

Chapter 10: Sections

Overview of Section Funds

The WSBA has unrestricted, designated, and restricted fund balances. See Chapter 4, Unrestricted and Restricted Fund Balance Policy. All funds collected by the WSBA on behalf of a Section are subject to the control and fiscal oversight of the Board of Governors. Beginning in fiscal year 1994, the Board directed that the total difference between revenues, and direct and indirect expenses, for all Sections each year be designated as Section funds. Indirect expenses are that portion of the WSBA's staff time and overhead expenses attributed to support of and work for the Sections (reimbursed through the "per-member" charge). Separate ledgers will be maintained for each Section, making up the total for the Section funds.

It is recommended that a Section's fund balance be consistent with its future needs. Generally, the purposes of a fund balance are to:

- Provide a cushion for an unexpected shortfall in revenue.
- Provide a cushion for an unexpected expense.
- Provide for a specific future event that does not occur annually.
- Provide the ability to take advantage of an unforeseen unique opportunity.

A Section's fund balance should be enough to sustain a consistent level of programming in the event there are severe fluctuations in annual Section membership (six months worth of direct programming expenses are recommended as a guideline). In addition, a Section may plan for specific stated purposes (e.g., scholarships, special events, conferences, publications, and other member benefits). Sections are discouraged from maintaining fund balances in excess of two year's worth of direct programming expenses and specified purposes.

If a Section finds it has accumulated a larger fund balance than recommended above, Section leadership should devise a plan to spend down the fund balance by budgeting and incurring a loss in one or more subsequent fiscal years. Some suggestions are as follows:

- Reduce member dues.
- Subsidize the cost of full-day seminars by reducing the cost per member (the Section will pay the difference between the standard seminar price (\$199 or \$225) and what the Section would like to charge).
- High visibility or national-level speaker for a CLE program.
- Scholarships for law school students.
- Special educational projects (e.g., youth courts, mock trial programs, law school events).
- Improve membership resources (e.g., newsletters, website, law updates, handbooks, publications).
- Annual grant program to help support work of community-based programs providing access to civil legal services.
- Produce or sponsor law-related public information (e.g., Citizens' Rights brochures, sponsor lawforwa.gov website or votingforjudges.org, TVW's "The Docket").
- Donate to Washington State Bar Foundation's Loan Repayment Assistance Program (LRAP).
- Sponsor the WSBA's Leadership Institute Fellows' projects through the Washington State Bar Foundation.

Executive Committees' Fiscal Responsibility

Each Section is entrusted with funds that are paid by its members as dues and that are the fruits of volunteer efforts (such as the Section's share of revenues from CLE programs and mid-year/annual meetings). Each Section's Executive Committee is charged with the duty of approving Section expenditures. As stewards of the Section's finances, the Committee should be responsible in authorizing expenditures in accordance with WSBA and Section policies.

Section Budgets

The WSBA's and the Sections' fiscal year is October 1 through September 30. Section budgets are approved annually by the Board of Governors as part of the WSBA's annual budget. See Chapter 1, Key Fiscal Policies – Budget Policies and Process.

Monthly Financial Reports

Monthly financial statements will be sent to each Section chair, chair-elect, and treasurer within 30 days of the close of each month with the exception of September due to the close of the fiscal year-end. These summary reports will show the Section's annual budget, actual monthly revenue and expenses, and year-to-date revenue and expenses. A detail report of posted transactions will also be provided. Section chairs, chairs-elect, and treasurers should review their Sections' monthly financial statements for accuracy and comparison to budget, and contact the Section Leaders Liaison if they have any questions about the amount of an income or expense item, the category in which it is recorded, or any other concerns.

Section Revenue

Member Dues

Section member dues are collected by the WSBA throughout the year. Each fall, membership renewal forms are sent to all WSBA active members and Section subscribers from the prior fiscal year.

Interest Earned on Section Fund Balances

Annually, each Section will receive interest income on its fund balance. The calculation and journal entry will be made at the close of the WSBA's fiscal year, prior to the annual audit of the WSBA's financial statements. Each Section's share of interest income will be determined by taking the average interest rate earned by the WSBA on its investments that fiscal year (excluding investments of reserve funds) and applying that rate to the average of the final year-end fund balance of each Section in the current and preceding fiscal years.

Programs Co-sponsored with Sections (Plan A and Plan B)

Sections and the WSBA CLE Department are required to work together. All CLEs co-sponsored with a Section or not are charged an administrative fee to cover the CLE Department's staff time and overhead associated with seminars. The administrative charge is a percentage of gross revenues from the CLE. This percentage shall be determined at the beginning of each fiscal year by the CLE Director based on the prior year's overhead expenses and the current year's budget. After deducting the administrative fee and all direct costs of the co-sponsored program (e.g., facilities, speakers, etc.), the Section and the CLE Department will split the net profit or loss 50/50. These programs are labeled "Plan A" programs.

All Section mid-year meetings will be administered pursuant to the foregoing paragraph.

For annual programs that are (a) seen as both fiscally lower risk to Sections (unless specifically decided by the Section in consultation with the CLE Department to allow for the greater risk - e.g., bringing in a high-priced speaker) and (b) part of the administrative structure of the Section, the CLE Department uses a revenue sharing plan that includes charging the program the standard administrative fee but the Section receives 100% of the profit or loss from that program. These programs are labeled "Plan B" programs.

Sections' Smaller Programs in which CLE Staff Provide Limited Assistance (Mini-CLEs)

For smaller enrollment seminar programs that the Sections put on for Section members that are designated "mini-cles," the CLE Department provides limited assistance to the Section at no charge (e.g. advertising support, online registration, etc.). In these cases, the Sections do much more of the preparation and production of the seminars than regular CLE programming. These "mini-cles" are seen as exclusively member-benefit programs and the registration fees must be \$25 or less. The CLE Department provides specific support for these programs. Sections are responsible for working in collaboration with the CLE Department (i.e., following procedures outlined including timely notice, providing onsite registration personnel, etc.). Please consult with the CLE Director for specific procedural information.

Accounting for Profit / Loss on CLE Seminars

It is important for the CLE Department and the program sponsors, many of whom are WSBA Sections, to know the financial results of their seminar as soon as possible. The CLE Department must wait for all revenue and expenses to be posted before the seminar can be "closed." The CLE Department has instituted a four to six week preliminary fiscal summary for Sections. Upon closing a seminar, the CLE Department shall submit a journal entry to the Accountant to transfer the appropriate portion of the gain or loss to the Section. The CLE Department strives to close each Section seminar no later than 60 to 75 days after the date of the event but late arriving bills, most notably faculty expenses, sometimes lengthen this time. The CLE Department will keep the Section informed of the current of the status of the seminar financials.

Section Expenses

A WSBA Section, by duly authorized act of the governing board or committee of the Section, shall be authorized to expend all money as budgeted without prior approval by the Board of Governors, provided the following conditions have been met:

- The expenditure is consistent with the approved budget and WSBA expense policies;
- The expenditure is within the goals of the WSBA as defined by Supreme Court Rule or the Bylaws; and
- The expenditure does not violate the restricted acts of the WSBA as defined by Supreme Court Rule, or the WSBA or Section Bylaws.

If a Section wishes to spend funds otherwise, Section leadership should prepare a written request outlining the purpose and amount of the proposed expenditure and submit it to the Section Leaders Liaison who will submit it to the Chief Operations Officer.

Per-Member Charge

Each Section shall reimburse the WSBA for the cost of administering the various Sections through an annual per-member charge. See Chapter 6, Expenses – Functional Accounting/Allocation of Indirect Expenses for details.

Expenses in Excess of Annual Budget

Personal Liability.

Article VI (F) 3 of the WSBA Bylaws states: "The financial obligation of the Bar to any division, committee or Section shall be limited to the amount budgeted for it and shall cease upon payment of that amount unless the Board of Governors authorizes otherwise."

Article VI (F) 4 of the WSBA Bylaws states: "Any liability incurred by any division, committee or Section, or by members thereof, in excess of the funds budgeted, shall be the personal liability of the person or persons responsible for incurring or authorizing the same."

Article VI (F) 5 of the WSBA Bylaws states: "Any liability incurred by any division, committee or Section, or by members thereof, not in accordance with the policies of the Board of Governors or in conflict with any part of these Bylaws, shall be the personal liability of the person or persons responsible for incurring or authorizing the same."

Expenses Over Budget – Chief Operations Officer Approval

Once a Section has reached its budgeted expenses for the year and spent any additional unbudgeted revenue, no further expenses for the Section will be paid unless a spending plan for the remainder of the fiscal year is approved by the Chief Operations Officer. Requests for additional expenses and a spending plan shall be submitted in writing to the Section Leaders Liaison.

Expenses Over Budget – WSBA Treasurer Approval

Unbudgeted expenses may not deplete the Section's reserve balance to less than 25% of the preceding fiscal year's expenditures. Approval by the WSBA Treasurer is required for unbudgeted expenses which total 25% or more of the Section's annual expense budget or \$1,000, whichever is greater. Requests for such expenditures shall be submitted in writing and approved prior to incurring an obligation for them. The Section leadership shall complete an Approval of Section Expenses in Excess of Annual Budget Form and submit it to the Section Leaders Liaison. The Section Leaders Liaison will inform the Section of the approval (or denial) of their request after review by the WSBA Treasurer and the Chief Operations Officer.

Expense Policies for WSBA Sections

For purposes of the WSBA expense policies, a Section Function is defined as an event or meeting of the Section membership open to all members. Examples include mid-year and annual meetings. Section Functions do not include officer/executive committee meetings or retreats.

The Sections shall comply with the expense policies of the WSBA (see Chapter 6, Expenses), with the following exceptions:

WSBA Policy on Alcohol

The WSBA's policy on alcohol with regard to Sections is as follows:

At the discretion of the Section Executive Committee, and because section revenues are paid voluntarily by section members, alcoholic beverages may be paid for using Section funds at the following Section events:

- At Section Functions, defined as an event or meeting of the Section membership open to all members; and
- At a "Speakers' Dinner" held at a mid-year or annual meeting, where many speakers and volunteers are being honored.

Alcohol served at Executive Committee meetings, retreats, and other events not open to all members shall not be paid for using Section funds.

Spouses/Domestic Partners/Guest Expenses

At the discretion of the Section Executive Committee, the Section may pay for a spouse, domestic partner, or one guest for group meals at Section Functions. Separate transportation, lodging, restaurant expenses, or personal expenses shall not be reimbursed or approved by the Executive Committee.

Executive Committee Meetings

Executive Committee meetings are not Section Functions, and therefore no alcohol may be paid for with Section funds. Meals for Executive Committee meetings shall comply with the per-diem rates established in the WSBA expense policies. The cost of spouses/domestic partners/guests to attend Executive Committee meetings shall not be paid for using Section funds.

Mid-Year or Annual Meetings

Mid-year or annual meetings are open to all members and are Section Functions. They may include a variety of events, such as seminars, the annual membership meeting, an executive committee meeting, a speakers' dinner, etc. The following are some of the costs associated with a mid-year or annual meeting that are not covered by general WSBA policies due to their uniqueness to Sections:

- Registration fees – With Executive Committee approval, registration fees for Committee members or other volunteers contributing to the development of the meeting may be paid for using Section funds.
- Lodging – Reimbursement for lodging may be at the actual rate for the facility at which the event is held, rather than the WSBA limit. The Section shall attempt to secure a reasonable group rate (note: all contracts must be approved by the CLE Director or the Director of Member and Community Relations if a non-CLE event).
- Speakers' Dinner – Some Sections hold a dinner to honor those persons who speak at the seminars or contribute to the meetings. Alcohol at these dinners may be paid for using Section funds.
- Speakers' Expenses – A Section may reimburse a speaker for travel, meals, and lodging in accordance with WSBA and CLE Speaker expense policies.

- Alcohol – Alcohol may be provided using Section funds only at events open to all members (e.g., receptions), with the exception of the Speakers' Dinner.

Social Events

A Section may sponsor a social event (e.g., golf outing, harbor cruise, etc) in conjunction with a mid-year or annual meeting if the event is open to all members. Section funds shall not be used to pay for social events for only officers and/or Executive Committee members.

Retreats

Retreats are generally viewed as an opportunity for the Executive Committee members to meet each other in a less formal setting over an extended period of time, become more familiar with each, bond and form friendships, and lay the groundwork for the coming fiscal year. Section leadership may hold annual retreats so long as the cost is reasonable. The following costs are deemed to be reasonable, but must be approved and authorized by the Section's Executive Committee (i.e., some Sections may not wish to use these higher limits but instead follow the WSBA expense policies):

- Lodging:
 - Retreats shall not include more than two nights lodging.
 - Lodging may be provided for all Executive Committee members, regardless of the distance between the member's house and retreat location.
 - Reimbursement for lodging may be at the actual rate for the facility at which the retreat is held, rather than the WSBA limit. Sections are encouraged to work with the Section Leaders Liaison to negotiate a group rate (note: all contracts must be approved and signed by the Executive Director or the Director of Member and Community Relations).
- Meals – The cost of meals may exceed the per diem rate set forth in WSBA policies, so long as it is a group meal for which the bill is paid directly by the WSBA or paid by an individual and submitted on an expense report for reimbursement (charged to the Section).
- Alcohol – Alcohol shall not be included as part of the retreat costs covered by Section funds since the retreat is not considered a Section Function where all membership may attend.
- Guests – Sections may authorize members to bring families to the retreat (spouses, domestic partners, significant others, and children). Section funds may be used to cover group meal expenses which include guests/families; however, separate transportation, lodging, and individual meals will not be covered.
- Location – Retreats shall be held in Washington State or within 50 miles of the Washington border.

Gifts

According to WSBA expense policies, plaques or modest gifts of appreciation are allowed. Any gifts to outgoing Section leadership or other volunteers must be reasonable. All gifts should be appropriate for the size of the Section, the time invested by the recipient, and within budget. Lavish gifts are not an appropriate use of Section funds. Gifts to volunteers, speakers, Executive Committee members, etc. should comply with WSBA's "plaques or modest gifts of appreciation" policy. Gifts of alcohol (e.g., bottles of wine) are allowed. It is recommended that gifts to outgoing Section chairs using Section funds not exceed \$200; however, the Executive Committee may approve gifts of a higher amount, not to exceed \$500, in special circumstances (e.g., for several years of service). This does not preclude the Section members from paying for any additional amount out of their own pocket.

Scholarships for Section Leaders

Sections shall be cognizant of conflicts of interest when awarding scholarships to attend Section CLEs. Sections may award scholarships to officers or executive committee members so long as the recipient of the scholarship does not vote on the matter.

Other

There may be times when an Executive Committee would like to use Section funds to enable someone with unique circumstances to participate in Section leadership. An Executive Committee may request *advance* approval from the WSBA Executive Director to pay expenses not covered in the WSBA fiscal policies in circumstances where: (a) a volunteer's participation in Section leadership creates an economic hardship, and (b) the volunteer would not be able to serve but for financial assistance from the Section. Such expenses must be prudent and reasonable. Approval will be in the Executive Director's discretion and will not be granted unless approval is requested within a reasonable period of time **before** the expenditure is made.