

**KENTUCKY BAR ASSOCIATION**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

For the Year Ended  
June 30, 2009

**TABLE OF CONTENTS**

	<b><u>PAGE NO.</u></b>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 12
SUPPLEMENTAL INFORMATION	
Combining Statement of Financial Position	14 - 15
Combining Statement of Activities	16 - 17
Schedule of Functional Expenses	18



**RUDLER &  
ASSOCIATES, INC.**

*Certified Public Accountants*

A Professional Service Corporation  
Founded in 1969

**INDEPENDENT AUDITORS' REPORT**

To the Board of Governors  
Kentucky Bar Association  
Frankfort, Kentucky

We have audited the accompanying statement of financial position of Kentucky Bar Association (a non-profit organization) as of June 30, 2009, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Kentucky Bar Association as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 14 through 19 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of the Association's management. The supplemental information 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 taken as a whole.

Ft. Wright, Kentucky  
November 6, 2009

**KENTUCKY BAR ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2009

ASSETS:

Cash	\$	247,857
Cash - Bond sinking fund		3,888
Investments		4,928,068
Accounts receivable		63,027
Due from affiliate		52,942
Interest receivable		5,377
Prepaid expenses		61,883
Total Current Assets		5,363,042
Property, building and equipment, net		3,417,442
Total Assets		8,780,484

LIABILITIES:

Accounts payable		90,410
Accrued expenses		295,634
Current maturities of bonds payable		100,000
Total Current Liabilities		486,044
Deferred revenue		31,728
Bonds payable, less current maturities		1,765,000
Total Liabilities		2,282,772

NET ASSETS:

Unrestricted -		
Board designated		841,986
Undesignated		5,655,726
		6,497,712
Total Liabilities and Net Assets	\$	8,780,484

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

**KENTUCKY BAR ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2009

UNRESTRICTED NET ASSETS:

REVENUE AND SUPPORT:

Membership dues	\$	3,717,958
Other dues		157,249
Investment income and realized gain (loss)		(604,020)
Sections income		138,383
Reimbursement of costs		21,485
Attorney Advertising Commission		67,975
Publications and Communications		83,613
Conventions and Conferences		443,087
Rent of building		9,600
Net change in the fair value of investments		48,241
Other revenue and support		630,411
Total Revenue and Support		4,713,982

EXPENSES:

Program Services:

Sections		155,932
Board of Governors, Officers, Committees		140,826
Disciplinary and Unauthorized practice		1,517,273
Publications and Communications		268,783
Conventions and Conferences		348,113
Attorney Advertising Commission		138,529
Lawyers Assistance Program		140,971
Continuing Legal Education		895,273
Client Security		159,204
Bar Center		337,514
Bar Center Construction		2,555
Donated Legal Services		32
Total Program Services		4,105,005

Supporting Services:

Management and General		1,267,506
Total Expenses		5,372,511

INCREASE(DECREASE) IN NET ASSETS		(658,529)
NET ASSETS AT BEGINNING OF YEAR		7,156,241
NET ASSETS AS OF JUNE 30, 2009	\$	6,497,712

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

**KENTUCKY BAR ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2009

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Decrease in net assets	\$ (658,529)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	145,714
Net increase in the fair value of investments	(48,241)
Realized loss on sales of investments	827,286
(Increase) decrease in operating assets	
Accounts receivable	(14,789)
Due from affiliate	(2,834)
Prepaid expenses	42,797
Interest receivable	5,021
Increase (decrease) in operating liabilities	
Accounts payable	(252,739)
Accrued expenses	80,449
Deferred revenue	227
	124,362
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(58,944)
Purchase of investments	(2,552,603)
Proceeds from sale of investments	2,597,059
	(14,488)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on long term debt	(95,000)
	(95,000)
Net Increase (Decrease) in Cash	14,874
Cash, Beginning of Year	236,871
Cash, End of Year	\$ 251,745

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

**KENTUCKY BAR ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

Continuing Legal Education Fund The Continuing Legal Education Fund administers the continuing legal education rule of the Supreme Court, which includes mandatory continuing legal education attorney records, District Bar Education Programs and New Lawyers’ Skills Programs.

Client Security Fund The Client Security Fund provides assistance to individuals who have suffered financial loss due to misappropriation of clients’ funds by members of the KBA. During the 2008 – 2009 fiscal year 24 new claims were received alleging losses totaling approximately \$898,836. Pursuant to Supreme Court Rule 3.820(13)(a) the Board of Governors has established Fund claim limits of \$65,000 per claim and \$200,000 aggregate claims against one attorney; accordingly, the total exposure is approximately \$689,183.

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

Bar Center Fund The Bar Center Fund is to be used for the furnishing and maintenance of the Bar Center building located in Frankfort, Kentucky.

Capital Construction Fund The Capital Construction Fund is a segregation of membership dues to be used exclusively for financing the expansion and maintenance of the Bar Center building and property.

Donated Legal Services Fund The Donated Legal Services Fund accounts for revenues and expenses associated with statewide pro bono efforts.

**KENTUCKY BAR ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

Basis of Financial Statements

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

Presentation

The financial statements are presented in accordance with the Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations, which requires the KBA to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are not subject to donor-imposed restrictions and may be designated for specific purposes by action of the Board of Governors. Temporarily restricted net assets are subject to donor-imposed restrictions that can be fulfilled by actions of the organization pursuant to those restrictions or that expire by the passage of time. Permanently restricted net assets are subject to donor-imposed restrictions that they be maintained permanently. The KBA has no temporarily or permanently restricted net assets as of June 30, 2009.

Cash and Cash Equivalents

The KBA considers cash in operating bank accounts to be cash and cash equivalents. Cash in banks and cash investments may exceed federally insured amounts.

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest	<u>\$92,900</u>
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Investments

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

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

Fixed Assets

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

**KENTUCKY BAR ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

Revenue

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

Depreciation

Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. Depreciation expense was \$145,714 for the year ended June 30, 2009. Estimated useful lives for purposes of depreciation are as follows:

Bar Center building	50 years
Furniture, fixtures and equipment	5-10 years
Equipment under capital leases	5 years

Pension Plan

The Association participates as members of the Kentucky Employee Retirement System (KERS), a cost sharing, multiple-employer, public employee retirement system. KERS provides retirement benefits based on an employee's final average salary and number of years of service. Benefits are subject to certain reductions if the employee retires before reaching age sixty-five, or after less than twenty-seven years of service. The plan also provides for disability retirement, death and survivor benefits and medical insurance.

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

Funding for the plan is provided by eligible employees who contribute 5% of their salary, 6% for employees hired after September 1, 2008, through payroll deductions and the Association, which contributes 10.01% of current eligible employee's salary to the KERS. The KBA's contribution rates are determined by Kentucky Revised Statute and the Board of Trustees of the Kentucky Retirement Systems biennium. The KBA's contributions for the 2008-2009 fiscal year totaled \$228,778.

**NOTE B – INVESTMENTS**

Investments are administered utilizing the services of the trust department of a bank. These investments are Category 2 investments, which include investments that are uninsured and unregistered held by the counterparty's trust department or agent in the KBA's name. Investment service fees of approximately \$19,517 have been included in bank and investment fees in the statement of activities for the year ended June 30, 2009. All investments have been classified as current assets in the accompanying statement of financial position since proceeds would be available to the KBA upon request to the trust department of the bank.

**KENTUCKY BAR ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

A summary of investments at June 30, 2009 is as follows:

	Cost	Fair Market Value	Unrealized Gains/Losses
<b>General Fund -</b>			
Money Market Funds	\$ 419,640	\$ 419,640	\$ -
Fixed income	657,059	647,828	(9,231)
Equities	1,196,441	1,113,033	(83,408)
	<u>2,273,140</u>	<u>2,180,501</u>	<u>(92,639)</u>
<b>Continuing Legal Education Fund -</b>			
Money Market Funds	687,781	687,781	-
Fixed income	120,840	119,853	(987)
Equities	206,289	222,952	16,663
	<u>1,014,910</u>	<u>1,030,586</u>	<u>15,676</u>
<b>Client Security Fund -</b>			
Money Market Funds	14,496	14,496	-
Fixed income	306,051	303,105	(2,946)
Equities	583,008	629,203	46,195
	<u>903,555</u>	<u>946,804</u>	<u>43,249</u>
<b>Bar Center Headquarters Trustees Fund -</b>			
Money Market Funds	133,098	133,098	-
	<u>133,098</u>	<u>133,098</u>	<u>-</u>
<b>Bar Center Fund -</b>			
Money Market Funds	61,400	61,400	-
	<u>61,400</u>	<u>61,400</u>	<u>-</u>
<b>Capital Construction Fund -</b>			
Money Market Funds	63,173	63,173	-
Fixed income	407,674	408,789	1,115
	<u>470,847</u>	<u>471,962</u>	<u>1,115</u>
<b>Donated Legal Services Fund -</b>			
Money Market Funds	103,717	103,717	-
	<u>103,717</u>	<u>103,717</u>	<u>-</u>
	<u>\$ 4,960,667</u>	<u>\$ 4,928,068</u>	<u>\$ (32,599)</u>

**KENTUCKY BAR ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

Investment return is summarized as follows:

Interest and dividend income	\$ 223,266
Realized losses	(827,286)
Change in fair value	<u>48,241</u>
	<u>\$ (555,779)</u>

**NOTE C – INCOME TAX STATUS**

The KBA is not a private foundation and is exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954, except on certain unrelated business income, which is not material.

**NOTE D – LEASES**

The KBA leases office equipment under non-cancelable operating leases expiring in various years through the year 2012. The KBA incurred approximately \$35,546 of lease-related expense in the year ended June 30, 2009. These leases are classified as operating with minimum rental commitments as follows:

<b>Year Ending</b>	
<b><u>June 30,</u></b>	
2010	\$ 35,484
2011	\$ 27,519
2012	<u>\$ 9,850</u>
	<u><b>\$ 72,853</b></u>

**NOTE E – LONG-TERM DEBT**

Long-term debt is comprised of the following as of June 30, 2009:

2.0% - 5.0% Kentucky Bar Center Headquarters Project Bonds Series 2003, payable with semi-annual interest payments and annual principal payments, with final payment due April 1, 2023	\$ 1,865,000
Less current portion	<u>(100,000)</u>
	<u>\$ 1,765,000</u>

**KENTUCKY BAR ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

During October 2002, the KBA issued \$2,390,000 in City of Frankfort, Kentucky Governmental Project Revenue Obligation Bonds with rates of 2.0% - 5.0%. In order to retire the revenue bonds, the KBA is required to make deposits to sinking funds in amounts sufficient to meet the principal and interest payments due for the required semi-annual installments. The bonds are secured by membership dues revenue. In compliance with bond requirements the KBA maintains a separate bond sinking fund cash account included in cash and cash equivalents on the statement of financial position.

The principal and interest repayment requirements relating to the above long-term debt at June 30, 2009 are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 100,000	\$ 89,100	\$ 189,100
2011	100,000	85,100	185,100
2012	105,000	81,100	186,100
2013	110,000	76,900	186,900
2014	115,000	72,500	187,500
Thereafter	1,335,000	356,250	1,691,250
	<u>\$ 1,865,000</u>	<u>\$ 760,950</u>	<u>\$ 2,625,950</u>

Interest expense for the year ended June 30, 2009 was \$92,900.

**NOTE F – RELATED PARTY**

The Kentucky Bar Foundation, Inc. (the Foundation) is a related party to the Kentucky Bar Association in that both organizations share common facilities and that the KBA provides payroll services for the Foundation.

The following summarizes significant transactions and balances between the two at June 30, 2009, and for the year then ended.

Accounts receivable from Foundation	<u>\$52,761</u>
Rent paid or payable to the KBA from Foundation	<u>\$ 9,600</u>

**NOTE G – COMPENSATED ABSENCES**

In prior years the KBA has allowed a carryover of a maximum of forty-five unused vacation days accumulated through year-end. For June 30, 2009 the KBA allowed employees to have over forty-five unused vacation days until September 30, 2009. Accordingly, the KBA has in accrued expenses a liability of \$148,596 and \$16,966 in the general and continuing legal education funds, respectively, at June 30, 2009, for these future compensated absences.

**KENTUCKY BAR ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE H – DESIGNATED FUND BALANCE**

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

**NOTE I – COMMITMENTS**

The KBA is subject to certain legal proceedings arising from normal business activities. Administrative officials believe that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the accompanying financial statements.

**NOTE J – FAIR VALUE MEASUREMENT**

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

- |         |  |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.  |
| Level 2 | Inputs to the valuation methodology include:<br>Quoted prices for similar assets or liabilities in active markets;<br>Quoted prices for identical or similar assets or liabilities in inactive markets;<br>Inputs other than quoted prices that are observable for the asset or liability;<br>Inputs that are derived principally from or corroborated by observable market data by correlation or other means.<br>If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement.  |

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**KENTUCKY BAR ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2009.

*Common stocks, money market funds, corporate bonds and U.S. government securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the net asset value (NAV) of shares held by the plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2009.

Assets at Fair Value as of June 30, 2009

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,483,305	\$ -	\$ -	\$ 1,483,305
Common stocks	888,927	-	-	888,927
Mutual funds	2,147,047	-	-	2,147,047
U.S. government securities	408,789	-	-	408,789
Total assets at fair value	<u>\$ 4,928,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,928,068</u>

**SUPPLEMENTARY INFORMATION**

**KENTUCKY BAR ASSOCIATION**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
June 30, 2009

ASSETS	General Fund	Continuing Legal Education Fund	Client Security Fund
<b>CURRENT ASSETS:</b>			
Cash	\$ 72,528	\$ 123,515	\$ 13,975
Cash - Bond sinking fund			
Investments	2,180,501	1,030,586	946,804
Accounts receivable	40,406	22,621	
Interfund receivable	110		
Due from Bar Foundation/IOLTA	50,542		
Interest receivable	746	428	257
Prepaid expenses	29,152	21,515	
Total Current Assets	2,373,984	1,198,665	961,037
<b>Noncurrent Assets</b>			
Property, building, and equipment, net	-	12,787	
Total Noncurrent Assets	-	12,787	
Total Assets	2,373,984	1,211,451	961,037
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	85,541	1,375	
Interfund payable			
Accrued expenses	259,729	35,349	
Current maturities of bonds payable			
Total Current Liabilities	345,270	36,724	-
<b>OTHER LIABILITIES:</b>			
Deferred revenue	18,757	12,970	
Bonds payable, less current maturities			
Total Other Liabilities	18,757	12,970	-
Total Liabilities	364,027	49,694	-
<b>NET ASSETS:</b>			
Designated for financing building			
Designated for Sections	228,525		
Designated for Mock Trial	547		
Designated for Just Solutions	1,509		
Designated for Lawyer's Assistance Program	127,323		
Designated for Brief Insights	6,762		
Undesignated	1,645,289	1,161,757	961,037
Total Net Assets	2,009,956	1,161,757	961,037
Total Liabilities and Net Assets	\$ 2,373,983	\$ 1,211,451	\$ 961,037

See Auditors' Report.

Bar Center Headquartes Trustees Fund	Bar Center Fund	Bar Center Construction Fund	Donated Legal Services Fund	Total
\$ 22,058	\$ 2,915	\$ 1,559	\$ 11,308	\$ 247,857
3,888				3,888
133,098	61,400	471,962	103,717	4,928,068
				63,027
60,685				60,795
2,400				52,942
66	31	3,798	52	5,377
11,216				61,883
233,411	64,345	477,319	115,076	5,423,837
<hr/>				
3,404,655				3,417,442
3,404,655				3,417,442
3,638,066	64,345	477,319	115,076	8,841,279
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3,494				90,410
110	60,685			60,795
556				295,634
100,000				100,000
104,160	60,685	-	-	546,839
<hr/>				
<hr/>				
				31,728
1,765,000				1,765,000
1,765,000				1,796,728
1,869,160	60,685	-	-	2,343,566
<hr/>				
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		477,319		477,320
				228,525
				547
				1,509
				127,323
				6,762
1,768,906	3,661	-	115,076	5,655,726
1,768,906	3,661	477,319	115,076	6,497,712
<hr/>				
\$ 3,638,066	\$ 64,345	\$ 477,319	\$ 115,076	\$ 8,841,279

**KENTUCKY BAR ASSOCIATION**  
 COMBINING STATEMENT OF ACTIVITIES  
 For the year ended June 30, 2009

	General Fund	Continuing Legal Education Fund	Client Security Fund
UNRESTRICTED NET ASSETS			
REVENUE AND SUPPORT:			
Membership dues	\$ 2,609,275	\$ 690,925	\$ 105,259
Other dues	157,249		
Investment income/realized gain(loss)	(265,066)	(75,876)	(279,664)
Sections income	138,383		
Reimbursement of costs	21,485		
Attorney Advertising Commission	67,975		
Publications/Communications	83,613		
Conventions and Conferences	443,087		
Rent of building			
Net change in the fair value of investments	(14,428)	14,824	46,332
Other support and revenue	215,155	413,084	2,173
Total Support and Revenue	3,456,728	1,042,957	(125,900)
EXPENSES:			
Program Services:			
Sections	155,932		
Board of Governors, Officers, Committees	140,826		
Disciplinary/Unauthorized practice	1,517,273		
Publications/Communications	268,783		
Conventions and Conferences	348,113		
Attorney Advertising Commission	138,529		
Lawyers Assistance Program	140,971		
Continuing Legal Education		895,273	
Client Security			159,204
Bar Center			
Bar Center Construction			
Donated Legal Services			
Total Program Services	2,710,429	895,273	159,204
Supporting Services:			
Management and General	1,267,506	-	-
Total Expenses	3,977,934	895,273	159,204
INCREASE (DECREASE) IN NET ASSETS	(521,206)	147,683	(285,105)
NET ASSETS AT BEGINNING OF YEAR	2,531,163	1,014,074	1,246,141
TRANSFERS IN (OUT)			
NET ASSETS AS OF JUNE 30, 2009	\$ 2,009,957	\$ 1,161,757	\$ 961,037

See Auditors' Report.

<u>Bar Center Headquartes Trustees Fund</u>	<u>Bar Center Fund</u>	<u>Bar Center Construction Fund</u>	<u>Donated Legal Services Fund</u>	<u>Total</u>
\$ -	\$ 66,685	\$ 221,819	\$ 23,996	\$ 3,717,958
				157,249
3,609	1,094	10,215	1,668	(604,020)
				138,383
				21,485
				67,975
				83,613
				443,087
9,600				9,600
		1,514		48,241
				630,411
<u>13,209</u>	<u>67,778</u>	<u>233,548</u>	<u>25,664</u>	<u>4,713,982</u>
				155,932
				140,826
				1,517,273
				268,783
				348,113
				138,529
				140,971
				895,273
				159,204
331,496	6,018			337,514
		2,555		2,555
			32	32
<u>331,496</u>	<u>6,018</u>	<u>2,555</u>	<u>32</u>	<u>4,105,005</u>
-	-	-	-	1,267,506
<u>331,496</u>	<u>6,018</u>	<u>2,555</u>	<u>32</u>	<u>5,372,511</u>
<u>(318,287)</u>	<u>61,760</u>	<u>230,993</u>	<u>25,632</u>	<u>(658,529)</u>
1,805,108	2,585	467,726	89,444	7,156,241
282,085	(60,685)	(221,400)		-
<u>\$ 1,768,906</u>	<u>\$ 3,661</u>	<u>\$ 477,319</u>	<u>\$ 115,076</u>	<u>\$ 6,497,712</u>

KENTUCKY BAR ASSOCIATION  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 For the fiscal year ended June 30, 2009

	General and Administrative	Sections	Board of Governors, Officers, and Committees	Disciplinary and Unauthorized Practises	Publications	Conventions	Advertising Commission	Lawyers Assistance Program	Continuing Legal Education	Client Security	Bar Center	Donated Legal Services	Total
Salaries	\$ 618,599	\$ -	\$ -	\$ 1,071,911	\$ 88,785	\$ -	\$ 95,608	\$ 92,872	\$ 404,653	\$ -	\$ -	\$ -	\$ 2,372,428
Payroll taxes	49,899	-	-	84,794	7,308	-	7,853	7,261	32,660	-	-	-	189,974
Retirement	55,372	-	-	105,174	8,534	-	9,271	8,731	41,697	-	-	-	228,778
Benefits	49,595	-	-	124,124	5,753	-	11,349	8,428	64,445	-	-	-	263,693
Accounting fees	12,500	-	-	-	-	-	-	-	-	-	-	-	12,500
Legal fees	84,905	-	-	33,408	-	-	-	-	-	-	-	-	118,313
Professional fees	1,344	920	2,500	28,236	5,189	4,001	5,024	1,873	1,788	412	-	-	51,287
Supplies	37,396	726	2,887	11,664	588	15,468	438	438	10,960	245	4,657	-	85,466
Telephone	10,907	182	676	627	180	1,211	82	1,024	1,995	1	-	-	16,884
Postage	26,297	1,652	1,840	18,120	34,849	10,208	343	248	18,886	717	-	-	112,559
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	36,725
Equipment/computer expense	160,852	2,100	-	-	-	-	-	-	13,675	-	200	-	176,827
Printing	5,636	2,580	5,058	4,441	112,878	68,764	353	54	49,640	105	-	-	249,506
Travel and lodging	12,831	22,131	80,120	25,337	2,865	36,315	5,477	12,360	42,398	2,044	-	-	241,877
Conference, convention, & meeting expense	8,501	2,627	5,890	4,485	33,594	31,594	-	1,878	69,042	650	-	-	126,666
Interest	-	-	-	-	-	-	-	-	-	-	92,900	-	92,900
Depreciation	484	-	-	-	-	6,531	-	-	10,639	-	134,591	-	145,714
Bank/investment fees	12,577	-	-	-	-	-	-	-	4,190	2,197	3,766	-	29,294
Stipends	8,000	-	-	-	-	-	-	4,799	16,789	293	-	-	8,000
Meals & entertainment	11,116	36,676	40,101	4,728	322	81,991	2,157	-	693	-	-	-	198,172
Library/research	35,633	-	-	-	-	-	-	-	87,896	-	-	-	35,633
Maintenance/repairs	1,616	-	-	-	-	-	-	-	-	-	-	-	1,616
Auto visual expense	-	4,475	-	-	-	47,561	-	-	-	-	-	-	52,036
Insurance	-	32,046	-	-	-	-	-	-	-	-	-	-	32,046
Contributions, sponsors, & grants	29,103	3,500	-	-	-	-	-	-	-	-	-	-	32,603
Special programs	-	-	-	-	-	-	-	-	-	-	11,347	-	11,347
Teleseminars/special program	-	-	-	-	-	-	-	-	-	-	-	-	46,577
Payment on claims	-	-	-	-	-	-	-	-	-	-	-	-	49,464
Contribution in lieu of taxes	-	-	-	-	-	41,947	-	-	13,030	-	-	-	54,977
Unrelated business tax	(801)	-	-	-	-	-	-	-	-	117,540	-	-	117,540
Other	30,910	46,346	1,755	223	1,535	523	375	1,007	5,916	35,000	6,000	(801)	112,256
Miscellaneous	4,235	573	-	-	-	-	-	-	-	-	-	-	4,235
Total	\$ 1,267,506	\$ 155,932	\$ 140,826	\$ 1,517,273	\$ 268,783	\$ 348,113	\$ 138,529	\$ 140,971	\$ 895,273	\$ 159,204	\$ 340,068	\$ 32	\$ 5,372,511

See Auditor's Report.