

**REPORT OF
MISSOURI BAR FOUNDATION
DECEMBER 31, 2008**



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Supreme Court
of the State of Missouri

We have audited the accompanying statement of assets and Foundation equity on a modified cash basis of the Missouri Bar Foundation (the Foundation) as of December 31, 2008, and the related statements of revenues and expenses and changes in Foundation equity on a modified cash basis for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2007 modified cash basis financial statements and, in our report dated June 20, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and Foundation equity of the Missouri Bar Foundation as of December 31, 2008, and its revenues and expenses and changes in Foundation equity for the year then ended, on the basis of accounting described in Note 1.

Williams - Keepers LLC

June 25, 2009

MISSOURI BAR FOUNDATION

STATEMENT OF ASSETS AND FOUNDATION EQUITY

(Modified Cash Basis)

December 31, 2008

(with Comparative Totals at December 31, 2007)

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash in bank, non-interest bearing	\$ 6,791	\$ 3,902
Cash in bank, interest bearing	13,907	9,709
Total current assets	20,698	13,611
LOANS AND OTHER RECEIVABLES	118,388	105,650
INVESTMENTS		
U.S. Treasury and federal agency notes	1,079,509	1,153,675
Corporate notes	222,253	222,253
Corporate common stocks	1,065,126	973,724
Total investments	2,366,888	2,349,652
COLLECTORS' ITEMS	11,350	11,350
Total assets	\$ 2,517,324	\$ 2,480,263
FOUNDATION EQUITY		
RESTRICTED (as to purpose)		
Spurgeon Smithson Estate	\$ 156,381	\$ 138,859
Eunice Cutter Cox Memorial Fund	96,605	96,605
Lon O. Hocker Trial Award Trust Fund	152,310	142,766
Henry C. McDougal Scholarship Fund	130,119	123,849
Martin J. Purcell Award Fund	32,199	29,741
Missouri Bar Loan Repayment Assistance Program	121,058	119,458
Total restricted equity	688,672	651,278
UNRESTRICTED (as to purpose)	1,828,652	1,828,985
Total foundation equity	\$ 2,517,324	\$ 2,480,263

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

MISSOURI BAR FOUNDATION

STATEMENT OF REVENUES AND EXPENSES

(Modified Cash Basis)

Year Ended December 31, 2008

(With Summarized Totals for the Year Ended December 31, 2007)

	2008			2007
	Unrestricted	Restricted	Total	Total
REVENUES				
Spurgeon Smithson Estate:				
Smithson Estate distribution	\$ -	\$ 11,722	\$ 11,722	\$ 9,870
Dividends	-	5,930	5,930	8,461
Interest	-	5,366	5,366	3,276
Net gain on sales of investments	-	504	504	7
Eunice Cutter Cox Memorial Fund:				
Dividends	-	3,790	3,790	6,119
Interest	-	3,481	3,481	2,608
Net gain on sales of investments	-	332	332	82
Lon O. Hocker Trial Award Trust Fund:				
Dividends	-	5,843	5,843	8,605
Interest	-	5,429	5,429	3,474
Net gain on sales of investments	-	522	522	113
Henry C. McDougal Scholarship Fund:				
Dividends	-	5,004	5,004	7,380
Interest	-	4,660	4,660	3,022
Net gain on sales of investments	-	446	446	98
Martin J. Purcell Award Fund:				
Contributions	-	500	500	-
Dividends	-	1,216	1,216	1,774
Interest	-	1,133	1,133	725
Net gain on sales of investments	-	109	109	19
Missouri Bar Loan Repayment Assistance Program (LRAP):				
Contributions	-	1,225	1,225	1,620
Interest	-	375	375	2,160
General Fund:				
Dividends	69,619	-	69,619	108,641
Interest	66,122	-	66,122	44,536
Smithson Estate distribution	11,722	-	11,722	9,870
Net gain on sales of investments	6,438	-	6,438	1,445
Contributions	3,566	-	3,566	2,280
Fellows program	5,450	-	5,450	2,550
Total revenues	162,917	57,587	220,504	228,735

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

MISSOURI BAR FOUNDATION

STATEMENT OF REVENUES AND EXPENSES (Continued)

(Modified Cash Basis)

Year Ended December 31, 2008

(With Summarized Totals for the Year Ended December 31, 2007)

	2008			2007
	Unrestricted	Restricted	Total	Total
EXPENSES				
Spurgeon Smithson Estate, awards	-	6,000	6,000	6,000
Lon O. Hocker Trial Award Trust				
Fund, scholarships	-	2,250	2,250	2,250
Henry C. McDougal Scholarship				
Fund, scholarships	-	3,840	3,840	2,280
Martin J. Purcell Award Fund, awards	-	500	500	500
Eunice Cutter Cox Memorial Fund, needy				
lawyer grant	-	5,000	5,000	9,690
General Fund:				
Grants	121,400	-	121,400	18,000
LRAP administrative expense	15,006	-	15,006	15,314
Professional fees	14,145	-	14,145	11,685
Fiduciary fees	8,701	-	8,701	9,239
Meeting expense	1,858	-	1,858	3,577
David Dixon Appellate Advocacy Awards	2,250	-	2,250	2,250
W. Oliver Rasch Award	750	-	750	750
Other awards	91	-	91	-
Other	1,652	-	1,652	768
Total expenses	165,853	17,590	183,443	82,303
Excess (deficiency) of revenues				
over expenses	\$ (2,936)	\$ 39,997	\$ 37,061	\$ 146,432

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

MISSOURI BAR FOUNDATION

STATEMENT OF CHANGES IN FOUNDATION EQUITY

(Modified Cash Basis)

Year Ended December 31, 2008

(With Summarized Totals for the Year Ended December 31, 2007)

	2008			2007
	Unrestricted	Restricted	Total	Total
Foundation equity, beginning of year	\$ 1,828,985	\$ 651,278	\$ 2,480,263	\$ 2,333,831
Excess (deficiency) of revenues over expenses	(2,936)	39,997	37,061	146,432
Interfund transfer	2,603	(2,603)	-	-
Foundation equity, end of year	<u>\$ 1,828,652</u>	<u>\$ 688,672</u>	<u>\$ 2,517,324</u>	<u>\$ 2,480,263</u>

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

MISSOURI BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: The Missouri Bar Foundation (the Foundation) purpose and objective shall be the receipt, holding, investment, reinvestment and expenditure of gifts, donations, bequests, devises, membership dues and contributions, together with all income there from, for the following purposes:

1. To relieve, aid and assist as charitable acts deserving members of the Bar who shall be ill, incapacitated or superannuated and in need of aid, or the dependents of deceased members of the Bar who shall be ill, incapacitated or superannuated and in need of aid.
2. The advancement of the science of jurisprudence and research therein.
3. The promotion of improvements in the administration of justice and efficiency of judicial proceedings and decisions.
4. The elevation of judicial standards.
5. The study and improvement of legal education.
6. The granting of scholarships to students of law.
7. The preservation of the American constitutional form of government.
8. To maintain libraries.
9. To acquire, preserve and exhibit rare books and documents, objects of art and items of historical interest having legal significance or bearing on the administration of justice.
10. To act as trustee of any funds or property that it may receive under specific or limited gifts, grants, devises, bequests or agreements, and to receive, hold and manage the same under any terms and conditions therein imposed which are clearly within the objects above set forth.
11. To act as trustee in connection with any plan of insurance coverage which may be in furtherance of the objects and purposes of the corporation.
12. To acquire for such purposes such real and personal property as shall, from time to time, be necessary; to own, hold, mortgage, invest, reinvest, sell, convey, lease and manage such property; to borrow money, and to do any and all things necessary or incident to the best accomplishment of all the foregoing purposes.

Financial Statement Presentation: The accompanying financial statements have been prepared on the modified cash basis of accounting under which, except for the recognition of the investments shown on the statements of assets and foundation equity on a modified cash basis, only cash receipts and disbursements are recorded and reflected in these statements. The Foundation also has not implemented the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires that information regarding the Foundation's financial position and activities be presented according to three categories of net assets:

unrestricted, temporarily restricted, and permanently restricted. Because receivables and payables, property and equipment, and accrued and deferred expense items, which may be material in amount, are not reflected, and because SFAS No. 117 has not been adopted, the financial statements are not intended to present the overall financial position and results of operations in conformity with U.S. generally accepted accounting principles.

Investments and Collections: Valuation of investments and collections is at cost at time of purchase or fair value at time of contribution.

Concentration of Credit Risk: Cash included overnight repurchase agreements totaling approximately \$11,455 and \$5,458 at December 31, 2008 and 2007, respectively. The Foundation requires that securities underlying repurchase agreements must have a fair value of at least 100% of the cost of the repurchase agreement. The fair values of securities underlying repurchase agreements are determined daily.

Tax Status: The Missouri Bar Foundation is a not-for-profit organization as defined under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to federal or state income tax. Should the Foundation not meet the qualifications of a publicly-supported organization but operate as a private foundation, then the Foundation is subject to federal excise taxes.

Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. RESTRICTED FUNDS

Spurgeon Smithson Estate: As trustee in the Estate of Mr. Spurgeon Smithson, the United Missouri Bank is charged with administration of assets. The trust agreement provides, with respect to earnings of the estate, that "One-half thereof shall be paid to the Missouri Bar Foundation to be awarded annually by it to one or more members of The Missouri Bar and/or judges of courts located in the state of Missouri and/or members of the teaching faculties of law schools located in the State of Missouri who are deemed by the Missouri Bar Foundation to have rendered outstanding service toward the increase and diffusion of justice among men". The trust instrument further provides that the remaining half of the trust's net income also be given to the Missouri Bar Foundation and be used by it for any of its general corporate purposes.

Eunice Cutter Cox Memorial Fund: The Missouri Bar Foundation was the recipient of certain securities and cash from the Sophia Cox Estate on October 31, 1973. These monies are to be used in the Foundation's charitable activities in furthering the advancement of law. The income from these investments is restricted to care of needy, indigent women lawyers on a year by year basis with any funds not disbursed being available for general use. Any unused income from the fund shall be transferred to the Foundation's general fund.

Lon O. Hocker Trial Award Trust Fund: The Lon O. Hocker Trial Award Trust Fund was established to recognize and reward annually the accomplishments of selected young lawyers who have demonstrated exceptional skills in the courtroom. Income only is to be distributed from the fund to provide for the awards.

Henry C. McDougal Scholarship Fund: The Henry C. McDougal Scholarship Fund was established to provide scholarships for deserving Missouri law students from northwest Missouri. Only the earnings from the Fund are to be used for scholarships.

Martin J. Purcell Award Fund: The Martin J. Purcell Award Fund was established to recognize and reward annually one or more Missouri Bar members who have demonstrated professionalism and advocacy skills, based upon specific criteria determined by the Foundation's Board of Directors.

Missouri Bar Loan Repayment Assistance Program: The Missouri Bar Loan Repayment Assistance Program (LRAP) was established to provide forgivable loan awards to qualifying law school graduates who work in the government sector, legal aid, or other specified non-profit organizations. Upon completion of a required service obligation, the award recipient's loan will be forgiven. Such forgiven loans are reported as LRAP grants in the accompanying statement of revenues and expenses and totaled \$0 for both of the years 2008 and 2007. The balance of such loans outstanding totaled \$118,388 and \$88,650 at December 31, 2008 and 2007, respectively.

3. INVESTMENTS

A comparison of the carrying value and fair value of the Foundation's investments at December 31 are presented in the following table. The fair values disclosed are based on quoted prices in active markets for identical assets.

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
U.S. Treasury and federal agency notes	\$ 1,079,509	\$ 1,100,339	\$ 1,153,675	\$ 1,162,603
Corporate notes	222,253	227,804	222,253	227,477
Corporate common stocks	1,065,126	858,632	973,724	1,362,327
Total investments	<u>\$ 2,366,888</u>	<u>\$ 2,186,775</u>	<u>\$ 2,349,652</u>	<u>\$ 2,752,407</u>

4. COLLECTORS' ITEMS

The Missouri Bar Foundation was the recipient of five prints from the Estate of Harry L. Jacobs on October 30, 1981. The prints were appraised at \$8,350 by an independent art gallery.

During 1992, the Foundation was the recipient of a painting from an individual which had an estimated value of \$3,000.

5. BOARD DESIGNATIONS

The Foundation's Board of Trustees has designated unrestricted equity into the following categories:

	December 31,	
	2008	2007
Committed for grants approved but unexpended	\$ 18,000	\$ 78,000
David Dixon Appellate Advocacy Awards	29,090	29,010
Available for new grant commitments	191,509	131,922
Generally unavailable for grant purposes (Foundation corpus)	<u>1,590,053</u>	<u>1,590,053</u>
Foundation net assets, unrestricted	<u>\$ 1,828,652</u>	<u>\$ 1,828,985</u>

6. FELLOWS PROGRAM

The Foundation's bylaws provide for a limited membership program of Fellow. Membership in such program is subject to the approval of the Board of Trustees and is limited to members in good standing of The Missouri Bar. Fellows are required to make a minimum donation to the Foundation. The Foundation's bylaws provide for four classes of Foundation membership. Such classes have varying qualifying conditions and financial commitments.

7. GRANTS

During 2008 and 2007, the Foundation paid grants to the following organizations:

	<u>2008</u>	<u>2007</u>
The Missouri Bar, Case Management Study of Missouri State Public Defender System	\$ 50,000	\$ -
The Missouri Bar, Juvenile Justice Association	19,500	-
Midwestern Innocence Project	16,900	-
The Missouri Bar, Senior Citizens Handbook	10,000	-
The Missouri Bar, Statewide Training Program for Legal Aid Lawyers	10,000	-
MO Law Day Conference for Teachers	10,000	-
The Missouri Bar, Missouri Checks and Balances Program	4,000	3,000
The Missouri Bar, MOLAP Conference	1,000	-
ALI-ABA/ACLEA Critical Issues Summit	-	5,000
The Missouri Bar, Law Related Education Conference	-	10,000
Total grants	<u>\$ 121,400</u>	<u>\$ 18,000</u>

8. COMMITMENTS

As of December 31, 2008, the Foundation had approved grants outstanding of which a total of \$18,000 had not yet been disbursed, as follows:

The Missouri Bar Law Related Education Conference	\$ 10,000
Missouri Checks and Balances Program	4,000
Printing of Boys State Manuals	3,000
The Missouri Bar MoLAP Annual Conference	1,000
Total grant commitments	<u>\$ 18,000</u>