

**STATE BAR OF NEW MEXICO
AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2020 AND 2019



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**STATE BAR OF NEW MEXICO AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

Board of Bar Commissioners
State Bar of New Mexico and
New Mexico State Bar Foundation
Albuquerque, New Mexico

Report on the Financial Statements

We have audited the accompanying combined financial statements of the State Bar of New Mexico and New Mexico State Bar Foundation (collectively, the Organization), which comprise the combined statements of financial position as of December 31, 2020 and 2019, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Other Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information for the years ended December 31, 2020 and 2019 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and 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 audits 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 combined financial statements as a whole.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
June 11, 2021

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,944,793	\$ 2,840,923
Certificates of Deposit	510,415	506,563
Accounts Receivable, Net:		
Grants	43,390	19,997
Program Services/Trade	25,717	30,888
Employee	10	-
Prepaid Expenses	78,689	72,628
Total Current Assets	3,603,014	3,470,999
OTHER ASSETS		
Cash for Pass-Through Obligations	753,772	1,049,988
PROPERTY AND EQUIPMENT		
Bar Center, Net	1,690,625	1,746,046
Furniture and Equipment, Net	280,792	95,439
Total Property and Equipment	1,971,417	1,841,485
 Total Assets	 \$ 6,328,203	 \$ 6,362,472
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 154,329	\$ 161,461
Payroll and Related Liabilities	146,235	133,446
Accrued Expenses	1,834	16,716
Pass-Through Obligations	1,353,994	1,588,807
Deferred Revenue	756,758	822,545
Current Maturities of Long-Term Debt	65,741	59,040
Obligations Under Financing Leases - Current Portion	26,261	3,950
Total Current Liabilities	2,505,152	2,785,965
LONG-TERM LIABILITIES		
Long-Term Debt - Noncurrent Portion	1,355,369	1,325,507
Obligations Under Financing Leases - Noncurrent Portion	76,224	16,739
Pass-Through Obligations	117,945	202,227
Total Long-Term Liabilities	1,549,538	1,544,473
 Total Liabilities	 4,054,690	 4,330,438
NET ASSETS		
Without Donor Restrictions	1,004,839	856,431
With Donor Restrictions	1,268,674	1,175,603
Total Net Assets	2,273,513	2,032,034
 Total Liabilities and Net Assets	 \$ 6,328,203	 \$ 6,362,472

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES, GAINS, AND PUBLIC SUPPORT		
Member Dues	\$ 2,136,832	\$ 2,097,284
Continuing Legal Education Fees	615,105	924,545
Publications	253,207	308,870
Grants	296,354	284,088
Minimum Continuing Legal Education	239,542	248,284
Administration Fees	158,454	227,850
Contributions and Other	99,572	206,775
Professional Development Center Rental	35,282	129,039
Client Protection Fund	138,268	126,209
Legal Specialization	-	7,000
Total Revenues, Gains, and Public Support Without Donor Restrictions	3,972,616	4,559,944
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of Program Restrictions	236,772	240,345
Total Revenues, Gains, and Public Support Without Donor Restrictions	4,209,388	4,800,289
EXPENSES		
Administration/ Regulatory Programs	1,822,416	1,855,358
Membership Program and Services	519,036	549,330
Center for Legal Education (CLE)	400,021	544,347
Legal Services to the Public	389,616	372,458
Bar Center/Professional Development Center (PDC)	255,978	283,419
Communications/Publications	182,991	233,566
Judges and Lawyers Assistance Program (JLAP)	208,785	185,544
Committees and Divisions	51,324	116,979
Entrepreneurs in Community Lawyering (ECL)	7,447	107,196
Minimum Continuing Legal Education (MCLE)	85,711	96,462
Governance/Board of Bar Commissioners	13,908	88,359
Bridge the Gap Mentorship Program	46,573	83,622
Practice Area Sections	28,145	54,801
Client Protection Fund	45,237	35,647
Pro Bono Committees	2,308	9,893
Access to Justice Committee	1,648	-
Total Expenses	4,061,144	4,616,981
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	148,244	183,308

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINED STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Judges and Lawyers Assistance Program (JLAP)	\$ 269,742	\$ 288,851
Client Protection Fund	-	-
Practice Area Sections	<u>60,265</u>	<u>63,736</u>
Revenue With Donor Restrictions	330,007	352,587
 NET ASSETS RELEASED FROM DONOR RESTRICTIONS		
Practice Area Sections	(27,987)	(54,801)
Judges and Lawyers Assistance Program (JLAP)	<u>(208,785)</u>	<u>(185,544)</u>
Releases With Donor Restrictions	<u>(236,772)</u>	<u>(240,345)</u>
 CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>93,235</u>	<u>112,242</u>
 CHANGES IN NET ASSETS	241,479	295,550
Net Assets - Beginning of Year	<u>2,032,034</u>	<u>1,736,484</u>
 NET ASSETS - END OF YEAR	<u><u>\$ 2,273,513</u></u>	<u><u>\$ 2,032,034</u></u>

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services										Support Services				
	Bar Center/ Professional Development Center (PDC)	Office of General Counsel and Regulatory Programs	Law Practice Management and Member Services	Member Communications/ Publications	Center for Legal Education (CLE)	Legal Services to the Public	Pro Bono Committees	Access to Justice	Judges & Lawyers Assistance	Total Program Expense	Administration	Governance/ Board of Bar Commissioners	Total Support Expense	Fundraising	Total
Advertising and Marketing	\$ -	\$ -	\$ -	\$ -	\$ 373	\$ 270	\$ -	\$ -	\$ -	\$ 643	\$ 718	\$ -	\$ 718	\$ -	\$ 1,361
Awards, Honors and Recognition	-	-	1,379	-	-	-	-	-	1,379	2,877	-	2,877	-	4,256	
Bad Debt	-	-	-	-	-	-	-	-	-	728	-	728	-	728	
Bank Fees	-	-	-	-	15,859	-	-	-	15,859	79,921	-	79,921	-	95,780	
Compensation, Taxes, and Benefits	139,653	413,692	199,670	359,172	213,780	384,041	-	-	1,710,008	710,831	52,458	763,289	-	2,473,297	
Conferences, Conventions, and Meetings	546	231	28,757	2,337	-	-	-	-	31,871	5,625	12,393	18,018	-	49,889	
Depreciation	96,558	-	-	-	-	-	-	-	96,558	41,220	-	41,220	-	137,778	
Dues and Subscriptions	-	500	476	-	540	1,530	-	-	3,046	7,383	-	7,383	-	10,429	
Education and Training	-	-	1,034	-	-	-	-	-	1,034	8,447	-	8,447	-	9,481	
Furniture and Equipment	1,129	140	1,975	-	-	211	-	-	3,455	46,603	-	46,603	-	50,058	
Information Technology	-	21,208	-	2,160	64,955	600	-	-	88,923	189,526	-	189,526	-	278,449	
Insurance	-	529	5,877	-	-	1,764	-	-	8,170	56,349	-	56,349	-	64,519	
Interest	53,925	-	-	6,860	-	-	-	-	60,785	-	-	-	-	60,785	
Office Supplies	908	405	72	75	84	-	-	-	1,544	4,142	-	4,142	-	5,686	
Outreach	-	-	266,935	-	-	-	-	1,648	268,583	5,931	1,205	7,136	-	275,719	
Professional Fees	-	1,200	-	-	-	-	-	-	1,200	24,556	-	24,556	-	25,756	
Postage and Delivery	-	1,076	225	48,570	31	602	-	-	50,504	10,377	-	10,377	-	60,881	
Repairs, Maintenance, Occupancy, and Overhead	137,486	-	1,353	731	-	-	-	-	139,570	31,496	-	31,496	-	171,066	
Services Provided to Members	-	27,291	25,378	-	-	-	-	862	53,531	80,000	-	80,000	-	133,531	
Services Provided to the Public	-	43,277	30,570	-	-	551	2,307	-	76,705	11	-	11	-	76,716	
Taxes and Fees	-	-	-	-	-	-	-	-	-	38,073	-	38,073	-	38,073	
Other	18,683	-	10,082	-	-	47	-	-	28,812	7,784	310	8,094	-	36,906	
Total Expenses	\$ 448,888	\$ 509,549	\$ 573,783	\$ 419,905	\$ 295,622	\$ 389,616	\$ 2,307	\$ 1,648	\$ 862	\$ 2,642,180	\$ 1,352,598	\$ 66,366	\$ 1,418,964	\$ -	\$ 4,061,144

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services							Support Services					
	Bar Center/ Professional Development Center (PDC)	Office of General Counsel and Regulatory Programs	Law Practice Management and Member Services	Member Communications/ Publications	Center for Legal Education (CLE)	Legal Services to the Public	Pro Bono Committees	Total Program Expense	Administration	Governance/ Board of Bar Commissioners	Total Support Expense	Fundraising	Total
Advertising and Marketing	\$ -	\$ 639	\$ -	\$ -	\$ -	\$ 1,052	\$ -	\$ 1,691	\$ 206	\$ -	\$ 206	\$ 292	\$ 2,189
Awards, Honors and Recognition	-	-	1,980	-	-	-	-	1,980	4,426	-	4,426	28,003	34,409
Bad Debt	-	-	-	-	-	-	-	-	1,189	-	1,189	-	1,189
Bank Fees	-	-	-	-	22,460	-	-	22,460	85,953	-	85,953	-	108,413
Compensation, Taxes, and Benefits	158,007	391,221	304,320	367,915	220,046	359,146	-	1,800,655	665,783	23,675	689,458	-	2,490,113
Conferences, Conventions, and Meetings	84	12,571	97,686	957	1,172	409	-	112,879	15,271	72,040	87,311	-	200,190
Depreciation	93,163	-	-	-	-	-	-	93,163	115,493	-	115,493	-	208,656
Dues and Subscriptions	-	725	184	135	658	1,726	-	3,428	8,049	-	8,049	-	11,477
Education and Training	-	-	1,441	-	-	-	-	1,441	2,695	-	2,695	-	4,136
Furniture and Equipment	1,163	-	906	-	868	279	-	3,216	10,093	-	10,093	-	13,309
Information Technology	-	20,299	-	2,160	65,225	1,979	-	89,663	200,632	-	200,632	-	290,295
Insurance	-	557	8,610	-	-	1,856	-	11,023	52,070	-	52,070	756	63,849
Interest	54,475	-	-	2,694	-	-	-	57,169	-	-	-	-	57,169
Office Supplies	128	70	136	256	136	342	-	1,068	4,964	-	4,964	314	6,346
Outreach	-	-	14,402	-	-	-	-	14,402	1,854	2,401	4,255	-	18,657
Professional Fees	-	1,200	-	-	-	-	-	1,200	29,705	-	29,705	-	30,905
Postage and Delivery	-	723	1,059	64,940	404	1,962	-	69,088	9,592	-	9,592	-	78,680
Repairs, Maintenance, Occupancy, and Overhead	166,981	6,219	2,823	-	-	-	-	176,023	38,771	-	38,771	-	214,794
Services Provided to Members	-	32,062	101,370	160,162	233,377	-	-	526,971	80,000	5,893	85,893	-	612,864
Services Provided to the Public	-	22,093	43,343	-	-	3,707	9,893	79,036	-	-	-	-	79,036
Taxes and Fees	-	-	-	3,610	-	-	-	3,610	46,846	-	46,846	-	50,456
Other	-	-	11,053	-	-	-	-	11,053	13,823	8,025	21,848	6,948	39,849
Total Expenses	\$ 474,001	\$ 488,379	\$ 589,313	\$ 602,829	\$ 544,346	\$ 372,458	\$ 9,893	\$ 3,081,219	\$ 1,387,415	\$ 112,034	\$ 1,499,449	\$ 36,313	\$ 4,616,981

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets Without Donor Restrictions	\$ 148,244	\$ 183,308
Change in Net Assets With Donor Restrictions	93,235	112,242
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	137,778	208,656
Bad Debt	-	1,189
(Increase) Decrease in Assets:		
Accounts Receivable	(18,232)	68,901
Prepaid Expenses and Inventory	(6,061)	(14,548)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(9,225)	(32,526)
Accrued Income Tax	-	(3,722)
Pass-Through Obligations	(319,095)	(234,776)
Deferred Revenue	(65,787)	375,624
Net Cash Provided (Used) by Operating Activities	(39,143)	664,348
 CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested Interest	(3,852)	(3,835)
Proceeds from Redemption of Certificates of Deposit	-	-
Purchase of Certificates of Deposit	-	-
Purchase of Assets	(162,454)	(61,523)
Net Cash Used by Investing Activities	(166,306)	(65,358)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	95,600	-
Principal Payments on Long-Term Debt	(59,037)	(56,973)
Principal Payments on Financing leases	(23,460)	(101,054)
Net Cash Provided (Used) by Financing Activities	13,103	(158,027)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(192,346)	440,963
 Cash and Cash Equivalents - Beginning of Year	3,890,911	3,449,948
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,698,565	\$ 3,890,911
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Noncash Investing and Financing Transaction:		
Lease of Equipment	\$ 105,256	\$ 22,252
Financing Lease Obligation	(105,256)	(22,252)
 Cash Paid During the Year for:		
Interest	\$ 53,925	\$ 54,475
Income Taxes	38,073	27,915
Total	\$ 91,998	\$ 82,390

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY

State Bar of New Mexico (State Bar) was incorporated under the laws of the state of New Mexico in 1978. Prior to 1978, 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. The State Bar has been in continuing existence since January 1886. The purposes of State Bar are to aid the courts in administering justice and preserving the rule of law and to foster a high standard of integrity and competence within the legal profession. State Bar's activities include collection of license renewal fees and licensing certifications; publications, including a *Bar Bulletin* and a *Bar Directory*; regulatory compliance with IOLTA, Mentorship, Client Protection Fund, and Pro Hac Vice programs; and development and promotion of programs for the membership and the public, such as annual meeting, membership programs, public legal education and information, and technology.

New Mexico State Bar Foundation (the Foundation) started business as of January 1, 1991 and was incorporated under the laws of the state of New Mexico on February 18, 1991. The Foundation and State Bar are governed by an interlocking board of directors, whereby all the director positions of the Foundation's board must concurrently be serving as a director on the board of State Bar. 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 (collectively, the Organization). Significant intercompany accounts and transactions are eliminated in combination.

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. Additionally, the Foundation sponsors, promotes, and assists social welfare projects and programs for the benefit and well-being of persons in the state of New Mexico, including projects and programs for the family, the elderly and the youth of New Mexico. Such projects and programs may, but are not required to, relate to legal services for needy and elderly persons and victims of neglect. The Foundation's educational services also include producing live seminars, live legal educational teleconferences, and audio/video recordings.

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) of 1986 (or any corresponding future United States IRC revision).

Programs of State Bar

State Bar's principal programs are comprised of:

Administration

Administrative functions include:

Accounting – Maintains compliance with policies, procedures, practices, and the law with regard to finances and generally accepted accounting principles (GAAP). Accounting functions are performed for the State Bar as well as associated law-related entities such as the Access to Justice Fund, Bar Foundation, and Client Protection Fund. Separate accounting and reporting functions are also performed for internal departments including sections, committees, divisions, Judges and Lawyers Assistance Program, and Minimum Continuing Legal Education.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of State Bar (Continued)

Administration (Continued)

Information Technology (IT) – Responsible for the functionality and security of the organization's database, technology needs, and website. The website provides an extensive amount of information for members and the public regarding State Bar activities.

Member Database – Maintains current membership information and collects mandatory Supreme Court data such as professional liability insurance and pro bono service.

Bar Center/Professional Development Center (PDC)

The Bar Center offers use of rooms as a service to members of the State Bar at a discounted rate. The rooms are also available to rent to outside groups, continuing legal education providers, and law-related entities.

Governance/Board of Bar Commissioners

Board of Bar Commissioners (the Board) is established by Supreme Court Rule 24-101C as the governing board of the State Bar. The Board is responsible for overseeing the Executive Director, Committees, Commissions, Divisions, and Task Forces and makes decisions to fulfill the mission of improving the quality of legal services to the citizens of New Mexico. The Board meets four to eight times a year, and in both 2020 and 2019 they had five regularly scheduled meetings. While Board members receive no compensation, they do receive mileage and per diem allowances for travel, in accordance with the state of New Mexico and Internal Revenue Service (IRS) travel policies.

Office of General Counsel and Regulatory Programs

The Office of General Counsel is a professional office that assists the State Bar and the Bar Foundation with policy and regulatory functions of an integrated bar. Specifically, its functions are to protect the legal and policy interest 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 to the internal support provided to the State Bar as noted above, the Office of General Counsel advises, provides legal support, and administers the following programs:

Access to Justice Fund – Assists the New Mexico Supreme Court and the Access to Justice Grant Commission by holding the Access to Justice funds in trust, and accounting for and disbursement of these funds, which are comprised of IOLTA interest, Pro Hac Vice fees, attorney contributions, and other regulatory funds.

Attorney Helpline (Member and Nonadmitted) – Provides members of the State Bar and nonadmitted attorneys information and referrals in the areas of attorney regulation, ethics, registrations, rules, IOLTA, and general practice.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of State Bar (Continued)

Office of General Counsel and Regulatory Programs (Continued)

Bridge the Gap Mentorship Program – Approved by the New Mexico Supreme Court through NMRA 24-110, the Bridge the Gap mentorship program pairs new lawyers recently admitted to practice with experienced lawyers who serve as mentors for a 12-month period. New lawyers receive Center for Legal Education (CLE) credit for their first year of practice through participation in the program. The program is designed to facilitate the transformation of newly admitted lawyers from a legal academic environment into fully functioning professional practitioners who serve the public with best practices and the highest professional standards.

Client Protection Fund – Investigates claims against lawyers on issues regarding reimbursable losses caused by a lawyer's misappropriation of client funds or other dishonest conduct.

Interest on Lawyer Trust Accounts (IOLTA) – Effective January 1, 2015, the New Mexico Supreme Court named the State Bar of New Mexico 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 of New Mexico, which holds the funds in the Access to Justice Fund and distributes them at the discretion of the New Mexico Supreme Court and the Access to Justice Fund Grant Commission. The funds are used to provide civil legal assistance to the poor, legal education, and improvements to the administration of justice in New Mexico.

Licensing – Collects annual member licensing fees and compliance data in both electronic and paper formats, processes membership status changes, and addresses membership questions.

Minimum Continuing Legal Education – Tracks member's CLE credit filings for compliance with annual requirements, approves CLE courses for credit in New Mexico, and evaluates CLE course providers for accreditation.

Pro Hac Vice – Pursuant to Rule 24-106 NMRA, the State Bar manages registrations for nonadmitted lawyers wishing to appear before a New Mexico court in a civil matter. Pursuant to Rule 24-106(E) NMRA, a disciplinary fee assessment, client protection assessment, and administrative fee are collected from the first annual pro Hac Vice filing fee, and the balance is utilized to support the delivery of civil legal services to the poor. Subsequent fees are collected for additional appearances limited to five registrations in total.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of State Bar (Continued)

Law Practice Management and Member Services

Services offered by State Bar to its membership 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 and Divisions

- *Committees* – Standing committees which help strengthen the legal profession, provide resources to members, improve public understanding of legal issues and processes, and increase access to the legal system.
- *Divisions* – The Young Lawyers Division provides services and outreach to its members, and supports and encourages public service. The Senior Lawyers Division applies the knowledge and experience of seniors to promote the public good, plans and carries out programs of interest to the senior lawyer, and works to protect the lawful rights of senior citizens in the State. The Paralegal Division encourages a high order of ethical and professional attainment, furthers education among paralegals, and establishes good fellowship among its members, the State Bar, and members of the legal community.

Entrepreneurs in Community Lawyering (ECL) – ECL is an incubator program that assists new attorneys in starting successful and profitable solo and small firm practices that serve people of modest-means throughout New Mexico. ECL provides participating attorneys with a structured, mentored work environment in which to learn to practice law; learn to manage a law practice; and provide quality, affordable legal services to moderate-income clients.

Ethics/Risk Management Assistance for Attorneys – Includes the following:

- Advisory Helpline provides quick ethics answers to questions posed to the ethics helpline.
- Ethics Advisory Opinions are archived and searchable by date of issue or by topical index on the State Bar's website.
- Ethics Advisory Committee assists lawyers with questions regarding one's own conduct in relation to the New Mexico Rules of Professional Conduct. The committee provides written formal and informal responses to inquiries from the membership.

Fee Arbitration Program – Provides fee arbitration to resolve fee disputes between attorneys and their clients or disputes between attorneys. This free program is designed to provide an efficient and confidential alternative to litigation.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of State Bar (Continued)

Law Practice Management and Member Services (Continued)

Judges and Lawyers Assistance Program – Provides free confidential assistance to law students and members of the bench and bar concerned about their own, a colleague's, or a family member's alcohol/other drug use, depression, stress, cognitive impairment, or other mental health issues. Services include information and referrals, assessments, peer support, and professional interventions.

Member Benefits Program – Vendors participating in the State Bar's Member Benefits Program provide savings on products and services to members. Included in the Member Benefits Program are discounts on insurance, financial services, teleconferencing, and fitness club memberships.

Online Legal Research – The Board has entered into a contract with Fastcase to provide free online legal research for State Bar members. Fastcase provides research for case law, statutes, court rules, regulations, attorney general opinions, etc. Fastcase has databases covering New Mexico, all state libraries, and federal and bankruptcy jurisdictions.

Practice Area Sections – Sections are voluntary organizations that focus on particular areas of law or types of practices. These organizations provide networking and educational opportunities to members through continuing legal education programs, newsletters, websites, email, and legislative advocacy. Each Section has an annual budget created from membership dues and maintains its own designated portion of the Organization's net assets as stated in Section Bylaws, Article 9.1 of Section Finances. The Section's fund balance on December 31st of each year shall be considered carry-over funds and shall be included in the Section's budget for the coming fiscal year. All funds in excess of one year's worth of dues will be forfeited and transferred to the State Bar General Account. Should the Section be saving funds for a future activity, the Section may request additional funds of the Finance Committee.

Member Communications/Publications

Communication functions include:

Bar Bulletin – The *Bar Bulletin* is a publication containing advance opinions of the New Mexico Supreme Court and the Court of Appeals as well as rules, notices, featured articles, announcements, and classified advertising.

Bench and Bar Directory – The *Bench and Bar Directory* is a membership directory that also includes information on State Bar sections, committees and divisions; the judiciary; the Board; State Bar programs; government offices; legal service providers; and tribal courts.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of State Bar (Continued)

Member Communications/Publications (Continued)

Digital Print Center – Responsible for printing the *Bar Bulletin* and its inserts, booklets, letterhead, brochures, newsletters and a variety of publications for the State Bar departments, the Center for Legal Education, sections, divisions, committees, and external customers. In addition, mailing services are performed for the *bar Bulletin* and publications for internal and external entities.

New Mexico Lawyer – The *New Mexico Lawyer* is a special quarterly insert in the *Bar Bulletin*. It is produced by groups within the State Bar and edited by the Board of Editors. The goal of each issue is to present articles and essays which explore a current topic that is of interest to a broad segment of the legal community.

Programs of the Foundation

The Foundation's principal programs are comprised of:

Administration

Governance – The Foundation's bylaws establish that its board shall be comprised of the Board of Bar Commissioners of the State Bar of New Mexico. The Foundation's board will evaluate progress in meeting its mission, goals, and objectives, and will continue strategic planning for future priorities and programs.

Membership Programs and Services – Includes Annual Meeting and social and networking opportunities.

Bar Center/Professional Development Center (PDC)

The Bar Center offers use of rooms as a service to members of the State Bar at a discounted rate. The rooms are also available to rent to outside groups, continuing legal education providers, and law-related entities.

Center for Legal Education (CLE)

Provides high quality, affordable, professional training and education programs and services to the New Mexico legal community. CLE offers a full range of educational services, including live seminar programs, live legal education teleconferences, audio and video recordings, publications, and other professional services to meet special training needs.

Legal Services to the Public

Provides programs, activities, and opportunities for both members of the bar and the public:

General Referral Program – Provides referrals to attorneys in the participant's local area for assistance on specific legal issues. Attorneys participating in the program indicate the counties and in which areas of law they will provide assistance. Callers pay \$35 to the referral program and receive a consultation/case assessment with a private attorney for up to 30 minutes.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of the Foundation (Continued)

Legal Services to the Public (Continued)

Legal Resources for the Elderly Program (LREP) – LREP is a legal services provider program for the elderly. 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 provides program participants with legal advice and information and conducts workshops and clinics to provide legal information to senior citizens. LREP is funded by the state of New Mexico Aging and Long-Term Services Department. The funds received from agencies and private foundations are restricted for use by LREP and are subject to possible future cutbacks due to change in funding priorities.

Pro Bono Committees

The Foundation administers funding provided by attorney contributions for use by the Pro Bono Committees of the individual Judicial Districts throughout New Mexico. Services provided to New Mexico residents include quality legal services to low-income clients and those who live in rural areas of the state.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Presentation

Combined financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 958, *Not-for-Profit Entities*. Under Section 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Cash and Cash Equivalents

For purposes of the combined statement of cash flows, the Organization considers all interest-bearing deposits with original maturities of three months or less to be cash equivalents.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 financial statements. The Organization had an allowance of approximately \$1,118 and \$950 for uncollectable receivables as of December 31, 2020 and 2019, respectively.

Property and Equipment

Property and equipment are recorded at cost for purchased items and at fair market value at the date of contribution for donated items. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets, which range from one to thirty-nine years. The Organization capitalized all assets with a value of \$3,500 or greater and an estimated useful life of greater than one year. Depreciation and amortization expense totaled \$137,778 and \$208,656 for the years ended December 31, 2020 and 2019, respectively.

Revenue Recognition

Revenue is 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, 2020 or 2019.

The Entity recognizes revenue from the following sources:

Revenues

Revenues are recognized in the year of performance (over time). Revenues are recorded at net realizable amounts in the accompanying statement of activities and changes in net assets. Revenue includes: Member Dues, 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.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Revenues (Continued)

The Organization recognizes revenue from membership dues 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.

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 restriction if they can be used at the Organization's discretion to support any of its programs or supporting activities. 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 statement of activities and changes in net assets. 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 membership dues. 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.

Concentration of Credit Risk

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

The Organization maintains its cash and cash equivalents in accounts which, at times, exceed federally insured limits. At December 31, 2020 and 2019, the Organization had \$2,923,120 and \$3,211,961 of cash and cash equivalents in excess of the federally insured limits, respectively. 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 trade accounts receivable is generally diversified due to the large number of parties comprising the Organization's member and customer base.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets and Changes Therein

Net assets and income, expenses, gains, and losses are classified based on the existence or absence of source-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets without donor restrictions represent those resources that are not restricted by their donor source, or for which donor source-imposed restrictions have expired. Included in net assets without donor restrictions are mandatory dues fees that are designated for the Client Protection Fund program.

With Donor Restrictions – Net assets with donor restrictions reflect source-imposed restrictions that require the Organization to use or expend the related assets as specified. The restrictions are satisfied either by the passage of time or by the satisfaction of source specified purposes. Included in net assets with donor restrictions are contributions from the Judges and Lawyers Assistance Program (JLAP), Client Protection Fund program, and Practice Area Sections.

The Organization records contributions as with donor restrictions if they are received with donor stipulations that limit their use through either purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization reports both net assets with and without donor restrictions at December 31, 2020 and 2019.

Functional Classification of Expenses

Expenses are presented on a functional basis among the Organization's various programs, including management and general. Expenses 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

Due to the impacts of COVID-19, the New Mexico Bar Foundation did not hold any fundraising events in 2020. The New Mexico Bar Foundation held two fundraising events in 2019. Total fundraising revenue was \$-0- and \$68,079, respectively, and total fundraising expense was \$-0- and \$36,313, respectively. State Bar of New Mexico had a net revenue from fundraising in 2020 of \$-0- and in 2019 of \$31,766.

Advertising Costs

The Organization expenses advertising costs as incurred. Expenses incurred for the years ended December 31, 2020 and 2019 were approximately \$1,361 and \$2,189, respectively.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization determines if an arrangement is a lease at inception. Finance leases are included in furniture and equipment and obligations under financing leases in the statements of financial position.

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 commencement date based on the present value of 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 lease liabilities or right of use assets on the statements of financial position.

Income Taxes

State Bar is exempt from federal income tax under Section 501(c)(6) of the IRC. Income from food services provided for the benefit of the Professional Development Center, as well as advertising, subscriptions, and publishing not directly related to State Bar's tax-exempt purpose is subject to taxation as unrelated business income. At December 31, 2020 and 2019, the income tax liability was \$-0-. During the years ended December 31, 2020 and 2019, the provision for income taxes was \$38,073 and \$27,915, respectively.

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 believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Sales Taxes

Taxes assessed by various governmental authorities on sales transactions are recorded as a liability and included in accrued expenses on the accompanying balance sheet until remitted to the applicable authorities. Such taxes are not included in revenues or expenses.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In 2019, the Organization adopted Financial Accounting Standards Board's Accounting Standards Codification Topic 606, *Revenues from Contracts with Customers*, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. There was no cumulative-effect adjustment in net assets recorded because of this adoption and material impact on the Organization's financial position and results of operations upon adoption of the new standard.

Additionally in June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. These financial statements reflect the adoption of ASU 2018-08 beginning January 1, 2018. The implementation of this standard had no impact on net assets as previously reported.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2019, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Company's ROU assets.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management evaluated subsequent events through June 11, 2021, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2020, but prior to June 11, 2021, have been recognized in the financial statements for the fiscal year ended December 31, 2020. Events or transactions that provided evidence about conditions that did not exist at December 31, 2020, but arose before the financial statements were available to be issued are disclosed in Note 14.

NOTE 3 CASH AND CASH EQUIVALENTS

	2020	2019
State Bar of New Mexico	\$ 3,264,579	\$ 3,079,492
Bar Foundation	433,986	811,419
Total	<u>\$ 3,698,565</u>	<u>\$ 3,890,911</u>

At December 31, 2020 and 2019, cash and cash equivalents of \$753,772 and \$1,049,988, respectively, was cash held for long-term pass-through obligations.

NOTE 4 CERTIFICATES OF DEPOSIT

At December 31, 2020, a Certificate of Deposit was held by a bank with total value of \$255,875, an interest rate of 0.30%, and a maturity date of January 17, 2021.

At December 31, 2020, a Certificate of Deposit was held by a bank with total value of \$254,540, an interest rate of 0.90%, and a maturity date of December 18, 2021.

At December 31, 2019, a Certificate of Deposit was held by a bank with total value of \$254,309, an interest rate of 0.30%, and a maturity date of January 17, 2020.

At December 31, 2019, a Certificate of Deposit was held by a bank with total value of \$252,254, an interest rate of 0.90%, and a maturity date of December 18, 2020.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 DUE FROM OTHER ORGANIZATIONS AND PASS-THROUGH OBLIGATIONS

During the years ended December 31, 2020 and 2019, State Bar charged other organizations \$22,481 and \$22,971, respectively, for administrative and accounting services.

Pass-through obligations represent moneys 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>2020</u>	<u>2019</u>
The Disciplinary Board	\$ 382,215	\$ 374,623
Funds Held on Behalf of Supreme Court	101,566	323,618
Access to Justice Fund Grant Commission	892,945	943,490
Other	95,213	149,303
Total	<u>\$ 1,471,939</u>	<u>\$ 1,791,034</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 Supreme Court. 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 and contributions received in memory of Judge Singleton which are earmarked for support of civil legal services. At December 31, 2020 and 2019, \$117,945 and \$202,227, respectively, were long-term pass-through obligations.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment, including the Bar Center furniture and equipment, consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Bar Center:		
Capital Building Costs - Beginning of Year	\$ 3,080,666	\$ 3,056,518
Capital Building Improvements	35,576	24,148
Capital Building Costs - End of Year	3,116,242	3,080,666
Less: Accumulated Depreciation	(1,971,859)	(1,880,862)
Total	1,144,383	1,199,804
Land	546,242	546,242
Bar Center, Net	1,690,625	1,746,046
Furniture and Equipment	953,431	721,297
Less: Accumulated Depreciation	(672,639)	(625,858)
Furniture and Equipment, Net	280,792	95,439
Property and Equipment, Net	<u>\$ 1,971,417</u>	<u>\$ 1,841,485</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
General Operating:		
Capital Member Dues Collected in Advance	\$ 734,563	\$ 799,515
Member Designated:		
Section Dues Collected in Advance	22,195	23,030
Total	<u>\$ 756,758</u>	<u>\$ 822,545</u>

NOTE 8 LEASES

State Bar leases certain office equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2024 and provide for renewal options ranging from one month to five years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain equipment leases require State Bar to guarantee minimum residual values. The expected amount payable under the residual guarantees is estimated to be \$32,479 at December 31, 2020.

The following table provides quantitative information concerning State Bar's leases.

Capitalized leased assets included in furniture and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Lease Cost:		
Finance Lease Cost	\$ 188,511	\$ 83,255
New Finance Leases	105,256	38,487
Amortization of Right-of-Use Assets	(164,748)	(96,807)
Interest on Lease Liabilities	(26,534)	(4,246)
Total Lease Cost	<u>\$ 102,485</u>	<u>\$ 20,689</u>

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2020 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 26,261
2022	28,365
2023	24,285
2024	23,574
2025	-
Thereafter	-
Total	<u>\$ 102,485</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 SHORT-TERM BORROWINGS AND LONG-TERM DEBT

State Bar has a \$200,000 revolving line of credit agreement with a bank. There were no outstanding amounts borrowed against the line of credit at December 31, 2020 and 2019. The line bears interest at 0.25% over Bank of the West prime rate (3.75% at December 31, 2020).

Paycheck Protection program (PPP) Loan

The Foundation received a loan from the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of \$95,600, with a fixed interest rate of 1.00%, deferral period of 16 months from the date of the first disbursement, and monthly payments beginning November 1, 2021. Furthermore, the Foundation may apply for forgiveness of the amount due on this loan in an amount equal to the sum of the costs incurred by the Foundation during the 24-week period beginning on the date of the first disbursement of this loan. The amount of loan forgiveness will be calculated (and may be reduced) in accordance with the requirements of the Paycheck Protection Program, including provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). Not more than 40% of the amount forgiven can be attributable to nonpayroll costs. As forgiveness had not been applied for as of December 31, 2020, the principal and any accrued interest of this loan has been recorded under ASC 470, *Debt*, and is carried as a liability on the statement of financial position.

Allowable costs under this loan are as follows:

- a. Payroll costs
- b. Any payment of interest on a covered mortgage obligation ((which shall not include any prepayment of or payment of principal on a covered mortgage obligation)
- c. Any payment on a covered rent obligation
- d. Any covered utility payment

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 SHORT-TERM BORROWINGS AND LONG-TERM DEBT (CONTINUED)

Long-term debt consists of the following at December 31:

<u>Description</u>	<u>2020</u>	<u>2019</u>
State Bar mortgage note payable to a financial institution used to finance State Bar's interest in the Bar Center. The note has a fixed interest rate of 3.75% and face amount of \$1,550,000. The note is payable in monthly installments of principal and interest at inception of the obligation of \$9,233 and matures December 23, 2036. The note is secured by the Organization's ownership interest in the Bar Center.	\$ 1,325,510	\$ 1,384,547
Foundation U.S Small Business Administration (SBA) loan payable to a financial institution related to the Paycheck Protection Program, including provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan has a fixed interest rate of 1% and face amount of \$95,600. The note is payable in 44 monthly installments of principal and interest starting on November 1, 2021 through 2025	<u>95,600</u>	<u>-</u>
Subtotal	1,421,110	1,384,547
Less: Current Maturities	<u>(65,741)</u>	<u>(59,040)</u>
Long-Term Debt, Net	<u>\$ 1,355,369</u>	<u>\$ 1,325,507</u>

Long-term debt maturities are as follows for the years ending December 31:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 65,741
2022	89,619
2023	92,348
2024	95,055
2025	84,790
Thereafter	993,557
Total	<u>\$ 1,421,110</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 10 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 IIRC. The Organization matches contributions equal to 100% of the employee contribution 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 2020 and 2019 were \$71,305 and \$70,339, 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 Challenges

On an annual basis, 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 membership dues equal to his/her share of the financial burden related to that activity. During 2020 and 2019, 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 \$296,354 and \$284,088 from state awards for the years ended December 31, 2020 and 2019, respectively. Due to possible cutbacks and changes in funding priorities, it is uncertain whether LREP will be awarded those grants/contracts in the future.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Practice Area Sections	\$ 86,563	\$ 54,450
Client Protection Fund	675,634	675,635
Judges and Lawyers Assistance	506,477	445,518
Total	<u>\$ 1,268,674</u>	<u>\$ 1,175,603</u>

During 2020 and 2019, \$236,772 and 240,345 of net assets with donor restrictions were released to net assets without donor restrictions, respectively.

NOTE 12 RELATED PARTY TRANSACTIONS

An employee who is part of the management group of the Organization is an owner of a restaurant 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, 2020 and 2019, the Organization made purchases totaling approximately \$5,810 and \$27,582, respectively, from this restaurant.

NOTE 13 LIQUIDITY

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 more fully described in Note 4. The Organization also has a line of credit in the amount of \$200,000, which it could draw upon in the event of an unanticipated liquidity need, as more fully described in Note 9.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 13 LIQUIDITY (CONTINUED)

The Board has designated a portion of the Organization's resources without donor restrictions for: implementation of an updated association management software application with an expected completion date of 2021; the development and implementation of a legal specialization certification program with implementation costs commencing in 2021 and expected to continue into 2022; 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.

	<u>2020</u>	<u>2019</u>
Financial Assets as of December 31	\$ 3,455,208	\$ 3,347,486
Less: Long-Term Pass Through Obligations	(117,945)	(202,227)
Less: Board-Designated Cash for Future Database Infrastructure Upgrade Costs	(9,091)	-
Less: Board-Designated Cash for Future Legal Specialization Certification Costs	(36,217)	-
Less: Board-Designated Cash for Future Decennial Survey	<u>(12,000)</u>	<u>(6,000)</u>
Financial Assets Available To Meet General Expenditures Over the Next 12 Months	<u>\$ 3,279,955</u>	<u>\$ 3,139,259</u>

NOTE 14 SUBSEQUENT EVENT

During 2020, the BBC and the Bar Foundation Board both approved revisions to the Bar Foundation bylaws which created a new structure for the Bar Foundation Board, and that the new board would be comprised of nine members who are all appointed by the BBC, of which five members will be BBC members, three will be active attorney non-BBC members, and one will be a member of the public who is a non-attorney, and that the bylaw changes will take effect January 2021.

The Foundation's first draw PPP loan was utilized 100% for payroll purposes and as such, the forgiveness application requesting full forgiveness of the loan proceeds has been submitted and is currently in process. In addition, the Foundation has received a second draw PPP loan in May 2021 in the amount of \$105,105 and the State Bar received its first PPP loan in May 2021 in the amount of \$300,980.

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 2,510,807	\$ 433,986	\$ 2,944,793	\$ -	\$ 2,944,793
Certificates of Deposit	510,415	-	510,415	-	510,415
Accounts Receivable, Net:					
Grants	-	43,390	43,390	-	43,390
Program Services/Trade	25,717	-	25,717	-	25,717
Employee	10	-	10	-	10
Prepaid Expenses	44,694	33,995	78,689	-	78,689
Inventory	-	-	-	-	-
Total Current Assets	<u>3,091,643</u>	<u>511,371</u>	<u>3,603,014</u>	<u>-</u>	<u>3,603,014</u>
OTHER ASSETS					
Cash for Pass-Through Obligations	753,772	-	753,772	-	753,772
Due from Foundation/State Bar	806,534	-	806,534	(806,534)	-
Total Other Assets	<u>1,560,306</u>	<u>-</u>	<u>1,560,306</u>	<u>(806,534)</u>	<u>753,772</u>
PROPERTY AND EQUIPMENT					
Bar Center, Net	1,085,987	604,638	1,690,625	-	1,690,625
Furniture and Equipment, Net	266,031	14,761	280,792	-	280,792
Total Property and Equipment	<u>1,352,018</u>	<u>619,399</u>	<u>1,971,417</u>	<u>-</u>	<u>1,971,417</u>
 Total Assets	 <u>\$ 6,003,967</u>	 <u>\$ 1,130,770</u>	 <u>\$ 7,134,737</u>	 <u>\$ (806,534)</u>	 <u>\$ 6,328,203</u>

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT LIABILITIES					
Accounts Payable	\$ 73,252	\$ 81,077	\$ 154,329	\$ -	\$ 154,329
Payroll and Related Liabilities	116,646	29,589	146,235	-	146,235
Accrued Expenses	1,834	-	1,834	-	1,834
Pass-Through Obligations	1,220,079	133,915	1,353,994	-	1,353,994
Deferred Revenue	752,878	3,880	756,758	-	756,758
Current Maturities of Long-Term Debt	65,741	-	65,741	-	65,741
Obligations Under Finance Leases - Current Portion	26,261	-	26,261	-	26,261
Total Current Liabilities	<u>2,256,691</u>	<u>248,461</u>	<u>2,505,152</u>	<u>-</u>	<u>2,505,152</u>
LONG-TERM LIABILITIES					
Due to Foundation/State Bar	-	806,534	806,534	(806,534)	-
Long-Term Debt	1,259,769	95,600	1,355,369	-	1,355,369
Obligations Under Finance Leases	76,224	-	76,224	-	76,224
Pass-Through Obligations	92,945	25,000	117,945	-	117,945
Total Long-Term Liabilities	<u>1,428,938</u>	<u>927,134</u>	<u>2,356,072</u>	<u>(806,534)</u>	<u>1,549,538</u>
Total Liabilities	3,685,629	1,175,595	4,861,224	(806,534)	4,054,690
NET ASSETS (DEFICITS)					
Without Donor Restrictions	1,056,158	(51,319)	1,004,839	-	1,004,839
With Donor Restrictions	1,262,180	6,494	1,268,674	-	1,268,674
Total Net Assets (Deficits)	<u>2,318,338</u>	<u>(44,825)</u>	<u>2,273,513</u>	<u>-</u>	<u>2,273,513</u>
Total Liabilities and Net Assets	<u>\$ 6,003,967</u>	<u>\$ 1,130,770</u>	<u>\$ 7,134,737</u>	<u>\$ (806,534)</u>	<u>\$ 6,328,203</u>

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 2,029,504	\$ 811,419	\$ 2,840,923	\$ -	\$ 2,840,923
Certificates of Deposit	506,563	-	506,563	-	506,563
Accounts Receivable, Net:					
Grants	-	19,997	19,997	-	19,997
Program Services/Trade	25,207	5,681	30,888	-	30,888
Prepaid Expenses	47,041	25,587	72,628	-	72,628
Inventory	-	-	-	-	-
Total Current Assets	<u>2,608,315</u>	<u>862,684</u>	<u>\$ 3,470,999</u>	<u>-</u>	<u>3,470,999</u>
OTHER ASSETS					
Cash for Pass-Through Obligations	1,049,988	-	1,049,988	-	1,049,988
Due from Foundation/State Bar	1,090,264	-	1,090,264	(1,090,264)	-
Total Other Assets	<u>2,140,252</u>	<u>-</u>	<u>2,140,252</u>	<u>(1,090,264)</u>	<u>1,049,988</u>
PROPERTY AND EQUIPMENT					
Bar Center, Net	1,127,096	618,950	1,746,046	-	1,746,046
Furniture and Equipment, Net	78,481	16,958	95,439	-	95,439
Total Property and Equipment	<u>1,205,577</u>	<u>635,908</u>	<u>1,841,485</u>	<u>-</u>	<u>1,841,485</u>
 Total Assets	 <u>\$ 5,954,144</u>	 <u>\$ 1,498,592</u>	 <u>\$ 7,452,736</u>	 <u>\$ (1,090,264)</u>	 <u>\$ 6,362,472</u>

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT LIABILITIES					
Accounts Payable	\$ 81,701	\$ 79,760	\$ 161,461	\$ -	\$ 161,461
Payroll and Related Liabilities	101,568	31,878	133,446	-	133,446
Accrued Expenses	5,243	11,473	16,716	-	16,716
Pass-Through Obligations	1,175,640	413,167	1,588,807	-	1,588,807
Deferred Revenue	821,697	848	822,545	-	822,545
Current Maturities of Long-Term Debt	59,040	-	59,040	-	59,040
Obligations Under Capital Leases - Current Portion	3,950	-	3,950	-	3,950
Total Current Liabilities	<u>2,248,839</u>	<u>537,126</u>	<u>2,785,965</u>	<u>-</u>	<u>2,785,965</u>
LONG-TERM LIABILITIES					
Due to Foundation/State Bar	-	1,090,264	1,090,264	(1,090,264)	-
Long-Term Debt	1,325,507	-	1,325,507	-	1,325,507
Obligations Under Capital Leases	16,739	-	16,739	-	16,739
Pass-Through Obligations	168,854	33,373	202,227	-	202,227
Total Long-Term Liabilities	<u>1,511,100</u>	<u>1,123,637</u>	<u>2,634,737</u>	<u>(1,090,264)</u>	<u>1,544,473</u>
Total Liabilities	3,759,939	1,660,763	5,420,702	(1,090,264)	4,330,438
NET ASSETS (DEFICITS)					
Without Donor Restrictions	1,025,803	(169,372)	856,431	-	856,431
With Donor Restrictions	1,168,402	7,201	1,175,603	-	1,175,603
Total Net Assets (Deficits)	<u>2,194,205</u>	<u>(162,171)</u>	<u>2,032,034</u>	<u>-</u>	<u>2,032,034</u>
Total Liabilities and Net Assets	<u>\$ 5,954,144</u>	<u>\$ 1,498,592</u>	<u>\$ 7,452,736</u>	<u>\$ (1,090,264)</u>	<u>\$ 6,362,472</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	State Bar	State Bar Foundation	Combined	Eliminations	Combined
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
REVENUES, GAINS, AND PUBLIC SUPPORT					
Member Dues	\$ 2,136,832	\$ -	\$ 2,136,832	\$ -	\$ 2,136,832
Continuing Legal Education Fees	300	895,628	895,928	(280,823)	615,105
Publications	269,533	-	269,533	(16,326)	253,207
Grants	-	296,354	296,354	-	296,354
Minimum Continuing Legal Education	261,973	-	261,973	(22,431)	239,542
Administration Fees	158,454	-	158,454	-	158,454
Contributions and Other	60,195	39,377	99,572	-	99,572
Professional Development Center Rental	35,282	-	35,282	-	35,282
Client Protection Fund	138,268	-	138,268	-	138,268
Legal Specialization	-	-	-	-	-
Total Revenues, Gains, and Public Support Without Donor Restrictions	3,060,837	1,231,359	4,292,196	(319,580)	3,972,616
NET ASSETS RELEASED FROM RESTRICTIONS					
Satisfaction of Program Restrictions	236,068	862	236,930	158	236,772
Total Revenues, Gains, and Other Support Without Donor Restrictions	3,296,905	1,232,221	4,529,126	(319,422)	4,209,388
EXPENSES					
Administration/ Regulatory Programs	1,571,131	251,285	1,822,416	-	1,822,416
Membership Program and Services	769,540	-	769,540	(250,504)	519,036
Center for Legal Education (CLE)	-	438,777	438,777	(38,756)	400,021
Legal Services to the Public	-	389,616	389,616	-	389,616
Bar Center/Professional Development Center (PDC)	226,306	29,672	255,978	-	255,978
Communications/Publications	182,991	-	182,991	-	182,991
Judges and Lawyers Assistance Program (JLAP)	207,923	862	208,785	-	208,785
Committees and Divisions	54,195	-	54,195	(2,871)	51,324
Entrepreneurs in Community Lawyering (ECL)	7,447	-	7,447	-	7,447
Minimum Continuing Legal Education (MCLE)	85,711	-	85,711	-	85,711

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	State Bar	State Bar Foundation	Combined	Eliminations	Combined
EXPENSES (CONTINUED)					
Governance/Board of Bar Commissioners	\$ 13,908	\$ -	\$ 13,908	\$ -	\$ 13,908
Bridge the Gap Mentorship Program	74,022	-	74,022	(27,449)	46,573
Practice Area Sections	28,145	-	28,145	-	28,145
Client Protection Fund	45,237	-	45,237	-	45,237
Pro Bono Committees	-	2,308	2,308	-	2,308
Access to Justice Committee	-	1,648	1,648	-	1,648
Total Expenses	<u>3,266,556</u>	<u>1,114,168</u>	<u>4,380,724</u>	<u>(319,580)</u>	<u>4,061,144</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE CHANGES RELATED TO ACQUISITION OF MCLE	30,349	118,053	148,402	-	148,244
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Practice Area Sections	60,265	-	60,265	-	60,265
Judges and Lawyers Assistance	269,587	155	269,742	-	269,742
Revenue With Donor Restrictions	<u>329,852</u>	<u>155</u>	<u>330,007</u>	<u>-</u>	<u>330,007</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS					
Practice Area Sections	(28,145)	-	(28,145)	(158)	(27,987)
Judges and Lawyers Assistance	(207,923)	(862)	(208,785)	-	(208,785)
Releases With Donor Restrictions	<u>(236,068)</u>	<u>(862)</u>	<u>(236,930)</u>	<u>(158)</u>	<u>(236,772)</u>
			-		-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>93,784</u>	<u>(707)</u>	<u>93,077</u>	<u>(158)</u>	<u>93,235</u>
CHANGES IN NET ASSETS	124,133	117,346	241,479		241,479
Net Assets (Deficits) - Beginning of Year	<u>2,194,205</u>	<u>(162,171)</u>	<u>2,032,034</u>	<u>-</u>	<u>2,032,034</u>
NET ASSETS (DEFICITS) - END OF YEAR	<u>\$ 2,318,338</u>	<u>\$ (44,825)</u>	<u>\$ 2,273,513</u>	<u>\$ -</u>	<u>\$ 2,273,513</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
REVENUES, GAINS, AND PUBLIC SUPPORT					
Member Dues	\$ 2,097,284	\$ -	\$ 2,097,284	\$ -	\$ 2,097,284
Continuing Legal Education Fees	18,502	938,105	956,607	(32,062)	924,545
Publications	334,831	-	334,831	(25,961)	308,870
Grants	-	284,088	284,088	-	284,088
Contributions and Other	79,017	127,758	206,775	-	206,775
Administration Fees	227,850	-	227,850	-	227,850
Client Protection Fund	126,209	-	126,209	-	126,209
Professional Development Center Rental	129,039	-	129,039	-	129,039
Minimum Continuing Legal Education	273,104	-	273,104	(24,820)	248,284
Legal Specialization	7,000	-	7,000	-	7,000
Total Revenues, Gains, and Public Support Without Donor Restrictions	3,292,836	1,349,951	4,642,787	(82,843)	4,559,944
NET ASSETS RELEASED FROM RESTRICTIONS					
Satisfaction of Program Restrictions	240,345	-	240,345	-	240,345
Total Revenues, Gains, and Other Support Without Donor Restrictions	3,533,181	1,349,951	4,883,132	(82,843)	4,800,289
EXPENSES					
Administration/ Regulatory Programs	1,528,474	326,884	1,855,358	-	1,855,358
Center for Legal Education (CLE)	-	627,190	627,190	(82,843)	544,347
Membership Program and Services	549,330	-	549,330	-	549,330
Legal Services to the Public	-	372,458	372,458	-	372,458
Communications/Publications	233,566	-	233,566	-	233,566
Bar Center/Professional Development Center (PDC)	255,712	27,707	283,419	-	283,419
Entrepreneurs in Community Lawyering (ECL)	107,196	-	107,196	-	107,196
Governance/Board of Bar Commissioners	88,359	-	88,359	-	88,359
Committees and Divisions	116,979	-	116,979	-	116,979
Client Protection Fund	35,647	-	35,647	-	35,647

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	State Bar	State Bar Foundation	Combined	Eliminations	Combined
EXPENSES (CONTINUED)					
Practice Area Sections	\$ 54,801	\$ -	\$ 54,801	\$ -	\$ 54,801
Bridge the Gap Mentorship Program	83,622	-	83,622	-	83,622
Judges and Lawyers Assistance Program (JLAP)	185,544	-	185,544	-	185,544
Minimum Continuing Legal Education (MCLE)	96,462	-	96,462	-	96,462
Pro Bono Committees	-	9,893	9,893	-	9,893
Total Expenses	<u>3,335,692</u>	<u>1,364,132</u>	<u>4,699,824</u>	<u>(82,843)</u>	<u>4,616,981</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE CHANGES RELATED TO ACQUISITION OF MCLE	197,489	(14,181)	183,308	-	183,308
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Judges and Lawyers Assistance	281,650	7,201	288,851	-	288,851
Practice Area Sections	63,736	-	63,736	-	63,736
Revenue With Donor Restrictions	345,386	7,201	352,587	-	352,587
NET ASSETS RELEASED FROM DONOR RESTRICTIONS					
Practice Area Sections	(54,801)	-	(54,801)	-	(54,801)
Judges and Lawyers Assistance	(185,544)	-	(185,544)	-	(185,544)
Releases With Donor Restrictions	(240,345)	-	(240,345)	-	(240,345)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	105,041	7,201	112,242	-	112,242
CHANGES IN NET ASSETS	302,530	(6,980)	295,550	-	295,550
Net Assets (Deficits) - Beginning of Year	1,891,675	(155,191)	1,736,484	-	1,736,484
NET ASSETS (DEFICITS) - END OF YEAR	<u>\$ 2,194,205</u>	<u>\$ (162,171)</u>	<u>\$ 2,032,034</u>	<u>\$ -</u>	<u>\$ 2,032,034</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services											
	State Bar					State Bar Foundation						
	Bar Center/ Professional Development Center (PDC)	Office of General Counsel and Regulatory Programs	Law Practice Management and Member Services	Member Communications/ Publications	State Bar Total Program Expense	Bar Center/ Professional Development Center (PDC)	Center for Legal Education (CLE)	Legal Services to the Public	Pro Bono Committees	Access to Justice	Judges & Lawyers Assistance	State Bar Foundation Total Program Expense
Advertising and Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 373	\$ 270	\$ -	\$ -		\$ 643
Awards, Honors, and Recognition	-	-	1,379	-	1,379	-	-	-	-	-	-	-
Bad Debt	-	-	-	-	-	-	-	-	-	-	-	-
Bank Fees	-	-	-	-	-	-	15,859	-	-	-	-	15,859
Compensation, Taxes, and Benefits	139,653	413,692	199,670	359,172	1,112,187	-	213,780	384,041	-	-	-	597,821
Conferences, Conventions, and Meetings	546	231	28,757	2,337	31,871	-	-	-	-	-	-	-
Depreciation	66,886	-	-	-	66,886	29,672	-	-	-	-	-	29,672
Dues and Subscriptions	-	500	476	-	976	-	540	1,530	-	-	-	2,070
Education and Training	-	-	1,034	-	1,034	-	-	-	-	-	-	-
Furniture and Equipment	1,129	140	1,975	-	3,244	-	-	211	-	-	-	211
Information Technology	-	21,208	-	2,160	23,368	-	64,955	600	-	-	-	65,555
Insurance	-	529	5,877	-	6,406	-	-	1,764	-	-	-	1,764
Interest	53,925	-	-	6,860	60,785	-	-	-	-	-	-	-
Office Supplies	908	405	72	75	1,460	-	84	-	-	-	-	84
Outreach	-	-	266,935	-	266,935	-	-	-	-	1,648	-	1,648
Professional Fees	-	1,200	-	-	1,200	-	-	-	-	-	-	-
Postage and Delivery	-	1,076	225	48,570	49,871	-	31	602	-	-	-	633
Repairs, Maintenance, Occupancy, and Overhead	137,486	-	1,353	731	139,570	-	-	-	-	-	-	-
Services Provided to Members	-	27,291	53,100	148,629	229,020	-	143,229	-	-	-	862	144,091
Services Provided to the Public	-	43,277	30,570	-	73,847	-	-	551	2,307	-	-	2,858
Taxes and Fees	-	-	-	-	-	-	-	-	-	-	-	-
Other	18,683	-	10,082	-	28,765	-	-	47	-	-	-	47
Total Expenses	\$ 419,216	\$ 509,549	\$ 601,505	\$ 568,534	\$ 2,098,804	\$ 29,672	\$ 438,851	\$ 389,616	\$ 2,307	\$ 1,648	\$ 862	\$ 862,956

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Support Services										
	State Bar			State Bar Foundation							
	Administration	Governance/ Board of Bar Commissioners	State Bar Total Support Expense	Administration	State Bar Foundation Total Support Expense	Fundraising		Total			
		State Bar	Foundation		State Bar	Foundation	State Bar	Foundation	Eliminations	Consolidated	
Advertising and Marketing	\$ 718	\$ -	\$ 718	\$ -	\$ -	\$ -	\$ -	\$ 718	\$ 643	\$ -	\$ 1,361
Awards, Honors, and Recognition	2,877	-	2,877	-	-	-	-	4,256	-	-	4,256
Bad Debt	728	-	728	-	-	-	-	728	-	-	728
Bank Fees	79,834	-	79,834	87	87	-	-	79,834	15,946	-	95,780
Compensation, Taxes, and Benefits	513,682	52,458	566,140	197,149	197,149	-	-	1,678,327	794,970	-	2,473,297
Conferences, Conventions, and Meetings	5,625	12,393	18,018	-	-	-	-	49,889	-	-	49,889
Depreciation	41,220	-	41,220	-	-	-	-	108,106	29,672	-	137,778
Dues and Subscriptions	7,383	-	7,383	-	-	-	-	8,359	2,070	-	10,429
Education and Training	5,821	-	5,821	2,626	2,626	-	-	6,855	2,626	-	9,481
Furniture and Equipment	24,396	-	24,396	22,207	22,207	-	-	27,640	22,418	-	50,058
Information Technology	189,526	-	189,526	-	-	-	-	212,894	65,555	-	278,449
Insurance	56,349	-	56,349	-	-	-	-	62,755	1,764	-	64,519
Interest	-	-	-	-	-	-	-	60,785	-	-	60,785
Office Supplies	4,142	-	4,142	-	-	-	-	5,602	84	-	5,686
Outreach	699	1,205	1,904	5,232	5,232	-	-	268,839	6,880	-	275,719
Professional Fees	24,556	-	24,556	-	-	-	-	25,756	-	-	25,756
Postage and Delivery	10,377	-	10,377	-	-	-	-	60,248	633	-	60,881
Repairs, Maintenance, Occupancy, and Overhead	7,596	-	7,596	23,900	23,900	-	-	147,166	23,900	-	171,066
Services Provided to Members	80,000	-	80,000	-	-	-	-	309,020	144,091	(319,580)	133,531
Services Provided to the Public	-	-	-	11	11	-	-	73,847	2,869	-	76,716
Taxes and Fees	38,073	-	38,073	-	-	-	-	38,073	-	-	38,073
Other	7,784	310	8,094	-	-	-	-	36,859	47	-	36,906
Total Expenses	\$ 1,101,386	\$ 66,366	\$ 1,167,752	\$ 251,212	\$ 251,212	\$ -	\$ -	\$ 3,266,556	\$ 1,114,168	\$ (319,580)	\$ 4,061,144

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services									
	State Bar					State Bar Foundation				
	Bar Center/ Professional Development Center (PDC)	Office of General Counsel and Regulatory Programs	Law Practice Management and Member Services	Member Communications/ Publications	State Bar Total Program Expense	Bar Center/ Professional Development Center (PDC)	Center for Legal Education (CLE)	Legal Services to the Public	Pro Bono Committees	State Bar Foundation Total Program Expense
Advertising and Marketing	\$ -	\$ 639	\$ -	\$ -	\$ 639	\$ -	\$ 20	\$ 1,052	\$ -	\$ 1,072
Awards, Honors, and Recognition	-	-	1,980	-	1,980	-	-	-	-	-
Bad Debt	-	-	-	-	-	-	-	-	-	-
Bank Fees	-	-	-	-	-	-	22,460	-	-	22,460
Compensation, Taxes, and Benefits	158,007	391,221	304,320	367,915	1,221,463	-	220,046	359,146	-	579,192
Conferences, Conventions, and Meetings	84	12,571	97,686	957	111,298	-	1,172	409	-	1,581
Depreciation	65,456	-	-	-	65,456	27,707	-	-	-	27,707
Dues and Subscriptions	-	725	184	135	1,044	-	658	1,726	-	2,384
Education and Training	-	-	1,441	-	1,441	-	-	-	-	-
Furniture and Equipment	1,163	-	906	-	2,069	-	868	279	-	1,147
Information Technology	-	20,299	-	2,160	22,459	-	65,225	1,979	-	67,204
Insurance	-	557	8,610	-	9,167	-	-	1,856	-	1,856
Interest	54,475	-	-	2,694	57,169	-	-	-	-	-
Office Supplies	128	70	136	256	590	-	136	342	-	478
Outreach	-	-	14,402	-	14,402	-	-	-	-	-
Professional Fees	-	1,200	-	-	1,200	-	-	-	-	-
Postage and Delivery	-	723	1,059	64,940	66,722	-	404	1,962	-	2,366
Repairs, Maintenance, Occupancy, and Overhead	166,981	6,219	2,823	-	176,023	-	-	-	-	-
Services Provided to Members	-	32,062	101,370	160,162	293,594	-	316,201	-	-	316,201
Services Provided to the Public	-	22,093	43,343	-	65,436	-	-	3,707	9,893	13,600
Taxes and Fees	-	-	-	3,610	3,610	-	-	-	-	-
Other	-	-	11,053	-	11,053	-	-	-	-	-
Total Expenses	\$ 446,294	\$ 488,379	\$ 589,313	\$ 602,829	\$ 2,126,815	\$ 27,707	\$ 627,190	\$ 372,458	\$ 9,893	\$ 1,037,248

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Support Services										
	State Bar			State Bar Foundation							
	Administration	Governance/ Board of Bar Commissioners	State Bar Total Support Expense	Administration	State Bar Foundation Total Support Expense	Fundraising		Total			
		State Bar	State Bar		State Bar	Foundation	State Bar	State Bar	State Bar	Foundation	Eliminations
Advertising and Marketing	\$ 206	\$ -	\$ 206	\$ -	\$ -	\$ -	292	\$ 845	\$ 1,364	\$ (20)	\$ 2,189
Awards, Honors, and Recognition	4,426	-	4,426	-	-	-	28,003	6,406	28,003	-	34,409
Bad Debt	1,189	-	1,189	-	-	-	-	1,189	-	-	1,189
Bank Fees	85,893	-	85,893	60	60	-	-	85,893	22,520	-	108,413
Compensation, Taxes, and Benefits	432,707	23,675	456,382	233,076	233,076	-	-	1,677,845	812,268	-	2,490,113
Conferences, Conventions, and Meetings	14,927	72,040	86,967	344	344	-	-	198,265	1,925	-	200,190
Depreciation	115,493	-	115,493	-	-	-	-	180,949	27,707	-	208,656
Dues and Subscriptions	8,049	-	8,049	-	-	-	-	9,093	2,384	-	11,477
Education and Training	2,695	-	2,695	-	-	-	-	4,136	-	-	4,136
Furniture and Equipment	6,576	-	6,576	3,517	3,517	-	-	8,645	4,664	-	13,309
Information Technology	180,248	-	180,248	20,384	20,384	-	-	202,707	87,588	-	290,295
Insurance	52,070	-	52,070	-	-	-	756	61,237	2,612	-	63,849
Interest	-	-	-	-	-	-	-	57,169	-	-	57,169
Office Supplies	4,579	-	4,579	385	385	-	314	5,169	1,177	-	6,346
Outreach	1,854	2,401	4,255	-	-	-	-	18,657	-	-	18,657
Professional Fees	24,723	-	24,723	4,982	4,982	-	-	25,923	4,982	-	30,905
Postage and Delivery	8,572	-	8,572	1,020	1,020	-	-	75,294	3,386	-	78,680
Repairs, Maintenance, Occupancy, and Overhead	11,968	-	11,968	26,803	26,803	-	-	187,991	26,803	-	214,794
Services Provided to Members	80,000	5,893	85,893	-	-	-	-	379,487	316,201	(82,824)	612,864
Services Provided to the Public	-	-	-	-	-	-	-	65,436	13,600	-	79,036
Taxes and Fees	46,846	-	46,846	-	-	-	-	50,456	-	-	50,456
Other	13,823	8,025	21,848	-	-	-	6,948	32,901	6,948	-	39,849
Total Expenses	\$ 1,096,844	\$ 112,034	\$ 1,208,878	\$ 290,571	\$ 290,571	\$ -	\$ 36,313	\$ 3,335,693	\$ 1,364,132	\$ (82,844)	\$ 4,616,981

