Consolidated Financial Statements
December 31, 2014 and 2013

State Bar of Arizona and the Client Protection Fund of the State Bar of Arizona

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Governors and Trustees
State Bar of Arizona and the Client Protection Fund of the State Bar of Arizona
Phoenix, Arizona

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of State Bar of Arizona and the Client Protection Fund of the State Bar of Arizona (collectively referred to as "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of State Bar of Arizona and the Client Protection Fund of the State Bar of Arizona as of December 31, 2014 and 2013, and the change in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Correction of an Error
As discussed in Note 13 to the financial statements, Management determined that the Organization did not properly record investments and a corresponding liability in other liabilities related to the Organization's 457(b) Plan. There was no impact on net assets related to this error. Accordingly, investments and other liabilities have been restated as of December 31, 2013 to correct the error. Our opinion is not modified with respect to these matters.

Report on Supplemental Schedules
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. These schedules are the responsibility of the Organization's management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other procedures 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 consolidated financial statements as a whole.

Eide Bailly LLP

Phoenix, Arizona
April 20, 2015

	2014	2013 (Restated)
Assets		
Current Assets		
Cash	$ 2,167,352	$ 704,533
Cash restricted for benefit plan	328,060	-
Certificates of deposit	2,296,509	2,815,700
Accounts receivable, net of allowance of $12,061 and $16,293, respectively	69,203	28,493
Inventories	79,947	61,371
Prepaid expenses and other assets	413,384	301,852
Total current assets	5,354,455	3,911,949
Investments restricted for benefit plan	-	252,822
Property and Equipment, Net	11,477,758	11,615,855
Total assets	$ 16,832,213	$ 15,780,626
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 170,643	$ 148,600
Property taxes payable	80,499	75,045
Accrued liabilities	1,324,625	1,169,119
Line of credit payable	-	600,000
Deferred rent	9,551	-
Dues and fees collected in advance	2,152,513	1,772,615
Total current liabilities	3,737,831	3,765,379
Long-Term Liabilities		
Other liabilities	345,545	258,549
Total liabilities	4,083,376	4,023,928
Net Assets		
Unrestricted, board designated	360,145	297,416
Unrestricted, statute designated	2,621,960	2,920,133
Unrestricted	9,766,732	8,539,149
Total net assets	12,748,837	11,756,698
Total liabilities and net assets	$ 16,832,213	$ 15,780,626

	2014	2013
Support and Revenue		
Dues		
Active	$ 8,397,144	$ 7,924,038
Inactive	901,260	904,945
Sections	335,665	326,285
Board of legal specialization	118,780	122,125
Assessments	207,435	203,235
Fees		
Continuing legal education	2,200,646	1,992,740
Convention	425,970	596,722
Lawyer regulations	135,389	154,512
Law office management assistance program	49,418	72,412
Board of legal specialization	39,145	58,825
Publication and advertising sales		
Arizona attorney magazine	750,981	705,823
Membership directory	88,779	97,362
Website	2,445	2,560
Mailing lists and labels	300	120
Economic survey	6,701	16,650
Rental income	267,056	230,322
Pro hac vice	434,023	463,316
Late fees mandatory continuing legal education	382,525	373,475
Sections - other	197,226	177,396
Special services	14,367	5,399
Contributions and sponsorships	136,502	164,661
Membership assistance program	-	50
Membership benefits	20,359	6,054
Interest and dividends	3,776	4,485
Other	242,541	128,647
Restitution receipts	30,114	54,459
Total support and revenue	15,388,547	14,786,618
Expenses		
Program services		
Discipline	6,660,548	6,610,767
Member services	5,521,351	5,473,857
Client protection fund claims	413,016	308,581
Total program services	12,594,915	12,393,205
Management and general	1,801,493	1,931,412
Total expenses	14,396,408	14,324,617
Change in Net Assets	992,139	462,001
Net Assets, Beginning of Year	11,756,698	11,294,697
Net Assets, End of Year	$ 12,748,837	$ 11,756,698

	2014	2013
Cash Flows from Operating Activities		
Change in net assets	$ 992,139	$ 462,001
Adjustments to reconcile net assets to net cash from operating activities		
Depreciation	830,089	674,626
Changes in assets and liabilities		
Accounts receivable	(40,710)	3,889
Inventories	(18,576)	(19,249)
Prepaid expenses and other assets	(111,532)	(7,585)
Accounts payable	22,043	59,642
Property taxes payable	5,454	(14,872)
Accrued liabilities	155,506	36,512
Deferred rent	9,551	-
Dues and fees collected in advance	379,898	(702,787)
Other liabilities	339,818	-
Net Cash from Operating Activities	2,563,680	492,177
Cash Flows for Investing Activities		
Purchases of property and equipment	(691,992)	(661,956)
Purchases of certificates of deposit	(10,216,446)	(9,431,438)
Redemptions of certificates of deposit	10,735,637	9,549,001
Net Cash used for Investing Activities	(172,801)	(544,393)
Cash Flows for Financing Activities		
Advances on line of credit	-	1,700,000
Payments on line of credit	(600,000)	(2,200,000)
Net Cash used for Financing Activities	(600,000)	(500,000)
Net Change in Cash and Cash Equivalents	1,790,879	(552,216)
Cash and Cash Equivalents, Beginning of Year	704,533	1,256,749
Cash and Cash Equivalents, End of Year	$ 2,495,412	$ 704,533
Supplemental Disclosure of Cash Flow Information		
Cash paid for taxes	$ 24,172	$ 8,200
Cash paid for interest	$ 533	$ 7,573

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activity

The State Bar of Arizona is an Arizona non-profit corporation formed in 1933 and operated under the supervision of the Arizona Supreme Court. The Organization regulates approximately 17,300 active attorneys in Arizona and provides education and development programs for the legal profession and the public. The Bar and its members are committed to serving the public by making sure the voices of all people in Arizona are heard in our justice system.

The Organization maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting classifies various resources in accordance with activities or objectives as specified, in accordance with regulations, restrictions, or limitations imposed by sources outside of the Organization, or in accordance with directions issued by the governing board.

State Bar of Arizona (SBA): In Arizona, the State Bar is responsible for the regulation of attorneys. It receives this authority from Arizona Supreme Court Rule 32. The State Bar receives and investigates complaints and inquiries against attorneys which may lead to a formal hearing and discipline sanctions, if warranted.

In addition to regulation, Rule 32 gives the State Bar responsibility to provide a forum for the discussion of legal subjects, as well as research in the areas of substantive law, practice, and procedure. The ultimate goal is to maintain a level of honor and dignity in the legal profession that is effectively and efficiently carried out in the public interest. To that end, the State Bar is also involved in a number of programs that reach out and educate the public directly.

The State Bar also performs the role of a professional association for attorneys in Arizona. Beyond the desire to improve their knowledge of the law, it also provides programs and assistance that help attorneys in their daily work lives.

The Client Protection Fund of the State Bar of Arizona ("the CPF"): The CPF was established on January 7, 1961, by the Supreme Court of Arizona, pursuant to Arizona Revise Statutes Ct. 32(d)(8). The CPF is a trust that is an entity separate from the State Bar of Arizona, but exists as part of the State Bar's business structure. Authority to revoke or amend the Declaration of Trust, which established the CPF, is delegated to the Board of Governors of the State Bar of Arizona. The Declaration of Trust was amended and restated in its entirety on December 13, 2013 and further amended on November 21, 2014.

The purpose of the CPF is to promote the public confidence in the administration of justice and the integrity of the legal profession by reimbursing losses caused by the dishonest conduct of lawyers admitted and licensed to practice in Arizona, occurring in the course of the client-lawyer or fiduciary responsibility between the lawyer and the claimant.

Principles of Consolidation

The consolidated financial statements include the accounts of State Bar of Arizona ("SBA") and the CPF because SBA has both control and an economic interest in the CPF. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Organization."

Management's Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, highly liquid investments with a maturity of three months or less at date of purchase are considered to be cash equivalents. Restricted cash is limited in use to payment of costs of administering the CPF or approved claims of the CPF. The Organization maintains cash balances at various financial institutions. Deposits at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Organization has not experienced any loss in such accounts.

Accounts Receivable

Accounts receivable consist of program service fees, all of which are due in less than one year and, accordingly, are presented as current assets in the accompanying consolidated financial statements. The Organization is exposed to certain credit risk. The Organization manages its risk by regularly reviewing its accounts and by providing appropriate allowances for uncollectible accounts. The Organization deems accounts over 90 days old to be past due. The Organization does not charge interest on late accounts. Accounts receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to revenue and a credit to the allowance for uncollectible accounts based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible accounts and a credit to accounts receivable.

Inventories

Inventories, which consist primarily of periodicals, are valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Donated items are recorded at estimated fair value at the date of donation.

Investments

The Organization reports investments in equity securities that have readily determinable fair values, and all investments in debt securities, at fair value. The fair values of investments are based on quoted market prices. Investment income and gains and losses are recorded as increases or decreases in unrestricted net assets.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2014 and 2013.

Dues and Fees Collected in Advance

Membership dues are assessed in November for the following fiscal year. All such dues collected prior to the current year end are recorded as deferred revenue. Additionally, certain Continuing Learning Education ("CLE") seminar registrations are opened in advance of the seminar. All such registration fees collected in advance are recorded as deferred revenue. Deferred revenue is recognized as income in the year in which it is earned.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time. The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. The Organization had no temporarily restricted net assets as of December 31, 2014 and 2013.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements. The Organization had no permanently restricted net assets as of December 31, 2014 and 2013.

Revenue Recognition

The Organization's main sources of revenues are membership dues, service fees, and other self-generated revenue. Membership dues are generally collected at the beginning of the membership year and are recognized ratably over the year to which they pertain. Service fees and other self-generated revenue are recognized when assessed.

The CPF receives a $10 annual assessment from each active and inactive member of the Organization. This is not part of the member's bar dues, but a separate assessment established by the Arizona Supreme Court. Assessments are recognized in the year for which they are assessed.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Donated Materials and Services

Donated materials and services are reflected as contributions in the accompanying consolidated financial statements at their estimated fair values as of the date of donation. Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills performed by people with those skills, and would otherwise be purchased. The Organization utilizes and depends on the services of volunteers to perform a variety of tasks that assist the Organization with specific programs. The value of this contributed time is not reflected in these consolidated financial statements since the services did not require specialized skills and it was not susceptible to objective measurement.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2014 and 2013 was $11,098 and $32,101, respectively.

Functional Expense Allocation

Expenses are charged to program services and supporting services categories in the consolidated statement of activities based on direct expenditures incurred. Any expenditure, not directly chargeable to a functional expense category, is allocated based on personnel activity and other appropriate allocation methods.

Income and Certain Excise Taxes

SBA is organized as an Arizona nonprofit corporation. The Internal Revenue Service has determined that SBA is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(6). For tax purposes, management has determined the CPF is a disregarded entity and is considered a division of SBA. Accordingly, contributions to either organization do not qualify for the charitable contribution deduction under Section 170(b)(1)(A). The combined entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the combined entity is generally subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes and it files an Exempt Organization Business Income Tax Return (IRS Form 990-T) and the Arizona equivalent, Form 99-T to report its unrelated business taxable income. In 2013, the organization was subject to the proxy excise tax related to their 2013 lobbying expenditures.

SBA believes that it has appropriate support for any material income tax positions taken, and, as such, does not have any uncertain tax positions that are material to the consolidated the financial statements. SBA would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Organization is no longer subject to federal or state tax examinations by tax authorities for years before 2008 and state examinations for years before 2007.

Subsequent Events

The Company has evaluated subsequent events through April 20, 2015, the date which the financial statements were available to be issued.

Note 2 - Certificates of Deposit

The CPF invests in the Certificate of Deposit Account Registry Service ("CDARS") through two banks. The CDARS program allows the Organization to purchase certificates of deposit, each within the applicable federal insurance limit, from participating U.S. banks while only maintaining a relationship with one designated bank.

Note 3 - Fair Value Measurements and Disclosures

The Organization's significant financial instruments include investments, and deferred compensation plan liabilities. For these financial instruments, carrying values approximate fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

> Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.
>
> Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
>
> Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset or liability.

All of the Organization's investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values.

As of December 31, 2014, the Organization did not have any investments measured at fair value.

The following table presents assets and liabilities measured at fair value on a recurring basis at December 31, 2013:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Target retirement funds	$ 252,822	$ 252,822	$ -	$ -

Note 4 - Property and Equipment

Property and equipment consisted of the following at December 31:

	2014	2013
Land	$ 1,753,943	$ 1,753,943
Land improvements	116,195	116,195
Buildings	7,739,696	7,739,696
Building improvements	3,399,515	2,988,235
Furniture and Equipment	1,870,458	1,864,717
Computer hardware	891,407	853,006
Computer software	1,238,566	795,620
Construction in progress	104,663	327,880
Total cost or donated value	17,114,443	16,439,292
Accumulated depreciation and amortization	(5,636,685)	(4,823,437)
Net property and equipment	$ 11,477,758	$ 11,615,855

Depreciation expense for the year ended December 31, 2014 and 2013 was $830,089 and $674,626, respectively.

Note 5 - Line of Credit

SBA has a $4,000,000 revolving line of credit with a financial institution which expires in August 2019. The line of credit bears interest at LIBOR + 1.50%. This line of credit is collateralized by a first deed of trust, together with an assignment of rents and leases on real property and improvements. The total interest expense for 2014 and 2013 was $533 and $7,573, respectively.

Note 6 - Net Assets

Each of the Organization's 28 sections charges separate dues and may only spend out of their current year income or their cumulative surplus, if any. The remaining balances are designated by the Organization's Board of Governors for that specific section.

Additionally, the net assets of the CPF are designated by Arizona State Statue to only be used for the purposes of the CPF as set forth in the trust agreement and per statute mandate.

Note 7 - Leasing Activities

The Organization leases 7,226 square feet of office space to the Arizona Foundation for Legal Services & Education (the "Foundation") under an operating lease agreement that ends in May 2021. The Foundation has the option to terminate the lease effective any time after May 31, 2015 by providing the Organization six months prior written notice and paying compensation for lost rents as defined in the agreement. Included in this lease agreement is a $60,000 in-kind reduction of rent from the Organization to the Foundation. Minimum future rental payments to be received under this lease excluding the $60,000 in-kind at December 31, 2014 are as follows:

Years ending December 31,	
2015	$ 120,713
2016	157,073
2017	157,073
2018	157,073
2019	157,073
Thereafter	379,592
Total minimum lease receipts	$ 1,128,597

The Organization also leases office space to unrelated third parties. The lease terms call for monthly payments of approximately $9,050. Minimum future rental payments to be received on these non-cancelable leases at December 31, 2014 are as follows:

Years ending December 31,	
2015	$ 183,714
2016	183,343
2017	177,105
2018	133,258
2019	135,025
Thereafter	28,445
Total minimum lease receipts	$ 840,890

Note 8 - Operating Leases

The Organization leases offsite storage and convention and meeting facilities with varying minimum annual payments under non-cancelable lease agreements. Lease expense under these agreements was $59,318 and $39,842 during the years ended December 31, 2014 and 2013, respectively.

Future minimum lease payments under operating leases as of December 31, 2014 are:

Years ending December 31,	
2015	$ 28,077
2016	13,517
Total minimum lease payments	$ 41,594

Note 9 - Retirement Plans

Defined Contribution Plan
SBA sponsors a defined contribution plan (the Plan) qualified under Section 401(k) of the Internal Revenue Code covering substantially all employees who meet specified age and years of service requirements. SBA may make discretionary contributions on behalf of participants.

Deferred Compensation Plan
The Organization sponsors a non-qualified deferred compensation plan for top management employees. This plan allows for deferral of employee salary, as well as discretionary contributions from SBA. Participant contributions are fully vested upon funding. Discretionary employer contributions are made in the first quarter of each fiscal year and fully vest on June 30 of the same year. As of December 31, 2014 and 2013, all contributions to this plan are fully vested.

Total expense related to these two retirement plans was $449,844 and $430,776 for the years ended December 31, 2014 and 2013, respectively.

Note 10 - Related Parties

SBA appoints six of the 25 members of the Board of Directors for the Foundation. Transactions with the Foundation include the following for the years ended December 31:

	2014	2013
In-kind rent expense (see Note 7)	$ 60,000	$ 60,000
In-kind advertising expense	4,510	3,200
Cash contributions and sponsorships expense	34,948	65,248
	$ 99,458	$ 128,448
Rental income (see Note 7)	$ 111,308	$ 114,411

Note 11 - Contingencies

From time to time, the Organization may become involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the consolidated financial statements.

Note 12 - Commitments

As of December 31, 2014, SBA had signed various contracts with convention locations for future years. These contracts include minimum revenue guarantees and are subject to a cancellation fee if terminated early. The following is a summary of approximate future minimum guaranteed payments under these contracts:

Years ending December 31,	
2015	$ 591,300
2016	487,500
2017	584,200
Total minimum lease payments	$ 1,663,000

Note 13 - Correction of an Error

During the year ended December 31, 2014, management determined that the Organization did not properly record investments and a corresponding liability related to the Organization's 457(b) Plan for the year ended December 31, 2013. There was no impact on net assets related to this error. A summary of the effect of the correction of the December 31, 2013 statement of financial position are as follows:

	2013 As Previously Reported	Restatement Adjustment	2013 As Restated
Investments	$ -	$ 252,822	$ 252,822
Total assets	$ 15,527,804	$ 252,822	$ 15,780,626
Other liabilities	$ 5,727	$ 252,822	$ 258,549
Total liabilities	$ 3,771,106	$ 252,822	$ 4,023,928

Supplementary Information
December 31, 2014 and 2013

State Bar of Arizona and the Client Protection Fund of the State Bar of Arizona

	SBA	CPF	Eliminations	Total
Assets				
Current Assets				
Cash	$ 1,806,695	$ 360,657	$ -	$ 2,167,352
Cash restricted for benefit plan	328,060	-	-	328,060
Certificates of deposit	-	2,296,509	-	2,296,509
Accounts receivable, net	106,694	43,015	(80,506)	69,203
Inventories	79,947	-	-	79,947
Prepaid expenses and other assets	413,384	-	-	413,384
Total current assets	2,734,780	2,700,181	(80,506)	5,354,455
Property and Equipment, Net	11,477,758	-	-	11,477,758
Total assets	$ 14,212,538	$ 2,700,181	$ (80,506)	$ 16,832,213
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 170,643	$ -	$ -	$ 170,643
Property taxes payable	80,499	-	-	80,499
Accrued liabilities	1,367,640	37,491	(80,506)	1,324,625
Line of credit payable	-	-	-	-
Deferred rent	9,551	-	-	9,551
Dues and fees collected in advance	2,111,783	40,730	-	2,152,513
Total current liabilities	3,740,116	78,221	(80,506)	3,737,831
Long-Term Liabilities				
Other liabilities	345,545	-	-	345,545
Total liabilities	4,085,661	78,221	(80,506)	4,083,376
Net Assets				
Unrestricted, board designated	360,145	-	-	360,145
Unrestricted, statute designated	-	2,621,960	-	2,621,960
Unrestricted	9,766,732	-	-	9,766,732
Total net assets	10,126,877	2,621,960	-	12,748,837
Total liabilities and net assets	$ 14,212,538	$ 2,700,181	$ (80,506)	$ 16,832,213

State Bar of Arizona and the Client Protection Fund of the State Bar of Arizona

Consolidating Statement of Financial Position

December 31, 2013

	SBA	Trust	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 575,697	$ 128,836	$ -	$ 704,533
Certificates of deposit	-	2,815,700	-	2,815,700
Accounts receivable, net	57,079	35,383	(63,969)	28,493
Inventories	61,371	-	-	61,371
Prepaid expenses and other assets	299,234	2,618	-	301,852
Total current assets	993,381	2,982,537	(63,969)	3,911,949
Investments restricted for benefit plan	252,822	-	-	252,822
Property and Equipment, Net	11,615,855	-	-	11,615,855
Total assets	$ 12,862,058	$ 2,982,537	$ (63,969)	$ 15,780,626
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 148,600	$ -	$ -	$ 148,600
Property taxes payable	75,045	-	-	75,045
Accrued liabilities	1,204,114	28,974	(63,969)	1,169,119
Line of credit payable	600,000	-	-	600,000
Dues and fees collected in advance	1,739,185	33,430	-	1,772,615
Total current liabilities	3,766,944	62,404	(63,969)	3,765,379
Long-Term Liabilities				
Other liabilities	258,549	-	-	258,549
Total liabilities	4,025,493	62,404	(63,969)	4,023,928
Net Assets				
Unrestricted, board designated	297,416	-	-	297,416
Unrestricted, statute designated	-	2,920,133	-	2,920,133
Unrestricted	8,539,149	-	-	8,539,149
Total net assets	8,836,565	2,920,133	-	11,756,698
Total liabilities and net assets	$ 12,862,058	$ 2,982,537	$ (63,969)	$ 15,780,626

State Bar of Arizona and the Client Protection Fund of the State Bar of Arizona

Consolidating Statement of Activities

Year Ended December 31, 2014

	SBA	CPF	Eliminations	Total
Support and Revenue				
Dues				
Active	$ 8,397,144	$ -	$ -	$ 8,397,144
Inactive	901,260	-	-	901,260
Sections	335,665	-	-	335,665
Board of legal specialization	118,780	-	-	118,780
Assessments - CPF	-	207,435	-	207,435
Fees				
Continuing legal education	2,200,646	-	-	2,200,646
Convention	425,970	-	-	425,970
Lawyer regulations	135,389	-	-	135,389
Law office management assistance program	49,418	-	-	49,418
Board of legal specialization	39,145	-	-	39,145
Publication and advertising sales				
Arizona attorney magazine	750,981	-	-	750,981
Membership directory	88,779	-	-	88,779
Website	2,445	-	-	2,445
Mailing lists and labels	300	-	-	300
Economic survey	6,701	-	-	6,701
Rental income	267,056	-	-	267,056
Pro hac vice	434,023	-	-	434,023
Late fees mandatory continuing legal education	382,525	-	-	382,525
Sections - other	197,226	-	-	197,226
Special services	137,803	-	(123,436)	14,367
Contributions and sponsorships	136,502	-	-	136,502
Membership benefits	20,359	-	-	20,359
Interest & dividends	1	3,775	-	3,776
Other	242,541	-	-	242,541
Restitution receipts	-	30,114	-	30,114
Total support and revenue	15,270,659	241,324	(123,436)	15,388,547
Expenses				
Program services				
Discipline	6,660,548	-	-	6,660,548
Member services	5,521,351	-	-	5,521,351
Client protection fund claims	-	413,016	-	413,016
Total program services	12,181,899	413,016	-	12,594,915
Management and general	1,798,448	126,481	(123,436)	1,801,493
Total expenses	13,980,347	539,497	(123,436)	14,396,408
Change in Net Assets	1,290,312	(298,173)	-	992,139
Net Assets, Beginning of Year	8,836,565	2,920,133	-	11,756,698
Net Assets, End of Year	$ 10,126,877	$ 2,621,960	$ -	$ 12,748,837

State Bar of Arizona and the Client Protection Fund of the State Bar of Arizona
Consolidating Statement of Activities
Year Ended December 31, 2013

	SBA	CPF	Eliminations	Total
Support and Revenue				
Dues				
Active	$ 7,924,038	$ -	$ -	$ 7,924,038
Inactive	904,945	-	-	904,945
Sections	326,285	-	-	326,285
Board of legal specialization	122,125	-	-	122,125
Assessments - CPF	-	203,235	-	203,235
Fees				
Continuing legal education	1,992,740	-	-	1,992,740
Convention	596,722	-	-	596,722
Lawyer regulations	154,512	-	-	154,512
Law office management assistance program	72,412	-	-	72,412
Board of legal specialization	58,825	-	-	58,825
Publication and advertising sales				
Arizona attorney magazine	705,823	-	-	705,823
Membership directory	97,362	-	-	97,362
Website	2,560	-	-	2,560
Mailing lists and labels	120	-	-	120
Economic survey	16,650	-	-	16,650
Rental income	230,322	-	-	230,322
Pro hac vice	463,316	-	-	463,316
Late fees mandatory continuing legal education	373,475	-	-	373,475
Sections - other	177,396	-	-	177,396
Special services	109,352	-	(103,953)	5,399
Contributions and sponsorships	164,661	-	-	164,661
Membership assistance program	50	-	-	50
Membership benefits	6,054	-	-	6,054
Interest & dividends	10	4,475	-	4,485
Other	128,647	-	-	128,647
Restitution receipts	-	54,459	-	54,459
Total support and revenue	14,628,402	262,169	(103,953)	14,786,618
Expenses				
Program services				
Discipline	6,610,767	-	-	6,610,767
Member services	5,473,857	-	-	5,473,857
Client protection fund claims	-	308,581	-	308,581
Total program services	12,084,624	308,581	-	12,393,205
Management and general	1,920,746	114,619	(103,953)	1,931,412
Total expenses	14,005,370	423,200	(103,953)	14,324,617
Change in Net Assets	623,032	(161,031)	-	462,001
Net Assets, Beginning of Year	8,213,533	3,081,164	-	11,294,697
Net Assets, End of Year	$ 8,836,565	$ 2,920,133	$ -	$ 11,756,698