



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Christian Legal Society

We have audited the accompanying Statement of Financial Position of Christian Legal Society (a nonprofit organization) as of December 31, 2009 and 2008, and the related Statements of Activities and Cash Flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Legal Society as of December 31, 2009 and 2008, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses are presented for purposes of additional analysis and are not a required part of the 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 audit of the 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 stated in all material respects in relation to the financial statements as a whole.

Manassas, VA
May 17, 2010

Christian Legal Society
Statement of Financial Position
At December 31, 2009 and 2008

	2009	2008
Assets		
Current Assets		
Cash	\$ 209,735	\$ 116,865
Accounts and Grants Receivable	45,994	23,679
Pledges Receivable, net	21,239	69,558
Prepaid expenses and other current assets	1,711	6,675
Total Current Assets	278,679	216,777
Property and Equipment, Net	17,476	40,521
Other Assets	5,150	15,942
Total Assets	\$ 301,305	\$ 273,240
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 305,155	\$ 87,800
Line of Credit	73,067	60,840
Notes Payable- Board Members	10,000	10,000
Payroll Liabilities	87,306	47,826
Accrued Vacation Expense	16,835	62,232
Accrued Interest Payable	3,400	-
Deferred Expenses	-	28,485
Deferred Revenue	145,013	110,898
Total Current Liabilities	640,776	408,081
Long-Term Liabilities		
Subtenant Security Deposit	1,288	7,212
Notes Payable-Board Members	82,000	130,000
Total Long-Term Liabilities	83,288	137,212
Total Liabilities	724,064	545,293
Net Assets		
Unrestricted - undesignated	(463,500)	(361,878)
Temporarily restricted	40,741	89,825
Total Net Assets	(422,759)	(272,053)
Total Liabilities and Net Assets	\$ 301,305	\$ 273,240

See the Accompanying Accountant's Report and Notes to the Financial Statements

Christian Legal Society
Statement of Activities
For the Years Ended December 31, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Contributions	\$ 614,542	\$ 20,874	\$ 635,416	\$ 724,020	\$ 228,244	\$ 952,264
Grants	100,758	263,315	364,073	88,000	427,140	515,140
Membership Dues	292,008		292,008	305,631	-	305,631
Conference Registration	159,681		159,681	661,111	-	661,111
Professional Fees	300,000		300,000	-	-	-
Released from restriction	333,273	(333,273)	-	615,429	(615,429)	-
Sale of Resources	32,526		32,526	22,275	-	22,275
Total Support & Revenue	1,832,788	(49,084)	1,783,704	2,416,466	39,955	2,456,421
Expenses						
Program Services						
Attorney Ministries	251,072	-	251,072	460,828	-	460,828
Legal Aid Ministries	233,789	-	233,789	140,534	-	140,534
Conferences	241,024	-	241,024	659,797	-	659,797
Law Student Ministries	135,073	-	135,073	218,543	-	218,543
Center for Law and Religious Freedom	786,892	-	786,892	835,880	-	835,880
Total Program Services	1,647,850	-	1,647,850	2,315,582	-	2,315,582
Supporting Services:						
Administration	215,311	-	215,311	184,630	-	184,630
Development	109,800	-	109,800	211,799	-	211,799
Total Supporting Services	325,111	-	325,111	396,429	-	396,429
Total Expenses	1,972,961	-	1,972,961	2,712,011	-	2,712,011
Other Income/(Expenses)	38,551	-	38,551	(48,697)	-	(48,697)
Increase (Decrease) in Net Assets	\$ (101,622)	\$ (49,084)	\$ (150,706)	\$ (344,242)	\$ 39,955	\$ (304,287)
Net Assets, Beginning of Year	\$ (361,878)	\$ 89,825	\$ (272,053)	\$ (17,636)	\$ 49,870	\$ 32,234
Net Assets, End of Year	\$ (463,500)	\$ 40,741	\$ (422,759)	\$ (361,878)	\$ 89,825	\$ (272,053)

See the Accompanying Accountant's Report and Notes to the Financial Statements

Christian Legal Society
Schedule of Functional Expenses
For the Year Ended December 31, 2009

	<u>Program Services</u>					<u>Support Services</u>			
	<u>Attorney</u> <u>Ministries</u>	<u>Legal Aid</u> <u>Ministries</u>	<u>Conferences</u>	<u>Law</u> <u>Student</u> <u>Ministries</u>	<u>Center for Law</u> <u>& Religious</u> <u>Freedom</u>	<u>Total</u> <u>Program</u> <u>Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Salaries & Benefits	\$ 130,233	\$ 152,610	\$ 28,821	\$ 72,351	\$ 421,750	\$ 805,765	\$ 61,941	\$ 56,371	\$ 924,077
Computer Expenses	4,084	-	-	-	744	4,828	4,590	250	9,668
Chapter/Membership Support	8,821	14,461	172,890	20,482	-	216,654	-	-	216,654
Employee Related Expenses	1,225	224	1,709	-	2,271	5,429	2,216	517	8,162
Bank Charges	-	-	146	211	28	385	19,722	27	20,134
CLRF-Advocacy	-	-	-	-	169,156	169,156	-	-	169,156
Office Expenses	1,602	171	14,314	7,826	27,810	51,723	31,053	13,910	96,686
Travel	497	1,303	4,618	5,551	5,238	17,207	72,467	334	90,008
Headquarters Facility Costs	15,393	18,038	3,407	8,552	49,850	95,240	7,323	6,550	109,113
Equipment & Supplies	15,800	18,515	3,497	8,777	51,166	97,755	7,517	6,723	111,995
Office Services	9,266	10,858	2,051	5,148	30,008	57,331	4,407	3,943	65,681
Caging & Database Management	3,883	4,550	859	2,157	12,575	24,024	1,849	1,652	27,525
CLSNet Website Costs	4,679	5,482	1,035	2,599	15,151	28,946	2,226	1,990	33,162
Publications:									
Christian Lawyer	48,885	-	-	-	-	48,885	-	-	48,885
Conference	-	7,577	7,677	-	-	15,254	-	-	15,254
Donor Appeal	-	-	-	-	-	-	-	13,679	13,679
Dues Renewal	1,950	-	-	-	-	1,950	-	-	1,950
CL Digest	4,754	-	-	-	-	4,754	-	-	4,754
Miscellaneous	-	-	-	1,419	1,145	2,564	-	3,854	6,418
	<u>\$ 251,072</u>	<u>\$ 233,789</u>	<u>\$ 241,024</u>	<u>\$ 135,073</u>	<u>\$ 786,892</u>	<u>\$ 1,647,850</u>	<u>\$ 215,311</u>	<u>\$ 109,800</u>	<u>\$ 1,972,961</u>

Christian Legal Society
Schedule of Functional Expenses
For the Year Ended December 31, 2008

	<u>Program Services</u>					<u>Support Services</u>			
	<u>Attorney Ministries</u>	<u>Legal Aid Ministries</u>	<u>Conferences</u>	<u>Law Student Ministries</u>	<u>Center for Law & Religious Freedom</u>	<u>Total Program Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Salaries & Benefits	\$ 292,919	\$ 87,364	\$ 115,121	\$ 139,939	\$ 611,064	\$ 1,246,407	\$ 74,575	\$ 136,848	\$ 1,457,830
Computer Expenses	5,714	52	199	70	1,230	7,265	3,435	263	10,963
Chapter/Membership Support	34,057	24,225	394,791	30,576	7	483,656	135	-	483,791
Employee Related Expenses	4,053	867	3,821	1,034	5,226	15,001	9,404	5,813	30,218
Bank Charges	-	-	-	-	-	-	979	34	1,013
CLRF-Advocacy	-	730	-	-	34,241	34,971	-	-	34,971
Office Expenses	20,406	2,914	61,917	3,415	36,004	124,656	61,948	25,547	212,151
Travel	5,830	2,124	19,405	12,427	14,977	54,763	3,565	3,449	61,777
Headquarters Facility Costs	20,413	9,220	8,760	7,417	40,801	86,611	6,127	12,178	104,916
Equipment & Supplies	18,090	4,412	11,451	7,265	30,496	71,714	6,577	7,391	85,682
Office Services	18,268	5,011	14,961	8,412	34,454	81,106	7,422	8,228	96,756
Caging & Database Management	5,711	1,486	3,785	2,616	10,206	23,804	1,999	2,453	28,256
CLNet Website Costs	8,375	2,129	4,539	3,774	14,379	33,196	3,018	3,757	39,971
Publications:									
Christian Lawyer	23,313	-	-	-	-	23,313	-	-	23,313
Conference	-	-	21,047	-	-	21,047	-	-	21,047
Donor Appeal	-	-	-	-	-	-	-	5,838	5,838
Dues Renewal	1,011	-	-	-	-	1,011	-	-	1,011
Insider	-	-	-	-	1,681	1,681	-	-	1,681
CL Digest	2,668	-	-	-	-	2,668	-	-	2,668
Miscellaneous	-	-	-	1,598	1,114	2,712	5,446	-	8,158
	<u>\$ 460,828</u>	<u>\$ 140,534</u>	<u>\$ 659,797</u>	<u>\$ 218,543</u>	<u>\$ 835,880</u>	<u>\$ 2,315,582</u>	<u>\$ 184,630</u>	<u>\$ 211,799</u>	<u>\$ 2,712,011</u>

Christian Legal Society
Statement of Cash Flows
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (150,706)	\$ (304,287)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and Amortization	19,628	20,649
Loss on disposal of property and equipment	10,917	-
Changes in assets and liabilities affecting operations:		
Accounts and Grants receivable	(22,315)	100,766
Pledges receivable, net	48,319	67,197
Prepaid expenses and other current assets	4,964	-
Other Assets	10,792	24,199
Accounts Payable	217,355	(21,698)
Accrued Expenses	3,400	-
Accrued Vacation expense	(45,397)	(38,399)
Payroll Liabilities	39,480	(35,726)
Other Liabilities	(5,924)	
Deferred Expenses	(28,485)	(7,929)
Deferred Revenue	34,115	(9,059)
Net cash used in operating activities	<u>136,143</u>	<u>(204,287)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(7,500)</u>	<u>(18,300)</u>
Net cash used in investing activities	<u>(7,500)</u>	<u>(18,300)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable-board members	-	140,000
Proceeds from line of credit	12,227	60,841
Repayments of notes payable	<u>(48,000)</u>	-
Net cash provided by financing activities	<u>(35,773)</u>	<u>200,841</u>
 Net Increase (Decrease) in Cash	\$ 92,870	\$ (21,746)
 Cash, Beginning of Year	\$ 116,865	\$ 138,611
 Cash, End of Year	\$ 209,735	\$ 116,865
 Interest paid during the year	\$ 3,353.00	\$ 14,383.00

Christian Legal Society
Notes to Financial Statements
December 31, 2009 and 2008

A. ABOUT THE CHRISTIAN LEGAL SOCIETY (CLS)

History - Founded in 1961, Christian Legal Society (CLS) is a national, non-profit, religious, membership association of lawyers, judges, law professors, law students, paralegals, legal assistants, and associated friends of the society. All officers, directors, employees, and members of CLS, as a condition of the employment and/or membership, affirm the following statement of faith:

Trusting in Jesus Christ as my savior, I believe in:

- 1) *One God, eternally existent in three persons: Father, Son, and Holy Spirit.*
- 2) *God the Father Almighty, maker of heaven and earth.*
- 3) *The deity of our Lord Jesus Christ, God's only son, conceived of the Holy Spirit, born of the Virgin Mary; His vicarious death for our sins through which we receive eternal life; His bodily resurrection and personal return.*
- 4) *The presence and power of the Holy Spirit in the work of regeneration.*
- 5) *The Bible as the inspired word of God.*

Structure - CLS conducts its operations through four ministries:

1. **Law Student Ministries** (campus ministry).
2. **Center for Law and Religious Freedom** (public education and legal advocacy).
3. **Christian Legal Aid Ministries** (legal aid, Biblical reconciliation, and legal referral).
4. **Attorney Ministries** (support of our members through various publications, member benefits, mentoring and other voluntary service opportunities and conferences).

Geographic Scope - CLS has members located in all 50 states and over 10 foreign nations. In addition, its Law School Ministries has 130 chapters and fellowships on law school campuses throughout the U.S., in addition to several fellowships associated with undergraduate pre-law programs on campuses. CLS' Legal Aid Ministries (LAM) currently sponsors 65 Christian legal aid projects serving 50 cities in 26 states, in addition to four projects in Uganda, Kenya and South Africa. In 2009 these legal aid projects helped an estimated 8,500 individuals and/or families to receive free legal aid, spiritual help, and Christian conciliation services. The Center for Law and Religious Freedom stands ready to handle important religious liberty matters in every state and federal court from the lowest levels through the U.S. Supreme Court. It is the nation's oldest public interest law firm dedicated to protecting religious freedom and is regarded by many as the nation's leading organization in that work.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The accompanying consolidated financial statements of the Society have been prepared on the accrual basis of accounting where revenue is recorded as earned and expenses are recorded as incurred.

Use of Estimates – 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. Accordingly, actual results could differ from these estimates.

Christian Legal Society
Notes to Financial Statements
December 31, 2009 and 2008

Cash and cash equivalents – For purposes of the statement of cash flows, all highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents.

Property and Equipment – Property and equipment are stated at cost. Donated assets are recorded at the estimated fair market value at the time of donation. Depreciation is provided for using the straight-line method, based on the estimated useful lives of the assets. Amortization is determined using the straight-line method over the estimated useful lives. Property and equipment costing over \$1,000 are capitalized.

Donated materials and services – The estimated fair value of donated materials and services, net of actual payments, if any, are reported as support and expense in the period of benefit. The use of facilities in Birmingham, Alabama, and attorney volunteer hours make up this total. For the years ended December 31, 2009 and 2008, donated materials and services totaled \$7,420 and \$16,263, respectively.

Functional allocation of expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program services benefited.

Income Taxes – The Society is classified for federal income tax purposes as a Section 501(c)(3) organization exempt from income taxes as provided under Section 501(a) of the Internal Revenue Code.

Promises to Give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included in support until the conditions are substantially met. As of December 31, 2009 and 2008 there were no conditional promises to give, while unconditional promises to give were \$21,239 and \$69,558, respectively.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. As of December 31, 2009 and 2008, the Society had no permanently restricted net assets, while temporarily restricted net assets totaled \$40,741 and \$89,825, respectively.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When a restriction on a contribution is met in the same period that the contribution was received, the contribution is reported in the statement of activities as temporarily restricted revenue and as net assets released from restrictions.

Deferred Revenue – Membership dues and conference fees received in advance are deferred and recognized as revenue over the period to which they relate and when the events take place, respectively.

Christian Legal Society
Notes to Financial Statements
December 31, 2009 and 2008

Costs of Joint Activities – Statement of Position 98-2, “*Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fund Raising*”, establishes accounting standards for recording costs associated with joint activities (activities which are part fundraising and have elements of one of more other functions, such as program or general and administrative). The pronouncement requires that the criteria of purpose, audience and content be met in order to allocate any portion of the costs of joint activities to a functional area other than fundraising. See Note K.

C. PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of December 31:

	<u>2009</u>	<u>2008</u>
Unconditional promises to give before unamortized discount and reserve	\$ 21,239	\$ 69,558
Less: Unamortized discount	-	-
Subtotal	<u>21,239</u>	<u>69,558</u>
Less: Reserve	-	-
Net unconditional promises to give	<u><u>21,239</u></u>	<u><u>69,558</u></u>
Amounts due in:		
Less than one year	\$ 21,239	\$ 69,558
One to five years	-	-
More than five years	-	-
Total gross unconditional promises to give	<u><u>\$ 21,239</u></u>	<u><u>\$ 69,558</u></u>

Christian Legal Society
Notes to Financial Statements
December 31, 2009 and 2008

D. PROPERTY AND EQUIPMENT

The major classes of property and equipment, along with their respective accumulated depreciation and net worth, are as follows as of December 31:

	<u>2009</u>	<u>Accum Depr</u>	<u>Net</u>
Leasehold Improvements	12,326	8,987	3,339
Furniture	11,490	11,490	-
Equipment	33,405	33,405	-
Website and Software	30,334	24,333	6,001
Computers	71,194	63,058	8,136
Trademarks	4,664	4,664	-
	<hr/> 163,413	<hr/> 145,937	<hr/> 17,476
	<u>2008</u>	<u>Accum Depr</u>	<u>Net</u>
Leasehold Improvements	12,326	7,722	4,604
Furniture	14,421	14,421	-
Equipment	33,405	33,405	-
Website	70,501	51,393	19,108
Computers and Software	77,773	60,964	16,809
Trademarks	4,664	4,664	-
	<hr/> 213,090	<hr/> 172,569	<hr/> 40,521

Depreciation and amortization expense for the years ended December 31, 2009 and 2008 totaled \$19,628 and \$20,649, respectively. Website and Computer assets that were fully depreciated and had no further use were disposed of on December 31, 2009. There were also some that were not fully depreciated but were no longer in service. There was a \$10,917 loss from the disposition of these assets.

E. LINE OF CREDIT

The Society maintains a line of credit with a financial institution up to \$75,000, which is collateralized by the Society's furniture, fixtures and equipment. The line of credit is due on demand and bears interest at the rate of prime plus 1.5%. At December 31, 2009 and 2008, the balance on the line of credit was \$73,067 and \$60,841 respectively.

Christian Legal Society
Notes to Financial Statements
December 31, 2009 and 2008

F. NOTES PAYABLE – BOARD MEMBERS/FORMER BOARD MEMBER SPOUSE

	<u>2009</u>	<u>2008</u>
Note payable (\$65,000) from a board member and spouse, dated September 22, 2008. The board member forgave \$25,000 in principal and the \$5,250 of interest for 2009 in 2009. The remaining principal balance of \$40,000 and all accrued interest and unpaid interest at a rate of 7% are payable in full December 31, 2011. Interest shall be payable as follows: (1) \$1,429.17 December 31, 2008; (2) \$0 December 31, 2009 (forgiven in 2009); (3) \$5,250.00 December 31, 2010; and (4) \$5,250.00 December 31, 2011.	\$40,000	\$65,000
Note payable (\$25,000) from a board member, dated September 15, 2008. The entire principal balance and all accrued interest and unpaid interest at a rate of 7% are payable in full December 31, 2011. Interest shall be payable as follows: (1) \$1,429.17 December 31, 2008; (2) \$1,750.00 December 31, 2009; (3) \$1,750.00 December 31, 2010; and (4) \$1,750.00 December 31, 2011.	\$25,000	\$25,000
Note payable (\$15,000) from a former board member, dated September 10, 2008. The entire principal balance and all accrued interest and unpaid interest at a rate of 7% were paid in full in 2009.	\$0	\$15,000
Note payable (\$10,000) from a board member, dated September 23, 2008. The entire principal balance and all accrued interest and unpaid interest at a rate of 6% are payable in full December 31, 2009. Interest shall be payable as follows: (1) \$161.67 December 31, 2008; and (2) \$600.00 December 31, 2009.	\$10,000	\$10,000
Note payable (\$25,000) from a former board member, dated December 23, 2008. The former board member forgave \$8,000 in principal and the \$1,750.00 of interest for 2009 in 2009. The remaining principal balance and all accrued interest and unpaid interest at a rate of 7% are payable in full December 31, 2011. Interest shall be payable as follows: (1) \$38.89 December 31, 2008; (2) \$1,750.00 December 31, 2009; (3) \$1,750.00 December 31, 2010; and (4) \$1,750.00 December 31, 2011.	<u>\$17,000</u>	<u>\$25,000</u>
Total	<u>\$92,000</u>	<u>\$140,000</u>

Christian Legal Society
Notes to Financial Statements
December 31, 2009 and 2008

G. LEASES

The Organization was obligated to pay on a lease for 9,565 square feet in an office building on the third floor of 8100 Braddock Road, Springfield, Virginia. The lease ran through the end of October 2010. The base rent increased at a rate of 3% per year. This lease was re-negotiated effective December 1, 2009. The Organization is now obligated to pay on a lease for 3,089 square feet. The lease runs through November 30, 2014. CLS may with proper notice terminate the current lease on or after December 1, 2010. The following is a schedule for future minimum lease payments at December 31, 2009:

<u>For the years ending December 31,</u>	<u>Rent Out</u>	<u>Rents In</u>	<u>Net</u>
2010	\$ 61,934	\$ 15,450	\$ 46,484
2011	63,789	15,914	47,875
2012	65,706	16,391	49,315
2013	67,677	16,883	50,794
2014	63,739	15,940	47,799
<u>Total</u>	<u>\$ 322,845</u>	<u>\$ 80,578</u>	<u>\$ 242,267</u>

Christian Legal Society also subleased portions of this facility to three other organizations: Child Evangelism Fellowship (CEF), Advocates International, and C.S. Lewis Institute. After the renegotiated lease per paragraph above Advocates International and C. S. Lewis Institute ceased to be subtenants of CLS, CEF remains a subtenant. CEF's sublease runs through the end of November 2014, and their base rent increases at 3% per year. CEF currently subleases 722 square feet. Advocates International subleased 1,755 square feet and C.S. Lewis Institute subleased 2,118 square feet up until November 30, 2009.

For the years ended December 31, 2009 and 2008, rent expense for Christian Legal Society totaled \$204,461 and \$214,341, respectively.

H. RELATED PARTY TRANSACTIONS

A former officer of the Society, up unto June 3, 2009, is a partial owner and Chief Operating Officer of a web-base vendor that the Society had contracted with. During 2009 and 2008, the Society was invoiced \$11,101 and \$48,395, respectively, for these services of which \$11,101 and \$36,957, respectively, was to be paid in cash and \$0 and \$11,438, respectively, was considered contributed services.

I. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31 are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Program Assistance	\$ 40,741	\$ 52,325
Time restricted for future periods	-	37,500
Total temporarily restricted net assets	<u>\$ 40,741</u>	<u>\$ 89,825</u>

Christian Legal Society
Notes to Financial Statements
December 31, 2009 and 2008

Net assets restricted for program assistance include items for the Alliance Defense Fund, Christian legal aid, conference and scholarships.

For the years ended December 31, 2009 and 2008, net assets in the amount of \$404,437 and \$615,429, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purpose, which related to the Alliance Defense Fund, conference, scholarships and other expenses.

J. RETIREMENT PLAN

The Society maintains a tax deferred annuity pension plan, qualified under Section 403(b) of the Internal Revenue Code, for eligible employees with at least two years of full-time service, working at least 1,000 hours per year. The Society contributes 5% of the annual salary of each participant. Pension expense totaled \$18,619 and \$41,040 for the years ended December 31, 2009 and 2008, respectively.

K. ALLOCATION OF JOINT ACTIVITIES

During 2009 and 2008, CLS incurred joint costs of approximately \$124,102 and \$103,688, respectively, for website costs and informational materials primarily related to mailings that included fundraising appeals. Pursuant to SOP 98-2 (See Note B) these costs were allocated to the functional areas as follows:

	<u>2009</u>	<u>2008</u>
Program Services	102,353	85,628
Supporting Services:		
Development	19,523	9,595
Administration	2,226	8,465
Total	<u>124,102</u>	<u>103,688</u>

L. INTEREST EXPENSE

The amount of Interest Expense for the year ended December 31, 2009 and 2008 totaled \$24,396 and \$14,383, respectively. These expenses are included in Bank Charges and Equipment Expenses.

M. DEFERRED EXPENSES

The amount of Deferred Expenses for the year ended December 31, 2009 and 2008 totaled \$0 and \$28,485, respectively. This total comes from deferred rent for rent expenses from an operating lease.

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N. OTHER INCOME

Items included in Other Income on the Statement of Activities for the year ended December 31, 2009 are listed below:

Honoraria	\$ 200
Interest income	83
Net apprec (deprec) investments	353
Other Nonoperating/Royalties	713
Refunds & Cancellations	(1,563)
Reimbursed Expenses	38,640
AFBO Membership	125
Total	<u>\$ 38,551</u>

Items included in Other Income on the Statement of Activities for the year ended December 31, 2008 are listed below:

Honoraria	\$ 3,025
Interest income	190
Net apprec (deprec) investments	(856)
Other Nonoperating/Royalties	4,468
Refunds & Cancellations	332
Reimbursed Expenses	6,637
Returns, Rebates & Allowances	(460)
Subtenant Copier Cost	6,733
Subtenant IT Costs	30,816
Subtenant Phone Cost	7,299
Subtenant Rent	(3,551)
AFBO Membership	525
Receivable Losses	(103,855)
Total	<u>\$ (48,697)</u>