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# TANNER

Accountants & Advisors

## **UTAH STATE BAR**

**Financial Statements and Supplemental Schedules  
As of and for the Year Ended June 30, 2024 (with Summarized Financial Information  
as of and for the Year Ended June 30, 2023)**

**Together with Independent Auditors' Report**



# TANNER

## Independent Auditors' Report

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### 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, 2024, 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, 2024, 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.



# TANNER

## Independent Auditors' Report

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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 2023 financial statements and we expressed an unmodified opinion on those financial statements in our report dated October 18, 2023. In our opinion, the summarized comparative information presented herein as of June 30, 2023 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 revenues 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 16, 2024

## Statements of Financial Position

As of June 30, 2024

(with Summarized Financial Information as of June 30, 2023)

	Bar Operations	Bar Sections	Fund for Client Protection	Mandatory Continuing Legal Education Fund	Total 2024	Total 2023
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 6,648,658	\$ 961,717	\$ 241,906	\$ 682,445	\$ 8,534,726	\$ 6,246,271
Investments, at fair value	2,429,054	301,285	60,257	130,406	2,921,002	5,427,044
Receivables	120,591	-	-	40	120,631	81,311
Prepaid expenses	296,716	-	-	-	296,716	301,735
Total current assets	9,495,019	1,263,002	302,163	812,891	11,873,075	12,056,361
Property and equipment, net	1,545,646	-	-	7,680	1,553,326	1,526,851
Total assets	\$ 11,040,665	\$ 1,263,002	\$ 302,163	\$ 820,571	\$ 13,426,401	\$ 13,583,212
<b>Liabilities and Net Assets</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 862,689	\$ 8,285	\$ 456	\$ 3,874	\$ 875,304	\$ 1,075,502
Deferred revenue	3,888,392	-	-	-	3,888,392	3,961,286
Interfund payable (advance)	(161,454)	137,563	-	23,891	-	-
Total current liabilities	4,589,627	145,848	456	27,765	4,763,696	5,036,788
Commitments and contingencies						
Net assets:						
Net assets without donor restrictions - undesignated	2,859,407	-	-	-	2,859,407	2,502,063
Net assets without donor restrictions - board designated	3,500,022	1,117,154	301,707	792,806	5,711,689	5,976,149
Total net assets without donor restrictions	6,359,429	1,117,154	301,707	792,806	8,571,096	8,478,212
Net assets with donor restrictions	91,609	-	-	-	91,609	68,212
Total net assets	6,451,038	1,117,154	301,707	792,806	8,662,705	8,546,424
Total liabilities and net assets	\$ 11,040,665	\$ 1,263,002	\$ 302,163	\$ 820,571	\$ 13,426,401	\$ 13,583,212

See accompanying notes to financial statements.

## Statements of Activities

For the Year Ended June 30, 2024 (with Summarized Financial Information for the Year Ended June 30, 2023)

	Bar Operations	Bar Sections	Fund for Client Protection	Mandatory Continuing Legal Education Fund	In-Kind & Interfund	Total 2024	Total 2023
<b>Changes in net assets without donor restrictions:</b>							
Revenues:							
Licensing	\$ 4,908,345	\$ -	\$ -	\$ -	\$ -	\$ 4,908,345	\$ 4,803,145
Admissions	594,787	-	-	-	-	594,787	478,722
New lawyer training program	80,866	-	-	-	-	80,866	56,289
Office of Professional Conduct	30,615	-	-	-	-	30,615	31,399
Continuing legal education and conferences	1,045,310	-	-	-	-	1,045,310	1,096,756
Member services	341,295	-	-	-	(87,661)	253,634	232,646
Public services	11,059	-	-	-	-	11,059	7,862
Bar sections	-	509,067	-	-	-	509,067	478,025
Fund for client protection	-	-	85,127	-	-	85,127	(78,303)
Mandatory Continuing Legal Education Fund	-	-	-	613,030	(75,977)	537,053	571,365
Bar Operations	2,571	-	-	-	-	2,571	-
Legal Service Innovation	7,750	-	-	-	-	7,750	-
Facilities	159,945	-	-	-	(134,866)	25,079	25,911
Net investment income	409,531	-	12,510	35,184	-	457,225	256,003
<b>Total revenues</b>	<b>7,592,074</b>	<b>509,067</b>	<b>97,637</b>	<b>648,214</b>	<b>(298,504)</b>	<b>8,548,488</b>	<b>7,959,820</b>
Net assets released from restrictions	233,776	-	-	-	-	233,776	72,527
<b>Total revenues and reclassifications</b>	<b>\$ 7,825,850</b>	<b>\$ 509,067</b>	<b>\$ 97,637</b>	<b>\$ 648,214</b>	<b>\$ (298,504)</b>	<b>\$ 8,782,264</b>	<b>\$ 8,032,347</b>

## Statements of Activities – Continued

For the Year Ended June 30, 2024 (with Summarized Financial Information for the Year Ended June 30, 2023)

	Bar Operations	Bar Sections	Fund for Client Protection	Mandatory Continuing Legal Education Fund	In-Kind & Interfund	Total 2024	Total 2023
<b>Changes in net assets without donor restrictions (continued) :</b>							
Expenses:							
Licensing	\$ 318,142	\$ -	\$ -	\$ -	\$ (592)	\$ 317,550	\$ 300,907
Admissions	555,351	-	-	-	(14,522)	540,829	415,061
New lawyer training program	79,129	-	-	-	(1,607)	77,522	60,495
Office of Professional Conduct	1,615,471	-	-	-	(1,608)	1,613,863	1,588,124
Continuing legal education and conferences	948,095	-	-	-	(94,755)	853,340	1,176,766
Member services	981,337	-	-	-	(6,822)	974,515	809,540
Public services	685,307	-	-	-	(7,087)	678,220	642,041
Bar sections	-	474,763	-	-	(127,481)	347,282	342,420
Fund for client protection	-	-	95,259	-	-	95,259	47,452
Mandatory Continuing Legal Education Fund	-	-	-	571,556	(13,760)	557,796	551,456
Bar operations	2,034,225	-	-	-	(14,686)	2,019,539	1,855,940
Legal Services Innovation	170,102	-	-	-	-	170,102	-
Facilities	459,147	-	-	-	(15,584)	443,563	358,992
Total expenses	7,846,306	474,763	95,259	571,556	(298,504)	8,689,380	8,149,194
Increase (decrease) in net assets without donor restrictions	(20,456)	34,304	2,378	76,658	-	92,884	(116,847)
<b>Change in net assets with donor restrictions:</b>							
Grant revenue	257,173	-	-	-	-	257,173	140,739
Net assets released from restrictions	(233,776)	-	-	-	-	(233,776)	(72,527)
Increase in net assets with donor restrictions	23,397	-	-	-	-	23,397	68,212
Increase (decrease) in net assets	2,941	34,304	2,378	76,658	-	116,281	(48,635)
Net assets:							
Beginning of the year	6,448,097	1,082,850	299,329	716,148	-	8,546,424	8,595,059
End of the year	\$ 6,451,038	\$ 1,117,154	\$ 301,707	\$ 792,806	\$ -	\$ 8,662,705	\$ 8,546,424

See accompanying notes to financial statements.

## Statements of Cash Flows

For the Year Ended June 30, 2024 (with Summarized Financial Information for the Year Ended June 30, 2023)

	Bar Operations	Bar Sections	Fund for Client Protection	Mandatory Continuing Legal Education Fund	Total 2024	Total 2023
<b>Cash flows from operating activities:</b>						
Change in net assets	\$ 2,941	\$ 34,304	\$ 2,378	\$ 76,658	\$ 116,281	\$ (48,635)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:						
Depreciation and amortization	155,941	-	-	7,786	163,727	141,952
Net unrealized (gain) loss on investments	(115,166)	212	(638)	60	(115,532)	(27,745)
Loss on disposal of assets	403	-	-	-	403	209
Changes in assets and liabilities:						
Receivables	(39,366)	-	-	45	(39,321)	(64,332)
Prepaid expenses	5,019	-	-	-	5,019	(52,071)
Accounts payable and accrued liabilities	(192,016)	(4,917)	-	(1,595)	(198,528)	150,832
Deferred revenue	(17,188)	-	(55,706)	-	(72,894)	1,065,970
Interfund advance	(108,690)	55,286	55,706	(2,302)	-	(1)
Net cash and cash equivalents provided by (used in) operating activities	(308,122)	84,885	1,740	80,652	(140,845)	1,166,179
<b>Cash flows from investing activities:</b>						
Purchases of property and equipment	(190,606)	-	-	-	(190,606)	(277,158)
Purchases of investments	(6,161,803)	(298,168)	(69,502)	(128,952)	(6,658,425)	(5,656,779)
Proceeds from sale of investments and reinvested income	7,350,000	1,175,000	180,000	575,000	9,280,000	6,081,000
Net cash and cash equivalents provided by investing activities	997,591	876,832	110,498	446,048	2,430,969	147,063
<b>Cash flows from financing activities:</b>						
Payments on finance lease obligation	(1,669)	-	-	-	(1,669)	(1,268)
Net increase in cash and cash equivalents	687,800	961,717	112,238	526,700	2,288,455	1,311,974
Cash and cash equivalents as of beginning of the year	5,960,858	-	129,668	155,745	6,246,271	4,934,297
Cash and cash equivalents as of end of the year	\$ 6,648,658	\$ 961,717	\$ 241,906	\$ 682,445	\$ 8,534,726	\$ 6,246,271
<b>Supplemental disclosure of cash flow information:</b>						
Cash paid for interest	\$ 2,806	\$ -	\$ -	\$ -	\$ 2,806	\$ 3,205

See accompanying notes to financial statements.

## **Notes to Financial Statements**

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### **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 14,200 are considered licensees of the Bar.

#### **Recently Adopted Accounting Pronouncement**

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13 or ASC 326). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13.

On July 1, 2023, the Organization adopted this new accounting standard and all related amendments using the modified retrospective method. The Organization's adoption did not result in a significant impact to the opening balance of net assets and the comparative information has not been adjusted or restated. Results for reporting periods beginning after July 1, 2023, are presented under ASC 326.

#### **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 Fund for Client Protection, 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, 2023, from which the summarized information was derived.

#### **Concentrations of Risk**

The Bar maintains its cash and cash equivalents in bank deposit accounts which, at times, exceed federally insured limits. As of June 30, 2024 and 2023, the Organization had cash and cash equivalents balances in excess of federally insured limits. To date, the Organization has not experienced a loss or lack of access to its invested cash; however, no assurance can be provided that access to the Organization's invested cash and cash equivalents will not be impacted by adverse conditions in financial markets.



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***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, 2024, these cash equivalents consisted of money market mutual funds totaling \$4,452,417.

***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 statements 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 licensees).

***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 statements 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 during the year ended June 30, 2024.

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, 2024, 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.

**Reclassifications**

Certain amounts in the 2023 financial statements have been reclassified to conform with the current year presentation.

**Subsequent Events**

Management has evaluated events occurring subsequent to June 30, 2024 through October 16, 2024, which is the date the financial statements were available.

**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>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 8,534,726	\$ 6,246,271
Investments	2,921,002	5,427,044
Receivables	120,631	81,311
	<u>11,576,359</u>	<u>\$11,754,626</u>
Less amounts not available to be used within one year or otherwise restricted:		
Board designated funds	(5,711,689)	(5,976,149)
	<u>\$ 5,864,670</u>	<u>\$ 5,778,477</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, 2024:

	<b>Amortized Cost</b>	<b>Cumulative Net Unrealized Gains</b>		<b>Fair Value</b>
Corporate bonds	\$ 2,908,383	12,619	\$	2,921,002

Investment income for the year ended June 30, 2024, consisted of the following:

	<b>Undesignated</b>	<b>Designated</b>		<b>Total</b>
Net investment income and interest	\$ 398,473	45,865	\$	444,338
Net unrealized gain	11,057	1,830		12,887
	\$ 409,530	47,695	\$	457,225

Investments consisted of the following as of June 30, 2023:

	<b>Amortized Cost</b>	<b>Cumulative Net Unrealized Gains (Losses)</b>		<b>Fair Value</b>
Corporate bonds	\$ 5,421,473	5,571	\$	5,427,044

Investment income for the year ended June 30, 2023, consisted of the following:

	<b>Undesignated</b>	<b>Designated</b>		<b>Total</b>
Net investment income and interest	\$ 212,755	28,003	\$	240,758
Net unrealized gain (loss)	15,712	(467)		15,245
	\$ 228,467	27,536	\$	256,003

### 4. Fair Value Measurements

The Bar's financial instruments consist of investments as of June 30, 2024 and 2023. 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:

	2024	2023
Building and building improvements	\$ 3,571,798	\$ 3,472,236
Computers and computer software	865,049	920,065
Office furniture, equipment and leased equipment	802,065	770,777
Land	633,142	633,142
	5,872,054	5,796,220
Less accumulated depreciation and amortization	(4,318,728)	(4,269,369)
	\$ 1,553,326	\$ 1,526,851

Depreciation and amortization expense for property and equipment totaled \$163,727 and \$141,952 for the years ended June 30, 2024 and 2023, respectively.

## 6. Employee Benefit Plans

The Bar sponsors a defined contribution 401(k) plan (the Plan). Upon hiring, employees who 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 their compensation. Contributions to the Plan were \$304,716 and \$303,495 for the years ended June 30, 2024 and 2023, 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, Fund for Client Protection, and the mandatory continuing legal education fund. Board designated net assets without donor restrictions consisted of the following as of June 30:

	2024	2023
Bar operations reserves :		
Four-month operating expense reserve	\$ 2,545,647	\$ 2,699,822
Capital replacement reserve – building	600,000	600,000
Capital replacement reserve – equipment	200,000	200,000
Update Member Database to cloud services	-	100,000
New OPC Database	50,000	50,000
Wellbeing Program	104,375	228,000
Total Bar operations reserves	3,500,022	3,877,822
Bar sections	1,117,154	1,082,850
Fund for client protection	301,707	299,329
Mandatory continuing legal education fund	792,806	716,148
	\$ 5,711,689	\$ 5,976,149

## 8. Fund for Client Protection

On October 30, 1983, the Bar received approval from the Utah Supreme Court (USC) to assess lawyers and Licensed Paralegal Practitioners (LPPs) to maintain the Fund at sufficient levels to pay eligible claims. The Bar is required to maintain a Fund balance of at least \$200,000. Before annual licensing begins, the Bar calculates how much each lawyer and LPP must pay to maintain the Fund balance. After the Supreme Court approves the assessment amount, the Bar adds the assessment amount to the annual licensing renewal form so lawyers can pay the amount during the renewal process. The assessment averages \$5 to \$7 but has been as high as \$20 depending on claims made to the Fund. The Bar determined a fee of \$7 would be collected from licensee attorneys for the year ended June 30, 2024. No fee was collected in 2023.

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. 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, 2024 are as follows:

	Program Services							Support Services		Total
	Regulatory	Member Services	Public Services	Education	Building Usage	MCLE	FCP	Sections	General & Administrative	
Program	\$ 109,319	\$ 626,292	\$ 200,858	\$ 588,844	\$ 88,933	\$ -	\$ 93,925	\$ 347,282	\$ 166,719	\$ 2,222,172
Salaries and benefits	1,878,766	145,042	377,858	171,067	175,634	455,038	-	-	1,614,159	4,817,564
General and administrative	435,254	198,232	83,853	79,528	16,477	26,174	1,334	-	341,172	1,182,024
Overhead and depreciation	126,425	4,949	15,651	13,901	162,519	76,584	-	-	67,591	467,620
	\$ 2,549,764	\$ 974,515	\$ 678,220	\$ 853,340	\$ 443,563	\$ 557,796	\$ 95,259	\$ 347,282	\$ 2,189,641	\$ 8,689,380

Expenses by natural classification for the year ended June 30, 2023 were as follows:

	Program Services							Support Services		Total
	Regulatory	Member Services	Public Services	Education	Building Usage	MCLE	CSF	Sections	General & Administrative	
Program	\$ 88,285	\$ 464,226	\$ 166,738	\$ 907,694	\$ 66,064	\$ -	\$ 46,729	\$ 342,420	\$ 139,602	\$ 2,221,758
Salaries and benefits	1,762,085	153,796	386,082	162,008	162,983	426,573	-	-	1,335,773	4,389,300
General and administrative	397,408	186,944	74,761	92,617	(22,350)	57,382	723	-	315,657	1,103,142
Overhead and depreciation	116,809	4,574	14,460	14,447	152,295	67,501	-	-	64,908	434,994
	\$ 2,364,587	\$ 809,540	\$ 642,041	\$ 1,176,766	\$ 358,992	\$ 551,456	\$ 47,452	\$ 342,420	\$ 1,855,940	\$ 8,149,194

## 10. 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.

## 11. Related Parties

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

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**SUPPLEMENTAL SCHEDULES**

## ***Schedule of Continuing Legal Education and Conferences***

### ***Revenues and Expenses***

*For the Year Ended June 30, 2024*

	<b>Summer Convention</b>	<b>Fall Forum</b>	<b>Spring Convention</b>	<b>CLE Events</b>	<b>Total</b>
Revenues	\$ 61,087	\$ 93,925	\$ 122,735	\$ 767,563	\$ 1,045,310
Expenses:					
Program	26,353	70,542	98,336	488,369	683,600
Salaries and benefits	736	1,879	6,864	161,588	171,067
General and administrative	1,436	3,291	4,655	84,047	93,429
Interfund facilities	(607)	-	-	(31,872)	(32,479)
MCLE fees	(2,429)	(2,156)	(3,201)	(54,491)	(62,277)
Total expenses	25,489	73,556	106,654	647,641	853,340
Excess of revenues over expenses	\$ 35,598	\$ 20,369	\$ 16,081	\$ 119,922	\$ 191,970

## Schedule of Member Services

### Revenues and Expenses

For the Year Ended June 30, 2024

	Bar Journal	Member Services	Legislative	Public Education	Young Lawyers Division	Total
Revenues	\$ 218,980	\$ 28,661	\$ -	\$ 1,000	\$ 4,993	\$ 253,634
Expenses:						
Program	39,697	475,032	63,708	847	53,829	633,113
Salaries and benefits	46,446	-	3,460	95,136	-	145,042
General and administrative	159,880	-	6	41,512	1,783	203,181
Interfund facilities	(4,601)	-	-	-	(2,220)	(6,821)
Total expenses	241,422	475,032	67,174	137,495	53,392	974,515
Deficiency of revenues over expenses	\$ (22,442)	\$ (446,371)	\$ (67,174)	\$ (136,495)	\$ (48,399)	\$ (720,881)



## Schedule of Public Services

### Revenues and Expenses

For the Year Ended June 30, 2024

	<b>Committees</b>	<b>Consumer Assistance</b>	<b>Access to Justice</b>	<b>Total</b>
Revenues	\$ 1,635	\$ -	\$ 130,534	\$ 132,169
Expenses:				
Salaries and benefits	184,808	-	23,138	207,946
Program	35,387	66,831	275,640	377,858
General and administrative	6,233	11,086	82,185	99,504
Interfund facilities	(4,238)	-	(2,850)	(7,088)
Total expenses	222,190	77,917	378,113	678,220
Deficiency of revenues over expenses	\$ (220,555)	\$ (77,917)	\$ (247,579)	\$ (546,051)

## Schedule of Bar Sections

### Revenues and Expenses

For the Year Ended June 30, 2024

	Balance June 30, 2023	Revenues	Expenses	Balance June 30, 2024	Net Increase (Decrease)
Bar Section Funds:					
Antitrust/Unfair Competition	\$ 8,610	\$ 1,350	\$ 371	\$ 9,589	\$ 979
Appellate Practice	45,398	15,819	7,499	53,718	8,320
Banking and Finance	15,825	6,998	3,808	19,015	3,190
Bankruptcy	20,940	6,330	4,955	22,315	1,375
Business Law	85,249	30,270	56,738	58,781	(26,468)
Collection Law	35,151	4,059	889	38,321	3,170
Constitutional Law	12,285	1,920	896	13,309	1,024
Construction Law	12,342	8,290	10,641	9,991	(2,351)
Corporate Counsel	(7,632)	36,302	7,179	21,491	29,123
Criminal Law	48,270	17,623	4,925	60,968	12,698
Cyber Law	36,893	8,996	27,012	18,877	(18,016)
Community Association Law	7,998	1,740	1,367	8,371	373
Cannabis Law	4,757	1,740	406	6,091	1,334
Dispute Resolution	29,295	5,200	3,268	31,227	1,932
Education Law	8,350	5,608	2,159	11,799	3,449
Elder Law	23,809	5,790	4,557	25,042	1,233
Environmental Law	10,124	10,027	9,315	10,836	712
Entertainment Law	4,056	1,442	586	4,912	856
Family Law	93,313	46,637	45,956	93,994	681
Franchise Law	7,782	840	196	8,426	644
Government/Administrative Law	36,205	12,413	5,537	43,081	6,876
Health Law	25,400	5,000	3,454	26,946	1,546
Intellectual Property	90,859	40,822	9,299	122,382	31,523
International Law	10,081	4,145	1,640	12,586	2,505
Indian Law	11,730	3,195	4,614	10,311	(1,419)
Juvenile Law	6,558	4,980	1,647	9,891	3,333
Labor and Employment Law	45,730	24,444	31,588	38,586	(7,144)
Legal Entrepreneurs	3,683	38,581	34,259	8,005	4,322
Litigation	2,884	300	105	3,079	195
Limited Scope	94,514	32,307	32,123	94,698	184
Military Law	4,711	840	525	5,026	315
Non-profit/Charitable Law	13,060	2,850	822	15,088	2,028
Probate/Estate Planning	66,423	25,770	13,652	78,541	12,118
Real Property	37,532	49,987	72,278	15,241	(22,291)
Securities	51,617	10,840	27,854	34,603	(17,014)
Senior Lawyers	2,245	540	189	2,596	351
Solo, Small Firm, Rural Practice	26,662	4,350	1,218	29,794	3,132
Tax	20,887	15,032	22,569	13,350	(7,537)
<b>Total Bar Section Funds</b>	<b>1,053,596</b>	<b>493,377</b>	<b>456,096</b>	<b>1,090,877</b>	<b>37,281</b>
Paralegal Division	29,254	15,690	18,667	26,277	(2,977)
	<b>\$ 1,082,850</b>	<b>\$ 509,067</b>	<b>\$ 474,763</b>	<b>\$ 1,117,154</b>	<b>\$ 34,304</b>

## **Schedule of Mandatory**

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### **Continuing Education Advisory Board**

*For the Year Ended June 30, 2024*

Revenues:

Compliance fees from attorneys	\$	305,486
Continuing Legal Education (provider attendance fees)		307,544
Investment income		35,184
Interfund revenue		<u>(75,977)</u>
Total revenues		<u>572,237</u>

Expenses:

Salaries, payroll taxes, and benefits		455,038
Office overhead		90,344
Travel		21,118
Board meetings		5,056
Interfund facilities		<u>(13,760)</u>
Total expenses		<u>557,796</u>
Excess of revenues over expenses	\$	<u>14,441</u>

## Schedule of Facilities

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### Revenues and Expenses

For the Year Ended June 30, 2024

Revenues:	
Outside parties	\$ 25,079
In-kind and interfund revenues:	
Interdepartmental charges	79,402
Sections	26,120
Utah Bar Foundation and other in-kind	15,584
MCLE	13,760
Total in-kind and interfund revenues	134,866
Total revenues	159,945
Expenses:	
Building overhead	162,519
Food, beverage and AV costs	88,933
Salaries and benefits	175,634
General and administrative	16,477
	443,563
In-kind expenses	15,584
Total expenses	459,147
Deficiency of revenues over expenses	\$ (299,202)