



Association of American Law Schools

August 22, 2011

President
Michael A. Olivas
University of Houston

Memorandum 11-11

President-elect
Lauren K. Robel
Indiana University-
Bloomington

To: Deans of Member Schools

From: Susan Westerberg Prager

Immediate Past President
H. Reese Hansen
Brigham Young University

Subject: Amendment of Executive Committee Regulation 3.1
Establishing Membership Dues for Calendar Year 2012

Serving through 2011
Katharine T. Bartlett
Duke University

This annual memorandum reports the Executive Committee's action in setting member school dues for the following year and provides information on the Association's budget and finances.

Daniel B. Rodriguez
The University of Texas

Setting of the Dues for 2012

Serving through 2012
Dorothy Andrea Brown
Emory University

The Executive Committee adopted the Association's budget for FY 2011-12 (July 1, 2011 – June 30, 2012) and amended Executive Committee Regulation 3.1 to establish the membership dues for Calendar Year 2012. In these times making decisions about dues is particularly difficult because of the budget strains our member schools are experiencing. The Executive Committee approved a 3.5% increase in dues for Calendar Year 2012.

Ann C. Shalleck
American University

Serving through 2013
Pat K. Chew
University of Pittsburgh

The dollar amounts of the increase depend on the size of your law school's student body. The amounts of the increases are detailed in the following chart. The increases range from \$225 to \$900, depending on the size of your student body. For most member schools the increase will fall between \$340 and \$565.

Paul Marcus
College of William and Mary

Executive Director
Chief Executive Officer
Susan Westerberg Prager

FTE Student Enrollment	2011	2012
up to 250 students	\$6,435	\$6,660
251-500 students	\$9,645	\$9,985
501-800	\$12,880	\$13,330
801-1100	\$16,065	\$16,630
1101 – 1400	\$19,300	\$19,975
1401- 1700	\$22,500	\$23,290
over 1700	\$25,730	\$26,630

Managing Director
Jane M. La Barbera

All AALS member law schools will be sent invoices in November.

Income and Expense Summary: Attached as Appendix A is a summary of income and expense for FY 09-10; the operating budget for FY 2010-11, FY 10-11 estimated income and expense (based on projections from actual expenditures through March 31, 2011), and the budget for FY 11-12. The operating budget adopted by the Executive Committee for Fiscal Year 2011-12 contemplates operating income of \$5,360,308 and expenditures of \$5,284,520. Please note that there will be no increase in registration fees for the 2012 Annual Meeting or for the 2012 AALS professional development programs.

Financial Statements: Attached as Appendix B are the AALS audited financial statements for FY 2009-10. AALS has two main revenue sources; its dues income and its meeting fees. With regard to its meetings, the AALS staff provides all support with the exception of a small amount of supplemental assistance onsite for our largest meetings.

Background and Brief Comments on AALS Activities: The Association of American Law Schools is the academic society for law faculty and provides a number of services and resources to its member schools and their faculty and professional staff. These services for 2011-2012 will include publication of the annual *Directory of Law Teachers*; 90+ AALS Sections; Faculty Recruitment Services (including the Faculty Appointments Register, Faculty Recruitment Conference, Placement Bulletin, Visiting, Foreign Visiting and Retiring Faculty Registers); the Annual Meeting; professional development programs for faculty and administrators; and the services of the Resource Corps. The AALS also represents legal education in a variety of settings. These include other higher education organizations, the government, scholarly interdisciplinary societies, international law school/faculty associations, and the public. On occasion the AALS files amicus briefs; in recent years we have filed amicus briefs in two cases: a New Jersey case relating to state public records laws in the context of clinical programs (two briefs) and a case considered by the U.S. Supreme Court involving the University of California Hasting College of the Law.

As you know, we depend heavily on volunteer law school faculty and administrators to design and conduct much of the work of the AALS. Each year over 1,000 volunteers plan programs, speak at programs, serve on AALS committees, serve as Section officers, and work on other AALS projects and initiatives.

AALS rents office space for its headquarters in downtown Washington, DC. For nearly three years now we have been actively looking for property to purchase to house our offices. We believe this will make it possible for the organization to remain in DC over the long term and enable the organization to control annual expenditures for office space.

I also want to report that we are in the process of phasing out our staff support for the International Association of Law Schools (IALS). This is consistent with the expectations of both the AALS and the IALS; our staff role was always seen as a temporary one aimed at assisting the new organization in its early years. This change will enable AALS to devote more staff resources to our mission and will also free AALS to determine what initiatives it wishes to pursue in the changing global environment.

Dues Information: The text of the revised Executive Committee Regulation setting the dues follows.

Executive Committee Regulation 3.1

3.1 Annual Dues. Each year each member school shall pay membership dues to the Association. For the calendar year ~~2011~~ 2012, the dues shall be ~~6,435~~ \$6,660 for a school whose enrollment does not exceed 250 students; ~~9,645~~ \$9,985 for a school whose enrollment exceeds 250 students but does not exceed 500 students; ~~12,880~~ \$13,330 for a school whose enrollment exceeds 500 students but does not exceed 800 students; ~~16,065~~ \$16,360 for a school whose enrollment exceeds 800 students but does not exceed 1100 students; ~~19,300~~ \$19,975 for a school whose enrollment exceeds 1100 students but does not exceed 1400 students; ~~22,500~~ \$23,290 for a school whose enrollment exceeds 1400 students but does not exceed 1700 students; and ~~25,730~~ \$26,630 for a school whose enrollment exceeds 1700 students.

In accordance with Bylaw 5-4, unless objection is received from at least ten member schools within 60 days of mailing a copy of these regulations, Executive Committee Regulations 3.1 and 7.1(c), as amended, will continue in effect.

I hope that you will not hesitate to call me with any questions or comments about the subjects discussed in this memo, or any other aspect of the AALS.

cc: Members of the 2011 AALS House of Representatives

Enclosures:

Appendix A: Income and Expense Summary

Appendix B: AALS Audited Financial Statements for FY 2009-10

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June 1, 2011

Association of American Law Schools
 Summary of Operating Income and Expense
 for Fiscal Years 09-10, 10-11 budget and projected actuals, and
 Summary Budget Fiscal Year 2011-12

Appendix A

	Actual FY 09-10	Budget FY 2010-11	Projected Actual FY 10-11	Budget FY 11-12
OPERATING INCOME				
DUES, SERVICE AND APPLICATION FEES	2,591,553	2,656,699	2,735,900	2,759,558
PUBLICATION INCOME	420,128	380,100	364,500	351,300
ANNUAL MEETING INCOME	1,449,932	1,476,056	1,542,155	1,497,000
OTHER MEETING INCOME	906,421	659,200	716,775	752,450
TOTAL OPERATING INCOME	5,368,034	5,172,055	5,359,330	5,360,308
OPERATING EXPENSES				
PERSONNEL EXPENSES	2,445,952	2,717,914	2,325,300	2,751,240
OUTSIDE SERVICES	90,791	140,600	140,000	169,380
PRINTING, POSTAGE & PUBLICATIONS	446,007	537,200	514,200	552,500
OPERATIONS	605,345	677,392	660,000	675,400
CREDIT CARD & BANK FEES	103,535	105,000	86,000	89,000
TECHNOLOGY	118,233	164,000	116,500	116,000
HOTELS, MEALS & TRANSPORTATION	630,822	918,603	855,000	895,000
OTHER MISCELLANEOUS	31,856	35,000	32,700	36,000
SUPPORT OF IALS	1,112.22	1,500.00	2,700	3,000
TOTAL OPERATING EXPENSES	4,472,540	5,295,709	4,729,700	5,284,520
OPERATING BUDGET GAIN/LOSS	895,494	(123,654)	629,630	75,788
OTHER INCOME/EXPENSE (Including investment income or loss and depreciation)	591,803.53	0.00	(12,000.00)	(27,000.00)
REVENUE (DEFICIT) OVER EXPENSES	<u>1,487,297</u>	<u>(123,654)</u>	<u>617,630</u>	<u>48,788</u>

THE ASSOCIATION OF AMERICAN LAW SCHOOLS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2010

THE ASSOCIATION OF AMERICAN LAW SCHOOLS, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

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REPORT OF INDEPENDENT AUDITORS

The Audit and Investment Policy Committee
The Association of American Law Schools, Inc.

We have audited the accompanying statements of financial position of The Association of American Law Schools, Inc. (the Association) as of June 30, 2010 and 2009, and the related statements of activities and cash flows 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 an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Association's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Association of American Law Schools, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Calibre CPA Group, PLLC

Washington, DC
October 19, 2010

THE ASSOCIATION OF AMERICAN LAW SCHOOLS, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,677,580	\$ 1,051,641
Accounts receivable	72,972	49,926
Prepaid expenses	210,665	84,835
Total current assets	1,961,217	1,186,402
INVESTMENTS, AT FAIR VALUE	5,669,250	4,976,921
PROPERTY AND EQUIPMENT		
Office furniture and equipment	1,211,899	1,106,543
Leasehold improvements	58,477	58,477
Accumulated depreciation and amortization	(932,281)	(806,006)
Net property and equipment	338,095	359,014
OTHER ASSETS		
Investments held for deferred compensation plan	23,258	13,046
Rent deposit	16,336	16,336
Total other assets	39,594	29,382
Total assets	\$ 8,008,156	\$ 6,551,719
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 356,551	\$ 315,027
Deferred revenue		
Dues income	1,155,656	1,105,928
Section dues income	1,800	2,843
Other	258,290	143,160
Accrued lease obligation	-	48,907
Accrued sabbatical leave payable	-	248,734
Accrued vacation leave payable	99,445	83,254
Total current liabilities	1,871,742	1,947,853
LONG-TERM LIABILITIES		
Accrued sabbatical leave payable, net of current portion	64,163	29,126
Deferred compensation liability	23,258	13,046
Total long-term liabilities	87,421	42,172
Total liabilities	1,959,163	1,990,025
NET ASSETS		
Unrestricted	6,048,993	4,561,694
Total liabilities and net assets	\$ 8,008,156	\$ 6,551,719

See accompanying notes to financial statements.

THE ASSOCIATION OF AMERICAN LAW SCHOOLS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
OPERATING REVENUES		
Dues	\$ 2,265,634	\$ 2,172,180
Non-member schools service fees	305,918	269,433
Application fees	20,000	20,000
Annual meeting income	1,449,932	1,555,406
Workshops and conference income	508,572	390,416
Faculty recruitment registration	348,510	301,605
Publication income	304,462	303,149
Publication subsidies	109,540	42,877
Contributions	49,339	10,330
Royalties	6,125	9,890
Total operating revenues	5,368,032	5,075,286
OPERATING EXPENSES		
Salaries	1,852,736	1,923,143
Employee benefits	373,843	364,311
Payroll taxes	116,443	119,939
Temporary help	63,673	89,055
Office rent	419,768	420,186
Supplies	52,788	81,458
Equipment rental and maintenance	118,934	124,993
Telephone	28,123	26,001
Legal fees and expenses	519	48,011
Auditing fees	22,161	24,440
Outside services	83,954	104,667
Investment and bank charges	22,925	21,830
Credit card fees	80,425	65,188
Printing and duplicating	210,653	183,002
Postage and mailing expenses	140,959	100,597
Audio visual	48,446	92,471
Journal of Legal Education	92,973	105,657
Total - forward	\$ 3,729,323	\$ 3,894,949

See accompanying notes to financial statements.

THE ASSOCIATION OF AMERICAN LAW SCHOOLS, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
OPERATING EXPENSES (CONTINUED)		
Total - forwarded	\$ 3,729,323	\$ 3,894,949
Hotel and meals	495,952	478,093
Travel	134,871	140,524
Dues and subscriptions	32,166	28,961
Ongoing training and support	16,632	11,067
Hiring expense	2,318	51,400
Depreciation and amortization	127,105	123,908
Insurance	59,586	50,519
Support for IALS activities	1,112	24,121
Miscellaneous	576	2,872
Total operating expenses	<u>4,599,641</u>	<u>4,806,414</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>768,391</u>	<u>268,872</u>
OTHER INCOME (LOSS)		
Investment income (loss)	714,446	(1,139,546)
Other	4,462	7,867
Total other income (loss)	<u>718,908</u>	<u>(1,131,679)</u>
CHANGE IN NET ASSETS	1,487,299	(862,807)
NET ASSETS		
Beginning of year	<u>4,561,694</u>	<u>5,424,501</u>
End of year	<u>\$ 6,048,993</u>	<u>\$ 4,561,694</u>

See accompanying notes to financial statements.

THE ASSOCIATION OF AMERICAN LAW SCHOOLS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Dues payments received from members	\$ 2,334,319	\$ 2,238,321
Grants and contributions received	49,339	10,330
Interest and dividends received	158,594	177,575
Other operating receipts	3,001,344	2,847,706
Cash paid to vendors, suppliers, and employees	<u>(4,664,782)</u>	<u>(4,942,168)</u>
Net cash provided by operating activities	<u>878,814</u>	<u>331,764</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(106,186)	(141,305)
Proceeds from the sale of investments	3,072,260	318,028
Purchases of investments	<u>(3,218,949)</u>	<u>(181,757)</u>
Net cash used for investing activities	<u>(252,875)</u>	<u>(5,034)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	625,939	326,730
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,051,641</u>	<u>724,911</u>
End of year	<u>\$ 1,677,580</u>	<u>\$ 1,051,641</u>

See accompanying notes to financial statements.

THE ASSOCIATION OF AMERICAN LAW SCHOOLS, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	<u>\$ 1,487,299</u>	<u>\$ (862,807)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	127,105	123,908
Net (appreciation) depreciation in fair value of investments	(555,852)	1,315,622
Changes in assets and liabilities		
Accounts receivable	(23,046)	48,900
Prepaid expenses and other assets	(125,830)	31,970
Accounts payable	41,524	(27,223)
Deferred dues income	49,728	46,493
Deferred section dues income	(1,043)	(352)
Deferred other	115,130	25,000
Accrued lease obligation	(48,907)	(78,729)
Accrued leave payable	(197,506)	(303,164)
Deferred compensation liability	10,212	12,146
Total adjustments	<u>(608,485)</u>	<u>1,194,571</u>
Net cash provided by operating activities	<u>\$ 878,814</u>	<u>\$ 331,764</u>

See accompanying notes to financial statements.

THE ASSOCIATION OF AMERICAN LAW SCHOOLS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1. THE ORGANIZATION

The Association of American Law Schools, Inc. (the Association) was founded in 1900 and incorporated in 1971 to improve the legal profession through legal education. It is an association of law schools and serves as the law teachers' learned society. The Association is legal education's principal representative to the federal government and to other national higher education organizations and learned societies.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements have been prepared using the accrual basis of accounting.

Cash and Cash Equivalents - The Association reports investments that have an original maturity date of 90 days or less as cash equivalents.

Investments - Investments in mutual funds are carried at fair value, based on quoted market prices as of the last business day of the year.

Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Property and Equipment - Property and equipment are recorded at cost and depreciation or amortization is computed using the straight-line method over estimated useful lives of three to ten years. Leasehold improvements were amortized over the Association's original lease term, and were fully depreciated as of February 2010. The Association capitalizes purchases of property and equipment over \$1,000.

Accrued Leave - The Association pays its employees for unused vacation time when they leave the employment of the Association. The Executive Director of the Association accrues one month of sabbatical leave for each year of service with the Association, in addition to regular vacation leave. Vacation and sabbatical leave are accrued for financial statement purposes as earned by the employees.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Membership dues and non-member school service fees are recognized as revenue over the applicable period. Such amounts received but not yet earned are reported as deferred revenue.

Grant and contract income is recognized as revenue in amounts equal to the expenditures made by the Association during the period for the purposes specified by the grants or contracts. Grant and contract funds received but not yet expended are reported as deferred revenue. Expenses incurred in excess of funds received are reported as receivables.

The Association's Sections, interest groups that plan programs at the annual meeting, provide newsletters, conduct other activities of interest to the group, and receive income from dues and publications. Section dues are recognized as revenue over the applicable period.

Net Assets - In accordance with U.S. generally accepted accounting principles, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of net assets is based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are available to finance the general operations of the Association. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Association, the environment in which it operates, and the purposes specified in its articles of incorporation. Resolutions by the Executive Committee to designate a portion of its unrestricted net assets for specific purposes do not result in restricted net assets since designations are voluntary and may be reversed by the Executive Committee at any time. Unrestricted revenue and expenses also includes donor restricted contributions if the restriction is fulfilled in the same period in which the contribution is received. At June 30, 2010 and 2009, the Association had no temporarily restricted or permanently restricted net assets.

Subsequent Events Review - Subsequent events have been evaluated through October 19, 2010, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.

NOTE 3. INCOME TAXES

The Association is an organization described in Section 501(c)(3) of the Internal Revenue Code and thus is exempt from Federal and state income taxes. The Association is subject to income taxes on its unrelated business income. During the years 2010 and 2009, the Association had no taxable unrelated business income. The Association has been classified as an entity that is not a private foundation.

NOTE 3. INCOME TAXES (CONTINUED)

Effective July 1, 2009, the Association adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in the ASC topic *Income Taxes*. These provisions provide consistent guidance for the accounting for the uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Association believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 4. LEASE COMMITMENTS

The Association leases office and storage space under a lease agreement that was extended for two years and that now expires January 2012. The current extension provides for a fixed rent amount over the two-year extension period. The Association also has an operating lease for a postage machine under a five-year agreement that expires September 2013.

Future obligations under these leases are as follows:

Year Ending June 30, 2011	\$ 461,988
2012	270,783
2013	3,096
2014	<u>774</u>
Total	<u>\$ 736,641</u>

NOTE 5. DONATED SERVICES AND MATERIALS

During the years ended June 30, 2010 and 2009, the Association received certain donated goods and services that are reported in both operating revenues and expenses, as follows:

	<u>2010</u>	<u>2009</u>
Printing		
Directory of Law Teachers	\$ 56,329	\$ -
AALS Newsletter	24,247	10,833
Journal of Legal Education	28,964	32,044
Annual meeting programs	<u>6,491</u>	<u>6,593</u>
	<u>116,031</u>	<u>49,470</u>
Canvas briefcases for annual meeting	<u>-</u>	<u>42,125</u>
Badges and lanyards		
Annual meeting	4,220	10,660
Other meetings	<u>8,010</u>	<u>3,083</u>
	<u>12,230</u>	<u>13,743</u>
	<u>\$ 128,261</u>	<u>\$ 105,338</u>

NOTE 6. INVESTMENTS

The Association's investments, at fair value, as of June 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Vanguard High Yield Corporate Fund	\$ -	\$ 228,414
Vanguard Intermediate Term Investment Grade Fund	481,167	555,930
Vanguard Long Term Bond Index Fund	-	247,253
Vanguard Short Term Bond Index Fund	-	344,868
Vanguard Total Bond Market Index Admiral Fund	805,079	-
Vanguard Short Term Investment Grade Fund	216,206	357,125
Vanguard Strategic Equity Fund	-	169,270
Vanguard Explorer Fund	-	186,386
Vanguard Total International Stock Index Fund	687,670	660,491
Vanguard Total Stock Market Index Fund	2,609,996	1,225,746
Vanguard U.S. Growth Fund	-	455,379
Vanguard Windsor II Fund	-	427,119
Vanguard Prime Money Market Fund	<u>869,132</u>	<u>118,940</u>
	<u>\$ 5,669,250</u>	<u>\$4,976,921</u>

The Association's investments are measured at fair value and consist entirely of amounts invested in mutual funds. Fair values for the mutual funds are determined by reference to quoted market prices for identical securities. These inputs used to determine fair values are considered Level 1 inputs under generally accepted accounting principles (unadjusted quoted prices in active markets for identical assets).

NOTE 7. FUNCTIONAL EXPENSES

The Association's expenses are classified into the following functional categories:

	<u>Year Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Program services		
Member services	\$1,499,513	\$1,439,095
Professional development programs	2,136,162	2,302,069
Publications	646,639	534,546
Management and general	<u>317,327</u>	<u>530,704</u>
Total expenses	<u>\$4,599,641</u>	<u>\$4,806,414</u>

Salary expenses are allocated to functional categories based on management's estimates of the time spent by each employee in each category. Allocated salaries are then used as the basis for the allocation of indirect expenses, those not directly attributable to any given function.

NOTE 8. RETIREMENT PLAN

The Association contributes to a TIAA-CREF Retirement Plan (a defined contribution money purchase plan), on behalf of full-time salaried employees. Contributions to the Plan for the years ended June 30, 2010 and 2009, totaled \$227,548 and \$225,000, respectively.

NOTE 9. UNINSURED CASH

The Association maintains its cash in various deposit accounts. Total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At June 30, 2010, the Association had total cash balances on deposit that exceeded the balances insured by the FDIC by approximately \$849,000. The Association has not experienced any losses in the accounts and believes it is not exposed to any significant credit risk on these accounts.