evaluation, we assert that during the years ended September 30, 2017 and September 30, 2016, the Illinois Board of Admissions to the Bar has materially complied with the assertions below.

- A. The Illinois Board of Admissions to the Bar has obligated, expended, received and used funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Illinois Board of Admissions to the Bar has obligated, expended, received and used funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Illinois Board of Admissions to the Bar has complied in all material respects with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected by the Illinois Board of Admissions to the Bar are in accordance with applicable laws and regulations, and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Illinois Board of Admissions to the Bar or held in trust by the Illinois Board of Admissions to the Bar have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Illinois Board of Admissions to the Bar

---

Nancy Vincent, Director of Administration

---

Nancy Leesman, Accountant

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Two Years Ended September 30, 2017

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with the Illinois State Auditing Act.

**ACCOUNTANT'S REPORT**

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Findings	0	0
Repeated Findings	0	0
Prior recommendations implemented or not repeated	0	1

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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The Board did not have any current year findings.

**EXIT CONFERENCE**

The Board waived a formal exit conference in correspondence from Nancy Vincent, Director of Administration on April 5, 2018.

DOEHRING, WINDERS & CO. LLP  
*Certified Public Accountants*  
1601 LAFAYETTE AVENUE  
MATTOON, ILLINOIS 61938

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

Board of Directors  
Illinois Board of Admissions to the Bar  
Springfield, Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the Illinois Board of Admissions to the Bar's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended September 30, 2017. The management of the Illinois Board of Admissions to the Bar is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois Board of Admissions to the Bar's compliance based on our examination.

- A. The Illinois Board of Admissions to the Bar has obligated, expended, received and used funds in accordance with the purpose for which such funds have been collected or otherwise authorized by law.
- B. The Illinois Board of Admissions to the Bar has obligated, expended, received and used funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Illinois Board of Admissions to the Bar has complied, in all material respects, with all applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected by the Illinois Board of Admissions to the Bar are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Illinois Board of Admissions to the Bar or held in trust by the Illinois Board of Admissions to the Bar have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act (Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the Illinois Board of Admissions to the Bar complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the Illinois Board of Admissions to the Bar complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER COMPLIANCE (Continued)

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Illinois Board of Admissions to the Bar's compliance with specified requirements.

In our opinion, the Illinois Board of Admissions to the Bar complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended September 30, 2017.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

**Internal Control**

Management of the Illinois Board of Admissions to the Bar is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Illinois Board of Admissions to the Bar's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Illinois Board of Admissions to the Bar's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Illinois Board of Admissions to the Bar's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

There were no immaterial findings that have been excluded from this report.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Mattoon, Illinois  
April 11, 2018



ILLINOIS BOARD OF ADMISSIONS TO THE BAR

For the Two Years Ended September 30, 2017

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying financial statements of the Illinois Board of Admissions to the Bar was performed by Doehring, Winders & Co. LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Board's financial statements.

DOEHRING, WINDERS & CO. LLP  
*Certified Public Accountants*  
1601 LAFAYETTE AVENUE  
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

Board of Directors  
Illinois Board of Admissions to the Bar  
Springfield, Illinois

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the Illinois Board of Admissions to the Bar which include the Statements of Financial Position as of September 30, 2017 and 2016, and the related Statements of Activities and Statements of Cash Flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Illinois Board of Admissions to the Bar as of September 30, 2017 and 2016, and the respective changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Other Information**

Our audits for the years ended September 30, 2017 and 2016 were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Illinois Board of Admissions to the Bar's financial statements. The accompanying supplementary information in the Statements of Functional Expenses for the years ended September 30, 2017 and 2016, the Compliance Schedules 1 and 2, and the Analysis of Operations Section are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying supplementary information for the years ended September 30, 2017 and 2016, in the Statements of Functional Expenses and the Compliance Schedules 1 and 2 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The accompanying supplementary information for the years ended September 30, 2017 and 2016, in the Statements of Functional Expenses and the Compliance Schedules 1 and 2 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the years ended September 30, 2017 and 2016, in the Statements of Functional Expenses and the Compliance Schedules 1 and 2 is fairly stated, in all material respects, in relation to the financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Illinois Board of Admissions to the Bar's financial statements as of and for the year ended September 30, 2015, and have issued our report thereon dated March 11, 2016, which contained an unmodified opinion on the respective Statement of Financial Position, and the related Statement of Activities and Statement of Cash Flows. The accompanying supplementary information for the year ended September 30, 2015, in Schedule 2 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the September 30, 2015 financial statements. The accompanying supplementary information for the year ended September 30, 2015 in Schedule 2 has been subjected to the auditing procedures applied in the audit of the September 30, 2015 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended September 30, 2015 in Schedule 2 is fairly stated in all material respects in relation to the financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mattoon, Illinois  
April 11, 2018

## ILLINOIS BOARD OF ADMISSIONS TO THE BAR

## STATEMENTS OF FINANCIAL POSITION

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 45,849	\$ 245,654
Investments	2,229,032	499,501
Interest receivable	26,186	26,064
Prepaid expenses	<u>62,893</u>	<u>71,639</u>
Total current assets	<u>2,363,960</u>	<u>842,858</u>
Building and improvements	1,300,524	1,294,656
Office equipment and furniture	517,511	536,717
Less accumulated depreciation	<u>(1,023,339)</u>	<u>(984,888)</u>
Building and equipment, net	<u>794,696</u>	<u>846,485</u>
Land	<u>189,729</u>	<u>189,729</u>
Investments, long-term	<u>4,785,109</u>	<u>6,014,166</u>
Total assets	<u>\$ 8,133,494</u>	<u>\$ 7,893,238</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 81,689	\$ 64,651
Accrued expenses	15,967	15,813
Deferred fees	<u>115,300</u>	<u>119,300</u>
Total current liabilities	<u>212,956</u>	<u>199,764</u>
Net assets:		
Unrestricted	<u>7,920,538</u>	<u>7,693,474</u>
Total liabilities and net assets	<u>\$ 8,133,494</u>	<u>\$ 7,893,238</u>

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

ILLINOIS BOARD OF ADMISSIONS TO THE BAR

STATEMENTS OF ACTIVITIES

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues:		
Examination fees	\$ 1,894,000	\$ 2,031,250
Character and fitness fees	914,850	920,250
Admission on motion fees	385,650	328,000
House counsel fees and legal service fees	97,700	91,650
Multistate Bar Exam transfer fees	9,700	11,600
Credit card fees	48,570	49,575
Other fees	9,525	3,775
Investment income	99,222	80,716
Realized (loss) on investments sold	(345)	(457)
Unrealized gain (loss) on investments	<u>(53,395)</u>	<u>34,037</u>
Total revenues	<u>3,405,477</u>	<u>3,550,396</u>
Expenses:		
Program services:		
Committee on character and fitness	901,366	900,108
Bar exam administration	<u>1,583,554</u>	<u>1,501,632</u>
Total program services	<u>2,484,920</u>	<u>2,401,740</u>
Support services:		
General and administrative expenses	<u>693,493</u>	<u>704,953</u>
Total expenses	<u>3,178,413</u>	<u>3,106,693</u>
Change in net assets	227,064	443,703
Net assets, beginning of year	<u>7,693,474</u>	<u>7,249,771</u>
Net assets, end of year	<u>\$ 7,920,538</u>	<u>\$ 7,693,474</u>

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

ILLINOIS BOARD OF ADMISSIONS TO THE BAR

STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 227,064	\$ 443,703
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	57,657	61,011
Unrealized (gain) loss on investments	53,395	(34,037)
(Gain) loss on disposition of equipment	(10)	(100)
Accretion of investments	-	(270)
Premium amortization	14,790	16,275
Loss on the sale of investments	345	457
Changes in operating assets and liabilities		
(Increase) in interest receivable	(122)	(14,358)
(Increase) decrease in prepaid expenses	8,746	(18,886)
Increase in accounts payable	17,038	20,515
Increase in accrued expenses	154	237
(Decrease) in deferred fees	(4,000)	(9,900)
	<u>375,057</u>	<u>464,647</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Proceeds from equipment sales	10	100
Purchase of improvements to real estate	(5,868)	(5,186)
Purchase of investments	(3,882,879)	(5,069,282)
Maturities and sales of investments	<u>3,313,875</u>	<u>3,400,100</u>
	<u>(574,862)</u>	<u>(1,674,268)</u>
Net cash (used) by investing activities		
Net (decrease) in cash and cash equivalents	(199,805)	(1,209,621)
Cash and cash equivalents at beginning of year	<u>245,654</u>	<u>1,455,275</u>
Cash and cash equivalents at end of year	<u>\$ 45,849</u>	<u>\$ 245,654</u>

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

ILLINOIS BOARD OF ADMISSIONS TO THE BAR

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended September 30, 2017 and 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

NATURE OF ACTIVITIES -- The Illinois Board of Admissions to the Bar (the Board) was established by the Illinois Supreme Court (Supreme Court) and authorized to operate under Illinois Supreme Court rules 701 through 713, 715 through 717, and 719. The Board's primary function is to conduct the Illinois bar examination. This includes the processing of examination applications; the collection of examination fees; and the administration and grading of the exams. Additionally the Board has responsibility for approval of applications on motion; foreign legal consultant, house counsel and legal service program licenses; and the collection of related fees.

The Illinois Supreme Court also established the Committee on Character and Fitness (Committee). The Committee has the responsibility of determining whether applicants to the Illinois Bar (Bar) are of good moral character and general fitness to practice law in the State of Illinois. The operations and related expenses of the Committee are administered and paid for by the Board.

ORGANIZATIONAL STRUCTURE -- The Board consists of eight members of the Bar, including one non-voting ex-officio member, who are appointed by the Supreme Court for staggered three-year terms.

The Committee currently consists of one hundred members of the Bar who are appointed by the Supreme Court for staggered three-year terms. The Committee of the 1st judicial district (Cook County) must not have less than thirty members and the remaining four judicial districts must not have less than fifteen members each.

BASIS OF ACCOUNTING -- The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

CASH EQUIVALENTS -- The Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

INVESTMENTS -- Investments with maturity dates of one year or less as of the date of the statement of financial position are classified as short-term. All unrestricted investments with maturity dates beyond one year from the date of the statement of financial position are classified as long-term. All investments are considered available-for-sale.

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost. The cost of property and equipment are charged against income over their estimated useful lives, using the straight-line method of depreciation. Repairs and maintenance, which are not considered betterments and do not extend the useful life of property and equipment, are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the assets and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in income. Assets recorded under capital leases are amortized over the shorter of their useful lives or the term of the related leases by use of the straight-line method.

The estimated useful lives of property and equipment are as follows:

Buildings and improvements	15 to 40 years
Office equipment and furniture	5 to 10 years

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the Years Ended September 30, 2017 and 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

REVENUE RECOGNITION -- Examination fees from applicants for the bar exam are recognized as revenue during the period in which the exam is taken. Exam fees received in advance of this period are reported as deferred fees on the statement of financial position.

Other fees, including character and fitness fees, admission on motion fees, and legal service fees, are recognized as revenue during the period in which they are received. These fees represent nonrefundable revenue to the Board.

USE OF ESTIMATES -- The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FAIR VALUE -- The Board follows the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) 820-10 "Fair Value Measurements," which provides a framework for measuring fair value under U.S. generally accepted accounting principles. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels as described below.

- Level 1      Inputs to the valuation methodology derived from unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2      Other observable inputs including quoted prices for similar assets or liabilities in active or inactive markets, and inputs that are principally derived from or corroborated by observable market data by correlation or other means.
- Level 3      Inputs to the valuation methodology which are unobservable and significant to the fair value measurements. These inputs are only used when Level 1 or Level 2 inputs are not available.

INCOME TAXES -- The Board is exempt from federal income taxes under Internal Revenue Code Section 501(c)(6) and therefore has made no provision for federal income taxes. The federal tax exemption also exempts the Board from income taxation in the State of Illinois.

FUNCTIONAL ALLOCATION OF EXPENSES -- The costs of providing the programs and general and administrative expenses have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support service benefited when reasonably determinable. Any cost for which the allocation is not reasonably determinable, has been reported as a general and administrative expense.

**2 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of checking accounts maintained at U.S. Bank and a money market mutual fund. The money market mutual fund is considered a level 1 investment. The cash and cash equivalents balance at September 30, 2017 consists of \$25,757 maintained in checking accounts and \$20,092 maintained in a money market mutual fund. At September 30, 2016, the cash and cash equivalents balance consisted of \$93,896 maintained in checking accounts and \$151,758 maintained in a money market mutual fund.



ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the Years Ended September 30, 2017 and 2016

**3 INVESTMENT SECURITIES**

Investments are stated at fair value and consisted primarily of U.S. Treasury Strips, U.S. Treasury Notes, and corporate bonds. Investments shown below were measured at fair value using level 2 inputs as described in Note 1.

September 30, 2017:	Amortized Cost	Market Value	Unrealized Appreciation (Depreciation)
U.S. Treasury Notes - short-term	\$ 1,199,727	\$ 1,197,933	\$ (1,794)
U.S. Gov. Bond Mutual Funds - short-term	1,031,581	1,031,099	(482)
U.S. Treasury Notes - long-term	1,647,145	1,644,191	(2,954)
Corporate Bonds - long-term	3,150,647	3,140,918	(9,729)
	<u>\$ 7,029,100</u>	<u>\$ 7,014,141</u>	<u>\$ (14,959)</u>

September 30, 2016:	Amortized Cost	Market Value	Unrealized Appreciation (Depreciation)
U.S. Gov. Bond Mutual Funds - short-term	\$ 199,106	\$ 197,921	\$ (1,185)
U.S. Treasury Notes - long-term	1,099,623	1,103,503	3,880
Corporate Bonds - short-term	301,384	301,580	196
Corporate Bonds - long-term	4,875,118	4,910,663	35,545
	<u>\$ 6,475,231</u>	<u>\$ 6,513,667</u>	<u>\$ 38,436</u>

Investment return is summarized as follows:

	2017	2016
Investment income	\$ 99,222	\$ 80,716
Realized (loss) on securities sold	(345)	(457)
Investment fees	(10,659)	(10,090)
Unrealized gains (losses) on securities held	(53,395)	34,037
Total investment return	<u>\$ 34,823</u>	<u>\$ 104,206</u>

**4 EMPLOYEE BENEFIT PLANS**

Effective October 1, 1995, the Board established a defined contribution retirement plan to benefit full time employees. Under the Plan, the Board contributed a minimum of 3% of each eligible employee's salary. For purposes of eligibility, all employees with over 1,000 hours of service during the fiscal year are considered full time employees.

On April 1, 2012, the Board initiated a new plan to replace the old plan described above. Under the new 457(b) plan eligible employees may make contributions to the extent allowed by regulations. The Board contributes a minimum of 3% plus any additional amounts they approve of each employee's salary. In addition, the Board matches the employee's personal contribution, up to an additional 3%. Board contributions to the new plan totaled \$96,382 for the 2017 fiscal year, and \$93,187 for the 2016 fiscal year.

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the Years Ended September 30, 2017 and 2016

**5 DONATED SERVICES**

The Board receives a significant amount of donated services from Board members and other unpaid volunteers who assist in the administration of certain Board or Committee functions. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

**6 CONCENTRATION OF CREDIT RISK**

Illinois Board of Admissions to the Bar maintains several bank accounts at U.S. Bank which were covered by FDIC insurance. No collateral pledge agreement has been reached or deemed necessary with U.S. Bank.

**7 OPERATING LEASES**

The Board leases mailing equipment under operating leases that are non-cancelable. The terms require the Board to provide for insurance and maintenance on the equipment.

Minimum future lease commitments under non-cancelable lease agreements are:

Year Ended September 30:

2018	\$	17,225
2019		8,613
		<u>25,838</u>

The total rental charges under these agreements during the years ended September 30, 2017 and 2016 were \$17,225 and \$16,685, respectively.

The Board has also executed three space reservation agreements with the Board of Trustees of the University of Illinois in order to secure space for both the February and July Bar Exam sessions. The agreements run from July of 2013 through July of 2017. Total rental charges under these agreements during the years ended September 30, 2017 and 2016 were \$132,434 for each year. The Board has the right to cancel the agreement for the UIC Pavilion with 90 days notice and the agreements that reserve the UIC Forum with 60 days notice. On August 25, 2017, the Board signed a new lease agreement for February of 2018 through July of 2022. Similar to the previous agreement, the new lease agreement allows the Board to cancel the agreement with 120 days notice, and no minimum lease payments are required to be disclosed.

**8 UNCERTAIN TAX POSITIONS**

The Board follows the accounting standard on accounting for uncertainty in income taxes which addresses the determination of whether the benefits or expenses claimed should be recorded in the financial statements, as well as derecognition, classification, interest and penalties on income taxes.

Management has evaluated the Board's tax positions and concluded that no uncertain tax positions that require adjustment to the financial statements exist. In general, the Board is no longer subject to income tax examinations for the years before the September 30, 2014 year end and is not currently under examination by any taxing authority.

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the Years Ended September 30, 2017 and 2016

**9 SUBSEQUENT EVENTS**

On November 21, 2017, the Board purchased real estate adjacent to the Board's offices at 625 South College Street, Springfield, Illinois. The purchase amount was \$68,317 which the Board paid using cash reserves. Management believes no other events require disclosure and has considered subsequent events occurring through the date of the Independent Auditor's Report, which is when these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ILLINOIS BOARD OF ADMISSIONS TO THE BAR

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2017

	Program Services			Total
	Committee on Character and Fitness	Examination Administration	General and Administrative	
Salaries, wages and payroll taxes:				
Central office	\$ 541,594	\$ 313,994	\$ 310,130	\$ 1,165,718
Proctors and clerks	-	83,025	-	83,025
Total salaries, wages and payroll taxes	541,594	397,019	310,130	1,248,743
Examinations purchased	-	308,198	-	308,198
Rent - exam facilities	-	247,251	-	247,251
Exam grading assistants	-	324,587	-	324,587
Copying expense	2,030	5,730	451	8,211
Special projects	-	-	4,000	4,000
Data management expense	41,458	41,458	9,212	92,128
Postage and express delivery expense	13,924	15,773	3,095	32,792
Non-standard testing expense	-	20,925	-	20,925
Admissions ceremony	-	-	25,975	25,975
Occupancy costs	-	-	81,712	81,712
Insurance	134,683	71,080	78,506	284,269
Printing and supplies	7,558	26,947	6,478	40,983
Legal	60,827	1,680	160	62,667
Accounting	-	-	32,328	32,328
Telephone	2,414	2,414	537	5,365
Retirement plan expense	48,298	28,663	19,421	96,382
Retirement plan administrative fees	-	-	1,289	1,289
Meeting expense	14,251	4,313	36,630	55,194
Miscellaneous operating expense	-	62,653	19,651	82,304
Depreciation	-	-	57,657	57,657
Character and fitness review costs	21,457	-	-	21,457
Credit card processing fees	12,872	24,863	6,271	44,006
Gain on disposition of equipment	-	-	(10)	(10)
Total operating expenses	\$ 901,366	\$ 1,583,554	\$ 693,493	\$ 3,178,413

See the independent auditor's report

ILLINOIS BOARD OF ADMISSIONS TO THE BAR

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2016

	Program Services			Total
	Committee on Character and Fitness	Examination Administration	General and Administrative	
Salaries, wages and payroll taxes:				
Central office	\$ 526,845	\$ 304,640	\$ 293,046	\$ 1,124,531
Proctors and clerks	-	78,773	-	78,773
Total salaries, wages and payroll taxes	526,845	383,413	293,046	1,203,304
Examinations purchased	-	318,035	-	318,035
Rent - exam facilities	-	237,508	-	237,508
Exam grading assistants	-	305,516	-	305,516
Copying expense	3,681	3,681	817	8,179
Special projects	-	-	10,480	10,480
Data management expense	42,233	42,233	9,384	93,850
Postage and express delivery expense	16,025	16,025	3,560	35,610
Non-standard testing expense	-	17,250	-	17,250
Admissions ceremony	-	-	26,305	26,305
Occupancy costs	-	-	78,609	78,609
Insurance	110,838	59,980	79,075	249,893
Printing and supplies	12,361	12,361	10,595	35,317
Legal	94,038	-	1,792	95,830
Accounting	-	-	44,431	44,431
Telephone	2,561	2,561	569	5,691
Retirement plan expense	43,404	26,623	23,160	93,187
Retirement plan administrative fees	-	-	750	750
Meeting expense	14,722	718	30,292	45,732
Miscellaneous operating expense	-	49,150	25,974	75,124
Depreciation	-	-	61,011	61,011
Character and fitness review costs	20,407	-	-	20,407
Credit card processing fees	12,993	26,578	5,203	44,774
Gain on disposition of equipment	-	-	(100)	(100)
Total operating expenses	\$ 900,108	\$ 1,501,632	\$ 704,953	\$ 3,106,693

See the independent auditor's report

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Two Years Ended September 30, 2017

**SUPPLEMENTARY INFORMATION FOR COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
  - Schedule of Changes in Property
  - Comparative Schedule of Cash Receipts
  - Comparative Schedule of Expenses
  - Expenses on a Functional Basis
  
- Analysis of Operations (Unaudited)
  - Board Functions and Planning Program (Unaudited)
  - Analysis of Significant Balance Sheet Accounts (Unaudited)
  - Analysis of Significant Variations in Cash Receipts (Unaudited)
  - Analysis of Significant Variations in Expenses (Unaudited)
  - Average Number of Employees (Unaudited)
  - Service Efforts and Accomplishments (Unaudited)

The Independent Auditor's Report that covers the Supplementary Information for Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditor's opinion, it is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The Independent Auditor's Report also states the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
 FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

SCHEDULE 1

For the Years Ended September 30, 2017 and 2016

**SUPPLEMENTARY INFORMATION**

**Schedule of Changes in Property**

	<u>Building and Improvements</u>	<u>Equipment</u>	<u>Land</u>	<u>Total</u>
Balance at October 1, 2015	\$ 1,289,470	\$ 537,493	\$ 189,729	\$ 2,016,692
Additions	5,186	-	-	5,186
Retirements and disposals	-	(776)	-	(776)
Balance at September 30, 2016	1,294,656	536,717	189,729	2,021,102
Additions	5,868	-	-	5,868
Retirements and disposals	-	(19,206)	-	(19,206)
Balance at September 30, 2017	<u>\$ 1,300,524</u>	<u>\$ 517,511</u>	<u>\$ 189,729</u>	<u>\$ 2,007,764</u>



ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

SCHEDULE 2

For the Years Ended September 30,

**SUPPLEMENTARY INFORMATION**

**Comparative Schedule of Cash Receipts**

	2017	2016	2015
Cash Receipts			
Examination fees	\$ 1,890,000	\$ 2,021,350	\$ 2,197,665
Admission on motion	385,650	328,000	292,471
House counsel fees	97,700	91,650	168,300
Investment income	113,890	82,787	13,677
Character and fitness fees	914,850	920,250	991,350
Multistate Bar Examination transfer fees	9,700	11,600	13,075
Credit card fees	48,570	49,575	50,250
Other fees	9,525	3,775	-
Total Cash Receipts (Cash Basis)	<u>3,469,885</u>	<u>3,508,987</u>	<u>3,726,788</u>
Plus:			
Deferred exam fees - Beginning of year	119,300	129,200	127,300
Interest accruals and accretion - End of year	26,186	26,064	11,860
Less:			
Bond premiums amortized during the year	(14,790)	(16,275)	-
Deferred exam fees - End of year	(115,300)	(119,300)	(129,200)
Interest accruals and accretion - Beginning of year	(26,064)	(11,860)	(9,354)
Total Revenue (Accrual Basis)	<u>\$ 3,459,217</u>	<u>\$ 3,516,816</u>	<u>\$ 3,727,394</u>

**Comparative Schedule of Expenses**

Expenses on an Object Basis			
Salaries, wages and payroll taxes			
Central office	\$ 1,165,718	\$ 1,124,531	\$ 1,129,484
Proctors	83,025	78,773	82,541
Examinations purchased	308,198	318,035	335,342
Exam grading assistants	324,587	305,516	301,276
Examination administration	420,017	385,538	409,939
Admissions ceremony	25,975	26,305	24,234
Occupancy costs	81,712	78,609	90,890
Insurance	284,269	249,893	224,570
General operating	381,151	443,962	534,407
Miscellaneous	82,304	75,124	66,877
Character and fitness review costs	21,457	20,407	23,253
Total Expenses (Accrual Basis)	<u>\$ 3,178,413</u>	<u>\$ 3,106,693</u>	<u>\$ 3,222,813</u>
<b>Expenses on a Functional Basis</b>			
Committee on Character and Fitness	\$ 901,366	\$ 900,108	\$ 1,010,178
Examination Administration	1,583,554	1,501,632	1,533,688
General and Administrative	693,493	704,953	678,947
Total Expenses (Accrual Basis)	<u>\$ 3,178,413</u>	<u>\$ 3,106,693</u>	<u>\$ 3,222,813</u>

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Years Ended September 30, 2017 and 2016

**ANALYSIS OF OPERATIONS (UNAUDITED)**

**BOARD FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)**

The Illinois Board of Admissions to the Bar (the Board) was established pursuant to Illinois Supreme Court Rule 702 by the Illinois Supreme Court (Supreme Court) primarily to conduct the Illinois Bar Exam. This includes the processing of exam applications, the collection of exam fees, the administration of the examination and the supervision of exam grading. Additionally, the Board has the responsibility for approval of applications on motion, the licensing of foreign legal consultants, house counsel and legal service program attorneys, and the collection of related fees.

The Supreme Court also established pursuant to Illinois Supreme Court Rule 708 the Committee on Character and Fitness (the Committee), the expenses of which are paid from the receipts of the Board. The Committee has the responsibility of determining whether applicants for admission to the bar are of good moral character and general fitness to practice law in the State of Illinois.

The Board consists of eight members of the Illinois bar, including one non-voting ex-officio member who is a dean of a law school located in Illinois, who are appointed by the Supreme Court for staggered terms of three years. No member may be appointed to more than three full consecutive terms. This governing board is responsible for the fiscal operations of the Board. The Board meets through the year to discuss operations, monitor its goals and objectives, make personnel decisions, review applications to write the bar exam and review applications for foreign licenses. Board members are not compensated for their service other than reimbursement of travel expenses. The appointed members at September 30, 2017 were:

Brian J. Towne, President  
Randy K. Johnson, Vice President & Treasurer  
Thomas A. Clancy, Secretary  
Suzanne J. Schmitz  
Margaret J. Ryan  
Andrew M. Raucci  
Arlene Y. Coleman-Romeo  
Harold J. Krent, Ex-Officio

The Board's administrative office is located at 625 South College Street, Springfield, Illinois.

The Committee currently consists of 100 members of the Illinois bar who are appointed by the Supreme Court for staggered terms of three years. No member may be appointed to more than three full consecutive terms. The Committee of the 1st judicial district (Cook County) must not have less than thirty members and the remaining four judicial districts must not have less than fifteen members each. The members of the Board are ex-officio members of the Committee.

The composition of the Board and the Committee as well as their overall policies and procedures, including fee schedules, are established by Supreme Court rules.

The Board adopted a cash basis budget for fiscal years 2016 and 2017 based on the Board's familiarity with the operations of the administrative office and the prior years' audited financial statements.

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Years Ended September 30, 2017 and 2016

**ANALYSIS OF OPERATIONS (UNAUDITED)**  
**(Continued)**

**ANALYSIS OF SIGNIFICANT BALANCE SHEET ACCOUNTS (UNAUDITED)**

	Amortized Cost	Fair Value
Investments		
September 30, 2016		
Short-Term Investments		
49,554 shares Ridgeworth Inst. Seix U.S. Gov't Securities Fund	\$ 150,634	\$ 197,921
150,000 JPMorgan Chase Co. Due 8/15/17	150,750	150,858
150,000 United Technologies Corp. Due 6/1/17	199,106	150,722
Total Short-Term Investments	500,490	499,501
Long-Term Investments		
150,000 Credit Suisse New York 1.75% Due 01/29/2018	150,037	150,024
150,000 American Honda Financial 2.125% Due 10/10/2018	151,241	152,685
150,000 Target Corp. 2.3% Due 06/26/2019	152,158	154,351
150,000 Morgan Stanley 2.125% Due 04/25/2018	150,376	151,261
150,000 Shell International Fin 2.125% Due 05/11/2020	150,102	152,263
150,000 Goldman Sachs Group Inc 2.625% Due 01/31/2019	151,454	153,064
150,000 Toyota Motor Credit Corp 2.0% Due 10/24/2018	150,812	152,195
150,000 Bank of New York Mellon 2.1% Due 01/15/2019	150,941	152,508
150,000 Intel Corp 2.45% Due 07/29/2020	151,603	155,210
200,000 Toronto Dominion Bank 1.75% Due 07/23/2018	200,258	201,228
150,000 State Street Corp. 2.55% Due 8/18/2020	152,682	155,567
150,000 Cisco Systems 2.125% Due 3/1/2019	151,729	152,934
150,000 Praxair 1.25% Due 11/7/2018	149,364	150,095
150,000 Wells Fargo Com Mtn 2.125% Due 4/22/2019	150,923	152,078
150,000 Caterpillar 1.8% Due 11/13/2018	150,261	151,314
150,000 Oracle Corp. 2.25% Due 10/8/2019	151,260	153,708
250,000 U.S. Treasury Note .75% Due 10/31/2017	249,680	250,175
250,000 U.S. Treasury Note 1.25% Due 11/15/2018	250,208	252,285
150,000 Sysco Corp. 2.6% Due 10/1/2020	150,740	154,422
150,000 U.S. Treasury Note .0875% Due 11/30/2017	149,856	150,293
150,000 U.S. Treasury Note 1.25% Due 12/15/2018	149,909	151,407
150,000 Bank of Montreal 2.375% Due 1/25/2019	151,721	152,898
150,000 Walt Disney 2.15% Due 9/17/2020	152,407	154,555
150,000 Mastercard Inc. 2% Due 4/1/2019	151,906	152,389
150,000 Visa Inc. 2.2% Due 12/14/2020	152,299	153,836
300,000 U.S. Treasury Note .625% Due 6/30/2018	299,970	299,343
200,000 Chevron Corp. 2.10% Due 5/16/2021	202,921	203,308
200,000 Apple Inc. 2.85% 2/23/2023	209,266	210,542
200,000 General Electric 2.7% Due 10/9/2022	208,332	208,404
200,000 John Deere 2.25% Due 4/17/2019	205,115	204,608
200,000 United Health Group 2.7% Due 7/15/2020	208,459	207,808
200,000 Bb T Corp. 2.05% Due 5/10/2021	201,738	202,088
200,000 BP Capital Markets 3.062% Due 3/17/2022	208,798	209,502
200,000 American Express 2.6% Due 9/14/2020	206,215	205,818

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Years Ended September 30, 2017 and 2016

**ANALYSIS OF OPERATIONS (UNAUDITED)**  
**(Continued)**

**ANALYSIS OF SIGNIFICANT BALANCE SHEET ACCOUNTS (UNAUDITED) (CONTINUED)**

Total Long-Term Investments	<u>5,974,741</u>	<u>6,014,166</u>
Total Investments - September 30, 2016	<u>\$ 6,475,231</u>	<u>\$ 6,513,667</u>
Investments		
September 30, 2017		
Short-Term Investments		
7,500 shares 1 to 3 yr Treasury ETF	\$ 633,074	\$ 633,375
39,693 shares Vitrus Seix U.S. Gov't Securities Fund	398,507	397,724
250,000 U.S. Treasury Note .75% Due 10/31/2017	249,975	249,943
150,000 U.S. Treasury Note .0875% Due 11/30/2017	149,980	149,944
300,000 U.S. Treasury Note .625% Due 6/30/2018	299,989	298,536
500,000 U.S. Treasury Note .75% Due 12/31/2017	<u>499,783</u>	<u>499,510</u>
Total Short-Term Investments	<u>2,231,308</u>	<u>2,229,032</u>
Long-Term Investments		
150,000 Cisco Systems 2.125% Due 3/1/2019	151,014	151,133
150,000 Wells Fargo Com Mtn 2.125% Due 4/22/2019	150,331	150,825
250,000 U.S. Treasury Note 1.25% Due 11/15/2018	250,110	249,580
150,000 U.S. Treasury Noted 1.25% Due 12/15/2018	149,951	149,736
150,000 Walt Disney 2.15% Due 9/17/2020	151,801	151,124
150,000 Mastercard Inc. 2% Due 4/1/2019	151,144	150,993
150,000 Visa Inc. 2.2% Due 12/14/2020	151,753	151,532
200,000 Chevron Corp. 2.10% Due 5/16/2021	202,279	200,098
200,000 Apple Inc. 2.85% 2/23/2023	207,819	204,794
200,000 General Electric 2.7% Due 10/9/2022	206,955	203,608
200,000 John Deere 2.25% Due 4/17/2019	203,105	201,844
200,000 United Health Group 2.7% Due 7/15/2020	206,228	203,978
200,000 Bb T Corp. 2.05% Due 5/10/2021	201,361	199,192
200,000 BP Capital Markets 3.062% Due 3/17/2022	207,187	205,308
200,000 American Express 2.6% Due 9/14/2020	204,645	203,044
500,000 U.S. Treasury Note 1% Due 11/30/2018	499,298	497,735
250,000 U.S. Treasury Note 1.75% Due 11/30/2021	249,106	249,150
150,000 Bank of Nova Scotia 2.8% Due 7/21/2021	150,913	152,793
150,000 Westpac Banking Corp. 2.1% Due 5/13/2021	147,351	148,737
150,000 Berkshire Hathaway 3% 5/15/2022	153,089	155,036
500,000 U.S. Treasury Note 1.125% Due 2/28/2019	498,680	497,990
200,000 Burlington Northern 3.05% Due 3/15/2022	203,880	206,712
100,000 National Rural Utility 2% Due 1/27/2020	<u>99,792</u>	<u>100,167</u>
Total Long-Term Investments	<u>4,797,792</u>	<u>4,785,109</u>
Total Investments - September 30, 2017	<u>\$ 7,029,100</u>	<u>\$ 7,014,141</u>

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Years Ended September 30, 2017 and 2016

**ANALYSIS OF OPERATIONS (UNAUDITED)**  
**(Continued)**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS (UNAUDITED)**

The following are explanations for cash receipts which fluctuated by at least \$10,000 and by more than 20 percent from the previous fiscal year for fiscal years 2017 and 2016 as presented in the Comparative Schedule of Cash Receipts.

**Fiscal Year 2015 to 2016**

House counsel fees - House counsel fees decreased \$76,650, or 45.5%, in Fiscal Year 2016. Effective for the calendar year 2014, the Illinois Supreme Court allowed house counsel attorneys who were noncompliant with Supreme Court Rule 716 to register as house counsel under an amnesty program. This amnesty program allowed noncompliant house counsel to register upon payment of a late registration penalty of \$1,250 in addition to the normal fee of \$1,250. During Fiscal Year 2015, 32 house counsel registered under the amnesty program, resulting in commensurately higher house counsel fees in Fiscal Year 2015.

Investment Income - Investment income increased \$69,110, or 505.3%, in Fiscal Year 2016. During Fiscal Year 2016, the Illinois Board of Admissions to the Bar (Board) implemented a new investment policy which allowed the Board to invest in securities with a higher rate of return. Under the previous policy, the Board only invested in securities backed by the full faith and credit of the United States Government.

**Fiscal Year 2016 to 2017**

Investment Income - Investment income increased \$31,103, or 37.6%, in Fiscal Year 2017. During Fiscal Year 2017, the Board continued to implement a new investment policy as securities purchased under the old policy were replaced with securities with a higher rate of return.

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Years Ended September 30, 2017 and 2016

**ANALYSIS OF OPERATIONS (UNAUDITED)**  
**(Continued)**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES (UNAUDITED)**

The following are explanations for expenses which fluctuated by at least \$10,000 and by more than 20 percent from the previous fiscal year for fiscal years 2017 and 2016 as presented in the Comparative Schedule of Expenses.

**Fiscal Year 2015 to 2016**

There were no significant variations according to the criteria above in this fiscal year.

**Fiscal Year 2016 to 2017**

There were no significant variations according to the criteria above in this fiscal year.

ILLINOIS BOARD OF ADMISSIONS TO THE BAR  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Years Ended September 30, 2017 and 2016

**ANALYSIS OF OPERATIONS (UNAUDITED)**  
**(Continued)**

**AVERAGE NUMBER OF EMPLOYEES (UNAUDITED)**

	<u>2017</u>	<u>September 30, 2016</u>	<u>2015</u>
Officers	2	2	2
Staff Attorney	1	1	1
Accountant	1	1	1
Administrative Assistants	10	10	10
Receptionists	1	1	1
Building Maintenance	1	1	1
Total Employees	<u>16</u>	<u>16</u>	<u>16</u>

**SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)**

Various statistics related to the Board's operations include the following:

	<u>Examination Applications</u>	<u>Absentees</u>	<u>Number of Exams Written</u>
<b>Fiscal 2016</b>			
February	998	114	884
July	<u>2,135</u>	<u>128</u>	<u>2,007</u>
Total - 2016	<u>3,133</u>	<u>242</u>	<u>2,891</u>
<b>Fiscal 2017</b>			
February	990	127	863
July	<u>2,010</u>	<u>133</u>	<u>1,877</u>
Total - 2017	<u>3,000</u>	<u>260</u>	<u>2,740</u>