

STATE BAR OF NEW MEXICO AND AFFILIATE

Combined Financial Statements
For the Years Ended December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined financial statements of State Bar of New Mexico and New Mexico State Bar Foundation (collectively, the Organization), both not-for-profit corporations, which comprise the combined statements of financial position as of December 31, 2015 and 2014, and the related combined statements of activities 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 audits 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 combined 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 entity'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 entity'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.

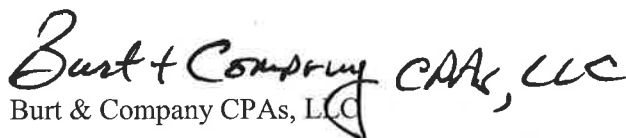
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015 and 2014, 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

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. Schedules I and II on pages 21-26 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the 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 financial statements as a whole.


Burt & Company CPAs, LLC

August 22, 2016

STATE BAR OF NEW MEXICO AND AFFILIATE
 Combined Statements of Financial Position
 December 31, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 1,618,212	1,944,327
Certificates of deposit	500,551	-
Receivables, net:		
Grants	23,562	20,962
Program services/trade	41,845	51,283
Due from other organizations	-	12,300
Prepaid expenses and inventory	<u>52,795</u>	<u>55,244</u>
Total current assets	2,236,965	2,084,116
Bar Center, net	2,026,855	2,085,089
Furniture and equipment, net	<u>519,457</u>	<u>643,989</u>
Total assets	\$ <u>4,783,277</u>	<u>4,813,194</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 266,076	232,865
Accrued income tax	41,690	51,984
Pass-through obligations	658,276	547,417
Deferred revenue	545,329	461,957
Current maturities of long-term debt	47,197	40,139
Obligations under capital leases - current portion	<u>91,192</u>	<u>86,431</u>
Total current liabilities	1,649,760	1,420,793
Long-term liabilities:		
Long-term debt - noncurrent portion	1,564,902	1,713,556
Obligations under capital leases - noncurrent portion	<u>295,698</u>	<u>386,889</u>
Total long-term liabilities	<u>1,860,600</u>	<u>2,100,445</u>
Total liabilities	3,510,360	3,521,238
Net assets		
Unrestricted	639,746	610,575
Temporarily restricted	<u>633,171</u>	<u>681,381</u>
Total net assets	<u>1,272,917</u>	<u>1,291,956</u>
Total liabilities and net assets	\$ <u>4,783,277</u>	<u>4,813,194</u>

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

STATE BAR OF NEW MEXICO AND AFFILIATE
 Combined Statements of Activities
 For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Changes in unrestricted net assets		
Revenues, gains and public support:		
Member dues	\$ 1,895,233	1,804,239
Continuing legal education fees	854,490	798,194
Publications	357,130	423,173
Grants	306,596	327,263
Administration fees	191,040	240,649
Contributions and other	117,585	117,609
Client protection fund	123,810	112,245
Professional development center rental	78,566	70,293
Total revenues, gains, and public support	<u>3,924,450</u>	<u>3,893,665</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>104,360</u>	<u>60,895</u>
Total net assets released from restrictions	<u>104,360</u>	<u>60,895</u>
Total unrestricted revenues, gains and other support	4,028,810	3,954,560
Expenses:		
Administration	1,799,182	1,617,500
Continuing legal education	516,968	580,595
Membership services	413,438	388,101
Legal services to the public	380,269	398,550
Publications	250,238	311,639
Bar center/PDC	219,544	232,936
Client protection	126,832	44,214
Sections	101,427	60,894
Board of Bar Commissioners	72,499	45,552
Divisions and Committees	72,148	69,784
Mentorship program	38,264	37,086
Access to Justice	8,830	39,891
Total expenses	<u>3,999,639</u>	<u>3,826,742</u>
Increase in unrestricted net assets	29,171	127,818
Changes in temporarily restricted net assets		
Practice area sections	56,150	52,040
Client protection fund	-	-
Temporarily restricted revenue	<u>56,150</u>	<u>52,040</u>
Net assets released from restrictions	<u>(104,360)</u>	<u>(60,895)</u>
(Decrease) in temporarily restricted net assets	<u>(48,210)</u>	<u>(8,855)</u>
Changes in net assets	(19,039)	118,963
Net assets, beginning of year	<u>1,291,956</u>	<u>1,172,993</u>
Net assets, end of year	\$ <u>1,272,917</u>	<u>1,291,956</u>

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

STATE BAR OF NEW MEXICO AND AFFILIATE
 Combined Statements of Cash Flows
 For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in unrestricted net assets	\$ 29,171	127,818
Change in temporarily restricted net assets	<u>(48,210)</u>	<u>(8,855)</u>
Total change in net assets	(19,039)	118,963
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	249,292	179,097
Gain on disposal of assets	-	(16,142)
Change in operating assets and liabilities:		
Receivables	19,138	5,982
Prepaid expenses and inventory	2,449	28,875
Accounts payable and accrued expenses	33,211	11,051
Accrued income tax	(10,294)	51,984
Pass-through obligations	110,859	(50,636)
Deferred revenue	<u>83,372</u>	<u>(62,513)</u>
Total adjustments	488,027	147,698
Net cash provided by operating activities	468,988	266,661
Cash flows from investing activities:		
Purchase of certificates of deposit	(500,551)	-
Purchase of assets	(66,526)	(152,317)
Proceeds from sale of assets	<u>-</u>	<u>16,500</u>
Net cash used in investing activities	(567,077)	(135,817)
Cash flows from financing activities:		
Principal payments on long-term debt	(141,596)	(53,316)
Principal payments on capital leases	<u>(86,430)</u>	<u>(48,128)</u>
Net cash used by financing activities	(228,026)	(101,444)
Net (decrease) increase in cash and cash equivalents	(326,115)	29,400
Cash and cash equivalents, beginning of year	<u>1,944,327</u>	<u>1,914,927</u>
Cash and cash equivalents, end of year	\$ <u>1,618,212</u>	<u>1,944,327</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>106,479</u>	<u>104,257</u>
Income taxes paid	\$ <u>51,984</u>	<u>-</u>
Non-cash transactions:		
Equipment acquired through capital lease	\$ <u>-</u>	<u>407,056</u>

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

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

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 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 dues; publications, including a *Bar Bulletin* and a *Bar Directory*; and development and promotion of programs for the membership and the public, such as annual meeting, membership programs, public legal education and information, lawyer referral, 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, and the two organizations are financially interrelated. Therefore, as State Bar has a controlling financial interest in the Foundation, their financial statements have been combined as required by accounting principles generally accepted in the United States of America, collectively referred to as the Organization. Significant intercompany accounts and transactions are eliminated in combination.

The purposes of the Foundation are 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 of 1986 (or any corresponding future United States Internal Revenue Code revision).

A. Programs of State Bar

State Bar's principal programs are comprised of:

Communications - Publishes a weekly *Bar Bulletin*, and the annual *Bench and Bar Directory* for State Bar members and other interested individuals and subscribers. Communications also manages public legal education programs and publications, and printing/production jobs for internal and outside entities.

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

1. Definition of Reporting Entity (continued)

A. Programs of State Bar (continued)

Membership Programs and 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.

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.

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.

Online Legal Research - The Board of Bar Commissioners has entered into a contract with Fastcase to provide free online legal research for State Bar members.

Professional Development Center - The Bar Center offers use of rooms as a service to members of the State Bar. They are also available to rent for interested parties.

Legal Services to the Public - State Bar funds committees and programs that support legal services to the people of New Mexico. Several public education and legal services programs are sponsored by the Young Lawyers Division (YLD), including Constitution Day, V.A. Civil Legal Advice Clinics, Law Day, and Wills for Heroes.

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.

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

1. Definition of Reporting Entity (continued)

A. Programs of State Bar (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 twelve month period. Mentors and new lawyers meet a minimum of 12 times, seven of which must be in person, to discuss the practical issues in the practice of law and to complete activities chosen from a mentoring curriculum. 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.

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 member 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 carryover 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.

Regulatory Program

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:

Attorney Helpline (member and non-admitted) - Provides members of the State Bar and non-admitted attorneys information and referrals in the areas of attorney regulation, ethics, registrations, rules, IOLTA and general practice.

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.

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

1. Definition of Reporting Entity (continued)

A. Programs of State Bar (continued)

Ethics 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.

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 and distributes them at the direction of the New Mexico Supreme Court. The funds are used to provide civil legal assistance to the poor, legal education and improvements to the administration of justice in New Mexico.

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 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.

Lawyers Professional Liability and Insurance Committee - Advises the State Bar regarding risk management activities and provides information on professional malpractice insurance for members.

Pro Hac Vice - Pursuant to Rule 24-106 NMRA, the State Bar of New Mexico collects a registration fee of \$450 from non-admitted attorneys intending to appear in civil actions before New Mexico courts. Subsequent registration fees of \$275 are

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

1. Definition of Reporting Entity (continued)

A. Programs of State Bar (continued)

collected for additional appearances limited to five registrations in total. The State Bar holds these fees in the Access to Justice Fund on behalf of the New Mexico Supreme Court, which must be distributed annually by order of the Supreme Court to nonprofit organizations providing or supporting the provision of civil legal services to the poor. The State Plan for delivery of civil legal services is to be used as a guide for distribution of these funds and as the State Plan is revised, these guidelines may also be revised. The State Bar receives an administrative fee of \$25 from each registration fee.

Governance - 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 2015 and 2014, respectively, they had four and four 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 IRS travel policies.

B. Programs of the Foundation

The Foundation's principal programs are comprised of:

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:

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.

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, 2015 and 2014

1. Definition of Reporting Entity (continued)

B. Programs of the Foundation (continued)

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.

2. Summary of Significant Accounting Policies

A. Use of Estimates in Preparing Financial Statements

The preparation of combined financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

B. 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization reports unrestricted net assets and temporarily restricted net assets at December 31, 2015 and 2014. The Organization did not have any permanently restricted net assets.

C. 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.

D. 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

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

D. Accounts Receivable (continued)

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 \$9,800 for uncollectable receivables as of December 31, 2015 and 2014.

E. 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 expense totaled \$249,292 and \$179,097 for the years ended December 31, 2015 and 2014, respectively.

F. Inventories

Inventories are stated at the lower of cost (first-in, first-out basis) or market.

G. Revenue Recognition

Dues, subscriptions, and advertising are recognized as revenue in the period to which they relate. Amounts collected in advance are recorded as deferred revenue until earned.

Dues designated for the operation of the Bar Center are recognized as revenue in the period to which they relate. Amounts collected in advance are recorded as deferred revenue until earned.

H. Financial Instruments

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

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

I. 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, 2015 and 2014, the Organization had \$600,505 and \$1,416,981 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.

J. 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:

Unrestricted - Unrestricted net assets represent those resources that are not restricted by their source, or for which source-imposed restrictions have expired. Included in unrestricted are mandatory dues fees that are designated for the Client Protection Fund program.

Temporarily Restricted - Temporarily restricted net assets 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.

The Organization records contributions as temporarily restricted 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions received and expended in the same accounting period are recorded in the unrestricted net asset category. The Organization reports both unrestricted net assets and temporarily restricted net assets at December 31, 2015 and 2014.

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

K. Contributions

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.

L. 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.

M. Advertising Costs

The Organization expenses advertising costs as incurred. Expenses incurred for the years ended December 31, 2015 and 2014 were \$3,801 and \$9,949, respectively.

N. Income Taxes

State Bar is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. 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. During the years ended December 31, 2015 and 2014, respectively, the provision for income taxes was \$41,690 and \$51,984.

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. 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)(2).

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.

As of December 31, 2015, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2012 forward.

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

O. 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.

P. Reclassifications

Certain amounts in the 2014 financial statements have been reclassified for comparative purposes to conform to the 2015 presentation.

Q. Subsequent Events

Management evaluated subsequent events through August 22, 2016, the date the financial statements were available to be issued.

3. Cash and Cash Equivalents

	2015	2014
State Bar of New Mexico	\$ 1,293,237	1,350,068
Bar Foundation	324,975	594,259
Total cash and cash equivalents	\$ 1,618,212	1,944,327

4. Certificates of Deposits

At December 31, 2015 a Certificate of Deposit was held by a bank with total value of \$250,151, an interest rate of 0.12%, and a maturity date of January 13, 2016.

At December 31, 2015 a Certificate of Deposit was held by a bank with a value of \$250,350, an interest rate of 0.3%, and a maturity date of January 14, 2016.

5. Due from other Organizations and Pass-Through Obligations

During the years ended December 31, 2015 and 2014, State Bar charged other organizations \$29,397 and \$29,541, respectively, for administrative and accounting services.

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

5. Due from other Organizations and Pass-Through Obligations (continued)

At December 31, receivables arising from daily business activities were as follows:

	<u>2015</u>	<u>2014</u>
Western States Conference	\$ -	12,300
Total	\$ -	12,300

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>2015</u>	<u>2014</u>
The Disciplinary Board	\$ 268,472	314,520
Funds held on behalf of Supreme Court	358,207	197,782
Other	31,597	35,115
Total pass-through obligations	\$ 658,276	547,417

Funds held on behalf of Supreme Court represent pro bono contributions and pro hac vice fees that the State Bar has collected and are pending disbursement as ordered by Supreme Court.

6. Property and Equipment

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

	<u>2015</u>	<u>2014</u>
Bar Center:		
Capital building costs, beginning of year	\$ 2,947,704	2,924,628
Capital building improvements	43,078	23,076
Capital building cost, end of year	2,990,782	2,947,704
Less accumulated depreciation	<u>(1,510,169)</u>	<u>(1,408,857)</u>
	1,480,613	1,538,847
Land	546,242	546,242
	\$ <u>2,026,855</u>	<u>2,085,089</u>
Furniture and Equipment:		
Furniture and equipment	\$ 1,218,108	1,194,660
Less accumulated depreciation	<u>(698,651)</u>	<u>(550,671)</u>
	\$ <u>519,457</u>	<u>643,989</u>

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

7. Deferred Revenue

Deferred revenue consisted of the following at December 31:

	2015	2014
General operating:		
Capital member dues collected in advance	\$ 528,944	448,877
Member designated		
Section dues collected in advance	16,385	13,080
Total	\$ 545,329	461,957

8. Leases

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

	2015	2014
Equipment	\$ 510,331	510,331
Less accumulated depreciation	151,792	49,725
Total	\$ 358,539	460,606

The Organization leases equipment under a capital lease agreement that expires December 2017. At December 31, 2015 and 2014, lease amortization expense of \$102,067 and \$27,439, respectively, is included in depreciation expense. Future minimum lease payments for capital leases, excluding executor costs, are as follows at December 31:

2016	\$	109,763
2017		109,763
2018		109,763
2019		100,616
Net minimum lease obligations		429,905
Less interest		43,015
Present value of minimum lease payments		386,890
Less current portion		91,192
Obligations under capital leases, net of current portion	\$	295,698

The Organization leased equipment under operating lease that expired on February 2016. During October 2014, the capital and operating leases for printing and production equipment were consolidated into a new 60-month capital lease agreement, with monthly payments of \$8,701, in exchange for new equipment. Total rent expense was \$0 and \$36,045, respectively, for the years ended December 31, 2015 and 2014.

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

9. Short-Term Borrowings and Long-Term Debt

The Company 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, 2015 and 2014. The line bears interest at 1.625% over the Wall Street Prime rate (3.25% at December 31, 2014) and is secured by the Organization's ownership interest in the Bar Center. The line of credit matures May 13, 2016.

Long-term debt consists of the following:

	2015	2014
State Bar mortgage note payable to a financial institution used to finance the State Bar's interest in the Bar Center. The note has a variable interest rate set at an initial rate of 4.875% and face amount of \$1,800,000. The note is payable in monthly installments of principal and interest at inception of the obligation of \$10,395 and matures October 15, 2023. The note is secured by the Organization's ownership interest in the Bar Center.	\$ 1,612,099	1,753,695
	1,612,099	1,753,695
Less current maturities	47,197	40,139
Total	\$ 1,564,902	1,713,556

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

2016	\$	47,197
2017		49,550
2018		52,020
2019		54,614
2020		57,337
Thereafter		1,351,381
Total	\$	1,612,099

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

STATE BAR OF NEW MEXICO AND AFFILIATE
Notes to Combined Financial Statements
December 31, 2015 and 2014

10. Commitments and Contingencies (continued)

for the Bar Center project. State Bar's interest in the Bar Center, following the Foundation's final buy-in, is approximately 63 percent. State Bar's interest in the Bar Center was largely funded through mortgage debt.

A. 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 Internal Revenue Code. The Organization matches contributions equal to 100 percent of the employee contribution up to 5 percent 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 2015 and 2014 were \$60,335 and \$58,104, respectively.

B. Cafeteria Plan

The Organization adopted a "Cafeteria Plan" under the provisions of Section 125 of the Internal Revenue Code, 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.

C. 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 2015 and 2014, there were no refunds of membership dues made related to these challenge proceedings.

D. LREP

The Foundation receives a significant portion of its revenue for LREP from state awards. LREP received \$306,596 and \$327,263, respectively, from state awards for the years ended December 31, 2015 and 2014. 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, 2015 and 2014

10. Commitments and Contingencies (continued)

E. 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.

11. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31:

	2015	2014
Practice area sections	\$ 48,058	96,268
Client Protection Fund	585,113	585,111
Total	\$ 633,171	681,379

12. Prior Period Adjustment

During 2015, management discovered financial statement errors that caused an understatement of December 31, 2014 accrued income tax and administration expenses of \$51,984, and overstated unrestricted net assets of \$51,984. The effect of this error on the 2014 accrued tax liability administration expenses, change in unrestricted net assets and unrestricted net assets has been corrected on the 2014 financial statements presented in this report.

13. Subsequent Pronouncement ASU-2015-17 – Income Taxes (Topic 740)

Under this new standard, deferred tax liabilities and assets are classified as noncurrent in the statement of financial position. In addition, for each taxpaying component of the Organization and within a particular tax jurisdiction, all deferred tax liabilities and assets, including any related valuation allowance, are offset and presented as a single noncurrent amount.

This change can be applied retrospectively and or prospectively starting fiscal year 2018. Management has not assessed the overall effects of this change yet.

SUPPLEMENTARY INFORMATION

STATE BAR OF NEW MEXICO AND AFFILIATE
Schedule I - Combining Statements of Financial Position
For the Year Ended December 31, 2015

<u>ASSETS</u>	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
Current assets:					
Cash and cash equivalents	\$ 1,293,237	324,975	1,618,212	-	1,618,212
Certificates of deposit	500,551	-	500,551	-	500,551
Receivables, net:					
Grants	-	23,562	23,562	-	23,562
Program services/trade	9,200	32,645	41,845	-	41,845
Due from other organizations	-	-	-	-	-
Prepaid expenses and inventory	45,718	7,077	52,795	-	52,795
Total current assets	<u>1,848,706</u>	<u>388,259</u>	<u>2,236,965</u>	-	<u>2,236,965</u>
Due from Foundation/State Bar	918,996	-	918,996	(918,996)	-
Bar Center, net	1,310,978	715,877	2,026,855	-	2,026,855
Furniture and equipment, net	506,341	13,116	519,457	-	519,457
Total assets	<u>\$ 4,585,021</u>	<u>1,117,252</u>	<u>5,702,273</u>	<u>(918,996)</u>	<u>4,783,277</u>
 <u>LIABILITIES AND NET ASSETS</u>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 208,287	57,789	266,076	-	266,076
Accrued income tax	41,690	-	41,690	-	41,690
Pass-through obligations	656,729	1,547	658,276	-	658,276
Deferred revenue	538,729	6,600	545,329	-	545,329
Current maturities of long-term debt	47,197	-	47,197	-	47,197
Obligations under capital leases - current portion	91,192	-	91,192	-	91,192
Total current liabilities	<u>1,583,824</u>	<u>65,936</u>	<u>1,649,760</u>	-	<u>1,649,760</u>
Long-term liabilities:					
Due to Foundation/State Bar	-	918,996	918,996	(918,996)	-
Long-term debt	1,564,902	-	1,564,902	-	1,564,902
Obligations under capital leases	295,698	-	295,698	-	295,698
Total long-term liabilities	<u>1,860,600</u>	<u>918,996</u>	<u>2,779,596</u>	<u>(918,996)</u>	<u>1,860,600</u>
Total liabilities	<u>3,444,424</u>	<u>984,932</u>	<u>4,429,356</u>	<u>(918,996)</u>	<u>3,510,360</u>
Net assets:					
Unrestricted	507,426	132,320	639,746	-	639,746
Temporarily restricted	633,171	-	633,171	-	633,171
Total net assets	<u>1,140,597</u>	<u>132,320</u>	<u>1,272,917</u>	<u>-</u>	<u>1,272,917</u>
Total liabilities and net assets	<u>\$ 4,585,021</u>	<u>1,117,252</u>	<u>5,702,273</u>	<u>(918,996)</u>	<u>4,783,277</u>

See independent auditors' report.

STATE BAR OF NEW MEXICO AND AFFILIATE
Schedule I - Combining Statements of Financial Position (continued)
For the Year Ended December 31, 2014

<u>ASSETS</u>	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
Current assets:					
Cash and cash equivalents	\$ 1,350,068	594,259	1,944,327	-	1,944,327
Receivables, net:					
Grants	-	20,962	20,962	-	20,962
Program services/trade	38,206	13,077	51,283	-	51,283
Due from other organizations	12,300	-	12,300	-	12,300
Prepaid expenses and inventory	45,100	10,144	55,244	-	55,244
Total current assets	<u>1,445,674</u>	<u>638,442</u>	<u>2,084,116</u>	-	<u>2,084,116</u>
Due from Foundation/State Bar	1,045,118	-	1,045,118	(1,045,118)	-
Bar Center, net	1,342,977	742,112	2,085,089	-	2,085,089
Furniture and equipment, net	<u>626,222</u>	<u>17,767</u>	<u>643,989</u>	-	<u>643,989</u>
Total assets	<u>\$ 4,459,991</u>	<u>1,398,321</u>	<u>5,858,312</u>	<u>(1,045,118)</u>	<u>4,813,194</u>
 <u>LIABILITIES AND NET ASSETS</u>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 170,685	62,180	232,865	-	232,865
Accrued income tax	51,984	-	51,984	-	51,984
Pass-through obligations	536,690	10,727	547,417	-	547,417
Deferred revenue	456,961	4,996	461,957	-	461,957
Current maturities of long-term debt	40,139	-	40,139	-	40,139
Obligations under capital leases - current portion	<u>86,431</u>	<u>-</u>	<u>86,431</u>	<u>-</u>	<u>86,431</u>
Total current liabilities	<u>1,342,890</u>	<u>77,903</u>	<u>1,420,793</u>	<u>-</u>	<u>1,420,793</u>
Long-term liabilities:					
Due to Foundation/State Bar	-	1,045,118	1,045,118	(1,045,118)	-
Long-term debt	1,713,556	-	1,713,556	-	1,713,556
Obligations under capital leases	<u>386,889</u>	<u>-</u>	<u>386,889</u>	<u>-</u>	<u>386,889</u>
Total long-term liabilities	<u>2,100,445</u>	<u>1,045,118</u>	<u>3,145,563</u>	<u>(1,045,118)</u>	<u>2,100,445</u>
Total liabilities	<u>3,443,335</u>	<u>1,123,021</u>	<u>4,566,356</u>	<u>(1,045,118)</u>	<u>3,521,238</u>
Net assets					
Unrestricted	335,275	275,300	610,575	-	610,575
Temporarily restricted	<u>681,381</u>	<u>-</u>	<u>681,381</u>	<u>-</u>	<u>681,381</u>
Total net assets	<u>1,016,656</u>	<u>275,300</u>	<u>1,291,956</u>	<u>-</u>	<u>1,291,956</u>
Total liabilities and net assets	<u>\$ 4,459,991</u>	<u>1,398,321</u>	<u>5,858,312</u>	<u>(1,045,118)</u>	<u>4,813,194</u>

See independent auditors' report.

STATE BAR OF NEW MEXICO AND AFFILIATE
Schedule II - Combining Statements of Activities
For the Year Ended December 31, 2015

	State Bar	State Bar Foundation	Combined	Eliminations	Combined
Changes in unrestricted net assets:					
Revenues, gains and public support:					
Member dues	\$ 1,895,233	-	1,895,233	-	1,895,233
Continuing legal education fees	-	854,490	854,490	-	854,490
Publications	428,880	-	428,880	(71,750)	357,130
Grants	-	306,596	306,596	-	306,596
Administration fees	191,040	-	191,040	-	191,040
Contributions and other	92,164	25,421	117,585	-	117,585
Client protection fund	123,810	-	123,810	-	123,810
Professional development center rental	78,566	-	78,566	-	78,566
Total revenues, gains, and public support	2,809,693	1,186,507	3,996,200	(71,750)	3,924,450
Net assets released from restrictions:					
Satisfaction of program restrictions	104,360	-	104,360	-	104,360
Total net assets released from restrictions	104,360	-	104,360	-	104,360
Total unrestricted revenues, gains and other support	2,914,053	1,186,507	4,100,560	(71,750)	4,028,810
Expenses:					
Administration	1,447,733	351,449	1,799,182	-	1,799,182
Continuing legal education	-	588,718	588,718	(71,750)	516,968
Membership services	413,438	-	413,438	-	413,438
Legal services to the public	-	380,269	380,269	-	380,269
Publications	250,238	-	250,238	-	250,238
Bar Center/PDC	219,323	221	219,544	-	219,544
Client protection	126,832	-	126,832	-	126,832
Sections	101,427	-	101,427	-	101,427
Board of Bar Commissioners	72,499	-	72,499	-	72,499
Divisions and Committees	72,148	-	72,148	-	72,148
Mentorship program	38,264	-	38,264	-	38,264
Access to Justice	-	8,830	8,830	-	8,830
Total expenses	2,741,902	1,329,487	4,071,389	(71,750)	3,999,639
Increase (decrease) in unrestricted net assets	172,151	(142,980)	29,171	-	29,171

See independent auditors' report.

STATE BAR OF NEW MEXICO AND AFFILIATE
Schedule II - Combining Statements of Activities (continued)
For the Year Ended December 31, 2015

	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
Changes in temporarily restricted net assets:					
Practice area sections	56,150	-	56,150	-	56,150
Client protection fund	-	-	-	-	-
Net assets released from restrictions	<u>(104,360)</u>	<u>-</u>	<u>(104,360)</u>	<u>-</u>	<u>(104,360)</u>
Increase (decrease) in temporarily restricted net assets	<u>(48,210)</u>	<u>-</u>	<u>(48,210)</u>	<u>-</u>	<u>(48,210)</u>
Change in net assets	123,941	(142,980)	(19,039)	-	(19,039)
Net assets, beginning of year	<u>1,016,656</u>	<u>275,300</u>	<u>1,291,956</u>	<u>-</u>	<u>1,291,956</u>
Net assets, end of year	\$ <u>1,140,597</u>	<u>132,320</u>	<u>1,272,917</u>	<u>-</u>	<u>1,272,917</u>

See independent auditors' report.

STATE BAR OF NEW MEXICO AND AFFILIATE
Schedule II - Combining Statements of Activities
For the Year Ended December 31, 2014

	State Bar	State Bar Foundation	Combined	Eliminations	Combined
Changes in unrestricted net assets					
Revenues, gains and public support:					
Member dues	\$ 1,804,239	-	1,804,239	-	1,804,239
Continuing legal education fees	-	798,194	798,194	-	798,194
Publications	425,081	-	425,081	(1,908)	423,173
Grants	-	327,263	327,263	-	327,263
Administration fees	240,649	-	240,649	-	240,649
Contributions and other	100,269	17,340	117,609	-	117,609
Client protection fund	112,245	-	112,245	-	112,245
Professional development center rental	70,369	-	70,369	(76)	70,293
Total revenues, gains, and public support	<u>2,752,852</u>	<u>1,142,797</u>	<u>3,895,649</u>	<u>(1,984)</u>	<u>3,893,665</u>
Net assets released from restrictions:					
Satisfaction of program restrictions	<u>60,895</u>	<u>-</u>	<u>60,895</u>	<u>-</u>	<u>60,895</u>
Total net assets released from restrictions	<u>60,895</u>	<u>-</u>	<u>60,895</u>	<u>-</u>	<u>60,895</u>
Total unrestricted revenues, gains and other support	2,813,747	1,142,797	3,956,544	(1,984)	3,954,560
Expenses:					
Administration	1,337,041	280,459	1,617,500	-	1,617,500
Continuing legal education	-	582,579	582,579	(1,984)	580,595
Legal services to the public	-	398,550	398,550	-	398,550
Publications	311,639	-	311,639	-	311,639
Membership services	388,101	-	388,101	-	388,101
Bar Center/PDC	232,715	221	232,936	-	232,936
Divisions and Committees	69,784	-	69,784	-	69,784
Section	60,894	-	60,894	-	60,894
Board of Bar Commissioners	45,552	-	45,552	-	45,552
Client protection	44,214	-	44,214	-	44,214
Access to Justice	-	39,891	39,891	-	39,891
Mentorship program	37,086	-	37,086	-	37,086
Total expenses	<u>2,527,026</u>	<u>1,301,700</u>	<u>3,828,726</u>	<u>(1,984)</u>	<u>3,826,742</u>
Increase (decrease) in unrestricted net assets	286,721	(158,903)	127,818	-	127,818

See independent auditors' report.

STATE BAR OF NEW MEXICO AND AFFILIATE
Schedule II - Combining Statements of Activities (continued)
For the Year Ended December 31, 2014

	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
Changes in temporarily restricted net assets:					
Practice area sections	52,040	-	52,040	-	52,040
Client protection fund	-	-	-	-	-
Net assets released from restrictions	<u>(60,895)</u>	<u>-</u>	<u>(60,895)</u>	<u>-</u>	<u>(60,895)</u>
Increase (decrease) in temporarily restricted net assets	<u>(8,855)</u>	<u>-</u>	<u>(8,855)</u>	<u>-</u>	<u>(8,855)</u>
Change in net assets	277,866	(158,903)	118,963	-	118,963
Net assets, beginning of year	<u>738,790</u>	<u>434,203</u>	<u>1,172,993</u>	<u>-</u>	<u>1,172,993</u>
Net assets, end of year, as restated	\$ <u>1,016,656</u>	<u>275,300</u>	<u>1,291,956</u>	<u>-</u>	<u>1,291,956</u>

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