



**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2019**

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2019**

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**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2019**

BOARD OFFICIALS

Director of Administration	Ms. Nancy L. Vincent
Deputy Director of Administration	Ms. Lillian M. McGill

MEMBERS OF THE BOARD

President (January 1, 2019 to present)	Mr. Andrew M. Raucci
President (October 1, 2017 to December 31, 2018)	Mr. Brian J. Towne
Vice-President (January 1, 2019 to present)	Ms. Suzanne J. Schmitz
Vice-President (October 1, 2017 to December 31, 2018)	Mr. Randy K. Johnson
Treasurer (June 8, 2018 to present)	Ms. Suzanne J. Schmitz
Treasurer (October 1, 2017 to June 7, 2018)	Mr. Randy K. Johnson
Secretary (June 8, 2018 to present)	Ms. Arlene Y. Coleman
Secretary (October 1, 2017 to June 7, 2018)	Mr. Thomas Clancy
Member	Mr. Brian J. Towne
Member	Mr. Randy K. Johnson
Member (January 1, 2018 to present)	Mr. Andrew M. Raucci
Member	Ms. Suzanne J. Schmitz
Member	Ms. Arlene Y. Coleman
Member (January 1, 2018 to present)	Ms. Margaret J. Ryan
Member (February 14, 2020 to present)	Ms. Rita M. Novak
Member (October 1, 2017 to August 13, 2019)	Mr. Thomas Clancy
Ex-Officio Member (May 14, 2018 to present)	Ms. Jennifer Rosato-Perea
Ex-Officio Member (October 1, 2017 to May 13, 2018)	Mr. Harold J. Krent

BOARD OFFICE

The Illinois Board of Admissions to the Bar's primary administrative office is located at:

625 South College Street
Springfield, Illinois 62704-2521



MEMBERS OF THE BOARD
ANDREW M. RAUCCI, PRESIDENT, CHICAGO
SUZANNE J. SCHMITZ, VICE-PRESIDENT AND
TREASURER, CARBONDALE
ARLENE Y. COLEMAN, SECRETARY, CHICAGO
RANDY K. JOHNSON, WEST DUNDEE
MARGARET J. RYAN, SPRINGFIELD
BRIAN J. TOWNE, OTTAWA
RITA M. NOVAK, CHICAGO
MEMBER EX-OFFICIO
JENNIFER ROSATO PEREA, CHICAGO

ILLINOIS BOARD OF ADMISSIONS TO THE BAR

NANCY L. VINCENT
DIRECTOR OF ADMINISTRATION
625 SOUTH COLLEGE STREET
SPRINGFIELD, ILLINOIS 62704-2521
TELEPHONE (217) 522-6445
FACSIMILE (217) 522-9327
NVincent@ILBarAdmissions.org

June 26, 2020

Adelfia LLC
400 E. Randolph St., Suite 700
Chicago, IL 60601

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Board of Admissions to the Bar. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Illinois Board of Admissions to the Bar's compliance with the following specified requirements during the two-year period ended September 30, 2019. Based on this evaluation, we assert that during the years ended September 30, 2018 and September 30, 2019, the Illinois Board of Admissions to the Bar has materially complied with the specified requirements listed below.

- A. The Illinois Board of Admissions to the Bar has obligated, expended, received, and used funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Illinois Board of Admissions to the Bar has obligated, expended, received, and used funds in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Other than what has been previously disclosed and reported in the Schedule of Findings, the Illinois Board of Admissions to the Bar has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected by the Illinois Board of Admissions to the Bar are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Illinois Board of Admissions to the Bar or held in trust by the Illinois Board of Admissions to the Bar have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

Illinois Board of Admissions to the Bar

SIGNED ORIGINAL ON FILE

Nancy L. Vincent, Director of Administration

SIGNED ORIGINAL ON FILE

Nancy Leesman, Accountant

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2019**

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on Compliance, on Internal Control Over Compliance, and on Supplementary Information for Compliance Purposes does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies a material weakness over internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	1	-
Repeated Findings	-	-
Prior Recommendations Implemented or Not Repeated	-	-

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDING (COMPLIANCE)				
2019-001	8	New	Financial Reporting	Material Weakness and Material Noncompliance

EXIT CONFERENCE

The Board waived an exit conference in a correspondence from Nancy Leesman, Accountant, on June 15, 2020. The response to the recommendation was provided by Nancy Leesman in a correspondence dated June 23, 2020.



**INDEPENDENT ACCOUNTANT’S REPORT
ON COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND
ON SUPPLEMENTARY INFORMATION FOR COMPLIANCE PURPOSES**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

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

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Illinois Board of Admissions to the Bar with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended September 30, 2019. Management of the Illinois Board of Admissions to the Bar is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Illinois Board of Admissions to the Bar’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Illinois Board of Admissions to the Bar has obligated, expended, received, and used funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Illinois Board of Admissions to the Bar has obligated, expended, received, and used funds in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Illinois Board of Admissions to the Bar has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected by the Illinois Board of Admissions to the Bar are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the Illinois Board of Admissions to the Bar or held in trust by the Illinois Board of Admissions to the Bar have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Illinois Board of Admissions to the Bar complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Illinois Board of Admissions to the Bar complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Illinois Board of Admissions to the Bar's compliance with the specified requirements.

Our examination disclosed a material noncompliance with the following specified requirement applicable to the Illinois Board of Admissions to the Bar during the two years ended September 30, 2019. As described in the accompanying Schedule of Findings as item 2019-001, the Illinois Board of Admissions to the Bar had not complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.

In our opinion, except for the material deviation from the specified requirement described in the preceding paragraph, the Illinois Board of Admissions to the Bar complied with the specified requirements during the two years ended September 30, 2019, in all material respects. We considered the effect of these circumstances on our audit of the basic financial statements of Illinois Board of Admissions to the Bar, as of and for the two years ended September 30, 2019, and the related notes to the financial statements. This report on the Illinois Board of Admissions to the Bar's compliance with the specified requirements does not affect our audit report dated June 26, 2020.

The Illinois Board of Admissions to the Bar's response to the compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Illinois Board of Admissions to the Bar's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Illinois Board of Admissions to the Bar is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Illinois Board of Admissions to the Bar's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Illinois Board of Admissions to the Bar's compliance with the specified requirements and to test and report on the Illinois Board of Admissions to the Bar's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Illinois Board of Admissions to the Bar's internal control. Accordingly, we do not express an opinion on the effectiveness of the Illinois Board of Admissions to the Bar's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2019-001 that we consider to be a material weakness.

As required by the Audit Guide, an immaterial finding excluded from this report has been reported in a separate letter.

The Illinois Board of Admissions to the Bar's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The Illinois Board of Admissions to the Bar's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of the Illinois Board of Admissions to the Bar as of and for the years ended September 30, 2018, and September 30, 2019 (not presented herein), and have issued our report thereon dated June 26, 2020, which contained qualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Illinois Board of Admissions to the Bar's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 26, 2020. The accompanying supplementary information for the years ended September 30, 2018, and September 30, 2019, in Schedules 1 through 3 is presented for the purposes of additional analysis and is not a required part

of the basic financial statements of the Illinois Board of Admissions to the Bar. Such information is the responsibility of Illinois Board of Admissions to the Bar management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the years ended September 30, 2018, and September 30, 2019, in Schedules 1 through 3 has been subjected to the auditing procedures applied in the audit 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the years ended September 30, 2018, and September 30, 2019, in Schedules 1 through 3 is fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended September 30, 2018, and September 30, 2019.

The Illinois Board of Admissions to the Bar's basic financial statements as of and for the year ended September 30, 2017 (not presented herein), were audited by other auditors whose report thereon dated April 11, 2018, expressed an unmodified opinion on the respective financial statements of the Illinois Board of Admissions to the Bar. The report of the other auditors dated April 11, 2018, stated that the accompanying supplementary information for the year ended September 30, 2017, in Schedules 1 through 3 was subjected to the auditing procedures applied in the audit of the September 30, 2017, basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In their opinion, the accompanying supplementary information for the year ended September 30, 2017, in Schedules 1 through 3 was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2017.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 26, 2020

ILLINOIS BOARD OF ADMISSIONS TO THE BAR
SCHEDULE OF FINDINGS
For the Two Years Ended September 30, 2019

CURRENT FINDING – COMPLIANCE

2019-001 **FINDING** (Financial Reporting)

The Illinois Board of Admissions to the Bar (Board) did not consider new accounting standards in the preparation of its draft financial statements and did not maintain supporting documentation for the basis used in the allocation of functional expenses.

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The Board was required to adopt this new standard for its Fiscal Year 2019 financial statements, as well as to apply the new standard retrospectively to all periods presented (Fiscal Year 2018). Requirements of the new standard include, among other provisions, the following:

- 1) Presentation of two new classes of net assets rather than the previous three classes.
- 2) Reporting the amount of expenses by both their natural and functional classification either in the financial statements or in the notes to the financial statements.
- 3) Providing enhanced disclosures about:
 - Methods used to allocate costs among program and support functions.
 - Liquidity and availability of resources.

During our audit, we noted management did not consider the effects of the new accounting standards in the draft financial statements initially provided to the auditors. The Board subsequently revised the financial statements to consider the requirements of ASU 2016-14, after this issue was brought to their attention by the auditors.

In our testing of the functional allocation of expenses, we noted the Board allocated certain personnel related and non-personnel related expenses among program services (Committee on Character and Fitness and Examination Administration) and support services (General and Administrative) based on assigned or estimated percentages. The expenses allocated between program and support services totaled \$1,875,258 for Fiscal Year 2019 and \$1,766,115 for Fiscal Year 2018. No supporting documentation was made available to support the percentages used for the allocations. Thus, we were unable to determine whether any adjustments to these amounts were necessary and the materiality of those adjustments. This resulted in a qualified auditor's opinion since we were unable to obtain sufficient appropriate audit evidence on which to base our audit opinion.

ILLINOIS BOARD OF ADMISSIONS TO THE BAR
SCHEDULE OF FINDINGS
For the Two Years Ended September 30, 2019

CURRENT FINDING – COMPLIANCE

2019-001 **FINDING** (Financial Reporting) (Continued)

The Board's Management Policies and Procedures (Policy Number 1) require preparation of periodic financial reports. Accounting standards issued by the Financial Accounting Standards Board, the organization that establishes financial accounting and reporting standards for public and private companies and not-for-profit organizations that follow Generally Accepted Accounting Principles, require certain presentation and disclosure requirements for financial statements of not-for-profit entities. In addition, the American Institute of Certified Public Accountants *Audit and Accounting Guide for Not-for-Profit Entities* requires the use of a reasonable and consistent application of the allocation methodology for expenses.

Board officials stated they were not aware of the requirements of the new standards and data was not available to support the basis of the allocation percentages used for reporting of expenses by function.

Failure to prepare financial statements in accordance with applicable accounting standards may result in material misstatements of the Board's financial statements. (Finding Code No. 2019-001)

RECOMMENDATION

We recommend the Board annually review new accounting standards issued by the Financial Accounting Standards Board and assess the possible impact on its financial statements to ensure they are prepared in accordance with the standards. We also recommend the Board review its methodology for the basis used in the allocation of personnel-related and non-personnel related expenses and prepare and maintain supporting documentation for the allocation.

BOARD RESPONSE

The Board accepts the audit finding. IBAB understands the existence of certain auditing standards and going forward will take corrective measures.

SCHEDULE 1

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
SCHEDULE OF CHANGES IN PROPERTY
For the Years Ended September 30, 2019 and 2018**

	<u>Building and Improvements</u>	<u>Equipment</u>	<u>Land</u>	<u>Total</u>
Balance at October 1, 2017	\$ 1,300,524	\$ 517,511	\$ 189,729	\$ 2,007,764
Additions	41,495	-	30,000	71,495
Retirements and disposals	-	(13,095)	-	(13,095)
Balance at September 30, 2018	1,342,019	504,416	219,729	2,066,164
Additions	-	17,206	-	17,206
Retirements and disposals	-	(12,464)	-	(12,464)
Balance at September 30, 2019	<u>\$ 1,342,019</u>	<u>\$ 509,158</u>	<u>\$ 219,729</u>	<u>\$ 2,070,906</u>

SCHEDULE 2

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Years Ended September 30,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash Receipts			
Examination fees	\$ 1,795,675	\$ 1,834,800	\$ 1,890,000
Uniform Bar Exam (UBE) transfer fees	206,250	-	-
Admission on motion	429,900	396,715	385,650
House counsel fees	101,550	81,950	97,700
Investment income	185,605	132,090	113,890
Character and fitness fees	855,000	910,800	914,850
Multistate Bar Exam (MBE) & Multistate Professional Responsibility Exam (MPRE) transfer fees	8,725	8,525	9,700
Credit card fees	50,370	47,596	48,570
Other fees	9,300	8,075	9,525
Total Cash Receipts (Cash Basis)	<u>3,642,375</u>	<u>3,420,551</u>	<u>3,469,885</u>
Plus:			
Deferred exam fees - Beginning of year	77,100	115,300	119,300
Unrealized Gain	206,236	-	-
Interest accruals and accretion - End of year	22,562	35,037	26,186
Less:			
Bond premiums amortized during the year	(6,895)	(13,087)	(14,790)
Unrealized Loss	-	(119,657)	-
Realized Loss	(464)	(1,149)	-
Deferred exam fees - End of year	(66,500)	(77,100)	(115,300)
Interest accruals and accretion - Beginning of year	(35,037)	(26,186)	(26,064)
Total Revenue (Accrual Basis)	<u>\$ 3,839,377</u>	<u>\$ 3,333,709</u>	<u>\$ 3,459,217</u>

SCHEDULE 3

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
COMPARATIVE SCHEDULE OF EXPENSES
For the Years Ended September 30,**

COMPARATIVE SCHEDULE OF EXPENSES BY OBJECT CODE

	2019	2018	2017
Salaries, wages and payroll taxes			
Central office	\$ 1,237,813	\$ 1,167,609	\$ 1,165,718
Proctors	90,668	90,022	83,025
Examinations purchased	296,929	289,828	308,198
Exam grading assistants	307,933	313,291	324,587
Examination administration	377,290	370,096	420,017
Admissions ceremony	27,596	26,157	25,975
Occupancy costs	79,022	87,084	81,712
Insurance	319,523	305,761	284,269
General operating	390,451	386,570	381,151
Miscellaneous	129,208	123,316	82,304
Character and fitness review costs	19,812	22,003	21,457
	<u>\$ 3,276,245</u>	<u>\$ 3,181,737</u>	<u>\$ 3,178,413</u>

COMPARATIVE SCHEDULE OF EXPENSES BY FUNCTION

Committee on Character and Fitness	\$ 994,456	\$ 955,031	\$ 901,366
Examination Administration	1,587,969	1,551,517	1,583,554
General and Administrative	693,820	675,189	693,493
	<u>\$ 3,276,245</u>	<u>\$ 3,181,737</u>	<u>\$ 3,178,413</u>

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
ANALYSIS OF OPERATIONS
For the Two Years Ended September 30, 2019**

BOARD FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)

The Illinois Board of Admissions to the Bar (the Board) was established pursuant to Illinois Supreme Court Rule 702 by the Illinois Supreme Court (Supreme Court) primarily to conduct the Illinois Bar Exam. This includes the processing of exam applications, the collection of exam fees, the administration of the examination, and the supervision of exam grading. Additionally, the Board has the responsibility for approval of applications on motion, the licensing of foreign legal consultants, house counsel and legal service program attorneys, transfers by Uniform Bar Examination (UBE) score, and the collection of related fees.

The Supreme Court also established pursuant to Illinois Supreme Court Rule 708 the Committee on Character and Fitness (the Committee), the expenses of which are paid from the receipts of the Board. The Committee has the responsibility of determining whether applicants for admission to the bar are of good moral character and general fitness to practice law in the State of Illinois.

The Board consists of eight members of the Illinois bar, including one non-voting ex-officio member who is a dean of a law school located in Illinois, who are appointed by the Supreme Court for staggered terms of three years. No member may be appointed to more than three full consecutive terms. This governing board is responsible for the fiscal operations of the Board. The Board meets through the year to discuss operations, monitor its goals and objectives, make personnel decisions, review applications to write the bar exam and review applications for foreign licenses. Board members are not compensated for their service other than reimbursement of travel expenses. The appointed members at September 30, 2019 (with one vacant seat) were:

Andrew M. Raucci, President
Suzanne J. Schmitz, Vice President and Treasurer
Arlene Y. Coleman, Secretary
Brian J. Towne
Randy K. Johnson
Margaret J. Ryan
Jennifer Rosato-Perea, Ex-Officio

The Board's administrative office is located at 625 South College Street, Springfield, Illinois 62704-2521.

The Committee currently consists of 100 members of the Illinois bar who are appointed by the Supreme Court for staggered terms of three years. No member may be appointed to more than three full consecutive terms. The Committee of the 1st judicial district (Cook County) must not have less than thirty members and the remaining four judicial districts must not have less than fifteen members each. The members of the Board are ex-officio members of the Committee.

The composition of the Board and the Committee as well as their overall policies and procedures, including fee schedules, are established by Supreme Court rules.

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
ANALYSIS OF OPERATIONS
For the Two Years Ended September 30, 2019**

BOARD FUNCTIONS AND PLANNING PROGRAM (UNAUDITED) (Continued)

The Board adopted a cash basis budget for Fiscal Years 2018 and 2019 based on the Board's familiarity with the operations of the administrative office and the prior years' audited financial statements.

The following is a listing of the key agency personnel of the Board:

Nancy L. Vincent, Director of Administration
Lillian M. McGill, Deputy Director of Administration
Nancy M. Leesman, Accountant

The Board has identified the following various statistics that are significant to the operations, functions, and responsibilities of the Board:

	<u>Examination Applications</u>	<u>Absentees</u>	<u>Number of Exams Written</u>
Fiscal Year 2019			
February	779	104	675
July	<u>2,095</u>	<u>132</u>	<u>1,963</u>
Total 2019	<u><u>2,874</u></u>	<u><u>236</u></u>	<u><u>2,638</u></u>
Fiscal Year 2018			
February	904	117	787
July	<u>2,045</u>	<u>150</u>	<u>1,895</u>
Total 2018	<u><u>2,949</u></u>	<u><u>267</u></u>	<u><u>2,682</u></u>
Fiscal Year 2017			
February	990	127	863
July	<u>2,010</u>	<u>133</u>	<u>1,877</u>
Total 2017	<u><u>3,000</u></u>	<u><u>260</u></u>	<u><u>2,740</u></u>

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
ANALYSIS OF OPERATIONS
For the Years Ended September 30, 2019 and 2018**

ANALYSIS OF SIGNIFICANT BALANCE SHEET ACCOUNTS (UNAUDITED)

Investments		Amortized Cost	Fair Value
September 30, 2019			
Debt Investments:			
Short-Term Investments			
150,000 shares	Walt Disney Company 2.150% Due 09/17/2020	\$ 150,587	\$ 150,327
200,000 shares	United Health Group Inc 2.700% Due 07/15/2020	201,772	201,120
200,000 shares	American Express Credit 2.600% Due 09/14/2020	201,510	201,030
100,000 shares	National Rural Utility Coop 2.000% Due 01/27/2020	99,971	99,960
7,500 shares	Ishares 1 to 3 Year Treasury Bond ETF	633,074	636,150
500,000 shares	U.S. Treasury Note 1.375% Due 12/15/2019	498,707	499,475
500,000 shares	U.S. Treasury Bill 0% Due 02/27/2020	494,894	496,300
	Total Short-Term Investments	2,280,515	2,284,362
Debt Investments:			
Long-Term Investments			
150,000 shares	Visa Inc 2.200% Due 12/14/2020	150,660	150,557
200,000 shares	Chevron Corp. 2.100% Due 05/16/2021	200,996	200,772
200,000 shares	Apple Inc. 2.850% Due 02/23/2023	204,929	205,890
200,000 shares	General Electric Co 2.700% Due 10/09/2022	204,204	200,560
200,000 shares	Bb T Corporation 2.050% Due 05/10/2021	200,608	199,874
200,000 shares	Bp Capital Markets 3.062% Due 03/17/2022	203,971	204,718
250,000 shares	U.S. Treasury Note 1.750% Due 11/30/2021	249,526	250,558
150,000 shares	Bank of Nova Scotia 2.800% Due 07/21/2021	150,434	152,079
150,000 shares	Westpac Banking Corp 2.100% Due 05/13/2021	148,813	150,089
150,000 shares	Berkshire Hathaway Fin 3.000% Due 05/15/2022	151,756	154,351
200,000 shares	Burlington North Santa Fe 3.050% Due 03/15/2022	202,145	204,736
100,000 shares	IBM Credit Corp 2.200% Due 09/08/2022	98,590	100,460
100,000 shares	Pepsico Inc 2.250% Due 05/02/2022	99,543	100,872
100,000 shares	Caterpillar Financial SE 2.850% Due 06/01/2022	101,022	102,303
500,000 shares	U.S. Treasury Note 2.125% Due 12/31/2022	497,925	508,535
400,000 shares	U.S. Treasury Note 2.500% Due 03/31/2023	398,937	412,580
150,000 shares	Lowes Companies Inc 3.875% Due 09/15/2023	154,102	158,812
150,000 shares	Schlumberger Investment 3.650% Due 12/01/2023	151,771	158,593
300,000 shares	U.S. Treasury Note 2.750% Due 11/30/2020	300,302	303,222
500,000 shares	U.S. Treasury Note 2.500% Due 02/28/2021	499,917	505,115
200,000 shares	Amazon.Com Inc 2.800% Due 08/22/2024	199,917	207,966
250,000 shares	U.S. Treasury Note 1.625% Due 06/30/2021	249,260	249,727
	Total Long-Term Debt Investments	4,819,328	4,882,369

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ANALYSIS OF OPERATIONS
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ANALYSIS OF SIGNIFICANT BALANCE SHEET ACCOUNTS (UNAUDITED) (Continued)

	Amortized Cost	Fair Value
Long-Term Investments (Continued)		
Equity Investments:		
230 Ishares Core S&P 500 ETF	67,612	68,660
850 Ishares Core Msci Eafe ETF	49,851	51,910
600 Ishares Russell Mid-Cap ETF	33,041	33,570
250 Ishares Select Divided ETF	24,371	25,487
Total Long-Term Equity Investments	174,875	179,627
Total Long-Term Investments	4,994,203	5,061,996
Total Investments - September 30, 2019	\$ 7,274,718	\$ 7,346,358

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ANALYSIS OF SIGNIFICANT BALANCE SHEET ACCOUNTS (UNAUDITED) (Continued)

			Amortized	
			Cost	Fair Value
Investments				
September 30, 2018				
Debt Investments:				
Short-Term Investments				
150,000	shares	Wells Fargo Com Mtn 2.125% Due 04/22/2019	\$ 150,237	\$ 149,525
250,000	shares	U.S. Treasury Note 1.250% Due 11/15/2018	250,012	249,737
150,000	shares	U.S. Treasury Note 1.250% Due 12/15/2018	149,991	149,711
150,000	shares	Mastercard Inc. 2.000% Due 04/01/2019	150,380	149,658
200,000	shares	John Deere Capital Corp 2.250% Due 04/17/2019	201,096	199,491
500,000	shares	U.S. Treasury Note 1.000% Due 11/30/2018	499,899	499,045
500,000	shares	U.S. Treasury Note 1.125% Due 02/28/2019	499,614	497,440
7,500	shares	Ishares 1 to 3 Year Treasury Bond ETF	633,074	623,175
24,713	shares	Virtus Seix U.S. Gov Securities Ultra	247,946	246,883
Total Short-Term Debt Investments			<u>2,782,249</u>	<u>2,764,665</u>
Debt Securities:				
Long-Term Investments				
150,000	shares	Walt Disney Company 2.150% Due 09/17/2020	151,192	147,377
150,000	shares	Visa Inc 2.200% Due 12/14/2020	151,205	147,405
200,000	shares	Chevron Corp. 2.100% Due 05/16/2021	201,636	195,086
200,000	shares	Apple Inc. 2.850% Due 02/23/2023	206,372	196,884
200,000	shares	General Electric Co 2.700% Due 10/09/2022	205,577	192,994
200,000	shares	United Health Group Inc 2.700% Due 07/15/2020	203,997	198,742
200,000	shares	Bb T Corporation 2.050% Due 05/10/2021	200,984	193,744
200,000	shares	Bp Capital Markets 3.062% Due 03/17/2022	205,577	197,580
200,000	shares	American Express Credit 2.600% Due 09/14/2020	203,075	198,188
250,000	shares	U.S. Treasury Note 1.750% Due 11/30/2021	249,316	241,348
150,000	shares	Bank of Nova Scotia 2.800% Due 07/21/2021	150,673	147,813
150,000	shares	Westpac Banking Corp 2.100% Due 05/13/2021	148,083	145,142
150,000	shares	Berkshire Hathaway Fin 3.000% Due 05/15/2022	152,421	149,033
200,000	shares	Burlington North Santa Fe 3.050% Due 03/15/2022	203,014	197,884
100,000	shares	National Rural Utility Coop 2.000% Due 01/27/2020	99,882	98,703
100,000	shares	IBM Credit Corp 2.200% Due 09/08/2022	98,438	95,684
100,000	shares	Pepsico Inc 2.250% Due 05/02/2022	99,368	96,839
100,000	shares	Caterpillar Financial SE 2.850% Due 06/01/2022	101,403	97,943
500,000	shares	U.S. Treasury Note 2.125% Due 12/31/2022	497,289	483,770
400,000	shares	U.S. Treasury Note 2.500% Due 03/31/2023	398,634	392,580
150,000	shares	Lowes Companies Inc 3.875% Due 09/15/2023	155,134	152,637
150,000	shares	Schlumberger Investment 3.650% Due 12/01/2023	152,195	151,077
Total Long-Term Debt Investments			<u>4,235,465</u>	<u>4,118,453</u>
Total Investments - September 30, 2018			<u>\$ 7,017,714</u>	<u>\$ 6,883,118</u>

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
ANALYSIS OF OPERATIONS
For the Two Years Ended September 30, 2019**

ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS (UNAUDITED)

The following are explanations for cash receipts which fluctuated by at least \$10,000 and by more than 10 percent from the previous fiscal year for Fiscal Years 2019 and 2018 as presented in the Comparative Schedule of Cash Receipts.

Fiscal Year 2019 to 2018

UBE transfer fees

UBE transfer fees increased by \$206,250 or 100% in Fiscal Year 2019. On June 8, 2018, the Supreme Court of Illinois accepted the Board's recommendation to adopt the Uniform Bar Examination (UBE). The UBE is a uniformly administered, graded and scored bar examination that results in a portable score. Illinois is now the 30th state to adopt the UBE. The first administration of the UBE in Illinois was in July 2019 and acceptance of applications to take UBE was in January 2019. Thus, the receipts for this new program resulted in an increase in cash receipts during Fiscal Year 2019.

House counsel fees

House counsel fees increased by \$19,600 or 24% in Fiscal Year 2019. The increase was partially due to a 7% increase in applicants for this fiscal year as compared to Fiscal Year 2018. This can be attributed to the notices sent by the Illinois Attorney Registration and Disciplinary Commission to the companies that needed to register house counsel lawyers practicing in Illinois. In addition, there were also 11 applicants who failed to apply within the required licensing deadline, thus were charged a late fee of \$1,250 each.

Investment income

Investment income increased by \$53,515 or 41% in Fiscal Year 2019. The increase is attributable to a better market performance. This is evidenced by unrealized gains from the market value appreciation of the Board's investments in Fiscal Year 2019 as compared to the unrealized loss in Fiscal Year 2018.

Fiscal Year 2018 to 2017

House counsel fees

House counsel fees decreased by \$15,750 or 16% in Fiscal Year 2018. The decrease was primarily due to a 13% decrease in applicants for this fiscal year as compared to Fiscal Year 2017.

Investment income

Investment income increased by \$18,200 or 16% in Fiscal Year 2018. The increase is attributable to the increased interest income and dividend income earned throughout the fiscal year although the market values of the investments declined at fiscal year-end.

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
ANALYSIS OF OPERATIONS
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ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES (UNAUDITED)

The following are explanations for expenses which fluctuated by at least \$10,000 and by more than 10 percent from the previous fiscal year for Fiscal Years 2019 and 2018 as presented in the Comparative Schedule of Expenses.

Fiscal Year 2019 to 2018

There were no significant variations according to the criteria above in this fiscal year.

Fiscal Year 2018 to 2017

Examination administration

Examination administration expenses decreased by \$49,921 or 12% due to the decrease in printing, supplies, rent for exam facilities, and copy and postage expenses as a result of a change in accounting for these costs in the miscellaneous expense account in Fiscal Year 2018. Further, the decrease is also attributable to a 2% decrease in the number of bar examinees for Fiscal Year 2018. There were 3,000 examinees in Fiscal Year 2017 as compared to 2,949 examinees in Fiscal Year 2018.

Miscellaneous

Miscellaneous expenses increased by \$41,012 or 50% due to the reclassification of printing, supplies, rent for exam facilities, and copy and postage expenses to this account during Fiscal Year 2018.

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR
ANALYSIS OF OPERATIONS
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AVERAGE NUMBER OF EMPLOYEES (UNAUDITED)

	September 30,		
	2019	2018	2017
Officers	2	2	2
Staff Attorney	1	1	1
Accountant	1	1	1
Administrative Assistants	10	10	10
Receptionists	1	1	1
Building Maintenance	1	1	1
Total Employees	16	16	16