

**Oklahoma Bar Association**

**Audited Financial Statements**

**December 31, 2020**

Financial Statements

Oklahoma Bar Association

December 31, 2020

Financial Statements

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Board of Governors  
Oklahoma Bar Association  
Oklahoma City, Oklahoma

Opinion

We have audited the accompanying financial statements of the Oklahoma Bar Association (the "Association"), which comprise the Statements of Financial Position as of December 31, 2020 and 2019, and the related Statements of Activities Without Donor Restrictions, Activities With Donor Restrictions, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oklahoma Bar Association as of December 31, 2020 and 2019, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Oklahoma Bar Association 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 Oklahoma Bar Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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, including omissions, 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 Oklahoma Bar Association'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 Oklahoma Bar Association'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.

*Smith, Carney & Co. P.C.*

Oklahoma City, Oklahoma  
July 30, 2021

## STATEMENTS OF FINANCIAL POSITION

## OKLAHOMA BAR ASSOCIATION

	December 31,	
	2020	2019
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 720,700	\$ 315,389
Certificates of deposit	8,720,098	8,897,654
Membership dues receivable	1,733,553	1,635,280
Other receivables	250,206	202,611
Other assets	176,496	82,872
Due from donor restricted fund	145,792	156,355
Restricted:		
Cash and cash equivalents	101,045	5,508
Certificates of deposit	175,000	175,000
Due from donor restricted fund	(145,792)	(156,355)
Total Current Assets	<u>11,877,098</u>	<u>11,314,314</u>
<u>Property and Equipment, net</u>	<u>2,926,143</u>	<u>3,045,226</u>
<u>Investments (Restricted)</u>	<u>1,839,684</u>	<u>1,577,995</u>
	<u>\$16,642,925</u>	<u>\$15,937,535</u>
<b>LIABILITIES AND NET ASSETS</b>		
<u>Current Liabilities</u>		
Accounts payable	\$ 307,716	\$ 228,667
Accrued expenses	171,099	134,141
Capital lease payable, current	-	5,305
Deferred revenues	4,487,410	4,450,417
Restricted:		
Accounts payable	110,667	9,733
Total Current Liabilities	<u>5,076,892</u>	<u>4,828,263</u>
<u>Capital lease payable, long-term</u>	<u>-</u>	<u>9,360</u>
<u>Net Assets Without Donor Restrictions</u>		
Board designated:		
Women in Law Conference Fund	30,116	32,019
Lawyers Helping Lawyers Fund	56,629	-
Solo/Small Firm Conference Fund	41,386	41,386
Bar Center Improvements	136,268	94,419
Communications Pamphlet Fund	38,304	31,098
Technology Fund	378,126	326,811
Diversity Conference Fund	15,135	16,399
Legislative Education Fund	71,750	67,812
Attorney General Mortgage Assistance Fund	39,174	39,324
Young Lawyers Division		
Kick It Forward Fund	8,334	8,887
Sections Fund	904,703	809,994
Undesignated	7,986,838	8,039,348
	<u>9,706,763</u>	<u>9,507,497</u>
<u>Net Assets With Donor Restrictions</u>		
Client Security Fund	1,859,270	1,592,415
	<u>11,566,033</u>	<u>11,099,912</u>
	<u>\$16,642,925</u>	<u>\$15,937,535</u>

See Independent Auditors' Report  
and Notes to Financial Statements.

STATEMENTS OF ACTIVITIES WITHOUT DONOR RESTRICTIONS

OKLAHOMA BAR ASSOCIATION

	For The Year Ended December 31,	
	2020	2019
<u>REVENUES</u>		
Membership dues and penalties	\$ 4,250,063	\$ 4,206,363
Interest income	79,296	171,169
Annual meeting	14,250	32,992
Other administrative revenues	77,506	81,817
Communications and public information	160,138	170,114
Continuing legal education	1,050,138	1,019,356
Disciplinary and general counsel	493,450	438,799
Mandatory continuing legal education	219,120	228,755
Management assistance programs	-	1,684
Committees and special projects	107,943	247,233
Sections	270,813	380,383
Total Revenues	6,722,717	6,978,665
<u>EXPENSES</u>		
<u>Management and General</u>		
Administration	2,010,045	1,999,282
Total Management and General	2,010,045	1,999,282
<u>Program</u>		
Communications and public information	580,840	599,417
Law-related education	10	3,436
Continuing legal education	960,853	986,537
Disciplinary and general counsel	1,548,645	1,515,112
Mandatory continuing legal education	313,468	303,759
Committees and special projects	293,897	469,564
Management assistance programs	464,589	442,223
Sections	176,104	350,823
Total Program	4,338,406	4,670,871
Total Expenses	6,348,451	6,670,153
Change In Net Assets Without Donor Restrictions	374,266	308,512
Transfer To Net Assets With Donor Restrictions	(175,000)	(175,000)
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
<u>AT BEGINNING OF YEAR</u>	9,507,497	9,373,985
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
<u>AT END OF YEAR</u>	\$ 9,706,763	\$ 9,507,497

See Independent Auditors' Report  
and Notes to Financial Statements.

STATEMENTS OF ACTIVITIES WITH DONOR RESTRICTIONS

OKLAHOMA BAR ASSOCIATION

	For the Year Ended December 31,	
	2020	2019
<u>REVENUES</u>		
Investment Gain(Loss)	\$ 264,752	\$ 280,708
Restitution	4,816	6,438
Total Revenues(Loss)	<u>269,568</u>	<u>287,146</u>
<u>EXPENSES</u>		
Claims	<u>177,713</u>	<u>349,525</u>
Change in Net Assets With Donor Restrictions	91,855	(62,379)
Transfer From Net Assets Without Donor Restrictions	175,000	175,000
<u>NET ASSETS WITH DONOR RESTRICTIONS</u> <u>AT BEGINNING OF YEAR</u>	<u>1,592,415</u>	<u>1,479,794</u>
<u>NET ASSETS WITH DONOR RESTRICTIONS</u> <u>AT END OF YEAR</u>	<u>\$ 1,859,270</u>	<u>\$ 1,592,415</u>

See Independent Auditors' Report  
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STATEMENT OF FUNCTIONAL EXPENSES

OKLAHOMA BAR ASSOCIATION

For the Year Ended December 31, 2020

	Management and General	Program	Total
Salaries and benefits	\$ 763,965	\$ 2,750,143	\$ 3,514,108
Payroll taxes	42,846	164,018	206,864
Utilities	60,578	67,714	128,292
Professional fees	311,235	280,543	591,778
Travel	416	3,165	3,581
Conferences and meetings	76,438	269,926	346,364
Printing	-	194,366	194,366
Office	73,738	58,966	132,704
Insurance	26,575	24,237	50,812
General and administrative Sections	360,961	349,224	710,185
Depreciation	293,293	-	293,293
Total expenses without donor restrictions	<u>2,010,045</u>	<u>4,338,406</u>	<u>6,348,451</u>
Client Security Fund Claims	-	177,713	177,713
Total expenses with donor restrictions	<u>-</u>	<u>177,713</u>	<u>177,713</u>
Total expenses	<u>\$ 2,010,045</u>	<u>\$ 4,516,119</u>	<u>\$ 6,526,164</u>

See Independent Auditors' Report  
and Notes to Financial Statements.



STATEMENT OF FUNCTIONAL EXPENSES

OKLAHOMA BAR ASSOCIATION

For the Year Ended December 31, 2019

	Management and General	Program	Total
Salaries and benefits	\$ 737,526	\$ 2,613,850	\$ 3,351,376
Payroll taxes	41,287	156,628	197,915
Utilities	57,304	61,561	118,865
Professional fees	214,604	277,462	492,066
Travel	1,550	30,883	32,433
Conferences and meetings	172,826	434,948	607,774
Printing	-	213,867	213,867
Office	74,999	62,675	137,674
Insurance	23,224	21,182	44,406
General and administrative Sections	378,502	446,992	825,494
Depreciation	297,460	-	297,460
Total expenses without donor restrictions	<u>1,999,282</u>	<u>4,670,871</u>	<u>6,670,153</u>
Client Security Fund Claims	-	349,525	349,525
Total expenses with donor restrictions	<u>-</u>	<u>349,525</u>	<u>349,525</u>
Total expenses	<u>\$ 1,999,282</u>	<u>\$ 5,020,396</u>	<u>\$ 7,019,678</u>

See Independent Auditors' Report  
and Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

OKLAHOMA BAR ASSOCIATION

	For The Year Ended December 31, 2020		For The Year Ended December 31, 2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>CASH FLOWS FROM</b>				
<b><u>OPERATING ACTIVITIES</u></b>				
Change in net assets	\$ 374,266	\$ 91,855	\$ 308,512	\$ (62,379)
Cash transfers	(175,000)	175,000	(175,000)	175,000
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Provision for depre- ciation and amorti- zation	293,293	-	297,460	-
Realized (gain)loss on investments	-	9,856	-	(33,164)
Unrealized (gain)loss on investments	-	(220,017)	-	(191,830)
(Increase) decrease in:				
Receivables	(145,868)	-	161,182	-
Other assets	(93,624)	-	28,105	-
Due from donor restricted fund	10,563	-	(59,238)	-
Increase (decrease) in:				
Accounts payable	79,049	100,934	37,111	-
Accrued expenses	36,958	-	1,247	-
Due to donor restricted fund	-	(10,563)	-	59,238
Deferred revenue	36,993	-	50,650	-
Net Cash Provided (Used) By Opera- ting Activities	<u>416,630</u>	<u>147,065</u>	<u>650,029</u>	<u>(53,135)</u>
<b><u>CASH FLOWS FROM</u></b>				
<b><u>INVESTING ACTIVITIES</u></b>				
Purchase of equipment	(174,210)	-	(134,893)	-
Purchase of investments	-	(360,094)	-	(301,930)
Sale of investments	-	308,566	-	340,322
(Purchase) maturities of cer- tificates of deposit, net	<u>177,556</u>	<u>-</u>	<u>(196,816)</u>	<u>-</u>
Net Cash Provided (Used) By Invest- ing Activities	<u>3,346</u>	<u>(51,528)</u>	<u>(331,709)</u>	<u>38,392</u>
<b><u>CASH FLOWS FROM</u></b>				
<b><u>FINANCING ACTIVITIES</u></b>				
Payments on capital lease payable	<u>(14,665)</u>	<u>-</u>	<u>(3,231)</u>	<u>-</u>
Net Cash Used By Fi- nancing Activities	<u>(14,665)</u>	<u>-</u>	<u>(3,231)</u>	<u>-</u>
Net Increase (Decre- ase) In Cash and Cash Equivalents	405,311	95,537	315,089	(14,743)
<b><u>CASH AND CASH EQUIVALENTS</u></b>				
<b><u>AT BEGINNING OF YEAR</u></b>	<u>315,389</u>	<u>5,508</u>	<u>300</u>	<u>20,251</u>
<b><u>CASH AND CASH EQUIVALENTS</u></b>				
<b><u>AT END OF YEAR</u></b>	<u>\$ 720,700</u>	<u>\$ 101,045</u>	<u>\$ 315,389</u>	<u>\$ 5,508</u>

See Independent Auditors' Report  
and Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Oklahoma Bar Association

December 31, 2020

NOTE A--NATURE OF ENTITY

The Oklahoma Bar Association (the "Association") is a non-profit organization created by the Supreme Court of the State of Oklahoma (the "Supreme Court"). Although an arm of the Oklahoma Supreme Court, the Association does not receive any appropriations from the Oklahoma Legislature. The Association is governed by a 17-member Board of Governors whose members are lawyers elected by members of the Association. Its activities are wholly funded through membership dues, member gifts, grants, and self-generated revenue. The Supreme Court must approve the annual operating budget for the Association. Those individuals who practice law in the State of Oklahoma are required by the Supreme Court to be a member of the Association.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The Association's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the general practices of not-for-profit organizations, as promulgated by the American Institute of Certified Public Accountants. Changes to the net assets for performing various program and other activities of the Association have been summarized on a functional basis in the Statements of Activities Without and With Donor Restrictions.

Membership Dues Revenue Recognition: Annual membership dues for 2020 and 2019 were \$275 for "active" members licensed with the Association for more than three years, and \$137.50 for "active" members licensed with the Association for three years or less. Dues are billed in October for the next succeeding year and are payable in full upon receipt. Such amounts are deferred and recognized as revenue in the year to which the dues relate. The Association does not record an allowance for uncollectible membership dues since an attorney must belong to the Association in order to practice law in Oklahoma. Unpaid dues are charged-off at the time an attorney is stricken from the membership roles for non-payment of dues.

	<u>2020</u>	<u>2019</u>
Membership dues receivable:		
Beginning of year	\$1,635,280	\$1,834,515
End of year	\$1,733,553	\$1,635,280
Deferred revenues:		
Beginning of year	\$4,450,417	\$4,399,767
End of year	\$4,487,410	\$4,450,417

Investments: The Association is authorized to invest in U.S. Treasury Securities, federal agencies, and federally supervised obligations, money market investments, mutual funds, certificates of deposit, mortgage-backed securities, and equity investments. Investments are carried at fair value as determined by quoted market prices.

Property and Equipment: Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life ranging from 3 to 40 years. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the operations of the period in which the

NOTES TO FINANCIAL STATEMENTS--Continued

Oklahoma Bar Association

December 31, 2020

asset is disposed. Maintenance and repairs are charged to expense as incurred and major additions and betterments are capitalized.

Board-Designated Net Assets Without Donor Restrictions: Net Assets designated for sections arise from annual voluntary membership dues, section seminars, and other miscellaneous revenue sources less costs incurred for section activities. All other board-designated net assets are the result of unexpended budgeted funds.

Net Assets With Donor Restrictions--Client Security Fund: The Client Security Fund (CSF) was established by the Oklahoma Supreme Court for the purpose of reimbursing losses to clients injured by dishonest acts of persons practicing law in Oklahoma. The CSF is funded by an annual allocation of \$175,000 from the Association's general assets by court order of the Oklahoma Supreme Court. The fund is accounted for as net assets with donor restrictions as it is a fund restricted by the Oklahoma Supreme Court. Claims are administered by the Board and approved by the Court, annually.

Compensated Absences: Vested or accumulated vacation leave is recorded as an expense and a liability as the benefits accrue to employees. There are no accumulating sick leave benefits that vest for which any liability must be recognized.

Income Taxes: The Association has received a ruling from the Internal Revenue Service exempting its income from federal income tax as an official arm of the Supreme Court. The income which is derived from the exercise of its essential government functions is excluded under Internal Revenue Code Section 115. Under Section 115, net income from an activity other than an essential government function can be subject to taxation. In Management's opinion, the Association did not have any such net income during years ended December 31, 2020 and 2019.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Departmental Allocation of Expenses: Expenses that are specifically related to a department are charged to that department. General and administrative expenses that are not specifically related to a department are allocated to the various departments. The allocations are based on relative usage by each department as determined by the Association's Director of Administration.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities, changes in net assets, and the statement of functional expenses. Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Certain other expenses have been allocated to the program and supporting services benefited based on time devoted by the Organization's staff. These expenses require allocation on a reasonable basis that is consistently applied.

Advertising: All costs associated with advertising are expensed as incurred.

NOTES TO FINANCIAL STATEMENTS--Continued

Oklahoma Bar Association

December 31, 2020

Cash and Cash Equivalents: For purposes of the Statements of Cash Flows, the Association considers cash in bank to be cash and cash equivalents. Highly liquid investments that are set aside for investing purposes have been included in investments.

NOTE C--CONCENTRATION OF DEPOSITS

At December 31, 2020, the Association had a concentration of credit risk with the brokerage firm in the form of cash deposits. The Association evaluates the financial stability of the institutions it does business with in evaluating credit risk. The Association's exposure to credit loss in the event of non-performance by the other parties to the financial instruments is represented by the contractual or notional amount of those instruments, less amounts covered by FDIC/SIPC insurance. Such amounts in excess of the insured limits totaled \$251,790 and \$1,339,684 with the bank and brokerage firm, respectively, at December 31, 2020.

NOTE D--INVESTMENTS

As defined in accounting standards, fair value is the price that would be received to sell an asset or pay or transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Accounting standards provide a fair value hierarchy framework that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this framework are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- inputs other than quoted prices that are observable for the asset or Liability for substantially the full term.
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement using techniques to maximize observable inputs and minimize unobservable inputs. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial

NOTES TO FINANCIAL STATEMENTS--Continued

Oklahoma Bar Association

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instruments could result in a different fair value measurement at the reporting date.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

Certificates of Deposit (COD)--The fair value is the cost of the assets since it is the intent of the Association to hold the deposits to maturity. The maturities are greater than three months but not more than two years.

Mutual Funds--The fair value of the assets is from quoted market prices for mutual fund securities that are actively traded.

The following table sets forth by level within the fair value hierarchy the Association's financial assets that were accounted for at fair value on a recurring basis as of December 31, 2020 and 2019.

	Carry- ing Amount	Total Fair Value	Fair Value Measurements Using:		
			Quoted Prices In Active Markets (Level 1)	Other Observ- able Inputs (Level 2)	Significant Unob- serv- able Inputs (Level 3)
<u>As of December 31, 2020</u>					
<u>Financial Assets</u>					
Without Donor Restrictions:					
Certificates of deposit,	<u>\$8,720,098</u>	<u>\$8,720,098</u>	<u>\$ -</u>	<u>\$8,720,098</u>	<u>\$ -</u>
With Donor Restrictions:					
Certificates of deposit,	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ -</u>
Mutual funds,					
Equity funds	<u>\$1,361,841</u>	<u>\$1,361,841</u>	<u>\$1,361,841</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed income	<u>477,843</u>	<u>477,843</u>	<u>477,843</u>	<u>-</u>	<u>-</u>
	<u>\$1,839,684</u>	<u>\$1,839,684</u>	<u>\$1,839,684</u>	<u>\$ -</u>	<u>\$ -</u>
<u>As of December 31, 2019</u>					
<u>Financial Assets</u>					
Without Donor Restrictions:					
Certificates of deposit,	<u>\$8,897,654</u>	<u>\$8,897,654</u>	<u>\$ -</u>	<u>\$8,897,654</u>	<u>\$ -</u>
With Donor Restrictions:					
Certificates of deposit,	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ -</u>
Mutual funds,					
Equity funds	<u>\$1,049,474</u>	<u>\$1,049,474</u>	<u>\$1,049,474</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed income	<u>528,521</u>	<u>528,521</u>	<u>528,521</u>	<u>-</u>	<u>-</u>
	<u>\$1,577,995</u>	<u>\$1,577,995</u>	<u>\$1,577,995</u>	<u>\$ -</u>	<u>\$ -</u>

The Association utilizes Morgan Stanley as its investment manager for restricted mutual funds. The amortized cost and approximate fair values of investment securities at December 31 are as follows:

NOTES TO FINANCIAL STATEMENTS--Continued

Oklahoma Bar Association

December 31, 2020

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<u>2020</u>				
Certificates of deposit:				
Without Donor Restrictions	<u>\$8,720,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,720,098</u>
With Donor Restrictions	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,000</u>

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Mutual funds, With Donor Restrictions	<u>\$1,523,082</u>	<u>\$317,789</u>	<u>\$ (1,187)</u>	<u>\$1,839,684</u>

<u>2019</u>				
Certificates of deposit				
Without Donor Restrictions	<u>\$8,897,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,897,654</u>
With Donor Restrictions	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,000</u>

Mutual funds, With Donor Restrictions	<u>\$1,481,410</u>	<u>\$103,373</u>	<u>\$ (6,788)</u>	<u>\$1,577,995</u>
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Investment gain(loss) included in the Statements of Activities With Donor Restrictions for the years ended December 31, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Interest, dividends, and capital gains received	\$ 64,147	\$ 65,360
Realized gain (loss) on sale of investments	(9,856)	33,164
Investment fees	(9,556)	(9,646)
Current year adjustment for unrealized gain (loss)	<u>220,017</u>	<u>191,830</u>
	<u>\$ 264,752</u>	<u>\$ 280,708</u>

Interest income Without Donor Restrictions from the certificates of deposit was \$79,296 and \$171,169 for 2020 and 2019, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

Oklahoma Bar Association

December 31, 2020

NOTE E--PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment at December 31 is as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 19,629	\$ 19,629
Building	5,347,535	5,347,535
Equipment and furnishings	<u>1,971,386</u>	<u>1,797,175</u>
	7,338,550	7,164,339
Less: Accumulated depreciation	<u>(4,412,407)</u>	<u>(4,119,113)</u>
	<u>\$2,926,143</u>	<u>\$3,045,226</u>

NOTE F--RETIREMENT

The Association provides retirement benefits to its employees through a multi-employer defined contribution pension plan. The Association participates in the American Bar Association Members Retirement Plan (the "Plan"), which is sponsored by the American Bar Association. Employees who have met the minimum employment requirements of 1 year and 1,000 hours of service may participate. The Association contributes 14% of the annual basic compensation of eligible employees to the Plan (participants make no contributions). The participants vest 25% after the first year and an additional 25% annually until fully vested after the fourth year of participation.

Contributions to the Plan totaled approximately \$339,000 and \$341,000 in 2020 and 2019, respectively. Benefits to be received under the Plan are based on amounts accumulated by the trustee for the participants. The Association reserves the right to terminate its participation in the Plan at any time. Upon termination of the Plan, each participant becomes fully vested in the balance of their account.

NOTE G--RELATED PARTY TRANSACTIONS

The Association receives grants from the Oklahoma Bar Foundation (the "Foundation") to support Association-sponsored programs. The grants during 2020 and 2019 were approximately \$50,000 each year.

The Association processes and pays certain office and employee related expenses for the Foundation, as well as collects contributions made to the Foundation with payment of member annual dues. Periodically, the Foundation reimburses the Association for the net receivable. During 2020 and 2019, the expenses paid on the Foundation's behalf were approximately \$5,400 and \$3,300, respectively. Contributions received for the Foundation were approximately \$22,000 for 2020 and 2019. After other payments from the Foundation, the net receivable/(payable) due to/from the Foundation as of December 31, 2020 and 2019 was approximately \$(17,000) and \$(14,000), respectively, which is included in Accounts Payable.

The Association leases a portion of its building to the Board of Bar Examiners ("BBE") of the State of Oklahoma on a monthly basis. Annual rental income from



NOTES TO FINANCIAL STATEMENTS--Continued

Oklahoma Bar Association

December 31, 2020

this lease totaled \$15,000 in both 2020 and 2019 and is included in other administrative revenues in the Statements of Unrestricted Activities. The Association also processes and pays the BBE payroll, related payroll items, and other operating expenses which are periodically reimbursed by the BBE. The monthly payroll and operating expenses processed on behalf of the BBE was approximately \$17,400 and \$16,800 in 2020 and 2019, respectively. As of December 31, 2020 and 2019 the receivable due from BBE was approximately \$36,000 and \$17,500 respectively, and is included in Other Receivables.

NOTE H--LEASE COMMITMENTS

Operating Leases: The Association entered into non-cancellable operating leases for certain office equipment. These leases expire in various years through August, 2024. Future minimum lease payments under non-cancellable operating leases having remaining terms in excess of one year as of December 31, 2020 are as follows:

2021	\$ 29,984
2022	28,755
2023	25,068
2024	<u>14,623</u>
	<u>\$ 98,430</u>

Capital Leases: The Association entered into a capital lease agreement in August 2019, which that was scheduled to expire in 2022, to lease a set of servers and related parts. Depreciation expense for this group of assets was \$1,988 for the year ending December 31, 2019 and was included in depreciation expense in the statement of activities. These assets had a capitalized cost of \$17,896 and accumulated depreciation of \$1,988 as of December 31, 2019 and were included in furniture and equipment in the statement of financial position. The capital lease called for monthly payments of \$491. The related capital lease obligation was \$14,665 as of December 31, 2019 with an imputed interest rate of 4.75%.

In January 2020, the Association paid off the capital lease obligation and obtained full ownership of the servers and related parts.

NOTE I--LIQUIDITY AND AVAILABILITY

The following reflects the Associations' financial assets as of the statement of financial position date that are not subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The membership dues and other receivables are expected to be collected within one year. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTES TO FINANCIAL STATEMENTS--Continued

Oklahoma Bar Association

December 31, 2020

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end:		
Cash and cash equivalent	\$ 720,700	\$ 315,389
Certificates of deposit	8,720,098	8,897,654
Membership dues and other receivables	<u>1,983,759</u>	<u>1,837,891</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$11,424,557</u>	<u>\$11,050,934</u>

NOTE J--CONTINGENCIES

The Association is subject to various suits and proceedings arising in the ordinary conduct of its affairs and has been named as a defendant in several lawsuits. In the opinion of the Office of the General Counsel, all suits and actions now pending or likely to be filed will be resolved without material adverse effect on the financial position of the Association.

NOTE K--SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 30, 2021, the date which the financial statements were available for issue. No material subsequent events occurred through that date that would have an impact on these financial statements.