

HAWAII STATE BAR ASSOCIATION

FINANCIAL STATEMENTS

For the Years Ended  
December 31, 2010 and 2009

# HAWAII STATE BAR ASSOCIATION

## CONTENTS

	<u>Page</u>
Independent Auditors' Report .....	1
Financial Statements	
Statements of Assets, Liabilities and Net Assets - Modified Cash Basis .....	2
Statements of Revenues and Expenses - Modified Cash Basis .....	3
Statements of Changes in Net Assets - Modified Cash Basis .....	4
Notes to Financial Statements .....	5
Supplementary Information	
Schedules of Unrestricted Revenues - Modified Cash Basis .....	12
Schedule of Unrestricted Revenues and Expenses by Program - Modified Cash Basis .....	13
Schedule of Unrestricted Member Services Program Revenues and Expenses - Modified Cash Basis .....	15
Schedule of Unrestricted Public Services Program Revenues and Expenses - Modified Cash Basis .....	17
Schedule of Unrestricted Fundraising Revenues and Expenses - Modified Cash Basis .....	19
Schedule of Unrestricted Support Services Revenues and Expenses - Modified Cash Basis .....	20

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Hawaii State Bar Association

We have audited the accompanying statements of assets, liabilities and net assets - modified cash basis of the Hawaii State Bar Association (a Hawaii Non-Profit Organization) as of December 31, 2010 and 2009, and the related statements of revenues and expenses - modified cash basis, and statements of changes in net assets - modified cash basis, for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 discussed in Note B, the financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Hawaii State Bar Association as of December 31, 2010 and 2009, and its revenues, expenses and changes in net assets for the years then ended on the basis of accounting described in Note B.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information (pages 12-21) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Tomishima & Fukuhara CPA, Inc.*

October 18, 2011  
Honolulu, Hawaii

HAWAII STATE BAR ASSOCIATION  
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS  
 December 31, 2010 and 2009

	2010	2009
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents, including cash held for others of \$355,832 (2010) and \$580,898 (2009)	\$ 1,645,133	\$ 1,268,874
Investment in certificates of deposit	-	532,000
<b>TOTAL CURRENT ASSETS</b>	1,645,133	1,800,874
<b>PROPERTY AND EQUIPMENT, at cost, less accumulated depreciation</b>		
	2,620,056	2,310,528
<b>TOTAL ASSETS</b>	\$ 4,265,189	\$ 4,111,402
<b>L I A B I L I T I E S</b>		
<b>CURRENT LIABILITIES</b>		
Payroll withholding	\$ 3,704	\$ 3,479
Other current liabilities	-	313
Current maturity of long-term debt	62,800	22,800
Due to affiliates for cash held	355,832	580,898
Deferred revenue	163,087	311,893
<b>TOTAL CURRENT LIABILITIES</b>	585,423	919,383
<b>LONG-TERM DEBT, less current maturities</b>	1,992,450	1,577,200
<b>N E T A S S E T S</b>		
<b>NET ASSETS</b>		
Unrestricted	1,543,175	1,468,790
Pre-unified	144,141	146,029
<b>TOTAL NET ASSETS</b>	1,687,316	1,614,819
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 4,265,189	\$ 4,111,402

See the accompanying notes to financial statements.

HAWAII STATE BAR ASSOCIATION  
STATEMENTS OF REVENUES AND EXPENSES – MODIFIED CASH BASIS  
December 31, 2010 and 2009

	2010	2009
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
Dues revenue	\$ 1,357,287	\$ 1,850,798
Non-dues revenue	<u>572,515</u>	<u>594,783</u>
Total revenues	<u>1,929,802</u>	<u>2,445,581</u>
EXPENSES		
Program Services		
Supreme Court Mandated	184,902	173,530
Committees	53,894	58,357
Young Lawyers Division	35,576	44,888
Strategic Planning	62,970	61,415
Neighbor Island Support	16,400	16,525
Membership Services	759,137	775,615
Public Services	<u>195,932</u>	<u>222,267</u>
Total program services	<u>1,308,811</u>	<u>1,352,597</u>
Fundraising Expenses	<u>52,963</u>	<u>44,104</u>
Supporting Services		
Board of Directors	215,226	245,338
General and administrative	<u>278,417</u>	<u>322,215</u>
Total supporting services	<u>493,643</u>	<u>567,553</u>
Total unrestricted expenses	<u>1,855,417</u>	<u>1,964,254</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>74,385</u>	<u>481,327</u>
CHANGES IN NET ASSETS - PRE-UNIFIED		
REVENUES		
Interest income - Pre-unified	<u>1,670</u>	<u>3,707</u>
Total pre-unified revenues	<u>1,670</u>	<u>3,707</u>
EXPENSES		
Pre-unified conference travel	<u>3,558</u>	<u>4,496</u>
Total pre-unified expenses	<u>3,558</u>	<u>4,496</u>
DECREASE IN NET ASSETS - PRE-UNIFIED	<u>(1,888)</u>	<u>(789)</u>
INCREASE IN TOTAL NET ASSETS	<u>\$ 72,497</u>	<u>\$ 480,538</u>

See the accompanying notes to financial statements.

HAWAII STATE BAR ASSOCIATION  
 STATEMENTS OF CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
 For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
NET ASSETS, Beginning of year	\$ 1,468,790	\$ 987,463
NET INCREASE	<u>74,385</u>	<u>481,327</u>
NET ASSETS, End of year	<u>1,543,175</u>	<u>1,468,790</u>
NET ASSETS - PRE-UNIFIED		
NET ASSETS, Beginning of year	146,029	146,818
NET DECREASE	<u>(1,888)</u>	<u>(789)</u>
NET ASSETS, End of year	<u>144,141</u>	<u>146,029</u>
TOTAL NET ASSETS	<u>\$ 1,687,316</u>	<u>\$ 1,614,819</u>

See the accompanying notes to financial statements.

HAWAII STATE BAR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

NOTE A - NATURE OF ORGANIZATION

The Hawaii State Bar Association (HSBA) was founded on June 24, 1899. It was formally incorporated in 1985 as a non-profit trade organization under Section 501(c)(6) of the Internal Revenue Code.

Effective November 1, 1989, the Supreme Court of the State of Hawaii, pursuant to Supreme Court Rule 17, created a unified bar. Henceforth, all persons admitted to the practice of law in Hawaii were required to be members of the Hawaii State Bar Association, and the HSBA was designated as the administrative entity of the unified bar. HSBA aids the Court in regulating, maintaining, and improving the legal profession. The HSBA staff and attorney volunteers conduct a variety of projects to benefit HSBA members and the general public in the State of Hawaii. Services to members include continuing education seminars, practice management workshops, technological tools, and public service projects.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies followed by the HSBA is summarized below:

Basis of accounting - The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the HSBA has not recognized vendor accounts payable, accrued liabilities, prepaid expenses and interest receivable and their related effect on the change in net assets has not been recorded in the accompanying financial statements. Modifications to the cash basis of accounting include the revenue recognition policy for dues and the treatment of property and equipment as described further in this note.

Net assets - pre-unified - A portion of the net assets presented as *net assets - pre-unified* represents amounts accumulated before the HSBA incorporated and became unified and its use is determined by the Board of Directors for specified purposes.

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

Revenue recognition - The HSBA's dues revenue consists of membership dues, late fees and processing fees. Membership dues received in advance are deferred and recognized in the year that the dues apply. Members who fail to renew their membership by the due date including a grace period are administratively suspended in accordance with Rules established by the State of Hawaii Supreme Court.

Investments - Investments consist of certificates of deposit and are accounted for at cost.

HAWAII STATE BAR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment - Property and equipment are capitalized and recorded at cost. Depreciation is computed using the straight-line method over useful lives of 3 - 40 years. Expenditures which materially increase values, change capacities, or extend useful lives are capitalized. Maintenance and repairs are charged to expense when paid.

Advertising - The HSBA expenses the production costs of advertising the first time the advertising takes place.

Income taxes - The HSBA is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. As such, income from membership dues and fees, net of related expenses are exempt from income taxes. However unrelated business income resulting from sales of mailing lists, advertising income, and lawyer referral services, is subject to federal and state income taxes. Income taxes on unrelated business income are recorded in the year paid and refunds are recorded in the year received. The HSBA files a tax return in the U.S. federal jurisdiction and is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2007.

NOTE C - CASH ACCOUNTS AND CONCENTRATION OF CREDIT RISK

The HSBA maintains the accounting of dues and expenses for certain affiliated organizations. In addition, the HSBA collects dues on behalf of other affiliated organizations and may hold cash for remittance to the other organizations. As a result, a portion of the HSBA's cash represents cash held for these affiliated organizations. As of December 31, the total cash and cash equivalents held and the portion of cash restricted is as follows:

	<u>2010</u>	<u>2009</u>
On hand	\$ 230	\$ 230
Checking accounts	62,802	46,098
Savings and money market accounts	<u>1,582,101</u>	<u>1,222,546</u>
Total cash	<u>1,645,133</u>	<u>1,268,874</u>
Cash held for others:		
Affiliated sections	131,389	140,204
Other organizations	<u>224,443</u>	<u>440,694</u>
Total cash held for other organizations	<u>355,832</u>	<u>580,898</u>
Total HSBA cash	<u>\$ 1,289,301</u>	<u>\$ 687,976</u>
Investment in certificates of deposit	<u>\$ -</u>	<u>\$ 532,000</u>

Interest income on the above cash and certificates of deposits totaled \$7,509 and \$27,776 for the years ended December 31, 2010 and 2009, respectively.

HAWAII STATE BAR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

NOTE C - CASH ACCOUNTS AND CONCENTRATION OF CREDIT RISK (Continued)

The HSBA maintains cash and money market accounts at various banks and with investment brokers. Bank accounts and certificates of deposits held by investment brokers are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account holder. Money market accounts held by investment brokers are insured by the Securities Investor Protection Corporation up to \$500,000 per account holder. At times during the year, the HSBA may hold amounts that exceed the insured portion. At December 31, 2010 and 2009 the HSBA had uninsured cash balance of \$979,597 and \$1,009,650, respectively.

NOTE D - RESTRICTED CASH AND INVESTMENTS

A portion of the investments in money markets and certificates of deposits represent amounts accumulated before the HSBA incorporated and became unified. The Board of Directors restricts its use and related earnings for specific purposes. The restricted cash and investments held are as follows:

	<u>2010</u>	<u>2009</u>
Investment in certificates of deposit	\$ -	\$ 140,000
Cash held in money market account	<u>144,141</u>	<u>6,029</u>
Total restricted cash and investments	<u>\$ 144,141</u>	<u>\$ 146,029</u>

NOTE E - PROPERTY AND EQUIPMENT

During the year ended December 31, 2009, the HSBA purchased real property and built office space for its members and administration. Total property and equipment consisted of the following as of December 31:

	<u>2010</u>	<u>2009</u>
Building	\$ 1,636,000	\$ 1,636,000
Building improvements	534,692	173,484
Furniture and office equipment	212,148	172,252
Computer equipment	68,289	68,289
Computer software	<u>13,054</u>	<u>13,054</u>
	2,464,183	2,063,079
Less: Accumulated depreciation	<u>208,127</u>	<u>116,551</u>
	2,256,056	1,946,528
Land	<u>364,000</u>	<u>364,000</u>
	<u>\$ 2,620,056</u>	<u>\$ 2,310,528</u>

The depreciation expense charged to operations totaled \$91,576 and \$12,545 in 2010 and 2009, respectively.

HAWAII STATE BAR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

NOTE F - LONG-TERM DEBT

The HSBA's long-term debt at December 31, consisted of the following:

	2010	2009
Note payable to a bank with a maturity date of March 17, 2019, secured by land and real property located in Honolulu, Hawaii. This note has monthly installments of \$9,825, including interest at 5.5% for the first five years through March 17, 2014. Thereafter, the interest rate will be adjusted to 1.9% over the five-year fixed advance rate established by the Federal Home Loan Bank of Seattle.	\$1,577,218	\$1,600,000
Note payable to a bank with a maturity date of March 17, 2014. This note has monthly installments of \$4,894 including interest at 6.0%. The note is collateralized by building improvements located in Honolulu, Hawaii.	478,032	-
Total long-term debt	2,055,250	1,600,000
Less: Current portion	62,800	22,800
	\$1,992,450	\$1,577,200

The above notes contain a loan covenant to maintain a certain financial ratio as defined in the agreements. Violations of loan covenants permit the bank to declare the entire balance as immediately due and payable. At December 31, 2010, the financial ratio was met.

The current maturities of long-term debt consist of the following:

Year Ending December 31,

2011	\$ 62,800
2012	66,500
2013	70,500
2014	417,200
2015	39,800
Thereafter	1,398,450
	\$ 2,055,250

NOTE G - LEASE COMMITMENTS

Prior to the purchase of real property for office space, the HSBA leased an office located at 1132 Bishop Street, Suite 906, Honolulu, Hawaii, under a ten year non-cancelable lease agreement that expired on January 17, 2010.

HAWAII STATE BAR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

NOTE G - LEASE COMMITMENTS (Continued)

The lease agreement provided for a fixed basic monthly rent of \$1.00 per rentable square foot for its office space and additional adjacent space at \$1.25 per rental square foot for a conference room. The basic monthly rent was \$5,765 plus common area maintenance and general excise taxes.

The HSBA also leases a copier with monthly payments of \$418 expiring in February 2016.

Rental expense for the above mentioned leases charged to operations, inclusive of common area charges and general excise taxes, was \$15,693 and \$166,866 for 2010 and 2009, respectively.

The future minimum lease payments for the remaining copier lease are as follows:

<u>Year Ending December 31,</u>	
2011	\$ 5,256
2012	5,256
2013	5,256
2014	5,256
2015	5,256
Thereafter	<u>876</u>
Total future minimum lease payments	<u>\$ 27,156</u>

NOTE H - FUNDRAISING

The HSBA's annual fundraising activity generally consists of a banquet dinner and may include a silent auction at the option of the President. Approximately 50% of net proceeds from these fundraising activities are designated as donations to other charitable organizations by the Board of Directors. Proceeds and related expenses for these fundraising activities are presented in the statement of revenues and expenses

During the years ended December 31, 2010 and 2009, contributions were made from the net proceeds of the annual fundraiser dinner to other non-profit organizations totaling \$15,067 and \$18,707, respectively.

NOTE I - PENSION PLAN

The HSBA maintains a defined contribution pension plan covering all eligible employees who have completed one year of employment during which the employee worked for at least 1,000 hours. Total contributions per employee are limited by federal income tax law.

HAWAII STATE BAR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

NOTE I - PENSION PLAN (Continued)

During the years ended December 31, 2010 and 2009, the HSBA made contributions to meet the minimum requirements pursuant to the plan of \$53,449 and \$52,992, respectively.

NOTE J - MAJOR REVENUE SOURCE AND ECONOMIC DEPENDENCY

The HSBA derived approximately 70% and 76% of its revenues from dues and related revenues collected from members in 2010 and 2009, respectively. Management believes that its policy on collection of dues is adequate to minimize potential credit risk.

NOTE K - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues and expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE L - INCOME TAXES

The HSBA is an exempt organization under Section 501(c)(6) of the Internal Revenue Code and is exempt from income taxes. Income taxes are imposed on unrelated business income as defined by Section 511 of the Code. No income taxes were required to be paid during the years ended December 31, 2010 and 2009.

NOTE M - CHARGEABLE EXPENSES

Pursuant to Rule 17 of the Rules of the Supreme Court of the State of Hawaii, the purposes of the HSBA are to aid the Court in regulating, maintaining and improving the legal profession, administration of justice and advancements in jurisprudence, in improving relations between the legal profession, the public and the various branches and instrumentalities of government, and in promoting the interests of the profession. The HSBA may use the annual membership dues for those expenses that are normally and reasonably incurred to implement its purposes. In Keller v. State Bar of California, the U.S. Supreme Court held that a unified state bar, such as the HSBA, may not expend compulsory membership dues for political or ideological purposes that are not germane to the purposes of the bar association. All expenses incurred by the HSBA are considered to be chargeable expenses and are included in the statement of revenues and expenses.

Members of the HSBA may object to activities classified as chargeable which they feel are political or ideological activities not reasonably related to the advancement of the HSBA purposes. Categories and amounts of chargeable expenses are subject to challenge before an independent decision maker. Accordingly, the classification of some activities could change in the future as a result of such challenges and any related judicial review.

HAWAII STATE BAR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

NOTE N - ADVERTISING

The HSBA expenses the cost of advertising and promotions as incurred. Advertising expense totaled \$6,906 and \$6,866 in 2010 and 2009, respectively.

NOTE O - SUBSEQUENT EVENTS

In March 2011, the HSBA made a voluntary \$50,000 principal payment on the note payable collateralized by building improvements.

The Board of Directors concluded that the various Sections created by the HSBA are under the authority of the HSBA as a whole and that the accounting for the activity of these Sections will be included in the financial statements beginning with the year ended December 31, 2011. As of December 31, 2010, procedures were being developed to ensure the methodology of accounting for the activities by the various sections are uniform and consistent with the HSBA financial system.

The HSBA has evaluated subsequent events through October 18, 2011, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HAWAII STATE BAR ASSOCIATION  
SCHEDULES OF UNRESTRICTED REVENUES – MODIFIED CASH BASIS  
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>DUES REVENUE</b>		
Membership dues	\$ 1,179,586	\$ 1,667,009
Penalties	44,850	87,700
Processing fees	<u>132,851</u>	<u>96,089</u>
Total dues revenue	<u>1,357,287</u>	<u>1,850,798</u>
<b>NON-DUES REVENUE</b>		
Continuing Legal Education seminar income	193,416	138,797
Fundraising revenue	67,418	66,695
Grants and donations	57,153	121,713
Royalties	55,649	58,272
Lawyer Referral income	39,040	36,348
Continuing Legal Education publication sales	56,073	51,846
Products and services	28,125	27,057
Accreditation fees	22,701	-
Sponsorship & booth income	16,175	13,355
Advertising	10,550	-
Interest income	5,839	27,776
Legal secretary training and placement	5,275	5,555
Meetings	4,160	-
Fees	3,000	-
Social events and other	1,685	4,590
Mailing label income	205	1,981
IOLTA Processing fees	-	20,465
Bar Journal income	-	19
Miscellaneous income	<u>6,051</u>	<u>20,314</u>
Total non-dues revenue	<u>572,515</u>	<u>594,783</u>
<b>TOTAL REVENUES</b>	<u><b>\$ 1,929,802</b></u>	<u><b>\$ 2,445,581</b></u>

HAWAII STATE BAR ASSOCIATION  
 SCHEDULE OF UNRESTRICTED REVENUES AND EXPENSES BY PROGRAM – MODIFIED CASH BASIS  
 For the Year Ended December 31, 2010

	Supreme Court		Young Lawyers Division		Strategic Planning		Neighbor Island Bar Support		Member Services		Public Services		Total Program Services		Total Support Services		Total Fund-raising		HSBA Total		
	Mandated																				
<b>Revenue</b>																					
Membership dues	\$ 1,179,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,179,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,179,586	
Penalties	44,850	-	-	-	-	-	-	-	-	-	-	-	-	44,850	-	-	-	-	-	44,850	
Processing fees	132,851	-	-	-	-	-	-	-	-	-	-	-	-	132,851	-	-	-	-	-	132,851	
Meetings	-	-	-	-	4,000	-	-	-	-	-	-	-	-	4,000	-	-	-	-	-	4,000	
Fees	-	-	-	-	3,160	-	-	-	-	-	-	-	-	3,160	-	-	-	-	-	3,160	
Grants and donations	-	-	2,500	-	-	-	-	-	8,762	-	-	-	-	57,553	100	-	67,418	-	-	125,071	
Other non-dues revenue	-	-	-	-	-	-	-	-	389,354	-	-	-	-	432,454	7,830	-	-	-	-	440,284	
<b>Total revenues</b>	<b>1,357,287</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>7,160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>398,116</b>	<b>-</b>	<b>-</b>	<b>89,391</b>	<b>1,854,454</b>	<b>7,930</b>	<b>-</b>	<b>67,418</b>	<b>-</b>	<b>-</b>	<b>1,929,802</b>	<b>-</b>	
<b>Direct program expenses</b>																					
Salaries and wages	76,825	27,571	11,296	-	16,815	-	-	-	219,943	-	-	-	-	421,766	241,057	-	-	-	-	662,823	
Employee benefits	14,239	5,353	2,179	-	8,074	-	-	-	37,893	-	-	-	-	81,107	40,858	-	-	-	-	121,965	
Payroll taxes	5,819	2,089	856	-	464	-	-	-	17,472	-	-	-	-	31,952	24,743	-	-	-	-	56,695	
Advertising	-	-	-	-	-	-	-	-	443	-	-	-	-	6,801	-	-	-	-	-	6,801	
Automobile & transportation	-	-	-	-	121	-	-	-	410	-	-	-	-	876	245	105	-	-	-	1,226	
Awards and mementos	-	-	645	-	742	-	-	-	1,783	-	15	-	-	3,185	2,848	3	-	-	-	6,036	
Conferences and travel	-	-	4,141	-	-	-	-	-	1,163	-	-	-	-	5,304	8,793	-	-	-	-	14,097	
Contributions	-	-	-	-	-	-	-	-	-	-	-	9,932	-	9,932	-	15,067	-	-	-	24,999	
Cost of products sold	-	-	-	-	-	-	-	-	21,409	-	-	-	-	21,409	-	-	-	-	-	21,409	
Dues and subscriptions	-	-	-	-	-	-	-	-	920	-	-	-	-	920	-	-	-	-	-	920	
Equipment rent	-	-	-	-	-	-	-	-	-	-	-	-	-	234	-	-	-	-	-	2,788	
Fees	17,636	-	7	-	-	-	-	-	103,475	-	-	-	-	121,118	69	261	2,554	-	-	121,448	
General excise taxes	-	-	-	-	-	-	-	-	8,342	-	-	-	-	8,342	260	3,162	-	-	-	11,764	
Insurance	-	-	475	-	-	-	-	-	-	-	1,100	-	-	1,575	9,070	813	-	-	-	11,458	
Meals	-	470	365	-	1,684	-	-	-	3,205	-	352	-	-	6,076	6,063	19,125	-	-	-	31,264	
Meeting expenses	-	7	2,047	-	4,472	-	-	-	56,163	-	-	-	-	68,009	1,227	3,950	-	-	-	73,186	
Neighbor island support	-	-	-	-	-	-	16,400	-	-	-	-	-	-	16,400	-	-	-	-	-	16,400	
Neighbor island travel	-	-	3,817	-	4,685	-	-	-	4,395	-	-	-	-	21,826	8,367	-	-	-	-	30,193	
Nominations and elections	-	-	1,000	-	777	-	-	-	-	-	-	-	-	1,777	4,000	-	-	-	-	5,777	
Postage & mailing services	9,954	1	26	-	30	-	-	-	29,922	-	557	-	-	40,490	415	134	-	-	-	41,039	
President's allowance	-	-	749	-	-	-	-	-	-	-	-	-	-	749	1,549	-	-	-	-	2,298	
Printing	-	-	-	-	-	-	-	-	86,804	-	319	-	-	87,123	-	1,273	-	-	-	88,396	
Professional services	12,610	-	560	-	-	-	-	-	27,351	-	29,393	-	-	69,914	751	2,281	-	-	-	72,946	
Repairs and maintenance	-	-	-	-	-	-	-	-	10,996	-	-	-	-	10,996	-	-	-	-	-	10,996	
Supplies	2,447	13	609	-	547	-	-	-	11,626	-	4,190	-	-	19,432	697	4,196	-	-	-	24,325	
Telephone	31	44	153	-	148	-	-	-	92	-	2,103	-	-	2,571	321	39	-	-	-	2,931	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26	-	-	-	-	26	
<b>Total direct expenses</b>	<b>\$ 139,561</b>	<b>\$ 37,620</b>	<b>\$ 28,925</b>	<b>\$ 16,400</b>	<b>\$ 38,559</b>	<b>\$ 643,807</b>	<b>\$ 155,012</b>	<b>\$ 1,059,884</b>	<b>\$ 52,963</b>	<b>\$ 1,464,206</b>	<b>\$ 351,359</b>	<b>\$ 52,963</b>	<b>\$ 1,464,206</b>	<b>\$ 1,929,802</b>	<b>\$ 52,963</b>	<b>\$ 1,464,206</b>	<b>\$ 1,929,802</b>				

HAWAII STATE BAR ASSOCIATION  
 SCHEDULE OF UNRESTRICTED REVENUES AND EXPENSES BY PROGRAM – MODIFIED CASH BASIS  
 For the Year Ended December 31, 2010

	Supreme Court Mandated	Young Lawyers Division		Strategic Planning		Neighbor Island Bar Support		Member Services		Public Services		Total Program Services		Total Support Services		Total Fund-raising	HSBA Total
Indirect expenses																	
Automobile & transportation	15	\$	5	\$	8	\$	38	\$	14	\$	82	\$	47	\$	129		
Awards and mementos	10		4		5		25		10		55		32		87		
Conferences and travel	539		193		290		1,371		486		2,958		1,691		4,649		
Depreciation	10,614		3,810		5,714		26,997		9,579		58,271		33,306		91,577		
Dues and subscriptions	342		123		184		869		309		1,877		1,073		2,950		
Employee training	75		27		40		191		68		412		234		646		
Equipment rent	1,006		361		542		2,559		908		5,523		3,158		8,681		
Executive director allowance	72		26		39		183		65		396		226		622		
Fees	865		310		466		2,199		781		4,748		2,714		7,462		
Insurance	1,528		549		823		3,887		1,379		8,390		4,795		13,185		
Interest	13,101		4,702		7,053		33,324		11,823		71,925		41,111		113,036		
Maintenance fees	8,634		3,099		4,649		21,963		7,793		47,404		27,095		74,499		
Meals	34		12		18		86		30		185		106		291		
Neighbor island travel	123		44		66		312		110		673		386		1,059		
Postage and mailing	230		83		124		585		207		1,263		723		1,986		
Printing	1		-		1		4		-		6		5		11		
Professional services	3,176		1,140		1,710		8,080		2,867		17,439		9,967		27,406		
Property taxes	2,008		721		1,081		5,110		1,813		11,028		6,303		17,331		
Rent	810		291		436		2,058		730		4,444		2,540		6,984		
Repairs and maintenance	305		109		164		776		275		1,674		957		2,631		
Supplies	673		242		363		1,712		608		3,697		2,112		5,809		
Telephone	1,176		422		633		2,992		1,061		6,457		3,692		10,149		
Miscellaneous	4		1		2		9		4		20		11		31		
Total indirect expenses	45,341		16,274		24,411		115,330		40,920		248,927		142,284		391,211		
Total program expenses	184,902		53,894		62,970		759,137		195,932		1,308,811		493,643		1,855,417		
Total revenue over(under) expenses	\$ 1,172,385		\$ (53,894)		\$ (55,810)		\$ (361,021)		\$ (106,541)		\$ 545,643		\$ (485,713)		\$ 74,385		

HAWAII STATE BAR ASSOCIATION  
SCHEDULE OF UNRESTRICTED MEMBER SERVICES PROGRAM  
REVENUES AND EXPENSES – MODIFIED CASH BASIS  
For the Year Ended December 31, 2010

	Mandatory CLE Program	Continuing				Basic				Total		
		Bar Journal	Legal Education	Technology	Fee Dispute	Member Benefits	Legal Training	Products	Member Services	Goals 1,2,3	Member Services	
Revenue												
CLE seminar income	-	\$	\$ 193,416	\$	\$	\$	\$	\$	\$	\$	\$	\$ 193,416
Royalties	-	-	-	-	-	55,649	-	-	-	-	-	55,649
CLE publication sales	-	-	56,073	-	-	-	-	-	-	-	-	56,073
Grants and donations	-	-	600	-	-	8,162	-	-	-	-	-	8,762
Products and services	-	-	-	-	-	-	28,125	-	-	-	-	28,125
Accreditation fees	22,701	-	-	-	-	-	-	-	-	-	-	22,701
Sponsorship & booth income	-	-	16,175	-	-	-	-	-	-	-	-	16,175
Advertising	-	-	10,550	-	-	-	-	-	-	-	-	10,550
Legal secretary training	-	-	-	-	-	-	5,275	-	-	-	-	5,275
Mailing label income	-	-	-	-	-	-	-	205	-	-	-	205
Social events and other	-	35	-	-	-	500	-	-	-	-	650	1,185
	22,701	35	276,814	-	500	63,811	5,275	28,330	-	-	650	398,116
Direct expenses												
Salaries and wages	24,526	6,978	89,700	28,127	3,790	37,563	3,614	3,166	22,479	-	-	219,943
Employee benefits	-	1,350	17,230	5,461	730	7,430	699	616	4,377	-	-	37,893
Payroll taxes	2,668	529	6,794	2,131	287	2,846	274	240	1,703	-	-	17,472
Advertising	-	-	-	-	-	-	443	-	-	-	-	443
Automobile and transportation	-	-	248	-	-	91	-	-	-	-	71	410
Awards and mementos	-	-	757	-	-	746	-	-	-	-	280	1,783
Conferences and travel	-	-	163	-	-	-	-	-	-	1,000	-	1,163
Cost of products sold	-	-	681	-	-	-	-	20,728	-	-	-	21,409
Dues and subscriptions	-	-	920	-	-	-	-	-	-	-	-	920
Fees	-	-	5,743	36,387	(100)	61,147	248	-	-	-	50	103,475
General excise taxes	-	-	1,074	1,173	-	6,068	-	27	-	-	-	8,342
Meals	94	-	1,680	-	-	793	-	-	-	638	-	3,205
Meeting expenses	-	-	54,022	-	-	341	-	-	-	1,800	-	56,163
Neighbor island travel	-	-	2,406	-	-	1,048	-	-	-	941	-	4,395
Postage and mailing services	287	26,368	3,093	-	45	19	26	-	-	84	-	29,922
Printing	-	17,279	68,141	-	-	102	600	-	-	682	-	86,804
Professional services	-	-	3,752	23,399	-	100	100	-	-	-	-	27,351
Repairs and maintenance	-	-	-	10,996	-	-	-	-	-	-	-	10,996
Supplies	29	-	1,025	6,850	-	1,779	95	-	25	1,823	-	11,626
Telephone	-	82	-	10	-	-	-	-	-	-	-	92
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total direct expenses	\$ 27,604	\$ 52,586	\$ 257,429	\$ 114,534	\$ 4,752	\$ 120,073	\$ 6,099	\$ 24,777	\$ 28,584	\$ 7,369	\$ 643,807	

HAWAII STATE BAR ASSOCIATION  
 SCHEDULE OF UNRESTRICTED MEMBER SERVICES PROGRAM  
 REVENUES AND EXPENSES – MODIFIED CASH BASIS  
 For the Year Ended December 31, 2010

Mandatory CLE Program	Bar Journal	Continuing		Fee Dispute	Member Benefits	Basic		Member Services	Goals 1,2,3	Total Member Services
		Legal Education	Technology			Legal Training	Products			
Indirect program expenses										
Automobile and transportation	\$ 1	\$ 18	\$ 6	\$ 1	\$ 7	\$ -	\$ -	\$ 4	\$ -	\$ 38
Awards and mementos	1	12	4	-	5	-	-	3	-	25
Conferences and travel	49	629	197	26	264	26	22	158	-	1,371
Depreciation	962	12,390	3,883	522	5,192	504	440	3,104	-	26,997
Dues and subscriptions	31	399	125	17	167	16	14	100	-	869
Employee training	7	87	27	4	37	4	3	22	-	191
Equipment rent	91	1,175	368	49	492	48	42	294	-	2,559
Executive director allowance	7	84	26	4	35	3	3	21	-	183
Fees	78	1,009	316	43	423	41	36	253	-	2,199
Insurance	138	1,784	559	75	748	73	63	447	-	3,887
Interest	1,187	15,294	4,793	644	6,409	622	543	3,832	-	33,324
Maintenance fees	782	10,080	3,159	425	4,224	410	358	2,525	-	21,963
Meals	3	39	12	2	17	2	1	10	-	86
Neighbor island travel	11	143	45	6	60	6	5	36	-	312
Postage and mailing services	21	269	84	11	113	11	9	67	-	585
Printing	-	2	1	-	1	-	-	-	-	4
Professional services	288	3,708	1,162	156	1,554	151	132	929	-	8,080
Property taxes	182	2,345	735	99	983	95	83	588	-	5,110
Rent	73	945	296	40	396	38	33	237	-	2,058
Repairs and maintenance	28	356	112	15	149	14	13	89	-	776
Supplies	61	786	246	33	329	32	28	197	-	1,712
Telephone	107	1,373	430	58	575	56	49	344	-	2,992
Miscellaneous	-	5	1	-	2	-	-	1	-	9
Total indirect expenses	4,108	52,932	16,587	2,230	22,182	2,152	1,878	13,261	-	115,330
Total expenses	27,604	56,694	131,121	6,982	142,255	8,251	26,655	41,845	7,369	759,137
Revenues over (under) expenses	\$ (4,903)	\$ (56,659)	\$ (131,121)	\$ (6,482)	\$ (78,444)	\$ (2,976)	\$ 1,675	\$ (41,845)	\$ (6,719)	\$ (361,021)

HAWAII STATE BAR ASSOCIATION  
SCHEDULE OF UNRESTRICTED PUBLIC SERVICES PROGRAM  
REVENUES AND EXPENSES – MODIFIED CASH BASIS  
For the Year Ended December 31, 2010

	Lawyer Referral	Commun- ications	Public Svc Admin- istrative	Goals 4,5,6	Total Public Services
Revenue					
Lawyer Referral income	\$ 39,040	\$ -	\$ -	\$ -	\$ 39,040
Grants and donations	50	-	-	46,241	46,291
Miscellaneous	-	-	-	4,060	4,060
	<u>39,090</u>	<u>-</u>	<u>-</u>	<u>50,301</u>	<u>89,391</u>
Total direct program expenses					
Salaries and wages	34,511	14,667	20,138	-	69,316
Employee benefits	6,628	2,857	3,884	-	13,369
Payroll taxes	2,615	1,111	1,526	-	5,252
Advertising	1,992	2,590	-	1,776	6,358
Automobile and transportation	-	336	-	9	345
Awards and mementos	-	-	-	15	15
Contributions	-	-	-	9,932	9,932
Equipment rent	-	-	-	234	234
Insurance	-	-	-	1,100	1,100
Meals	-	-	-	352	352
Meeting expenses	-	712	-	4,608	5,320
Neighbor island travel	-	2,633	-	4,224	6,857
Postage and mailing services	59	85	-	413	557
Printing	-	-	-	319	319
Professional services	-	25,131	-	4,262	29,393
Supplies	-	250	-	3,940	4,190
Telephone	2,096	-	-	7	2,103
Miscellaneous	-	-	-	-	-
Total direct expenses	<u>\$ 47,901</u>	<u>\$ 50,372</u>	<u>\$ 25,548</u>	<u>\$ 31,191</u>	<u>\$ 155,012</u>

HAWAII STATE BAR ASSOCIATION  
SCHEDULE OF UNRESTRICTED PUBLIC SERVICES PROGRAM  
REVENUES AND EXPENSES – MODIFIED CASH BASIS  
For the Year Ended December 31, 2010

	Lawyer Referral	Commun- ications	Public Svc Admin- istrative	Goals 4,5,6	Total Public Services
Indirect expenses					
Automobile and transportation	\$ 7	\$ 3	\$ 4	\$ -	\$ 14
Awards and mementos	5	2	3	-	10
Conferences and travel	242	103	141	-	486
Depreciation	4,771	2,024	2,784	-	9,579
Dues and subscriptions	154	65	90	-	309
Employee training	34	14	20	-	68
Equipment rent	452	192	264	-	908
Executive director allowance	32	14	19	-	65
Fees	389	165	227	-	781
Insurance	687	291	401	-	1,379
Interest	5,889	2,498	3,436	-	11,823
Maintenance fees	3,881	1,647	2,265	-	7,793
Meals	15	6	9	-	30
Neighbor island travel	55	23	32	-	110
Postage and mailing services	103	44	60	-	207
Professional services	1,428	606	833	-	2,867
Property taxes	903	383	527	-	1,813
Rent	364	154	212	-	730
Repairs and maintenance	137	58	80	-	275
Supplies	303	128	177	-	608
Telephone	529	224	308	-	1,061
Miscellaneous	2	1	1	-	4
Total indirect expenses	<u>20,382</u>	<u>8,645</u>	<u>11,893</u>	<u>-</u>	<u>40,920</u>
Total expenses	<u>68,283</u>	<u>59,017</u>	<u>37,441</u>	<u>31,191</u>	<u>195,932</u>
Revenue over (under) expenses	<u>\$ (29,193)</u>	<u>\$ (59,017)</u>	<u>\$ (37,441)</u>	<u>\$ 19,110</u>	<u>\$ (106,541)</u>

HAWAII STATE BAR ASSOCIATION  
 SCHEDULE OF UNRESTRICTED FUNDRAISING  
 REVENUES AND EXPENSES – MODIFIED CASH BASIS  
 For the Year Ended December 31, 2010

	<u>Annual Dinner</u>
Fundraising Revenue	
Annual dinner contributions	<u>\$ 67,418</u>
Fundraising Expenses	
Advertising	105
Automobile and transportation	3
Contributions	15,067
Equipment rent	2,554
Fees	261
General excise taxes	3,162
Insurance	813
Meals	19,125
Meeting expenses	3,950
Postage and mailing services	134
Printing	1,273
Professional services	2,281
Supplies	4,196
Telephone	<u>39</u>
Total Fundraising Expenses	<u>52,963</u>
Revenue over expenses	<u>\$ 14,455</u>

HAWAII STATE BAR ASSOCIATION  
SCHEDULE OF UNRESTRICTED SUPPORT SERVICES  
REVENUES AND EXPENSES – MODIFIED CASH BASIS  
For the Year Ended December 31, 2010

	Board of Directors	Admin- istrative	Total Support Services
Revenues			
Interest income	\$ -	\$ 5,839	\$ 5,839
Donations	100	-	100
Miscellaneous	-	1,991	1,991
	100	7,830	7,930
Direct Expenses			
Employee costs			
Salaries and wages	91,685	149,372	241,057
Employee benefits	17,788	23,070	40,858
Payroll taxes	6,947	17,796	24,743
Total employee costs	116,420	190,238	306,658
Other direct expenses			
Automobile and transportation	245	-	245
Awards and mementos	2,848	-	2,848
Conferences and travel	8,793	-	8,793
Fees	69	-	69
General excise tax	260	-	260
Insurance	9,070	-	9,070
Meals	6,063	-	6,063
Meeting expenses	1,227	-	1,227
Neighbor island travel	8,367	-	8,367
Nominations and elections	4,000	-	4,000
Postage and mailing services	415	-	415
President's allowance	1,549	-	1,549
Professional services	751	-	751
Supplies	697	-	697
Telephone	321	-	321
Miscellaneous	26	-	26
Total other direct expenses	44,701	-	44,701
Total direct expenses	\$ 161,121	\$ 190,238	\$ 351,359

HAWAII STATE BAR ASSOCIATION  
SCHEDULE OF UNRESTRICTED SUPPORT SERVICES  
REVENUES AND EXPENSES – MODIFIED CASH BASIS  
For the Year Ended December 31, 2010

	<u>Board of Directors</u>	<u>Admin- istrative</u>	<u>Total Support Services</u>
Indirect expenses			
Automobile and transportation	\$ 18	\$ 29	\$ 47
Awards and mementos	12	20	32
Conferences and travel	643	1,048	1,691
Depreciation	12,665	20,641	33,306
Dues and subscriptions	408	665	1,073
Employee training	89	145	234
Equipment rent	1,201	1,957	3,158
Executive director allowance	86	140	226
Fees	1,032	1,682	2,714
Insurance	1,823	2,972	4,795
Interest	15,633	25,478	41,111
Maintenance fees	10,303	16,792	27,095
Meals	40	66	106
Neighbor island travel	147	239	386
Postage and mailing services	275	448	723
Printing	2	3	5
Professional services	3,790	6,177	9,967
Property taxes	2,397	3,906	6,303
Rent	966	1,574	2,540
Repairs and maintenance	364	593	957
Supplies	803	1,309	2,112
Telephone	1,404	2,288	3,692
Miscellaneous	4	7	11
Total indirect expenses	<u>54,105</u>	<u>88,179</u>	<u>142,284</u>
Total expenses	<u>215,226</u>	<u>278,417</u>	<u>493,643</u>
Revenue under expenses	<u>\$ (215,126)</u>	<u>\$ (270,587)</u>	<u>\$ (485,713)</u>