

**REPORT OF
TRUSTEES OF THE MISSOURI BAR
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 statements of financial position on a modified cash basis of the Trustees of the Missouri Bar (the Trustees) as of December 31, 2008 and 2007, and the related statements of activities on a modified cash basis for the years then ended. These financial statements are the responsibility of the Trustees' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1 of the Notes to Financial Statements, 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 financial position of the Trustees of the Missouri Bar as of December 31, 2008 and 2007, and its changes in net assets for the years then ended, on the basis of accounting described in Note 1.

The accompanying information shown on pages 6 and 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our audits of the financial statements were made for the purpose of forming an opinion on those statements taken as a whole. The accompanying information has been subjected to the procedures applied in the audits of the financial statements. In our opinion, the accompanying information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Williams - Keepers LLC

June 22, 2009

TRUSTEES OF THE MISSOURI BAR

STATEMENTS OF FINANCIAL POSITION

(Modified Cash Basis)

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash in bank, interest-bearing	\$ 426,512	\$ 458,569
Interest receivable	-	292
Investments	-	200,220
Total current assets	<u>426,512</u>	<u>659,081</u>
INVESTMENTS, Noncurrent	<u>300,000</u>	<u>-</u>
PROPERTY		
Land	511,716	511,716
Buildings and improvements	<u>2,410,975</u>	<u>2,410,975</u>
Total property	<u>2,922,691</u>	<u>2,922,691</u>
Total assets	<u>\$ 3,649,203</u>	<u>\$ 3,581,772</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of deferred rent income	\$ 11,261	\$ 11,261
NONCURRENT LIABILITIES		
Long-term portion of deferred rent income	<u>1,069,769</u>	<u>1,081,030</u>
Total liabilities	<u>1,081,030</u>	<u>1,092,291</u>
NET ASSETS - UNRESTRICTED	<u>2,568,173</u>	<u>2,489,481</u>
Total liabilities and net assets	<u>\$ 3,649,203</u>	<u>\$ 3,581,772</u>

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

TRUSTEES OF THE MISSOURI BAR

STATEMENTS OF ACTIVITIES

(Modified Cash Basis)

Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
REVENUES		
Rent	\$ 94,069	\$ 87,234
Interest	14,338	25,938
Total revenues	<u>108,407</u>	<u>113,172</u>
EXPENSES		
Building repairs and maintenance	26,815	5,700
Miscellaneous	2,900	2,575
Total expenses	<u>29,715</u>	<u>8,275</u>
Increase in net assets	78,692	104,897
Net assets, beginning of year	<u>2,489,481</u>	<u>2,384,584</u>
Net assets, end of year	<u>\$ 2,568,173</u>	<u>\$ 2,489,481</u>

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

TRUSTEES OF THE MISSOURI BAR

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATIONAL STRUCTURE AND SIGNIFICANT ACCOUNTING POLICIES

Organizational structure: The Trustees of the Missouri Bar is comprised of seven members, as follows: three appointed by the Board of Governors of The Missouri Bar, three appointed by the Supreme Court, with the seventh being the President of The Missouri Bar as an ex-officio member. Trustees are appointed for three year terms unless the appointment is for the remainder of an unexpired term.

The Trustees of the Missouri Bar have the powers and responsibility to act for, and in the name of, The Missouri Bar, Chief Disciplinary Counsel, or Missouri Board of Law Examiners with respect to equipping and maintaining a Headquarters Building of The Missouri Bar, Chief Disciplinary Counsel, or Missouri Board of Law Examiners and for the purpose of carrying out such purposes, the right:

- A. To hold the legal title to real estate for the location of such Headquarters Buildings;
- B. To receive personal property and to expend the same for purposes incident to said Headquarters Buildings, or to invest and reinvest the same for such purpose;
- C. To establish, maintain, and manage permanent Headquarters Buildings for The Missouri Bar, Chief Disciplinary Counsel, and Missouri Board of Law Examiners;
- D. To accept and hold real and personal property in trust for any use relevant to the maintenance of such Headquarters Buildings;
- E. To institute, intervene in, or defend any action or proceeding at law or in equity in any state or federal court wherein any issue involving the Trustees, the real or personal property within their charge, or the Trust is or may be presented.

Basis of accounting: The accompanying financial statements have been prepared on the modified cash basis of accounting under which, except for the recognition of certain assets and liabilities shown on the statements of financial position on a modified cash basis, only cash receipts and disbursements are recorded and reflected in these statements. Since receivables, payables, accrued and deferred expense items, and depreciation expense which may be material in amount, are not reflected, 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.

Financial statement presentation: The Trustees of the Missouri Bar reports information regarding its net assets and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Trustees of the Missouri Bar had only unrestricted net assets as of December 31, 2008 and 2007.

Investments: Investments are valued at cost.

Property and improvements: Acquisitions of property are capitalized and inventoried at cost with no depreciation being recorded thereon.

Tax status: The Trustees of the Missouri Bar is an instrumentality of a political subdivision and, as such, is not subject to federal and state income tax or reporting.

2. INVESTMENTS

Cost and fair value of investment securities 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. Government and agency securities	\$ 300,000	\$ 307,968	\$ 200,220	\$ 200,700

Investments are classified at December 31 as follows:

	2008	2007
Current	\$ -	\$ 200,220
Noncurrent	300,000	-
Total investments, at cost	\$ 300,000	\$ 200,220

3. RELATED PARTY TRANSACTIONS

The Trustees of the Missouri Bar lease property with a cost of \$1,450,445 as of December 31, 2008 to The Missouri Bar on a year to year basis. Rental payments received for the years ended December 31, 2008 and 2007, totaled \$74,008 and \$72,373, respectively.

Effective May 15, 1995, The Advisory Committee Fund entered into a lease agreement with the Trustees of the Missouri Bar for the Chief Disciplinary Counsel Headquarters property with a cost of \$358,619 as of December 31, 2008. The lease term was 15 years with a monthly rental amount of \$300. On April 24, 2008, a new lease agreement was signed extending the lease term commencing on June 15, 2008 and expiring on December 31, 2012, with a monthly rental amount of \$1,000. Rental payments received by the Trustees from The Advisory Committee Fund totaled \$8,800 and \$3,600 for the years ended December 31, 2008 and 2007, respectively.

Future minimum lease payments to be received annually under the terms of these leases are \$12,000 for each of the years from 2009 through 2012.

During the year ended December 31, 2006, the Supreme Court of Missouri revised its rules to allow the Trustees of the Missouri Bar to hold title to property for the Missouri Board of Law Examiners. During 2006, the Trustees of the Missouri Bar entered into a lease agreement with the Missouri Board of Law Examiners for the Board of Law Examiners Headquarters property with a cost of \$1,113,627. During 2006, the Trustees of the Missouri Bar received \$1,123,774 from the Missouri Board of Law Examiners as a prepayment of rent for use of such building. This lease agreement expires in 2105. At December 31, 2008, deferred rent income totaled \$1,081,030, of which \$11,261 was classified as a current liability. At December 31, 2007, deferred rent income totaled \$1,092,291, of which \$11,261 was classified as a current liability. The Trustees of the Missouri Bar recognized \$11,261 in rent income from this lease for each of the years ended December 31, 2008 and 2007.

TRUSTEES OF THE MISSOURI BAR

**SCHEDULE OF FINANCIAL POSITION
BY MANAGEMENT GROUP**

(Modified Cash Basis)

December 31, 2008

	The Missouri Bar	Office of Chief Disciplinary Counsel	Board of Law Examiners	Total
ASSETS				
CURRENT ASSETS				
Cash in bank, interest-bearing	\$ 402,545	\$ 23,742	\$ 225	\$ 426,512
INVESTMENTS, Noncurrent	300,000	-	-	300,000
PROPERTY				
Land	113,511	116,460	281,745	511,716
Buildings and improvements	1,336,934	242,159	831,882	2,410,975
Total property	1,450,445	358,619	1,113,627	2,922,691
Total assets	<u>\$ 2,152,990</u>	<u>\$ 382,361</u>	<u>\$ 1,113,852</u>	<u>\$ 3,649,203</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current portion of deferred rent income	\$ -	\$ -	\$ 11,261	\$ 11,261
NONCURRENT LIABILITIES				
Long-term portion of deferred rent income	-	-	1,069,769	1,069,769
Total liabilities	-	-	1,081,030	1,081,030
NET ASSETS - UNRESTRICTED	2,152,990	382,361	32,822	2,568,173
Total liabilities and net assets	<u>\$ 2,152,990</u>	<u>\$ 382,361</u>	<u>\$ 1,113,852</u>	<u>\$ 3,649,203</u>

TRUSTEES OF THE MISSOURI BAR

**SCHEDULE OF ACTIVITIES
BY MANAGEMENT GROUP**

(Modified Cash Basis)

Year Ended December 31, 2008

	<u>The Missouri Bar</u>	<u>Office of Chief Disciplinary Counsel</u>	<u>Board of Law Examiners</u>	<u>Total</u>
REVENUES				
Rent	\$ 74,008	\$ 8,800	\$ 11,261	\$ 94,069
Interest	14,278	60	-	14,338
Total revenues	<u>88,286</u>	<u>8,860</u>	<u>11,261</u>	<u>108,407</u>
EXPENSES				
Building repairs and maintenance	26,815	-	-	26,815
Miscellaneous	2,900	-	-	2,900
Total expenses	<u>29,715</u>	<u>-</u>	<u>-</u>	<u>29,715</u>
Increase in net assets	58,571	8,860	11,261	78,692
Net assets, beginning of year	<u>2,094,419</u>	<u>373,501</u>	<u>21,561</u>	<u>2,489,481</u>
Net assets, end of year	<u>\$ 2,152,990</u>	<u>\$ 382,361</u>	<u>\$ 32,822</u>	<u>\$ 2,568,173</u>