

**STATE BAR OF NEW MEXICO
AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2022 AND 2021



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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 Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of 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, 2022 and 2021, 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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined 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 Combined 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, 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 for one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined 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 GAAS 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 GAAS, 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

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, 2022 and 2021 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.

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

In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Albuquerque, New Mexico
May 12, 2023

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,479,411	\$ 3,259,097
Certificates of Deposit	513,952	512,285
Accounts Receivable, Net:		
Grants	49,567	28,854
Program Services/Trade	30,259	37,156
Prepaid Expenses	104,655	65,818
Total Current Assets	<u>3,177,844</u>	<u>3,903,210</u>
OTHER ASSETS		
Cash for Pass-Through Obligations	1,638,483	1,028,255
PROPERTY AND EQUIPMENT		
Bar Center, Net	1,579,551	1,633,967
Furniture and Equipment, Net	280,160	272,920
Total Property and Equipment	<u>1,859,711</u>	<u>1,906,887</u>
 Total Assets	 <u><u>\$ 6,676,038</u></u>	 <u><u>\$ 6,838,352</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 113,006	\$ 111,972
Payroll and Related Liabilities	201,888	154,421
Accrued Expenses	8,292	11,780
Accrued Income Tax	-	5,840
Pass-Through Obligations	1,307,903	1,210,892
Deferred Revenue	655,172	794,050
Current Maturities of Long-Term Debt	66,320	100,156
Obligations Under Financing Leases - Current Portion	23,479	28,317
Total Current Liabilities	<u>2,376,060</u>	<u>2,417,428</u>
LONG-TERM LIABILITIES		
Long-Term Debt - Noncurrent Portion	1,133,876	1,569,971
Obligations Under Financing Leases - Noncurrent Portion	23,660	47,859
Pass-Through Obligations	35,537	25,575
Total Long-Term Liabilities	<u>1,193,073</u>	<u>1,643,405</u>
 Total Liabilities	 3,569,133	 4,060,833
NET ASSETS		
Without Donor Restrictions	1,659,418	1,421,103
With Donor Restrictions	1,447,487	1,356,416
Total Net Assets	<u>3,106,905</u>	<u>2,777,519</u>
 Total Liabilities and Net Assets	 <u><u>\$ 6,676,038</u></u>	 <u><u>\$ 6,838,352</u></u>

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES, GAINS, AND PUBLIC SUPPORT		
Member Dues	\$ 2,160,999	\$ 2,182,622
Continuing Legal Education Fees	854,894	657,786
Publications	275,536	282,726
Grants	376,746	330,356
Minimum Continuing Legal Education	242,719	282,518
Administration Fees	365,693	270,910
Contributions and Other	501,723	241,088
Client Protection Fund	145,504	142,891
Professional Development Center Rental	49,501	16,021
Total Revenues, Gains, and Public Support Without Donor Restrictions	<u>4,973,315</u>	<u>4,406,918</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of Program Restrictions	<u>365,629</u>	<u>285,634</u>
Total Revenues, Gains, and Public Support Without Donor Restrictions	5,338,944	4,692,552
EXPENSES		
Program Services	3,550,131	2,807,843
Support Services	1,550,498	1,468,445
Total Expenses	<u>5,100,629</u>	<u>4,276,288</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	238,315	416,264
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Judges and Lawyers Assistance Program (JLAP)	377,601	310,818
Practice Area Sections	79,099	62,558
Revenue With Donor Restrictions	<u>456,700</u>	<u>373,376</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS		
Practice Area Sections	(72,990)	(58,573)
Judges and Lawyers Assistance Program (JLAP)	(292,639)	(227,061)
Releases With Donor Restrictions	<u>(365,629)</u>	<u>(285,634)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>91,071</u>	<u>87,742</u>
CHANGES IN NET ASSETS	329,386	504,006
Net Assets - Beginning of Year	<u>2,777,519</u>	<u>2,273,513</u>
NET ASSETS - END OF YEAR	<u><u>\$ 3,106,905</u></u>	<u><u>\$ 2,777,519</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, 2022**

	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	Fundraising	Total Support Expense	Total
Advertising and Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,448	\$ -	\$ -	\$ -	\$ 1,448	\$ -	\$ -	\$ -	\$ -	\$ 1,448
Awards, Honors and Recognition	-	-	4,768	-	-	-	-	-	-	4,768	-	-	4,691	4,691	9,459
Bad Debt	-	-	-	-	-	-	-	-	-	-	271	-	-	271	271
Bank Fees	-	-	-	-	19,073	-	-	-	-	19,073	86,648	-	-	86,648	105,721
Compensation, Taxes, and Benefits	312,701	460,836	460,824	355,090	168,331	416,409	-	-	-	2,174,191	627,887	80,558	-	708,445	2,882,636
Conferences, Conventions, and Meetings	258	2,520	39,440	-	650	1,342	-	-	-	44,210	22,288	84,070	-	106,358	150,568
Depreciation	99,598	-	-	-	-	-	-	-	-	99,598	55,467	-	-	55,467	155,065
Dues and Subscriptions	-	700	1,402	-	265	1,165	-	-	-	3,532	7,941	-	-	7,941	11,473
Education and Training	-	300	6,260	-	-	-	-	-	-	6,560	11,639	-	-	11,639	18,199
Furniture and Equipment	9,874	556	5,056	-	5,144	6,127	-	-	-	26,757	25,224	-	-	25,224	51,981
Information Technology	-	-	-	900	66,821	2,315	-	-	-	70,036	228,799	-	-	228,799	298,835
Insurance	-	517	4,124	-	-	1,724	-	-	-	6,365	70,031	-	-	70,031	76,396
Interest	47,952	-	-	4,304	-	-	-	-	-	52,256	-	-	-	-	52,256
Office Supplies	455	398	1,006	-	56	379	-	-	-	2,294	4,326	-	-	4,326	6,620
Outreach	-	-	27,584	-	-	150	-	-	-	27,734	913	2,156	-	3,069	30,803
Professional Fees	-	1,200	-	-	-	-	-	-	-	1,200	41,843	-	-	41,843	43,043
Postage and Delivery	-	2,059	1,077	59,301	75	819	-	-	-	63,331	6,986	72	-	7,058	70,389
Repairs, Maintenance, Occupancy, and Overhead	149,700	-	1,663	-	-	-	-	-	-	151,363	40,374	-	-	40,374	191,737
Services Provided to Members	-	-	99,981	122,272	303,796	-	-	-	-	526,049	89,250	4,325	-	93,575	619,624
Services Provided to the Public	-	179,368	58,112	-	-	1,018	3,234	-	2,350	244,082	-	-	-	-	244,082
Taxes and Fees	21,629	-	-	-	-	-	-	-	-	21,629	33,166	-	-	33,166	54,795
Other	-	850	2,805	-	-	-	-	-	-	3,655	10,439	11,134	-	21,573	25,228
Total Expenses	\$ 642,167	\$ 649,304	\$ 714,102	\$ 541,867	\$ 564,211	\$ 432,896	\$ 3,234	\$ -	\$ 2,350	\$ 3,550,131	\$ 1,363,492	\$ 182,315	\$ 4,691	\$ 1,550,498	\$ 5,100,629

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	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	Total
Advertising and Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,079	\$ -	\$ 1,079	\$ 2,079
Awards, Honors and Recognition	-	-	4,386	-	-	-	-	-	-	4,386	1,000	-	1,000	5,386
Bad Debt	-	-	-	-	-	-	-	-	-	-	758	-	758	758
Bank Fees	-	-	-	-	17,215	-	-	-	-	17,215	90,824	-	90,824	108,039
Compensation, Taxes, and Benefits	123,823	423,804	348,640	361,214	153,792	384,280	-	-	-	1,795,553	692,333	52,564	744,897	2,540,450
Conferences, Conventions, and Meetings	309	160	25,661	-	189	394	-	-	-	26,713	4,019	31,852	35,871	62,584
Depreciation	95,661	-	-	-	-	-	-	-	-	95,661	46,648	-	46,648	142,309
Dues and Subscriptions	-	700	1,258	333	265	1,079	-	-	-	3,635	6,352	-	6,352	9,987
Education and Training	-	-	4,277	100	-	-	-	-	-	4,377	1,617	-	1,617	5,994
Furniture and Equipment	991	-	3,014	-	476	333	-	-	-	4,814	11,498	-	11,498	16,312
Information Technology	-	16,037	-	1,991	75,785	600	-	-	-	94,413	257,608	-	257,608	352,021
Insurance	-	546	4,002	-	-	1,820	-	-	-	6,368	62,272	-	62,272	68,640
Interest	50,972	-	-	5,753	-	-	-	-	-	56,725	-	-	-	56,725
Office Supplies	682	754	654	166	-	199	-	-	-	2,455	4,634	-	4,634	7,089
Outreach	-	-	28,206	-	-	-	-	-	-	28,206	1,241	2,110	3,351	31,557
Professional Fees	-	1,200	-	-	-	-	-	-	-	1,200	37,669	-	37,669	38,869
Postage and Delivery	-	2,596	726	52,866	39	340	-	-	-	56,567	6,816	150	6,966	63,533
Repairs, Maintenance, Occupancy, and Overhead	140,765	-	1,485	-	-	-	-	-	-	142,250	31,896	-	31,896	174,146
Services Provided to Members	-	-	80,797	100,511	97,483	-	-	-	-	278,791	80,000	257	80,257	359,048
Services Provided to the Public	-	85,600	67,779	-	-	684	2,076	-	-	156,139	-	-	-	156,139
Taxes and Fees	18,583	-	-	-	-	-	-	-	-	18,583	38,275	-	38,275	56,858
Other	-	8,018	4,774	-	-	-	-	-	-	12,792	4,877	96	4,973	17,765
Total Expenses	\$ 431,786	\$ 539,415	\$ 575,659	\$ 522,934	\$ 345,244	\$ 390,729	\$ 2,076	\$ -	\$ -	\$ 2,807,843	\$ 1,381,416	\$ 87,029	\$ 1,468,445	\$ 4,276,288

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets Without Donor Restrictions	\$ 238,315	\$ 416,264
Change in Net Assets With Donor Restrictions	91,071	87,742
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	155,065	142,309
PPP Loan Forgiveness	(406,085)	(95,600)
Bad Debt	271	758
(Increase) Decrease in Assets:		
Accounts Receivable	(14,087)	2,349
Prepaid Expenses	(38,837)	12,871
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	45,013	(24,225)
Accrued Income Tax	(5,840)	5,840
Pass-Through Obligations	106,973	(235,472)
Deferred Revenue	(138,878)	37,292
Net Cash Provided by Operating Activities	<u>32,981</u>	<u>350,128</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested Interest	(1,667)	(1,870)
Purchase of Assets	(107,889)	(77,779)
Net Cash Used by Investing Activities	<u>(109,556)</u>	<u>(79,649)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	-	406,085
Principal Payments on Long-Term Debt	(63,846)	(61,468)
Principal Payments on Financing leases	(29,037)	(26,309)
Net Cash Provided (Used) by Financing Activities	<u>(92,883)</u>	<u>318,308</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(169,458)	588,787
Cash and Cash Equivalents - Beginning of Year	<u>4,287,352</u>	<u>3,698,565</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,117,894</u></u>	<u><u>\$ 4,287,352</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 47,952	\$ 50,972
Income Taxes	33,153	38,240
Total	<u><u>\$ 81,105</u></u>	<u><u>\$ 89,212</u></u>

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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 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.

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).

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

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 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.

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 2022 and 2021 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.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of State Bar (Continued)

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.

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.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of State Bar (Continued)

Office of General Counsel and Regulatory Programs (Continued)

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.

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.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of State Bar (Continued)

Law Practice Management and Member Services (Continued)

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.

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.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of State Bar (Continued)

Law Practice Management and Member Services (Continued)

Professional Development Program – offers services and resources to State Bar members in the area of law practice management. This includes continuing education courses, “how-to” manuals and workshops, and information, sample forms, checklists, and assessments on best practices for lawyers.

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.

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 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. 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.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

Programs of the Foundation (Continued)

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.

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.

Expanded Volunteer Attorney Program (Expanded VAP) – The Expanded VAP (also referred to as the “Modest Means Helpline”) was created to increase access to justice for low- to moderate-income New Mexicans. The Expanded VAP delivers legal assistance, outreach, and educational activities that assist this demographic statewide. The Expanded VAP is funded by the State of New Mexico Administrative Office of the Courts. The funds received from agencies are restricted for use by Expanded VAP 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.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Combined 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.

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 \$300 and \$858 for uncollectable receivables as of December 31, 2022 and 2021, 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 \$155,065 and \$142,309 for the years ended December 31, 2022 and 2021, respectively.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 or 2021.

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: 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.

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 licensing fees. Income is earned in the year of membership.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021, the Organization had \$3,393,752 and \$3,757,675 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.

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, 2022 and 2021.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2021. The Foundation held one fundraising event in 2022. Total fundraising revenue equaled \$10,550 and total fundraising expenses equaled \$4,691. The Foundation had a net revenue from fundraising in 2022 of \$5,859.

Advertising Costs

The Organization expenses advertising costs as incurred. Expenses incurred for the years ended December 31, 2022 and 2021 were approximately \$1,448 and \$2,079, respectively.

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, 2022 and 2021, the income tax liability was \$-0- and \$5,840, respectively. During the years ended December 31, 2022 and 2021, the provision for income taxes was \$33,153 and \$38,240, respectively.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (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 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 combined 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.

Subsequent Events

Management evaluated subsequent events through May 12, 2023 the date the combined financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to May 12, 2023, have been recognized in the combined financial statements for the fiscal year ended December 31, 2022. Events or transactions that provided evidence about conditions that did not exist at December 31, 2022, but arose before the combined financial statements were available to be issued have not been recognized in the combined financial statements for the fiscal year ended December 31, 2022.

NOTE 3 CASH AND CASH EQUIVALENTS

	2022	2021
State Bar of New Mexico	\$ 3,738,792	\$ 3,669,988
Bar Foundation	379,102	617,364
Total	<u>\$ 4,117,894</u>	<u>\$ 4,287,352</u>

At December 31, 2022 and 2021, cash and cash equivalents of \$1,638,483 and \$1,028,255, respectively, was cash held for long-term pass-through obligations.

NOTE 4 CERTIFICATES OF DEPOSIT

At December 31, 2022, a Certificate of Deposit was held by a bank with total value of \$257,625, an interest rate of 0.60%, and a maturity date of January 18, 2023.

At December 31, 2022, a Certificate of Deposit was held by a bank with total value of \$256,327 an interest rate of 0.35%, and a maturity date of December 18, 2023.

At December 31, 2021, a Certificate of Deposit was held by a bank with total value of \$256,817, an interest rate of 0.30%, and a maturity date of January 18, 2022.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 CERTIFICATES OF DEPOSIT (CONTINUED)

At December 31, 2021, a Certificate of Deposit was held by a bank with total value of \$255,468 an interest rate of 0.35%, and a maturity date of December 18, 2022.

NOTE 5 DUE FROM OTHER ORGANIZATIONS AND PASS-THROUGH OBLIGATIONS

During the years ended December 31, 2022 and 2021, State Bar charged other organizations \$23,932 and \$24,392, 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:

	2022	2021
The Disciplinary Board	\$ 264,796	\$ 327,107
Funds Held on Behalf of Supreme Court	31,916	41,568
Access to Justice Fund Grant Commission	965,073	714,864
Other	81,655	152,928
Total	<u>\$ 1,343,440</u>	<u>\$ 1,236,467</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, 2022 and 2021, \$35,537 and \$25,575, 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:

	2022	2021
Bar Center:		
Capital Building Costs - Beginning of Year	\$ 3,149,374	\$ 3,116,242
Capital Building Improvements	35,911	33,132
Capital Building Costs - End of Year	3,185,285	3,149,374
Less: Accumulated Depreciation	(2,151,976)	(2,061,649)
Total	1,033,309	1,087,725
Land	546,242	546,242
Bar Center, Net	1,579,551	1,633,967
Furniture and Equipment	1,070,057	998,078
Less: Accumulated Depreciation	(789,897)	(725,158)
Furniture and Equipment, Net	280,160	272,920
Property and Equipment, Net	<u>\$ 1,859,711</u>	<u>\$ 1,906,887</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 7 DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
General Operating:		
Capital Licensing Fees Collected in Advance	\$ 578,077	\$ 651,040
Support for Judicial Wellness Program	60,000	120,000
Member Designated:		
Section Dues Collected in Advance	17,095	23,010
Total	<u>\$ 655,172</u>	<u>\$ 794,050</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, 2022.

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

Cash paid for amounts included in the measurement of lease liabilities	<u>Amount</u> \$ -
Financing cash flows from financing leases	(29,037)
Right-of-use assets obtained in exchange for new financing lease liabilities	-
Weighted-average remaining lease term-financing leases	1.9 years
Weighted-average discount rate - financing lease	8.55%

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

	<u>2022</u>	<u>2021</u>
Lease Cost:		
Finance Lease Cost	\$ 293,767	\$ 293,767
New Finance Leases	-	-
Amortization of Right-of-Use Assets	(220,094)	(191,057)
Interest on Lease Liabilities	(26,534)	(26,534)
Total Lease Cost	<u>\$ 47,139</u>	<u>\$ 76,176</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 23,479
2024	23,660
2025	-
2026	-
Thereafter	-
Total	<u>\$ 47,139</u>

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, 2022 and 2021. The line bears interest at 0.25% over Bank of the West prime rate (7.50% at December 31, 2022).

Paycheck Protection program (PPP) Loans

During 2021, the Foundation received a loan from the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of \$105,105, with a fixed interest rate of 1.00%, deferral period of 16 months from the date of the first disbursement, and monthly payments beginning September 1, 2022. The Foundation used all of the proceeds from the loan for qualifying expenses and thus received approval of its application for the loan to be forgiven on March 23, 2022. As such, the Foundation recognized a gain on forgiveness of \$105,105 for the year ended December 31, 2022.

Additionally, State Bar received a loan from the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of \$300,980 during 2021, with a fixed interest rate of 1.00%, deferral period of 16 months from the date of the first disbursement and monthly payments beginning September 1, 2022. State Bar used all of the proceeds from the loan for qualifying expenses and thus received approval of its application for the loan to be forgiven on April 5, 2022. As such, State Bar recognized a gain on forgiveness of \$300,980 for the year ended December 31, 2022.

During 2020, the Foundation received a loan from the 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. The Foundation used all of the proceeds from the loan for qualifying expenses and thus received approval of its application for the loan to be forgiven on May 25, 2021. As such, the Foundation recognized a gain on forgiveness of \$95,600 for the year ended December 31, 2021.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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

Paycheck Protection program (PPP) Loans (Continued)

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the combined financial statements.

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

<u>Description</u>	<u>2022</u>	<u>2021</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.	\$ 1,200,196	\$ 1,264,042
State Bar 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 \$300,980. The note is payable in 44 monthly installments of principal and interest starting on September 1, 2022 through 2026	-	300,980
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 \$105,105. The note is payable in 44 monthly installments of principal and interest starting on September 1, 2022 through 2026	-	105,105
Subtotal	1,200,196	1,670,127
Less: Current Maturities	(66,320)	(100,156)
Long-Term Debt, Net	<u>\$ 1,133,876</u>	<u>\$ 1,569,971</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 66,320
2024	68,766
2025	71,546
2026	74,315
2027	77,190
Thereafter	842,059
Total	<u>\$ 1,200,196</u>

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 IRC. 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 2022 and 2021 were \$77,926 and \$72,103, 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.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Member Refunds

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 licensing fees equal to his/her share of the financial burden related to that activity. During 2022 and 2021, 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 \$268,646 and \$330,356 from state awards for the years ended December 31, 2022 and 2021, respectively.

Expanded VAP

Starting in 2022, the Foundation receives a significant portion of its revenue for Expanded VAP from state awards. Expanded VAP received \$108,100 from state awards for the year ended December 31, 2022.

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:

	2022	2021
Practice Area Sections	\$ 96,664	\$ 90,554
Client Protection Fund	675,634	675,634
Judges and Lawyers Assistance	675,189	590,228
Total	<u>\$ 1,447,487</u>	<u>\$ 1,356,416</u>

During 2022 and 2021, \$365,629 and \$285,634 of net assets with donor restrictions were released to net assets without donor restrictions, respectively.

**STATE BAR OF NEW MEXICO AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 12 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, 2022 and 2021, the Organization made purchases totaling approximately \$14,934 and \$4,209, respectively, from these restaurants.

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.

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.

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 2,100,309	\$ 379,102	\$ 2,479,411	\$ -	\$ 2,479,411
Certificates of Deposit	513,952	-	513,952	-	513,952
Accounts Receivable, Net:					
Grants	-	49,567	49,567	-	49,567
Program Services/Trade	28,861	1,398	30,259	-	30,259
Prepaid Expenses	76,821	27,834	104,655	-	104,655
Total Current Assets	<u>2,719,943</u>	<u>457,901</u>	<u>3,177,844</u>	<u>-</u>	<u>3,177,844</u>
OTHER ASSETS					
Cash for Pass-Through Obligations	1,638,483	-	1,638,483	-	1,638,483
Due from Foundation/State Bar	523,990	-	523,990	(523,990)	-
Total Other Assets	<u>2,162,473</u>	<u>-</u>	<u>2,162,473</u>	<u>(523,990)</u>	<u>1,638,483</u>
PROPERTY AND EQUIPMENT					
Bar Center, Net	1,015,057	564,494	1,579,551	-	1,579,551
Furniture and Equipment, Net	250,565	29,595	280,160	-	280,160
Total Property and Equipment	<u>1,265,622</u>	<u>594,089</u>	<u>1,859,711</u>	<u>-</u>	<u>1,859,711</u>
Total Assets	<u><u>\$ 6,148,038</u></u>	<u><u>\$ 1,051,990</u></u>	<u><u>\$ 7,200,028</u></u>	<u><u>\$ (523,990)</u></u>	<u><u>\$ 6,676,038</u></u>

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	State Bar	State Bar Foundation	Combined	Eliminations	Combined
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 86,323	\$ 26,683	\$ 113,006	\$ -	\$ 113,006
Payroll and Related Liabilities	151,623	50,265	201,888	-	201,888
Accrued Expenses	8,292	-	8,292	-	8,292
Pass-Through Obligations	1,248,196	59,707	1,307,903	-	1,307,903
Deferred Revenue	655,172	-	655,172	-	655,172
Current Maturities of Long-Term Debt	66,320	-	66,320	-	66,320
Obligations Under Finance Leases - Current Portion	23,479	-	23,479	-	23,479
Total Current Liabilities	<u>2,239,405</u>	<u>136,655</u>	<u>2,376,060</u>	<u>-</u>	<u>2,376,060</u>
LONG-TERM LIABILITIES					
Due to Foundation/State Bar	-	523,990	523,990	(523,990)	-
Long-Term Debt	1,133,876	-	1,133,876	-	1,133,876
Obligations Under Finance Leases	23,660	-	23,660	-	23,660
Pass-Through Obligations	-	35,537	35,537	-	35,537
Total Long-Term Liabilities	<u>1,157,536</u>	<u>559,527</u>	<u>1,717,063</u>	<u>(523,990)</u>	<u>1,193,073</u>
Total Liabilities	3,396,941	696,182	4,093,123	(523,990)	3,569,133
NET ASSETS (DEFICITS)					
Without Donor Restrictions	1,314,485	344,933	1,659,418	-	1,659,418
With Donor Restrictions	1,436,612	10,875	1,447,487	-	1,447,487
Total Net Assets (Deficits)	<u>2,751,097</u>	<u>355,808</u>	<u>3,106,905</u>	<u>-</u>	<u>3,106,905</u>
Total Liabilities and Net Assets	<u>\$ 6,148,038</u>	<u>\$ 1,051,990</u>	<u>\$ 7,200,028</u>	<u>\$ (523,990)</u>	<u>\$ 6,676,038</u>

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	State Bar	State Bar Foundation	Combined	Eliminations	Combined
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 2,641,733	\$ 617,364	\$ 3,259,097	\$ -	\$ 3,259,097
Certificates of Deposit	512,285	-	512,285	-	512,285
Accounts Receivable, Net:					
Grants	-	28,854	28,854	-	28,854
Program Services/Trade	37,156	-	37,156	-	37,156
Prepaid Expenses	38,325	27,493	65,818	-	65,818
Total Current Assets	<u>3,229,499</u>	<u>673,711</u>	<u>3,903,210</u>	<u>-</u>	<u>3,903,210</u>
OTHER ASSETS					
Cash for Pass-Through Obligations	1,028,255	-	1,028,255	-	1,028,255
Due from Foundation/State Bar	706,731	-	706,731	(706,731)	-
Total Other Assets	<u>1,734,986</u>	<u>-</u>	<u>1,734,986</u>	<u>(706,731)</u>	<u>1,028,255</u>
PROPERTY AND EQUIPMENT					
Bar Center, Net	1,047,649	586,318	1,633,967	-	1,633,967
Furniture and Equipment, Net	260,355	12,565	272,920	-	272,920
Total Property and Equipment	<u>1,308,004</u>	<u>598,883</u>	<u>1,906,887</u>	<u>-</u>	<u>1,906,887</u>
 Total Assets	 <u>\$ 6,272,489</u>	 <u>\$ 1,272,594</u>	 <u>\$ 7,545,083</u>	 <u>\$ (706,731)</u>	 <u>\$ 6,838,352</u>

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	State Bar	State Bar Foundation	Combined	Eliminations	Combined
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 74,700	\$ 37,272	\$ 111,972	\$ -	\$ 111,972
Payroll and Related Liabilities	130,916	23,505	154,421	-	154,421
Accrued Expenses	11,780	-	11,780	-	11,780
Accrued Income Tax	5,840	-	5,840	-	5,840
Pass-Through Obligations	1,065,360	145,532	1,210,892	-	1,210,892
Deferred Revenue	794,050	-	794,050	-	794,050
Current Maturities of Long-Term Debt	100,156	-	100,156	-	100,156
Obligations Under Finance Leases - Current Portion	28,317	-	28,317	-	28,317
Total Current Liabilities	<u>2,211,119</u>	<u>206,309</u>	<u>2,417,428</u>	<u>-</u>	<u>2,417,428</u>
LONG-TERM LIABILITIES					
Due to Foundation/State Bar	-	706,731	706,731	(706,731)	-
Long-Term Debt	1,464,866	105,105	1,569,971	-	1,569,971
Obligations Under Finance Leases	47,859	-	47,859	-	47,859
Pass-Through Obligations	-	25,575	25,575	-	25,575
Total Long-Term Liabilities	<u>1,512,725</u>	<u>837,411</u>	<u>2,350,136</u>	<u>(706,731)</u>	<u>1,643,405</u>
Total Liabilities	3,723,844	1,043,720	4,767,564	(706,731)	4,060,833
NET ASSETS (DEFICITS)					
Without Donor Restrictions	1,202,217	218,886	1,421,103	-	1,421,103
With Donor Restrictions	1,346,428	9,988	1,356,416	-	1,356,416
Total Net Assets (Deficits)	<u>2,548,645</u>	<u>228,874</u>	<u>2,777,519</u>	<u>-</u>	<u>2,777,519</u>
Total Liabilities and Net Assets	<u>\$ 6,272,489</u>	<u>\$ 1,272,594</u>	<u>\$ 7,545,083</u>	<u>\$ (706,731)</u>	<u>\$ 6,838,352</u>

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(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	\$ 2,160,999	\$ -	\$ 2,160,999	\$ -	\$ 2,160,999
Continuing Legal Education Fees	-	1,008,078	1,008,078	(153,184)	854,894
Publications	290,499	-	290,499	(14,963)	275,536
Grants	-	376,746	376,746	-	376,746
Minimum Continuing Legal Education	258,413	-	258,413	(15,694)	242,719
Administration Fees	365,693	-	365,693	-	365,693
Contributions and Other	353,862	147,861	501,723	-	501,723
Client Protection Fund	145,504	-	145,504	-	145,504
Professional Development Center Rental	49,501	-	49,501	-	49,501
Total Revenues, Gains, and Public Support Without Donor Restrictions	3,624,471	1,532,685	5,157,156	(183,841)	4,973,315
NET ASSETS RELEASED FROM RESTRICTIONS					
Satisfaction of Program Restrictions	363,279	2,350	365,629	-	365,629
Total Net Assets Released from Restrictions	363,279	2,350	365,629	-	365,629
Total Revenues, Gains, and Other Support Without Donor Restrictions	3,987,750	1,535,035	5,522,785	(183,841)	5,338,944
EXPENSES					
Program Services	2,667,608	1,066,364	3,733,972	(183,841)	3,550,131
Support Services	1,207,868	342,630	1,550,498	-	1,550,498
Total Expenses	3,875,476	1,408,994	5,284,470	(183,841)	5,100,629

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	State Bar	State Bar Foundation	Combined	Eliminations	Combined
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE CHANGES RELATED TO ACQUISITION OF MCLE	\$ 112,274	\$ 126,041	\$ 238,315	\$ -	\$ 238,315
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Practice Area Sections	79,099	-	79,099	-	79,099
Judges and Lawyers Assistance	374,358	3,243	377,601	-	377,601
Revenue With Donor Restrictions	453,457	3,243	456,700	-	456,700
NET ASSETS RELEASED FROM DONOR RESTRICTIONS					
Practice Area Sections	(72,990)	-	(72,990)	-	(72,990)
Judges and Lawyers Assistance	(290,289)	(2,350)	(292,639)	-	(292,639)
Releases With Donor Restrictions	(363,279)	(2,350)	(365,629)	-	(365,629)
			-		-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	90,178	893	91,071	-	91,071
CHANGES IN NET ASSETS	202,452	126,934	329,386		329,386
Net Assets (Deficits) - Beginning of Year	2,548,645	228,874	2,777,519	-	2,777,519
NET ASSETS (DEFICITS) - END OF YEAR	<u>\$ 2,751,097</u>	<u>\$ 355,808</u>	<u>\$ 3,106,905</u>	<u>\$ -</u>	<u>\$ 3,106,905</u>

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(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	\$ 2,182,622	\$ -	\$ 2,182,622	\$ -	\$ 2,182,622
Continuing Legal Education Fees	-	869,332	869,332	(211,546)	657,786
Publications	300,976	-	300,976	(18,250)	282,726
Grants	-	330,356	330,356	-	330,356
Minimum Continuing Legal Education	303,891	-	303,891	(21,373)	282,518
Administration Fees	241,088	-	241,088	-	241,088
Contributions and Other	127,878	143,032	270,910	-	270,910
Client Protection Fund	142,891	-	142,891	-	142,891
Professional Development Center Rental	16,021	-	16,021	-	16,021
Total Revenues, Gains, and Public Support Without Donor Restrictions	3,315,367	1,342,720	4,658,087	(251,169)	4,406,918
NET ASSETS RELEASED FROM RESTRICTIONS					
Satisfaction of Program Restrictions	285,634	-	285,634	-	285,634
Total Revenues, Gains, and Other Support Without Donor Restrictions	3,601,001	1,342,720	4,943,721	(251,169)	4,692,552
EXPENSES					
Program Services	2,251,229	807,783	3,059,012	(251,169)	2,807,843
Support Services	1,203,718	264,727	1,468,445	-	1,468,445
Total Expenses	3,454,947	1,072,510	4,527,457	(251,169)	4,276,288

**STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

	State Bar	State Bar Foundation	Combined	Eliminations	Combined
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE CHANGES RELATED TO ACQUISITION OF MCLE	\$ 146,054	\$ 270,210	\$ 416,264	\$ -	\$ 416,264
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Practice Area Sections	62,558	-	62,558	-	62,558
Judges and Lawyers Assistance	307,329	3,489	310,818	-	310,818
Revenue With Donor Restrictions	369,887	3,489	373,376	-	373,376
NET ASSETS RELEASED FROM DONOR RESTRICTIONS					
Practice Area Sections	(58,573)	-	(58,573)	-	(58,573)
Judges and Lawyers Assistance	(227,061)	-	(227,061)	-	(227,061)
Releases With Donor Restrictions	(285,634)	-	(285,634)	-	(285,634)
	-	-	-	-	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	84,253	3,489	87,742	-	87,742
CHANGES IN NET ASSETS	230,307	273,699	504,006	-	504,006
Net Assets (Deficits) - Beginning of Year	2,318,338	(44,825)	2,273,513	-	2,273,513
NET ASSETS (DEFICITS) - END OF YEAR	<u>\$ 2,548,645</u>	<u>\$ 228,874</u>	<u>\$ 2,777,519</u>	<u>\$ -</u>	<u>\$ 2,777,519</u>

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,448	\$ -	\$ -	\$ -	\$ 1,448
Awards, Honors, and Recognition	-	-	4,768	-	4,768	-	-	-	-	-	-	-
Bad Debt	-	-	-	-	-	-	-	-	-	-	-	-
Bank Fees	-	-	-	-	-	-	19,073	-	-	-	-	19,073
Compensation, Taxes, and Benefits	312,701	460,836	460,824	355,090	1,589,451	-	168,331	416,409	-	-	-	584,740
Conferences, Conventions, and Meetings	258	2,520	39,440	-	42,218	-	650	1,342	-	-	-	1,992
Depreciation	66,582	-	-	-	66,582	33,016	-	-	-	-	-	33,016
Dues and Subscriptions	-	700	1,402	-	2,102	-	265	1,165	-	-	-	1,430
Education and Training	-	300	6,260	-	6,560	-	-	-	-	-	-	-
Furniture and Equipment	9,874	556	5,056	-	15,486	-	5,144	6,127	-	-	-	11,271
Information Technology	-	-	-	900	900	-	66,821	2,315	-	-	-	69,136
Insurance	-	517	4,124	-	4,641	-	-	1,724	-	-	-	1,724
Interest	47,952	-	-	4,304	52,256	-	-	-	-	-	-	-
Office Supplies	455	398	1,006	-	1,859	-	56	379	-	-	-	435
Outreach	-	-	162,831	-	162,831	-	-	150	-	-	-	150
Professional Fees	-	1,200	-	-	1,200	-	-	-	-	-	-	-
Postage and Delivery	-	2,059	1,077	59,301	62,437	-	75	819	-	-	-	894
Repairs, Maintenance, Occupancy, and Overhead	149,700	-	1,663	-	151,363	-	-	-	-	-	-	-
Services Provided to Members	-	13,240	100,011	122,272	235,523	-	334,453	-	-	-	-	334,453
Services Provided to the Public	-	179,368	62,779	-	242,147	-	-	1,018	3,234	-	2,350	6,602
Taxes and Fees	21,629	-	-	-	21,629	-	-	-	-	-	-	-
Other	-	850	2,805	-	3,655	-	-	-	-	-	-	-
Total Expenses	\$ 609,151	\$ 662,544	\$ 854,046	\$ 541,867	\$ 2,667,608	\$ 33,016	\$ 594,868	\$ 432,896	\$ 3,234	\$ -	\$ 2,350	\$ 1,066,364

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Support Services									
	State Bar			State Bar Foundation						
	Administration	Governance/ Board of Bar Commissioners	State Bar Total Support Expense	Administration	Fundraising	State Bar Foundation Total Support Expense	Total			
							State Bar	State Bar Foundation	Eliminations	Consolidated
Advertising and Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,448	\$ -	\$ 1,448
Awards, Honors, and Recognition	-	-	-	-	4,691	4,691	4,768	4,691	-	9,459
Bad Debt	271	-	271	-	-	-	271	-	-	271
Bank Fees	86,570	-	86,570	78	-	78	86,570	19,151	-	105,721
Compensation, Taxes, and Benefits	375,050	80,558	455,608	252,837	-	252,837	2,045,059	837,577	-	2,882,636
Conferences, Conventions, and Meetings	15,799	84,070	99,869	6,489	-	6,489	142,087	8,481	-	150,568
Depreciation	55,467	-	55,467	-	-	-	122,049	33,016	-	155,065
Dues and Subscriptions	7,761	-	7,761	180	-	180	9,863	1,610	-	11,473
Education and Training	11,639	-	11,639	-	-	-	18,199	-	-	18,199
Furniture and Equipment	25,224	-	25,224	-	-	-	40,710	11,271	-	51,981
Information Technology	202,516	-	202,516	26,283	-	26,283	203,416	95,419	-	298,835
Insurance	70,031	-	70,031	-	-	-	74,672	1,724	-	76,396
Interest	-	-	-	-	-	-	52,256	-	-	52,256
Office Supplies	4,326	-	4,326	-	-	-	6,185	435	-	6,620
Outreach	913	2,156	3,069	-	-	-	165,900	150	(135,247)	30,803
Professional Fees	26,268	-	26,268	15,575	-	15,575	27,468	15,575	-	43,043
Postage and Delivery	6,971	72	7,043	15	-	15	69,480	909	-	70,389
Repairs, Maintenance, Occupancy, and Overhead	13,155	-	13,155	27,219	-	27,219	164,518	27,219	-	191,737
Services Provided to Members	80,000	4,325	84,325	9,250	-	9,250	319,848	343,703	(43,927)	619,624
Services Provided to the Public	-	-	-	-	-	-	242,147	6,602	(4,667)	244,082
Taxes and Fees	33,153	-	33,153	13	-	13	54,782	13	-	54,795
Other	10,439	11,134	21,573	-	-	-	25,228	-	-	25,228
Total Expenses	\$ 1,025,553	\$ 182,315	\$ 1,207,868	\$ 337,939	\$ 4,691	\$ 342,630	\$ 3,875,476	\$ 1,408,994	\$ (183,841)	\$ 5,100,629

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Awards, Honors, and Recognition	-	-	4,386	-	4,386	-	-	-	-	-	-	-
Bad Debt	-	-	-	-	-	-	-	-	-	-	-	-
Bank Fees	-	-	-	-	-	-	17,215	-	-	-	-	17,215
Compensation, Taxes, and Benefits	123,823	423,804	348,640	361,214	1,257,481	-	153,792	384,280	-	-	-	538,072
Conferences, Conventions, and Meetings	309	160	25,661	-	26,130	-	189	394	-	-	-	583
Depreciation	65,035	-	-	-	65,035	30,626	-	-	-	-	-	30,626
Dues and Subscriptions	-	700	1,258	333	2,291	-	265	1,079	-	-	-	1,344
Education and Training	-	-	4,277	100	4,377	-	-	-	-	-	-	-
Furniture and Equipment	991	-	3,014	-	4,005	-	476	333	-	-	-	809
Information Technology	-	16,037	-	1,991	18,028	-	75,785	600	-	-	-	76,385
Insurance	-	546	4,002	-	4,548	-	-	1,820	-	-	-	1,820
Interest	50,972	-	-	5,753	56,725	-	-	-	-	-	-	-
Office Supplies	682	754	654	166	2,256	-	-	199	-	-	-	199
Outreach	-	-	198,951	-	198,951	-	-	-	-	-	-	-
Professional Fees	-	1,200	-	-	1,200	-	-	-	-	-	-	-
Postage and Delivery	-	2,596	726	52,866	56,188	-	39	340	-	-	-	379
Repairs, Maintenance, Occupancy, and Overhead	140,765	-	1,485	-	142,250	-	-	-	-	-	-	-
Services Provided to Members	-	34,430	87,168	100,511	222,109	-	136,591	-	-	-	-	136,591
Services Provided to the Public	-	85,600	68,294	-	153,894	-	-	684	2,076	-	-	2,760
Taxes and Fees	18,583	-	-	-	18,583	-	-	-	-	-	-	-
Other	-	8,018	4,774	-	12,792	-	-	-	-	-	-	-
Total Expenses	\$ 401,160	\$ 573,845	\$ 753,290	\$ 522,934	\$ 2,251,229	\$ 30,626	\$ 384,352	\$ 390,729	\$ 2,076	\$ -	\$ -	\$ 807,783

STATE BAR OF NEW MEXICO AND AFFILIATE
COMBINING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Support Services									
	State Bar			State Bar Foundation			Total			
	Administration	Governance/ Board of Bar Commissioners	State Bar Total Support Expense	Administration	Fundraising	State Bar Foundation Total Support Expense				
							State Bar	State Bar Foundation	Eliminations	Consolidated
Advertising and Marketing	\$ 1,079	\$ -	\$ 1,079	\$ -	\$ -	\$ -	\$ 1,079	\$ 1,000	\$ -	\$ 2,079
Awards, Honors, and Recognition	1,000	-	1,000	-	-	-	5,386	-	-	5,386
Bad Debt	758	-	758	-	-	-	758	-	-	758
Bank Fees	90,774	-	90,774	50	-	50	90,774	17,265	-	108,039
Compensation, Taxes, and Benefits	488,416	52,564	540,980	203,917	-	203,917	1,798,461	741,989	-	2,540,450
Conferences, Conventions, and Meetings	4,008	31,852	35,860	11	-	11	61,990	594	-	62,584
Depreciation	46,648	-	46,648	-	-	-	111,683	30,626	-	142,309
Dues and Subscriptions	6,352	-	6,352	-	-	-	8,643	1,344	-	9,987
Education and Training	1,617	-	1,617	-	-	-	5,994	-	-	5,994
Furniture and Equipment	11,498	-	11,498	-	-	-	15,503	809	-	16,312
Information Technology	226,777	-	226,777	30,831	-	30,831	244,805	107,216	-	352,021
Insurance	62,272	-	62,272	-	-	-	66,820	1,820	-	68,640
Interest	-	-	-	-	-	-	56,725	-	-	56,725
Office Supplies	4,634	-	4,634	-	-	-	6,890	199	-	7,089
Outreach	1,241	2,110	3,351	-	-	-	202,302	-	(170,745)	31,557
Professional Fees	32,832	-	32,832	4,837	-	4,837	34,032	4,837	-	38,869
Postage and Delivery	6,807	150	6,957	9	-	9	63,145	388	-	63,533
Repairs, Maintenance, Occupancy, and Overhead	6,859	-	6,859	25,037	-	25,037	149,109	25,037	-	174,146
Services Provided to Members	80,000	257	80,257	-	-	-	302,366	136,591	(79,909)	359,048
Services Provided to the Public	-	-	-	-	-	-	153,894	2,760	(515)	156,139
Taxes and Fees	38,240	-	38,240	35	-	35	56,823	35	-	56,858
Other	4,877	96	4,973	-	-	-	17,765	-	-	17,765
Total Expenses	\$ 1,116,689	\$ 87,029	\$ 1,203,718	\$ 264,727	\$ -	\$ 264,727	\$ 3,454,947	\$ 1,072,510	\$ (251,169)	\$ 4,276,288



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