

Right Answers, Right Here.



# TANNER

Accountants & Advisors

## **UTAH STATE BAR**

**Financial Statements and Supplemental Schedules  
As of and for the Year Ended June 30, 2022 (with Summarized Financial Information  
as of and for the Year Ended June 30, 2021)**

**Together with Independent Auditors' Report**



# TANNER

---

## Independent Auditors' Report

### To the Board of Commissioners of the Utah State Bar

#### Opinion

We have audited the accompanying financial statements of Utah State Bar (a nonprofit organization) (the Bar), which comprise the statement of financial position as of June 30, 2022, the related statements of activities and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah State Bar as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

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

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

---

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Bar'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bar's ability to continue as a going concern for a reasonable period of time.

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

### **Report on Summarized Comparative Information**

We have previously audited the Utah State Bar's 2021 financial statements and we expressed an unmodified opinion on those financial statements in our report dated November 2, 2021. In our opinion, the summarized comparative information presented herein as of June 30, 2021 and for the year then ended is consistent, in all material respects, with the audited financial statements from which it was derived.

---

### **Report on Supplemental Schedules**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of continuing legal education and conferences revenue and expenses, member services revenues and expenses, public services revenues and expenses, bar sections revenues and expenses, mandatory continuing education advisory board, and facilities revenues and expenses are presented for the purpose of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of the Bar's management and are derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

*Tanner LLC*

November 3, 2022

## Statements of Financial Position

As of June 30, 2022

(with Summarized Financial Information as of June 30, 2021)

	Bar Operations	Bar Sections	Client Security Fund	Mandatory Continuing Legal Education Fund	Total 2022	Total 2021
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 3,929,195	\$ 370,497	\$ 230,317	\$ 404,288	\$ 4,934,297	\$ 4,615,203
Investments, at fair value	4,721,987	741,715	84,970	274,847	5,823,519	5,769,259
Receivables	16,904	-	-	76	16,980	21,753
Prepaid expenses	249,664	-	-	-	249,664	134,036
Total current assets	8,917,750	1,112,212	315,287	679,211	11,024,460	10,540,251
Property and equipment, net	1,382,536	-	-	9,754	1,392,290	1,426,977
Total assets	\$ 10,300,286	\$ 1,112,212	\$ 315,287	\$ 688,965	\$ 12,416,750	\$ 11,967,228
<b>Liabilities and Net Assets</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 919,408	\$ 3,522	\$ 456	\$ 2,989	\$ 926,375	\$ 807,472
Deferred revenue	2,895,316	-	-	-	2,895,316	2,732,271
Interfund payable (advance)	(116,099)	48,244	-	67,855	-	-
Total current liabilities	3,698,625	51,766	456	70,844	3,821,691	3,539,743
Commitments and contingencies						
Net assets:						
Net assets without donor restrictions - undesignated	4,054,136	-	-	-	4,054,136	4,316,082
Net assets without donor restrictions - board designated	2,547,525	1,060,446	314,831	618,121	4,540,923	4,111,403
Total net assets without donor restrictions	6,601,661	1,060,446	314,831	618,121	8,595,059	8,427,485
Total liabilities and net assets	\$ 10,300,286	\$ 1,112,212	\$ 315,287	\$ 688,965	\$ 12,416,750	\$ 11,967,228

See accompanying notes to financial statements.

## Statements of Activities

For the Year Ended June 30, 2022 (with Summarized Financial Information for the Year Ended June 30, 2021)

	Bar Operations	Bar Sections	Client Security Fund	Mandatory Continuing Legal Education Fund	In-Kind & Interfund	Total 2022	Total 2021
<b>Changes in net assets without donor restrictions:</b>							
Revenues:							
Licensing	\$ 4,766,133	\$ -	\$ -	\$ -	\$ -	\$ 4,766,133	\$ 4,633,054
Admissions	467,847	-	-	-	-	467,847	381,372
New lawyer training program	52,885	-	-	-	-	52,885	56,034
Office of Professional Conduct	44,829	-	-	-	-	44,829	63,656
Continuing legal education and conferences	910,391	-	-	-	-	910,391	397,982
Member services	317,714	-	-	-	(84,399)	233,315	256,565
Public services	15,942	-	-	-	-	15,942	12,420
Bar sections	-	410,778	-	-	-	410,778	381,010
Client Security Fund	-	-	144,550	-	(101,780)	42,770	-
Mandatory Continuing Legal Education Fund	-	-	-	518,466	(75,830)	442,636	345,479
Facilities	85,753	-	-	-	(67,001)	18,752	9,196
Net investment income	729	-	506	1,025	-	2,260	24,455
Grant revenue resulting from forgiveness of PPP loan	-	-	-	-	-	-	655,810
Grant revenue	27,178	-	-	-	-	27,178	39,576
Total revenues	6,689,401	410,778	145,056	519,491	(329,010)	7,435,716	7,256,609
Net assets released from restrictions	-	-	-	-	-	-	38,739
Total revenues and reclassifications	\$ 6,689,401	\$ 410,778	\$ 145,056	\$ 519,491	\$ (329,010)	\$ 7,435,716	\$ 7,295,348

## Statements of Activities – Continued

For the Year Ended June 30, 2022 (with Summarized Financial Information for the Year Ended June 30, 2021)

	Bar Operations	Bar Sections	Client Security Fund	Mandatory Continuing Legal Education Fund	In-Kind & Interfund	Total 2022	Total 2021
<b>Changes in net assets without donor restrictions (continued) :</b>							
Expenses:							
Licensing	\$ 212,602	\$ -	\$ -	\$ -	\$ (620)	\$ 211,982	\$ 209,316
Admissions	368,154	-	-	-	(6,892)	361,262	452,504
New lawyer training program	63,475	-	-	-	-	63,475	103,690
Office of Professional Conduct	1,474,475	-	-	-	(1,231)	1,473,244	1,435,209
Continuing legal education and conferences	825,976	-	-	-	(69,744)	756,232	356,141
Member services	651,291	-	-	-	(3,050)	648,241	483,828
Public services	563,181	-	-	-	(5,041)	558,140	543,664
Bar sections	-	396,670	-	-	(105,976)	290,694	181,270
Client Security Fund	-	-	86,275	-	-	86,275	18,715
Mandatory Continuing Legal Education Fund	-	-	-	498,235	(6,906)	491,329	398,246
Bar operations	2,093,356	-	-	-	(111,259)	1,982,097	1,566,233
Facilities	363,462	-	-	-	(18,291)	345,171	359,775
Total expenses	6,615,972	396,670	86,275	498,235	(329,010)	7,268,142	6,108,591
Increase in net assets without donor restrictions	73,429	14,108	58,781	21,256	-	167,574	1,186,757
<b>Change in net assets with donor restrictions:</b>							
Grant revenue	27,178	-	-	-	-	27,178	-
Net assets released from restrictions	(27,178)	-	-	-	-	(27,178)	(38,739)
Decrease in net assets with donor restrictions	-	-	-	-	-	-	(38,739)
Increase in net assets	73,429	14,108	58,781	21,256	-	167,574	1,148,018
Net assets:							
Beginning of the year	6,528,232	1,046,338	256,050	596,865	-	8,427,485	7,279,467
End of the year	\$ 6,601,661	\$ 1,060,446	\$ 314,831	\$ 618,121	\$ -	\$ 8,595,059	\$ 8,427,485

See accompanying notes to financial statements.

## Statements of Cash Flows

For the Year Ended June 30, 2022 (with Summarized Financial Information for the Year Ended June 30, 2021)

	Bar Operations	Bar Sections	Client Security Fund	Mandatory Continuing Legal Education Fund	Total 2022	Total 2021
<b>Cash flows from operating activities:</b>						
Change in net assets	\$ 73,429	\$ 14,108	\$ 58,781	\$ 21,256	\$ 167,574	\$ 1,148,018
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:						
Depreciation and amortization	144,706	-	-	7,036	151,742	173,417
Net unrealized losses on investments	121,587	11,489	2,363	6,271	141,710	70,168
Loss on disposal of assets	7,373	-	-	-	7,373	-
Changes in assets and liabilities:						
Receivables	4,748	-	-	25	4,773	40,468
Prepaid expenses	(115,628)	-	-	-	(115,628)	(39,293)
Accounts payable and accrued liabilities	105,789	1,044	-	271	107,104	96,273
Deferred revenue	167,986	-	-	-	167,986	364,123
Interfund advance	(36,262)	(1,110)	-	37,372	-	-
Net cash and cash equivalents provided by operating activities	473,728	25,531	61,144	72,231	632,634	1,853,174
<b>Cash flows from investing activities:</b>						
Purchases of property and equipment	(106,124)	-	-	(6,508)	(112,632)	(338,311)
Purchases of investments	(5,153,506)	(657,913)	(75,170)	(250,378)	(6,136,967)	(4,308,159)
Proceeds from sale of investments and reinvested income	5,111,000	425,000	110,000	295,000	5,941,000	3,847,000
Net cash and cash equivalents provided by (used in) investing activities	(148,630)	(232,913)	34,830	38,114	(308,599)	(799,470)
<b>Cash flows from financing activities:</b>						
Payments on finance lease obligation	(4,941)	-	-	-	(4,941)	(3,063)
Net increase (decrease) in cash and cash equivalents	320,157	(207,382)	95,974	110,345	319,094	1,050,641
Cash and cash equivalents as of beginning of the year	3,609,038	577,879	134,343	293,943	4,615,203	3,564,562
Cash and cash equivalents as of end of the year	\$ 3,929,195	\$ 370,497	\$ 230,317	\$ 404,288	\$ 4,934,297	\$ 4,615,203
<b>Supplemental disclosure of cash flow information:</b>						
Cash paid for interest	\$ 144	\$ -	\$ -	\$ -	\$ 144	\$ 364

See accompanying notes to financial statements.



## **Notes to Financial Statements**

---

### **1. Description of Organization and Summary of Significant Accounting Policies**

#### **Description of Organization**

The Utah State Bar (the Bar or the Organization) is an organization created by statute in 1931 under the laws of the state of Utah. The Bar's purpose was amended and clarified by the Utah State Constitution and by court order on June 30, 1981, and the Bar was incorporated as a 501(c)(6) organization on June 24, 1991. All attorneys licensed under the laws of the state of Utah, which approximate 13,600, are considered members of the Bar.

#### **Basis of Presentation and Fund Accounting**

The assets, liabilities and net assets of the Bar have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Bar to report information regarding its financial position and activities according to the following net asset classifications, as applicable:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Bar. These net assets may be used at the discretion of the Bar's management and Board of Directors.

**Net assets with donor restrictions:** Net assets subject to restrictions imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Bar or by the passage of time. Other donor restrictions are perpetual in nature, where the donor stipulates the funds be maintained in perpetuity.

Net assets without donor restrictions are presented as designated or undesignated. The undesignated fund is used for the general operations of the Bar. The designated funds are used for activities of the various Bar sections, the Client Security Fund, and the Mandatory Continuing Legal Education Fund (MCLE Fund), including overhead charges to defray the costs of administering those funds.

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with US GAAP. Accordingly, such information should be read in conjunction with the Bar's financial statements as of and for the year ended June 30, 2021, from which the summarized information was derived.

#### **Concentrations of Risk**

The Bar maintains cash in bank deposit accounts which, at times, exceed federally insured limits. Additionally, as of June 30, 2022, the Bar maintained cash equivalents of \$3,582,545 in an institutional investment account which is not federally insured. To date, the Bar has not experienced a loss or lack of access to its invested cash and cash equivalents; however, no assurance can be provided that access to the Bar's invested cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

#### **Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Cash Equivalents**

The Bar considers all highly liquid investments purchased with original maturities to the Bar of three months or less to be cash equivalents. As of June 30, 2022, these cash equivalents consisted of money market accounts totaling \$3,582,545

#### **Investments**

Investments consist primarily of corporate bonds. Investments are reported at their fair values in the statement of financial position. Realized and unrealized gains or losses are reflected currently in the statements of activities.

---

### **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated economic useful lives of the assets or over the related lease terms (if shorter), as follows:

Building	25 years
Building improvements	10-25 years
Computers and computer software	3-5 years
Office furniture, equipment and leased equipment	3-7 years

Expenditures for routine maintenance and repairs are charged to operating expenses as incurred. Major renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon retirement or other disposition of property and equipment, the cost and accumulated depreciation and amortization are removed from the accounts and any gain or loss is recorded as income or expense in the statement of activities.

### **Revenue Recognition and Deferred Revenue**

The Bar recognizes revenue from licensing, admissions, continuing legal education, services and programs, conventions, bar examinations, room rental and catering and other services when the Organization has (1) identified the customer contract, (2) identified the performance obligation in the contract, (3) determined the transaction price, (4) allocated the entire transaction price to the single performance obligation, and (5) recognized revenue when the performance obligation has been satisfied. Licensing fees are assessed in June for the following fiscal year. All fees collected prior to the current fiscal year-end are recorded as deferred revenue. Deferred revenue is recognized as income in the year in which it is earned (i.e., benefits provided to members).

### **Grant Revenue**

Grants received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Revenue from grants with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

If a donor restriction expires in the same reporting period in which the grant revenue was initially recognized that revenue is reported as an increase in net assets without donor restriction. All other donor-restricted revenue is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

### **Income Taxes**

On June 24, 1991, the Bar was incorporated as a 501(c)(6) organization and has received a determination letter from the Internal Revenue Service exempting the Bar from federal income taxes. Management believes that the Bar is designed and operated in compliance with the applicable requirements of the Internal Revenue Code and, accordingly, no provision for federal and state income taxes has been provided for in the accompanying statements of activities.

The Bar is subject to income tax at current corporate rates on net income from unrelated business activities. Income taxes on unrelated business activities have not been significant. The Bar paid no income taxes for the year ended June 30, 2022.

A liability for uncertain tax positions is recognized in the financial statements when it is more likely than not the position will not be sustained upon examination by the tax authorities. As of June 30, 2022, the Bar had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements. The Bar is subject to routine audits by tax jurisdictions; however, there are no audits for any tax periods in progress.

### **Subsequent Events**

Management has evaluated events occurring subsequent to June 30, 2022 through November 3, 2022, which is the date the financial statements were available.

### **Reclassifications**

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform with the current year presentation.

## **2. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of June 30:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 4,934,297	\$4,615,203
Investments	5,823,519	5,769,259
Receivables	16,980	21,753
	<u>10,774,796</u>	<u>10,406,215</u>
Less amounts not available to be used within one year or otherwise restricted:		
Board designated funds	<u>(4,540,923)</u>	<u>(4,111,403)</u>
	<u>\$ 6,233,873</u>	<u>\$ 6,294,812</u>

The Bar regularly monitors liquidity required to meet its operating needs and other contractual commitments using budgets and cash flow projections, while also striving to maximize the investment of its available funds. The Bar's excess cash is invested in a portfolio of corporate bonds. Additionally, the Bar's governing board has designated a portion of its unrestricted resources for contingencies, which is identified as board-designated in the table above (Note 7).

## **3. Investments and Net Investment Income**

Investments consisted of the following as of June 30, 2022:

	<b>Amortized Cost</b>	<b>Cumulative Net Unrealized Gains</b>	<b>Fair Value</b>
Corporate bonds	\$ 5,821,808	1,711	\$ 5,823,519

Investment income for the year ended June 30, 2022, consisted of the following:

	<b>Undesignated</b>	<b>Designated</b>	<b>Total</b>
Net investment income and interest	\$ 33,516	3,578	\$ 37,094
Net unrealized loss	(32,788)	(2,046)	(34,834)
	<u>\$ 728</u>	<u>1,532</u>	<u>\$ 2,260</u>

Investments consisted of the following as of June 30, 2021:

	<b>Amortized Cost</b>	<b>Cumulative Net Unrealized Gains</b>	<b>Fair Value</b>
Corporate bonds	\$ 5,719,925	49,334	\$ 5,769,259

Investment income for the year ended June 30, 2021, consisted of the following:

	<b>Undesignated</b>	<b>Designated</b>	<b>Total</b>
Net investment income and interest	\$ 57,257	5,437	\$ 62,694
gain/(loss)	(35,781)	(2,458)	(38,239)
	\$ 21,476	2,979	\$ 24,455

#### 4. Fair Value Measurements

The Bar's financial instruments consist of investments as of June 30, 2022 and 2021. Management believes that the recorded value of each financial instrument approximates its fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

*Level 1* Valuations based on quoted prices for identical assets or liabilities in active markets

*Level 2* Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

*Level 3* Valuations based on unobservable inputs reflecting the Bar's own assumptions, applied consistently with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The Bar's investments are considered Level 1 assets under the fair value hierarchy and are measured on a recurring basis. Bar management obtains valuation data for the corporate bonds from third-party sources, which determine the net asset values for the Bar's accounts using quoted market prices and reportable trades.

#### 5. Property and Equipment

Property and equipment consisted of the following as of June 30:

	<b>2022</b>	<b>2021</b>
Building and building improvements	\$ 3,346,705	\$ 3,346,812
Computers and computer software	877,279	824,519
Office furniture, equipment and leased equipment	832,072	835,657
Land	633,142	633,142
	5,689,198	5,640,130
Less accumulated depreciation and amortization	(4,296,908)	(4,213,153)
	\$ 1,392,290	\$ 1,426,977

Depreciation and amortization expense for property and equipment totaled \$151,742 and \$173,417 for the years ended June 30, 2022 and 2021, respectively.

## 6. Employee Benefit Plans

The Bar sponsors a defined contribution 401(k) plan (the Plan). Upon hiring, employees who have completed one year of service with the Bar and have attained the age of 21 or older may elect to contribute a portion of their compensation, subject to Internal Revenue Code limitations, to the Plan. Following employees' one year anniversary, the Bar contributes to the Plan an amount equal to 10% of the compensation of all Plan participants. Contributions to the Plan were \$286,987 and \$301,074 for the years ended June 30, 2022 and 2021, respectively.

The Bar sponsors a Section 125 cafeteria plan. All contributions to this plan are made by the participants.

## 7. Board Designated Net Assets Without Donor Restrictions

Board designated net assets without donor restrictions consist of the Bar operation's reserves for potential future liabilities and assets designated for Bar sections, client security fund, and the mandatory continuing legal education fund. Board designated net assets without donor restrictions consisted of the following as of June 30:

	2022	2021
Bar operations reserves :		
Three-month operating expense reserve	\$ 1,747,525	\$ 1,639,220
Capital replacement reserve – building	600,000	372,930
Capital replacement reserve – equipment	200,000	200,000
Total Bar operations reserves	2,547,525	2,212,150
Bar sections	1,060,446	1,046,338
Client security fund	314,831	256,050
Mandatory continuing legal education fund	618,121	596,865
	\$ 4,540,923	\$ 4,111,403

## 8. Client Security Fund

On October 30, 1983, the Bar received approval from the Utah Supreme Court (USC) to collect up to \$20 per attorney per year to accumulate a client security fund (the Fund) in the base amount of \$200,000. The Fund was created to partially indemnify the public against losses incurred as a result of lawyers' misappropriation of clients' funds. Claims against the Fund are limited to \$20,000 per claimant. On April 20, 2015, the USC approved the reduction of the fee paid to the Fund by each member attorney from \$20 to \$5. As the Bar determined it would supply the Fund \$101,780 from its cash reserves, no fee was collected from member attorneys for the year ended June 30, 2022. No fee was collected in 2021.

Cases must be reviewed and approved by the Fund Committee of the Bar and also by the Board of Commissioners of the Bar before they are considered to be claims payable by the Fund. The Fund Committee routinely reviews open matters. In the Fund Committee's opinion, these open matters will not have a material adverse effect on the financial position, results of activities, or liquidity of the Bar.

## 9. Grant Revenue Resulting from Forgiveness of PPP Loan

During the year ended June 30, 2021 the Organization obtained a loan from a financial institution under the Paycheck Protection Program (PPP), a component of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). In general, PPP loans are forgivable if the recipient's operations were impacted by COVID-19 health and safety requirements, the proceeds are used for qualifying expenses, including primarily payroll and certain levels of employee compensation are maintained without reducing headcount. The Organization elected to account for the PPP loan as a conditional contribution consistent with ASC 958-605. Conditional contributions are recognized once the donor's conditions have been substantially met. The Organization received confirmation from the financial institution in July 2021 that the loan was forgiven, and management has determined that the conditions of PPP loan forgiveness were met as of June 30, 2021 and has recorded \$655,810 for the year ended June 30, 2021 as grant revenue resulting from forgiveness of PPP loan in the statements of activities.

## 10. Expenses By nature and Function

The accompanying financial statements include certain expenses that are attributable to both program and supporting functions of the Bar. These expenses include salaries and wages, employee benefits, and supplies and other office expenses, which are allocated based on head count; and depreciation, utilities, and maintenance, which are allocated based on estimated square footage.

Expenses by natural classification for the year ended June 30, 2022 are as follows:

	Program Services						Support Services			Total
	Regulatory	Member Services	Public Services	Education	Building Usage	MCLE	CSF	Sections	General & Administrative	
Program	\$ 54,033	\$ 309,982	\$ 131,915	\$ 474,503	\$ 28,367	\$ -	\$ 85,650	\$ 290,694	\$ 389,108	\$ 1,764,252
Salaries and benefits	1,700,569	137,069	353,864	197,414	151,100	367,688	-	-	1,244,599	4,152,303
General and administrative	252,293	196,362	59,602	69,524	2,112	42,917	625	-	295,007	918,442
Overhead and depreciation	103,068	4,828	12,759	14,791	163,592	80,724	-	-	53,383	433,145
	\$ 2,109,963	\$ 648,241	\$ 558,140	\$ 756,232	\$ 345,171	\$ 491,329	\$ 86,275	\$ 290,694	\$ 1,982,097	\$ 7,268,142

Expenses by natural classification for the year ended June 30, 2021 were as follows:

	Program Services						Support Services			Total
	Regulatory	Member Services	Public Services	Education	Building Usage	MCLE	CSF	Sections	General & Administrative	
Program	\$ 23,730	\$ 227,158	\$ 111,921	\$ 150,434	\$ 6,287	\$ -	\$ 18,107	\$ 181,270	\$ 17,471	\$ 736,378
Salaries and benefits	1,839,927	127,865	336,438	143,260	165,522	320,868	-	-	1,260,413	4,194,293
General and administrative	244,704	123,420	83,872	47,698	936	10,179	611	-	242,995	754,415
Overhead and depreciation	92,357	5,385	11,433	14,749	187,030	67,197	-	-	45,354	423,505
	\$ 2,200,718	\$ 483,828	\$ 543,664	\$ 356,141	\$ 359,775	\$ 398,244	\$ 18,718	\$ 181,270	\$ 1,566,233	\$ 6,108,591

## 11. Contingencies

The Bar may, from time to time, be subject to legal proceedings arising in the normal course of business. Management does not believe the outcome of any matters currently pending will have a material impact on the financial position, results of activities, or liquidity of the Bar.

## 12. Related Parties

The primary purpose of the Bar is to perform services on behalf of its members, which may result in related-party transactions arising through its regular activities.

**SUPPLEMENTAL SCHEDULES**

**Schedule of Continuing Legal Education and Conferences  
Revenues and Expenses  
For the Year Ended June 30, 2022**

	<b>Summer Convention</b>	<b>Fall Forum</b>	<b>Spring Convention</b>	<b>CLE Events</b>	<b>Total</b>
Revenues	\$ 198,025	\$ 87,905	\$ 68,680	\$ 555,781	\$ 910,391
Expenses:					
Program	167,162	21,269	20,409	335,408	544,248
Salaries and benefits	16,487	3,413	2,654	174,860	197,414
General and administrative	5,112	6,386	6,121	66,696	84,315
Interfund facilities	(289)	(205)	-	(9,273)	(9,767)
MCLE fees	(3,191)	(5,689)	(5,211)	(45,887)	(59,978)
Total expenses	185,281	25,174	23,973	521,804	756,232
Excess of revenues over expenses	\$ 12,744	\$ 62,731	\$ 44,707	\$ 33,977	\$ 154,159



**Schedule of Member Services  
Revenues and Expenses  
For the Year Ended June 30, 2022**

	<b>Bar Journal</b>	<b>Member Services</b>	<b>Legislative</b>	<b>Public Education</b>	<b>Young Lawyers Division</b>	<b>Total</b>
Revenues	\$ 218,076	\$ 14,896	\$ -	\$ -	\$ 343	\$ 233,315
Expenses:						
Program	36,985	177,970	60,000	72	38,004	313,031
Salaries and benefits	42,223	-	3,060	91,786	-	137,069
General and administrative	133,698	-	336	66,263	893	201,190
Interfund facilities	(937)	-	-	-	-	(937)
MCLE fees	-	-	-	-	(2,112)	(2,112)
Total expenses	211,969	177,970	63,396	158,121	36,785	648,241
Excess (deficiency) of revenues over expenses	\$ 6,107	\$ (163,074)	\$ (63,396)	\$ (158,121)	\$ (36,442)	\$ (414,926)

**Schedule of Public Services  
Revenues and Expenses  
For the Year Ended June 30, 2022**

	<b>Committees</b>	<b>Consumer Assistance</b>	<b>Access to Justice</b>	<b>Tuesday Night Bar</b>	<b>Total</b>
Revenues	\$ 3,822	\$ -	\$ 39,298	\$ -	\$ 43,120
Expenses:					
Salaries and benefits	131,411	-	5,544	-	136,955
Program	31,867	120,656	201,085	256	353,864
General and administrative	5,225	9,192	57,944	-	72,361
Interfund facilities	(3,933)	-	(1,107)	-	(5,040)
Total expenses	164,570	129,848	263,466	256	558,140
Deficiency of revenues over expenses	\$ (160,748)	\$ (129,848)	\$ (224,168)	\$ (256)	\$ (515,020)

**Schedule of Bar Sections  
Revenues and Expenses  
For the Year Ended June 30, 2022**

	Balance June 30, 2021	Revenues	Expenses	Balance June 30, 2022	Net Increase (Decrease)
Bar Section Funds:					
Antitrust/Unfair Competition	\$ 6,953	\$ 1,200	\$ 336	\$ 7,817	\$ 864
Appellate Practice	25,520	14,440	5,603	34,357	8,837
Banking and Finance	12,974	6,905	3,860	16,019	3,045
Bankruptcy	16,373	5,420	3,831	17,962	1,589
Business Law	72,243	24,230	19,804	76,669	4,426
Collection Law	33,243	3,450	1,988	34,705	1,462
Constitutional Law	9,205	2,520	952	10,773	1,568
Construction Law	8,767	5,885	3,699	10,953	2,186
Corporate Counsel	70,431	31,597	67,173	34,855	(35,576)
Criminal Law	30,142	13,730	5,008	38,864	8,722
Cyber Law	34,500	5,431	3,586	36,345	1,845
Community Association Law	6,069	1,860	1,085	6,844	775
Cannabis Law	1,964	1,650	462	3,152	1,188
Dispute Resolution	27,899	4,725	10,734	21,890	(6,009)
Education Law	5,579	2,194	2,301	5,472	(107)
Elder Law	9,845	5,260	1,758	13,347	3,502
Entertainment Law	2,782	1,400	7,988	(3,806)	(6,588)
Environmental Law	20,107	7,756	1,080	26,783	6,676
Family Law	102,017	36,482	63,081	75,418	(26,599)
Franchise Law	5,923	1,455	262	7,116	1,193
Government/Administrative Law	25,688	9,975	4,296	31,367	5,679
Health Law	22,649	4,700	1,639	25,710	3,061
Intellectual Property	92,409	27,596	26,128	93,877	1,468
International Law	5,973	2,140	1,050	7,063	1,090
Indian Law	6,580	3,095	1,175	8,500	1,920
Juvenile Law	6,499	6,270	1,363	11,406	4,907
Labor and Employment Law	34,287	11,695	6,141	39,841	5,554
Legal Entrepreneurs	2,541	900	334	3,107	566
Litigation	107,671	64,686	71,249	101,108	(6,563)
Limited Scope	2,667	359	311	2,715	48
Military Law	3,716	900	411	4,205	489
Non-profit/Charitable Law	9,027	2,825	791	11,061	2,034
Probate/Estate Planning	42,856	19,627	7,307	55,176	12,320
Real Property	48,287	36,540	31,641	53,186	4,899
Securities	50,979	11,130	9,582	52,527	1,548
Senior Lawyers	1,361	680	238	1,803	442
Solo, Small Firm, Rural Practice	21,066	4,875	2,679	23,262	2,196
Tax	23,841	11,420	11,814	23,447	(394)
<b>Total Bar Section Funds</b>	<b>1,010,633</b>	<b>397,003</b>	<b>382,740</b>	<b>1,024,896</b>	<b>14,263</b>
Paralegal Division	35,705	13,775	13,930	35,550	(155)
	<b>\$ 1,046,338</b>	<b>\$ 410,778</b>	<b>\$ 396,670</b>	<b>\$ 1,060,446</b>	<b>\$ 14,108</b>

**Schedule of Mandatory  
Continuing Education Advisory Board  
For the Year Ended June 30, 2022**

Revenues:	
Compliance fees from attorneys	\$ 259,615
Continuing Legal Education (provider attendance fees)	258,851
Investment income	1,025
Interfund revenue	<u>(75,830)</u>
Total revenues	<u>443,661</u>
Expenses:	
Salaries, payroll taxes, and benefits	367,688
Office overhead	80,724
Travel	17,519
Board meetings	32,304
Interfund facilities	<u>(6,906)</u>
Total expenses	<u>491,329</u>
Deficiency of revenues over expenses	<u>\$ (47,668)</u>

**Schedule of Facilities  
Revenues and Expenses  
For the Year Ended June 30, 2022**

Revenues:	
Outside parties	<u>\$ 18,752</u>
In-kind and interfund revenues:	
Interdepartmental charges	33,774
Sections	8,031
Utah Bar Foundation and other in-kind	18,291
MCLE	<u>6,906</u>
Total in-kind and interfund revenues	<u>67,002</u>
Total revenues	<u>85,754</u>
Expenses:	
Building overhead	163,592
Food, beverage and AV costs	28,367
Salaries and benefits	151,100
General and administrative	<u>2,112</u>
	345,171
In-kind expenses	<u>18,291</u>
Total expenses	<u>363,462</u>
Deficiency of revenues over expenses	<u>\$ (277,708)</u>