

**Illinois Board of Admissions to the Bar
Financial Audit and Compliance Examination
For the Two Years Ended September 30, 2009**

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BOARD OFFICIALS

ILLINOIS BOARD OF ADMISSIONS TO THE BAR

Director of Administration (06/01/10-Present)	Ms. Regina Kwan Peterson
Acting Director of Administration (09/24/09-5/31/10)	Ms. Lillian Leskera
Director of Administration (10/01/07-09/23/09)	Ms. Jane Hefti
Deputy Director of Administration	Ms. Lillian Leskera
Members of the Board	
President	Mr. Neil K. Quinn
Secretary/Treasurer	Mr. Donald H. Funk
Member of the Board	Mr. James R. Carroll
Member of the Board	Mr. Lawrence N. Hill
Member of the Board	Mr. Theodore L. Kuzniar
Member of the Board	Mr. David W. Andich
Member of the Board	Mr. John P. Long

Board offices are located at:

625 South College Street
Springfield, Illinois 62704-2521



ILLINOIS BOARD OF ADMISSIONS
TO THE BAR

MEMBERS OF THE BOARD

NEIL K. QUINN, CHICAGO, PRESIDENT
DONALD H. FUNK, SEC.-TREAS., SPRINGFIELD
DAVID W. ANDICH, ROCK ISLAND
THEODORE L. KUZNIAR, ST. CHARLES
LAWRENCE N. HILL, CHICAGO
JAMES R. CARROLL, CHICAGO
JOHN P. LONG, O'FALLON

DONALD H. FUNK, SEC.-TREAS.
625 SOUTH COLLEGE STREET
SPRINGFIELD, ILLINOIS 62704-2521
TELEPHONE (217) 522-5917
FACSIMILE (217) 522-3728

Kyle E. McGinnis, CPA
200 East Pine
Springfield, Illinois 62704

June 28, 2010

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Board. 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 the Board's compliance with the following assertions during the two-year period ended September 30, 2009. Based on this evaluation, we assert that during the years ended September 30, 2008 and September 30, 2009, the Board 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 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 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 Admission 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 very truly,

Illinois Board of Admissions to the Bar

Regina Kwan Peterson,
Director of Administration

Robin Read, Bookkeeper

ILLINOIS BOARD OF ADMISSIONS TO THE BAR

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT'S REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

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

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
09-1	7	Financial budget not prepared on a timely basis	Noncompliance

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

None

EXIT CONFERENCE

In a correspondence dated June 22, 2010 the officials of the Illinois Board of Admissions to the Bar determined that a formal exit conference would not be necessary. Responses to the recommendations were provided by Robin Read, Bookkeeper.

KYLE E. McGINNIS

Certified Public Accountant

MEMBER OF:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

200 EAST PINE * SPRINGFIELD, ILLINOIS 62704

TELEPHONE: (217) 753-3377 FAX: (217) 753-8922

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE, ON INTERNAL
CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY INFORMATION FOR
STATE COMPLIANCE PURPOSES

Honorable William G. Holland
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 years ended September 30, 2009 and 2008. 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 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.

We conducted our examination 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; and, accordingly, included examining, on a test basis, evidence about the Illinois Board of Admissions to the Bar's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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 requirements listed in the first paragraph of this report during the year ended September 30, 2009 and 2008. However, the results of our procedures disclosed instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the Schedule of Findings as finding 09-1.

Internal Control

The 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 as a basis for designing our examination procedures 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 an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A material weakness 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.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The Illinois Board of Admissions to the Bar's responses to the finding identified in our examination is described in the accompanying schedule of findings. We did not examine the Illinois Board of Admissions to the Bar's responses and, accordingly, we express no opinion on them.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the Illinois Board of Admissions to the Bar as of and for the years ended September 30, 2009 and 2008, which collectively comprise the Illinois Board of Admissions to the Bar's basic financial statements, and have issued our report thereon dated June 28, 2010. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Illinois Board of Admissions to the Bar. The 2009 and 2008 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the years ended September 30, 2009 and 2008, taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the Illinois Board of Admissions to the Bar's basic financial statements for the years ended September 30, 2007 and September 30, 2006. In our report dated March 20, 2008 on basic financial statements, we expressed unqualified opinions on the respective financial statements. In our opinion, the 2007 and 2006 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the years ended September 30, 2007 and September 30, 2006, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Illinois Supreme Court, Board management, and the agency's governing board, and is not intended to be and should not be used by anyone other than these specified parties.


Kyle E. McGinnis
Certified Public Accountant
Springfield, Illinois

June 28, 2010

ILLINOIS BOARD OF ADMISSIONS TO THE BAR
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended September 30, 2009

09-1. Finding Financial budget not prepared on a timely basis.

The Illinois Board of Admissions to the Bar (Board) presented their financial budget for their 2008 and 2009 projected revenues and expenses to the Board of Directors on February 27, 2008 and February 25, 2009, respectively. This is approximately 5 months after the fiscal year begins.

Failure to timely prepare an annual budget is non-compliance with the Board's Management Policies and Procedures.

The Board's Management Policies and Procedures dated November 1995, require the Director of Administration to prepare, or have prepared, an annual budget for submission to the Board no later than the third month of the fiscal year covered by the budget.

Board management indicated the situation arose due to a lack of information at the end of the year sufficient to prepare an accurate budget.

Budgeting is considered an essential element of an entity's financial planning, control and evaluation process. By not preparing and following a budget, the Board runs the risk of incurring unnecessary expenditures, and of not using their resources in the most efficient manner. (Finding Code No. 09-1)

Recommendation

We recommend that Board management prepare an annual budget and submit it to the Board of Directors on a timely basis for approval.

Response

The management hereafter will prepare annual budgets and submit them to the Board on a timely basis for approval.

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
SCHEDULE OF FINDINGS
For the Two Years Ended September 30, 2009**

Prior Audit Findings Not Repeated

There were no findings noted during the compliance testing for the two years ended September 30, 2007.

ILLINOIS BOARD OF ADMISSIONS TO THE BAR

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the Illinois Board of Admissions to the Bar was performed by Kyle E. McGinnis, CPA.

Based on their audit, the auditors expressed an unqualified opinion on the Agency's financial statements.

KYLE E. McGINNIS

Certified Public Accountant

MEMBER OF:

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**

**200 EAST PINE * SPRINGFIELD, ILLINOIS 62704
TELEPHONE: (217) 753-3377 FAX: (217) 753-8922**

Independent Auditor's Report

Honorable William G. Holland
Auditor General
State of Illinois

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

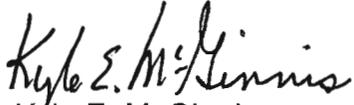
As Special Assistant Auditors for the Auditor General, we have audited the accompanying statements of financial position of the Illinois Board of Admissions to the Bar, as of and for the years ended September 30, 2009 and September 30, 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Illinois Board of Admissions to the Bar's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as 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 financial position of the Illinois Board of Admissions to the Bar, as of September 30, 2009 and September 30, 2008, and the changes in it's assets and it's cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of functional expenses on pages 20 and 21 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, Board management and the agency's governing board, and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature of Kyle E. McGinnis in black ink.

Kyle E. McGinnis
Certified Public Accountant
Springfield, Illinois

June 28, 2010

Illinois Board of Admissions to the Bar
Statement of Financial Position
September 30,

Assets		2009	2008
Current Assets:			
Cash and cash equivalents		\$ 532,321	\$ 240,081
Investments - short term (Note B)		2,664,165	2,177,959
Interest Receivable		1,593	1,921
Prepaid expenses		50,789	65,799
Total Current Assets		\$ 3,248,868	\$ 2,485,760
Building and improvements		\$ 1,278,591	\$ 1,255,773
Office equipment and furniture		593,660	543,914
Less accumulated depreciation		(667,144)	(568,637)
Total		\$ 1,205,107	\$ 1,231,050
Land		\$ 189,729	\$ 189,729
Other Assets			
Investments - long term (Note B)		\$ 1,942,680	\$ 2,796,330
Total Assets		\$ 6,586,384	\$ 6,702,869
Liabilities and Net Assets			
Current Liabilities			
Accounts payable		\$ 120,261	\$ 69,252
Accrued expenses		41,222	31,749
Deferred examination and registration fees		66,050	69,900
Total Current Liabilities		\$ 227,533	\$ 170,901
Net Assets:			
Unrestricted		\$ 6,358,851	\$ 6,531,968
Total Liabilities and Net Assets		\$ 6,586,384	\$ 6,702,869

The accompanying notes are an integral part of this financial statement.

**Illinois Board of Admissions to the Bar
Statement of Activities
For the Years Ended September 30,**

	2009 <u>Unrestricted</u>	2008 <u>Unrestricted</u>
Revenues and Reclassifications		
Examination Fees	\$ 1,618,288	\$ 1,629,980
Character and Fitness Review Fees	1,234,150	1,221,100
Admission on Motion	64,800	91,200
Investment Income	150,321	194,494
House Counsel Fees	20,100	33,700
Credit Card Fees	58,845	51,735
Realized Loss on Investment	(141)	(2,135)
Unrealized Gain on Investment	1,813	118,189
Other Income	-	48
Total Revenues and Reclassifications	<u>\$ 3,148,176</u>	<u>\$ 3,338,311</u>
Expenses and Losses		
Program Services		
Committee on Character and Fitness	\$ 964,728	\$ 982,744
Bar Exam Administration	1,625,645	1,556,948
Total Program Services	<u>\$ 2,590,373</u>	<u>\$ 2,539,692</u>
Support Services		
General and Administrative Expenses	730,673	669,423
Loss on Disposition of Equipment	<u>247</u>	<u>30,263</u>
Total Expenses and Losses	<u>\$ 3,321,293</u>	<u>\$ 3,239,378</u>
Change in Net Assets	\$ (173,117)	\$ 98,933
Net Assets at Beginning of Year	<u>6,531,968</u>	<u>6,433,035</u>
Net Assets at End of Year	<u><u>\$ 6,358,851</u></u>	<u><u>\$ 6,531,968</u></u>

The accompanying notes are an integral part of this financial statement.

Illinois Board of Admissions to the Bar
Statement of Cash Flows
For the Years Ended September 30,

	2009	2008
Cash Flows from Operating Activities		
Change in net assets	\$ (173,117)	\$ 98,933
Adjustments to reconcile change in net assets provided by operating activities:		
Unrealized gain on investments	(1,813)	(118,189)
Depreciation	101,797	94,986
Loss on disposition of assets	539	30,263
Accretion of investments	(89,020)	(138,684)
Changes in Assets and Liabilities		
Interest receivable	328	(1,231)
Prepaid expenses	15,010	(5,492)
Accounts payable	51,009	(36,110)
Accrued Liabilities	9,473	9,304
Deferred examination and registration fees	(3,850)	(5,300)
Total Adjustments	\$ 83,473	\$ (170,453)
Net Cash Used by Operating Activities	\$ (89,644)	\$ (71,520)
Cash Flows from Investing Activities		
Purchase of building and improvements to real estate	\$ (22,818)	\$ (23,054)
Purchase of office equipment	(53,575)	(74,274)
Purchase of short-term investments	(4,095,055)	(2,690,864)
Maturities of short-term investments	4,553,332	3,345,724
Purchase of long-term investments	-	(491,781)
Purchase of retirement trust investments	-	(20,194)
Maturities of retirement trust investments	-	54,638
Net Cash Provided by Investing Activities	\$ 381,884	\$ 100,195
Net Increase in Cash and Cash Equivalents	\$ 292,240	\$ 28,675
Cash and Cash Equivalents at Beginning of Year	240,081	211,406
Cash and Cash Equivalents at End of Year	\$ 532,321	\$ 240,081

The accompanying notes are an integral part of this financial statement.

Illinois Board of Admissions to the Bar Notes to Financial Statements

Note A 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 (the Supreme Court) and authorized to operate under Illinois Supreme Court rules 701- 706; 708-710; 712-713; and 715-717. The Board's primary function is to conduct the Illinois Bar examination. This includes the processing of examination applications; the collection of examination and law student registration 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 (the Committee). 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 operations and related expenses of the Committee are administered by the Board.

Organizational Structure

The Board consists of seven members of the Illinois Bar (the Bar) who are appointed by the Supreme Court for staggered three year terms.

The Committee currently consists of 104 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 15 members each.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash Equivalents

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

Investment Securities

Unrestricted investments with maturity dates of one year or less as of the balance sheet date are classified as short term. All Unrestricted investments with maturity dates beyond one year from the balance sheet date are classified as long term.

Note A Summary of Significant Accounting Policies Continued

Property and equipment

Properties and equipment are stated at cost. The cost of buildings 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 asset 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
Equipment	5 to 10 years

Use of Estimates

The preparation of financial statements in conformity with 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.

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 qualifies 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 services benefited when reasonably determinable. Any cost, the allocation of which is not reasonably determinable, has been reported as a general and administrative expense.

Note B Investment Securities

Investments are stated at fair market value and consist primarily of U.S. Treasury Bills and U.S. Treasury Notes.

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
September 30, 2009			
U.S. Treasury Bills- Short term	\$1,697,902	\$1,699,133	\$ 1,231
U.S. Treasury Strips- Short term	818,935	965,032	146,097
U.S. Treasury Note- Long term	491,781	502,590	10,809
U.S. Treasury Strips- Long term	<u>1,170,921</u>	<u>1,440,090</u>	<u>269,169</u>
	<u>\$4,179,539</u>	<u>\$4,606,845</u>	<u>\$ 427,306</u>

September 30, 2008

U.S. Treasury Notes- Short term	\$ 45,141	\$ 45,460	\$ 319
U.S. Treasury Bills- Short term	797,904	797,731	(173)
U.S. Treasury Strips- Short term	1,193,767	1,334,768	141,001
U.S. Treasury Notes- Long term	491,781	491,523	(258)
U.S. Treasury Strips- Long term	<u>1,989,856</u>	<u>2,304,807</u>	<u>314,951</u>
	<u>\$4,518,449</u>	<u>\$4,974,289</u>	<u>\$ 455,840</u>

Investment return is summarized as follows:

	<u>2008</u>	<u>2009</u>
Interest Income	\$ 194,494	\$ 150,321
Realized losses on security sales	(2,135)	(141)
Unrealized gains on securities held	118,189	1,813
Total investment return	<u>\$ 310,548</u>	<u>\$ 151,993</u>

Note C Employee Benefit Plan

Effective October 1, 1995 the Board established a defined contribution retirement plan to benefit all full time employees. Under the plan, the Board contributes 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.

For fiscal year 2009 the Board contributed 10% of each eligible employee's salary into the retirement trust totaling \$93,556.

For fiscal year 2008 the Board contributed 10% of each eligible employee's salary into the retirement trust totaling \$84,124.

Note D Retirement Liability

On November 20, 1984, the Supreme Court authorized the Board to provide retirement, medicare, and medicaid payments to an employee of the Board upon the employee's retirement in consideration of the employee's past services and long term employment. An agreement was entered into on May 1, 1985 between the Board and the employee which set monthly payments at \$1,741 plus amounts required for insurance payments. The agreement states that this benefit is payable each month for the remainder of the employee's lifetime and that the employee may not transfer this benefit.

On June 30, 1992, the employee officially retired from the Board. Beginning July 1, 1992, the Board made monthly payments to the retired employee. The financial statements reflect a current and long term portion of this obligation, based on the present value of the estimated liability which was calculated using an assumed interest rate of 9% and a lifetime based on mortality tables published by the U.S. National Center for Health Statistics.

On February 22, 2008 the retired employee died. Pursuant to the agreement between the Board and the employee, all payments terminated upon her death, and her estate has no further claim against any remaining funds in the account. Furthermore, the Board transferred all funds remaining in the investment account designated for the employee's retirement to their undesignated investment account.

Note E 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 under SFAS No. 116 have not been satisfied.

Note F Concentration of Credit Risks

The Illinois Board of Admissions to the Bar maintained bank accounts at two banks. On April 15, 1998 the Board entered into a collateral pledge agreement with one bank. This agreement required the bank to pledge U.S. government securities owned by the bank as collateral to secure all board deposits held by the bank which exceeded FDIC insurance limits. No such agreement has been reached nor deemed necessary with the second bank.

Note G Land, Building and Equipment

The following is a summary of land, building and equipment as of September 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Land	\$ 189,729	\$ 189,729
Building and improvements	1,278,591	1,255,773
Office equipment and furniture	<u>593,660</u>	<u>543,914</u>
	\$2,061,980	\$1,989,416
Less accumulated depreciation	<u>(667,144)</u>	<u>(568,637)</u>
Total	<u>\$1,394,836</u>	<u>\$1,420,779</u>

Supplementary Information

**Illinois Board of Admissions to the Bar
Statement of Functional Expenses
For the Fiscal Year Ended September 30, 2009**

	<u>Program Services</u>			<u>Total Expenses</u>
	<u>Committee on Character and Fitness</u>	<u>Examination Administration</u>	<u>General and Administrative</u>	
Salaries, Wages and Payroll Taxes:				
Central Office	\$ 531,741	\$ 357,343	\$ 269,950	\$ 1,159,034
Proctors and Clerks	-	183,967	-	183,967
Security	-	22,122	-	22,122
Total Salaries, Wages and Payroll Taxes	\$ 531,741	\$ 563,432	\$ 269,950	\$ 1,365,123
Examinations Purchased	-	313,155	-	313,155
Rent - Exam Facilities	-	272,452	-	272,452
Exam Grading Assistants	-	234,182	-	234,182
Xerox Expense	5,154	5,154	1,146	11,454
Computer Services	28,036	28,036	6,231	62,303
Postage and Express Delivery Services	31,655	31,655	7,034	70,344
Non-Standard Testing Expense	-	13,989	-	13,989
Admissions Ceremony Facility Rent	-	-	96,163	96,163
Occupancy Costs	-	-	65,033	65,033
Insurance	74,927	37,044	62,729	174,700
Printing and Supplies	19,802	19,802	16,973	56,577
Legal	134,759	126	4,464	139,349
Accounting	-	-	21,853	21,853
Telephone	7,765	7,765	1,726	17,256
Pension	54,588	29,019	46,651	130,258
Meeting Expense	15,748	3,492	15,691	34,931
Miscellaneous Operating Expenses	31,165	66,342	13,232	110,739
Depreciation	-	-	101,797	101,797
Character and Fitness Review Costs	29,388	-	-	29,388
Total Operating Expenses	\$ 964,728	\$ 1,625,645	\$ 730,673	\$ 3,321,046

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

Illinois Board of Admissions to the Bar
Statement of Functional Expenses
For the Fiscal Year Ended September 30, 2008

	<u>Program Services</u>		<u>General and Administrative</u>	<u>Total Expenses</u>
	<u>Committee on Character and Fitness</u>	<u>Examination Administration</u>		
Salaries, Wages and Payroll Taxes:				
Central Office	\$ 470,417	\$ 324,569	\$ 238,950	\$ 1,033,936
Proctors and Clerks	-	177,615	-	177,615
Security	-	14,694	-	14,694
Total Salaries, Wages and Payroll Taxes	\$ 470,417	\$ 516,878	\$ 238,950	\$ 1,226,245
Examinations Purchased	-	302,544	-	302,544
Rent - Exam Facilities	-	249,256	-	249,256
Exam Grading Assistants	-	231,125	-	231,125
Xerox Expense	4,427	4,427	984	9,838
Computer Services	15,669	15,669	3,483	34,821
Postage and Express Delivery Services	44,532	44,532	9,896	98,960
Non-Standard Testing Expense	-	12,859	-	12,859
Admissions Ceremony Facility Rent	-	-	50,442	50,442
Occupancy Costs	-	-	70,423	70,423
Insurance	72,705	38,008	65,985	176,698
Printing and Supplies	24,724	24,724	21,191	70,639
Legal	213,432	4,398	70	217,900
Accounting	-	-	30,472	30,472
Telephone	8,980	8,980	1,996	19,956
Pension	48,870	27,337	41,959	118,166
Meeting Expense	15,740	3,623	25,329	44,692
Miscellaneous Operating Expenses	31,873	72,588	4,480	108,941
Depreciation	-	-	94,986	94,986
Retirement Contract Expense	-	-	8,777	8,777
Character and Fitness Review Costs	31,375	-	-	31,375
Total Operating Expenses	\$ 982,744	\$ 1,556,948	\$ 669,423	\$ 3,209,115

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

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary information for State 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 Significant Balance Sheet Accounts
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Variations in Expenses

- Analysis of Operations
 - Agency Functions and Planning Program
 - Average Number of Employees
 - Service Efforts and Accomplishments (unaudited)

The accountant's report that covers the Supplementary Information for State 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 accountants' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the financial statements taken as a whole.

Illinois Board of Admissions to the Bar
Schedule of Changes in Property
For the Two Years Ended September 30, 2008 and 2009

	<u>Building Improvements</u>	<u>Equipment</u>	<u>Land</u>	<u>Total</u>
Balance at October 1, 2007	\$ 1,232,719	\$ 522,116	\$ 189,729	\$ 1,944,564
Additions	23,054	74,274		97,328
Retirements and disposals		<u>(52,476)</u>		<u>(52,476)</u>
Balance at September 30, 2008	\$ 1,255,773	\$ 543,914	\$ 189,729	\$ 1,989,416
Additions	22,818	53,575		76,393
Retirements and disposals		<u>(3,829)</u>		<u>(3,829)</u>
Balance at September 30, 2009	<u>\$ 1,278,591</u>	<u>\$ 593,660</u>	<u>\$ 189,729</u>	<u>\$ 2,061,980</u>

Illinois Board of Admissions to the Bar
Supplementary Information
For the Years Ended September 30, 2009, 2008 and 2007

	Fiscal Year Ended September 30,		
	2009	2008	2007
Comparative Schedule of Cash Receipts			
Cash Receipts			
Examination fees	\$ 1,614,438	\$ 1,624,680	\$ 1,760,550
Admission on motion	64,800	91,200	74,500
House counsel fees	20,100	33,700	29,200
Investment income	200,312	198,899	167,388
Character and fitness fees	1,234,150	1,221,100	1,428,250
Credit card fees	58,845	51,735	33,240
Total Cash Receipts (Cash Basis)	\$ 3,192,645	\$ 3,221,314	\$ 3,493,128
 Plus:			
Deferred exam fees - Beginning of year	69,900	75,200	23,100
Interest accruals and accretion - End of year	90,613	140,604	145,009
 Less:			
Deferred exam fees - End of year	(66,050)	(69,900)	(75,200)
Interest accruals and accretion - Beginning of year	(140,604)	(145,009)	(113,523)
 Total Revenue (Accrual Basis)	 \$ 3,146,504	 \$ 3,222,209	 \$ 3,472,514
 Comparative Schedule of Expenses			
Expenses on an Object Basis			
Salaries, wages and payroll taxes			
Central office	\$ 1,181,156	\$ 1,048,630	\$ 948,604
Proctors	183,967	177,615	170,739
Examination purchases	313,155	302,544	371,091
Examination grading	234,182	231,125	251,803
Examination administration	411,490	395,805	350,943
Admissions ceremony	96,163	50,442	43,532
Occupancy costs	65,033	70,423	58,848
Insurance	174,700	176,698	190,105
General operating	521,073	606,740	594,286
Retirement contract	-	8,777	26,332
Miscellaneous	110,739	108,941	70,324
Character and fitness review costs	29,388	31,375	53,108
Total Expenses (Accrual Basis)	\$ 3,321,046	\$ 3,209,115	\$ 3,129,715
 Expenses on a Functional Basis			
Committee on Character and Fitness	\$ 964,728	\$ 982,744	\$ 948,812
Examination Administration	1,625,645	1,556,948	1,546,458
General and Administrative	730,673	669,423	634,445
Total Expenses (Accrual Basis)	\$ 3,321,046	\$ 3,209,115	\$ 3,129,715

Illinois Board of Admissions to the Bar
Supplementary Information
For the Years Ended September 30, 2008 and 2009

Analysis of Significant Balance Sheet Accounts	Cost	Fair Value
Investments		
September 30, 2008		
Short Term Investments		
500,000 U.S. Treasury Bill Due 12/11/08	\$ 498,396	\$ 497,905
300,000 U.S. Treasury Bill Due 12/18/08	299,508	299,826
457,000 U.S. Treasury Strips Due 02/15/09	399,881	454,971
25,000 U.S. Treasury Note Due 02/15/09 3.00%	24,947	25,152
20,000 U.S. Treasury Note Due 06/15/09 4.00%	20,194	20,308
892,000 U.S. Treasury Strips Due 08/15/09	793,886	879,797
Total Short Term Investments	\$ 2,036,812	\$ 2,177,959
Long Term Investments		
616,000 U.S. Treasury Strips Due 02/15/10	\$ 519,294	\$ 601,746
350,000 U.S. Treasury Strips Due 08/15/10	299,641	338,436
429,000 U.S. Treasury Strips Due 02/15/11	359,448	408,043
350,000 U.S. Treasury Strips Due 08/15/11	278,886	327,915
688,000 U.S. Treasury Strips Due 02/15/12	532,587	628,667
466,000 U.S. Treasury Note Due 08/31/12 4.125%	491,781	491,523
Total Long Term Investments	\$ 2,481,637	\$ 2,796,330
Total Investments - September 30, 2008	\$ 4,518,449	\$ 4,974,289
Investments		
September 30, 2009		
Short Term Investments		
616,000 U.S. Treasury Strips Due 02/15/10	\$ 519,294	\$ 615,914
350,000 U.S. Treasury Strips Due 08/15/10	299,641	349,118
1,700,000 U.S. Treasury Bill Due 02/18/10	1,697,902	1,699,133
Total Short Term Investments	\$ 2,516,837	\$ 2,664,165
Long Term Investments		
429,000 U.S. Treasury Strips Due 02/15/11	\$ 359,448	\$ 425,452
350,000 U.S. Treasury Strips Due 08/15/11	278,886	344,498
688,000 U.S. Treasury Strips Due 02/15/12	532,587	670,140
466,000 U.S. Treasury Note Due 08/31/12 4.125%	491,781	502,590
Total Long Term Investments	\$ 1,662,702	\$ 1,942,680
Total Investments - September 30, 2009	\$ 4,179,539	\$ 4,606,845

ILLINOIS BOARD OF ADMISSIONS TO THE BAR
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

Analysis of Significant Variations in Cash Receipts as Presented in the Comparative Schedule of Cash Receipts.

Fiscal Years 2007 to 2008

Admission on Motion – Admission on Motion income increased \$16,700 or 22% in fiscal year 2008. The number of admission on motion applications increased from 93, in fiscal year 2007, to 107, in fiscal year 2008, resulting in an increase in income. The Board has no control over the number of applications from year to year, however, the number generally follows the state of the economy.

Credit Card Fee Income – Credit card fee income increased \$18,495 or 56% in fiscal year 2008. Midway through fiscal year 2007 the Board began accepting credit cards for payment. Because this option was available for a portion of fiscal year 2007 and all of fiscal year 2008, the income in fiscal year 2008 was understandably more. In addition during fiscal year 2008 the Board increased the courtesy charge for payments made by credit cards from \$12 per transaction to \$15 per transaction to recover the credit card transaction fees charged by the bank.

Fiscal Years 2008 to 2009

Admission on Motion – Admission on Motion income decreased \$26,400 or 29% in fiscal year 2009. The number of admission on motion applications decreased from 107, in fiscal year 2008, to 81, in fiscal year 2009, resulting in a decrease in income. The Board has no control over the number of applications from year to year, however, the number generally follows the state of the economy.

House Counsel – House Counsel income decreased \$13,600 or 40% in fiscal year 2009. The Board has no control over the number of applications from year to year. The economy suffered during fiscal year 2009 causing the number of in house counsel applications to decrease significantly.

ILLINOIS BOARD OF ADMISSIONS TO THE BAR
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

Analysis of Significant Variations in Expenses as Presented in the Comparative Schedule of Expenses.

Fiscal Years 2007 to 2008

Retirement Contract – Retirement Contract decreased \$17,555 or 67% in fiscal year 2008. In February 2008 the employee for whom the contract was established died. Since the contract terminates upon her death no payments were made after this date.

Miscellaneous Expenses - Miscellaneous expenses increased \$38,617 or 55% in fiscal year 2008. This increase was caused by the addition of credit card processing fees and additional employees and rental van at the bar examination. During fiscal year 2008 there were significantly more applicants taking the essay portion of the exam using laptop computers, this required the Board to take additional printers and personnel to process the essay portion of the exam.

Character and Fitness Review Costs – Character and Fitness Review Costs expense decreased \$21,733 or 41% in fiscal year 2008. The Board formerly ran all applications through the Illinois State Police (ISP) online background search. In Spring of 2007 the Board ceased doing ISP background searches for all applicants. However, the Board continued to run searches on applicants whose applications revealed significant character and fitness issues. The ISP reports are now used as a backup to information routinely obtained from city and county resources for those applications. It has been determined that this is just as effective as routinely obtaining ISP reports on every applicant. Because each search cost ten dollars, this greatly decreased total Character and Fitness Review Costs for fiscal year 2008.

Fiscal Years 2008 to 2009

Admissions Ceremony – Admissions Ceremony expenses increased \$45,721 or 91% in fiscal year 2009. This increase was caused by the addition of several large screens projecting the ceremony throughout the venue at an additional cost of \$35,000. In addition the November 2008 room rental was slightly higher.

Retirement Contract – Retirement Contract decreased \$8,777 or 100% in fiscal year 2009. In February 2008 the employee for whom the contract was established died. Since the contract terminates upon her death no payments were made after this date.

ILLINOIS BOARD OF ADMISSIONS TO THE BAR
ANALYSIS OF OPERATIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

FUNCTIONS AND PLANNING PROGRAM

The Illinois Board of Admissions to the Bar (the Board) was established by the Illinois Supreme Court primarily to monitor 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 of processing applications for foreign licenses and collecting the related license fees.

The Illinois Supreme Court also established the Committee on Character and Fitness (the Committee), the expenses of which are paid from receipts of the Board of Admissions. The Committee has the responsibility of determining whether law students registering for the Illinois Bar Exam and Illinois Bar Exam applicants are of good moral character and general fitness to practice law.

The Board consists of seven members of the bar who are appointed by the Supreme Court to serve a staggered term of three years until a successor is duly appointed and qualified. No member may be appointed to more than three full consecutive terms. This governing board is responsible for the fiscal operations of the Board of Admissions. The Board meets throughout the year to discuss operations, monitor it's goals and objectives, make personnel decisions, review applications to write the bar exam and review applications for foreign licenses. As of February 1, 1994, Board members are no longer compensated. The appointed members at September 30, 2009 were:

Neil K. Quinn, President
Donald H. Funk, Secretary-Treasurer
James R. Carroll
Lawrence N. Hill
John P. Long
David W. Andich
Theodore L. Kuzniar

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

The Committee currently consists of 104 members of the Bar. The Committee members are appointed by the Supreme Court to serve staggered terms of three years, and 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 15 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 2009 and 2008 based on the Board's familiarity with the operations of the Board of Admissions and the prior years' audited financial statements.

AVERAGE NUMBER OF EMPLOYEES

	September 30,	
	<u>2009</u>	<u>2008</u>
Officers	3	3
Bookkeeper	1	1
Administrative Assistants	12	12
Receptionists	2	2
Building Maintenance	<u>1</u>	<u>1</u>
Total Employees	<u>19</u>	<u>19</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>
Fiscal 2009			
February	1,102	139	963
July	<u>2,892</u>	<u>182</u>	<u>2,710</u>
Total -2009	<u>3,994</u>	<u>321</u>	<u>3,673</u>
Fiscal 2008			
February	1,259	166	1,093
July	<u>2,927</u>	<u>198</u>	<u>2,729</u>
Total-2008	<u>4,186</u>	<u>364</u>	<u>3,822</u>