



SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS



**State Bar *of*
New Mexico**

Est. 1886



**New Mexico
State Bar Foundation**

Independent Auditors' Report,
Combined Financial Statements,
and
Supplementary Information

December 31, 2024 and 2023

State Bar of New Mexico and New Mexico State Bar Foundation

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Independent Auditors' Report

To the Board of Bar Commissioners
State Bar of New Mexico and
New Mexico State Bar Foundation

Opinion

We have audited the accompanying combined financial statements of the State Bar of New Mexico and the New Mexico State Bar Foundation (collectively, the "Organization") (both nonprofit organizations), which comprise the combined statements of financial position as of December 31, 2024 and 2023, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining financial statements are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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.

SJT Group LLC

Albuquerque, New Mexico
September 9, 2025

Financial Statements

State Bar of New Mexico and New Mexico State Bar Foundation
Combined Statements of Financial Position
December 31,

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------------|----------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 3,238,813 | \$ 3,125,759 |
| Certificates of deposit | 538,522 | 524,344 |
| Accounts receivable, net | 159,085 | 149,749 |
| Prepaid expenses | 92,201 | 65,236 |
| Total current assets | <u>4,028,621</u> | <u>3,865,088</u> |
| Noncurrent assets | | |
| Cash for pass-through obligations | 4,496,387 | 2,665,467 |
| Property and equipment, net | 1,716,298 | 1,800,789 |
| Total assets | <u><u>\$ 10,241,306</u></u> | <u><u>\$ 8,331,344</u></u> |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accounts payable | \$ 160,704 | \$ 126,643 |
| Payroll and related liabilities | 272,417 | 263,255 |
| Accrued expenses | 1,511 | 1,783 |
| Deferred revenue | 651,108 | 701,148 |
| Pass-through obligations, current portion | 4,861,473 | 3,025,837 |
| Note payable, current portion | 71,504 | 68,725 |
| Financing leases, current portion | 8,145 | 27,460 |
| Total current liabilities | <u>6,026,862</u> | <u>4,214,851</u> |
| Long-term liabilities | | |
| Note payable, less current portion | 993,610 | 1,065,153 |
| Financing leases, less current portion | 19,277 | 7,589 |
| Pass-through obligations, less current portion | 82,510 | 53,407 |
| Total long-term liabilities | <u>1,095,397</u> | <u>1,126,149</u> |
| Total liabilities | <u>7,122,259</u> | <u>5,341,000</u> |
| Net assets | | |
| Without donor restrictions | 1,760,881 | 1,617,466 |
| With donor restrictions | 1,358,166 | 1,372,878 |
| Total net assets | <u>3,119,047</u> | <u>2,990,344</u> |
| Total liabilities and net assets | <u><u>\$ 10,241,306</u></u> | <u><u>\$ 8,331,344</u></u> |

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

State Bar of New Mexico and New Mexico State Bar Foundation
Combined Statement of Activities
For the Year Ended December 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------------------|
| Support and Revenue | | | |
| Member dues | \$ 2,357,946 | \$ - | \$ 2,357,946 |
| Continuing legal education | 776,483 | - | 776,483 |
| Publications | 244,165 | - | 244,165 |
| Grants | 924,987 | - | 924,987 |
| Minimum continuing legal education | 399,698 | - | 399,698 |
| Administrative fees | 319,742 | - | 319,742 |
| Contributions and other | 361,876 | - | 361,876 |
| Client protection fund | 243,566 | - | 243,566 |
| Professional development center rental | 88,688 | - | 88,688 |
| Judges and lawyers assistance | - | 298,869 | 298,869 |
| Practice area sections | - | 87,257 | 87,257 |
| Net assets released from restrictions | 400,838 | (400,838) | - |
| Total support and revenue | <u>6,117,989</u> | <u>(14,712)</u> | <u>6,103,277</u> |
| Expenses | | | |
| Program services | 4,967,135 | - | 4,967,135 |
| Management and general | 1,007,439 | - | 1,007,439 |
| Total expenses | <u>5,974,574</u> | <u>-</u> | <u>5,974,574</u> |
| Change in net assets | 143,415 | (14,712) | 128,703 |
| Net assets, beginning of year | <u>1,617,466</u> | <u>1,372,878</u> | <u>2,990,344</u> |
| Net assets, end of year | <u><u>\$ 1,760,881</u></u> | <u><u>\$ 1,358,166</u></u> | <u><u>\$ 3,119,047</u></u> |

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

State Bar of New Mexico and New Mexico State Bar Foundation
Combined Statement of Activities
For the Year Ended December 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------------------|
| Support and Revenue | | | |
| Member dues | \$ 2,326,415 | \$ - | \$ 2,326,415 |
| Continuing legal education | 779,422 | - | 779,422 |
| Publications | 288,276 | - | 288,276 |
| Grants | 723,355 | - | 723,355 |
| Minimum continuing legal education | 247,156 | - | 247,156 |
| Administrative fees | 272,113 | - | 272,113 |
| Contributions and other | 311,443 | - | 311,443 |
| Client protection fund | 169,961 | - | 169,961 |
| Professional development center rental | 80,178 | - | 80,178 |
| Judges and lawyers assistance | - | 357,459 | 357,459 |
| Practice area sections | - | 80,912 | 80,912 |
| Net assets released from restriction | 512,980 | (512,980) | - |
| Total support and revenue | <u>5,711,299</u> | <u>(74,609)</u> | <u>5,636,690</u> |
| Expenses | | | |
| Program services | 3,947,141 | - | 3,947,141 |
| Management and general | 1,806,110 | - | 1,806,110 |
| Total expenses | <u>5,753,251</u> | <u>-</u> | <u>5,753,251</u> |
| Change in net assets | (41,952) | (74,609) | (116,561) |
| Net assets, beginning of year | <u>1,659,418</u> | <u>1,447,487</u> | <u>3,106,905</u> |
| Net assets, end of year | <u><u>\$ 1,617,466</u></u> | <u><u>\$ 1,372,878</u></u> | <u><u>\$ 2,990,344</u></u> |

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

State Bar of New Mexico and New Mexico State Bar Foundation
Combined Statement of Functional Expenses
For the Year Ended December 31, 2024

| | Program Services | | | | | | | Support Services | | | | |
|--|---|--|--|----------------------------------|---------------------------------|--------------------------|--------------------------|-------------------|---|-----------------|--------------------------|---------------------|
| | General Operations & Member Services | Office of General Counsel and Regulatory Programs | Marketing Communications/ Publications | Center for Legal Education | Legal Services to the Public | Professional Programs | Total Program Expense | Administration | Board of Bar Commissioners & Governance | Fundraising | Total Support Expense | Total |
| Advertising and marketing | \$ - | \$ - | \$ 5,186 | \$ - | \$ - | \$ - | \$ 5,186 | \$ - | \$ - | \$ - | \$ - | \$ 5,186 |
| Awards, honors, and recognition | 5,756 | - | - | - | - | - | 5,756 | - | - | 7,662 | 7,662 | 13,418 |
| Bad debt | - | - | - | - | - | - | - | - | - | - | - | - |
| Bank fees | - | 107,909 | - | 19,178 | - | - | 127,087 | 1,031 | - | - | 1,031 | 128,118 |
| Compensation, taxes, and benefits | 348,434 | 516,356 | 282,360 | 287,051 | 1,252,749 | 469,315 | 3,156,265 | 527,809 | 143,995 | - | 671,804 | 3,828,069 |
| Conferences, conventions, and meetings | 16,733 | 2,950 | - | 2,863 | - | 12,490 | 35,036 | 5,214 | 80,827 | - | 86,041 | 121,077 |
| Depreciation and amortization | 136,006 | - | - | 8,019 | - | 35,563 | 179,588 | - | - | - | - | 179,588 |
| Dues and subscriptions | - | 200 | - | - | 936 | - | 1,136 | 9,437 | - | - | 9,437 | 10,573 |
| Education and training | 1,182 | 7,653 | 2,753 | - | - | 11,704 | 23,292 | 11,849 | - | - | 11,849 | 35,141 |
| Furniture and equipment | 26,953 | - | - | - | 58,448 | 325 | 85,726 | - | - | - | - | 85,726 |
| Information technology | 26,677 | 39,003 | 21,443 | 28,409 | 124,557 | 24,651 | 264,740 | 40,185 | 10,975 | - | 51,160 | 315,900 |
| Insurance | 10,640 | 15,772 | 9,151 | 4,124 | 8,049 | 18,241 | 65,977 | 33,000 | 2,164 | - | 35,164 | 101,141 |
| Interest | 36,344 | - | - | - | - | - | 36,344 | 9,085 | - | - | 9,085 | 45,429 |
| Office supplies | 1,697 | 2,470 | 1,364 | 698 | 3,002 | 1,711 | 10,942 | 2,568 | 698 | - | 3,266 | 14,208 |
| Outreach | 4,975 | - | - | - | 2,795 | 11,208 | 18,978 | 7,763 | 4,193 | - | 11,956 | 30,934 |
| Professional fees | - | - | - | - | - | - | - | 42,080 | - | - | 42,080 | 42,080 |
| Postage and delivery | - | 101 | 39,230 | - | - | 16 | 39,347 | 4,569 | - | - | 4,569 | 43,916 |
| Repairs, maintenance, occupancy, and overhead | 204,265 | - | - | - | 1,114 | - | 205,379 | - | - | - | - | 205,379 |
| Services provided to members | 135,477 | 32,983 | 64,070 | 113,175 | - | 72,944 | 418,649 | - | 8,085 | - | 8,085 | 426,734 |
| Services provided to the public | 60,791 | 190,614 | - | - | 1,373 | 2,608 | 255,386 | - | - | - | - | 255,386 |
| Taxes and fees | 21,155 | - | - | - | - | - | 21,155 | 31,140 | - | - | 31,140 | 52,295 |
| Other | 11,166 | - | - | - | - | - | 11,166 | 2,924 | 20,186 | - | 23,110 | 34,276 |
| Total | <u>\$ 1,048,251</u> | <u>\$ 916,011</u> | <u>\$ 425,557</u> | <u>\$ 463,517</u> | <u>\$ 1,453,023</u> | <u>\$ 660,776</u> | <u>\$ 4,967,135</u> | <u>\$ 728,654</u> | <u>\$ 271,123</u> | <u>\$ 7,662</u> | <u>\$ 1,007,439</u> | <u>\$ 5,974,574</u> |

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

State Bar of New Mexico and New Mexico State Bar Foundation

Combined Statement of Functional Expenses

For the Year Ended December 31, 2023

| | Program Services | | | | | | | | | Support Services | | | | |
|--|---|--|---|---|-------------------------------|---------------------------------|------------------------|-------------------|--------------------------|---------------------|--|---------------|--------------------------|---------------------|
| | Bar Center Professional Development Center | Office of General Counsel and Regulatory Programs | Law Practice Management and Member Services | Member Communications/ Publications | Center for Legal Education | Legal Services to the Public | Pro Bono Committees | Access to Justice | Total Program Expense | Administration | Governance/ Board of Bar Commissioners | Fundraising | Total Support Expense | Total |
| Advertising and marketing | \$ - | \$ - | \$ 943 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 943 | \$ 938 | \$ - | \$ - | \$ 938 | \$ 1,881 |
| Awards, honors, and recognition | - | - | 4,784 | - | - | - | - | - | 4,784 | - | - | 984 | 984 | 5,768 |
| Bad debt | - | - | - | - | - | - | - | - | - | 1,103 | - | - | 1,103 | 1,103 |
| Bank fees | - | - | - | - | 15,118 | - | - | - | 15,118 | 100,660 | - | - | 100,660 | 115,778 |
| Compensation, taxes, and benefits | 96,149 | 471,877 | 696,302 | 306,766 | 176,985 | 732,725 | - | - | 2,480,804 | 937,187 | - | - | 937,187 | 3,417,991 |
| Conferences, conventions, and meetings | 465 | 2,368 | 54,890 | 125 | 240 | 3,992 | - | - | 62,080 | 24,978 | 65,647 | - | 90,625 | 152,705 |
| Depreciation and amortization | 107,688 | - | - | - | - | - | - | - | 107,688 | 57,444 | - | - | 57,444 | 165,132 |
| Dues and subscriptions | - | 1,607 | 1,900 | 135 | 285 | 1,001 | - | - | 4,928 | 4,489 | - | - | 4,489 | 9,417 |
| Education and training | - | 3,926 | 5,276 | - | - | - | - | - | 9,202 | 2,360 | - | - | 2,360 | 11,562 |
| Furniture and equipment | 3,038 | - | 2,345 | - | - | 3,271 | - | - | 8,654 | 12,822 | - | - | 12,822 | 21,476 |
| Information technology | - | - | - | - | 67,837 | 2,217 | - | - | 70,054 | 272,162 | - | - | 272,162 | 342,216 |
| Insurance | - | 656 | 4,567 | - | - | 2,188 | - | - | 7,411 | 78,060 | - | - | 78,060 | 85,471 |
| Interest | 44,483 | - | - | 2,722 | - | - | - | - | 47,205 | 1,424 | - | - | 1,424 | 48,629 |
| Office supplies | 84 | 872 | 405 | 410 | 46 | 170 | - | - | 1,987 | 4,636 | - | - | 4,636 | 6,623 |
| Outreach | - | - | 33,255 | - | - | 1,776 | - | 581 | 35,612 | 1,807 | 3,000 | - | 4,807 | 40,419 |
| Professional fees | - | 1,200 | - | - | - | - | - | - | 1,200 | 42,061 | - | - | 42,061 | 43,261 |
| Postage and delivery | - | 1,836 | 808 | 67,630 | 27 | 1,074 | - | - | 71,375 | 7,750 | 180 | - | 7,930 | 79,305 |
| Repairs, maintenance, occupancy, and overhead | 170,362 | - | 1,205 | - | - | - | - | - | 171,567 | 45,342 | - | - | 45,342 | 216,909 |
| Services provided to members | - | 41,400 | 56,122 | 233,343 | 318,854 | - | - | - | 649,719 | 88,125 | 5,060 | - | 93,185 | 742,904 |
| Services provided to the public | - | 98,941 | 62,846 | - | - | 1,212 | 6,774 | - | 169,773 | - | - | - | - | 169,773 |
| Taxes and fees | 22,571 | - | - | - | - | - | - | - | 22,571 | 28,507 | - | - | 28,507 | 51,078 |
| Other | - | - | 4,466 | - | - | - | - | - | 4,466 | 9,673 | 9,711 | - | 19,384 | 23,850 |
| Total | \$ 444,840 | \$ 624,683 | \$ 930,114 | \$ 611,131 | \$ 579,392 | \$ 749,626 | \$ 6,774 | \$ 581 | \$ 3,947,141 | \$ 1,721,528 | \$ 83,598 | \$ 984 | \$ 1,806,110 | \$ 5,753,251 |

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

State Bar of New Mexico and New Mexico State Bar Foundation
Combined Statements of Cash Flows
For the Years Ended December 31,

| | <u>2024</u> | <u>2023</u> |
|--|----------------------------|----------------------------|
| Cash Flows from Operating Activities | | |
| Cash received from operations | \$ 7,908,640 | \$ 7,347,444 |
| Cash paid to employees and suppliers | (5,702,014) | (5,402,116) |
| Cash paid for income taxes | (28,356) | (28,356) |
| Cash paid for interest | (48,630) | (48,630) |
| Net cash provided by operating activities | <u>2,129,640</u> | <u>1,868,342</u> |
| Cash Flows from Investing Activities | | |
| Reinvested interest and dividends | (14,178) | (10,392) |
| Purchase of property and equipment | (73,404) | (89,417) |
| Net cash used by investing activities | <u>(87,582)</u> | <u>(99,809)</u> |
| Cash Flows from Financing Activities | | |
| Payment on financing leases | (29,320) | (28,883) |
| Principal payments on note payable | (68,764) | (66,318) |
| Net cash used by financing activities | <u>(98,084)</u> | <u>(95,201)</u> |
| Net increase in cash and cash equivalents | 1,943,974 | 1,673,332 |
| Cash and cash equivalents, beginning of year | <u>5,791,226</u> | <u>4,117,894</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 7,735,200</u></u> | <u><u>\$ 5,791,226</u></u> |
| Reconciliation of change in net assets to net cash provided by operating activities | | |
| Change in net assets | \$ <u>128,703</u> | \$ <u>(116,561)</u> |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 179,588 | 165,132 |
| Bad debt | - | 1,103 |
| Changes in assets and liabilities | | |
| Accounts receivable | (9,336) | (71,026) |
| Prepaid expenses | (26,965) | 39,419 |
| Accounts payable | 34,061 | 13,637 |
| Accrued expenses | (272) | (6,509) |
| Accrued payroll and related liabilities | 9,162 | 61,367 |
| Deferred revenue | (50,040) | 45,976 |
| Pass-through obligations | 1,864,739 | 1,735,804 |
| Total adjustments | <u>2,000,937</u> | <u>1,984,903</u> |
| Net cash provided by operating activities | <u><u>\$ 2,129,640</u></u> | <u><u>\$ 1,868,342</u></u> |
| Supplemental Disclosure of Non-cash Financing Activity | | |
| Acquisition of asset through financing lease | <u><u>\$ 21,693</u></u> | <u><u>\$ 16,793</u></u> |

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

State Bar of New Mexico and New Mexico State Bar Foundation

Notes to the Combined Financial Statements

December 31, 2024 and 2023

1) Organization

The State Bar of New Mexico (State Bar) was incorporated under the laws of the state of New Mexico in 1978. Prior to 1978, the State Bar operated as an agency of the Supreme Court of New Mexico, established as a not-for-profit 501(c)(6), by State Statute on March 17, 1925. State Bar has been in continuing existence since January 1886. The purposes of State Bar are to aid the courts in administering justice to preserve the rule of law, and to foster a high standard of integrity and competence within the legal profession.

The New Mexico State Bar Foundation (the “Foundation”) was incorporated under the laws of the state of New Mexico on February 18, 1991. The Foundation is organized exclusively for charitable and educational purposes, including making distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is the charitable arm of the State Bar, representing the legal community’s commitment to serving the people of New Mexico and the profession. The purpose of the Foundation is to provide high quality, affordable professional training and education programs and services, primarily to the New Mexico legal community. The Foundation is governed by a board of directors comprised of nine individuals, including five members of the State Bar’s Board of Bar Commissioners (BBC), and four non-BBC members, all of which are appointed by the State Bar BBC. Therefore, as the entities are under common management, their financial statements have been combined as allowed for by accounting principles generally accepted in the United States of America (GAAP) (collectively, the “Organization”). Significant intercompany accounts and transactions are eliminated in combination.

State Bar’s principal programs:

The presentation and descriptions of the State Bar’s and the Foundation’s programs coincide with the budgets of the organizations in both 2024 and 2023. There are changes in the labeling of the programs between the two years, but the main program services were the same in both years.

General Operations & Member Services

The State Bar Center – The State Bar Center provides a meeting space for conferences, seminars, trainings, mediation, and other networking and social gatherings, as a service to members of the State Bar. The State Bar Center is also available for use by the general public.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

1) Organization — continued

Members Services – Services and events offered by the State Bar to its members include:

Annual Meeting – the State Bar and the Center for Legal Education collaborate on presenting the Annual Meeting in addition to providing educational programs at this event. Awards to recognize those who have distinguished themselves or who have made exemplary contributions to the State Bar are presented.

Committees, Divisions, and Sections – members are provided opportunities to serve on or join various standing committees, divisions, which promote the special interests of senior lawyers, and practice area sections.

Office of General Counsel and Regulatory Programs

The Office of General Counsel is a professional office that assists the State Bar and the Foundation with policy and regulatory functions of an integrated bar. Specifically, its functions are to protect the legal and policy interests of the State Bar; assist in governance and regulatory functions; provide a professional legal resource for leadership, volunteers, and staff; assist with outreach to the judiciary; and advise in the areas of legislative, executive, and judicial processes. In addition, the Office of General Counsel oversees the administration of the Access to Justice Fund (ATJ) and the Client Protection Fund (CPF).

The State Bar's ATJ Fund Grant Commission is the financial steward of the of the New Mexico Supreme Court Fund for the ATJ Fund, for which the State Bar is the fiscal agent. The ATJ Fund consists of funds generated pursuant to Supreme Court rule, including Interest on Lawyer's Trust Accounts (IOLTA) and Pro Hac Vice fees, as well as donations. The ATJ Fund provides grants to qualified civil legal service providers selected by the ATJ Fund Grant Commission.

The State Bar is also the IOLTA program administrator for New Mexico. An IOLTA account is a pooled, interest-bearing demand deposit account used by lawyers to hold client funds. The current rules require that all New Mexico attorneys who hold eligible funds to participate in IOLTA and that the funds be held at eligible financial institutions. The interest generated by the client funds held in a pooled, interest-bearing trust account are remitted to the State Bar, which holds the funds in the ATJ Fund and distributes them at the discretion of the New Mexico Supreme Court and the ATJ Fund Grant Commission.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

1) Organization — continued

The Commission on Client Protection is a statewide body whose purpose is to promote public confidence in the administration of justice and the integrity of the legal profession by reimbursing losses caused by the dishonest conduct of lawyers admitted and licensed to practice law in the courts of New Mexico. The funds in the Client Protection Fund are used for reimbursing these losses.

The Office of General Counsel and Regulatory Programs also oversees the licensing of New Mexico admitted attorneys and nonadmitted attorneys wishing to appear before a New Mexico court in a civil matter, who are charged pro hac vice filing fees.

Member Communications/Publications

Member communications/publications include print and digital communications provided to membership which include official State Bar of New Mexico publications, such as the Bar Bulletin and Resource Deskbook. In addition, these activities include in-house branding for both the State Bar and the Foundation, website edits, managing social media platforms, and serving as media liaison.

The State Bar operated a digital print center that ceased operations in April 2024. The print center provided the majority of internal printing needs for the State Bar and the Foundation, as well as mailing services. These services were also available to outside parties.

The Foundation's principal programs are comprised of:

Center for Legal Education (CLE)

CLE is a New Mexico accredited continuing legal education course provider dedicated to providing high-quality, affordable, educational programs to the legal community. CLE offers a full range of educational services, including live seminars programs, live legal education teleconferences, audio and video recordings, publications, and other professional services to meet special training needs.

Legal Services to the Public

The Foundation provides legal services to the elderly through its Legal Resources for the Elderly Program (LREP). LREP assists individuals 55 years of age and older in finding legal representation for civil legal issues by referring cases to volunteer attorneys throughout New Mexico. LREP is funded through a contract with the State of New Mexico Aging and Long-Term Services Department. As with most contracts and grants, funding is subject to possible future cutbacks.

The Foundation also operates the Modest Means Helpline which is a civil legal telephone helpline for New Mexico residents of modest means. The Helpline was created through the efforts of the Access to Justice Commission, the State Bar of New Mexico, and the Foundation, and is funded through a contract with the State of New Mexico Administrative Office of the Courts. As with most contracts and grants, funding is subject to possible future cutbacks.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies

Basis of Accounting

The combined financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation and Net Assets

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net Assets Without Donor Restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors. Included in net assets without donor restrictions are mandatory dues fees that are designated for the Client Protection Fund program.
- *Net Assets with Donor Restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Included in net assets with donor restrictions are contributions from the Judges and Lawyers Assistance Program (JLAP), and Practice Area Sections.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Basis of Presentation and Net Assets - continued

Contributions of noncash assets are recorded at fair value at the date of donation. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are also recorded at fair value at the date of donation.

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Management utilizes the allowance method of accounting for receivables arising from program services. Management believes that substantially all receivables from program services are collectible. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the combined financial statements. The Organization had an allowance of approximately \$790 and \$1,230 for uncollectable receivables as of December 31, 2024 and 2023, respectively.

Property and Equipment

Purchased property and equipment is stated at cost. Purchased or donated property and equipment in excess of \$3,500 is capitalized. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets, which range from five to thirty-nine years.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenues are recognized when earned. All unconditional contributions to the Organization, including promises to give, are recorded as income when the promises are made. Conditional contributions are recognized as income when the conditions on which they depend have been substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. There were no conditional promises to give at December 31, 2024 or 2023.

The Organization recognizes revenue from the following sources:

Revenues

Revenues are recognized in the year of performance. Revenues are recorded at net realizable amounts in the accompanying combined statement of activities. Revenues include: licensing fees, CLE fees, publications, administration fees, client protection funds, PDC rental income, MCLE fees, and legal specialization. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges.

The Organization recognizes revenue from licensing fees ratably over the membership period since there are no distinct performance obligations and the member benefits are considered a bundled group of performance obligations that are delivered to members over time. Publication revenues are recognized when the orders are completely fulfilled and delivered, or when the service has been rendered. The Organization measures the performance obligation from CLE, registration or contract date to the point when it is no longer required to provide services to that participant or third party, which is generally at the time of completion of the CLE.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Public Support

Public support (operating) grants and contributions are provided for subsidizing the operations of the Organization or one of its programs. Unless the grants are conditional, the Organization recognized at the time of award. The grants are contributions without donor restrictions if they can be used at the Organization's discretion to support any of its programs or supporting activities.

Public Support - continued

The Foundation recognizes them as contributions with donor restrictions if the grantor limits their use for a particular program or future time period. Program support grants revenue is recorded at net realizable amounts in the accompanying combined statements of activities. All grant revenues are nonexchange revenues.

Deferred Revenue

The Organization does not receive revenues that span multiple fiscal years. However, deferred revenue is generated by prepaid licensing fees. Income is earned in the year of membership.

Financial Instruments

The Organization's financial instruments, subject to FASB ASC Section 820, *Fair Value Measurements and Disclosures*, include receivables, accounts payable, financing leases, and debt. The carrying amounts of receivables and accounts payable, because of their current nature, approximate fair value. Obligations under financing leases and debt are based on terms and interest rates consistent with the current market, which by their nature approximate fair value.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis.

Expenditures and support services related to a specific program are charged directly according to their natural expenditure classification. Other expenditures that are common to several programs are allocated based on various relationships, such as square footage, direct labor, or periodic time and expense studies.

Fundraising

The Foundation held one fundraising event in both 2024 and 2023. Total fundraising revenue in 2024 and 2023 equaled \$46,835 and \$7,700 and total fundraising expenses equaled \$7,662 and \$984. The Foundation had net revenue from fundraising of \$39,173 and \$6,716 in 2024 and 2023, respectively.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Advertising Costs

The Organization expenses advertising costs as incurred. Expenses incurred for the years ended December 31, 2024 and 2023 were \$5,186 and \$1,881, respectively.

Leases

The Organization determines if a lease is an operating or financing lease at inception. Financing leases are recognized at the commencement date based on the present value of the lease payments over the lease term, and the leased asset is recorded in property and equipment.

Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as liabilities or ROU assets on the statements of financial position.

Sales Taxes

Taxes assessed by various governmental authorities on sales transactions are recorded as a liability and included in accrued expenses on the accompanying combined statements of financial position until remitted to the applicable authorities. Such taxes are not included in revenue or expenses.

Income Taxes

The State Bar is a nonprofit organization and qualifies as a tax-exempt organization under Section 501(c)(6) of the IRC. The Organization regularly evaluates activities as it relates to its tax-exempt status. If Organization activities are determined to be outside of its tax-exempt status the potential exists for tax liabilities on those unrelated activities.

Activities unrelated to the Organization's exempt purpose are taxable. The Internal Revenue Service considers net income received from food services provided for the benefit of the Professional Development Center, as well as advertising, subscriptions, and publishing income as unrelated business taxable income. At December 31, 2024 and 2023, the income tax liability was \$0. During the years ended December 31, 2024 and 2023, the provision for income taxes was \$31,140 and \$ 28,356, respectively.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

2) **Summary of Significant Accounting Policies — continued**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the IRC. As such, its normal activities do not result in any income tax liability. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Organization adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions. Management believes that the activities of the Organization are within their tax-exempt purpose with the exceptions noted above, and that there are no uncertain tax positions. The Organization's open audit periods are for the years ending December 31, 2021 and after.

Subsequent Events

Subsequent events were evaluated through September 9, 2025, which is the date the combined financial statements were available to be issued.

3) **Concentrations of Risk**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash, cash equivalents and accounts receivable.

The Organization maintains its cash and cash equivalents in accounts which, at times, exceed federally insured limits. At December 31, 2024 and 2023, the Organization had \$7,036,428 and \$4,734,763, respectively, of cash and cash equivalents in excess of the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts. Credit risk with respect to accounts receivable is generally diversified due to the large number of parties comprising the Organization's member and customer base.

4) **Cash and Cash Equivalents**

| | <u>2024</u> | <u>2023</u> |
|-------------------------|---------------------|---------------------|
| State Bar of New Mexico | \$ 7,256,257 | \$ 5,302,104 |
| Bar Foundation | <u>478,943</u> | <u>489,122</u> |
| Total | <u>\$ 7,735,200</u> | <u>\$ 5,791,226</u> |

At December 31, 2024 and 2023, cash and cash equivalents of \$4,496,387 and \$2,665,467, respectively, was cash held for long-term pass through obligations.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

5) Certificates of Deposit

At December 31, 2024, a Certificate of Deposit was held by a bank with a total value of \$277,018, an interest rate of 4.28% and maturity date of January 20, 2025.

At December 31, 2024, a Certificate of Deposit was held by a bank with a total value of \$261,504, an interest rate of 1.0% and maturity date of December 18, 2026.

At December 31, 2023, a Certificate of Deposit was held by a bank with a total value of \$265,442, an interest rate of 3.00% and maturity date of January 18, 2024.

At December 31, 2023, a Certificate of Deposit was held by a bank with a total value of \$258,902, an interest rate of 1.0% and maturity date of December 18, 2024.

6) Charges to Other Organizations and Pass-Through Obligations

During the years ended December 31, 2024 and 2023, State Bar charged other organizations \$25,101 and \$24,078, respectively, for administrative and accounting services.

Pass-through obligations represent monies collected by State Bar for other organizations resulting from the common billing process for dues, directed voluntary contributions, and participant registrations. These obligations consisted of the following at December 31:

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| The Disciplinary Board | \$ 299,192 | \$ 298,994 |
| Funds Held on Behalf of the Supreme Court | 6,156 | 20,181 |
| Access to Justice Fund Grant Commission | 4,513,126 | 2,675,306 |
| Other | <u>125,509</u> | <u>84,763</u> |
| Total | <u>\$ 4,943,983</u> | <u>\$ 3,079,244</u> |

Funds held on behalf of the Access to Justice Fund Grant Commission represent pro bono contributions, pro hac vice fees, and IOLTA that State Bar has collected and are pending disbursement as ordered by the Access to Justice Fund Grant Commission. The funds held on behalf of the Supreme Court represent the remaining balance of the Bank of America settlement funds received for use in foreclosure mediation. At December 31, 2024 and 2023, \$82,510 and \$53,407, respectively, were long-term pass-through obligations.

State Bar of New Mexico and New Mexico State Bar Foundation

Notes to the Combined Financial Statements

December 31, 2024 and 2023

7) Property and Equipment

Property and equipment consist of the following as of December 31:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------|----------------------------|----------------------------|
| Building | \$ 2,565,221 | \$ 2,565,221 |
| Furniture and equipment | 634,492 | 797,197 |
| Building improvements | 712,183 | 665,685 |
| Land | 546,242 | 546,242 |
| Total property and equipment | <u>4,458,138</u> | <u>4,574,345</u> |
| Less accumulated depreciation | <u>(2,741,840)</u> | <u>(2,773,556)</u> |
| Net property and equipment | <u><u>\$ 1,716,298</u></u> | <u><u>\$ 1,800,789</u></u> |

During the years ended December 31, 2024 and 2023, depreciation expense was \$179,588 and \$165,132, respectively.

8) Deferred Revenue

Deferred revenue consists of the following at December 31:

| | <u>2024</u> | <u>2023</u> |
|---|--------------------------|--------------------------|
| General operating: | | |
| Capital licensing fees collected in advance | \$ 604,653 | \$ 652,397 |
| Support for judicial wellness program | 28,935 | 30,521 |
| Member designated: | | |
| Section dues collected in advance | 17,520 | 18,230 |
| Total | <u><u>\$ 651,108</u></u> | <u><u>\$ 701,148</u></u> |

9) Note Payable and Line of Credit

State Bar has a \$200,000 revolving line of credit agreement with a financial institution. There were no outstanding amounts borrowed against the line of credit at December 31, 2024 and 2023. The line bears interest at .25% over the BMO Bank prime rate (7.65% and 8.5% at December 31, 2024 and 2023, respectively).

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

9) Note Payable and Line of Credit - continued

State Bar entered into a mortgage note payable with a financial institution on December 23, 2016. The proceeds were used to finance State Bar's interest in the building it occupies. The note has a fixed interest rate of 3.75% and face amount of \$1,550,000. The note is payable in monthly instalments of principal and interest of \$9,233 and matures December 23, 2036. The note is secured by the building.

The balance on the note payable as of December 31 is as follows:

| | <u>2024</u> | <u>2023</u> |
|--------------------------|-------------------|---------------------|
| Note payable | \$ 1,065,114 | \$ 1,133,878 |
| Less: current maturities | <u>(71,504)</u> | <u>(68,725)</u> |
| Long-term debt, net | <u>\$ 993,610</u> | <u>\$ 1,065,153</u> |

Future scheduled maturities of long-term debt are as follows:

| <u>Year ending December 31,</u> | |
|---------------------------------|---------------------|
| 2025 | \$ 71,504 |
| 2026 | 74,271 |
| 2027 | 77,144 |
| 2028 | 80,040 |
| 2029 | 83,226 |
| Thereafter | <u>678,929</u> |
| | <u>\$ 1,065,114</u> |

10) Leases

State Bar leases certain office equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029 and provide for various renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

Finance leases consist of the following at December 31, 2024 and 2023:

- State Bar entered into an equipment lease commencing November 2019. Monthly lease payments of \$1,707 are due through November 2024. At December 31, 2024 and 2023, State Bar measures the lease liability of \$0 and \$20,592, respectively, by calculating the present value of the future lease payments using a discount rate of 8.82%.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

10) Leases – continued

- State Bar entered into an equipment lease commencing July 2019. Monthly lease payments of \$783 are due through July 2024. At December 31, 2024 and 2023, State Bar measures the lease liability of \$0 and \$2,733, respectively, by calculating the present value of the future lease payments using a discount rate of 7.23%.
- State Bar entered into an equipment lease commencing August 2021 and monthly lease payments of \$404 are due through August 2026. At December 31, 2024 and 2023, State Bar measures the lease liability of \$7,589 and \$11,724, respectively, by calculating the present value of the future lease payments using a discount rate of 7.23%.
- State Bar entered into an equipment lease commencing July 2024 and monthly lease payments of \$461 are due through July 2029. At December 31, 2024 and 2023, State Bar measures the lease liability of \$19,833 and \$0, respectively, by calculating the present value of the future lease payments using a discount rate of 9.98%.

Capitalized lease assets included in property and equipment have a carrying value of \$38,488 and \$125,408 at December 31, 2024 and 2023, respectively. Accumulated amortization of capitalized lease assets totaled \$11,513 and \$94,344 at December 31, 2024 and 2023, respectively.

Future minimum lease payments under the leases at December 31, 2024 are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|------------------|
| 2025 | \$ 8,145 |
| 2026 | 7,234 |
| 2027 | 4,515 |
| 2028 | 4,987 |
| 2029 | 2,541 |
| Total | <u>\$ 27,422</u> |

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

11) Commitments and Contingencies

Bar Center

In February 1989, the Supreme Court of New Mexico authorized State Bar to acquire land and build a Bar Center at the Journal Center in Albuquerque. Also authorized was a \$25 increase in mandatory membership dues to finance the project. State Bar acquired approximately 2.2 acres of land at the Journal Center for this project. The Foundation and State Bar entered into an agreement, dated October 13, 1995, to acquire interest in the Bar Center as tenants in common. The Foundation is a 501(c)(3) corporation authorized to receive charitable donations for the Bar Center project. State Bar's interest in the Bar Center, following the Foundation's final buy-in, is approximately 63%. State Bar's interest in the Bar Center was largely funded through mortgage debt.

Retirement Plan

The Organization provides a retirement savings plan for its employees who attain an age of 18 and complete one year of service. This plan allows participants to make contributions by salary reduction pursuant to Section 401(k) of the IRC. The Organization matches contributions equal to 100% of the employee's contributions up to 5% of the employee's annual compensation. The amount elected to be deferred by the employee cannot exceed the limitations prescribed by law. Employees vest immediately in their contributions and vest in the Organization's contributions over a five-year period of service. The Organization's contributions to the plan in 2024 and 2023 were \$95,094 and \$87,034, respectively.

Cafeteria Plan

The Organization adopted a "Cafeteria Plan" under the provisions of Section 125 of the IRC, effective February 1, 1991. The plan permits eligible employees of the Organization a choice between cash compensation and various nontaxable benefits. Employees are eligible to participate in the plan if their customary employment consists of at least 1,000 hours per year and they have completed 30 days of service with the Organization.

Member Refunds

On an annual basis, the State Bar is required to publish and distribute to its membership the State Bar's budget for the upcoming year. The members are then given the opportunity to dispute the State Bar's position as to whether a proposed future expenditure is germane to the practice of law in New Mexico. In the event a member does challenge the nature of the activity, State Bar may be required to refund to that particular member a portion of his/her licensing fees equal to his/her share of the financial burden related to that activity. During 2024 and 2023, there were no refunds of membership dues made related to these challenge proceedings.

LREP

The Foundation receives a significant portion of its revenue for LREP from state awards. LREP received \$293,738 and \$298,343 from state awards for the years ended December 31, 2024 and 2023, respectively.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

11) Commitments and Contingencies — continued

Expanded VAP

Starting in 2022, the Foundation receives a significant portion of its revenue for Expanded VAP from state awards. Expanded VAP received \$631,249 and \$425,012 from state awards for the years ended December 31, 2024 and 2023, respectively.

Claim Contingencies

The Organization is subject to claims that arise in the ordinary course of its business; however, the Organization carries insurance for the majority of these claims. In the opinion of management, based on the advice of counsel, the amount of the ultimate liability with respect to these pending claims will not materially affect the financial position, results of operations, or liquidity of the Organization.

12) **Net Assets with Donor Restrictions and Net Assets Released from Restrictions**

Net assets with donor restrictions consisted of the following at December 31:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------|---------------------|---------------------|
| Practice Area Sections | \$ 139,278 | \$ 118,381 |
| Client Protection Fund | 675,634 | 675,634 |
| Judges and Lawyers Assistance | 543,254 | 578,863 |
| Total | <u>\$ 1,358,166</u> | <u>\$ 1,372,878</u> |

Net assets with donor restrictions are released from donor restrictions as expenses are incurred to satisfy the restricted purpose, as follows:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------|-------------------|-------------------|
| Practice Area Sections | \$ 66,360 | \$ 59,195 |
| Judges and Lawyers Assistance | 334,478 | 453,785 |
| Total | <u>\$ 400,838</u> | <u>\$ 512,980</u> |

13) **Related Party Transactions**

An employee who is part of the management group of the Organization is an owner of two restaurants where the organization purchases food for meals provided during continuing legal education classes and for a variety of meetings. During the years ended December 31, 2024 and 2023, the Organization made purchases totaling \$24,772 and \$29,874, respectively, from these restaurants.

State Bar of New Mexico and New Mexico State Bar Foundation
Notes to the Combined Financial Statements
December 31, 2024 and 2023

14) Availability and Liquidity

The following represents the Organization's financial assets at December 31:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------------|----------------------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ 7,735,200 | \$ 5,791,226 |
| Certificates of deposit | 538,522 | 524,344 |
| Accounts receivable | <u>159,085</u> | <u>149,749</u> |
| Total | <u>8,432,807</u> | 6,465,319 |
| Less amounts not available to be used within one year: | | |
| Pass-through obligations | <u>(4,943,983)</u> | <u>(3,079,244)</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u><u>\$ 3,488,824</u></u> | <u><u>\$ 3,386,075</u></u> |

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to ongoing activities, including governance, facilities, regulatory programs, member services, and publications. The Organization includes in its consideration those expenditures covered by donor-restricted resources. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term certificates of deposit, as described in Note 5. The Organization also has a \$200,000 line of credit which it could draw upon in the event of an unanticipated liquidity need.

The Board has designated a portion of the Organization's resources without donor restrictions for a capital reserve intended to reduce the need to borrow funds for significant capital projects such as furniture or equipment purchases, essential building repairs, or planned building renovations and improvements; and the execution of the decennial survey performed by the Organization's Committee on Diversity and the Committee on Women in the Legal Profession with the next survey scheduled for 2029.

15) Recently Issued Accounting Pronouncements

FASB has issued several pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the Organization upon implementation. The Organization will implement the new pronouncements in the fiscal year no later than the required effective date. Management is still evaluating the financial impact of these pronouncements.

State Bar of New Mexico and New Mexico State Bar Foundation

Combining Statements of Financial Position

December 31, 2024

(See Independent Auditors' Report)

| | <u>State Bar</u> | <u>State Bar Foundation</u> | <u>Total</u> | <u>Eliminations</u> | <u>Combined</u> |
|-----------------------------------|---------------------|---------------------------------|----------------------|---------------------|----------------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 2,759,870 | \$ 478,943 | \$ 3,238,813 | \$ - | \$ 3,238,813 |
| Certificates of deposit | 538,522 | - | 538,522 | - | 538,522 |
| Accounts receivable, net | 39,423 | 119,662 | 159,085 | - | 159,085 |
| Prepaid expenses | 81,337 | 10,864 | 92,201 | - | 92,201 |
| Total current assets | <u>3,419,152</u> | <u>609,469</u> | <u>4,028,621</u> | <u>-</u> | <u>4,028,621</u> |
| Noncurrent assets | | | | | |
| Cash for pass-through obligations | 4,496,387 | - | 4,496,387 | - | 4,496,387 |
| Due from Foundation | 247,480 | - | 247,480 | (247,480) | - |
| Property and equipment, net | 1,163,004 | 553,294 | 1,716,298 | - | 1,716,298 |
| Total noncurrent assets | <u>5,906,871</u> | <u>553,294</u> | <u>6,460,165</u> | <u>(247,480)</u> | <u>6,212,685</u> |
| Total assets | <u>\$ 9,326,023</u> | <u>\$ 1,162,763</u> | <u>\$ 10,488,786</u> | <u>\$ (247,480)</u> | <u>\$ 10,241,306</u> |

State Bar of New Mexico and New Mexico State Bar Foundation
Combining Statements of Financial Position (continued)
December 31, 2024
(See Independent Auditors' Report)

| | <u>State Bar</u> | <u>State Bar Foundation</u> | <u>Total</u> | <u>Eliminations</u> | <u>Combined</u> |
|--|---------------------|---------------------------------|----------------------|---------------------|----------------------|
| Liabilities and Net Assets | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 100,787 | \$ 59,917 | \$ 160,704 | \$ - | \$ 160,704 |
| Payroll and related liabilities | 198,633 | 73,784 | 272,417 | - | 272,417 |
| Accrued expenses | 1,511 | - | 1,511 | - | 1,511 |
| Deferred revenue | 651,108 | - | 651,108 | - | 651,108 |
| Pass-through obligations, current portion | 4,746,256 | 115,217 | 4,861,473 | - | 4,861,473 |
| Note payable, current portion | 71,504 | - | 71,504 | - | 71,504 |
| Financing leases, current portion | 8,145 | - | 8,145 | - | 8,145 |
| Total current liabilities | <u>5,777,944</u> | <u>248,918</u> | <u>6,026,862</u> | <u>-</u> | <u>6,026,862</u> |
| Long-term liabilities | | | | | |
| Due to State Bar | - | 247,480 | 247,480 | (247,480) | - |
| Note payable, less current portion | 993,610 | - | 993,610 | - | 993,610 |
| Financing leases, less current portion | 19,277 | - | 19,277 | - | 19,277 |
| Pass-through obligations, less current portion | 82,510 | - | 82,510 | - | 82,510 |
| Total long-term liabilities | <u>1,095,397</u> | <u>247,480</u> | <u>1,342,877</u> | <u>(247,480)</u> | <u>1,095,397</u> |
| Total liabilities | <u>6,873,341</u> | <u>496,398</u> | <u>7,369,739</u> | <u>(247,480)</u> | <u>7,122,259</u> |
| Net assets | | | | | |
| Without donor restrictions | 1,116,710 | 644,171 | 1,760,881 | - | 1,760,881 |
| With donor restrictions | 1,335,972 | 22,194 | 1,358,166 | - | 1,358,166 |
| Total net assets | <u>2,452,682</u> | <u>666,365</u> | <u>3,119,047</u> | <u>-</u> | <u>3,119,047</u> |
| Total liabilities and net assets | <u>\$ 9,326,023</u> | <u>\$ 1,162,763</u> | <u>\$ 10,488,786</u> | <u>\$ (247,480)</u> | <u>\$ 10,241,306</u> |

State Bar of New Mexico and New Mexico State Bar Foundation

Combining Statements of Financial Position

December 31, 2023

(See Independent Auditors' Report)

| | State Bar | State Bar Foundation | Total | Eliminations | Combined |
|-----------------------------------|---------------------|-------------------------|---------------------|---------------------|---------------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 2,636,637 | \$ 489,122 | \$ 3,125,759 | \$ - | 3,125,759 |
| Certificates of deposit | 524,344 | - | 524,344 | - | 524,344 |
| Accounts receivable, net | 29,462 | 120,287 | 149,749 | - | 149,749 |
| Prepaid expenses | 55,829 | 9,407 | 65,236 | - | 65,236 |
| Total current assets | <u>3,246,272</u> | <u>618,816</u> | <u>3,865,088</u> | <u>-</u> | <u>3,865,088</u> |
| Noncurrent assets | | | | | |
| Cash for pass-through obligations | 2,665,467 | - | 2,665,467 | - | 2,665,467 |
| Due from Foundation | 433,355 | - | 433,355 | (433,355) | - |
| Property and equipment, net | 1,229,490 | 571,299 | 1,800,789 | - | 1,800,789 |
| Total noncurrent assets | <u>4,328,312</u> | <u>571,299</u> | <u>4,899,611</u> | <u>(433,355)</u> | <u>4,466,256</u> |
| Total assets | <u>\$ 7,574,584</u> | <u>\$ 1,190,115</u> | <u>\$ 8,764,699</u> | <u>\$ (433,355)</u> | <u>\$ 8,331,344</u> |

State Bar of New Mexico and New Mexico State Bar Foundation

Combining Statements of Financial Position (continued)

December 31, 2023

(See Independent Auditors' Report)

| | <u>State Bar</u> | <u>State Bar Foundation</u> | <u>Total</u> | <u>Eliminations</u> | <u>Combined</u> |
|--|---------------------|---------------------------------|---------------------|---------------------|---------------------|
| Liabilities and Net Assets | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 92,300 | \$ 34,343 | \$ 126,643 | \$ - | \$ 126,643 |
| Payroll and related liabilities | 189,509 | 73,746 | 263,255 | - | 263,255 |
| Accrued expenses | 1,783 | - | 1,783 | - | 1,783 |
| Deferred revenue | 701,148 | - | 701,148 | - | 701,148 |
| Pass-through obligations, current portion | 2,939,080 | 86,757 | 3,025,837 | - | 3,025,837 |
| Note payable, current portion | 68,725 | - | 68,725 | - | 68,725 |
| Financing leases, current portion | 27,460 | - | 27,460 | - | 27,460 |
| Total current liabilities | <u>4,020,005</u> | <u>194,846</u> | <u>4,214,851</u> | <u>-</u> | <u>4,214,851</u> |
| Long-term liabilities | | | | | |
| Due to State Bar | - | 433,355 | 433,355 | (433,355) | - |
| Note payable, less current portion | 1,065,153 | - | 1,065,153 | - | 1,065,153 |
| Financing leases, less current portion | 7,589 | - | 7,589 | - | 7,589 |
| Pass-through obligations, less current portion | 53,407 | - | 53,407 | - | 53,407 |
| Total long-term liabilities | <u>1,126,149</u> | <u>433,355</u> | <u>1,559,504</u> | <u>(433,355)</u> | <u>1,126,149</u> |
| Total liabilities | <u>5,146,154</u> | <u>628,201</u> | <u>5,774,355</u> | <u>(433,355)</u> | <u>5,341,000</u> |
| Net assets | | | | | |
| Without donor restrictions | 1,071,584 | 545,882 | 1,617,466 | - | 1,617,466 |
| With donor restrictions | 1,356,846 | 16,032 | 1,372,878 | - | 1,372,878 |
| Total net assets | <u>2,428,430</u> | <u>561,914</u> | <u>2,990,344</u> | <u>-</u> | <u>2,990,344</u> |
| Total liabilities and net assets | <u>\$ 7,574,584</u> | <u>\$ 1,190,115</u> | <u>\$ 8,764,699</u> | <u>\$ (433,355)</u> | <u>\$ 8,331,344</u> |

State Bar of New Mexico and New Mexico State Bar Foundation

Combining Statements of Activities For the Year Ended December 31, 2024 (See Independent Auditors' Report)

| | State Bar | State Bar Foundation | Total | Eliminations | Combined |
|--|---------------------|-------------------------|---------------------|------------------|---------------------|
| Support and Revenue | | | | | |
| Member dues | \$ 2,357,946 | \$ - | \$ 2,357,946 | \$ - | \$ 2,357,946 |
| Continuing legal education | 80,396 | 893,888 | 974,284 | (197,801) | 776,483 |
| Publications | 255,345 | - | 255,345 | (11,180) | 244,165 |
| Grants | - | 924,987 | 924,987 | - | 924,987 |
| Minimum continuing legal education | 448,001 | - | 448,001 | (48,303) | 399,698 |
| Administrative fees | 319,742 | - | 319,742 | - | 319,742 |
| Contributions and other | 138,355 | 364,493 | 502,848 | (140,972) | 361,876 |
| Client protection fund | 243,566 | - | 243,566 | - | 243,566 |
| Professional development center rental | 88,688 | - | 88,688 | - | 88,688 |
| Judges and lawyers assistance | 293,962 | 4,907 | 298,869 | - | 298,869 |
| Practice area sections | 87,257 | - | 87,257 | - | 87,257 |
| Total support and revenue | <u>4,313,258</u> | <u>2,188,275</u> | <u>6,501,533</u> | <u>(398,256)</u> | <u>6,103,277</u> |
| Expenses | | | | | |
| Program services | 3,324,644 | 2,040,747 | 5,365,391 | (398,256) | 4,967,135 |
| Management and general | 964,362 | 43,077 | 1,007,439 | - | 1,007,439 |
| Total expenses | <u>4,289,006</u> | <u>2,083,824</u> | <u>6,372,830</u> | <u>(398,256)</u> | <u>5,974,574</u> |
| Change in net assets | 24,252 | 104,451 | 128,703 | - | 128,703 |
| Net assets, beginning of year | 2,428,430 | 561,914 | 2,990,344 | - | 2,990,344 |
| Net assets, end of year | <u>\$ 2,452,682</u> | <u>\$ 666,365</u> | <u>\$ 3,119,047</u> | <u>\$ -</u> | <u>\$ 3,119,047</u> |
| Net assets without donor restrictions | <u>\$ 1,116,710</u> | <u>\$ 644,171</u> | <u>\$ 1,760,881</u> | <u>\$ -</u> | <u>\$ 1,760,881</u> |
| Net assets with donor restrictions | <u>\$ 1,335,972</u> | <u>\$ 22,194</u> | <u>\$ 1,358,166</u> | <u>\$ -</u> | <u>\$ 1,358,166</u> |

State Bar of New Mexico and New Mexico State Bar Foundation

Combining Statements of Activities For the Year Ended December 31, 2023 (See Independent Auditors' Report)

| | State Bar | State Bar Foundation | Total | Eliminations | Combined |
|--|----------------------------|--------------------------|----------------------------|--------------------|----------------------------|
| Support and Revenue | | | | | |
| Member dues | \$ 2,326,415 | \$ - | \$ 2,326,415 | \$ - | \$ 2,326,415 |
| Continuing legal education | - | 963,345 | 963,345 | (183,923) | 779,422 |
| Publications | 298,360 | - | 298,360 | (10,084) | 288,276 |
| Grants | - | 723,355 | 723,355 | - | 723,355 |
| Minimum continuing legal education | 263,006 | - | 263,006 | (15,850) | 247,156 |
| Administrative fees | 272,113 | - | 272,113 | - | 272,113 |
| Contributions and other | 101,080 | 210,363 | 311,443 | - | 311,443 |
| Client protection fund | 169,961 | - | 169,961 | - | 169,961 |
| Professional development center rental | 80,178 | - | 80,178 | - | 80,178 |
| Judges and lawyers assistance | 354,658 | 2,801 | 357,459 | - | 357,459 |
| Practice area sections | 80,912 | - | 80,912 | - | 80,912 |
| Total support and revenue | <u>3,946,683</u> | <u>1,899,864</u> | <u>5,846,547</u> | <u>(209,857)</u> | <u>5,636,690</u> |
| Expenses | | | | | |
| Program services | 2,782,048 | 1,374,950 | 4,156,998 | (209,857) | 3,947,141 |
| Management and general | <u>1,487,302</u> | <u>318,808</u> | <u>1,806,110</u> | <u>-</u> | <u>1,806,110</u> |
| Total expenses | <u>4,269,350</u> | <u>1,693,758</u> | <u>5,963,108</u> | <u>(209,857)</u> | <u>5,753,251</u> |
| Change in net assets | (322,667) | 206,106 | (116,561) | - | (116,561) |
| Net assets, beginning of year | <u>2,751,097</u> | <u>355,808</u> | <u>3,106,905</u> | <u>-</u> | <u>3,106,905</u> |
| Net assets, end of year | <u><u>\$ 2,428,430</u></u> | <u><u>\$ 561,914</u></u> | <u><u>\$ 2,990,344</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,990,344</u></u> |
| Net assets without donor restrictions | <u>\$ 1,071,584</u> | <u>\$ 545,882</u> | <u>\$ 1,617,466</u> | <u>\$ -</u> | <u>\$ 1,617,466</u> |
| Net assets with donor restrictions | <u>\$ 1,356,846</u> | <u>\$ 16,032</u> | <u>\$ 1,372,878</u> | <u>\$ -</u> | <u>\$ 1,372,878</u> |