



TANNER

BUSINESS ADVISORS AND
CERTIFIED PUBLIC ACCOUNTANTS

CRITICAL KNOWLEDGE



PROACTIVE INSIGHT

Member of
Allinial
GLOBAL™
An association of legally independent firms

Utah State Bar

**Financial Statements and Supplemental Schedules
As of and for the Year Ended June 30, 2020
(with Summarized Financial Information
as of and for the Year Ended June 30, 2019)**

Together with Independent Auditors' Report



Tanner LLC
Key Bank Tower at City Creek
36 South State Street, Suite 600
Salt Lake City, Utah 84111-1400
Telephone 801.532.7444
www.tannerco.com

TANNER
BUSINESS ADVISORS AND
CERTIFIED PUBLIC ACCOUNTANTS

Member of
Allinial
GLOBAL

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the Utah State Bar

Report on the Financial Statements

We have audited the accompanying financial statements of the Utah State Bar (a nonprofit organization) (the Bar), which comprise the statement of financial position as of June 30, 2020, the related statements of activities and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditors consider internal control relevant to the Bar's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bar's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bar as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Utah State Bar's 2019 financial statements and we expressed an unmodified opinion on those financial statements in our report dated September 25, 2019. In our opinion, the summarized comparative information presented herein as of June 30, 2019 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

October 5, 2020

UTAH STATE BAR
Statement of Financial Position

As of June 30, 2020
(with Summarized Financial Information as of June 30, 2019)

	<u>Bar Operations</u>	<u>Bar Sections</u>	<u>Client Security Fund</u>	<u>Mandatory Continuing Legal Education Fund</u>	<u>Total 2020</u>	<u>Total 2019</u>
Assets						
Current assets:						
Cash and cash equivalents	\$ 2,591,537	\$ 466,427	\$ 152,862	\$ 353,736	\$ 3,564,562	\$ 5,690,315
Investments, at fair value	4,449,071	444,672	122,389	362,134	5,378,266	3,766,307
Receivables	62,173	-	-	50	62,223	42,186
Prepaid expenses	94,743	-	-	-	94,743	167,371
Total current assets	7,197,524	911,099	275,251	715,920	9,099,794	9,666,179
Property and equipment, net	1,247,286	-	-	14,797	1,262,083	1,425,174
Total assets	<u>\$ 8,444,810</u>	<u>\$ 911,099</u>	<u>\$ 275,251</u>	<u>\$ 730,717</u>	<u>\$10,361,877</u>	<u>\$11,091,353</u>
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 695,199	\$ 14,115	\$ 1,236	\$ 649	\$ 711,199	\$ 691,493
Deferred revenue	2,363,207	-	-	-	2,363,207	2,846,714
Current portion of capital lease obligation	3,892	-	-	-	3,892	3,683
Interfund advance	(125,313)	49,679	-	75,634	-	-
Total current liabilities	2,936,985	63,794	1,236	76,283	3,078,298	3,541,890
Capital lease obligation, net of current portion	4,112	-	-	-	4,112	8,003
Total liabilities	<u>2,941,097</u>	<u>63,794</u>	<u>1,236</u>	<u>76,283</u>	<u>3,082,410</u>	<u>3,549,893</u>
Commitments and contingencies (Notes 6, 8, 9 and 11)						
Net assets:						
Net assets without donor restrictions - undesignated	3,033,672	-	-	-	3,033,672	3,211,628
Net assets without donor restrictions - board designated	2,431,302	847,305	274,015	654,434	4,207,056	4,274,613
Total net assets without donor restrictions	5,464,974	847,305	274,015	654,434	7,240,728	7,486,241
Net assets with donor restrictions	38,739	-	-	-	38,739	55,219
Total net assets	<u>5,503,713</u>	<u>847,305</u>	<u>274,015</u>	<u>654,434</u>	<u>7,279,467</u>	<u>7,541,460</u>
Total liabilities and net assets	<u>\$ 8,444,810</u>	<u>\$ 911,099</u>	<u>\$ 275,251</u>	<u>\$ 730,717</u>	<u>\$10,361,877</u>	<u>\$11,091,353</u>

See accompanying notes to financial statements.

UTAH STATE BAR
Statement of Activities

For the Year Ended June 30, 2020
(with Summarized Financial Information for the Year Ended June 30, 2019)

	<u>Bar Operations</u>	<u>Bar Sections</u>	<u>Client Security Fund</u>	<u>Mandatory Continuing Legal Education Fund</u>	<u>Total 2020</u>	<u>Total 2019</u>
Changes in net assets without donor restrictions:						
Revenues:						
Licensing	\$ 4,518,363	\$ -	\$ -	\$ -	\$4,518,363	\$4,391,838
Admissions	388,725	-	-	-	388,725	416,220
New lawyer training program	53,850	-	-	-	53,850	66,349
Office of Professional Conduct	13,646	-	-	-	13,646	33,333
Continuing legal education and conferences	690,687	-	-	-	690,687	1,044,783
Member services	197,239	-	-	-	197,239	257,330
Public services	14,589	-	-	-	14,589	13,435
Bar sections	-	427,432	-	-	427,432	425,142
Client Security Fund	-	-	26,131	-	26,131	47,313
Mandatory Continuing Legal Education Fund	-	-	-	296,698	296,698	332,117
Facilities	64,863	(37,783)	-	(7,713)	19,367	30,276
In-kind and interfund	21,143	37,783	-	7,713	66,639	95,471
Net investment income	181,985	-	4,941	13,868	200,794	209,575
Total revenues	<u>6,145,090</u>	<u>427,432</u>	<u>31,072</u>	<u>310,566</u>	<u>6,914,160</u>	<u>7,363,182</u>
Net assets released from restrictions	55,219	-	-	-	55,219	-
Total revenues and reclassifications	<u>\$ 6,200,309</u>	<u>\$427,432</u>	<u>\$ 31,072</u>	<u>\$ 310,566</u>	<u>\$6,969,379</u>	<u>\$7,363,182</u>

See accompanying notes to financial statements.

UTAH STATE BAR
Statement of Activities

Continued

For the Year Ended June 30, 2020

(with Summarized Financial Information for the Year Ended June 30, 2019)

	<u>Bar Operations</u>	<u>Bar Sections</u>	<u>Client Security Fund</u>	<u>Mandatory Continuing Legal Education Fund</u>	<u>Total 2020</u>	<u>Total 2019</u>
Changes in net assets without donor restrictions (continued) :						
Expenses:						
Licensing	\$ 134,680	\$ -	\$ -	\$ -	\$ 134,680	\$ 101,711
Admissions	531,721	-	-	-	531,721	480,120
New lawyer training program	83,317	-	-	-	83,317	47,233
Office of Professional Conduct	1,493,054	-	-	-	1,493,054	1,425,811
Continuing legal education and conferences	859,720	-	-	-	859,720	905,571
Member services	603,799	-	-	-	603,799	608,086
Public services	517,911	-	-	-	517,911	440,404
Bar sections	-	248,554	-	-	248,554	266,924
Client Security Fund	-	-	31,333	-	31,333	55,252
Mandatory Continuing Legal Education Fund	-	-	-	355,546	355,546	326,922
Bar operations	1,822,772	-	-	-	1,822,772	1,660,618
Facilities	465,846	-	-	-	465,846	511,556
In-kind and interfund	21,143	37,783	-	7,713	66,639	95,469
Total expenses	<u>6,533,963</u>	<u>286,337</u>	<u>31,333</u>	<u>363,259</u>	<u>7,214,892</u>	<u>6,925,677</u>
Increase (decrease) in net assets without donor restrictions	(333,654)	141,095	(261)	(52,693)	(245,513)	437,505
Change in net assets with donor restrictions:						
Grant revenue	38,739	-	-	-	38,739	55,219
Net assets released from restrictions	<u>(55,219)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,219)</u>	<u>-</u>
Increase (decrease) in net assets with donor restrictions	(16,480)	-	-	-	(16,480)	55,219
Increase (decrease) in net assets	(350,134)	141,095	(261)	(52,693)	(261,993)	492,724
Net assets:						
Beginning of the year	<u>5,853,847</u>	<u>706,210</u>	<u>274,276</u>	<u>707,127</u>	<u>7,541,460</u>	<u>7,048,736</u>
End of the year	<u>\$ 5,503,713</u>	<u>\$847,305</u>	<u>\$274,015</u>	<u>\$ 654,434</u>	<u>\$7,279,467</u>	<u>\$7,541,460</u>

See accompanying notes to financial statements.

UTAH STATE BAR
Statement of Cash Flows

For the Year Ended June 30, 2020
(with Summarized Financial Information for the Year Ended June 30, 2019)

	Bar Operations	Bar Sections	Client Security Fund	Mandatory Continuing Legal Education Fund	Total 2020	Total 2019
Cash flows from operating activities:						
Change in net assets	\$ (350,134)	\$ 141,095	\$ (261)	\$ (52,693)	\$ (261,993)	\$ 492,724
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	200,810	-	-	9,990	210,800	246,048
Net unrealized (gains) losses on investments	(35,044)	(3,767)	(988)	(3,022)	(42,821)	(27,399)
Loss on disposal of assets	5,673	-	-	-	5,673	-
Changes in assets and liabilities:						
Receivables	(19,987)	-	-	(50)	(20,037)	(30,390)
Prepaid expenses	72,628	-	-	-	72,628	(70,639)
Accounts payable and accrued liabilities	8,727	14,114	1,236	(4,371)	19,706	100,346
Deferred revenue	(483,507)	-	-	-	(483,507)	22,072
Interfund advance	(76,184)	23,685	-	52,499	-	-
Net cash provided by (used in) operating activities	<u>(677,018)</u>	<u>175,127</u>	<u>(13)</u>	<u>2,353</u>	<u>(499,551)</u>	<u>732,762</u>
Cash flows from investing activities:						
Purchases of property and equipment	(48,356)	-	-	(5,024)	(53,380)	(168,425)
Purchases of investments	(5,469,144)	(460,220)	(131,202)	(378,573)	(6,439,139)	(5,063,702)
Proceeds from sale of investments and reinvested income	4,580,000	120,000	30,000	140,000	4,870,000	6,019,576
Net cash provided by (used in) investing activities	<u>(937,500)</u>	<u>(340,220)</u>	<u>(101,202)</u>	<u>(243,597)</u>	<u>(1,622,519)</u>	<u>787,449</u>
Cash flows from financing activities:						
Payments on capital lease obligation	(3,683)	-	-	-	(3,683)	(3,485)
Net increase (decrease) in cash and cash equivalents	(1,618,201)	(165,093)	(101,215)	(241,244)	(2,125,753)	1,516,726
Cash and cash equivalents as of beginning of the year	<u>4,209,738</u>	<u>631,520</u>	<u>254,077</u>	<u>594,980</u>	<u>5,690,315</u>	<u>4,173,589</u>
Cash and cash equivalents as of end of the year	<u>\$2,591,537</u>	<u>\$ 466,427</u>	<u>\$ 152,862</u>	<u>\$ 353,736</u>	<u>\$3,564,562</u>	<u>\$5,690,315</u>

See accompanying notes to financial statements.

UTAH STATE BAR
Statement of Cash Flows
Continued
For the Year Ended June 30, 2020
(with Summarized Financial Information for the Year Ended June 30, 2019)

	Bar Operations	Bar Sections	Client Security Fund	Mandatory Continuing Legal Education Fund	Total 2020	Total 2019
Supplemental disclosure of cash flow information:						
Cash paid for interest	\$ 573	\$ -	\$ -	\$ -	\$ 573	\$ 573



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

Description of Organization

The Utah State Bar (the Bar) 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 13,100, 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, 2019, from which the summarized information was derived.



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

Concentrations of Risk

The Bar maintains cash in bank deposit accounts which, at times, exceed federally insured limits. As of June 30, 2020, the Bar had \$639,601 of cash that exceeded federally insured limits. Additionally, as of June 30, 2020, the Bar maintained cash and cash equivalents of \$2,513,668 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, 2020, these cash equivalents consisted of money market accounts totaling \$2,513,668.

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 statement 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



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

Property and Equipment – continued

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 services and programs, conventions, bar examinations, room rental and catering and other services at the time of sale or at the time services are provided. 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 statement 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, 2020.



1. Description of Organization and Summary of Significant Accounting Policies
Continued

Income Taxes – continued

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, 2020, 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, 2020 through October 5, 2020 (the date the financial statements were available to be issued) for possible disclosures or accounting impact.

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, 2020:

Cash and cash equivalents	\$ 3,564,562
Investments	5,378,266
Receivables	<u>62,223</u>
	<u>9,005,051</u>
Less amounts not available to be used within one year or otherwise restricted:	
Board designated funds	(4,207,056)
Donor restricted funds	<u>(41,739)</u>
	<u>\$ 4,756,256</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 8).



3. Investments and Net Investment Income

Investments consisted of the following as of June 30, 2020:

	Amortized Cost	Cumulative Net Unrealized Gains	Fair
Corporate bonds	\$ 5,298,114	\$ 80,152	\$ 5,378,266

Investment income for the year ended June 30, 2020, consisted of the following:

	Undesignated	Designated	Total
Net investment income and interest	\$ 149,077	\$ 15,980	\$ 165,057
Net unrealized gain/(loss)	32,908	2,829	35,737
	\$ 181,985	\$ 18,809	\$ 200,794

4. Fair Value Measurements

The Bar's financial instruments consist of investments as of June 30, 2020. 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.



4. Fair Value Measurements
Continued 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, 2020:

Building and building improvements	\$ 3,035,850
Computers and computer software	821,359
Office furniture, equipment and leased equipment	821,281
Land	<u>633,142</u>
	5,311,632
Less accumulated depreciation and amortization	<u>(4,049,549)</u>
Property and equipment, net	<u>\$ 1,262,083</u>

Depreciation and amortization expense for property and equipment totaled \$210,800 for the year ended June 30, 2020

6. Lease Obligation The Bar leases certain equipment under a capital lease obligation. The lease requires quarterly payments of \$1,064, has an effective interest rate of 16.6%, and is secured by the equipment being leased. As of June 30, 2020, equipment held under the capital lease had a cost of approximately \$18,000 and accumulated amortization of approximately \$13,000. As of June 30, 2020, future minimum lease payments under the capital lease were as follows:

Year Ending June 30:

2021	\$ 4,256
2022	<u>4,256</u>
Total	8,512
Less amount representing interest	<u>(508)</u>
	8,004
Less current portion	<u>(3,892)</u>
	<u>\$ 4,112</u>



7. Employee Benefit Plans The Bar sponsors a defined contribution 401(k) plan (the Plan). Employees who have completed one year of service with the Bar and have attained the age of 21 or older are eligible to participate, and may elect to contribute a portion of their compensation, subject to Internal Revenue Code limitations, to the Plan. The Bar contributes to the Plan an amount equal to 10% of the compensation of all Plan participants. Contributions to the Plan were \$277,322 for the year ended June 30, 2020.

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

8. 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, 2020:

Bar operations reserves:	
Three-month operating expense reserve	\$ 1,581,302
Capital replacement reserve – building	650,000
Capital replacement reserve – equipment	200,000
Total Bar operations reserves	<u>2,431,302</u>
Bar sections	847,305
Client security fund	274,015
Mandatory continuing legal education fund	<u>654,434</u>
	<u>\$ 4,207,056</u>

9. 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. The Bar determined no fee would be collected from member attorneys for the year ended June 30, 2020, as the fund was sufficiently funded.

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.



**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, 2020 are as follows:

	Program Services									Support Services	Total
	Regulatory	Member	Public	Education	Building			Sections	In-kind	General & Administrative	
		Services	Services		Usage	MCLE	CSF				
Program	\$ 126,362	\$ 259,867	\$ 154,563	\$ 606,434	\$ 68,728	\$ -	\$ 30,705	\$ 248,554	\$ -	\$ 240,028	\$ 1,735,241
Salaries and benefits	1,724,972	132,999	333,885	169,172	170,935	264,910	-	-	-	1,266,786	4,063,659
General and administrative	300,007	213,302	46,605	91,602	16,761	21,792	628	-	-	273,543	964,240
Overhead and depreciation	106,121	6,588	13,352	14,441	209,422	68,844	-	-	-	52,793	471,561
In-kind and Interfund facilities	(14,690)	(8,957)	(30,494)	(21,929)	-	7,713	-	37,783	21,143	(10,378)	(19,809)
	<u>\$ 2,242,772</u>	<u>\$ 603,799</u>	<u>\$ 517,911</u>	<u>\$ 859,720</u>	<u>\$ 465,846</u>	<u>\$ 363,259</u>	<u>\$ 31,333</u>	<u>\$ 286,337</u>	<u>\$ 21,143</u>	<u>\$ 1,822,772</u>	<u>\$ 7,214,892</u>

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.

The COVID-19 pandemic has caused significant business disruption throughout the world. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. Therefore, the Bar anticipates this matter may negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

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

UTAH STATE BAR
Schedule of Continuing Legal Education and Conferences
Revenues and Expenses

For the Year Ended June 30, 2020

	Summer Convention	Fall Forum	Spring Convention	CLE Events	Total
Revenues	\$ 215,930	\$ 83,224	\$ 495	\$ 391,038	\$ 690,687
Expenses:					
Program	246,401	64,336	21,228	274,469	606,434
Salaries and benefits	21,359	4,160	11,102	132,551	169,172
General and administrative	14,679	7,100	12,302	71,962	106,043
Interfund facilities	(1,402)	(320)	(1,134)	(19,073)	(21,929)
Total expenses	281,037	75,276	43,498	459,909	859,720
Excess (deficiency) of revenues over expenses	\$ (65,107)	\$ 7,948	\$ (43,003)	\$ (68,871)	\$ (169,033)

UTAH STATE BAR
Schedule of Member Services Revenues and Expenses

For the Year Ended June 30, 2020

	Bar Journal	Member Services	Legislative	Public Education	Young Lawyers Division	Total
Revenues	\$ 176,432	\$ 14,780	\$ -	\$ -	\$ 6,027	\$ 197,239
Expenses:						
Program	34,503	116,116	72,234	6,019	30,995	259,867
Salaries and benefits	40,072	-	5,427	87,500	-	132,999
General and administrative	119,277	-	225	96,696	3,692	219,890
Interfund facilities	(2,967)	-	(5,093)	(737)	(160)	(8,957)
Total expenses	190,885	116,116	72,793	189,478	34,527	603,799
Excess (deficiency) of revenues over expenses	\$ (14,453)	\$ (101,336)	\$ (72,793)	\$ (189,478)	\$ (28,500)	\$ (406,560)

UTAH STATE BAR
Schedule of Public Services Revenues and Expenses

For the Year Ended June 30, 2020

	Committees	Consumer Assistance	Access to Justice	Tuesday Night Bar	Total
Revenues	\$ 214	\$ -	\$ 14,375	\$ -	\$ 14,589
Expenses:					
Salaries and benefits	123,402	-	7,884	23,277	154,563
Program	29,452	127,976	173,099	3,358	333,885
General and administrative	4,992	8,682	44,835	1,448	59,957
Interfund facilities	(4,823)	-	(5,822)	(19,849)	(30,494)
Total expenses	153,023	136,658	219,996	8,234	517,911
Deficiency of revenues over expenses	\$ (152,809)	\$ (136,658)	\$ (205,621)	\$ (8,234)	\$ (503,322)

UTAH STATE BAR
Schedule of Bar Sections Revenues and Expenses

For the Year Ended June 30, 2020

	Balance June 30, 2019	Revenues	Expenses	Balance June 30, 2020	Net Increase (Decrease)
Bar Section Funds:					
Antitrust/Unfair Competition	\$ 10,316	\$ (3,656)	\$ 588	\$ 6,072	\$ (4,244)
Appellate Practice	14,666	11,625	7,145	19,146	4,480
Banking and Finance	6,706	7,175	4,183	9,698	2,992
Bankruptcy	10,026	7,365	5,016	12,375	2,349
Business Law	43,442	23,165	8,965	57,642	14,200
Collection Law	24,833	6,843	1,043	30,633	5,800
Communications Law	3,799	460	161	4,098	299
Constitutional Law	6,194	2,295	1,214	7,275	1,081
Construction Law	7,254	2,816	4,754	5,316	(1,938)
Corporate Counsel	38,377	26,608	6,820	58,165	19,788
Criminal Law	20,764	13,086	8,347	25,503	4,739
Cyber Law	28,118	8,618	5,567	31,169	3,051
Community Association Law	4,055	1,274	378	4,951	896
Cannabis Law	-	1,000	140	860	860
Dispute Resolution	16,801	9,193	3,048	22,946	6,145
Education Law	5,398	2,140	749	6,789	1,391
Elder Law	6,751	7,594	6,918	7,427	676
Entertainment Law	238	9,598	4,426	5,410	5,172
Environmental Law	13,183	1,200	5,470	8,913	(4,270)
Family Law	81,975	54,214	36,434	99,755	17,780
Franchise Law	4,382	990	231	5,141	759
Government/Administrative Law	16,588	10,676	8,243	19,021	2,433
Health Law	16,927	4,670	2,117	19,480	2,553
Intellectual Property	70,160	18,823	16,257	72,726	2,566
International Law	3,664	2,180	1,071	4,773	1,109
Indian Law	3,070	2,295	1,447	3,918	848
Juvenile Law	3,285	2,960	2,009	4,236	951
Labor and Employment Law	18,621	15,332	8,656	25,297	6,676
Legal Entrepreneurs	860	45,097	42,251	3,706	2,846
Litigation	86,201	444	149	86,496	295
Limited Scope	2,112	700	196	2,616	504
Military Law	2,562	904	322	3,144	582
Non-profit/Charitable Law	5,247	2,475	693	7,029	1,782
Probate/Estate Planning	23,014	27,401	19,724	30,691	7,677
Real Property	26,580	42,330	41,414	27,496	916
Securities	33,238	11,189	1,863	42,564	9,326
Senior Lawyers	525	580	252	853	328
Solo, Small Firm, Rural Practice	11,493	8,276	2,464	17,305	5,812
Tax	16,225	12,483	10,703	18,005	1,780
Total Bar Section Funds	687,650	402,418	271,428	818,640	130,990
Paralegal Division	18,560	25,014	14,909	28,665	10,105
	\$ 706,210	\$ 427,432	\$ 286,337	\$ 847,305	\$ 141,095

See Independent Auditors' Report.

UTAH STATE BAR
Schedule of Mandatory Continuing Education Advisory Board

For the Year Ended June 30, 2020

Revenues:	
Compliance fees from attorneys	\$ 173,042
Continuing Legal Education (provider attendance fees)	123,656
Investment income	<u>13,868</u>
Total revenues	<u>310,566</u>
Expenses:	
Salaries, payroll taxes, and benefits	264,910
Office overhead	68,844
Interfund facilities	7,713
Travel	18,371
Board meetings	<u>3,421</u>
Total expenses	<u>363,259</u>
Deficiency of revenues over expenses	<u>\$ (52,693)</u>

UTAH STATE BAR
Schedule of Facilities Revenues and Expenses

For the Year Ended June 30, 2020

Revenues:	
Outside parties	<u>\$ 19,367</u>
In-kind and interfund revenues:	
Interdepartmental charges	92,210
Sections	37,783
Utah Dispute Resolution and other in-kind	17,837
MCLE	<u>7,713</u>
Total in-kind and interfund revenues	<u>155,543</u>
Total revenues	<u>174,910</u>
Expenses:	
Building overhead	209,422
Food, beverage and AV costs	68,728
Salaries and benefits	170,935
General and administrative	<u>16,761</u>
	465,846
In-kind expenses	<u>21,143</u>
Total expenses	<u>486,989</u>
Deficiency of revenues over expenses	<u>\$ (312,079)</u>