

**STATE BAR OF NEW MEXICO  
AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**



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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 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, 2021 and 2020, 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, 2021 and 2020, 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 Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
COMBINED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
COMBINED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

**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, 2021 and 2020 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
June 2, 2022

**STATE BAR OF NEW MEXICO AND AFFILIATE  
COMBINED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,259,097	\$ 2,944,793
Certificates of Deposit	512,285	510,415
Accounts Receivable, Net:		
Grants	28,854	43,390
Program Services/Trade	37,156	25,717
Employee	-	10
Prepaid Expenses	65,818	78,689
Total Current Assets	<u>3,903,210</u>	<u>3,603,014</u>
<b>OTHER ASSETS</b>		
Cash for Pass-Through Obligations	1,028,255	753,772
<b>PROPERTY AND EQUIPMENT</b>		
Bar Center, Net	1,633,967	1,690,625
Furniture and Equipment, Net	272,920	280,792
Total Property and Equipment	<u>1,906,887</u>	<u>1,971,417</u>
 Total Assets	 <u>\$ 6,838,352</u>	 <u>\$ 6,328,203</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 111,972	\$ 154,329
Payroll and Related Liabilities	154,421	146,235
Accrued Expenses	11,780	1,834
Accrued Income Tax	5,840	-
Pass-Through Obligations	1,210,892	1,353,994
Deferred Revenue	794,050	756,758
Current Maturities of Long-Term Debt	100,156	65,741
Obligations Under Financing Leases - Current Portion	28,317	26,261
Total Current Liabilities	<u>2,417,428</u>	<u>2,505,152</u>
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt - Noncurrent Portion	1,569,971	1,355,369
Obligations Under Financing Leases - Noncurrent Portion	47,859	76,224
Pass-Through Obligations	25,575	117,945
Total Long-Term Liabilities	<u>1,643,405</u>	<u>1,549,538</u>
 Total Liabilities	 4,060,833	 4,054,690
<b>NET ASSETS</b>		
Without Donor Restrictions	1,421,103	1,004,839
With Donor Restrictions	1,356,416	1,268,674
Total Net Assets	<u>2,777,519</u>	<u>2,273,513</u>
 Total Liabilities and Net Assets	 <u>\$ 6,838,352</u>	 <u>\$ 6,328,203</u>

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
COMBINED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>		
Member Dues	\$ 2,182,622	\$ 2,136,832
Continuing Legal Education Fees	657,786	615,105
Publications	282,726	253,207
Grants	330,356	296,354
Minimum Continuing Legal Education	282,518	239,542
Administration Fees	241,088	99,572
Contributions and Other	270,910	158,454
Client Protection Fund	142,891	138,268
Professional Development Center Rental	16,021	35,282
Total Revenues, Gains, and Public Support Without Donor Restrictions	4,406,918	3,972,616
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Satisfaction of Program Restrictions	285,634	236,772
Total Revenues, Gains, and Public Support Without Donor Restrictions	4,692,552	4,209,388
<b>EXPENSES</b>		
Administration/ Regulatory Programs	1,932,308	1,822,416
Membership Program and Services	891,666	519,036
Center for Legal Education (CLE)	345,244	400,021
Legal Services to the Public	390,729	389,616
Bar Center/Professional Development Center (PDC)	259,732	255,978
Communications/Publications	145,761	182,991
Judges and Lawyers Assistance Program (JLAP)	227,061	208,785
Committees and Divisions	67,227	51,324
Entrepreneurs in Community Lawyering (ECL)	-	7,447
Minimum Continuing Legal Education (MCLE)	-	85,711
Governance/Board of Bar Commissioners	34,465	13,908
Bridge the Gap Mentorship Program	-	46,573
Practice Area Sections	53,758	28,145
Client Protection Fund	95,724	45,237
Pro Bono Committees	2,076	2,308
Access to Justice Committee	-	1,648
Total Expenses	4,445,751	4,061,144

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
COMBINED STATEMENTS OF ACTIVITIES (CONTINUED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	246,801	148,244
	<u>2021</u>	<u>2020</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Judges and Lawyers Assistance Program (JLAP)	\$ 310,818	\$ 269,742
Client Protection Fund	-	-
Practice Area Sections	62,558	60,265
Revenue With Donor Restrictions	<u>373,376</u>	<u>330,007</u>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>		
Practice Area Sections	(58,573)	(27,987)
Judges and Lawyers Assistance Program (JLAP)	(227,061)	(208,785)
Releases With Donor Restrictions	<u>(285,634)</u>	<u>(236,772)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>87,742</u>	<u>93,235</u>
<b>CHANGES IN NET ASSETS</b>	334,543	241,479
Net Assets - Beginning of Year	<u>2,273,513</u>	<u>2,032,034</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 2,608,056</u></u>	<u><u>\$ 2,273,513</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, 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
<b>Total Expenses</b>	<b>\$ 431,786</b>	<b>\$ 539,415</b>	<b>\$ 575,659</b>	<b>\$ 522,934</b>	<b>\$ 345,244</b>	<b>\$ 390,729</b>	<b>\$ 2,076</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,807,843</b>	<b>\$ 1,381,416</b>	<b>\$ 87,029</b>	<b>\$ 1,468,445</b>	<b>\$ 4,276,288</b>

See accompanying Notes to Combined Financial Statements.

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

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

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
COMBINED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets Without Donor Restrictions	\$ 246,801	\$ 148,244
Change in Net Assets With Donor Restrictions	87,742	93,235
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	142,309	137,778
PPP Loan Forgiveness	(95,600)	-
Bad Debt	758	-
(Increase) Decrease in Assets:		
Accounts Receivable	2,349	(18,232)
Prepaid Expenses	12,871	(6,061)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(24,225)	(9,225)
Accrued Income Tax	5,840	-
Pass-Through Obligations	(235,472)	(319,095)
Deferred Revenue	37,292	(65,787)
Net Cash Provided (Used) by Operating Activities	180,665	(39,143)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Reinvested Interest	(1,870)	(3,852)
Purchase of Assets	(77,779)	(162,454)
Net Cash Used by Investing Activities	(79,649)	(166,306)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-Term Debt	406,085	95,600
Principal Payments on Long-Term Debt	(61,468)	(59,037)
Principal Payments on Financing leases	(26,309)	(23,460)
Net Cash Provided by Financing Activities	318,308	13,103
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	419,324	(192,346)
Cash and Cash Equivalents - Beginning of Year	3,698,565	3,890,911
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,117,889	\$ 3,698,565
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Noncash Investing and Financing Transaction:		
Lease of Equipment	\$ -	\$ 105,256
Financing Lease Obligation	-	(105,256)
Cash Paid During the Year for:		
Interest	\$ 50,972	\$ 53,925
Income Taxes	38,240	38,073
Total	\$ 89,212	\$ 91,998

See accompanying Notes to Combined Financial Statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**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 (collectively, the Organization). Significant intercompany accounts and transactions are eliminated in combination.

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

The Foundation is organized exclusively for charitable and educational purposes, including making distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986 (or any corresponding future United States IRC revision).

**Programs of State Bar**

State Bar's principal programs are comprised of:

**Administration**

Administrative functions include:

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

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)**

**Programs of State Bar (Continued)**

**Administration (Continued)**

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

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

**Bar Center/Professional Development Center (PDC)**

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

**Governance/Board of Bar Commissioners**

Board of Bar Commissioners (the Board) is established by Supreme Court Rule 24-101C as the governing board of the State Bar. The Board is responsible for overseeing the Executive Director, Committees, Commissions, Divisions, and Task Forces and makes decisions to fulfill the mission of improving the quality of legal services to the citizens of New Mexico. The Board meets four to eight times a year, and in both 2021 and 2020 they had five regularly scheduled meetings. While Board members receive no compensation, they do receive mileage and per diem allowances for travel, in accordance with the state of New Mexico and Internal Revenue Service (IRS) travel policies.

**Office of General Counsel and Regulatory Programs**

The Office of General Counsel is a professional office that assists the State Bar and the Bar Foundation with policy and regulatory functions of an integrated bar. Specifically, its functions are to protect the legal and policy interest of the State Bar; assist in governance and regulatory functions; provide a professional legal resource for leadership, volunteers, and staff; assist with outreach to the judiciary; and advise in the areas of legislative, executive, and judicial processes. In addition to the internal support provided to the State Bar as noted above, the Office of General Counsel advises, provides legal support, and administers the following programs:

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

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

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)**

**Programs of State Bar (Continued)**

**Office of General Counsel and Regulatory Programs (Continued)**

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

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

*Interest on Lawyer Trust Accounts (IOLTA)* – Effective January 1, 2015, the New Mexico Supreme Court named the State Bar of New Mexico the IOLTA program administrator for New Mexico. An IOLTA account is a pooled, interest-bearing demand deposit account used by lawyers to hold client funds. The current rules require that all New Mexico attorneys who hold eligible funds to participate in IOLTA and that the funds be held at eligible financial institutions. The interest generated by the client funds held in a pooled, interest-bearing trust account are remitted to the State Bar of New Mexico, which holds the funds in the Access to Justice Fund and distributes them at the discretion of the New Mexico Supreme Court and the Access to Justice Fund Grant Commission. The funds are used to provide civil legal assistance to the poor, legal education, and improvements to the administration of justice in New Mexico.

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

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

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

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)**

**Programs of State Bar (Continued)**

**Law Practice Management and Member Services**

Services offered by State Bar to its membership include:

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

*Committees and Divisions*

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

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

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

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

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

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)**

**Programs of State Bar (Continued)**

**Law Practice Management and Member Services (Continued)**

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

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

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

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

*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.



**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)**

**Programs of State Bar (Continued)**

**Member Communications/Publications (Continued)**

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

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

**Programs of the Foundation**

The Foundation's principal programs are comprised of:

**Administration**

*Governance* – The Foundation's bylaws establish that its board shall be comprised of 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.

**Bar Center/Professional Development Center (PDC)**

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

**Center for Legal Education (CLE)**

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

**Legal Services to the Public**

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

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

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)**

**Programs of the Foundation (Continued)**

**Legal Services to the Public (Continued)**

*Legal Resources for the Elderly Program (LREP)* – LREP is a legal services provider program for the elderly. LREP assists individuals 55 years of age and older in finding legal representation for civil legal issues by referring cases to volunteer attorneys throughout New Mexico. LREP provides program participants with legal advice and information and conducts workshops and clinics to provide legal information to senior citizens. LREP is funded by the state of New Mexico Aging and Long-Term Services Department. The funds received from agencies and private foundations are restricted for use by LREP and are subject to possible future cutbacks due to change in funding priorities.

**Pro Bono Committees**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates in Preparing Financial Statements**

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

**Basis of Presentation**

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

**Cash and Cash Equivalents**

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

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Management utilizes the allowance method of accounting for receivables arising from program services. Management believes that substantially all receivables from program services are collectible. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. The Organization had an allowance of approximately \$858 and \$1,118 for uncollectable receivables as of December 31, 2021 and 2020, 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 \$142,309 and \$137,778 for the years ended December 31, 2021 and 2020, respectively.

**Revenue Recognition**

Revenue is recognized when earned. All unconditional contributions to the Organization, including promises to give, are recorded as income when the promises are made. Conditional contributions are recognized as income when the conditions on which they depend have been substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. There were no conditional promises to give at December 31, 2021 or 2020.

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.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

*Revenues (Continued)*

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.

**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, 2021 and 2020, the Organization had \$3,757,675 and \$2,923,120 of cash and cash equivalents in excess of the federally insured limits, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts. Credit risk with respect to trade accounts receivable is generally diversified due to the large number of parties comprising the Organization's member and customer base.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets and Changes Therein**

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

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

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

The Organization records contributions as with donor restrictions if they are received with donor stipulations that limit their use through either purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization reports both net assets with and without donor restrictions at December 31, 2021 and 2020.

**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 or 2020.

**Advertising Costs**

The Organization expenses advertising costs as incurred. Expenses incurred for the years ended December 31, 2021 and 2020 were approximately \$2,079 and \$1,361, respectively.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

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

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

**Income Taxes**

State Bar is exempt from federal income tax under Section 501(c)(6) of the IRC. Income from food services provided for the benefit of the Professional Development Center, as well as advertising, subscriptions, and publishing not directly related to State Bar's tax-exempt purpose is subject to taxation as unrelated business income. At December 31, 2021 and 2020, the income tax liability was \$5,840 and -0-, respectively. During the years ended December 31, 2021 and 2020, the provision for income taxes was \$38,240 and \$38,073, respectively.

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

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

**Sales Taxes**

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

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

Management evaluated subsequent events through June 2, 2022 the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to June 2, 2022, have been recognized in the financial statements for the fiscal year ended December 31, 2021. Events or transactions that provided evidence about conditions that did not exist at December 31, 2021, but arose before the financial statements were available to be issued are disclosed in Note 14.

**NOTE 3 CASH AND CASH EQUIVALENTS**

	2021	2020
State Bar of New Mexico	\$ 3,669,988	\$ 3,264,579
Bar Foundation	617,364	433,986
Total	<u>\$ 4,287,352</u>	<u>\$ 3,698,565</u>

At December 31, 2021 and 2020, cash and cash equivalents of \$1,028,255 and \$753,772, respectively, was cash held for long-term pass-through obligations.

**NOTE 4 CERTIFICATES OF DEPOSIT**

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.

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.

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

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

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 5 DUE FROM OTHER ORGANIZATIONS AND PASS-THROUGH OBLIGATIONS**

During the years ended December 31, 2021 and 2020, State Bar charged other organizations \$24,392 and \$22,481, 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:

	2021	2020
The Disciplinary Board	\$ 327,107	\$ 382,215
Funds Held on Behalf of Supreme Court	93,872	101,566
Access to Justice Fund Grant Commission	714,864	892,945
Other	100,624	95,213
Total	<u>\$ 1,236,467</u>	<u>\$ 1,471,939</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 and contributions received in memory of Judge Singleton which are earmarked for support of civil legal services. At December 31, 2021 and 2020, \$25,575 and \$117,945, 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:

	2021	2020
Bar Center:		
Capital Building Costs - Beginning of Year	\$ 3,116,242	\$ 3,080,666
Capital Building Improvements	33,132	35,576
Capital Building Costs - End of Year	3,149,374	3,116,242
Less: Accumulated Depreciation	(2,061,649)	(1,971,859)
Total	<u>1,087,725</u>	<u>1,144,383</u>
Land	546,242	546,242
Bar Center, Net	<u>1,633,967</u>	<u>1,690,625</u>
Furniture and Equipment	998,078	953,431
Less: Accumulated Depreciation	(725,158)	(672,639)
Furniture and Equipment, Net	<u>272,920</u>	<u>280,792</u>
Property and Equipment, Net	<u>\$ 1,906,887</u>	<u>\$ 1,971,417</u>



**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 7 DEFERRED REVENUE**

Deferred revenue consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
General Operating:		
Capital Licensing Fees Collected in Advance	\$ 651,040	\$ 734,563
Support for Judicial Wellness Program	120,000	-
Member Designated:		
Section Dues Collected in Advance	23,010	22,195
Total	<u>\$ 794,050</u>	<u>\$ 756,758</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, 2021.

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

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

	<u>2021</u>	<u>2020</u>
Lease Cost:		
Finance Lease Cost	\$ 293,767	\$ 188,511
New Finance Leases	-	105,256
Amortization of Right-of-Use Assets	(191,057)	(164,748)
Interest on Lease Liabilities	(26,534)	(26,534)
Total Lease Cost	<u>\$ 76,176</u>	<u>\$ 102,485</u>

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2021 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 28,317
2023	24,285
2024	23,574
2025	-
Thereafter	-
Total	<u>\$ 76,176</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**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, 2021 and 2020. The line bears interest at 0.25% over Bank of the West prime rate (3.75% at December 31, 2021).

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.

Additionally, State Bar received a loan from the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of \$300,980, 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.

Allowable costs under this loan are as follows:

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

Furthermore, the Foundation and State Bar may apply for forgiveness of the amount due on these loan in an amount equal to the sum of the costs incurred by the Foundation and State Bar during the 24-week period beginning on the date of the first disbursement of these loans. The amount of loan forgiveness will be calculated (and may be reduced) in accordance with the requirements of the Paycheck Protection Program, including provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). Not more than 40% of the amount forgiven can be attributable to nonpayroll costs. As forgiveness had not been applied for as of December 31, 2021, the principal and any accrued interest of this loan has been recorded under ASC 470, *Debt*, and is carried as a liability on the statement of financial position.

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.

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 financial statements.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

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

<u>Description</u>	<u>2021</u>	<u>2020</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.	\$ 1,264,042	\$ 1,325,510
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	-
Foundation U.S Small Business Administration (SBA) loan payable to a financial institution related to the Paycheck Protection Program, including provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan has a fixed interest rate of 1% and face amount of \$95,600. The note is payable in 44 monthly installments of principal and interest starting on November 1, 2021 through 2025	-	95,600
Subtotal	1,670,127	1,421,110
Less: Current Maturities	(100,156)	(65,741)
Long-Term Debt, Net	<u>\$ 1,569,971</u>	<u>\$ 1,355,369</u>

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**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>
2022	\$ 100,156
2023	175,967
2024	179,514
2025	183,407
2026	109,068
Thereafter	922,015
Total	<u>\$ 1,670,127</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 IIRC. The Organization matches contributions equal to 100% of the employee contribution up to 5% of the employee's annual compensation. The amount elected to be deferred by the employee cannot exceed the limitations prescribed by law. Employees vest immediately in their contributions and vest in the Organization's contributions over a five-year period of service. The Organization's contributions to the plan in 2021 and 2020 were \$72,103 and \$71,305, 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, 2021 AND 2020**

**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 2021 and 2020, 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 \$330,356 and \$296,354 from state awards for the years ended December 31, 2021 and 2020, respectively.

**Claim Contingencies**

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

**NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2021	2020
Practice Area Sections	\$ 90,554	\$ 86,563
Client Protection Fund	675,634	675,634
Judges and Lawyers Assistance	590,228	506,477
Total	<u>\$ 1,356,416</u>	<u>\$ 1,268,674</u>

During 2021 and 2020, \$285,634 and \$236,772 of net assets with donor restrictions were released to net assets without donor restrictions, respectively.

**NOTE 12 RELATED PARTY TRANSACTIONS**

An employee who is part of the management group of the Organization is an owner of 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, 2021 and 2020, the Organization made purchases totaling approximately \$4,209 and \$5,810, respectively, from these restaurants.

**STATE BAR OF NEW MEXICO AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**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: the development and implementation of a legal specialization certification program with implementation costs commencing in 2021 and expected to continue into 2022; and the execution of the decennial survey performed by the Organization's Committee on Diversity and the Committee on Women in the Legal Profession with the next survey scheduled for 2029.

**NOTE 14 SUBSEQUENT EVENTS**

In May 2021, the State Bar obtained a PPP loan for \$300,980, which is included in the note payable balance at December 31, 2021. The State Bar used all of the proceeds from the note for qualifying expenses and thus received approval of its application for the loan to be forgiven on April 5, 2022.

In May 2021, the Foundation obtained a second PPP loan for \$105,105, which is included in the note payable balance at December 31, 2021. The Foundation used all of the proceeds from the note for qualifying expenses and thus received approval of its application for the loan to be forgiven on March 23, 2022.

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

<b>ASSETS</b>	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
<b>CURRENT ASSETS</b>					
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
Employee	0	-	-	-	-
Prepaid Expenses	38,325	27,493	65,818	-	65,818
Inventory	-	-	-	-	-
Total Current Assets	<u>3,229,499</u>	<u>673,711</u>	<u>3,903,210</u>	<u>-</u>	<u>3,903,210</u>
<b>OTHER ASSETS</b>					
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>
<b>PROPERTY AND EQUIPMENT</b>					
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)**

<b>LIABILITIES AND NET ASSETS</b>	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
<b>CURRENT LIABILITIES</b>					
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>
<b>LONG-TERM LIABILITIES</b>					
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
<b>NET ASSETS (DEFICITS)</b>					
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 FINANCIAL POSITION  
DECEMBER 31, 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

<b>ASSETS</b>	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 2,510,807	\$ 433,986	\$ 2,944,793	\$ -	\$ 2,944,793
Certificates of Deposit	510,415	-	510,415	-	510,415
Accounts Receivable, Net:					
Grants	-	43,390	43,390	-	43,390
Program Services/Trade	25,717	0	25,717	-	25,717
Employee	10	-	10	-	10
Prepaid Expenses	44,694	33,995	78,689	-	78,689
Inventory	-	-	-	-	-
Total Current Assets	<u>3,091,643</u>	<u>511,371</u>	<u>\$ 3,603,014</u>	<u>-</u>	<u>3,603,014</u>
<b>OTHER ASSETS</b>					
Cash for Pass-Through Obligations	753,772	-	753,772	-	753,772
Due from Foundation/State Bar	806,534	-	806,534	(806,534)	-
Total Other Assets	<u>1,560,306</u>	<u>-</u>	<u>1,560,306</u>	<u>(806,534)</u>	<u>753,772</u>
<b>PROPERTY AND EQUIPMENT</b>					
Bar Center, Net	1,085,987	604,638	1,690,625	-	1,690,625
Furniture and Equipment, Net	266,031	14,761	280,792	-	280,792
Total Property and Equipment	<u>1,352,018</u>	<u>619,399</u>	<u>1,971,417</u>	<u>-</u>	<u>1,971,417</u>
 Total Assets	 <u>\$ 6,003,967</u>	 <u>\$ 1,130,770</u>	 <u>\$ 7,134,737</u>	 <u>\$ (806,534)</u>	 <u>\$ 6,328,203</u>

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

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

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

<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>State Bar</u>	<u>State Bar Foundation</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Combined</u>
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>					
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	<u>3,315,367</u>	<u>1,342,720</u>	<u>4,658,087</u>	<u>(251,169)</u>	<u>4,406,918</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>					
Satisfaction of Program Restrictions	<u>285,634</u>	<u>-</u>	<u>285,634</u>	<u>-</u>	<u>285,634</u>
Total Revenues, Gains, and Other Support Without Donor Restrictions	3,601,001	1,342,720	4,943,721	(251,169)	4,692,552
<b>EXPENSES</b>					
Administration/ Regulatory Programs	1,667,581	264,727	1,932,308	-	1,932,308
Membership Program and Services	891,666	-	891,666	-	891,666
Center for Legal Education (CLE)	-	384,352	384,352	(39,108)	345,244
Legal Services to the Public	-	390,729	390,729	-	390,729
Bar Center/Professional Development Center (PDC)	229,106	30,626	259,732	-	259,732
Communications/Publications	145,761	-	145,761	-	145,761
Judges and Lawyers Assistance Program (JLAP)	227,061	-	227,061	-	227,061
Committees and Divisions	70,580	-	70,580	(3,353)	67,227
Entrepreneurs in Community Lawyering (ECL)	-	-	-	-	-
Minimum Continuing Legal Education (MCLE)	-	-	-	-	-

**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
<b>EXPENSES (CONTINUED)</b>					
Governance/Board of Bar Commissioners	\$ 34,465	\$ -	\$ 34,465	\$ -	\$ 34,465
Bridge the Gap Mentorship Program	34,430	-	34,430	(34,430)	-
Practice Area Sections	58,573	-	58,573	(4,815)	53,758
Client Protection Fund	95,724	-	95,724	-	95,724
Pro Bono Committees	-	2,076	2,076	-	2,076
Access to Justice Committee	-	-	-	-	-
Total Expenses	<u>3,454,947</u>	<u>1,072,510</u>	<u>4,527,457</u>	<u>(81,706)</u>	<u>4,445,751</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE CHANGES RELATED TO ACQUISITION OF MCLE</b>	146,054	270,210	416,264	-	246,801
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
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	<u>369,887</u>	<u>3,489</u>	<u>373,376</u>	-	<u>373,376</u>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>					
Practice Area Sections	(58,573)	-	(58,573)	-	(58,573)
Judges and Lawyers Assistance	<u>(227,061)</u>	-	<u>(227,061)</u>	-	<u>(227,061)</u>
Releases With Donor Restrictions	<u>(285,634)</u>	-	<u>(285,634)</u>	-	<u>(285,634)</u>
			-		-
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>84,253</u>	<u>3,489</u>	<u>87,742</u>	-	<u>87,742</u>
<b>CHANGES IN NET ASSETS</b>	230,307	273,699	504,006		334,543
Net Assets (Deficits) - Beginning of Year	<u>2,318,338</u>	<u>(44,825)</u>	<u>2,273,513</u>	-	<u>2,273,513</u>
<b>NET ASSETS (DEFICITS) - END OF YEAR</b>	<u>\$ 2,548,645</u>	<u>\$ 228,874</u>	<u>\$ 2,777,519</u>	<u>\$ -</u>	<u>\$ 2,608,056</u>

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

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

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

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

**STATE BAR OF NEW MEXICO AND AFFILIATE  
COMBINING STATEMENT OF 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	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 401,160</b>	<b>\$ 573,845</b>	<b>\$ 753,290</b>	<b>\$ 522,934</b>	<b>\$ 2,251,229</b>	<b>\$ 30,626</b>	<b>\$ 384,352</b>	<b>\$ 390,729</b>	<b>\$ 2,076</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 807,783</b>

**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							
	Administration	Governance/ Board of Bar Commissioners	State Bar Total Support Expense	Administration	State Bar Foundation Total Support Expense	Fundraising		Total			
						State Bar	Foundation	State Bar	Foundation	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
<b>Total Expenses</b>	<b>\$ 1,116,689</b>	<b>\$ 87,029</b>	<b>\$ 1,203,718</b>	<b>\$ 264,727</b>	<b>\$ 264,727</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,454,947</b>	<b>\$ 1,072,510</b>	<b>\$ (251,169)</b>	<b>\$ 4,276,288</b>



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

	Program Services											
	State Bar					State Bar Foundation						
	Bar Center/ Professional Development Center (PDC)	Office of General Counsel and Regulatory Programs	Law Practice Management and Member Services	Member Communications/ Publications	State Bar Total Program Expense	Bar Center/ Professional Development Center (PDC)	Center for Legal Education (CLE)	Legal Services to the Public	Pro Bono Committees	Access to Justice	Judges & Lawyers Assistance	State Bar Foundation Total Program Expense
Advertising and Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 401,160</b>	<b>\$ 573,845</b>	<b>\$ 753,290</b>	<b>\$ 522,934</b>	<b>\$ 2,251,229</b>	<b>\$ 30,626</b>	<b>\$ 384,352</b>	<b>\$ 390,729</b>	<b>\$ 2,076</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 807,783</b>

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

	Support Services										
	State Bar			State Bar Foundation							
	Governance/ Board of Bar Commissioners		State Bar Total Support Expense	State Bar Foundation Total Support Expense		Fundraising State Bar		Total			
	Administration	Commissioners	Expense	Administration	Expense	State Bar	Foundation	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
<b>Total Expenses</b>	<b>\$ 1,116,689</b>	<b>\$ 87,029</b>	<b>\$ 1,203,718</b>	<b>\$ 264,727</b>	<b>\$ 264,727</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,454,947</b>	<b>\$ 1,072,510</b>	<b>\$ (251,169)</b>	<b>\$ 4,276,288</b>

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