

WASHINGTON STATE
B A R A S S O C I A T I O N

Board of Governors Meeting
Late Meeting Materials

July 21-22, 2022
Greater Tacoma Convention Center
Tacoma, WA
Zoom and Teleconference

BOARD OF GOVERNORS MEETING Late Materials July 21-22, 2022 Greater Tacoma Convention Center, Tacoma, WA Zoom and Teleconference	
Description	Page Number
Budget & Audit - First Read: Proposed Fiscal Policy Revisions	LM-3
Budget & Audit - First Read: Fiscal Year 2023 Draft WSBA Budget	LM-180
ADA Myth-Conceptions Washington Civil & Disability Advocate Conrad Reynoldson	LM-251

FISCAL POLICY REVISION REVIEW - BOARD OF GOVERNORS

JULY 22, 2022



OVERVIEW OF SUBSTANTIVE CHANGES TO FISCAL POLICIES

WSBA Fiscal Matrix

- Change ED limit for reallocating unbudgeted and budgeted expenditures – changed to 5% of approved operating budget to match Roles and Responsibilities Policy adopted by Board of Governors in November, 2021. (Pages 13, 18) – One time limit of \$215,000 and must notify President. Cannot affect annual budget's bottom line.
- Change to B&A limit for reallocating unbudgeted and budgeted expenditures – changed from over 5% up to 10% of approved operating budget to match Roles and Responsibilities Policy adopted by Board of Governors in November, 2021. (Page 16) – One time limit of \$430,000. Cannot affect annual budget's bottom line.
- Clarified Board of Governors approves Staff Compensation Policy and ED approves salaries within the approved policy. (Page 18)
- Changed verbiage for Long Term Leases to “for WSBA Office Space and other real estate. (Page 18)
- Changes supplemental budget requests for sections in excess of 25% of expense budget or \$1,000.00 to be approved by Executive Director. (Pages 13, 18)

OVERVIEW OF SUBSTANTIVE CHANGES TO FISCAL POLICIES

Deferred Litigation Expenses and Reserve Funds

- Added a reference to a Procedure for Deferred Litigation Expenses. The balance of deferred litigation expenses must be approved by the Board as part of the budgeting process each year. (Page 45)
- Changed minimum balance of Operating Reserve Fund from \$1.5M to \$2.0M. (Page 47)
- Changed minimum balance of Facilities Reserve Fund from \$550k to \$1.0M. (Page 47)
- Added a License Fee Stability Fund which may be used to offset revenue shortages during a budget cycle. (Page 47)
- Added a Special Projects and Innovation Fund to provide funding for development of new and innovative programs, projects, and products. (Page 47)

OVERVIEW OF SUBSTANTIVE CHANGES TO FISCAL POLICIES

Expense Reimbursements

- Will encourage adherence to Federal Per Diem limits for meals but will apply reasonable and prudent standard to allow for overages of those amounts with any determinations of reasonableness (above federal per diem rates) to be escalated to Director of Finance and the appropriate Department Director (mirrors OSB's policy) (Page 62)
- Raised limits for lodging from \$175 per night to \$200 per night outside of Seattle and from \$200.00 per night to \$225.00 per night in Seattle. Also clarified that allowance for exceptions can be made by Department Directors if no lodging below the limits is available in the area (using reasonableness standard). (Page 62)
- Added reimbursement for remote lunches "if a remote meeting of four hours or more is scheduled through a meal period." (Page 63)
- Added Past President and Treasurer as eligible to attend two national conferences plus Western States Bar Conference and added Past President as able to attend Northwest Bar Leaders Meeting. (Page 69)

ORGANIC REVIEW OF POLICY

- This policy review is an organic process that should take place every two years to assure compliance with accounting principles and best practices.



Washington State Bar Association Fiscal Policies and Procedures Manual

~~October 16, 2019~~ New
Date TBD

Table of Contents

Introduction	4
Purpose	4
Fiscal Year	4
Basis of Accounting	4
WSBA's Internal Control System	5
Chapter 1: Key Fiscal Policies	6
Responsibility for WSBA Finances	6
Board of Governors Budget and Audit Committee Charter.....	8
Budget and Audit Facilities Advisory Committee Charter.....	9
Fiscal Responsibilities Matrix	10
Budget Policies and Process	15
Financial Reporting	16
Selection of Independent Auditors.....	18
Chapter 2: Assets	19
Authorization for Banking Relationships.....	19
Investment Policy.....	20
Checking/Savings Accounts	23
Investment Accounts	23
Petty Cash.....	23
Bank Account Reconciliation	25
Accounts Receivable.....	26
Prepaid Expenses.....	27
Deferred Costs	28
Inventory.....	28
Property, Equipment, and Depreciation	29
Computer Software Development	30
Chapter 3: Liabilities	32
Accounts Payable.....	32
Accrued Vacation & Comp Time	34
Chapter 4: Fund Balance	35
Chapter 5: Income	37
License Fees.....	37
Deposits/Incoming Receipts	37
Returned Checks/Declined Credit Cards	40
Overpayments and Underpayments.....	41
Procedures for Refund of Income.....	42
Deferred Revenue.....	42
Recovery of Discipline Costs under Rules for Enforcement of Lawyer Conduct.....	43
Chapter 6: Expenses	44
General Expense Reimbursement Policy	44

~~10.16.19~~

Travel Expenses.....	45
Lodging/Hotel Accommodations	46
Meal Expenses	46
Purchase of Alcohol for Bar Functions.....	47
Expense Policies: WSBA Officers and Board of Governors	50
Expense Policies: WSBA Executive Director	51
CLE Speakers/Program Participants Expenses	52
WSBA Credit Cards.....	53
Functional Accounting/Allocation of Indirect Expenses.....	53
Chapter 7: Other Accounting Policies	55
Policy on Committee and Board Use of WSBA Funds	55
Donations/Contributions/Sponsorships to outside entities	55
Making charitable contributions	55
Employee Gifts.....	55
Pre-approval of Form Content	55
WSBA Price List and User Fees	55
Taxes.....	56
Grants	56
Public Records Access and Fee Policies.....	57
Chapter 8: Summary of Internal Accounting Controls	58
Bank Accounts	58
Bank Reconciliations	58
Investments	58
Cash/Check Handling.....	58
Petty Cash.....	59
Credit Card Information	59
Accounts Receivable.....	59
Cash Disbursements	60
Check Signature Stamp Policy.....	60
Miscellaneous.....	60
Chapter 9: Lawyers' Fund for Client Protection.....	61
Chapter 10: Sections	63
Overview of Section Funds	63
Executive Committees' Fiscal Responsibility	64
Section Budgets	64
Monthly Financial Reports.....	64
Section Revenue.....	64
Interest Earned on Section Fund Balances.....	64
WSBACLE and Programs Presented in Partnership with Sections	64
Per-Member Charge.....	65
Expenses in Excess of Annual Budget.....	65
Expense Policies for WSBA Sections.....	66

~~10.16.19~~

Introduction (Policy)

Purpose

The WSBA Fiscal Policies and Procedures Manual (Manual) contains all WSBA fiscal policies and procedures. ~~This The fiscal policies encompass~~ encompasses the rules by which financial transactions are classified and reported. ~~The goal of these policies and procedures is to establish-ensure~~ ensure accountability and regulatory compliance ~~policies, financial and sound financial management and data integrity policies practices and data integrity policies.~~ The Manual is available to all WSBA employees, Board Of Governors and volunteers to promote organization-wide adherence to documented policies and procedures and to abide with standard accounting practices. ~~Except for f~~ The fiscal policies ~~that herein~~ must be approved by the Board of Directors-Governors ~~as expressly indicated in this Manual, and~~ all fiscal ~~policies and~~ procedures set forth herein may be updated by the Executive Director and/or Chief Financial Officer-Director of Finance from time to time as procedures, information, or Generally Accepted Accounting Principles change.

Fiscal Year

The WSBA's fiscal year is October 1 through September 30.

Basis of Accounting

During the fiscal year, the WSBA uses a **combination of cash and accrual accounting**. The following items are recorded on a cash basis:

- Bar exam fees
- MCLE fees
- CPF assessment fees
- Miscellaneous revenue (Recovery of Discipline Costs, Diversions, Practice Fees, etc.)
- CLE seminar expenses
- Most other WSBA expenses

The following items are recorded on an accrual basis monthly:

- License fees
- CLE product sales revenue and cost of goods sold
- CLE seminar revenue
- Rent
- Insurance
- Personal Property Taxes
- Most payroll-related expenses
- Credit Card Expenses

WSBA Financial Statements are prepared For annual financial reports, the WSBA uses the on an accrual basis of accounting. Accrual accounting is an accounting method where revenue or expenses are recorded when a transaction occurs versus when payment is received or made. Therefore, items that that may have already been paid and booked as an expense, but for which the corresponding revenue has not been collected or the benefit has not been received, will be moved to "Deferred Costs." Revenue that has not yet been earned will be moved into "Deferred Revenue."

Commented [AF1]: Suggestions: I think we need header and footer to denote the dates when the policy were put in place, updated and approved. Other historical information can be inserted there. -- my 2 cents!

Commented [TN2]: It is possible we have some policies/procedures that might be considered "fiscal" elsewhere. The employee handbook comes to mind and I'm also wondering about some procedure guidelines around handling cash? credit card numbers.

Commented [AF3]: Let me know if this is surplusage.

Commented [AF4]: My hope is that accountability and regulatory compliance policies here will encompass matters that help avoid conflicts of interests and other requirements of behavior and/or disclosure required by law. Financial management board are those established by the Board of Governors and executive directors i.e allowable ranges for specific financial indicators or ratios, e.g purchasing, risk management, internal financial controls etc. Data integrity policies involves privacy, confidentiality, records retention, separation of duties, data back up etc. We can put this in definition sections. I hope as we go through the policy that each item can be conveniently located under these 3 basic categories.

Commented [AF5]: Shouldn't we include Board of Governor? Some of the policy is directed at BoG. I think it should be available to all BoG

Commented [AF6]: Is this not necessary? I am hoping that we can have in footnotes reference to Faz-Bee: Financial Accounting Standards Board. I

Formatted: Not Expanded by / Condensed by

Commented [JP7]: Take the terms and define them in a separate Notes section

Formatted: Font color: Red

Formatted: Font color: Red

Formatted: Font color: Red

Formatted: Font color: Red

Commented [JP8]: I think this whole second sentence doesn't make a lot of sense.

Commented [AF9]: I agree. May be take "Deferred Costs" and "Deferred Revenue" to a definitions of terms section? If this is meant to address temporarily restricted funds for some services that has not yet been performed we should spelt it at the correct section, otherwise just delete.

Commented [KP10R9]: I added a definition of accrual accounting.

Formatted: Font color: Red

Formatted: Font color: Red

Formatted: Font color: Red

Formatted: Font color: Red

WSBA's Internal Control System (Policy)

~~This Manual is part of the WSBA's internal control system.~~ An effective internal control system encourages adherence to prescribed policies; promotes operational efficiencies; protects the business assets from waste, fraud, and theft; and ensures accurate and reliable accounting data. The goal of this internal control system policy is to ensure that duties of individuals are separated so that no one person handles an entire transaction from beginning to end.

The broad principles of internal control are:

- Responsibilities should be clearly identified and established, with one person responsible for each task.
- Adequate records should be maintained. Good records are an important means of protecting assets, ~~ensuring~~, ~~ensuring~~ that employees follow prescribed procedures, and ~~providing—management~~ ~~providing~~ ~~with management with reliable information~~ ~~reliable information~~ to monitor business operations.
- Assets should be safeguarded, protected and insured.
- ~~Record keeping should be separated from custody. Segregation of duties requires Accounting records-keeping be separated that from the person who has access to or is responsible for an asset should not maintaining the accounting record for that the asset. To ensure data integrity, staff responsible for accounting records keeping duties shall be separate and distinct from those responsible for maintaining the asset, be it a physical asset or a virtual asset such as CC credit card information.~~
- Responsibility for related transactions should be divided. This provides checks and balances for the related tasks (i.e., the work of one employee acts as a check on another).
- Computerized and mechanical devices should be used whenever possible as they reduce the human error and intentional inaccuracy in routine tasks.
- Regular reviews of the system of internal controls should be conducted, to ensure organizational compliance with policies and procedures.

See Chapter 8 for more details on the WSBA's internal control policies.

Formatted: Strikethrough

Formatted: Not Highlight

Formatted: Strikethrough

Formatted: Not Highlight

Formatted: Strikethrough

Formatted: Not Highlight

Formatted: Strikethrough

Formatted: Not Highlight

Formatted: Strikethrough

Formatted: Not Highlight

Formatted: Strikethrough

Formatted: Not Highlight

Commented [AF11]: Here is my suggested edit.

Commented [KP12]: Assuming CC means credit card (maybe Cost Center?). These should be spelled out instead of abbreviated.

Formatted: Not Highlight

Formatted: Not Highlight

Commented [JP13]: I think the highlighted portion should be reworded.

Commented [AF14]: See my suggested edits.

Chapter 1: Key Fiscal Policies

Rationale: Key Fiscal Policies are enacted to ensure there is support and rules for operational actions where the fiscal integrity of the WSBA may be at risk. Key Fiscal Policies also intend to ensure a consistent treatment of matters as they relate to fiscal operations of the WSBA.

Responsibility for WSBA Finances

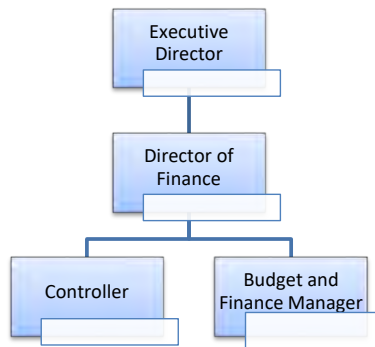
Fiscal Management

The Budget and Audit Committee of the Board of Governors oversees budgeting and financial matters of the Bar. The ~~Chief Financial Officer~~ Director of Finance serves on the Budget and Audit Committee and is in charge of the Bar's financial operations.

WSBA management is responsible for producing complete, accurate financial statements. The Finance and Administration Department is delegated the responsibility to implement WSBA's fiscal policies by performing the accounting and ~~finance bookkeeping~~ functions for the WSBA.

Department directors are responsible for preparing their department/cost center budgets, monitoring their monthly financial statements, reviewing back up for accuracy, collecting revenue or receivables related to their cost centers, approving expenses, and enforcing the WSBA's expense policies. These tasks may be delegated to others, but department directors are ultimately responsible for the fiscal issues related to their departments.

The structure of the Finance and Administration Department is set forth below (these ~~persons~~ positions are referred to throughout the Manual):



Commented [KP15]: Should refer to positions not people.

Board of Governors

With ultimate responsibility for the fiscal health of the WSBA, the Board of Governors approves or sets all *significant* fiscal policies. The following policies are deemed to be significant and must be approved by the Board of Governors:

- Budget and Audit Committee Charter (Chapter 1)
- Approval of the Fiscal Responsibilities Matrix (Chapter 1)
- Budget Policies ~~and Process~~ (Chapter 1)
- Selection of Independent Auditors (Chapter 1)
- Investment Policy (Chapter 2)
- Resolution Authorizing Banking Relationships (Chapter 2)
- Unrestricted and Restricted Fund Balance Policy (Chapter 4)
- General Expense Reimbursement Policy dollar limits for meals and lodging and Philosophy (Chapter 6) if not aligned with IRS guidance (Chapter 6)
- Purchase of Alcohol for Bar Functions (Chapter 6)
- Expense Policies for the WSBA Officers and Board of Governors (Chapter 6)
- Executive Director Expense Policies (Chapter 6)
- ~~And~~ Any other policies that may be approved and established by the Board of Governors from time to time to ensure sound accounting principles and good governance

Commented [KP16]: Flagging this because we will want to discuss options for reimbursement limits – One option would be to follow the IRS established per diem limits and the other would be to set our own limits above the IRS per diem limits. I think we are recommending to encourage employees and volunteers to follow federal guidelines but allow above them so long as reasonable given the context of the business need for the expense.

Commented [TN17]: I don't think that everything within these chapters is/should be considered policy. The section "Budget Policies and Process" is a mix of both (right there in the title). I suggest we get more specific in identifying what is policy.

Board of Governors Budget and Audit Committee Charter (Policy)

Rationale

~~Establish a committee to make recommendations to the Board of Governors on financial matters and take actions as empowered by the Board of Governors and as outlined in the Fiscal Responsibilities Matrix. Some of these duties are noted below~~

Rationale Purpose

~~The purpose of the Budget and Audit eCommittee is to take actions as empowered by the Board of Governors and review and make recommendations to the Board of Governors on financial matters of the WSBA as outlined in the Fiscal Responsibilities Matrix as noted in this policy.~~

Composition

The voting members of the Budget and Audit Committee shall consist of the following: at least one governor from each class, not to exceed seven governors, one of whom shall be the Treasurer; the President; and President-elect. ~~Up to two additional non-Board of Governor voting members may be appointed by the President subject to the approval of the Board of Governors.~~ The Executive Director and ~~Chief Financial Officer~~ Director of Finance shall serve as *ex officio*, non-voting members of the Budget and Audit Committee. The Board of Governors elects the Treasurer of the WSBA, who also serves as chair of the Budget and Audit Committee.

Purpose

~~The purpose of the committee is to take actions as empowered by the Board of Governors and review and make recommendations to the Board of Governors on financial matters of the WSBA as outlined in the Fiscal Responsibilities Matrix. Some of these duties are noted below:~~

Activities Duties

Annual Budget and Long Range Financial Planning

1. Review and revise drafts of the WSBA's annual budget and recommend approval of a final budget to the Board of Governors.
2. Review long-range financial projections and the revenues, including member license fees, needed to meet long-range needs. Make recommendations to the Board of Governors for increases in license fees when necessary.
3. ~~Prepare and Deliver~~Recommend to the Board of Governors as needed timely forecasts for the year including annualized impacts of unforeseen matters to the current budget.
- 2-4. ~~Prepare Fiscal Analysis~~Review and deliver for fiscal analysis of any unbudgeted programs or projects sanctioned by the Board of Governors throughout the Fiscal Year

Approvals

1. Approve ~~ed~~ expenditures within limits and parameters set forth in this policy as well as the Fiscal Responsibilities Matrix.

Financial Reports

1. Review ~~monthly~~ On a monthly basis, review the interim management financial reports and report highlights, key information, major variances from budget, and any concerns ~~to~~ of the Board of Governors. Recommend corrective action ~~iasf~~ needed.
2. Review the preliminary year-end management financial reports and report results compared to budget to the Board of Governors.
3. Review status and performance of investments per the WSBA Investment Policy.

Annual Audit

1. Recommend to the Board of Governors the engagement of the independent auditors to perform the

Formatted: Tab stops: 3.32", Left

Commented [AF18]: I don't know why you deleted the original purpose section? Could you explain? The Committee purpose is important in the making of the fiscal policy.

Formatted: Strikethrough

Formatted: Strikethrough

Formatted: Strikethrough

Formatted: Font: Bold, Underline

Formatted: Font: Bold, Underline, Not Strikethrough

Formatted: Font: Bold, Underline

Formatted: Not Strikethrough

Formatted: Strikethrough

Commented [KP19]: Flagging to discuss whether this should stay in. History and rationale?

Commented [JP20]: Do we want to keep this in the policy? Do we have non BOG voting members on the committee right now?

Commented [AF21]: I propose deletion of this sentence. Non-BOG members do not have fiduciary responsibilities to the organization.

Commented [JP22]: Agree Delete this sentence

Commented [KP23]: This title may change?

Formatted: Highlight

Formatted: Not Expanded by / Condensed by

Commented [KP24]: I don't think the word should be "prepare"....the committee members do not prepare financials although they may prepare memos to the Board to accompany financial forecasts with a recommendation.

Formatted: Not Expanded by / Condensed by

Commented [KP25]: Same concern....committee members don't prepare financials but they do review and recommend.

annual audit of the WSBA's financial statements.

2. Meet annually with the independent auditors to receive their report on the audit of the financial statements and review their recommendations for improvements on internal controls.
3. Recommend to the Board of Governors the engagement of independent auditors/~~accountants~~ to perform other reviews, when deemed appropriate.

Recommend ~~Changes to and New~~ Significant Financial Policies

1. Recommend to the Board of Governors the WSBA's Investment Policy.
2. Recommend to the Board of Governors the WSBA's Fiscal Policies.

Commented [KP26]: I'm not sure the additional wording adds anything.

Quorum

A quorum shall consist of a ~~simple~~ majority of the voting members.

Budget and Audit Facilities Advisory Sub-Committee Charter (Policy)

Commented [AF27]: I think we should call them subcommittee to avoid confusion

Purpose

The purpose of the Facilities Advisory sSub-Committee is to advise the Budget and Audit Committee on issues related to the WSBA's facility needs (i.e., lease or ownership of real estate to meet WSBA operational needs). The Sub-committee shall seek to examine how efficiently WSBA facilities are being used, how much revenue is being generated through the use of buildings and equipment, track the condition of assets and suggest adequate funds to be earmarked for replacement or repair so as to avoid unexpected expenses for which there may not be funds funds may not be readily at hand from current revenue. The Facilities Advisory Committee is an advisory sub-committee only and has no decision-making authority.

Formatted: Font color: Text 2

Formatted: Font color: Text 2

Composition

The voting members of the Facilities Advisory Sub-Committee and associated terms are as follows:

- Treasurer (chair/1-year term);
- Executive Director (permanent member);
- ~~Chief Financial Officer~~ Director of Finance (employee liaison/~~permanent~~ permanent member);
- ~~Two~~ One members of the Budget and Audit Committee (1-year term)

Commented [KP28]: This should stay to be clear who on staff will liaison to the committee.

Formatted: Not Expanded by / Condensed by

Formatted: Not Expanded by / Condensed by

Formatted: Condensed by 0.25 pt

Formatted: Normal, Indent: Left: 0.41", No bullets or numbering

Formatted: Not Expanded by / Condensed by

Formatted: Condensed by 0.25 pt

Formatted: Condensed by 0.25 pt

Formatted: Condensed by 0.25 pt

Formatted: Not Expanded by / Condensed by

Commented [KP29]: This was defined in the way it is to ensure a good cross section of advice from experts in the field. Do we want to intentionally limit this to only one?

The Facilities and Advisory Subcommittee shall endeavor to seek guidance and counsel from experts in the area of Real Estate when considering key matters as defined by the Chair. These areas of expertise include but are not limited to:

- No fewer than three representatives from the real estate industry who have expertise in one or more of the following areas (2-year terms);
- A representative No fewer than three representatives from the real estate industry with experience in various one or more of the following (2 year terms):
 - Real estate law (i.e., real estate attorney);
 - Commercial real estate brokerage, especially the downtown Seattle and regional real estate markets;
 - Commercial real estate appraisal;
 - Commercial construction management;
 - Architecture and/ or space planning; and
 - Commercial real estate lending.

Conflict of Interest

Formatted: Font: Bold

No voting member of the Facilities Advisory Committee will be eligible for any business contract or other business arrangement with the Washington State Bar Association relating to any matter that is within the scope of the sub-Committee's activities, so as to avoid any conflict of interest. No former voting member of the Facilities Advisory sub-Committee will be eligible for any business contract or other business arrangement with the Washington State Bar Association relating to any specific transaction or proposed transaction that was considered by the Committee while that person was a voting member.

All voting members of the Facility Advisory sSub-committee will be bound by the Board of Governors Conflict of Interest policy as amended.

Appointment Process

The Treasurer, Executive Director, and Chief Financial Officer shall serve as ex officio members. The members of the sub-committee shall be appointed from the current members of the Budget and Audit Committee shall be

Commented [TN30]: I always thought that "ex officio" meant non-voting so I thought that this conflicted with the statement above that these are voting members of this subcommittee. I looked it up and see that "ex officio" only means "as a result of one's status or position". Just flagging in case others have the same confusion. Also, this paragraph seems largely redundant. Could we incorporate who appoints under composition, above?

~~appointed by the Treasurer. The representatives from the real estate industry shall be appointed by the President (the terms shall be staggered so that each President appoints at least one member during his/her term).~~

Commented [KP31]: The appointment of the real estate industry representatives should be defined. If not the stricken process then another should be identified.

Purpose

~~The purpose of the Facilities Advisory Committee is to advise the Budget and Audit Committee on issues related to the WSBA's facility needs (i.e., lease or ownership of real estate to meet WSBA operational needs). The Facilities Advisory Committee is an advisory committee only and has no decision making authority.~~

Activities

WSBA Facilities Strategy

1. Define and periodically review the facilities needs of the WSBA.
2. Identify key facilities decisions to be taken over a 10-year period and relevant market factors.
3. Review current and future estimated real estate market conditions and analyze how these conditions may affect the WSBA's decisions in connection with the ownership and/or lease of real estate.
4. Review proposed options and provide recommendations for dealing with end-of-lease and other transition issues, such as, for example, whether to renew the existing lease or look for new space and considerations relating to relocation of WSBA offices and other functions.
- 4-5. Twice a year the advisory committee will update the Budget and Audit committee with any matters related to the facilities.

WSBA Facilities Reserve Fund

1. Periodically review the balance in the Facilities Reserve Fund and analyze whether such balance is prudent and adequate in relation to identified needs and decisions, current market conditions, future market projections, time remaining until the end of current lease, etc.
2. Make recommendations as to target Facilities Reserve Fund balances at future points in time, and suggest strategies and/or funding policies for meeting those targeted balances.

Quorum

~~—A quorum shall consist of a majority of the voting members~~

Formatted: Normal, Indent: Left: 0.41", No bullets or numbering

Formatted: Font: Bold, Thick underline

Formatted: Font: Bold

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.41" + Indent at: 0.66"

WSBA Facilities Reserve Fund

1. Periodically review the balance in the Facilities Reserve Fund and analyze whether such balance is prudent and adequate in relation to identified needs and decisions, current market conditions, future market projections, time remaining until the end of current lease, etc.
2. Make recommendations as to target Facilities Reserve Fund balances at future points in time, and suggest strategies and/or funding policies for meeting these targeted balances.

Quorum

A quorum shall consist of a majority of the voting members.

Fiscal Responsibilities Matrix (Policy)

The objective of the Fiscal Responsibilities Matrix is to set forth levels of authority that will be followed by the WSBA to promote transparency and appropriate internal controls. The Fiscal Responsibilities Matrix should also assist in providing an efficient management structure, transparency, and appropriate oversight of the Bar's financial activity.

Executive Director

According to WSBA bylaws, the Executive Director is responsible for managing the office and activities of the Bar under the direction of the Board of Governors, with power to employ and compensate employees within limits of the budget. In terms of managing the budget, the following guidelines shall apply (Note: approval authority may be exercised or delegated to the next higher authority at the discretion of the decision-maker):

Executive Director

~~The Authority:~~ The Executive Director is authorized to establish deposit and credit relationships, withdraw WSBA funds from banks, sign checks, and invest excess cash. Signatory authority may be delegated to any department director(s), except the Chief Financial Officer/Director of Finance.

The authority to make bank deposits, invest funds in accordance with the Investment Policy, and transfer funds between established accounts may be delegated to the Chief Financial Officer and appropriate accounting and finance employees following sound internal control practices.

~~Executive Director Required Approvals:~~

~~(Note: Executive Director may delegate approval authority to Directors or other employees as appropriate): es-~~

~~(Note: Executive Director may delegate approval authority to directors and other employees, as appropriate):~~

- reimbursement requests – may reject or modify requests to comply with expense policies
- ~~Delegation includes:~~
 - service and program fees, including:
 - advertising rates
 - fees for copies of the WSBA's public records
 - fees for sale of member contact information
 - sales price of the Resources directory
 - sales price of CLE and WSBA publications
 - sales price of other WSBA merchandise
 - miscellaneous fees
 - adjustments to employee salaries within the aggregate approved budget dollars adopted compensation plan
 - in-kind contributions of WSBA to the Washington State Bar Foundation, or as a condition of applying for grant funds
 - grants to WSBA, including negotiations of administrative fees

Formatted: Normal, Justified, Indent: Left: 0", Space Before: 0 pt, Line spacing: single

Commented [KP32]: The CFO or Finance Director should not be a signatory on checks. This is a check and balance issue.

Formatted: No underline

Formatted: List Paragraph, Indent: Left: 0.41", Hanging: 0.25", Right: 0", Line spacing: Exactly 13.8 pt, Bulleted + Level: 1 + Aligned at: 0" + Indent at: 0.25", Tab stops: 0.66", Left + 0.66", Left

Formatted: Underline

Formatted: Underline

Formatted: Indent: Left: 0.41", Hanging: 0.25", Space Before: 0 pt, Line spacing: Exactly 13.8 pt

Formatted: Not Expanded by / Condensed by

Formatted: Condensed by 0.15 pt

Commented [JP33]: Do we really do this?

Commented [KP34R33]: Yes RSD provides mailing lists to some organizations.

• Approving and reporting to the Board of Governors about certain unbudgeted expenses, including, reallocations of budgeted expenditures where the intent is similar or varies slightly; unbudgeted expenditures that are fully offset by unbudgeted revenue or a reallocation of budgeted expenditures up to 5% of the approved operating budget to address operational, regulatory or programmatic needs; and necessary and prudent expenditures to implement WSBA's Disaster Recovery Plan or to maintain WSBA's operations. Per occurrence limit is \$215,000.00. Prior to taking action the Executive Director must notify the President and after taking action must report the reallocation of funds to the Board. ~~Unbudgeted expenditures that are offset by unbudgeted revenue up to \$25,000~~ Reallocations may not affect the annual budget's bottom line.

Reallocation of budgeted expenditures up to \$50,000 for the year:

• ~~or reallocations of budgeted expenditures where there is a change of intent (this includes approval of new programs and significant expansion of existing programs, but does not include long term commitments or future obligations of the WSBA), up to \$10,000 per item, or up to \$50,000 collectively during the fiscal year, where the overall bottom line of the annual budget is not affected.~~

Supplemental budget requests from sections that exceed 25% of the section's annual expense budget or \$1,000, whichever is greater.

Formatted: Normal, No bullets or numbering
Formatted: Indent: Left: 0.41", Hanging: 0.25"

Formatted: Condensed by 0.25 pt
Commented [KP35]: Changed these amounts to align with the Roles and Responsibilities Policy document that was approved by the Board in November 2021 which states in part:

Approving and reporting to the Board of Governors about certain unbudgeted expenses, including, reallocations of budgeted expenditures where the intent is similar or varies slightly; unbudgeted expenditures that are fully offset by unbudgeted revenue or a reallocation of budgeted expenditures up to 5% of the approved operating budget to address operational, regulatory or programmatic needs;

Commented [KP36]: ADDED IN PER OCCURRENCE LIMITS AND NOTIFICATION TO PRESIDENT

Formatted: Condensed by 0.25 pt
Formatted: Condensed by 0.25 pt

Formatted: Left, Indent: Left: 0.2", Hanging: 0.25", Right: 0", Line spacing: single, No bullets or numbering, Tab stops: Not at 0.66"

Formatted: Indent: Left: 0.41", Hanging: 0.25"
Formatted: Condensed by 0.25 pt

Formatted: Left, Indent: Left: 0.2", Hanging: 0.25", Right: 0", Line spacing: single, No bullets or numbering, Tab stops: Not at 0.66"

Formatted: Not Expanded by / Condensed by
Commented [KP37]: Moved this from Treasurer to ED.

Formatted: Not Expanded by / Condensed by
Formatted: List Paragraph, Left, Indent: Hanging: 0.25", Right: 1.58", Line spacing: single, Bulleted + Level: 1 + Aligned at: 0" + Indent at: 0.25", Tab stops: 0.66", Left + 0.66", Left

Formatted: Normal, Justified, Indent: Left: 0.66", Right: 0.77", Line spacing: Multiple 0.99 li, No bullets or numbering, Tab stops: 0.66", Left

- ~~reallocations~~ Reallocations of operational budgeted expenditures up to \$20100,000 so long as the intent of the budgeted expenditure is similar (i.e. expenses are within the same CC or for a different CC with similar purpose) or varies slightly (these types of expenditures and decisions are operational in nature)
- Binding the WSBA to future expenses, as in contracts and agreements, for budgeted or operational expenses
- Engagement of independent auditor selected for the up to six year period, annually; or may initiate the selection of the competitive bid process
 - Fiscal policies, where indicated in the specific policy

Commented [KP38]: Folded into bullet point above regarding allocation of 5% of operating budget.

In the event of an emergency and when it is not feasible to get the approval of the Budget and Audit Committee or the Board of Governors, the Executive Director and/or Treasurer shall have the authority to approve expenditures that are necessary and prudent in order to ~~implement the WSBA's Disaster Recovery Plan (e.g., natural disaster)~~ or keep the WSBA operational in the case of an emergency (e.g., if the WSBA's computer network crashed or an event which triggers the established disaster recovery plan). These expenditures may be beyond the capital or operating budgets, and may or may not impact the WSBA's reserves. The Board of Governors shall be immediately notified by the Treasurer or Executive Director when expenditures of this nature are authorized.

Commented [TN39]: What if the Treasurer isn't available? I think this should be either the Treasurer or the ED - whomever authorized the spending.

Treasurer

Chairs the Budget and Audit Committee, is authorized to establish deposit and credit relationships, withdraw WSBA funds from banks with a dual signature, and sign checks.

Reviews/Approves:

~~appeals to Executive Director's decision to reject or modify an expense reimbursement request~~

Commented [KP40]: It may be a good idea to retain an appeal process?

- ~~the~~ Executive Director's credit card charges, reports of expenses, payroll reports, and fringe benefits (quarterly)
- ~~the~~ Year-to-date vendor payment listing (quarterly; added September 2016) as part of the monthly financial statements review
- ~~supplemental budget requests from sections that exceed 25% of the section's annual expense budget or \$1,000, whichever is greater~~

Commented [KP41]: This was included in the ED approvals which makes sense. If the Board should decide to keep it with the Treasurer then the ED approvals should allow for some lower amount to be approved by the ED.

MCLE Board

Recommends to the Board of Governors:

- all MCLE fees for failure to comply with the MCLE rules and to defray the reasonably necessary costs of administering APR 11 (APR 11(d)(2)(v)), including:
 - MCLE accredited sponsor annual fees (APR 11(i)(7))
 - MCLE sponsor activity application fees and late fees (APR 11(g)(1))
 - MCLE comity fees (APR 11(c)(6))
 - MCLE compliance late fees (APR 11(i)(4))

CLE Board (commonly referred to as the MCLE Board)?

Establishes/Approves:

- MCLE fees and fines for failure to comply with accredited sponsor reporting requirements (APR 11 Reg. 106(d))

Recommends to the Board of Governors:

- MCLE accredited sponsor application fees (APR 11 Reg. 106(b))

- MCLE Form 1 fees (APR 11 Reg. 105(d))

- MCLE fees and fines for failure to comply with rules and regulations regarding course accreditation and individual member compliance (APR 11.4)

Commented [JP42]: Is this actually the case? MCLE and CLE are separate and distinct.

Commented [KP43]: I think it was established as the CLE Board but it hasn't been referred to that forever. If it hasn't been changed in a charter then it should be officially changes to MCLE Board to avoid confusion with the CLE Committee.

Formatted: Not Expanded by / Condensed by

CLE Committee

Recommends to the Board of Governors:

- ~~adjustments to the standard CLE seminar registration fees~~
- eExpenditures from the CLE reserve fund
- Adjustments to the standard CLE seminar registration fees

Formatted: Indent: Left: 0.41", Hanging: 0.25"

Formatted: List Paragraph, Space Before: 0 pt, Bulleted + Level: 1 + Aligned at: 0.45" + Indent at: 0.7"

Formatted: List Paragraph, Indent: Left: 0", Space Before: 0 pt

Personnel Committee

Recommends to the Budget and Audit Committee:

- Adjustment to employee compensation plan/policy.

adjustments to employee compensation plan

Recommends to the Board of Governors:

- Compensation of the Executive Director

Client Protection Board (APR 15 Reg. 6)

Client Protection Fund Committee

Approves:

- gifts up to \$25,000 per applicant

Recommends to Board of Governors:

- gifts over \$25,000 per applicant

- Formatted: Font: Bold
- Formatted: Indent: Hanging: 0.25", Space Before: 0.3 pt
- Formatted: Indent: Left: 0.2", Hanging: 0.25", Right: 0", Line spacing: single, No bullets or numbering, Tab stops: Not at 0.66" + 0.66"
- Formatted: List Paragraph, Indent: Left: 0", Space Before: 0 pt
- Formatted: Bulleted + Level: 1 + Aligned at: 0.41" + Indent at: 0.66"
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Normal, Indent: Left: 0.41", No bullets or numbering
- Formatted: Condensed by 0.25 pt

CLE Committee

Recommends to the Board of Governors:

- ~~adjustments to the standard CLE seminar registration fees~~
- ~~expenditures from the CLE reserve fund~~

LPO Board

Recommends to Supreme Court

- ~~Examination and annual fees (APR 12 Reg. 2(B); APR 12 Reg. (9))~~

Commented [KP44]: Per Bobby Henry the LPO (and LLLT) application and license fees are all handled the same way as lawyer application and license fees.

Budget & Audit Committee

Reviews the long range financial projections and the revenues, including member license fees, needed to meet long range needs.

Approves:

- ~~Approving and reporting to the Board of Governors about certain unbudgeted expenses, including reallocations of budgeted expenditures where the intent is similar or varies slightly; unbudgeted expenditures that are fully offset by unbudgeted revenue or a reallocation of budgeted expenditures over 5% and up to 10% of the approved operating budget to address operational, regulatory or programmatic needs; and necessary and prudent expenditures to implement WSBA's Disaster Recovery Plan or to maintain WSBA's operations. Per occurrence limit is \$430,000.00. Unbudgeted expenditures that are over and above the ED and Treasurer's approval level offset by unbudgeted revenue, or reallocations of budgeted expenditures where there is a change of intent (this includes approval of new programs and significant expansion of existing programs, but does not include long-term commitments, term commitments or future obligations, future obligations of the WSBA), between \$10,001 and \$20,000 per item, or between \$50,001 and \$100,000 collectively during the fiscal year, where the overall bottom line of the annual budget is not affected~~
- ~~Reallocations of budgeted expenditures between \$20,001 and \$50,000 so long as the intent of the budgeted expenditure is similar or varies slightly (these types of expenditures and decisions are operational in nature) over the ED Approval Level. Reallocations may not affect the annual budget's bottom line.~~
- Business Recovery Plan
- Fiscal policies, where indicated in the specific policy.

Commented [KP45]: The 10% is a suggestion based off of the limits for the ED in the Roles and Responsibilities Policy approved by Board in November, 2021.

~~fiscal policies, where indicated in the specific policy,~~

Recommends to the Board of Governors:

- ~~Bar application and admission fees for all license types (APR3(i)(B), APR5(a)(1))~~
- ~~Bar license fees for all license types (WSBA Bylaws Art. 3 Sec. I, APR 12(f)(3), APR 281.(3))~~ ~~All attorney license fees~~
- ~~Client Protection Fund assessment Lawyers' Fund for Client Protection assessment~~

- Formatted: Normal, Indent: Left: 0.41", No bullets or numbering
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Underline, Condensed by 0.25 pt
- Formatted: Underline
- Formatted: Underline, Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt

Commented [KP46]: Based off of the Roles and Responsibilities Policy.

- ~~The annual annual budget and subsequent adjustments over \$25,000 \$50,000 (unbudgeted) or \$50,000, \$100,000 (budgeted reallocations) 10% of approved operating budget.~~
 - ~~Adjustments to the compensation plan (based on recommendation from Personnel Committee)~~
 - ~~Fiscal policies, where indicated in the specific policy~~
 - ~~Investment policy~~
 - ~~Adjustments to the standard CLE seminar registration fees~~
 - ~~Unbudgeted expenditures from reserve funds~~
 - ~~Engagement of the independent auditors for other reviews, when deemed appropriate~~

Reviews:

- ~~Monthly financial reports, including revenue and expenditure patterns; reports significant variances to Board of Governors~~
 - ~~Reports of the independent auditors~~

Oversees the process of selecting an independent accounting firm to perform the annual audit, at least once every six years, and makes a recommendation to the Board of Governors.

Board of Governors

Elects the Treasurer

Approves/Sets:

- ~~†~~The annual budget and the following adjustments:
 - ~~a~~Appropriation requests for expenditures from the unallocated contingency budget
 - ~~u~~Unbudgeted expenditures over 10% of operating budget
 - ~~Any changes to the bottom line arising from a reallocation or reforecast that are offset by unbudgeted revenue, or reallocations of budgeted expenditures where there is a change of intent (this includes approval of new programs and significant expansion of existing programs, but does not include long-term commitments or future obligations of the WSBA), over \$20,000 per item, or over \$100,000 collectively during the fiscal year, where the overall bottom line of the annual budget is not affected~~
 - ~~reallocations of budgeted expenditures over \$50,000 (where the intent of the budgeted expenditure is similar or varies slightly; these types of expenditures and decisions are operational in nature)~~
 - ~~changes to the annual budget's bottomline~~
 - ~~e~~Expenditures from reserve funds, in accordance with reserve policies
 - ~~f~~Fiscal policies, where indicated in the specific policy
- ~~i~~nvestment policy
- ~~b~~anking authorities
- Keller deduction to license fees
- ~~g~~ifts from the Client Protection Fund (CPF) over \$25,000 per applicant
- ~~l~~ong-term leases for WSBA office space or equipment
- ~~e~~lection of independent audit firm
- ~~c~~ompensation of the Executive Director
- ~~s~~tandard CLE seminar registration fees
- law clerk program application fees (APR 6(b)(4))

Approves and Sends to the Supreme Court for Information:

- law clerk program enrollment fees (APR 6(d)(1))
- all MCLE fees for failure to comply with the MCLE rules and to defray the reasonably necessary costs of administering APR 11 (APR 11(d)(2)(v)), including:
 - MCLE accredited sponsor annual fees (APR 11(i)(7))
 - MCLE sponsor activity application fees and late fees (APR 11(g)(1))
 - MCLE comity fees (APR 11(c)(6))
 - MCLE compliance late fees (APR 11(i)(4))
- ~~MCLE accredited sponsor application fees (APR 11 Reg. 106(b))~~
- ~~MCLE Form 1 fees (APR 11 Reg. 105(d))~~
- ~~MCLE fees and fines for failure to comply with rules and regulations regarding course accreditation and individual member compliance (APR 11.4)~~

Approves and Sends to the Supreme Court for Review:

- Bar license fees for all license types (WSBA Bylaws Art. 3 Sec. I, APR 12(f)(3), APR 28I.(3))
- Bar application and admission fees for all license types (APR 3(i)(B), APR 5(a)(1))
- licensed legal intern application fees (APR 9(d)(3))

Recommends to the Supreme Court:

- ~~a~~All attorney license fees
- CPF assessment
- ~~b~~Bar application and admission fees
- ~~l~~egal intern fees

Formatted: Indent: Left: 0.41"

Formatted: Not Expanded by / Condensed by

Commented [KP47]: Assuming B&A can approve over 5% and up to 10% of operating budget

Formatted: Not Expanded by / Condensed by

Commented [BH48]: see comment below.

Commented [RG49]: Set by the BOG and subject to Court review

Formatted: Underline

Formatted: List Paragraph, Indent: Left: 0.16", Hanging: 0.25", Bulleted + Level: 1 + Aligned at: 0" + Indent at: 0.25", Tab stops: 0.66", Left + 0.66", Left

Commented [RG50]: It is set by the BOG and subject to review by the Court

~~Law clerk program fee~~

- ~~fees~~ **Reviews/Accepts:**
- ~~q~~ Quarterly financial reports
- ~~r~~ Reports of the independent auditors

Supreme Court

Information:

- ~~law clerk program enrollment fees (APR 6(d)(1))~~
- ~~all MCLE fees for failure to comply with the MCLE rules and to defray the reasonably necessary costs of administering APR 11 (APR 11(d)(2)(v))~~

Reviews for Reasonableness (GR 12.2(b)(22)):

- ~~license fees for all license types~~

Reviews ("subject to review by the Supreme Court"):

- ~~Bar application and admission fees for all license types (APR 3(i)(B), APR 5(a)(1))~~
- ~~Licensed legal intern application fees (APR 9(d)(3))~~

~~Reviews for Reasonableness— all attorney license fees~~

~~Approves:~~

- ~~CPF assessment~~
- ~~Bbar application and admission fees~~
- ~~Legal intern fees~~
- ~~Law Clerk program fees~~
- ~~LPO examination and annual fees~~

Approves:

- ~~CPF assessment~~

Formatted: Not Expanded by / Condensed by

Formatted: Indent: Left: 0.41", No bullets or numbering

Formatted: Underline

Formatted: Underline, Condensed by 0.25 pt

Formatted: Condensed by 0.25 pt

Commented [RG51]: Set by the BOG and subject to Court review

Commented [RG52]: It is set by the BOG and subject to review by the Court

WSBA FISCAL MATRIX	ED	TREASURER	B & A	BOG	S. Court
All attorney license fees for all license types	Recommends		Recommends	Sets	Reviews for Reasonableness
LFC-CPF assessment	Recommends		Recommends	Recommends	Approves
Keller deduction to license fees	Recommends		Recommends	Approves	
Bar application & admission fees for all license types	Recommends		Recommends	Recommends Approves	Approves Subject to Review
Legal intern fees	Recommends		Recommends	Recommends Approves	Approves Subject to Review
Law clerk program enrollment fees	Recommends		Recommends	Recommends Approves	Approves Information
LPO examination & annual law clerk program application fees	Recommends		(LPO-Board- Recommends) Recommends	Recommends Approves	Approves
Annual Budget	Recommends		Recommends	Approves	
Expenditures from unallocated contingency in budget	Recommends		Recommends	Approves	
Expenditures from reserve funds	Recommends		Recommends	Approves	
Unbudgeted expenditures offset by unbudgeted revenue, or reallocations of budgeted expenditures where there is change of intent the intent is similar or varies slightly, which do not affect the annual budget's bottom line.	Up to \$10,000/item or up to \$50,000/FY Up to 5% of approved operating budget – up to \$215,000 per occurrence – must notify President and report to the Board		Over the ED approval level up to \$150,000 10% of annual operating budget – up to \$430,000 per occurrence - must report to the Board \$10,001 – \$20,000/item or \$50,000 – \$100,000/FY	+\$20,000/item or +\$100,000/FY Unlimited	
Reallocation of budgeted expenditures where intent is similar expenditures	\$25,000 per occurrence. Up to \$50,000 for the year Up to \$20,000		\$20,001 – \$50,000 Over \$25,000 per occurrence and over \$50,000 for the year	+\$50,000	
Changes to annual budget's bottom line	Recommends		Recommends	Approves	
Supp. Sections - budget requests (up to over 25% of the Sections exp. Budget or to a maximum of \$1,000 whichever is greater)	Recommends Approves	Approves			
Check Requests/Expense Reports	Approves within parameters of fiscal policies	Approves Expense Reports Exceptions to policy appeals of ED's decisions		Approves overall expense policies	
Staff compensation plan policy/salary adjustments	Approves salaries within adopted comp. plan policy			Approves overall WSBA comp. plan policy, as presented in the approved budget Approves annual budget.	
Executive Director compensation		Reviews/approves ED expenses/FBs	Personal Committee recommends	Approves	
MCLE set/assess fees/fines or revoke accredited sponsor status per APR 11-105(a)(5)	Recommends		(MCLE Board Approves)		
MCLE fees under APR 11 MCLE accred. sponsor app. fees APR 11 Reg. 105(c)(1)(A); MCLE form 1 fees – APR 11 Reg. 104 & 104(a)(1); MCLE fees/fines A-PR 11-4(e)	Recommends		(MCLE Board recommends)	Approves	Information
Adjustments to standard CLE seminar fees	Recommends		(CLE Committee recommends)	Approves	

Formatted Table

Commented [JP53]: I need Elizabeth to rebuild this matrix with the new limits

Formatted: Centered

Formatted: Right: 0", Line spacing: Exactly 7.55 pt

Commented [KP54]: I changed the limits to correspond with the Roles and Responsibilities Policy adopted by the BOG in November, 2021.

Commented [KP55]: ADDED NOTIFICATION TO PRESIDENT FOR ED AND PER OCCURRENCE LIMIT (for ED and B&A)

Formatted Table

Formatted: Indent: Left: 0"

Formatted: Centered

Service & program fees: ad rates, copies, member contact info., publications, merchandise, and misc.					
Gifts from LFCPCPF			Client Protection Board approves up to \$25,000/applicant (LFCP Committee approves up to \$25,000/applicant)	Approves +\$25,000/applicant	
Grants to WSBA	Approves				
In kind contributions by WSBA	Approves				
Long term leases for WSBA office space and other real estate or equipment	Recommends		Recommends	Approves	
Future obligations for budgeted or operational expenses	Approves				
Business Recovery Plan	Recommends		Approves		
Fiscal Policies	As per special policy		As per special policy	As per special policy	
Investment Policy	Recommends		Recommends	Approves	
Banking authorities	Recommends		Recommends	Approves	
Engagement of independent auditors (up to 6-year period)	Engages as selected by BOG		Recommends	Approves	
Emergency expenditures (Disaster Recovery Plan/maintain WSBA Ops)	Approves	Approves			

Budget Policies and Process

Overall Philosophy (Policy/Rationale)

WSBA financial statements are important documents both to individuals inside and outside the organization. The budget is a tool that lays out a financial plan for the coming fiscal year and it is also a guide to action for all WSBA employees. The Budget will help guide decision making and provides a way for direct oversight to WSBA Fiscal activities. The Budget is a statement of the values of the organization as well as a financial document as it is a tangible expression of WSBA's real priorities. WSBA's managers are guided by the organization's strategic plan, but various departments, programs or purposes are in competition for the organization's limited resources and the outcome of that competition is determined by where the funds are actually allocated. Budgets invariably create incentives and disincentives that will affect the behavior of managers, and staff and volunteers. Additionally, it gives WSBA staff direction on how and where to invest its resources. In order to be a useful tool, the budget cannot be a rigid document that can never be amended, it can and should be amended if necessary through the reforecast process with adequate oversight and directions. The budget can be amended by the Board of Governors, Budget and Audit Committee or Executive Director via decisions made under this Fiscal Policy as well as the Fiscal Responsibilities Matrix.

Commented [AF56]: Try to make it all encompassing.

WSBA should budget revenues and expenses as accurately as possible. Revenues should be realistic, but not overly conservative. Expenses should be estimated not on remote possibilities, but rather on historical spending patterns and actual planned expenses. There should be some flexibility in the budget to allow for contingencies and necessary adjustments. Variances to the budget (over or under) are to be expected and will be reported to the Budget and Audit Committee through the review of the monthly financial reports throughout the fiscal year.

Commented [KP57]: I added this to recognize the reality that budget numbers are estimates and as actual numbers for budgeted spending come in there will likely be variances up or down.

Formatted: Not Highlight

WSBA fiscal policies recognize the difference between controllable and uncontrollable Direct and indirect controllable and uncontrollable expenses and will seek to hold managers and staff accountable accordingly. Individual departments or programs may be credited with or charged with revenues and expenditures attributable to them, but a manager can only be held responsible for line items under his/her/they/them control. Managers should be able to make recommendations for significant variations from the budget where and when it faces uncontrollable vagaries and make mid-year corrections as needed.

Commented [AF58]: I inserted this section because you titled it overall philosophy

Formatted: Font: Bold, Underline

Procedure

The WSBA should prepare an annual budget and establish its budget by function ("cost center") insofar as practical to permit subsequent cost-benefit analysis. The budget should be transparent so it is easy for the Board of Governors and members to see how the WSBA is spending its money.

Generally, as much as possible, WSBA budget shall be separated into three broad sections: (1) an operating budget: tracks all revenues and expenditures, (2) a capital budget: concerns the purchase, leaseholds or disposal of long-term physical assets, such as buildings and equipment; (3) Cash BudgetFlow: tracks the flow of cash during the year whether related to operating or capital activities.

WSBA budgets shall be structured to accommodate Cost Centers (committees, boards and other entities) and Profit Centers (CLE divisions). The budget for each cost center should include its revenues, its direct expenses, and its share of the WSBA's overhead (indirect) expenses. By knowing the total cost of each program or function, the Board can make policy decisions about which programs should be supported by member license fees, which programs ~~should~~ should be self-supporting, and which programs should generate revenue for other WSBA functions or programs.

UP TO HERE

Commented [AF59]: I think we need to have a discussion about this. It is too general for him as I believe we have a profit center in CLE. If we put everyone in one basket it will hamper creativity, innovation and entrepreneurship. Our current dual policy should be reflected here and called out. CLE are profit centers and all others are cost center. The responsibility of cost centers is to control cost with regards to budget and profit centers should undertake new efforts to increase revenue.

Formatted: Font: 16 pt, Bold, Font color: Red

The revenue and costs associated with specific program areas; committees, boards and other entities; and other activities should be grouped into cost centers in order to further the Board's ability to make such policy decisions. More specifically, that shall include, but is not limited to, all revenues and expenses (direct and indirect) being presented in separate cost centers for: (1) the Board of Governors; (2) the Executive Director; (3) the LLLT program; (4) the LPO program, and (5) all Supreme Court boards and committees

The only allocation of full time employee units to the Board of Governor cost center shall be the direct time of any administrative staff among whose primary purposes is to assist the Board. The full cost of the position of Executive Director shall be reflected in ~~it's own that~~ cost center without allocation to any other cost center and shall include the direct time of any administrative staff among whose primary purposes is to assist the Executive Director. Both the Board of Governors cost center and Executive Director cost center shall be allocated their pro rata share of enterprise expenses in accord with standing practices.

~~WSBA's strategic plan operational needs, taking into account the strategic plan and goals, shall guide the budget process and determine whether budgets are developed incrementally or allow for redistribution. The budget process shall provide an opportunity for the board of governors to provide direct oversight over WSBA spending and priorities. Where those are shared enterprise expenses, they shall be clearly identified as such.~~

~~The budget should be a tool to plan for the coming year and help guide decision making. It is both a policy-making tool for the Board of Governors and provides the Board of Governors the ability to provide direct oversight over WSBA Spending. Additionally, it gives employees direction on how and where to spend its resources. In order to be a useful tool, the budget should not be a rigid document that can never be amended—it can and should be amended if necessary. The budget can be amended by the Board of Governors, Budget and Audit Committee or Executive Director via decisions made under the Fiscal Responsibilities Matrix.~~

~~WSBA should budget revenues and expenses as accurately as possible. Revenues should be realistic, but not overly conservative. Expenses should be estimated not on remote possibilities, but rather on historical spending patterns and actual planned expenses. There should be some flexibility in the budget to allow for contingencies and necessary adjustments.~~

Commented [JP60]: Let's talk this over the strategic plan doesn't guide the budget process, it's the ED and the WSBA needs that drive the budget process.

Commented [TN61]: I don't understand this phrase.

Commented [AF62]: I don't now if you deleted this and move it elsewhere but I think it is important to include it here.

Commented [JP63]: Looking back not sure why I deleted, maybe I put it somewhere else. I un deleted to make sure I didn't put it elsewhere.

Commented [TN64]: Duplicate?

Procedure for Long-range Forecasting and Planning (Procedure)

The ~~Chief Financial Officer~~ Director of Finance ~~should~~ may prepare long-range forecasts, prior to the annual budgeting process, to get an indication of the parameters around the upcoming annual budget; and whenever requested by the Board of Governors, usually for planning for license fee increases and as part of the long-range planning process. ~~The forecasts will be a part of the Reforecast process usually executed in late Q2~~

-WSBA should annually update its long-range financial plan to anticipate the needs ~~of a growing Bar, of the Bar~~ and so that, if increased funds become necessary, the Bar can plan logically and in advance on what additional funding will be required to meet such needs

Commented [TN65]: Will also be part of the reforecast? The first sentence says this will be part of the budget process as well as anytime requested so this sentence doesn't make a lot of sense to me. Maybe instead add reforecast to the list of times when forecasting will occur?

Procedure for Annual Budgeting Time Line/Process (Procedure)

The budgeting process begins in April for the coming fiscal year (October 1 – September 30). ~~An official calendar will be prepared by the Director of Finance Manager and presented for approval at the March Budget and Audit Committee to the Budget and Audit Committee prior to the start of the budget process.~~

Formatted: Indent: Left: 0.5"

Commented [TN66]: Do we want to get this specific?

The ~~Chief Financial Officer~~ Director of Finance ~~and Budget and Finance Manager~~ requests budgets from each Department Director, Section Chair, and liaison to the WSBA's various committees and boards. These individual budgets are compiled by the Budget and Finance Manager and reviewed by ~~the Chief Financial Officer~~ Director of Finance and the Executive Director.

Commented [TN67]: This can be delegated of course, but I think the Director of Finance is responsible.

Commented [TN68R67]: or maybe it's okay because it's procedure? Though note that this entire section is identified as "policy" in the first part of this document.

~~The Chief Financial Officer~~ Director of Finance and Budget and Finance Manager meet with department directors, employees, section leaders, etc. to conduct a thorough review of all budgets and comparison of budget figures to historical and year-to-date fiscal information.

Formatted: Font: +Body (Calibri)

Formatted: Normal, Indent: Left: 0.49", No bullets or numbering

~~The Budget and Audit Committee reviews drafts of the entire WSBA budget (general fund, CLE, CPF, and~~

Formatted: Font: +Body (Calibri)

Formatted: Font: +Body (Calibri)

sections) in June, July, and August, and provides guidance where necessary.

The Board of Governors reviews a preliminary budget in July and approves the final entire WSBA budget at its last meeting of the fiscal year (September).

If deemed appropriate from an operational perspective, a budget reforecast process may be executed in late Quarter 2.

- Formatted: Font: +Body (Calibri)
- Formatted: Indent: Left: 0.14"
- Formatted: List Paragraph, Indent: Left: 0.14", Hanging: 0.19", Right: 0.42", Bulleted + Level: 1 + Aligned at: 0" + Indent at: 0.25", Tab stops: 0.58", Left
- Formatted: Indent: Left: 0.4"
- Formatted: Indent: Left: 3.33"

~~Section Chair and liaison to the WSBA's various committees and boards. These individual budgets are compiled and reviewed by the Chief Financial Officer and the Executive Director.~~

Formatted: Indent: Left: 0.5"

- ~~• The Chief Financial Officer and Budget and Finance Manager meet with department directors, employees, section leaders, etc. to conduct a thorough review of all budgets and comparison of budget figures to historical and year to date fiscal information.~~
- ~~• The Budget and Audit Committee reviews drafts of the entire WSBA budget (general fund, CLE, CPF, and sections) in June, July, and August, and provides guidance where necessary.~~
- ~~• The Board of Governors reviews a preliminary budget in July and approves the final entire WSBA budget at its last meeting of the fiscal year (September).~~

Capital Budget (Procedure)

~~A capital budget is prepared each year as part of the annual budget process. The Capital Budget is prepared by the Budget and Finance Manager in collaboration with Department Managers. The capital budget forecasts capital purchases anticipated in the coming fiscal year that are over \$2,500 and have a useful life over 1 year (the depreciation for which is included in the expense budgets prepared by the WSBA Controller). In addition, Capitalized IT hours are a part of this budget. Capitalized Hours require to be tethered to an ongoing approved capital project or must be included and identified in any newly submitted project. The Board of Governors reviews a preliminary capital budget in July-June and approves the final capital budget with the entire WSBA budget at its last meeting of the fiscal year (September).~~

Capital Budget Procedure

~~A capital budget is prepared each year as part of the annual budget process. The Capital Budget is prepared by the Budget and Finance Manager in collaboration with Department Managers.~~

Formatted: Font: Bold

Cash Flow Budget (Procedure)

~~From time to time, when necessary, Quarterly a cash flow forecast budget may will be prepared by the WSBA Controller both to anticipate the timing and amount of cash and liquidity needs of the WSBA for the current year quarter and the excess funds available for longer - term investments.~~

Procedure for Additional Budget Requests (Procedure)

Department directors, committee/board employee liaisons, or section leaders who anticipate a need for funds in excess of their approved budget should make a request to the ~~Chief Financial Officer, Director of Finance~~, indicating the additional amount requested and the purpose of the additional funds. (Note: Sections are required to obtain approval from the ~~WSBA Treasurer, Executive Director~~ for any unbudgeted expense which totals either 25% or more of the section's annual expense budget or \$1,000 (whichever option is greater) – see Chapter 10 for details.) This request will be handled according to the Fiscal Responsibilities Matrix. ~~If necessary, a request can be taken to the Budget and Audit Committee at its next meeting.~~

Formatted: Not Highlight

Commented [KP69]: This was moved to the ED approvals above so if it stays with ED this needs to be modified or remove from ED authority on page 12.

Procedure for Ongoing Program Review

WSBA should anticipate both new initiatives and planning for potential termination or decreased funding for some older programs, depending on relevance for and needs of WSBA. WSBA should maintain a scheduled program review process for all non-regulatory WSBA programs.

Procedures for Financial Reporting (Procedure)

Monthly (Interim) Financial Reporting

WSBA should have accurate interim financial reports so that over-expenditures are less likely when the fiscal year ends and so that corrections may be made in mid-year. Interim financial reports should be consistent with final year-end financial statements and prepared with similar governing principles. Below are the financial reports generated by Finance and Administration employees. The format and level of detail provided in the financial statements are subject to modification as needed.

Monthly Financial Summary

Each month, the ~~Accountant~~ Controller produces a summary of the year-to-date budgeted (original and amended) and actual revenue and expenses for the general fund (by cost center), CLE, CPF, and sections (total of all sections) and fund balance information. This report is usually available after the tenth working day of the following month, except at year-end when the closing process is 2-3 months. The ~~Accountant~~ Controller provides the report to the Executive Director and department directors; it is also provided to the Budget and Audit Committee and Board of Governors with the Monthly Summary Reports by Cost Center/Section.

Monthly Cost Center/Section Summary Reports

The ~~Accountant~~ Controller prepares year-to-date detailed financial reports for each cost center/section. ~~These reports~~ These reports show the cost center/section's annual (~~amended~~) budget or Reforecast, actual monthly revenue and expenses, year-to-date actual revenue and expenses, and year-to-date remaining budget. Monthly Cost Center/Section Summary Reports are usually distributed after the tenth working day of the following month to each person responsible for a cost center/section (e.g. department director, Section Chair, and other designated employees). They are also provided to the Budget and Audit Committee and Board of Governors on a regular basis (the months that correspond to their meeting schedules).

Monthly Detailed Reports by Cost Center/Section

In addition to the monthly financial summaries, each person responsible for a cost center/section (e.g., department director, Section Chair, and other designated employees) is provided with reports showing the detail of posted transactions. These detailed reports should be reviewed for **accuracy** (report any adjustments, reclassifications, ~~corrections or~~ corrections or questions to Accounting) and **comparison to budget** (report the reason for significant variations from budget or trends of interest to the Chief Financial Officer). Any questions about the amount of an income or expense item, the category in which it is recorded, or any other concerns, may be addressed to the ~~Accountant~~ Controller, Budget and Finance Manager, or Chief Financial Officer.

Key Financial Benchmarks

The Budget and Finance Manager prepares a percentage comparison of key figures (revenue, ~~indirect, indirect,~~ and direct expenses for the general and CLE fund) of the current fiscal year's actual year-to-date activity with the percentage of the year completed and the prior year percentage. It also includes additional comments regarding where employees expect to be in terms of budget by year end and any additional information that helps explain large variances. This report is provided to the Executive Director and department directors on a monthly basis with the internal financial statements.

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Highlight

Commented [KP70]: Maggie please check any changes for procedural accuracy.

Commented [MY71R70]: Yes, that is right. The monthly section statements are done by Accountant.

Year-to-date Vendor Payment Listing (added September 2016)

The ~~Senior Accounting and Financial Systems Manager~~ Controller prepares a year-to date vendor payment listing that shows total payments made by vendor over \$10,000. The report will be provided to the Executive ~~Director Management Team~~ after the tenth working day of the month, consistent with the completion of the monthly financial statements. Additionally, on a quarterly basis, the Budget and Finance Manager or ~~Chief Financial Officer~~ Director of Finance will provide this report to the Treasurer for review.

Tracking and Accounting for Budget Amendments

1. Budget Amendments (where bottom line is changed ~~lower \$25,000~~ – BOG approval required):

- Tracked ~~on a separate list by the Finance and Budget Manager through reforecasting process. Any budget change to the Bottom line requiring approval by the BOG will necessitate a reforecast or an adjustment to the existing reforecast on a separate list.~~
- Appropriate expense line amended according to BOG decision
 - The bottom line of the budget will be amended to reflect amendments made to the budget by the BOG during the year, so that financial statements compare actual to amended budget

Commented [KP72]: According to matrix above BOG approval is required for budget amendments that change the bottom line of the budget.

Formatted: Indent: Hanging: 0.25"

Formatted: Indent: First line: 0", Right: 0", Space Before: 6 pt, Line spacing: single

figures rather than original budget figures.

~~2. Reallocations of unbudgeted revenues to unbudgeted expenses~~

- ~~Tracked on a separatelist~~
- ~~Appropriate revenue line's budget is increased~~
- ~~Appropriate expense line's budget is increased~~
- ~~This information will prevent additional revenue from being allocated to additional expenses more than once (a current weakness in our system)~~

Commented [AF73]: Need rewrite. Confusing and convoluted

Formatted: Highlight

Commented [AF74]: This should either be in the Notes section or footnotes

Commented [JP75]: What does this mean I don't know what that weakness is

Formatted: Highlight

Formatted: Strikethrough

~~3.2~~ Reallocations of budgeted expenses to other line items

- Track any reallocations approved by the Executive Director, BOG or Budget and Audit or BOG on a separate sheet
- ~~Track significant reallocations made by the Executive Director to the extent possible~~

Quarterly Financial Reporting

On a quarterly basis, the Budget and Finance Manager and Chief Financial ~~Officer~~ may will, if circumstances require, prepare a summary of budget amendments, reallocations, important financial issues, and explanations of significant budget to actual difference-s for the Executive Director, Budget and Audit Committee and the Board of Governors.

Commented [AF76]: I think we should keep "may" as it is not mandatory that they will be a budget amendments or reallocation

Commented [KP77R76]: I added language to capture the conditional nature of this requirement.

Commented [JP78]: I think "will" is correct because the reporting has to happen if there is an occurrence. Let's discuss

Annual Financial Reporting

The WSBA's annual audited financial statements are prepared by independent auditors. The WSBA ~~Accountant~~ Controller prepares the final year-to-date internal financial statements with detail for each cost center (see explanations above).

Selection of Independent Auditors (Policy)

An annual audit of the Washington State Bar Association's financial records ~~shall be~~ shall be performed by an independent accounting firm for the purpose of expressing an opinion on the Association's financial statements

for the fiscal year.

At least once every six years the Association shall undertake a formal process of seeking competitive bids from several qualified accounting firms for performing the annual audit. The Budget and Audit Committee will oversee this process, interview final candidate firms, and make a recommendation to the Board of Governors. The Board of Governors shall make ~~the final~~the final selection.

During the six-year period, the Executive Director is authorized to engage the firm so selected for each year's annual audit, or to initiate a competitive bid process prior to the end of the six-year period.

Chapter 2: Assets

Authorization of Banking Relationships (Procedure)

The Board of Governors will authorize banking relationships as needed (e.g., when there is a new Executive Director). Signatures cards with the bank are updated when there are changes in staffing or Treasurers. Below is the standard generic template generally used by WSBA. This resolution is used in conjunction with a letter from the Executive Director naming individuals holding the positions noted in this resolution:

RESOLUTION AUTHORIZING BANKING RELATIONSHIPS

WHEREAS, it is necessary and prudent for the Washington State Bar Association to establish and maintain a number of banking relationships for the purposes of depositing, managing and investing WSBA funds; and

WHEREAS, it is necessary and prudent for the Washington State Bar Association to establish and maintain certain credit relationships for the purposes of purchasing goods and services;

NOW, THEREFORE, BE IT RESOLVED:

That the Treasurer or Executive Director, [Name of ED], of the Washington State Bar Association, or any one thereof, are hereby authorized to establish both deposit relationships and credit relationships necessary to conduct WSBA business; and

That the Treasurer, Executive Director, [Name of ED], and _____ are authorized as signers on any deposit relationship in order to withdraw funds of the WSBA; and

That the Executive Director; [Name of ED], and Chief Financial Officer, and their designees are authorized to invest excess balances, in accordance with the Investment Policy; and

That the Executive Director, Chief Financial Officer, Controller, and their designees, are authorized to make deposits and transfers in established accounts.

Approved by resolution of the Board of Governors on the ____ day of _____, _____.

xxxxx, President

ATTEST:

xxxxx, Executive Director, and
Secretary to the Board of Governors

Investment Policy (updated and approved by the Board of Governors on March 19, 2015) POLICY

PHILOSOPHY

The WSBA's funds have historically been invested exclusively in cash, cash equivalents and debt instruments. Although this provides a high degree of safety, the returns received are low and have not always kept up with inflation. The Board of Governors believes it is prudent and in the best interest of the WSBA and its membership to hold a diversified portfolio of investments that allows funds to be invested in a manner that is consistent with cash needs of the organization while meeting its investment objectives. The WSBA's funds are invested in cash, cash equivalents, debt instruments, and equities.

The investment policy was modified in March 2007 to allow for the investment of a portion of the funds held by the WSBA in the broader market (beyond items such as Certificate of Deposits and Bonds, into the equities market) while at the same time maintaining a pool of short-term investments to meet anticipated needs over the next 12 month period. Investing in the broader market involves a greater degree of investment risk, therefore only that portion of the funds that is not needed to meet the short-term needs may be invested in such markets.

~~The WSBA's approach is to invest in a portfolio that includes moderate growth funds composed of stocks, cash, bonds, real estate, and other classes of assets. that is capable of Funds selected should focus on -providing for the long-term growth of the principal investments. The investment strategy is to maximize total return, while maximizing preservation of preserving principal. Returns on investment include ie the total interest, dividends and appreciation in the value of stocks, and other assetsof the funds. Annually, WSBA may decide to withdraw from the fund/investment and transferred to operating funds for expenditures that year. Any additional investment returns are reinvested in the principal, enabling it to grow.~~

OBJECTIVES

The primary investment objectives of the Washington State Bar Association are:

- Preservation and safeguarding of the principal amount invested;
- Maintenance of liquidity to meet operating cash flow needs;and
- Maximization of return consistent with the above two objectives.

At least quarterly, balances shall be monitored and compared to cash flow needs so that funds may be invested promptly upon receipt in order to meet the primary investment objectives. It is expected that investments in debt instruments or time deposits will be held to maturity, and therefore funds that are allocated to those investments should be invested so that they mature when cash is expected to be needed for operations.

AUTHORITIES

Annually, the Board of Governors will review and make any necessary changes to their resolution authorizing banking and investment relationships that designates who is authorized to:

- Establish deposit relationships;
- Make deposits and transfers in established accounts;
- Invest excess balances and reinvest funds at maturity or when otherwise available from one investment vehicle to another; and
- Deposit proceeds of maturing or sold investments into appropriate interest bearing accounts.

Investments are made under the prudent investor standard applicable to fiduciaries under the provisions of RCW 11.100.020, with judgment and care under circumstances then prevailing, which persons of prudence, discretion,

Commented [AF79]: Philosophy?
Commented [KP80]: We should run any of these proposed changes by the Investment Subcommittee of B&A. Generally I think they have indicated they don't think much needs to change.

and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

In making investments, the following factors shall be considered:

- The probable income as well as the probable safety of the investment;
- Marketability of investments;
- General economic conditions;
- Length of the term of the investments; and
- The WSBA's projected liquidity needs for both the short-term (next twelve months) and the long-term (over one year).

PORTFOLIO CONSTRUCTION

The assets of WSBA may be held or invested in cash or cash equivalents, governmental and corporate fixed income securities, and equities. WSBA's total portfolio shall be comprised of the following:

1. A portion of the assets not to exceed the Board-designated general fund Facilities Reserve ("long-term portfolio") shall be invested in accordance with the prudent invest-or standard.

2. The balance of the assets ("short-term portfolio") shall be kept in cash, cash equivalents, auction rate securities, or fixed income securities having maturity dates that are consistent with the time frames for the anticipated liquidity needs of WSBA.

Commented [KP81]: This seems prudent and in alignment with the philosophy but all of this should be run by the Investment Subcommittee of B&A

INVESTMENT GUIDELINES

Equities

- U.S. Common Stocks
- U.S. Convertible Notes and Bonds
- U.S. Convertible Preferred Stocks
- American Depositary Receipts (ADR) and American Depositary Shares (ADS) of Non-U.S. Companies
- No-Load Mutual Funds that invest in securities allowed in this investment policy and which have annual operating expenses of less than one percent (1%)
- Auction Rate Securities with a minimum rating of A or better

Cash Equivalents

- Treasury Bills
- Money Market Funds with a Moody's rating of A or better
- Commercial Paper issued by corporations rated A1 by Standard and Poor's or P1 by Moody's
- Banker's Acceptances issued by domestic banks rated A1 by Standard and Poor's or P1 by Moody's
- Certificates of Deposit issued by any U.S. bank that meets all the regulatory reserve requirements and minimum capital requirements, and which are insured by the FDIC or the National Credit Union Administration, up to the federally insured amount.

Fixed Income Securities

- U.S. Government and Agency Securities
- Corporate Notes and Bonds, rated AA by Standard and Poor’s or Aa by Moody’s.
- Mortgage-Backed Notes and Bonds

Combined Funds

- ~~Investments in conservative or moderate growth and value funds which invest in companies of all sizes established companies both domestically and internationally and select Government and Corporate Bonds~~

General Limits Guidelines

- ~~Quantitative guidelines for investments will be made at the time of selecting the investment in accordance with this policy and with consideration given to the three Objectives stated above. Decisions regarding investments should only be made after consultation with professional investment advisors who have reviewed the WSBA Investment Policy. Appropriate amounts based on the percentage of the available funds will be made at the time of investment and will be supported by a cash flow analysis prepared by the Chief Financial Officer and must be approved by the Budget and Audit Committee. Appropriate amounts based on the percentage of the available funds will be made at the time of investment and will be supported by a cash flow analysis prepared by the Director of Finance and must be approved by the Budget and Audit Committee.~~
- ~~No more than five percent (5%) of the reserve portfolio and no more than fifteen percent (15%) of the short-term portfolio may be invested in any one company or issuer~~
- ~~No more than twenty percent (20%) of the reserve portfolio shall be invested in any one industry~~
- ~~No more than twenty percent (20%) of the total portfolio shall be invested in corporate bonds~~
- ~~Investments in fixed income securities shall have a maximum maturity date of ten (10) years, and the weighted average portfolio maturity shall not exceed five (5) years.~~

MANAGEMENT AND MONITORING OF PERFORMANCE Procedure

Investment(s)

The WSBA may engage one or more fee-for-service investment managers and delegate individual investment decisions to such investment managers within the guidelines of this statement and the specific direction of the Budget and Audit Committee. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940. The selection and allocation of funds to individual investment managers will be made by the Budget and Audit Committee. The Chief Financial Officer or Budget and Finance Manager shall work with the investment managers in implementing the investment strategy.

The Budget and Audit Committee and Board of Governors must approve any significant changes in the investment strategy. In the event the WSBA’s investment managers recommend an immediate change in strategy that creates the need for a time-sensitive decision to be made, the ~~Chief Financial Officer~~ Director of Finance has the authority to approve the investment manager’s suggested strategic change. Prior to granting such authorization, the ~~Chief Financial Officer~~ Director of Finance shall consult with the Executive Director (or acting E.D.) and/or Treasurer, and if neither of them are available then the President, President-elect, or Immediate Past-President in that order. The Budget and Audit Committee ~~shall~~ shall be notified of such changes as soon as practicable. ~~Only with the~~

Formatted: Indent: First line: 0.09"

Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.41" + Indent at: 0.66"

Commented [KP82]: The term "growth" is not consistent with the reference to the reference to moderate growth funds above. Growth funds are a different classification in financial investing terminology (i.e. generally there is a growth portfolio, moderate and conservative in terms of risk).

Formatted: Indent: First line: 0.09"

Formatted: Bulleted + Level: 1 + Aligned at: 0.41" + Indent at: 0.66"

Commented [AF83]: Can we articulate the rationale for this limit in a note/footnote? The limit should be subject to variations by the Board of Governors

Commented [JP84]: Francis, I prefer striking this whole section and adding the wording as edited here.

Formatted: Strikethrough

~~approval of the Board of Governors may a commissioned securities broker be engaged to manage all or any portion of the assets, but a securities broker may be utilized to execute trades authorized by the Budget and Audit Committee or its investment managers.~~

Reporting

A report will be prepared at the end of each month listing the investments held, and which shall state the maturities and rates of return of any fixed income securities. This report will be included in the monthly financial statements and provided to the Budget and Audit Committee and the Chief Financial Officer for review, and provided at each quarter-end to the Board of Governors. Additionally, the Budget and Finance Manager will prepare an investment update at the end of each month that will report on the long-term portion of the portfolio. This will be provided to the Budget and Audit Committee and the Board of Governors at each meeting.

Performance Reviews

The Chief Financial Officer, the Budget and Finance Manager, the Treasurer, and one or two current Budget and Audit ~~Committee members~~ Committee members (collectively, the "Investment Subcommittee") shall monitor the performance of the investment portfolio. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment philosophy, objectives, and guidelines set forth in this policy. The Investment Subcommittee will meet with the investment advisors as necessary, provide reports to the Budget and Audit Committee at least quarterly, make decisions with the investment advisors on changes in investment, and recommend changes in the overall investment strategy.

Commented [JP85]: I find this sentence confusing.

Commented [KP86]: Where is this delineated in the other areas of the fiscal policy? I don't see a reference to whose authority is needed to commission a securities broker to manage part of the portfolio. There is a difference in making trades within a portfolio that is managed and overseen by an investment firm/advisor as opposed to having a securities broker actually manage the funds/portfolio. I would advocate leaving this in for clarity.

Commented [AF87]: The intent is clearly stated elsewhere. No need for it.

Formatted: Strikethrough

GENERAL Procedures

Safekeeping

Investment assets may be held in street name or in safekeeping at the commercial or investment bank handling the transaction, on behalf of the WSBA.

Application

This policy applies to all investment funds, including those of the Lawyers Fund for Client Protection, WSBA sections, and any other state Bar entity.

Updating of Policy

This policy will be reviewed annually by the Budget and Audit Committee and the ~~Chief Financial Officer~~ Director of Finance.

Commented [JP88]: In 2 years here this has never been done. I suggest it's a standing agenda item for the April Budget and Audit Committee meeting as we would have ½ year of performance on the books and it would be a good time to address.

Account Structure

Formatted: Font: Bold

WSBA maintains its funds in two types of accounts Operational Accounts (Checking and Savings Accounts) and Investment accounts (various). These accounts from time to time will change as required to conduct business or to improve current investment positions. Any account changes must be consistent with this Investment Policy and - approved by the Budget and Audit Committee.

Formatted: Font: Not Bold

Checking/Savings Accounts

Commented [KP89]: I added language to make sure any changes would also be consistent with the investment policy and approved by B&A.

The Bar currently maintains ~~five~~ checking accounts:

Formatted: Strikethrough

- Wells Fargo general checking account;
- Wells Fargo Zero-balance payroll account, linked to the general account;
- Wells Fargo Client Protection Fund checking account;
- ~~Key Bank Western States Bar Conference checking account (no WSBA funds); and~~
- ~~Key Bank BOG Special Fund checking account (closed effective 10/29/2018).~~

Investment Accounts

The WSBA currently maintains the following investment accounts:

- Morgan Stanley money market account
- Merrill Lynch money market account
- UBS money market account
- Wells Fargo money market account
- Morgan Stanley investment in managed funds
- UBS investment in municipal bond fund
- Morgan Stanley investment in municipal bond mutual funds
- Wells Fargo, Morgan Stanley, UBS, and Merrill Lynch - various individual investments (commercial paper, CDs, auction rate securities, etc.)
- Morgan Stanley money market account (CPF)
- Wells Fargo money market account(CPF)

PETTY CASH

The WSBA maintains several petty cash boxes for varying purposes (reimbursing employees for small dollar- amount expenses, providing change to employees collecting cash receipts, etc.). Access should be limited to only those persons authorized to handle petty cash. The WSBA's authorized petty cash boxes are as follows:

1. Accounting Division Petty Cash

The Accounting Division maintains the WSBA's primary petty cash for the purpose of paying for expenses **\$30 and under**. Ideally, the amount of petty cash on-hand is no less than \$50 and no more than \$800.

Commented [JP90]: This section is OK the strike trough is no applicable.

Commented [KP91]: I think this should stay because it is referencing the various petty cash activities within the departments below.

An employee requesting reimbursement from Accounting's petty cash:

- Completes a Petty Cash Form;
- Obtains his/her department director's or their designee's signature on the form as approval; and
- Takes the form to the A/P Bookkeeper (or another Bookkeeper or the Senior Accounting and Financial Systems Manager if the A/P Bookkeeper is not available) during the designated hours for Petty Cash service; and
- Initials the form upon receipt of the cash.

The A/P Bookkeeper initials the form, pays the cash, and puts the initialed Petty Cash Form in the petty cash box. The Accounting Division's petty cash is kept in a box in a locked cabinet in a fireproof box. The keys to the cabinet are accessible only by the Bookkeepers and the Controller.

The ~~Accountant~~Controller, while being observed by the Accounting Division employees, audits the petty cash on a regular basis. Any discrepancies must be reported to the Controller or the Chief Financial Officer. ~~Petty cash~~Petty cash is replenished monthly or as needed by the A/P Bookkeeper by preparing a Check Request, which is approved by the Controller or Chief Financial Officer.

2. Front Desk Change Box

The front desk receptionist maintains a "change box with \$100 cash. The cash is used to make change, primarily for WSBA visitors who purchase products or register for events. When larger bills, \$10's or \$20's, accumulate, the receptionist is responsible to get smaller bills from the Accounting Division. The front desk receptionist locks the cash box in a secure location at the end of every day. The Accounting Division or Finance employees audit the cash box periodically. ~~Expense reimbursements~~Expense reimbursements are **not** to be made out of the front desk change box, except for Conference Room Assistant expenses authorized by the Chief Financial Officer.

3. Office of Disciplinary Counsel Petty Cash

The Office of Disciplinary Counsel (ODC) has a petty cash box for the purpose of reimbursing ODC employees for expenses **\$50 and under** (e.g., litigation expenses, supplies, court documents, employee travel, misc., etc.). Ideally, the amount of ODC petty cash on hand is no less than \$100 and no more than \$500. An employee requesting reimbursement from ODC's petty cash:

- Completes a Petty Cash Form;
- Obtains the ODC director's or their designee's signature on the form as approval;
- Takes the form to the ODC Department Administrator; and
- Initials the form upon receipt of the cash.

The ODC Department Administrator initials the form, pays the cash, and puts the initialed Petty Cash Form in the petty cash box. ODC's Department Administrator controls the box, keeping it in a locked drawer for safekeeping.

Accounting Division employees periodically audit the ODC petty cash box. Any discrepancies must be reported to the Controller or the Chief Financial Officer. Petty cash is replenished as needed by preparing a Check Request, which is approved by the appropriate person in ODC.

4. Temporary Change Boxes

A few times each year, other departments draw from the Accounting Division's petty cash; generally, in amounts less than \$200. It is used for making change for the sale of small items. For example, CLE may need a temporary change box during a bookstore sale, or Admissions may need to sell small items at the bar exam. The change box and all receipts collected are returned to Accounting at the end of the day/session, with copies of each sales transaction to account for receipts collected.

Procedure for Bank Account Reconciliation

Responsibility for Reconciliation and Timing

WSBA's checking accounts are reconciled by an employee who does **not** have the ability to prepare or sign checks (this includes the Controller, bookkeepers, ~~Chief Financial Officer~~ Director of Finance, and check signers). Generally, the Budget and Finance Manager and ~~Accountant~~ Controller are good candidates. Currently, the Budget and Finance Manager is the primary person responsible for reconciling the bank statements.

The hard copy monthly Wells Fargo bank statements are delivered to the person reconciling the bank statements **unopened**. This ensures that there is no tampering with the statements or accounts. Electronic copies of statements are provided for all other bank accounts.

Each statement should be reconciled by the 20th working day of the month that the statement is received, with the exception of the year-end closing which prevents the reconciliations for October and November from being performed until late December or early January.

Reconciliation Report

The reconciliation process involves matching all deposits and payments recorded in WSBA's books to the bank statements. If errors or discrepancies between the bank and WSBA's accounting systems are noted, they should be documented on the reconciliation report. Copies of the completed reconciliation reports are given to the Controller, who is responsible for researching and correcting any errors or adjustments, and the Chief Financial Officer. Any questionable activity, such as a check that has been altered or forged, is documented and the information is presented to the Chief Financial Officer **the same day** that the activity is located.

Procedure for Outstanding Checks/Unclaimed Property Procedures

WSBA will establish and follow unclaimed property procedures in accordance with Washington State laws. During the monthly bank reconciliation process, all outstanding checks will be identified. The A/P Bookkeeper will identify all checks that are over three months old and verify with the bank that the check has not been cashed, voided, or had a stop payment put on it between the last day of the previous month and the date of the bank reconciliation. The A/P Bookkeeper will follow up on all remaining checks outstanding over \$75 by sending an initial due diligence letter to the payee. If no response is received within three months of the date of the initial letter, a final due diligence letter will be sent to the payee. If no response is received within three months, WSBA will hold the check in accordance with the Washington State Department of Revenue Unclaimed Property rules, which generally require a three year abandonment period (see state Department of Revenue rules for reporting periods). After the abandonment period has been completed, the check amount will be included in the annual unclaimed property report (due October 31 of each year) which will be sent to the Washington State Department of Revenue. The original check will be voided in the general ledger and a stop payment will be placed on the check at the bank by the A/P Bookkeeper. A final check will be issued to the Washington State Department of Revenue along with the annual report before the October 31 deadline.

Formatted: Not Highlight

Commented [KP92]: Maggie please review any changes for procedural accuracy.

Commented [MY93R92]: Budget and Finance manager who doesn't have access to the bank does the bank reconciliation

Formatted: Not Highlight

Procedure for Accounts Receivable (Procedure)

Formatted: Not Highlight

Generally, the Bar requires that customers pre-pay for WSBA products and services. The exceptions where WSBA will invoice include:

- ~~NW Lawyer Bar News~~ advertising
- Government Agencies (including law libraries, courts, schools, etc.) that require an invoice before payment can be made
- CLE seminar registration when someone appears at a seminar believing the fee was previously sent in and, after research, we determine it was not
- ABA reimbursements for employee travel expenses
- Practice management Assistance (PMA) fees for consultations or diversions
- Audit fees related to diversions
- LAP client fees
- Situations where a customer has not paid the full amount owing for a product or service
- Miscellaneous items as needed

Procedure for Invoicing

Formatted: Not Highlight

The requesting department prepares an Invoice Request Form and forwards it to Accounting. Accounting prepares the invoices and either mails them or returns them to the appropriate employee, as requested. *Accounting is responsible for creating invoices for all WSBA departments, unless an exception is approved by the Chief Financial Officer (e.g., Office of General Counsel, Membership Records label orders). No invoices should be prepared and mailed by non-Accounting WSBA employees unless specifically authorized to do so.* Generally, payments received for Accounts Receivable balances will be applied to the oldest invoice first.

Procedure for Collection Efforts

Formatted: Not Highlight

Accounting prepares a monthly aged Accounts Receivable (A/R) listing and forwards a copy to each applicable department. Each department is responsible for contacting customers with a past due balance. Accounting will send out invoice copies or statements as needed. Reasonable collection efforts consist of phone calls, letters, statements or copies of invoices, and possibly the use of a collection agency with approval from the Chief Financial Officer. In certain circumstances, accounting employees will take responsibility for collecting receivables upon agreement between the Chief Financial Officer and the appropriate director. An example of this is the CLE Bookkeeper who collects receivables related to CLE seminars and the A/R Bookkeeper who collects advertising receivables for *Bar News* (see below).

NW Lawyer Bar News Collections Procedures

Commented [JP94]: Pending Feedback from Sara N.

~~NW Lawyer Bar News advertising revenue is administered by a professional agency with whom WSBA has contracted with to invoice, account for, and collect all advertising revenue on our behalf. Once funds are received, the agency retains 30% of all advertising revenue and the remaining 70% of advertising revenues are sent via check to WSBA within 60 days after publication date of the issue. If advertisers do not pay after 60 days, the agency initiates a billing and collections process to ensure revenue is collected promptly. WSBA and the agency discuss all delinquent accounts and mutually agree prior to sending an account to collections, and if nonpayment continues after 12 months, whether to write off any amounts owed.~~

Procedure for Bad Debt/Write-Offs

Formatted: Not Highlight

Temporary Write-Off (6 months)

When an invoice reaches 6 months past due, it will be written off as bad debt unless there is a reason not to write it off. ~~For example, currently, diversion invoices are collectible at any time and will only be written off unless the respondent is terminated from the diversion program.~~ Any other invoices that directors wish to keep on the books must be communicated to Accounting upon review of the monthly A/R listing; otherwise they will be written off once they reach 6 months past due. The Accounting employee debits the associated cost center's Bad Debt Expense account and credits the Allowance for Bad Debt account (which goes against Accounts Receivable). The Accounts Receivable still stays on the WSBA's books as an asset; however, the initial revenue has essentially been eliminated through the recording of a bad debt expense.

Commented [JP95]: Maggie does this still exist "diversion Invoices"

Commented [MY96R95]: We don't have diversion invoices anymore

Commented [JP97]: What would be the J?E be if we are keeping the receivable.

Permanent Write-Off (less than 1 year)

Any invoice determined to be uncollectible before one year will be written off. The department responsible for the invoice will provide Accounting with a memo including the following information: account name, invoice number, dollar amount, documentation of collection efforts and the reason it is now uncollectible. This memo is signed by the person requesting the write off, approved by the appropriate department director and forwarded to Accounting. Accounting then will permanently write off the receivable by crediting Accounts Receivable and debiting Allowance for Bad Debts. This entry has no impact on a cost center's expenses, but takes the asset off of WSBA's books.

Permanent Write-Off (1 year)

For any Accounts Receivable amount that is not collected within one year, Accounting will write off the item. This is done by crediting Accounts Receivable and debiting Allowance for Bad Debts. This entry has no impact on a cost center's expenses, but takes the asset off of WSBA's books. At the point this is done, Accounting will notify the appropriate director and employee in writing (memo or email) of the permanent write-off.

Payments Received After Permanent Write-Off

If payment is received after a receivable has been permanently written off, Accounting will debit cash and credit the cost center's Bad Debt Expense account (i.e., it shows as revenue offsetting the expense account).

Prepaid Expenses

Expenses paid in advance are recorded as prepaid expenses (assets). When the service is used, the funds are transferred to the associated expense account. Some examples of the WSBA's prepaid expenses include:

- Deskbooks. While in production, deskbook expenses are charged to the prepaid expense account. Once published, those expenses are transferred to the appropriate deskbook inventory account.
- CLE Seminar Expenses. During the year, expenses related to seminars are booked as an expense when paid (cash basis accounting). At the end of each fiscal year, expenses related to seminars that have not yet been held are transferred to a Prepaid account for the year-end financial statements (accrual accounting).
- Postage
- Insurance
- Property Taxes
- Venue deposits

- Travel and Training

- Seminars

Deferred Costs

~~Deferred costs are primarily expenses associated with seminar planning and the production of materials. Recognition of these expenses is deferred until the related seminars are presented in the subsequent year.~~

Inventory

Deskbooks

CLE Publications publishes Deskbooks, which are reference materials on Washington law about specific legal topics. Supplements of existing deskbooks are also published and sold periodically to update the deskbooks. Once a deskbook has been supplemented, it is current as of the date of publication of the supplement. Inventory of deskbooks is stated at lower of cost or market on the first-in, first-out (FIFO) method.

Other CLE Products

WSBA CLE produces ~~several products designed to educate lawyers. These include~~ coursebooks from prior seminars, ~~available for sale to members, some of which include an audio CD or a video DVD.~~ CLE acknowledges that its customers have many sources from which to purchase publications and other CLE products such as coursebooks, ~~and audio and video tapes.~~ Therefore, CLE wants every customer to have a positive outcome when purchasing their product. ~~There is a need to periodically~~ Annually, the Controller in collaboration with the cost center manager review will review existing publications to ensure that only publications with value are still being offered for sale and they are compliant with the obsolete inventory policy.

Returns of CLE Products

If a customer specifically requests (verbally or in writing via by email or letter) a refund and returns the product within 30 days of shipment and is in a re-sellable condition, the customer will be issued a refund by the method paid (check or credit card). Refunds by check will only be made after verification of collection of the initial check deposited by the WSBA (standard waiting period is 2 weeks). The CLE Educatoin Programs Manager must approve any return of production beyond 30 days from the date of purchase.

If a CLE product is sent in error, WSBA pays the postage for the customer to return it by either reimbursing the customer or having UPS pick it up and bill the WSBA directly. If a customer returns a CLE product for any other reason (e.g., duplicate order, changed their mind, and ordered in error), it is the customer's responsibility to pay for the postage.

Obsolete CLE Inventory

The inventory of deskbooks and supplements will be reviewed annually by CLE Publications ~~the Senior Legal Editor~~ and the ~~Senior Accounting and Financial Systems Manager~~ Controller to determine which publications, if any, are obsolete; these will be written off. The ~~CLE Director~~ Chief Communications Officer will document in writing that they have performed this review and state their conclusions that all inventory is current or what amount needs to be written off as obsolete. This process must ~~be~~ completed within 30 days following the fiscal year-end (September 30).

Formatted: Not Expanded by / Condensed by

Formatted: Indent: Left: 0.2", Hanging: 0.25", Space Before: 0 pt, No bullets or numbering, Tab stops: Not at 0.64" + 0.64"

Commented [KP98]: CLE no longer offers DVDs/CDs. Everything is on-demand video or MP3.

Commented [JP99]: Does this happen a lot?

Commented [KP100]: I made changes to identify the correct positions and titles responsible.

Accounting for CLE Coursebook Binders

The CLE department generally purchases binders in bulk annually to take advantage of volume pricing. The number of binders purchased is based on an estimate of the department's needs for the coming year. The binders are produced as needed by the vendor and shipped to the Bar. A running total of the binders purchased (and remaining) is maintained by the CLE Department.

When the binders are purchased, the amount is charged to the binders inventory account. When the binders are received and assembled by the Bar, the amount is debited to the associated seminar and credited to the binder inventory.

Property, Equipment, and Depreciation

Cash vs. Leasing

It has been WSBA's practice to pay cash for furniture and equipment, as opposed to leasing. On occasion, the WSBA will rent furniture or equipment for very short-term use.

Depreciation

The Bar Association capitalizes furniture and equipment with:

- A purchase price over \$2,500; and
- A useful life of more than 1 year.

The WSBA uses straight-line depreciation for those times.

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets, generally three to ten years. Depreciation expense for fixed assets which benefit all of the WSBA are charged to indirect expenses. Depreciation for fixed assets which benefit a select few cost centers is charged only to those cost centers (e.g., CLE, Limited Practice Officers, MCLE, Discipline).

Completing the Physical Inventory

A physical inventory of furniture and equipment (fixed assets) is completed on a periodic basis, ideally annually but no less than every three years. When the physical inventory is completed:

- A report of all fixed assets is generated;
- The furniture/equipment is physically compared to the information on the report; and
- Missing items are noted, researched, and written off, if necessary.

Sale of Fixed Assets

A form is completed by the WSBA employee supervising the sale of furniture or equipment and submitted, along with the payment, to Accounting. The form will include the purchaser's name, address and phone number, the item being purchased, inventory tag number (if any), item price, sales tax and any other pertinent information.

Write-off/Disposals of Fixed Assets

On an annual basis, the Finance team will review the current listing of fixed assets and determine if there are items that require write-off or disposal. Any changes shall be incorporated into the WSBA's annual personal property tax report filing.

Commented [KP101]: This is policy but much of it is procedure.

Computer Software Development

Accounting for costs of computer software developed or obtained for internal use

The development of computer software for internal use can be done either by outside vendors, or by WSBA employees. The costs incurred in the development stage are capitalized and depreciated on a straight-line basis over the useful life of the software, in accordance with generally accepted accounting principles.

Internal use software is defined as software that is acquired, internally developed, or modified, solely to meet the WSBA's internal needs; and during the development or modification, no substantive plan exists or is being developed to market the software externally.

If, after the development of internal use software is completed, WSBA decides to market the software, proceeds received from the license of the computer software, net of direct incremental costs of marketing, are applied against the carrying amount of that software.

The development of software follows various stages. Costs incurred in development are capitalized; other costs are expensed, as follows:

Preliminary project stage (costs are expensed):

- Conceptual formulation of alternatives
- Evaluation of alternatives
- Determination of existence of needed technology
- Final selection of alternatives

Application development stage (costs are capitalized):

- Design of chosen path, including software configuration and software interfaces
- Coding
- Installation to hardware
- Testing, including parallel processing phase

Post-implementation/operation stage (costs are expensed):

- Training
- Application maintenance

Further guidance can be found in AICPA Statement of Position 98-1.

Procedures

WSBA programmers keep track of their time spent on software development using the WSBA time keeping system. Specific categories are established for significant software development projects (minor software development is not tracked due to immateriality.) The Chief Financial Officer makes the determination of whether a new time keeping sub-category is required.

Salaries and benefits of programmers are initially expensed as incurred through the normal accounting procedures used for all employees. In order to capitalize the development costs, the ~~Accountant~~ Controller makes a monthly journal entry to reclassify the software development costs from salary and benefits to a "work in progress" asset account so that the cost may be capitalized and depreciated when complete.

The IT Director notifies the AccountantController when a software development project is complete and placed in service and determines what the useful life of the project is. The AccountantController then moves the total cost to a fixed asset account and begins depreciating the asset over its useful life.

The IT Director will ask outside vendors to bill their time so that development stage expenses are clearly differentiated from preliminary and post-implementation costs. Development stage costs paid to outside vendors are also capitalized, and amortization begins when the project is placed in service.

The IT Director shall promptly notify the AccountantController when software development projects which have been recorded in the “work In progress” account are cancelled. The AccountantController will then reverse the amounts to salaries and benefits expense.

Chapter 3: Liabilities

Accounts Payable

Trade Accounts Payable

During the year, WSBA does ~~not~~ generally have a running balance in the Accounts Payable account. Expenses are paid on a weekly-recurring (weekly or bi-weekly depending on volume) basis as they come in to Accounting. At the fiscal year-end, any expenses related to the fiscal year are accrued as Accounts Payable.

Procedure

Check Security

All checks are issued in sequential numerical order. All checks are accounted for; and checks that are voided are noted for account reconciliation. Blank checks are stored in a locked cabinet. A small supply of checks is stored in a fireproof safe on site to be used in case of disaster or emergency.

Payments – General Guidelines and Procedures

Approval of Check Requests and Expense Reports

Check Requests or invoices must be approved by the Executive Director or his/her designee, subject to review by the Treasurer on request. The Executive Director has delegated signature authority in varying dollar amounts to department directors, who in turn have granted authority to certain employees for limited dollar amounts related to their areas of responsibility. See WSBA's List of Authorized Signers. Once the necessary approvals have been obtained, the Check Request is sent to the A/P Bookkeeper for payment.

Method of Payment for Check Requests and Expense Reports

The WSBA ~~generally~~ pays its expenses via check or EFT. Exceptions to this include payments made by petty cash or the following payments that are paid directly from the WSBA's checking account to the vendor and do not require advance approval (due to adequate controls in the process):

- Rent made by automatic withdrawals by the landlord;
- WSBA ~~Visa MasterCard~~ payments made by automatic withdrawals from Wells Fargo;
- Federal tax deposits made by ADP (comes out of WSBA's checking account);
- Payroll checks to employees made by direct deposit (comes out of WSBA's checking account);
- Retirement, Deferred Compensation, and sales tax payments made via ACH (comes out of WSBA's checking account); and
- Postage meter refills made by automatic withdrawals from the USPS.

Check Processing Procedures

All invoices, grant payments, and expense reports are entered and submitted through PN3 (Accounts Payable processing system). The information provided in the system includes electronic copies of back-up documentation and general ledger coding. System users are set up in the PN3 system with permissions based on their specific role, including whether or not they can approve invoices, dollar limits for those who can approve, and to whom invoices should be routed for approval after submission. PN3 tracks the items submitted and approval dates. On a weekly basis, the A/P Bookkeeper reviews the data for accuracy, reasonableness, general ledger coding, and

Commented [JP102]: This is wrong needs correction.

Commented [KP103]: Maggie can you look at this statement? I think there is some relevance in its application to how expenses related to fiscal year end are accrued.

Commented [MY104R103]: It is true except currently we are doing biweekly EFT and check run and then we do have a running balance on the Accounts Payable account.

Commented [AF105]: I agree. Do you have correct statement on account payable we can insert here as replacement?

Commented [JP106]: I really think we don't need this paragraph.

back-up documentation. Once the information is complete, the A/P Bookkeeper runs [a data upload from PN3 into](#)

~~a data upload from PN3 into~~ Navision for all items that have been approved for payment and issues checks from Navision.

Fixed asset, ACH payments, Client Protection Fund payments, and customer refund requests are ~~still~~ reprocessed in Navision. For those, the A/P Bookkeeper stamps the requests with the date received at the A/P desk, reviews the documents for reasonableness and accuracy, and verifies the calculations. Any questions or minor adjustments are given back to the employee submitting the request; other problems or questions should be promptly reported to the Controller or Chief Financial Officer.

The petty cash is available for employees want to receive the reimbursement less than \$30. For payments to employees for less than \$30, the amount is paid from petty cash (see Petty Cash procedures in Chapter 2: Assets).

For all other requests, the following general procedures for check processing are followed:

- A/P Bookkeeper does review and approval for processing of all invoices and expense reports in the PN3 system by Friday of each week. Fixed asset, inventory invoices and customers refunds are also entered in Navision by Friday of each week.
- Checks are printed on Fridays and are given to the check signer(s) by the following Monday morning for signature.
- Checks are typically mailed no later than Wednesday of the week of signing. (Note: When a holiday falls on a Monday, the checks may not be signed by Tuesday morning, in which case the checks might be mailed/delivered on Thursday).

Note: As a result of the COVID-19 Pandemic we have added ACH payments in lieu of checks in light of the fact office is closed for business.

Incorrect Check Requests or Expense Reports

Occasionally, the A/P Bookkeeper notes errors, inconsistencies, or requests that do not comply with WSBA reimbursement policies. The A/P Bookkeeper is not authorized to make changes to amounts in PN3. The A/P bookkeeper will send invoice notes in PN3 to the requester for any changes. If there is disagreement about a correction, the Controller or Chief Financial Officer will be notified and resolve the issue.

Rush Checks

Check Requests and Expense Reports should be approved and processed timely but from time to time it will be necessary to obtain a check sooner than the one-week turn-around time. Checks that need to be processed outside the normal time frames must be approved by the Executive Director or the Chief Financial Officer with sufficient time allowed for the Accounting Department to process the invoice and produce the check. Rush checks should be used judiciously and for good reason. Approved rush Check Requests should be given to the A/P Bookkeeper for processing. If the A/P Bookkeeper is not around when the request is dropped off at the A/P desk, the person requesting the rush check shall email both the A/P Bookkeeper and the Controller to let them know that a rush Check Request has been submitted. If the A/P Bookkeeper is out of the office or busy, one of the A/R bookkeeper or the Controller Senior Accounting and Financial Systems Manager will process the rush check. Rush checks will be processed in 24 hours but issuance of the check may vary depending on signatory availability.

Payments to Vendors

Responsibility for Payment

Each invoice from a vendor is distributed to the WSBA employee associated with the expenditure, who reviews the invoice for accuracy and determines if the associated service/product was received to the satisfaction of WSBA. The employee codes it to the appropriate general ledger account, and submits the invoice through PN3. Subsequently and codes it to the appropriate general ledger account. The invoice is then routed to their manager for approval.

Commented [KP107]: I don't think this is the case anymore. We do AFT or issue a check through AP and PN3. Maggie can you confirm?

Commented [MY108R107]: There is a petty cash box in accounting to reimburse the expenses less than \$30 if people want to receive the cash sooner.

Formatted: Not Expanded by / Condensed by

Formatted: Normal, Indent: Left: 0.39", No bullets or numbering

Commented [AF109]: This information should be either be in a footnote or notes section

Formatted: Font: Italic

Commented [AF110]: Need filler

Commented [JP111]: See Input

Commented [KP112]: Made a minor change around issuance of the check.

Duplicate Invoices

Payments should be made based on original invoices, not duplicates or monthly statements. A/P Bookkeeper should ~~a-l-w-a-y-s-a-l-w-a-y-s~~ always verify in the accounting system that payment has not been previously made to the vendor, volunteer, or employee for that invoice/expense. ~~If discovered the invoice is a duplicate payment is discovered the A/P coordinator will reach out to the vendor and offer evidence of payment and cancel the duplicate invoice.~~

Commented [KP113]: Made modification to the verbiage.

Discounts & Timely Payments

WSBA's policy is to take advantage of any discounts available (such as 2% net 10) for prompt payment. WSBA also makes every attempt to avoid penalties and finance charges, such as those assessed if payment is made 30 days after the date of the invoice. Employees are responsible for submitting invoices for payment in a timely fashion. Continued violations of this policy may result in disciplinary action.

Problems with Invoices or Vendors

If an employee who originally received a vendor invoice finds that it is **not** correct or if the WSBA is **not** satisfied with the associated service or product, he/she shall attempt to resolve the problem with the vendor in a timely fashion. If the problem is not resolved within 30 days, the employee should consult with the Chief Financial Officer. If an invoice is being held, pending resolution of a problem, the A/P Bookkeeper must be notified in case he/she is contacted by the vendor. The A/P Bookkeeper may, in consultation with employees, resolve issues with vendor invoices or statements.

Vendors & Vendor Review

Only one vendor should be set up for each company/person. If a company changes its address, the address should be changed for that vendor. If a company is purchased by another company, a new vendor will be set up. For vendors with more than one mailing address, a separate vendor card will be set up for each address. At least annually, the A/P Bookkeeper shall review the vendor list for duplicate or inactive vendors.

Periodically, vendors regularly used by WSBA should be reviewed to ensure WSBA is getting competitive pricing. Examples include vendors of computer supplies, office supplies, equipment, etc. It is the Bar's policy when seeking vendors to provide a major product or service, WSBA submits Requests for Proposal to several vendors to ensure that the WSBA is receiving competitive bids.

Reimbursement of Expenses for Volunteers and Employees

See Chapter 6: Expenses.

Procedure for Deferred Litigation Expenses: During the annual budget process WSBA will establish a deferred litigation expense liability account which will become a liability on the balance sheet. The amount will be determined after consultation with General Counsel during the budgeting process. The amount determined must be approved by the Board of Governors during each budgeting cycle. The Executive Director will report any amounts used during each fiscal year to the Board of Governors.

Accrued Vacation & Comp Time

WSBA employees accrue vacation and sick leave on a monthly basis according to the length of their employment. Non-exempt employees may earn comp time for approved hours worked over 40 hours in a work week. Employees track their work time and leave time in an electronic timekeeping system. Accruals of paid leave are generated by the ADP electronic time keeping system. WSBA records as a liability the accrued balances of leave time that will be paid out upon the termination of any employee (currently those categories are vacation and comp time).

Each quarter, the ~~Accountant~~ Controller provides the Budget and Finance Manager with a detailed report by person

indicating the total amount of vacation and comp time accrued. The ~~Accountant~~Controller computes the amount of the liability based on each person's actual hourly rate, then makes a journal entry for the difference between the current quarter-end liability balance and the amount on the books in the liability account (to bring the G/L up or down to the current liability amount).

Chapter 4: Fund Balance *(updated and approved by the Board of Governors on September 29, 2016)* Policy

Formatted: Font: 12 pt

The fund balances, or net assets, of the Washington State Bar Association (WSBA) are the difference between assets and liabilities. Fund balances are either unrestricted or restricted. The Board of Governors may designate, and has designated, portions of the WSBA's unrestricted fund balance for specific purposes. Annually during the budgeting process, the Budget & Audit Committee shall review all fund balances, determine if funds allocated to the various reserves should be adjusted taking into account the goals and purposes of each fund, and make any recommendations for adjustments to the Board of Governors.

UNRESTRICTED RESERVES

GENERAL FUND RESERVES

The General Fund supports the majority of the WSBA's work, including regulatory functions and most services to members and the public. General Fund reserves are funded by the annual operating income of the WSBA. Use of the General Fund reserves is approved by the Board of Governors, usually planned as part of the annual budget, and is reflected in any annual net loss incurred by the WSBA.

It is fiscally prudent to maintain reserves to support operations in the event that an unanticipated loss occurs. Therefore, unless recommended by the Budget & Audit Committee and approved by the Board of Governors, the total value of the General Fund Reserves shall not fall below \$2 million dollars.

1. **Operating Reserve Fund.** The Operating Reserve Fund is a board-designated fund established to cover unanticipated expenses in the event of an emergency. As of April 2008, the Operation Reserve Fund shall be ~~\$1.5-\$2.0~~ million. Any use of this fund shall be recommended by the Budget and Audit Committee and approved by the Board of Governors.

Commented [JP114]: I think we should ask the BOG to increase this from 1.5M or monthly expenses average 2.0MM. Its strange that our Maintenance reserve almost as high than than our Operational Reserve, actually I think our operational reserve should be as high as 3.0MM. Our operational expenses have gone up \$400K per month from 2008.

2. **Facilities Reserve Fund**

The Facilities Reserve Fund is a board-designated fund established to support future facilities needs such as an office move or refurbishment of existing office space ~~or preparation for the purchase of operational real estate. As of October 2016 MONTH 2021, t~~he minimum balance of this fund shall be ~~\$1,050,000~~. It is expected that the fund's value will increase as the WSBA gets closer to lease completion at the end of December 2026. To determine the level of reserve funds needed for a future move or refurbishment, the Budget and Audit Committee shall seek the guidance of the Facilities Subcommittee of the Budget and Audit Committee to assist in setting the facilities reserve fund balance goal no later than 5 years prior to the end of the WSBA's lease.

Commented [KP115]: I would agree with this. Maggie/Liz your thoughts?

Commented [MY116R115]: Yes, I totally agreed with COL increased

3. License Fee Stability Fund: The License Fee Stability Fund is a board-designated fund established to assist with stabilization of license fees over time. The fund may be used to offset revenue shortages during a budget cycle in lieu of raising license fees. Any usage of the fund should be designated in the budget and approved by the Board of Governors. The minimum balance of this fund shall be determined annually. The Executive Director will work with Budget and Audit to prepare a recommendation to the Board of Governors.

Formatted: Indent: Left: 0", First line: 0"

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.34" + Indent at: 0.59"

4. Special Projects and Innovation Fund: The Special Projects and Innovation Fund is a board-designated fund established to provide funding for the development of new and innovative programs, projects or products that support and advance the mission of the WSBA. The minimum balance of the fund shall be determined annually. The Executive Director will work with Budget and Audit to prepare a recommendation to the Board of Governors.

Formatted: Not Expanded by / Condensed by

3.5. Unrestricted General Fund Balance

This is the cumulative balance of net assets from General Fund operations not otherwise restricted or

Formatted: Indent: Left: 0.34", First line: 0"

designated to any other fund.

CONTINUING LEGAL EDUCATION (CLE) RESERVE FUND

The CLE Reserve Fund is a board-designated fund that serves as an operating reserve in the event CLE suffers an unanticipated financial loss. The CLE reserve is funded by the annual operating income of the CLE Seminars and Products operations. Reserves may be used to cover any net loss or extraordinary costs [or technology upgrades](#). The CLE Fund shall remain a part of the WSBA assets and, as such, is subject to the superintendence and control of the Board of Governors.

SECTIONS FUND

The Sections Fund is a board-designated operating reserve fund for the WSBA sections, consisting of the cumulative balance of net assets of all sections. Separate ledgers will be maintained for each section, making up the total for the Section Fund.

RESTRICTED RESERVES

CLIENT PROTECTION FUND (CPF)

In 1995, the Washington State Supreme Court and the WSBA created the Client Protection Fund (CPF). The purpose of this restricted fund is to relieve or mitigate a loss sustained by any person due to the dishonesty of, or failure to account for money or property entrusted to, any member of the WSBA in connection with the member's practice of law, or while acting as a fiduciary in a matter related to the member's practice of law. The CPF fund receives a mandatory annual assessment from each active [WSBA-lawyer and LLLT member of the WSBA](#). The difference between revenues and expenses of this fund each year results in the CPF restricted fundbalance.

Chapter 5: Income

License Fees [\(Policy\)](#)

Setting License Fees

Mandatory member license fees, paid annually, are the WSBA's largest source of revenue. License fees are set by the Board of Governors and ~~approved~~ [reviewed for reasonableness](#) by the [State-Washington](#) Supreme Court. There is a tiered scale with different rates based upon status, and the member's original admittance date in any Bar. License fees are paid for the calendar year ~~as contrasted to WSBA accounting which is based on Fiscal Year~~.

Revenue Recognition of License Fees

License fees are recognized ratably over the applicable calendar year membership period. Accordingly, fees collected during the WSBA's fiscal year that relate to the fourth quarter of the calendar membership period are included as deferred revenue in the financial statements.

Overpayments/Underpayments

Payments received in excess of the amount owed or are less than the amount owed will be handled in accordance with the overpayment/underpayment procedures.

CPF Assessment

The CPF assessment is mandatory for all active members. It is voluntary for inactive members; therefore, if the CPF assessment is paid by an inactive member, it is considered a ~~voluntary~~ donation.

Refunds of License Fees and CPF Assessments

~~While license fees are non-refundable, if a member dies without having practiced law in that year, a refund for license fees and the CPF Assessment will be made if requested by the estate. The Executive Director approves license fee refunds.~~ Refund of license fees are controlled by Article III, Section I.4 of the WSBA Bylaws.

[Procedure for Deposits/Incoming Receipts](#) [Procedure](#)

General Procedures for Handling of Payments/Income Receipts

The WSBA Mail Room employee sorts the incoming mail. Two people sort the mail opening those pieces addressed to WSBA or to an employee who routinely receives payments. The Mail Room employee gives all payments received via mail to the Accounting Division. There are some payments that might be collected by someone other than ~~Accounting~~ [accounting](#) employees, including:

- Walk-in payments collected by the front desk;
- Payment information faxed or emailed to an employee;
- Payments taken over the telephone or by email by the Service Center;
- On-site CLE registrations collected at the door;
- On-site non-CLE registrations/fees collected at the door;
- Bar exam on-site sales;

Commented [AF117]: Let me know Maggie's response

Commented [MY118R117]: We haven't seen the payments from inactive

Commented [JP119]: Yes, however we have never gotten a cpf payment from a non-active.

- LAP client counseling payments;
- Office of Disciplinary Counsel payments for recovery of discipline costs; and
- Reimbursements from members of the Board of Governors or other boards/committees that are submitted directly to an employee reconciling the expenses related to a particular event.

Items received from any source other than the mail must be forwarded to ~~or collected by Accounting~~ **Accounting** employees for inclusion in the counting process the **same or next day**. Payments received on site at a WSBA event will be forwarded to the Accounting Division the **first day the employee returns to the office** to ensure timely processing.

~~Employees should~~ **Employees – places should place** checks or payment information in the Accounting lockbox (located outside the ~~Senior Accounting and Financial Systems Manager's~~ **Controller's** office) when Accounting employees are unavailable to receive them (e.g., after the daily deposit is made or after hours). Accounting employees will check the locked box at the end of each workday and secure the payments for processing the next day. **For security reasons, employees should not place payment information in inter-office mail, in Accounting employees' in-boxes, or on Accounting employees' desks.** During hours that the office is closed all forms will be stored in a locked location.

WSBA maintains three lockboxes for the placement of payments/order/credit card information: (1) in Accounting, (2) in the Service Center, and (3) in EOD/CLE. Accounting maintains keys to the lockboxes.

Accounting will process the forms in Personify and white out or black out the credit card information. In some instances (such as licensing A1 forms, bar exam applications, MCLE submittal forms), the documents are scanned and then passed onto the appropriate department, which is then responsible to store the documents in a secure locked location. In other instances (such as CLE seminar registration and product orders), the documents are scanned; then stored safely in Accounting until they are destroyed at fiscal year-end.

Specific Procedures for Handling Payments Received by Non-Accounting Employees

Note: In the procedures set forth below, the term “properly delivered to Accounting” means either (a) hand-delivered to an employee in Accounting (not via inter-office mail nor placed in an inbox or on someone’s desk), or (b) placed into the Accounting lockbox (located outside the Controller’s office). It is critical that all credit card information be immediately secured.

Procedure for Walk In Payments-ins

Formatted: Not Highlight

Receptionist – When a payment is received at the front desk the information will be put into a secure locked location until an Accounting employee picks it up. ~~During peak times such as licensing and bar exam applications, Accounting employees will pick up the documents every three hours and at the end of the day. Otherwise the pick-up schedule is once a day.~~

On-site CLE registration, non-CLE registration, product orders and other services forms collected off-site – Program Coordinators and other CLE employees will keep payments and order forms in a bank deposit bag that will be stored in a secure locked location. Once back at the office, the payment and order form will be promptly and properly delivered Accounting.

Other CLE orders – Other payments received by CLE (e.g., product orders) shall be placed in the EOD/CLE lockbox. CLE employees will properly deliver the orders to Accounting for processing.

Other – The form will immediately be properly delivered to Accounting.

Procedure for ~~Payment received via Mail~~

Formatted: Not Highlight

All forms received by Production that contain credit card information, will be properly delivered to Accounting.

If Production passes the forms onto another department besides Accounting, then that department must store the forms in a secure locked location until they are properly delivered to Accounting. If the forms are copied before being passed onto Accounting, then the copies must have only redacted credit card information.

Procedure for ~~Payment received via Phone~~

Formatted: Not Highlight

~~Payments via phone are not permitted~~

Commented [AF120]: Why? Any rationale? Taking payment over the phone is widely embraced. Credit Card Information We implemented electronic CC payments

~~WSBA has implemented an electronic credit card (CC) payment system for licensing payments and other regulatory services payments. Due to PCI compliance and the risk of personal information being compromised we are avoiding collecting CC information outside of the prescribed system.~~

Formatted: Font: Not Bold

Formatted: Indent: Left: 0.68"

Formatted: Font: Not Bold

Formatted: Font: Not Bold

~~When the Service Center receives credit card payments over the phone, such information shall, if applicable, be transmitted via an internal electronic form that is automatically submitted to Accounting, or be placed in the Service Center lockbox.~~

~~Credit card information received by employees outside of the Service Center will be placed in a secure locked location until properly delivered to Accounting.~~

Commented [JP121]: Can we be more specific on receiving payments by Phone I would eliminate it.

Procedure for ~~Redacting credit card information~~

Formatted: Not Highlight

~~Occasionally some CC payments will come in outside of our CC system. In that case it's imperative to protect CC Information so CC information must be redacted by following the process below.~~

~~After processing the credit card information, it will be marked out with black marker or white correction tape. If a copy is made of a form prior to the credit card information being processed, then the copies must have credit card information redacted.~~

Commented [JP122]: This section isn't requiring if we don't take card numbers by phone or fax

Procedure for ~~Payment received via Email (Not Recommended)~~

Formatted: Not Highlight

~~Due to security concerns, receiving payments via email is not recommended.~~ When the Service Center receives credit card payments by email, they shall print the email and put into the Service Center lockbox. An accounting employee will pick up the documents from the lockbox twice a day. The email will be permanently deleted by the end of the day received.

Credit card information received by employees outside of the Service Center will be placed in a secure locked location until properly delivered to Accounting. The email will be permanently deleted immediately.

Procedure for ~~Payment received via Fax~~

Formatted: Not Highlight

~~Payments via fax are not permitted~~

~~Credit card information received by fax will be immediately delivered to the receiver of the fax and properly secured in a locked location, placed in one of WSBA's three lockboxes (Accounting, Service Center, and EOD/CLE) or properly delivered to Accounting.~~

~~Redacting credit card information~~

~~After processing the credit card information, it will be marked out with black marker or white correction tape. If a copy is made of a form prior to the credit card information being processed, then the copies must have redacted credit card information.~~

Deposits

Accounting Department Cash/Check Processing Procedures

Payments from the Mail Room are added to payments received that day or the previous day from other sources. The payments are processed by at least two ~~peoplersons~~ in the Accounting Division (so there is dual **control**) as follows:

- Verifies that each payment matches the amount listed on the associated source document (order or registration form);
- Sorts the payments by bookkeeper;
- Endorses the back of each check using a bank stamp;

- Places the following information on each set of source documents: the date of deposit, check number, and amount;
- Runs adding machine tapes for the payments and the source documents;
- Gives the source documents to the appropriate bookkeepers for processing; and
- Deposits the cash and checks into the bank by 4:00pm.

Credit Card Processing Procedures

WSBA accepts Visa, ~~Mastercard~~ MasterCard, and American Express for the purchase of all fees, products and services.

Orders Received by Mail, Fax, Email or Phone – Accounting collects all credit card payments each day from the multiple sources listed above. They are sorted at the end of each day and given to the appropriate bookkeepers for processing the following morning. The credit card information is entered into Personify along with the order information. The credit card is processed that night by the credit card company (the authorization and charge to the card occurs in one step). Security procedures for the protection of credit card information are noted above in the section “Specific Procedures for Handling Payments Received by Non-Accounting Employees.”

Orders Received Online - Customers pay for all online orders via Personify with a credit card. Personify processes the credit card automatically and securely stores the information in compliance with data security processing standards.

Procedure for Processing of Source Documents

The bookkeepers make every attempt to process payments the same day they are received. However, during periods of high volume (licensing season), it may take up to three to five working days to process incoming monies. The bookkeepers use the source documents and payment information to process the receipts in either Personify or Navision, whichever is most appropriate (the majority of payments are recorded in Personify; then imported to Navision at the end of the month; however, certain types of payments are processed directly in Navision).

Once the source documents are processed and balanced to the deposits, they are forwarded to the responsible department along with a copy of the posted journal. The receiving department is responsible for reviewing the documents for accuracy, and ensuring the receipt was posted to the proper account. The source documents and journal copies are kept in an organized manner and accessible should any questions arise and be retained as per the retention schedule. Accounting scans the documents after they have processed them.

Returned Checks/Declined Credit Cards

Procedure for Returned Checks

Checks may be returned to the WSBA by the bank for non-sufficient funds (NSF), "Account Closed," improper endorsement, or other reasons. Generally, those checks were accepted by the WSBA for payment of fees, products, or services.

As returned checks are received from the bank, Accounting credits the cash account and debits Accounts Receivable.

Commented [AF123]: I disagree but I am open to your rationale..

Commented [KP124]: I think this is referring to how employees in the mail room or other departments would handle the receipt of a check in the mail. The idea is to get it to accounting ASAP.

Commented [JP125]: If we receive payments by mail it should only be by check

Formatted: Not Highlight

Commented [JP126]: What are these types of payments processed directly in Navision?

Formatted: Not Highlight

If an NSF check has been presented only once, Accounting may try re-depositing the check. If the check has been presented twice or has been returned for reasons that would prevent it from being re-deposited, Accounting will take further action including phone calls and letters. Outstanding items are reviewed on a monthly basis to determine any further action. Accounting will notify the proper employees for further collection efforts.

If the payment was for license fees or status changes, and it is still uncollected, Accounting works with the Licensing Lead for further collection efforts. If the payment remains uncollected, the member may owe the penalty amounts or may be suspended for non-payment of dues.

If the payment was for the Bar Exam, Admissions is notified and depending on the timing, the applicant may not be approved to sit for the exam or may not have his/her results released until the funds have been received.

Procedure for Declined Credit Cards

Formatted: Not Highlight

If a credit card charge is declined or the credit card number is invalid, the order is cancelled in Personify and Accounting employees will contact the customer to get a new credit card number or an alternate form of payment. In the event a credit card is declined where the event has happened or the customer has picked up the product, Accounting will invoice the customer for the amount owing and send a cover letter with the invoice.

Overpayments and Underpayments

Commented [KP127]: I would argue most of this is policy because it says what we will accept or not accept as over and underpayments.

Occasionally, WSBA receives payments that differ from the amount owed for the product or service. Below is how overpayments and underpayments are handled:

Overpayments

\$.99 or Less

Overpayments of \$.99 or less will be accepted, as is, without any refund efforts. The overpayment amount is credited to the appropriate income account under the cost center for that product or service. Refunds up to \$.99 overpayments will be made only upon the payer's request.

\$1.00 or More

For overpayments of \$1.00 or more, the order is processed as usual, with the overpayment amount credited to the appropriated income account under the cost center for that product or service. The amount of the overpayment is automatically refunded to the purchaser by the Accounting division. As overpayments are received, the bookkeepers submit the refund paperwork to the Controller for approval.

Underpayments

\$4.99 or Less

Underpayments of \$4.99 or less will be accepted, as is, without any other collection efforts. The underpayment amount is charged against the appropriate income account under the cost center for that product or service.

\$5.00 or More

For underpayments of \$5.00 or more, the applicable department is made aware of the underpayment and the department employee may request an invoice from Accounting for the amount owed. In some instances (e.g., CLE products and seminars), the customer is automatically invoiced by Accounting.

Procedures for Refund of Income

All refunds shall be approved by the department requesting the refund. Approved refund requests are submitted to Accounting for processing. A customer refund is handled in the same way in which the payment was received.

Credit Card Refunds

For example, a customer who paid by credit card will be refunded by credit card. If the order was initially processed in Personify, it will be refunded through Personify. If the order was processed online (CLE bookstore or MCLE website), it will be refunded directly through Verisign, the online credit card processor.

Refunds by Check

If a payment was originally made by check, WBSA will write a check for the refund. Refunds by check will only be made after verification of collection of the initial check deposited by the WSBA (standard waiting period is 2 weeks).

Deferred Revenue

Deferred Seminar Revenue

Seminar registration fees are recognized as revenue in the year in which the related seminars are held. Deferred seminar revenue relates to fees collected for seminars to be conducted in subsequent years.

WSBA-Sponsored Professional Liability Insurance Program Rebates

~~From 1993 to 2005, the WSBA received rebates pursuant to an agreement with KVI/Marsh in exchange for sponsoring a professional liability insurance program. These rebates are restricted in that they are to be used at the WSBA's discretion to fund loss prevention projects, generally those which further educate lawyers in their ethical responsibilities. Historically, these rebates were used to offset losses to a CLE seminar on ethics, publish and distribute the Trust Account Guidelines booklet, and support traveling seminars put on by the Practice Management Assistance team geared to law office best practices. The rebates received were recorded in a liability account when received. Once funds are expended, the accounting for the use of the funds is done in either of two ways:~~

- ~~• When the WSBA uses those funds to offset losses to a CLE seminar: the CLE department prepares the preliminary seminar profit and loss statement for the seminar to determine the amount of the loss; then the Accountant/Controller prepares a journal entry and credits the agreed-upon amount of Marsh funding to that CLE seminar income account in the general ledger, and reflects the amount as revenue on the final profit and loss statement. The Accountant/Controller debits the liability account.~~
- ~~• When the funds are used to support other Bar programs, such as PMA lawyer training or the publication of the trust account guidelines booklet, the appropriate expense account is charged. Periodically At least quarterly, the Accountant/Controller prepares a general ledger journal entry to credit revenue in the appropriate cost center (e.g., Audits or PMA) and debit the liability account.~~

Commented [JP128]: Is this still an active transaction? I am checking with Julie

Commented [AF129]: Waiting on answers Waiting on feedback from Julie GC

Commented [KP130]: I don't think this is still in existence. Maggie can you confirm?

Commented [MY131R130]: Yes, we still have this rebates \$46K in the system.

Commented [KP132R130]: Do we need this section Maggie? We don't use these funds for anything that I am aware of. Are these funds old or continuing?

Commented [MY133R130]: I don't think that we need this section on the policy. Those funds are pretty old which we need to identify and either use it or...

Formatted: Highlight

Recovery of Discipline Costs under Rules for Enforcement of Lawyer ~~Conduct~~

Commented [JP134]: Check with Julie for any changes

ELC 13.9 Costs and Expenses

Commented [KP135]: I emailed Doug and Julie to provide feedback on this section 2/2/22.

Pursuant to ELC 13.9 *Costs and Expenses*, the WSBA may assess costs and expenses to a lawyer at the conclusion of the disciplinary process. The ~~Bar~~ [WSBA Office of Disciplinary Counsel \(ODC\)](#) seeks costs and expenses at the conclusion of ~~every~~ formal cases that results in discipline, or when an Admonition becomes final. In resolving cases by Stipulation [ELC 9.1(b)(4)] ~~the WSBA ODC~~ generally "adjusts" (with [approval of the Disciplinary Board or Hearing Officer approval](#)) the presumed expenses.

"Costs" are certain out-of-pocket expenses (court reporters, service fees, copying costs, hearing officer expenses, etc.) related to a disciplinary proceeding that results in disciplinary action (admonition, ~~letter of censure~~, reprimand, suspension, disbarment).

"Expenses" are the reasonable charge for attorney fees and administrative costs, and are set at a presumed level, depending on the degree of review required for a matter to become final.

After assessment of costs and expenses, the Supreme Court may enter a monetary judgment [ELC 13.9(l)]. ~~The judgment may be attached to the property of a respondent by filing the judgment with the Superior Court Clerk in the county where the property is located.~~

ELC 5.3(h)(2) Investigation of Grievance

Costs and expenses (~~generally including a \$500.00 fee~~) are also allowed under ELC 5.3(h)(2), when a lawyer fails to cooperate in an investigation and a subpoena is issued ~~to him~~, although the investigation may not result in disciplinary action.

Commented [KP136]: All changes in this column were requested by Doug Ende, Chief Disciplinary Counsel (2/9/2022)

Treatment of Costs and Expenses

Amounts due to the WSBA for discipline costs and expenses are not recorded as a receivable on the WSBA's books until actually collected due to the uncertainty of collection (even where judgments are recorded). When checks come in from lawyers related to their costs and expenses, they are processed as income under "Recovery of Discipline Costs."

[Applicability to Limited Practice Officers and Limited License Legal Technicians](#)

[Recovery of discipline costs described above is also applicable to Limited Practice Officers and Limited Licensed Legal Technicians.](#)

Commented [KP137]: Added per direction from Bobby Henry/Renata Garcia.

Chapter 6: Expenses (updated by the Board of Governors on July 23, 2016)

I. GENERAL EXPENSE REIMBURSEMENT POLICY

WSBA depends upon and values the time and talent of its employees and volunteers. As a steward of member funds, WSBA asks for employees and volunteers to be fiscally prudent and follow the policy at all times, help save costs. WSBA will reimburse: (1) reasonable and prudent, (2) necessary, and (3) appropriately documented, out-of-pocket expenses incurred in connection with WSBA business or meetings, as set forth herein.

A. Scope

This policy applies to all employees and volunteers while engaged in authorized WSBA work, including, but not limited to: the President, President-elect, and Immediate Past-President; Board of Governors; Board of Governors-elect; board, committee, task force, council, and panel members; section officers, executive committees and members; and invited guests. Any items not included herein deemed necessary to conduct the WSBA's business, or that deviate from these policies due to extenuating circumstances, may be approved by the WSBA Treasurer or the Executive Director in accordance with the WSBA Fiscal Matrix.

B. Liability

The financial liability of the WSBA to any board, committee, task force, council, panel or section is limited to the funds budgeted (on a line item basis) for it in the current approved budget of the WSBA. If any volunteer, board, committee, task force, council, panel or section (or any one of its members): (1) incurs a liability that is greater than the funds budgeted or otherwise approved; or (2) incurs a liability in excess or outside of the amounts allowed by this policy, such liability may will be presented to the CFO Director of Finance who will evaluate for appropriateness. If appropriate the CFO Director of Finance will route to the Executive Director or Treasurer for approval. In the case the expense is not deemed to be reasonable the liability will be the personal obligation of the individual responsible for incurring or authorizing the authorizing the liability.

C. Policy Exceptions

- WSBA ABA Delegate expenses shall be reimbursed up to a fixed amount set each year during the budget process. The budget for delegate expenses will be contained as separate and distinct line item in the Executive Director Cost Center
- Certain expenses of WSBA Officers, Board of Governors, and the Executive Director shall be reimbursed in accordance with "IV. Expense Policies: WSBA Officers and Board of Governors" and Section "V. Expense Policies: WSBA Executive Director", *infra*.
- Section executive committees may use their discretion: (a) to use section funds to cover group meal expenses for one guest per section member attendee at section events open to all section members, at executive committee meetings and retreats, and at speaker or award dinners; and (b) to pay or reimburse a speaker or award recipient and guest for travel, meals, and lodging in accordance with WSBA expense policies. Group meals are paid for an entire group on one invoice and are not subject to the per diem amounts for individuals under the reimbursement policy. As with all other expenses, group meals are expected to be reasonable.

D. General Guidelines for Reimbursement Requests

- ~~1~~—WSBA will not reimburse expenses that are reimbursed from another source.
- ~~2~~—WSBA will not reimburse expenses incurred by spouses, domestic partners or guests (hereafter collectively referred to as "guest" or "guests"), except as identified in Section I.C above. However, WSBA will reimburse for double accommodation (as compared to a single).

Commented [KP138]: This comes up in the context of section executive committees meetings and retreats often. I am open to feedback on the wording.

Formatted: Indent: Hanging: 0.25", Space Before: 0.5 pt

Formatted: List Paragraph, Indent: Hanging: 0.25", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.45" + Indent at: 0.7", Tab stops: 0.7", Left

Formatted: Indent: Left: 1.15", Hanging: 0.25", Space Before: 0.5 pt

Formatted: Font: 10.5 pt

3.1. In accordance with IRS requirements, any person seeking reimbursement from WSBA shall submit a signed, dated WSBA Expense Report, supported by detailed receipts. In the absence of a detailed receipt, up to \$75 may be reimbursed for an expense by completing an Expense Affidavit Form. An Expense Affidavit is also required for reimbursement of Personal Phone and Home Internet Stipends

4. ~~Barring any unforeseen circumstances, all WSBA Expense Report forms and receipts must be submitted within 60 days of incurring the expense;~~

Formatted: Indent: Left: 0.7"

Formatted: Indent: Left: 0.45", Hanging: 0.25", Right: 0.21", Space Before: 0.05 pt, Line spacing: single

Commented [AF139]: Can we cite the board approval?

Commented [JP140]: Not sure what you mean by his can we discuss on our next call?

Formatted: Strikethrough

Commented [JP141]: I don't think we can strike this we need the Exp. Reports to be timely See next section or is your point that its repetitive?

Formatted: Strikethrough

~~2. HI WSBA Expense Report forms and receipts must be submitted within 60 days of incurring the expense; All WSBA Expense Report forms and receipts must be submitted within 60 days of incurring the expense;~~

with the exception that expenses incurred in September must be submitted within 30 days after WSBA's September 30 fiscal year end (by October 30). Reimbursement requests for expenses incurred in the prior fiscal year submitted after October 30th of the following fiscal year will not be paid unless approved by the Executive Director and ~~Chief Financial Officer~~Director of Finance. ~~The Executive Director will have discretion to approve any expense report beyond the cutoff date when the same isn't completed due to unforeseen issues such as health related, family related matters or any other personal reason where the employee is not available to submit the report.~~

Formatted: List Paragraph, Indent: Left: 0.45", Hanging: 0.25", Space Before: 0.05 pt, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.45" + Indent at: 0.7", Tab stops: 0.7", Left

Commented [KP142]: I deleted the narrative because it already says the ED has discretion due to unforeseen events...is it necessary to define any further?

E. Travel Expenses

1. Volunteers ~~(updated and approved by the Board of Governors on March 8, 2018):~~

WSBA encourages virtual meetings whenever feasible to accomplish board, committee, task force, panel, council and section work. Reimbursement of travel expenses to board, committee, task force, council, panel and section members residing out of state to attend their meetings is limited to- the approximate -cost of in-state travel ~~(i.e. cost of travel from the nearest WA border to the location of the particular meeting).~~ ~~1.E-Travel from Seattle to Western Washington.~~

2. WSBA Employees:

Employees must have prior authorization, from their supervisor or inherent- in their- job description, to incur travel, lodging, and meals expense on the job. ~~Any costs beyond Seattle Metropolitan area mileage (King, Pierce, and Snohomish Counties) related to attending Board of Governors meetings shall be pre-approved by the employee's director.~~ All overnight stays at a Board of Governors meeting shall be approved by the Executive Director. For additional terms, see "III. Additional Employee Expense Policies".

Commented [AF143]: Let me know your WSBA's response to this.

Commented [KP144]: Removing as this is covered in our employee handbook and is considered more of a benefit rther than a reimbursement.

WSBA Work from Home Employees

Formatted: Underline, Condensed by 0.15 pt

~~The WSBA is providing an ORCA card/transportation allowance to those employees who qualify. This allowance is no longer available to all employees and will be assessed on a case by case basis using the below criteria. Below are the criteria for ORCA cards, or equivalent for ferry or van pool-~~

Formatted: List Paragraph, Left, Indent: Left: 0.7", First line: 0", Right: 0", Line spacing: Exactly 13.3 pt, Tab stops: 0.7", Left

~~A committed schedule that involves being in the office at least one day every week (minimum 3 times/month)~~

Formatted: Not Highlight

~~In person seasonal activities-~~

Formatted: Underline, Condensed by 0.15 pt

~~Directors will also have discretion to make exceptions-~~

Formatted: Highlight

~~An employee that is not eligible for an ORCA card can be reimbursed for parking when they need to use their car for work purposes-~~

Formatted: Normal, Left, Indent: Left: 0.7", First line: 0", Right: 0", Line spacing: Exactly 13.3 pt, Tab stops: 0.7", Left

~~Note that travel to in person meets and events not at the WSBA office is covered by our fiscal policy and not changed by these provisions-~~

Formatted: Indent: Left: 0.45"

Formatted: Indent: Left: 0.7", First line: 0", Tab stops: 0.95", List tab + Not at 0.5"

Formatted: Indent: Left: 0.7"

Formatted: Font: 11 pt

Formatted: Bulleted + Level: 1 + Aligned at: 0.41" + Indent at: 0.66"

Formatted: Indent: Left: 0.45", First line: 0", Tab stops: 0.95", List tab + Not at 0.5"

Formatted: Indent: Left: 0.45"

Formatted: Font: Not Italic

Commented [AF145]: This should be deleted. It is anachnoistic

Commented [JP146]: I agree with you totally

Formatted: Highlight

Formatted: Strikethrough

Formatted: Not Highlight

F. Transportation

~~Subject to Section I.E,~~ WSBA will reimburse transportation costs based on the limits set forth below. WSBA will ~~not not~~ reimburse for lodging en-route ~~except when special circumstances such as weather, abnormal traffic patterns or personal circumstances occur.~~ Any expense report containing en route expenses will be approved by the Executive Director.

~~and WSBA will only reimburse for the lesser cost of coach economy airfare. Reimbursement for out of state meeting travel is limited to the approximate cost of in-state travel encourages employees and volunteers to utilize the least costly method of transportation available under the circumstances. For example, if a ticket to fly coach economy to a particular destination is less expensive than the cost of reimbursing mileage for driving then flying should be the selected mode of transportation. (the cost of traveling from the nearest Washington border). How~~

do you interpret this? See Foot note 2 below. I would suggest a flat fee for out of state travel.

1. **Personal Autos:** Mileage will be reimbursed at the IRS Standard Mileage Rate in effect at the time of travel. *Carpooling is encouraged.* Damage to personal autos while being used on WSBA business is not covered because a portion of the mileage reimbursement is intended to defray the insurance cost to the individual. Fines for traffic violations are also not reimbursable.

2.1. **Rental Cars:** Rental cars may be used only when economical compared to other modes of local transportation or if local transportation is nonexistent. Rental charges should be net of any discounts and will be limited to the rental cost of compact or standard-size cars.

2. **Ground Transportation:** WSBA will reimburse ground transportation, parking costs and tolls. WSBA will reimburse longer term airport parking at the lower of actual parking costs or an airport shuttle to/from the traveler's home.

3. **Ride Share Expenses:** With the proliferation of Ride share companies such as UBER and Lyft Tips are customary. WSBA will reimburse for no more than 10% of the cost of the trip, in the case where 10% is less than \$2.00 tips can be adjusted to that amount.

Commented [AF147]: I don't think flat fee is fair. If the trip is approved, it should carry the same cost as in state.

Commented [KP148]: I propose deleting the struck verbiage and have out state travel subject to coach/economy fare and purchased a reasonable time before the trip.

Formatted: Body Text, Indent: Left: 0.22", First line: 0", Right: 0.11", Line spacing: single, No bullets or numbering, Tab stops: Not at 0.72"

Formatted: Left, Indent: Left: 0.2", Hanging: 0.25", Right: 0", No bullets or numbering, Tab stops: Not at 0.72"

Formatted: Condensed by 0.15 pt

Formatted: Condensed by 0.15 pt

¹ The approximate cost of in-state travel is deemed to be the cost of traveling from the nearest Washington border. For example, a member traveling from California would be reimbursed for the lesser of either (a) the mileage from Vancouver, WA, or (b) a flight from Portland, Oregon.

Commented [AF149]: Let's talk about this during our meeting

Commented [KP150]: I propose deleting it but would be interested about historical perspective for why we adopted this standard to begin with.

Commented [JP151]: Yes I find this to be not functional

4. Airfare: WSBA will only reimburse coach/economy-class airfare, which should be booked ~~well sufficiently~~ in advance of travel to obtain the lowest possible fares. ~~WSBA reserves the right not to fully reimburse for travel booked less than two weeks in advance of travel.~~ WSBA will not reimburse for use of frequent flyer coupons or air miles. Use of private airplanes is permitted; however, reimbursement is limited to an amount not to exceed coach-class airfare on a commercial air carrier, purchased not less than two weeks in advance of travel, for the same or substantially similar route. WSBA will pay a cancelled airfare if ~~WSBA~~ cancels a meeting. Airfare change fees will only be paid for changes in a meeting schedule. *Reimbursement receipts for airline travel must include name of passenger, credit card used for payment, confirmation that flight was paid in full, date of flight, and departure and destination locations. Credit card statements and cancelled checks are not acceptable.*

5. Other: Reimbursement for any other method of travel will be reimbursed only in an amount that would have been payable had the most economical method of travel been used.

~~5-6.~~ If there is a question about the reasonableness of a travel expense it will be escalated to the appropriate Department Director for a determination of reasonableness.

G. Lodging/Hotel Accommodations

WSBA will reimburse hotel/motel accommodations up to ~~\$175200~~ per night (~~\$20025~~ in Seattle) plus taxes. With respect to out of state conferences, WSBA will reimburse hotel accommodations at the advertised conference hotel rate.

Generally, if no lodging below the applicable limit is available or convenient in the area of the stay, department directors may approve reimbursements above the applicable per night limit utilizing the reasonable and prudent standard. WSBA will not reimburse for incidental expenses such as entertainment, personal phone calls, etc. *Reimbursement receipts must include name/location of hotel, guest name(s), date(s) of stay, and breakdown of charges for lodging, meals, telephones, and incidentals.*

H. Meal Expenses

~~1-1.~~ 1. WSBA will reimburse breakfast, lunch and dinner meal expenses, including ~~gratuity~~ reasonable tips and gratuity. WSBA will not pay or reimburse for alcohol purchases (see Section II. Purchase of Alcohol for Bar Functions). The WSBA encourages volunteers and employees to adhere to the IRS per diem guidelines for meal reimbursement which are updated periodically. The most recent per diem rates are available on the IRS website and will be updated annually on the WSBA volunteer and employee expense form. Any reimbursement requests within the per diem limits will be deemed reasonable. Reimbursement requests above the per diem limits should be reasonable and prudent given the circumstances and context in which the expense was incurred. ~~will reimburse up to \$79.00 for Breakfast, \$20.00 for Lunch, \$36.00 for Dinner and \$5.00 for incidentals. \$12 for breakfast, \$18 for lunch, and \$36 for dinner for daily meals, including breakfast, lunch and dinner. If a person is traveling all day (for all three meals), he/she may combine the allowances set forth above into one per diem amount and reallocate the per-meal allowances as desired (e.g., spend more on lunch and less on dinner).~~ Tips and taxes will be reimbursed as part of the per diem not in addition to the per diem. Tips should be in accordance with what is usual and customary, generally speaking tips should be between 10% and not to exceed 15% of the restaurant bill. Requests for reimbursement above the Federal Per Diem Rates will be escalated to the appropriate Department Director for a determination of reasonableness.

~~2.~~ 2. If a meal is provided as part of a meeting or conference, no reimbursement will be made for substitute meals. ~~As such employees will only be reimbursed for meals supported by a valid receipt.~~ Tips and taxes will be reimbursed as part of the per diem not in addition to the per diem. Tips should be in accordance with what is usual and customary, generally speaking tips should be between 10%

Commented [AF152]: Why? Rationale for this?

Formatted: Not Expanded by / Condensed by

Formatted: Left, Indent: Left: 0.2", Hanging: 0.25", Right: 0". Line spacing: single, No bullets or numbering, Tab stops: Not at 0.71"

Formatted: Indent: Hanging: 0.25", Space Before: 0.45 pt

Commented [KP153]: If these two cannot agree then it would go to the ED under Section A Page 58.

Formatted: Normal, Indent: Left: 0.47", Hanging: 0.25", Space Before: 0.3 pt, No bullets or numbering

Commented [AF154]: With inflation it is hard to find a breakfast that cost \$20. Let's be realistic. I will suggest \$40 for breakfast, \$40 lunch and \$80 for dinner

Commented [KP155]: I thought meal per diems were tied to the Federal reimbursement rates? Tying it to these rates allows us to change them by procedure as the federal rates change. We should perform an analysis of whether to adopt an accountable plan format where the per diems follow the federal guidance or whether we adopt a fixed per diem amount above the accountable plan. This will impact procedures and requirements for verifying with receipts, etc.. We need guidance on whether a receipt for a meal above the accountable plan per diem amounts will negate the needs for a 1099.

Commented [KP156R155]: We have more clarity here. We can go above the IRS per diem limits but expenses need to be substantiated. Question – should we set a daily limit/ceiling for meal reimbursements?

Formatted: Font: 11 pt

Formatted: Normal, Indent: Left: 0", Hanging: 0.73", Space Before: 0.45 pt, No bullets or numbering

Formatted: Condensed by 0.15 pt

Formatted: Condensed by 0.15 pt

and not to exceed 15% of the restaurant bill.

3. If a remote meeting of at least four hours in duration is scheduled through a meal period (i.e. breakfast, lunch, or dinner) then regular reimbursement rates will apply.

Commented [KP157]: FLAG THIS CHANGE TO FRANCIS
Commented [KP158]: Per President-Elect Clark's recommendation.

I. Expenses Other Than Travel/Transportation, Lodging, and Meals

Office Expenses: Despite use of services available through the WSBA office, volunteers may occasionally use their own resources to conduct WSBA business. Where practical, volunteers are expected to absorb, without reimbursement, minor expenditures. However, to the extent that cost records are available to document specific out-of-pocket expenses, such as telephone calls and postage, reimbursement may be made.

1- Expenses for photocopying and facsimile use will be reimbursed at rates set by the WSBA². No reimbursement will be made for office services not detailed by this policy (for example, voice mail charges, telephone connections, etc.). No reimbursement will be made for personal costs or professional services without specific advance authorization.

² Photocopying charges will be reimbursed at the actual out-of-pocket expense up to 15 cents a page. For faxes, the WSBA will reimburse the lesser of (a) the actual cost to send the fax; (b) up to 25 cents per page; or (c) up to \$5 per transmission. Appropriate documentation detailing the number of pages, fax recipients, etc. is required. The WSBA will reimburse for the telephone costs associated with long distance fax calls if detailed cost records are available.

- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Normal, Indent: Left: 0.45", No bullets or numbering
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Not Expanded by / Condensed by
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt
- Formatted: Condensed by 0.25 pt

2-1. Gifts/Awards: WSBA will reimburse costs (up to \$100) for the purchase of gifts, plaques or similar items recognizing an individual's extraordinary volunteer service to the WSBA and/or its component parts. Gifts from volunteers to WSBA employee are prohibited except for *de-minimis minimis* or token appreciations (up to \$50). All employee liaisons to boards, committees, task forces, councils, panels or sections should make sure the group is aware of this policy.

2-2. Miscellaneous: Reimbursement for expenses not otherwise described by this policy may be allowed when reasonable, necessary, appropriately documented, explained, and approved by the Executive Director or WSBA Treasurer in accordance with the Fiscal Matrix.

II. PURCHASE OF ALCOHOL FOR BAR FUNCTIONS

The WSBA prohibits the use of WSBA funds to purchase alcoholic beverages.

- A. WSBA will not pay for or reimburse alcoholic beverages purchased by volunteers or employees as part of a meal. Such purchases shall be segregated from meal expenses and paid for by the individual ordering them.
- B. Alcoholic beverages may be served at WSBA functions, as long as they are: (1) paid for with personal funds (e.g. no host bar), or with non-WSBA funds raised for that purpose; (2) paid directly to the vendor; and (3) served by a licensed bartender.
- C. WSBA funds may be used to pay ancillary costs at events such as the cost of a bartender, corkage fees for donated alcohol, and service/setup fees.

III. ADDITIONAL EMPLOYEE EXPENSE POLICIES

A. Weekend Work

Working on a weekend is treated like any other workday. Meals, daycare, etc. will not be reimbursed. However, in some circumstances, employees may be reimbursed for parking if they are required to work on a weekend (see "Private Auto- Parking" policy below).

B. Transportation

1. Rental Cars: Car rental requires pre-approval of a department director, and may be used only when economically practical compared to other modes of local transportation or if local transportation is nonexistent. Rental charges should be net of any discounts and will be limited to the rental cost of compact or standard-size cars. It is helpful to rent the car in the name of the WSBA. However, the WSBA's insurance policy contains an endorsement which extends coverage for damage to rental cars even if they are rented in an individual's name as long as they had permission from the WSBA and they are on WSBA-related business (the endorsement is intended to fill in the gaps where someone doesn't or can't rent the car in the WSBA's name). The WSBA will not pay for additional insurance coverage; the renter should decline coverage when renting in the WSBA's name.

1-2. Car Pooling: ~~Employees are encouraged to car pool when it is feasible as it reduces costs, risk, and can improve coordination amongst attendees~~ employees when traveling together.

2-3. Private Auto – Parking: Employees who purchase a monthly parking space are eligible for daily parking reimbursement at a prorated rate (1/21 of the monthly parking cost) on days they are required to use their vehicles for business. Employees who normally take public transportation but occasionally need their car for work may be eligible for reimbursement of actual parking costs. This option is expected to be used only occasionally and may apply regardless of whether the employee returns to the WSBA at the end of their work day. In addition, employees whose work assignments temporarily require substantial after-hours and

Formatted: Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.2" + Indent at: 0.45"

Commented [AF159]: We need a statement here that encourages car pooling

Formatted: Not Expanded by / Condensed by

Formatted: Indent: Hanging: 0.25"

weekend time in the office may request reimbursement for parking, subject

to department director approval. Examples of such situations include the following: hearings; bar exam preparation; committee, section, or board meetings, [licensing season](#); or other projects.

3.4. Taxi Rides: As part of the Metro Area ~~FlexPass~~[Flex Pass](#) program, employees who have a FlexPass and use an eligible method of transportation to work may use a taxi to get home if they meet certain emergency criteria. See the Human Resources Department for details. Directors may authorize a WSBA-paid taxi ride home in extenuating circumstances.

4.5. "Advances" For Travel or Expenses: The Executive Director, upon a director's recommendation, may approve travel advances. [Travel advances must be requested at least 7 workdays prior to the trip to allow for Requestors should allow](#) sufficient time to prepare the check.

C. Meals

1. **With Volunteers:** Picking up the tab for lunches with volunteers outside of regular meetings should be done with caution because of consistency, fairness, and appearances. Director approval is required. Any such expenses should be charged to the committee or function budget.
2. **"Buddy" Meals:** Employees assigned to be the "buddy" of a new employee may take the new employee to lunch. Moderately priced lunches (around \$20 per person) should be the norm.

D. Professional License Fees

WSBA will reimburse an employee or directly pay for fees associated ~~with professional~~[with professional](#) licenses that the employee legally must have to perform his/her job at the WSBA, or which the Executive Director determines are in the interest of the WSBA for the employee to have. This includes, for example, WSBA licensing fees (but not section membership fees) for attorneys whose positions require a license to practice, the State Board of Accountancy licensing fees for CPAs, and the Department of Health licensing fees for LAP psychotherapists. Such reimbursements/payments are prorated for new employees based on the calendar year and date of beginning work at the WSBA, as follows:

Month	% Reimbursed
January	100%
February	92%
March	83%
April	75%
May	67%
June	58%
July	50%
August	42%
September	33%
October	25%
November	16%
December	8%

E. Professional Liability Insurance

WSBA reimburses Lawyers Assistance Program employees for the cost of professional liability coverage for their activities conducted pursuant to their employment with WSBA. An employee who leaves WSBA employment during the insured period must refund to the WSBA that portion of the reimbursement covering any insured period after WSBA employment ends.

F. Employee Membership Dues

WSBA may reimburse or pay membership dues for employees to belong to local, state, or national organizations, subject to director approval and budget constraints.

G. Employee Cell Phone Expense Reimbursement Policy

This policy covers the reimbursement policies and procedures for business use of employee-owned cell phones.

~~A. Personal Cellular Phone Reimbursement — Ongoing Basis~~

~~A person who qualifies for a WSBA issued cell phone (based on their job duties) but chooses to use his/her personal cellular phone for WSBA business may be authorized to seek reimbursement in lieu of being issued a WSBA cellular phone as long as:~~

~~a. The director and user agree on a fair and equitable way to allocate the charges between WSBA and the user based on cost or time spent on WSBA calls vs. personal calls (Note: Permanent users can be reimbursed for charges based on unlimited minute plans); and~~

~~b. The appropriate director approves such arrangements in writing.~~

~~The employee shall submit a Check Request or Expense Report, along with a copy of his/her cell phone bill showing the charges and specific WSBA related calls. WSBA cellular phone bills shall be charged to the appropriate cost center (department telephone expense) on the Check Request.~~

~~B. Personal Cellular Phone Reimbursement — Occasional Basis~~

~~Employees who occasionally incur cell phone charges for WSBA related business on a personal cell phone are authorized to submit an expense reimbursement if:~~

~~a. The use of phone was necessary for the performance of job duties; and~~

~~b. The personal cell phone plan is such that cell phone owner is actually charged for the WSBA calls and the cost of WSBA related calls are easily determined as follows: (a) charges are based on per minute charge; or (b) a flat fee is charged for an allotted number of minutes; a per minute charge applies to minutes beyond the allotment; and the WSBA call(s) resulted in the owner going over the allotted minutes.~~

The WSBA acknowledges the use of cell phones is required to fulfill of some employees to fulfill the responsibilities of their position. As a result the WSBA has defined two ways of providing cell phone service to employees whose position requires the use of cell phones.

1. Issue a WSBA owned cell phone
2. Allow for use of employee’s personal phone and provide a reimbursement

Providing a WSBA Phone

Providing a WSBA Phone will require approval of the Department Director. The XXXXXX department will be required to maintain a record of both the approvals and the phones issued. This is a critical step as these phones will be subject to public records rules. The type of phone to be issued will be determined by IT.

Use of Personal Phone for Work

The WSBA will reimburse for use of personal phones. In order to qualify for a reimbursement, the employee

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Indent at: 1"

Formatted: Font: Bold

Formatted: Normal, Indent: Left: 0.5", No bullets or numbering

Formatted: Font color: Custom Color(RGB(31,73,125))

Formatted: Font: Bold

Formatted: Font: Bold, Font color: Custom Color(RGB(31,73,125))

Formatted: Normal, Indent: Left: 0.5"

must be authorized to use their personal phone by their Department Director. A person who qualifies for a WSBA issued cell phone (based on their job duties) but chooses to use their personal cellular phone for WSBA business may be authorized to seek reimbursement in lieu of being issued a WSBA cellular phone.

1. The reimbursement will be at a rate of \$20 per month.
2. The appropriate director must approve this arrangement in writing.

~~No reimbursement for occasional WSBA-related calls where plan charges are based on unlimited usage (WSBA will not pay a percentage of the total monthly fee). The employee shall submit a Check Request or Expense Report, along with a copy of their cell phone bill showing the charges and specific WSBA-related calls. WSBA cellular phone bills shall be charged to the appropriate cost center (department telephone expense) on the CheckRequest.~~

Formatted: Normal, No bullets or numbering
Formatted: Font color: Custom Color(RGB(31,73,125))

H. Employee Parties and Celebrations

1. Generally, events in which all employees are invited to participate, or were approved by the Executive Director and the directors in advance, are paid by the WSBA. These include:
 - ~~Activities Committee events (e.g., annual holiday party, monthly birthdays, P.A.P., etc.);~~
 - ~~Lunch on records clean-up days;~~
 - Refreshments for all-employees meetings; and
 - Executive Director's purchase of treats for the entire employees for a special occasion.
2. Examples of where the WSBA *will not pay* include (any exceptions to this must be approved in advance by the Executive Director):
 - Personal celebrations like showers for weddings or babies;
 - Flowers for personal events, like illness or death in the family; and
 - Going-away luncheons or gifts.

I. Employee Development Budget

Each director is given an annual Employee Development budget, with sole discretion to use Employees Development funds reasonably for team building items such as employee retreats or activities, department meetings, meals or snacks, coffee or lunches with employees, and tokens or small gifts of appreciation for employees.

IV. EXPENSE POLICIES: WSBA OFFICERS AND BOARD OF GOVERNORS

The officers and members of the Board of Governors (including sitting and newly elected officers and Governors) are fiduciaries of WSBA and ambassadors to WSBA boards, committees, task forces, councils, panels and sections; to local and specialty bar associations in Washington State; and to other related groups or officials. It is expected that WSBA officers and governors will incur certain expenses in furtherance of this responsibility, and will comply with the expense policies of the WSBA, with the following exceptions:

A. Guest Meal Expenses

Individual meals for a guest of an ~~officer~~ ~~or officer~~ or governor may be reimbursed when no group meal is provided (up to the limits set forth in the "Meal Expenses" section of the General Expense Reimbursement Policy). Separate lodging/rooms and transportation costs will not be reimbursed.

B. Officer and Governor Attendance at Law-Related Events

From time to time WSBA officers and governors are invited to attend a ticketed, non-educational event sponsored by an outside organization. Usually, these invitations come from local or specialty Bar Associations in the state of Washington, or a similar national organization having a local meeting, or other law-related organizations. The primary purpose of the event may be to raise funds for the organization, or it may be social or networking occasion.

The Board affirms its role as a statewide organization to reach out to these interest groups, to encourage and support other Bar Associations and law-related organizations, to further the understanding of the activities and purposes of the WSBA, and to foster collegiality among its members and goodwill between the Bar and the public; in a fiscally prudent manner.

To this end, WSBA will annually reimburse expenses incurred for group registration events as follows:

	Statewide Events	Local and Specialty Bar Events	Significant County Bar Events
Officer	yes	up to 8	yes
Governor	yes	up to 6	In Governor's home district

The Executive Director may approve exceptions to these limits. WSBA reserves the right to request reimbursement for cancellations to group registration events.

C. Officer and Governor Travel to and Attendance at National/Regional Events (Section C.1 updated and approved by the Board of Governors on November 19th, 2020)

Educational, training, or networking events for officers and/or governors are approved as part of the budget process based on the educational/networking value. Examples include the Bar Leaders Conference, Western States Bar Conference, American Bar Association annual or mid-year meetings, or meetings of the National Council of Bar Presidents.

The following policy has been adopted by the Board of Governors:

1. Officer Conferences;

The President, President-elect, Past President, and Treasurer may attend two national conferences and the Western States Bar Conference. The President, President-elect and Past President may also attend the Northwest Bar Leaders meeting.

2. Governor Conferences

Governors may attend one national or regional conference during their term of service on the Board of Governors

C. Officer and Governor Travel to and Attendance at National/Regional Events (Section C.1 updated and approved by the Board of Governors on January 18, 2019)

Educational, training, or networking events for officers and/or governors are approved as part of the budget process based on the educational/networking value. Examples include the Bar Leaders Conference, Western States Bar Conference, American Bar Association annual or mid-year meetings, or meetings of the National Council of Bar Presidents.

The following policy has been adopted by the Board of Governors:

1. Officer Conferences

The President, and President-elect and Past President are each budgeted to attend one National Conference of Bar Presidents meeting, the Bar Leaders Institute in Chicago, and the Western States Bar Conference.

2. Governor Conferences

All Governors may attend one conference in their second year on the Board of Governors.

V. EXPENSE POLICIES: WSBA EXECUTIVE DIRECTOR

The Executive Director is an ambassador of WSBA to WSBA boards, committees, task forces, councils, panels and sections; to local and specialty bar associations in Washington State; and to other related groups or officials. It is expected that the Executive Director will incur certain expenses in the furtherance of this responsibility. The Executive Director shall comply with the expense policies of the WSBA, with the following exceptions:

A. Guest Meal Expenses

Individual meals for a guest will be reimbursed only at Board of Governor functions when no group meal is provided (up to the limits set forth in the "Meal Expenses" section of the General Expense Reimbursement Policy). Separate lodging/rooms and transportation costs will not be reimbursed.

Formatted: Font: Bold

Formatted: List Paragraph, Left, Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.2" + Indent at: 0.45"

Formatted: Font: Bold

Formatted: Font: Bold, Condensed by 0.35 pt

Formatted: Font: Bold, Condensed by 0.35 pt

Formatted: Font: Bold

Formatted: Font: Bold, Condensed by 0.35 pt

Formatted: Font: Bold

Formatted: Font: 10.5 pt, Bold, Italic

Formatted: Font: Bold, Italic

Formatted: Font: 10.5 pt, Bold, Italic

Formatted: Font: Bold, Italic

Formatted: Indent: First line: 0", Numbered + Level: 2 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.45" + Indent at: 0.7"

Formatted: Not Expanded by / Condensed by

Formatted: Indent: Left: 0.7", No bullets or numbering

Formatted: Indent: First line: 0", Numbered + Level: 2 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.45" + Indent at: 0.7"

Formatted: Not Expanded by / Condensed by

Formatted: Indent: Left: 0.7", No bullets or numbering

Commented [KP160]: This was revised in 11/2020 so I pulled in that language, added the Past President per original redlines and added Treasurer for two national conferences.

Commented [KP161]: Given the silence of the language as to reimbursement amounts it would be assumed that regular expense reimbursement rates would apply to Governor travel.

B. Attendance at Law-Related Events

The Executive Director shall be reimbursed for attendance at law-related events when he/she is attending in his/her official capacity.

C. Travel

Reimbursement will be made for travel costs (transportation, lodging, meals and incidentals) to other bar associations when the purpose of the trip is to meet with another bar’s Executive Director or elected official(s) for the purpose of furthering WSBA business. This would include local and specialty bar associations in Washington State, and unified or voluntary bar associations in other states. The Executive Director is also reimbursed for attendance fees and travel and lodging expenses to attend work-related educational seminars, such as, but not limited to, American Bar Association, Western States Bar Conference, Bar Leaders Institute, and the National Association of Bar Executives.

D. Meals

WSBA will reimburse meal expenses of the Executive Director and any WSBA or Washington State elected or appointed official(s) when the purpose of the meal is for the Executive Director or WSBA or Washington State elected or appointed official(s) to conduct WSBA business with the official(s). This would also include Washington state local and specialty bar elected or appointed officials.

E. Review of Payments to Executive Director

At least quarterly, the Treasurer shall review the payments made to the Executive Director (including salary, benefits, credit card charges, and reimbursements). The Budget and Finance Manager prepares a quarterly report for the Treasurer to review and sign.

VI. CLE SPEAKERS/PROGRAM PARTICIPANTS EXPENSES

In general, reimbursements to speakers and program participants shall be reimbursed according to the WSBA guidelines. However, with prior approval of the Executive Director, W S B A may approve reimbursements for lodging and meal expenses above the WSBA rates, as supported with appropriate receipts.

VII. ACCOMMODATION FUND

A. Purpose

The WSBA Accommodation Fund and Procedures are established to support the WSBA Accessibility Policy and ensure reasonable accommodation to members’ participation in WSBA services, programs and events. Accommodation for services, programs and events is available to all members with disabilities. Reasonable accommodation includes such accommodation as sign language interpretation, sound enhancement, or other accommodation requested by members wishing to participate in WSBA services, programs and events.

B. Procedures

Persons should request accommodation through WSBA employees organizing the event (Organizer). The request should describe the event or series of events and the accommodation requested. Dialogue with the person requesting accommodation may be necessary to assure the most appropriate accommodation. All accommodation requests should be made as far in advance as possible, at least two weeks in advance of the event is strongly recommended to allow the best accommodation possible. The Organizer will review the request and outline the reasonable accommodation available. Reimbursement requests or pay-ahead service requests will be handled by the Organizer to ensure privacy. Should the request be beyond the expertise of the Organizer, even after consultation with Human Resources, outside experts will be consulted.

C. Other

The Accommodation Fund is intended primarily for use by WSBA members— other resources are available for WSBA employee accommodation and the Accommodation Fund is not intended to cover other overall accessibility accommodation which are budgeted for separately. The Accommodation Fund is not intended to cover facility or general accommodation needs. These matters will be handled by employees working with the facility at which the meeting or event is to be held.

D. Funding

The amount of funding available for accommodation will be set annually as an estimate of need in the budget process but may be modified by the Budget and Audit Committee if further needs arise to assure accommodation. The Organizer shall work with the Chief Financial Officer to prepare a request for increased funding which will be considered by the Budget and Audit Committee at its next meeting. In time sensitive circumstances the Executive Director can preliminarily approve a request which exceeds the Accommodation Fund. Fund, so long as the funds are available within the current fiscal year budget, subject to the Fiscal Responsibility Matrix.

Formatted: Strikethrough

VIII. WSBA CREDIT CARDS

Each department director and some employees who frequently incur travel expenses (e.g., investigators) are issued individual WSBA corporate credit cards ("card holder") to cover WSBA business expenses only; personal charges are not allowed. An exception is if the charge contains personal expenses beyond the WSBA limit, in which case the card holder shall submit a check to Accounting with the credit card bill. All charges on a WSBA credit card must be supported by appropriate detailed receipts.

Card holders may authorize their employees to use their credit card for business expenses. However, the card holders remain responsible for all charges made using their credit card; specifically, that all charges comply with WSBA policies, are made within the delegated budget authority, and are coded to the proper general ledger account.

Each card holder must approve the monthly statement for his/her credit card. The monthly statement, along with detailed receipts and general ledger coding information, shall be submitted to the A/P Bookkeeper within 10 days of the end of the month.

Employees who support the WSBA's conference rooms and CLE Conference Center may be issued credit cards for the purpose of purchasing office supplies, food service, kitchen supplies, etc. in order to efficiently and cost-effectively manage the conference rooms and provide support to employee meetings. The monthly American Express bill shall be reconciled and coded to the proper general ledger accounts, then given to the Chief Financial Officer for review and approval.

IX. FUNCTIONAL ACCOUNTING PROCEDURES/ALLOCATION OF INDIRECT EXPENSES

Commented [JP162]: This section should be part of our accounting procedures no a fiscal policy.

"Indirect" expenses are expenses that benefit the whole organization; in many ways they are the basic cost of doing business. Examples include salaries, benefits, rent, telephone, insurance, legal advice, auditing services, computer equipment, etc., as well as all-employee meetings, coffee/tea service, etc. GAAP does not require a specific method of allocating expenses to their appropriate function. There are numerous ways to allocate common expenses, but there is no one correct way. However, the method chosen must be meaningful, reasonable, accurate, and consistently applied. Changes in the method of allocating indirect expenses, and what specific expenses are included in indirect expenses, are generally disclosed in the audited financial statements.

The main goal of allocating common expenses is to provide the "true cost" of each program. However, getting a

"true cost" is a misnomer, since different allocation methods will produce different results. The organization must choose a reasonable method that makes sense and will produce "accurate enough" information. Thus, it is important to understand that you are never really seeing the true cost of any program; you are seeing as close as we can get based on the allocation method chosen. A good example of this is how the WSBA treats certain support expenses. The WSBA has several departments which support all the cost centers, but for which the costs are not allocated to the indirect pool. No employee time for the Human Resources department or Information Technology department is allocated to other cost centers, although they primarily exist to support all cost centers. Thus, the "true cost" of a program does not include many of the WSBA support functions provided to it. It is helpful to understand this when conducting reviews of programs and cost centers.

WSBA has been using functional accounting since 1992. Direct expenses are recorded 100% to the appropriate cost center. Examples include committee expenses, employee travel, events, etc. The WSBA allocates indirect expenses as follows:

- Salaries – Salaries are directly allocated (through payroll) to the cost centers in which the employees primarily work. For example, some employees are allocated among several cost centers in one ~~department~~ (department) (e.g., Advancement or Regulatory Services Department). Many employees are allocated to only one cost center, although they perform work for many functional areas (e.g., Finance and Administration Department employees). ~~The allocation of~~ allocation of employees is done through the budget process; employees are allocated throughout the year just as they are budgeted. Therefore, a person may be budgeted at 25%, but may actually spend more or less of their time performing work for that cost center. However, the person is allocated through payroll at 25% regardless of their actual time spent unless a mid-year change in actual allocation is authorized by the Executive Director¹. ~~As part of the Reforecast process.~~ Actual time is considered in allocating employees for the next budget year.
- Benefits – When incurred, benefits expenses are pooled together and allocated among the cost centers based on the salary expenses (dollars, not FTEs) for each cost center. This method proportionately distributes benefits in relationship to the salaries expenses. Thus, the departments with higher-paid employees will also incur a higher share of benefits expense.
- Other Indirect Expenses (insurance, telephone, professional fees, etc.) – The WSBA allocates all other indirect expenses based on the number of FTEs in a cost center. For example, if a cost center has 10 out of 138 of WSBA's FTEs, then it will be allocated 7.2% (10/138) of the pool of indirect expenses.

¹ Note: The WSBA used to allocate salaries based on the actual time spent each payroll; however, this method was discontinued due to its unpredictability, volatility, and the cost of tracking such detail.

Chapter 7: Other Accounting Policies

Policy on Committee and Board Use of WSBA Funds

This Policy restricts committees (standing, ad hoc, special, or other) and boards from donating or contributing WSBA funds to programs or causes not specifically authorized in the approved budget. This restriction on the use of WSBA funds does not apply to sections since general WSBA funds are not used for sections.

Donations/Contributions/Sponsorships to outside entities

WSBA committees and boards are prohibited from donating, contributing to, or financially sponsoring outside entities or causes with WSBA funds even if the allocated budget has unexpended funds, except with special [review by the General Counsel and further](#) authorization from the WSBA Executive Director. This applies to donations to entities such as other bar associations, legal organizations, or outside causes. Requests made to the Executive Director must be made in writing at least 30 days prior to the desired date of the contribution.

Making charitable contributions

WSBA committees and boards are prohibited from making charitable contributions with WSBA funds.

Contributing to WSBA-Funded Programs

WSBA committees and boards are prohibited from donating or contributing WSBA funds to other WSBA-funded programs.

Employee Gifts

Use of WSBA funds, including committee and board budget funds, for gifts to WSBA employees are prohibited except for *de minimis* or token appreciations.

[Procedure for Pre-approval of Form Content](#) ~~Procedure~~

The ~~Senior Accounting and Financial Systems Manager~~ [Controller](#) must **pre-approve** the **content** of all documents that request payment (such as event registrations, order forms, or applications) that WSBA intends to either mail out or include in the ~~AWA~~ [Lawyer Bar News](#), on the Bar web site, or in newsletters. This type of document must include specific information to ensure the correct application of any payment(s) returned to the Bar. Accounting must review the document **before** the document is mailed or published.

In the case of form letters, the template should be given to the Controller for review and approval before any letters are mailed. In the case of order forms, once the order form is designed (but not yet mailed or published), a "draft" copy should be given to the Controller for review and approval.

WSBA Price List and User Fees

User fees for Bar products and services are set and revised periodically either during the budgeting process or as deemed appropriate by the department director ~~or Budget and Audit Committee of the Board of Governors, or by the Board of Governors.~~

Formatted: Not Highlight

Taxes

Local Taxes

WSBA pays personal property taxes to the City of Seattle in accordance with local laws.

State Taxes

WSBA pays taxes to the State of Washington for:

- Use and sales taxes on the sale of taxable products;
- Department of Labor and Industry (L & I) workman's compensation taxes (the reports are prepared and filed by WSBA); and
- State Unemployment (SUTA) tax, which is paid on an "experience" basis only (the SUTA reports are prepared quarterly by ADP, WSBA's payroll vendor).

WSBA is exempt from State of Washington:

- Business and Occupation (B & O) tax, since WSBA is an instrumentality of the State Supreme Court.

Federal Taxes

The WSBA does not pay Federal Unemployment (FUTA) tax.

Letter regarding WSBA Tax Exempt Status

Please contact the Office of General Counsel or the Chief Financial Officer.

Grants

WSBA programs may seek grant funding from foundations/organizations to support specific projects/programs.

Grant application

- With the support of the Executive Director, applications for grants, budget worksheets, grant checklists or work plans will be completed by the WSBA program requesting the grant.
- General Counsel will review grant applications for legal content.
- Accounting information will be reviewed by the Chief Financial Officer before submission.
- The Executive Director will approve in-kind expenses related to a grant.
- The Executive Director or designee must approve the grant request before the application can be submitted to the funding organization.

Grant Awards

- Grantees will alert the Accounting Division as to the amount and approximate date of receipt of grant funds.
- Reports, as required by the grant, will be completed by the grantee with assistance from Accounting.
- If unused funds are to be returned to the Grantor at the end of the grant period, the grantee and ~~Accountant~~ **Controller** will balance the dollar amount to be returned. A Check Request will then be prepared by the grantee and, after securing proper approval, forwarded to Accounting for processing.

Managing Grant Funds

- If grant amount is over \$20,000 and anticipated to benefit more than one fiscal year, the amount received will be deposited into a liability account and moved monthly ~~as funds~~ as funds are spent. ~~If~~ if the grant is anticipated to be used in the current fiscal year, the funds will be deposited into an income account when received.
- The ~~Accountant~~ Controller will review grant status with the grant ~~recipient at~~ recipient at fiscal year-end to determine and record the amount to be carried forward to the next year. Unexpended grant funds (i.e., for grants that cover more than one fiscal year) will be moved to a ~~liability~~ liability account at fiscal year-end by the ~~Accountant~~ Controller. This net amount would be adjusted for any expenses not charged as direct expense (i.e., salary/benefits, rent/office space) but included in the grant. The ~~Accountant~~ Controller will move those funds to the income account in the appropriate cost center as the related grant expenses are incurred.
- Expenses will be charged to an expense account within the same cost center.
- **WSBA may charge an administrative fee. The fee amount would be determined by the grant requirements.**
- Awarded Grants will be included within the appropriate cost center's income and expense categories in the annual budget process for that particular fiscal year.

Commented [JP163]: Have we ever charged this admin fee? If so how do we calculate it?

Formatted: Highlight

Public Records Access and Fee Policies

WSBA's public records policies and procedures are set forth at <http://www.wsba.org/About-WSBA/Contact-Us/Request-Public-Bar-Records>.

Submitting Matters to the Board of Governors for Action

Pursuant to the WSBA Bylaws, the Board of Governors (BOG) is the governing body of the Bar that determines the general policies of the Bar and approves its budget each year. In January, 2020, the BOG adopted a policy entitled Board of Governors Policy RE: Requests for Action (Page 195). The policy to sets forth the preferred process for submitting matters to the Board for action. The portions of that policy relevant to the fiscal policies are provided as follows:

3. Analysis. When a matter has been requested by a WSBA entity or has been approved for further exploration by a BOG Committee, the Executive Director will ensure that the matter is analyzed, including fiscal impact, stakeholder analysis and input, rule compliance, and implementation implications. A reasonable amount of time should be provided for this analysis taking into account the scope, magnitude, and relative novelty of the request. This information will be shared, as appropriate, to aid in the Board's decision-making.

Requests Requiring Amendment to the WSBA Budget

Changes to the WSBA Budget should not be approved without a rigorous review of the pros, cons and impacts of said change. As such, any request, proposal, change or suggestion that would require a change to the WSBA budget that arises during a meeting or has not been subject to analysis as described above, should be tabled until the next BOG meeting in order to provide time for that analysis.

The review will be performed by the Treasurer, Director of Finance, HR Director, WSBA President, and the Executive lead for the department affected. The review and potential request will be taken to the Budget and

Audit committee for discussion and analysis. The committee's recommendation(s), are intended to be completed and delivered to the BOG for approval in its next meeting.

Formatted: Font: Bold

Chapter 8: Summary of Internal Accounting Controls (procedure)

Bank Accounts

- The Board of Governors approves banking authorities.
- The Bank is notified timely of signature changes.
- The Accounting employee who makes the daily deposit is someone other than the employee who processes the receipts.
- The A/P Bookkeeper or Controller do not have signing authority to any WSBA bank accounts.
- Check signers are independent of check preparation.

Bank Reconciliations

- Bank statements are delivered to the appropriate independent person unopened or provided via online access
- WSBA employees reconciling the bank accounts are not involved in day-to-day processing of receipts or expenses.
- Bank reconciliations are generally completed by the 20th working day of each month.
- Copies of completed bank reconciliations are distributed to the Chief Financial Officer and Controller for review.
- A detailed process is followed for checks outstanding for over 90 days.

Investments

- Investment guidelines are approved by the Board of Governors.
- WSBA employees authorized to invest are approved by the Board of Governors.
- All investment paperwork is kept in a safe location.
- All investments are under the name of the Washington State Bar Association or the Client Protection Fund.
- Detailed records are kept on each investment (for example, purchase date, maturity date, interest rate, annual percentage yield, how interest will be paid, purchase price, name of institution, etc.).
- Detailed records are kept by someone other than the person who authorized the investment.

Cash/Check Handling

- Incoming mail is initially opened by two employees (Production employees) with no access to accounting records.
- The cash/check processing is always done by a minimum of two WSBA employees.
- The process results in a daily grand total which is balanced once all receipts are processed.
- WSBA employees do not count/tally a category of receipts they would then process.
- All checks are locked up in a secure location until they are deposited into the bank. Only authorized Accounting employees have access.
- Daily receipts are deposited into the bank by the end of each day.
- Cash received at the front desk is recorded on the log sheet.
- Cash received at the front desk is locked up when the office is closed.
- Payments (checks, cash, or credit card info.) and backup from an outside event are collected by WSBA employees at the event and turned into Accounting the first day the employees return to the office.

Petty Cash

- Petty Cash boxes are kept in a secure location – always locked when the office is closed.
- Access to Petty Cash is limited to a small number of employees who do not process receipts.
- Petty Cash boxes are audited regularly by someone without regular access to the box.
- Reimbursements for petty cash expenditures up to \$30 or \$50 are disbursed by a limited small number of employees.
- Petty Cash forms must be completed with documentation and approval before funds can be disbursed.
- Petty Cash will be replenished by completing a Check Request and being processed through the Accounts Payable process.
- IOU's, employee advances, and check cashing are not allowed.
- Petty Cash boxes are kept separate and not mingled with any other cash.

Credit Card Information

WSBA will take necessary steps to ensure it complies with federal and state laws regarding the protection of credit card information (payment card industry data security processing standards). The following general guidelines shall be followed:

- Where possible and feasible, the preferred method of receiving credit card information is from customers/members online whereby the credit card numbers are never seen by employees. Therefore, WSBA shall attempt to provide as many of its products and services online as is possible.
- Where credit card information is received in the mail on WSBA forms, via email, through a walk-in, or by telephone, the following guidelines apply:
 - Employees shall take care to adequately secure, in a locked location, any credit card information until it is processed by **Accounting** (see specific procedures in Chapter 5). Employees may lock such information in drawers or cabinets or use lockboxes provided in Accounting, the Service Center, and EOD/CLE. The fewer people that handle credit card information, the better.
 - After the credit card information is entered into Personify, where the payment is processed, it shall be thoroughly redacted from the form before scanning, sending to other departments, or storage.
 - Original forms containing redacted credit card information that are maintained by departments outside Accounting shall be kept in a locked location until they are destroyed.
- Employees do not have access to credit card numbers stored in the Personify database or Cyber source because the numbers are encrypted for security.
- Credit card numbers and payment information is not subject to public disclosure and should never be given to anyone outside of the WSBA.

Accounts Receivable

- All invoiced items will be processed through the accounting software.
- Any adjustments must be approved by appropriate department director.

Cash Disbursements

- Checks are pre-numbered and used in sequence.
- Blank check stock is locked up and access is limited.
- A/P Bookkeeper does not have authority to approve or change expense requests.
- A/P Bookkeeper audits reimbursement forms (Check Requests, Expense Reports, and Petty Cash Slips) for accuracy and adherence to policy.
- A/P Bookkeeper ensures each Check Request or Expense Report has been approved by an authorized employee.
- All checks are processed through the accounting software system.
- Blank checks are not signed.
- Checks are always made payable to a person or company - never to cash or bearer.
- Checks presented for signature include backup explaining the reason for the check.
- A copy of the check is attached to the backup and filed in the 'paid' file.
- Voided/spoiled checks are stamped 'void' and maintained in locked cabinet for safekeeping.

Check Signature Stamp Policy

This Check Signature Stamp Policy is designed to speed up the check signing process while providing adequate internal controls over the signature of checks. This policy is only applicable to the Executive Director; other check signers must personally sign the checks. The Check Request will be initialed by the Executive Director, indicating approval to stamp the checks. The Executive Director will then contact Finance & Administration Administrative Assistant, who will pick up the checks, stamp them, and mail them. Any checks that have not been approved will be given to the A/P Bookkeeper for further review.

Exception: Any checks over \$10,000.00 require two signatures and will be hand signed by both signers and included for mailing with the regular checks.

The only person with access to the signature stamp will be ~~the Finance~~ the Finance & Administration Administrative Assistant, who will keep it locked up at all times. At no time should the Controller or the A/P Bookkeeper have access to the stamp.

Miscellaneous

- A/P, A/R and General Ledger functions are performed by separate employees.

Chapter 9: Client Protection Fund

Accounting Policy

In 1995, the Washington Supreme Court and the WSBA created the Client Protection Fund ("Fund"). The Fund may be used for the purpose of relieving or mitigating a loss sustained by any person due to the dishonesty of, or failure to account for money or property entrusted to, any member of the WSBA in connection with the member's practice of law, or while acting as a fiduciary in a matter related to the member's practice of law. The Fund is governed by Admission to Practice Rule 15.

The Fund is maintained as a trust, separate from other funds of the WSBA. The Fund has its own checking/savings account and investment accounts. The Fund is maintained as a restricted fund on WSBA's books (designated as a separate cost center in the general ledger). The Fund is completely self-supporting – it receives no revenue from the WSBA or other entities. The Fund cannot expend more than it has collected.

Revenue Procedures

Court-Ordered Assessment

Each active lawyer and LLLT WSBA member, and some other licensees, pay an annual assessment to the Fund; this is the Fund's main source of revenue. Assessment amounts are set by Supreme Court Order, based on recommendations by the WSBA Board of Governors. Assessments are invoiced with each active member's, or licensee's, license fee and are deposited in the WSBA general checking account. During the closing period at each month end, the Accountant makes a journal entry in the general ledger to transfer the assessments received that month from the WSBA general checking account to the CPF checking account. This amount is transferred by the Controller from the WSBA checking account to the CPF checking account.

Investment Revenue

The Fund's excess cash is invested in accordance with WSBA's Investment Policy. Journal entries for the Fund's investment income are prepared by the Budget and Finance Manager and given to the Accountant for posting.

Restitution Revenue

The Fund attempts to recover its payments from the members on whose behalf gifts are made, and thus receives some restitution payments. These payments are deposited in the Fund's checking account when received, and recorded in the Fund's restitution general ledger revenue account.

Expense Procedures

The Fund's major expense is gifts made to injured clients. Applicants request a gift by completing and submitting an application form; the Client Protection Board makes gifts and recommends gifts requiring approval to the trustees. Once a gift is approved, the applicant must sign a subrogation agreement. The Client Protection Fund Analyst prepares a Check Request and submits it to the A/P Bookkeeper, who prepares checks payable from the CPF checking account. The Accountant makes the appropriate journal entries on the CPF general ledger. The maximum gift allowed is \$150,000.00. Gifts for more than \$5,000.00 are split into an initial payment and a second payment at the end of the fiscal year. This is one of the controls on the Fund. If necessary, the year end payments are pro-rated by the Board of Governors to maintain the fund viability.

The Fund also pays its administrative costs, which consist of its share of WSBA salaries, benefits and overhead (indirect) expenses, and expenses of the CPF Committee, which oversees the Fund and approves payments. These expenses are recorded at the end of each month.

The Accountant prepares a preliminary Statement of Activities for the Fund each quarter end to determine the liability to the WSBA general fund for CPF expenses paid that quarter by the WSBA. Once that amount is determined, the Accountant gives the reimbursement amount to the Controller, who transfers the reimbursement amount from the CPF checking account to the WSBA checking account.

Commented [JS164]: Do we have a definition of excess cash?

Commented [KP165]: Delete if we can't determine excess cash.

Formatted: Highlight

Formatted: Highlight

Formatted: Highlight

Formatted: Highlight

Formatted: Font: Not Bold

Commented [JS166]: Should this include the detailed PN3 procedures?

Formatted: Font: Not Bold

Procedure for Financial Reports

Each quarter, the Accountant prepares a Statement of Financial Position and a final Statement of Activities, for the quarter and year-to-date, and a Statement of Changes in Net Assets for the year-to-date. These statements are sent to the Assistant General Counsel assigned to work with the Client Protection Board, who reviews them with the CPF Committee. Annually, these financial reports are included in the annual CPF report to the Board of Governors and the Court

Formatted: Not Highlight

Chapter 9: Client Protection Fund (Sent to Doug for Review)

Commented [AF167]: Let me know if Doug proposes any changes

Accounting Policy

In 1995, the Washington Supreme Court and the WSBA created the Client Protection Fund ("Fund"). The Fund may be used for the purpose of relieving or mitigating a loss sustained by any person due to the dishonesty of, or failure to account for money or property entrusted to, any member of the WSBA in connection with the member's practice of law, or while acting as a fiduciary in a matter related to the member's practice of law. The Fund is governed by Admission to Practice Rule 15.

The Fund is maintained as a trust, separate from other funds of the WSBA. The Fund has its own checking/savings account and investment accounts. The Fund is maintained as a restricted fund on WSBA's books (designated as a separate cost center in the general ledger). The Fund is completely self-supporting—it receives no revenue from the WSBA or other entities. The Fund cannot expend more than it has collected.

Revenues

Each active WSBA member must pay an annual assessment to the Fund; this is the Fund's main source of revenue. Assessment amounts are set by the Supreme Court, based on recommendations by the WSBA Board of Governors. Assessments are invoiced with each active member's license fee and are deposited in the WSBA general checking account. During the closing period at each month end, the Accountant/Controller makes a journal entry in the general ledger to transfer the assessments received that month from the WSBA general checking account to the CPF checking account. This amount is transferred by the Controller from the WSBA checking account to the CPF checking account.

The Fund's excess cash is invested in accordance with WSBA's Investment Policy. Journal entries for the Fund's investment income are prepared by the Budget and Finance Manager and given to the Accountant/Controller for posting.

The Fund attempts to recover its payments from the lawyers on whose behalf gifts are made, and thus receives some restitution payments. These payments are deposited in the Fund's checking account when received, and recorded in the Fund's restitution general ledger revenue account.

Expenses

The Fund's major expense is gifts made to injured clients. Clients make application for a gift by completing and submitting an application form; the CPF Committee employee liaison makes recommendations and the CPF Committee and/or trustees approve applications. Once approved, the applicant must sign a subrogation agreement. The CPF Committee employee liaison prepares a Check Request and submits it to the A/P Bookkeeper, who prepares checks payable from the CPF checking account. The Accountant/Controller makes the appropriate journal entries on the CPF general ledger.

The Fund also pays its administrative costs, which consist of its share of WSBA salaries, benefits and overhead (indirect) expenses, and expenses of the CPF Committee, which oversees the Fund and approves payments. These expenses are recorded at the end of each month.

The Accountant/Controller prepares a preliminary Statement of Activities for the Fund each quarter end to

determine the liability to the WSBA general fund for CPF expenses paid that quarter by the WSBA. Once that amount is determined, the AccountantController gives the reimbursement amount to the Controller, who transfers the reimbursement amount from the CPF checking account to the WSBA checking account.

Financial Reports

Each quarter, the Accountant ~~Controller~~ prepares a Statement of Financial Position and a final Statement of Activities, for the quarter and year to date, and a Statement of Changes in Net Assets for the year to date. These statements are sent to the CPF employee liaison who reviews them with the CPF Committee. Annually, these financial reports are included in the annual CPF report to the Board of Governors.

Chapter 10: Sections

Overview of Section Funds

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 employees' 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 years' 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 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 "TheDocket").
- Donate to Washington State Bar Foundation.
- Sponsor projects through the Washington State Bar Foundation.

Commented [JU168]: This range I believe has changed and can continue to fluctuate, so it might be best to remove any specific dollar amounts when referencing CLE standard seminar tuition prices.

Commented [KP169R168]: The CLE pricing is determined by the BOG and has been the same for several years but is more than the costs reflected here. I would agree that we should remove specific amounts because the pricing could change.

Commented [JU170]: Is this even a thing? It might be good to just generally say donate to WSB Foundation.

Commented [JU171]: Is this also still a thing?

Commented [KP172R171]: I would agree that the fiscal policy should avoid naming specific programs because they can change or terminate. In this case it would be best to say WA State Bar Foundation and leave out program names.

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

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, treasurer, and/or other executive committee members as requested by the section's executive committee, within a reasonable time after 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's staff 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.

Commented [KP173]: I changed it slightly. We will send the statements (it isn't a recommendation) but the timing is what isn't set in concrete always. Saying "within a reasonable time" seems reasonable.

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 members from the prior fiscal year.

Interest Earned on Section Fund Balances

Annually, each Section may receive interest income on its fund balance. The calculation and journal entry will be made at the close of WSBA's fiscal year, prior to the annual audit of WSBA's financial statements. Each Section's share of interest income will be determined by taking the average interest rate earned by 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.

Commented [JU174]: Given that interest isn't always guaranteed e.g. see this past fiscal year, I suggest using more permissible as opposed to mandatory language.

WSBA CLE and Programs Presented in Partnership with Sections (updated and approved by the Board of Governors on July 27, 2018)

Programs Co-sponsored with Sections

The goal of all WSBA CLE programs is to support the mission and strategic goals of the organization. WSBA Sections are an important partner in these efforts. WSBA retains fiscal reserves ("WSBA CLE Fund") to mitigate against changes in the CLE market, sustain and improve important technology required for the delivery of CLE programs, and protect against unexpected revenue shortfalls.

Net seminar and any associated net on-demand product revenue for all WSBA CLE programs developed in partnership with Sections (excluding mini-CLEs) will be split between the WSBA CLE Fund and the partnering Section's cost center. Beginning with seminars delivered in FY19, net revenues will be split 50-50 (%) between the WSBA CLE Fund and the partnering Section's cost center, up to a total net revenue of \$8,000. Net revenue exceeding \$8,000 will be split 65% to WSBA and 35% to the Section. WSBA will absorb any net losses sustained by individual programs.

In calculating net revenue, WSBA will subtract all direct and indirect costs for the development of the live program and on-demand product from the gross revenue of the live program and on-demand product sales. WSBA will keep the Section informed of the program financials in a timely and transparent manner. Following each fiscal year's close, the partnering Section will receive its portion of any net revenue earned in that fiscal year, based on audited financial statements.

Because the CLE market is dynamic, WSBA and the Sections will annually review overall results and may seek to adjust the revenue sharing terms set forth in this policy to ensure that CLE programming and WSBA CLE Fund reserves are sustainable.

Mini-CLEs

WSBA CLE also supports Section CLE programming through a "Mini-CLE" model. Mini-CLEs are seen as exclusively member-benefit programs. They do not exceed 2.0 credit hours in length and registration fees must be \$35 or less. For Mini-CLEs, WSBA staff provides limited assistance at no charge to the Section (e.g., program accreditation, reporting, and attendance tracking). Sections do much more of the preparation and production of seminars than regular CLE programming, and are responsible for working in collaboration with WSBA (e.g., following procedures outlined including timely notice, providing onsite registration personnel).

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 WSBA as defined by Supreme Court Rule and the Bylaws; and
- The expenditure does not violate the restricted acts of WSBA as defined by Supreme Court Rule, or WSBA or Section Bylaws.

If a Section wishes to spend funds otherwise (in excess of \$500.00 over budgeted amount), Section leadership should prepare a written request outlining the purpose and amount of the proposed expenditure and submit it to the Section's staff liaison who will submit it to the Director of Finance and Director of Advancement for review and approval.

Per-Member Charge

Each Section shall reimburse 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. (WSBA Bylaws as updated and approved by the Board of Governors) Article V (B) 2 of the WSBA Bylaws states: "The financial obligation of the Bar to any Bar entity is limited to the amount budgeted and ceases upon payment of that amount unless the BOG authorizes otherwise."

Article V (B) 3 of the WSBA Bylaws states: "Any liability incurred by any Bar entity, or by its members, in excess of the funds budgeted, will be the personal liability of the person or persons responsible for incurring or authorizing the liability."

Article V (B) 4 of the WSBA Bylaws states: "Any liability incurred by any Bar entity, or by its members, not in accordance with the policies of the BOG or in conflict with any part of these Bylaws, will be the personal liability of the person or persons responsible for incurring or authorizing the liability"

Expenses Over Budget – Director of Finance Approval

Once a Section has incurred 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 Directors of Finance and Advancement. Requests for additional expenses and a spending plan shall be submitted in writing to the Section’s staff liaison who will submit it to the Director of Finance and Director of Advancement for review and approval.

Expenses Over Budget – WSBA Executive Director 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 Executive Director 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’s staff liaison. The Section’s staff liaison will inform the Section of the approval (or denial) of their request after review by the WSBA Executive Director.

Commented [KP175]: Per recommended changes in above fiscal policies changed from WSBA Treasurer to WSBA Executive Director.

Commented [JU176]: Do we still have this form?

Expense Policies for WSBA Sections (updated and approved by the Board of Governors on July 23, 2016)

Sections shall comply with the expense policies of the WSBA (see Chapter 6, Expenses).

Commented [AF177]: Let me know if Kevin has any proposed changes

Chapter 10: Sections (Sent to Kevin for review)

Overview of Section Funds

~~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 employees’ 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 years' worth of direct programming expenses and specified purposes.~~

~~If a Section finds it hasit 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 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

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 WSBA's fiscal year, prior to the annual audit of WSBA's financial statements. Each Section's share of interest income will be determined by taking the average interest rate earned by 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.

WSBACLE and Programs Presented in Partnership with Sections (updated and approved by the Board of Governors on July 27, 2018)

Programs Co-sponsored with Sections

The goal of all WSBA CLE programs is to support the mission and strategic goals of the organization. WSBA Sections are an important partner in these efforts. WSBA retains fiscal reserves ("WSBA CLE Fund") to mitigate against changes in the CLE market, sustain and improve important technology required for the delivery of CLE programs, and protect against unexpected revenue shortfalls.

Net seminar and any associated net on-demand product revenue for all WSBA CLE programs developed in partnership with Sections (excluding mini-CLEs) will be split between the WSBA CLE Fund and the partnering Section's cost center. Beginning with seminars delivered in FY19, net revenues will be split 50-50 (%) between the WSBA CLE Fund and the partnering Section's cost center, up to a total net revenue of \$8,000. Net revenue exceeding \$8,000 will be split 65% to WSBA and 35% to the Section. WSBA will absorb any net losses sustained by individual programs.

In calculating net revenue, WSBA will subtract all direct and indirect costs for the development of the live program and on-demand product from the gross revenue of the live program and on-demand product sales. WSBA will keep the Section informed of the program financials in a timely and transparent manner. Following each fiscal year's close, the partnering Section will receive its portion of any net revenue earned in that fiscal year, based on audited financial statements.

Because the CLE market is dynamic, WSBA and the Sections will annually review overall results and may seek to adjust the revenue sharing terms set forth in this policy to ensure that CLE programming and WSBA CLE Fund reserves are sustainable.

Mini-CLEs

WSBA CLE also supports Section CLE programming through a "mini-CLE" model. Mini-CLEs are seen as exclusively member-benefit programs. They do not exceed 2.0 credit hours in length and registration fees must be \$35 or less. For mini-CLEs, WSBA staff provides limited assistance at no charge to the Section (e.g. program accreditation, reporting and attendance tracking). Sections do much more of the preparation and production of seminars than regular CLE programming, and are responsible for working in collaboration with WSBA (e.g. following procedures outlined including timely notice, providing onsite registration personnel, etc.).

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 WSBA as defined by Supreme Court Rule or the Bylaws; and

The expenditure does not violate the restricted acts of WSBA as defined by Supreme Court Rule, or 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 Financial Officer.

Per-Member Charge

Each Section shall reimburse 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, (WSBA Bylaws as updated and approved by the Board of Governors on September 30, 2016)

Article V (B) 2 of the WSBA Bylaws states: "The financial obligation of the Bar to any Bar entity is limited to the amount budgeted ceases upon payment of that amount unless the BOG authorizes otherwise."

Article V (B) 3 of the WSBA Bylaws states: "Any liability incurred by any Bar entity, or by its members, in excess of the funds budgeted, will be the personal liability of the person or persons responsible for incurring or authorizing the liability."

Article V (B) 4 of the WSBA Bylaws states: "Any liability incurred by any Bar entity, or by its members, not in accordance with the policies of the BOG or in conflict with any part of these Bylaws, will be the personal liability of the person or persons responsible for incurring or authorizing the liability"

Commented [AF178]: One big issue that has come up is the involvement of Section leaders early in the budget preparation process and training. I am interested in having a section devoted to this issue so as to provide notice and opportunity for learning.

Expenses Over Budget – Chief Financial Officer Approval

Once a Section has reached its budgeted expenses for the year and spent any additional unbudgeted revenue, 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 Financial 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 Financial Officer.

Expense Policies for WSBA Sections (updated and approved by the Board of Governors on July 23, 2016)

Sections shall comply with the expense policies of the WSBA (see Chapter 6, Expenses).



Washington State Bar Association Fiscal Policies and Procedures Manual

New Date TBD

Table of Contents

Introduction	4
Purpose	4
Fiscal Year	4
Basis of Accounting	4
WSBA's Internal Control System	5
Chapter 1: Key Fiscal Policies	6
Responsibility for WSBA Finances	6
Board of Governors Budget and Audit Committee Charter	8
Budget and Audit Facilities Advisory Committee Charter	9
Fiscal Responsibilities Matrix	10
Budget Policies and Process	15
Financial Reporting	16
Selection of Independent Auditors	18
Chapter 2: Assets	19
Authorization for Banking Relationships	19
Investment Policy	20
Checking/Savings Accounts	23
Investment Accounts	23
Petty Cash	23
Bank Account Reconciliation	25
Accounts Receivable	26
Prepaid Expenses	27
Deferred Costs	28
Inventory	28
Property, Equipment, and Depreciation	29
Computer Software Development	30
Chapter 3: Liabilities	32
Accounts Payable	32
Accrued Vacation & Comp Time	34
Chapter 4: Fund Balance	35
Chapter 5: Income	37
License Fees	37
Deposits/Incoming Receipts	37
Returned Checks/Declined Credit Cards	40
Overpayments and Underpayments	41
Procedures for Refund of Income	42
Deferred Revenue	42
Recovery of Discipline Costs under Rules for Enforcement of Lawyer Conduct	43
Chapter 6: Expenses	44
General Expense Reimbursement Policy	44

Travel Expenses.....	45
Lodging/Hotel Accommodations	46
Meal Expenses	46
Purchase of Alcohol for Bar Functions.....	47
Expense Policies: WSBA Officers and Board of Governors.....	50
Expense Policies: WSBA Executive Director	51
CLE Speakers/Program Participants Expenses	52
WSBA Credit Cards.....	53
Functional Accounting/Allocation of Indirect Expenses.....	53
Chapter 7: Other Accounting Policies	55
Policy on Committee and Board Use of WSBA Funds	55
Donations/Contributions/Sponsorships to outside entities	55
Making charitable contributions	55
Employee Gifts.....	55
Pre-approval of Form Content.....	55
WSBA Price List and User Fees	55
Taxes.....	56
Grants	56
Public Records Access and Fee Policies.....	57
Chapter 8: Summary of Internal Accounting Controls.....	58
Bank Accounts	58
Bank Reconciliations	58
Investments	58
Cash/Check Handling.....	58
Petty Cash.....	59
Credit Card Information	59
Accounts Receivable.....	59
Cash Disbursements	60
Check Signature Stamp Policy.....	60
Miscellaneous.....	60
Chapter 9: Lawyers' Fund for Client Protection	61
Chapter 10: Sections.....	63
Overview of Section Funds	63
Executive Committees' Fiscal Responsibility	64
Section Budgets	64
Monthly Financial Reports.....	64
Section Revenue.....	64
Interest Earned on Section Fund Balances.....	64
WSBACLE and Programs Presented in Partnership with Sections	64
Per-Member Charge.....	65
Expenses in Excess of Annual Budget.....	65
Expense Policies for WSBA Sections.....	66

Introduction

Purpose

The WSBA Fiscal Policies and Procedures Manual (Manual) contains all WSBA fiscal policies and procedures. [The fiscal policies encompass the rules by which financial transactions are classified and reported. The goal of these policies and procedures is to ensure accountability and regulatory compliance, sound financial management and data integrity practices.](#) The Manual is available to all WSBA employees, Board Of Governors and volunteers to promote organization-wide adherence to documented policies and procedures and [to abide with standard accounting practices.](#) The fiscal policies herein must be approved by the Board of Governors and all fiscal procedures set forth herein may be updated by the Executive Director and/or Director of Finance from time to time as procedures, information, or Generally Accepted Accounting Principles change.

Fiscal Year

The WSBA's fiscal year is October 1 through September 30.

Basis of Accounting

During the fiscal year, the WSBA uses a **combination of cash and accrual accounting**. The following items are recorded on a cash basis:

- Bar exam fees
- MCLE fees
- CPF assessment fees
- Miscellaneous revenue (Recovery of Discipline Costs, Diversions, Practice Fees, etc.)
- CLE seminar expenses
- Most other WSBA expenses

The following items are recorded on an accrual basis monthly:

- License fees
- CLE product sales revenue and cost of goods sold
- CLE seminar revenue
- Rent
- Insurance
- Personal Property Taxes
- Most payroll-related expenses
- Credit Card Expenses

WSBA Financial Statements are prepared on an **accrual basis** of accounting. Accrual accounting is an accounting method where revenue or expenses are recorded when a transaction occurs versus when payment is received or made. Therefore, items that may have already been paid and booked as an expense, but for which the corresponding revenue has not been collected or the benefit has not been received, will be moved to "Deferred Costs." Revenue that has not yet been earned will be moved into "Deferred Revenue."

WSBA's Internal Control System

An effective internal control system encourages adherence to prescribed policies; promotes operational efficiencies; protects the business assets from waste, fraud, and theft; and ensures accurate and reliable accounting data. The goal of this internal control system policy is to ensure that duties of individuals are separated so that no one person handles an entire transaction from beginning to end.

The broad principles of internal control are:

- Responsibilities should be clearly identified and established, with one person responsible for each task.
- Adequate records should be maintained. Good records are an important means of protecting assets, ensuring that employees follow prescribed procedures, and providing management with reliable information to monitor business operations.
- Assets should be safeguarded, protected and insured.
- To ensure data integrity, staff responsible for accounting records keeping duties shall be separate and distinct from those responsible for maintaining the asset, be it a physical asset or a virtual asset such as credit card information.
- Responsibility for related transactions should be divided. This provides checks and balances for the related tasks (i.e., the work of one employee acts as a check on another).
- Computerized and mechanical devices should be used whenever possible as they reduce the human error and intentional inaccuracy in routine tasks.
- Regular reviews of the system of internal controls should be conducted, to ensure organizational compliance with policies and procedures.

See Chapter 8 for more details on the WSBA's internal control policies.

Chapter 1: Key Fiscal Policies

Rationale: Key Fiscal Policies are enacted to ensure there is support and rules for operational actions where the fiscal integrity of the WSBA may be at risk. Key Fiscal Policies also intend to ensure a consistent treatment of matters as they relate to fiscal operations of the WSBA.

Responsibility for WSBA Finances

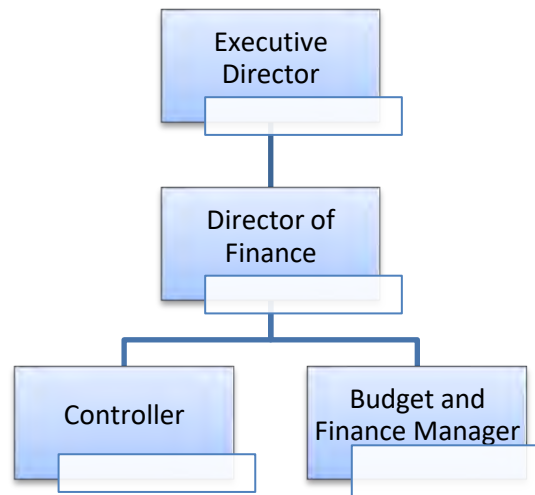
Fiscal Management

The Budget and Audit Committee of the Board of Governors oversees budgeting and financial matters of the Bar. The Director of Finance serves on the Budget and Audit Committee and is in charge of the Bar's financial operations.

WSBA management is responsible for producing complete, accurate financial statements. The Finance and Administration Department is delegated the responsibility to implement WSBA's fiscal policies by performing the accounting and finance functions for the WSBA.

Department directors are responsible for preparing their department/cost center budgets, monitoring their monthly financial statements, reviewing back up for accuracy, collecting revenue or receivables related to their cost centers, approving expenses, and enforcing the WSBA's expense policies. These tasks may be delegated to others, but department directors are ultimately responsible for the fiscal issues related to their departments.

The structure of the Finance and Administration Department is set forth below (these positions are referred to throughout the Manual):



Board of Governors

With ultimate responsibility for the fiscal health of the WSBA, the Board of Governors approves or sets all *significant* fiscal policies. The following policies are deemed to be significant and must be approved by the Board of Governors:

- Budget and Audit Committee Charter (Chapter 1)
- Approval of the Fiscal Responsibilities Matrix (Chapter 1)
- Budget Policies (Chapter 1)
- Selection of Independent Auditors (Chapter 1)
- Investment Policy (Chapter 2)
- Resolution Authorizing Banking Relationships (Chapter 2)
- Unrestricted and Restricted Fund Balance Policy (Chapter 4)
- General Expense Reimbursement Policy and Philosophy (Chapter 6)
- Purchase of Alcohol for Bar Functions (Chapter 6)
- Expense Policies for the WSBA Officers and Board of Governors (Chapter 6)
- Executive Director Expense Policies (Chapter 6)
- Any other policies that may be approved and established by the Board of Governors from time to time to ensure sound accounting principles and good governance

Board of Governors Budget and Audit Committee Charter

Rationale

The purpose of the Budget and Audit Committee is to take actions as empowered by the Board of Governors and review and make recommendations to the Board of Governors on financial matters of the WSBA as outlined in the Fiscal Responsibilities Matrix as noted in this policy.

Composition

The voting members of the Budget and Audit Committee shall consist of the following: at least one governor from each class, not to exceed seven governors, one of whom shall be the Treasurer; the President; and President-elect. The Executive Director and Director of Finance shall serve as *ex officio*, non-voting members of the Budget and Audit Committee. The Board of Governors elects the Treasurer of the WSBA, who also serves as chair of the Budget and Audit Committee.

Duties

Annual Budget and Long Range Financial Planning

1. Review and revise drafts of the WSBA's annual budget and recommend approval of a final budget to the Board of Governors.
2. Review long-range financial projections and the revenues, including member license fees, needed to meet long-range needs. Make recommendations to the Board of Governors for increases in license fees when necessary.
3. Recommend to the Board of Governors as needed timely forecasts for the year including annualized impacts of unforeseen matters to the current budget.
4. Review and deliver fiscal analysis of any unbudgeted programs or projects sanctioned by the Board of Governors throughout the Fiscal Year

Approvals

1. Approve expenditures within limits and parameters set forth in this policy as well as the Fiscal Responsibilities Matrix.

Financial Reports

1. On a monthly basis, review the interim management financial reports and report highlights, key information, major variances from budget, and any concerns of the Board of Governors. Recommend corrective action as needed.
2. Review the preliminary year-end management financial reports and report results compared to budget to the Board of Governors.
3. Review status and performance of investments per the WSBA Investment Policy.

Annual Audit

1. Recommend to the Board of Governors the engagement of the independent auditors to perform the annual audit of the WSBA's financial statements.
2. Meet annually with the independent auditors to receive their report on the audit of the financial statements and review their recommendations for improvements on internal controls.
3. Recommend to the Board of Governors the engagement of independent auditors/ to perform other reviews, when deemed appropriate.

Recommend Significant Financial Policies

1. Recommend to the Board of Governors the WSBA's Investment Policy.
2. Recommend to the Board of Governors the WSBA's Fiscal Policies.

Quorum

A quorum shall consist of a simple majority of the voting members.

Budget and Audit Facilities Advisory Subcommittee Charter

Purpose

The purpose of the Facilities Advisory Subcommittee is to advise the Budget and Audit Committee on issues related to the WSBA's facility needs (i.e., lease or ownership of real estate to meet WSBA operational needs). The Sub-committee shall seek to examine how efficiently WSBA facilities are being used, how much revenue is being generated through the use of buildings and equipment, track the condition of assets and suggest adequate funds to be earmarked for replacement or repair so as to avoid unexpected expenses for which funds may not be readily at hand from current revenue. The Facilities Advisory Committee is an advisory sub-committee only and has no decision-making authority.

Composition

The voting members of the Facilities Advisory Subcommittee and associated terms are as follows:

- Treasurer (chair/1-year term);
- Executive Director (permanent member);
- Director of Finance (employee liaison/permanent member);
- Two members of the Budget and Audit Committee (1-year term)

The Facilities and Advisory Subcommittee shall endeavor to seek guidance and counsel from experts in the area of Real Estate when considering key matters as defined by the Chair. These areas of expertise include but are not limited to:

- No fewer than three representatives from the real estate industry with experience in one or more of the following (2 year terms):
 - Real estate law (i.e., real estate attorney)
 - Commercial real estate brokerage,
 - Commercial real estate appraisal
 - Commercial construction management
 - Architecture and/ or space planning
 - Commercial real estate lending

Conflict of Interest

No voting member of the Facilities Advisory Committee will be eligible for any business contract or other business arrangement with the Washington State Bar Association relating to any matter that is within the scope of the sub-Committee's activities, so as to avoid any conflict of interest. No former voting member of the Facilities Advisory sub-Committee will be eligible for any business contract or other business arrangement with the Washington State Bar Association relating to any specific transaction or proposed transaction that was considered by the Committee while that person was a voting member.

All voting members of the Facility Advisory Subcommittee will be bound by the Board of Governors Conflict of Interest policy as amended.

Appointment Process

The Treasurer, Executive Director, and Chief Financial Officer shall serve as *ex officio* members. The members of the sub-committee shall be appointed from current members of the Budget and Audit Committee by the Treasurer.

Activities

WSBA Facilities Strategy

1. Define and periodically review the facilities needs of the WSBA.

LM-111

2. Identify key facilities decisions to be taken over a 10-year period and relevant market factors.
3. Review current and future estimated real estate market conditions and analyze how these conditions may affect the WSBA's decisions in connection with the ownership and/or lease of real estate.
4. Review proposed options and provide recommendations for dealing with end-of-lease and other transition issues, such as, for example, whether to renew the existing lease or look for new space and considerations relating to relocation of WSBA offices and other functions.
5. Twice a year the advisory committee will update the Budget and Audit committee with any matters related to facilities.

WSBA Facilities Reserve Fund

1. Periodically review the balance in the Facilities Reserve Fund and analyze whether such balance is prudent and adequate in relation to identified needs and decisions, current market conditions, future market projections, time remaining until the end of current lease, etc.
2. Make recommendations as to target Facilities Reserve Fund balances at future points in time, and suggest strategies and/or funding policies for meeting those targeted balances.

Quorum

A quorum shall consist of a majority of the voting members

Fiscal Responsibilities Matrix

The objective of the Fiscal Responsibilities Matrix is to set forth levels of authority that will be followed by the WSBA to promote transparency and appropriate internal controls. The Fiscal Responsibilities Matrix should also assist in providing an efficient management structure, and appropriate oversight of the Bar's financial activity.

Executive Director

According to WSBA bylaws, the Executive Director is responsible for managing the office and activities of the Bar under the direction of the Board of Governors, with power to employ and compensate employees within limits of the budget. In terms of managing the budget, the following guidelines shall apply (Note: approval authority may be exercised or delegated to the next higher authority at the discretion of the decision-maker):

Authority: The Executive Director is authorized to establish deposit and credit relationships, withdraw WSBA funds from banks, sign checks, and invest excess cash. Signatory authority may be delegated to any department director(s) except the Director of Finance.

The authority to make bank deposits, invest funds in accordance with the Investment Policy, and transfer funds between established accounts may be delegated to the Director of Finance and appropriate accounting and finance employees following sound internal control practices.

Executive Director Approves (Note: Executive Director may delegate approval authority to Directors or other employees as appropriate):

- reimbursement requests – may reject or modify requests to comply with expense policies,
- service and program fees, including,
 - advertising rates
 - fees for copies of the WSBA's public records
 - fees for sale of member contact information

LM-112

- sales price of the *Resources* directory
- sales price of CLE and WSBA publications
- sales price of other WSBA merchandise
- miscellaneous fees
- adjustments to employee salaries within the aggregate approved budget dollars,
- in-kind contributions of WSBA to the Washington State Bar Foundation,
- grants to WSBA, including negotiations of administrative fees,
- approving and reporting to the Board of Governors about certain unbudgeted expenses, including reallocations of budgeted expenditures where the intent is similar or varies slightly; unbudgeted expenditures that are fully offset by unbudgeted revenue or a reallocation of budgeted expenditures up to 5% of the approved operating budget to address operational, regulatory or programmatic needs; and necessary and prudent expenditures to implement WSBA's Disaster Recovery Plan or to maintain WSBA's operations. Per occurrence limit is \$215,000.00. Prior to taking action the Executive Director must notify the President and after taking action must report the reallocation of funds to the Board. Reallocations may not affect the annual budget's bottom line,
- supplemental budget requests from sections that exceed 25% of the section's annual expense budget or \$1,000, whichever is greater,
- binding the WSBA to future expenses, as in contracts and agreements, for budgeted or operational expenses,
- engagement of independent auditor selected for the up to six year period, annually; or may initiate the selection of the competitive bid process,
- fiscal policies, where indicated in the specific policy.

In the event of an emergency and when it is not feasible to get the approval of the Budget and Audit Committee or the Board of Governors, the Executive Director and/or Treasurer shall have the authority to approve expenditures that are necessary and prudent in order to keep the WSBA operational in the case of an emergency (e.g., if the WSBA's computer network crashed or an event which triggers the established disaster recovery plan). These expenditures may be beyond the capital or operating budgets, and may or may not impact the WSBA's reserves. The Board of Governors shall be immediately notified by the Treasurer or Executive Director when expenditures of this nature are authorized.

Treasurer

Chairs the Budget and Audit Committee, is authorized to establish deposit and credit relationships, withdraw WSBA funds from banks with a dual signature, and sign checks.

Reviews/Approves:

- Executive Director's credit card charges, reports of expenses, payroll reports, and fringe benefits (quarterly)
- Year-to-date vendor payment listing as part of the monthly financial statements review

MCLE Board

Recommends to the Board of Governors:

- all MCLE fees for failure to comply with the MCLE rules and to defray the reasonably necessary costs of administering APR 11 (APR 11(d)(2)(v)), including:
 - MCLE accredited sponsor annual fees (APR 11(j)(7))
 - MCLE sponsor activity application fees and late fees (APR 11(g)(1))
 - MCLE comity fees (APR 11(c)(6))
 - MCLE compliance late fees (APR 11(i)(4))

CLE Committee

Recommends to the Board of Governors:

- Expenditures from the CLE reserve fund
- Adjustments to the standard CLE seminar registration fees

Personnel Committee

LM-113

Recommends to the Budget and Audit Committee:

- Adjustment to employee compensation policy.

Recommends to the Board of Governors:

- Compensation of the Executive Director

Client Protection Board (APR 15 Reg. 6)

Approves:

- gifts up to \$25,000 per applicant

Recommends to Board of

Governors:

- gifts over \$25,000 per applicant

Budget & Audit Committee

Reviews the long range financial projections and the revenues, including member license fees, needed to meet long range needs.

Approves:

- Approving and reporting to the Board of Governors about certain unbudgeted expenses, including, reallocations of budgeted expenditures where the intent is similar or varies slightly; unbudgeted expenditures that are fully offset by unbudgeted revenue or a reallocation of budgeted expenditures over 5% and up to 10% of the approved operating budget to address operational, regulatory or programmatic needs; and necessary and prudent expenditures to implement WSBA's Disaster Recovery Plan or to maintain WSBA's operations. Per occurrence limit is \$430,000.00. Reallocations may not affect the annual budget's bottom line.
- Business Recovery Plan
- Fiscal policies, where indicated in the specific policy.

Recommends to the Board of Governors:

- Bar application and admission fees for all license types (APR3(i)(B), APR5(a)(1))
- Bar license fees for all license types (WSBA Bylaws Art. 3 Sec. I, APR 12(f)(3), APR 28I.(3)) Client Protection Fund assessment The annual budget and subsequent adjustments over 10% of approved operating budget.
- Adjustments to the compensation plan (based on recommendation from Personnel Committee)
- Fiscal policies, where indicated in the specific policy
- Investment policy
- Adjustments to the standard CLE seminar registration fees
- Unbudgeted expenditures from reserve funds
- Engagement of the independent auditors for other reviews, when deemed appropriate

Reviews:

- Monthly financial reports, including revenue and expenditure patterns; reports significant variances to Board of Governors
- Reports of the independent auditors

Oversees the process of selecting an independent accounting firm to perform the annual audit, at least once every six years, and makes a recommendation to the Board of Governors.

Board of Governors

Elects the Treasurer

Approves/Sets:

- The annual budget and the following adjustments:
 - Appropriation requests for expenditures from the unallocated contingency budget
 - Unbudgeted expenditures over 10% of operating budget
 - Any changes to the bottom line arising from a reallocation or reforecast
 - Expenditures from reserve funds, in accordance with reserve policies
 - Fiscal policies, where indicated in the specific policy
- Investment policy
- Banking authorities
- Keller deduction to license fees
- Gifts from the Client Protection Fund (CPF) over \$25,000 per applicant
- Long-term leases for WSBA office space or equipment
- Election of independent audit firm
- Compensation of the Executive Director
- Standard CLE seminar registration fees
- law clerk program application fees (APR 6(b)(4))

Approves and Sends to the Supreme Court for Information:

- law clerk program enrollment fees (APR 6(d)(1))
- all MCLE fees for failure to comply with the MCLE rules and to defray the reasonably necessary costs of administering APR 11 (APR 11(d)(2)(v)), including:
 - MCLE accredited sponsor annual fees (APR 11(j)(7))
 - MCLE sponsor activity application fees and late fees (APR 11(g)(1))
 - MCLE comity fees (APR 11(c)(6))
 - MCLE compliance late fees (APR 11(i)(4))

Approves and Sends to the Supreme Court for Review:

- Bar license fees for all license types (WSBA Bylaws Art. 3 Sec. I, APR 12(f)(3), APR 28I.(3))
- Bar application and admission fees for all license types (APR 3(i)(B), APR 5(a)(1))
- Licensed legal intern application fees (APR 9(d)(3))

Recommends to the Supreme Court:

- CPF assessment

Reviews/Accepts:

- Quarterly financial reports
- Reports of the independent auditors

Supreme Court

Information:

- law clerk program enrollment fees (APR 6(d)(1))
- all MCLE fees for failure to comply with the MCLE rules and to defray the reasonably necessary costs of administering APR 11 (APR 11(d)(2)(v))

Reviews for Reasonableness (GR 12.2(b)(22)):

- license fees for all license types

Reviews ("subject to review by the Supreme Court"):

LM-116

- Bar application and admission fees for all license types (APR 3(i)(B), APR 5(a)(1))
- Licensed legal intern application fees (APR 9(d)(3))

Approves:

- CPF assessment

WSBA FISCAL MATRIX	ED	TREASURER	B & A	BOG	S. Court
License fees for all license types	Recommends		Recommends	Sets	Reviews for reasonableness
CPF assessment	Recommends		Recommends	Recommends	Approves
Keller deduction to license fees	Recommends		Recommends	Approves	
Bar application & admission fees for all license types	Recommends		Recommends	Approves	Subject to Review
Legal intern fees	Recommends		Recommends	Approves	Subject to Review
Law clerk program enrollment fees	Recommends		Recommends	Approves	Information
Law clerk program application fees	Recommends		Recommends	Approves	
Annual Budget	Recommends		Recommends	Approves	
Expenditures from unallocated contingency in budget	Recommends		Recommends	Approves	
Expenditures from reserve funds	Recommends		Recommends	Approves	
Unbudgeted expenditures offset by unbudgeted revenue ,or reallocation of budgeted expenditures where the intent is similar or varies slightly, which do not affect the annual budget's bottom line	Up to 5% of approved operating budget – up to \$215,000 per occurrence – must notify President and report to the Board		Over the ED approval Level Up to 10% of annual operating budget – up to \$430,000 per occurrence - must report to the Board	Unlimited	
Changes to annual budget's bottom line	Recommends		Recommends	Approves	
Supp. Sections budget requests(over 25% of the Sections exp. Budget or \$1,000 whichever is greater)	Approves				
Check Requests/Expense Reports	Approves within parameters of fiscal policies	Approves Expense Reports Exceptions to policy		Approves overall expense policies	
Staff compensation policy/salary adjustments	Approves salaries within adopted comp. policy			Approves overall WSBA comp. policy. Approves annual budget.	
Executive Director compensation		Reviews/approves ED expenses/FBs	Personal Committee recommends	Approves	
MCLE fees under APR 11			(MCLE Board recommends)	Approves	Information
Adjustments to standard CLE seminar fees	Recommends		(CLE Committee recommends)	Approves	
Service & program fees: ad rates, copies, member contact info., publications, merchandise, and misc.					
Gifts from CPF			Client Protection Board approves up to \$25,000/applicant)	Approves +\$25,000/applicant	
Grants to WSBA	Approves				
In kind contributions by WSBA	Approves				LM-118
Long term leases for WSBA office space and other real estate	Recommends		Recommends	Approves	
Future obligations for budgeted or operational expenses	Approves				
Business Recovery Plan	Recommends		Approves		
Fiscal Policies	As per special policy		As per special policy	As per special policy	

Investment Policy	Recommends		Recommends	Approves	
Banking authorities	Recommends		Recommends	Approves	
Engagement of independent auditors (up to 6-year period)	Engages as selected by BOG		Recommends	Approves	
Emergency expenditures (Disaster Recovery Plan/maintain WSBA Ops)	Approves	Approves			

Overall Philosophy

WSBA financial statements are important documents both to individuals inside and outside the organization. The budget is a tool that lays out a financial plan for the coming fiscal year and it is also a guide to action for all WSBA employees. The Budget will help guide decision making and provides a way for direct oversight to WSBA Fiscal activities. The Budget is a statement of the values of the organization as well as a financial document as it is a tangible expression of WSBA's real priorities. WSBA's managers are guided by the organization's strategic plan, but various departments, programs or purposes are in competition for the organization's limited resources and the outcome of that competition is determined by where the funds are actually allocated. Budgets invariably create incentives and disincentives that will affect the behavior of managers, staff and volunteers.

Additionally, it gives WSBA staff direction on how and where to invest its resources. In order to be a useful tool, the budget cannot be a rigid document that can never be amended, it can and should be amended if necessary through the reforecast process with adequate oversight and directions. The budget can be amended by the Board of Governors, Budget and Audit Committee or Executive Director via decisions made under this Fiscal Policy as well as the Fiscal Responsibilities Matrix.

WSBA should budget revenues and expenses as accurately as possible. Revenues should be realistic, but not overly conservative. Expenses should be estimated not on remote possibilities, but rather on historical spending patterns and actual planned expenses. There should be some flexibility in the budget to allow for contingencies and necessary adjustments. Variances to the budget (over or under) are to be expected and will be reported to the Budget and Audit Committee through the review of the monthly financial reports throughout the fiscal year.

WSBA fiscal policies recognize the difference between controllable and uncontrollable expenses and will seek to hold managers and staff accountable accordingly. Individual departments or programs may be credited with or charged with revenues and expenditures attributable to them, but a manager can only be held responsible for line items under his/her/they/them control. Managers should be able to make recommendations for significant variations from the budget where and when it faces uncontrollable vagaries and make mid-year corrections as needed.

The WSBA should prepare an annual budget and establish its budget by function ("cost center") insofar as practical to permit subsequent cost-benefit analysis. The budget should be transparent so it is easy for the Board of Governors and members to see how the WSBA is spending its money.

Generally, as much as possible, WSBA budget shall be separated into three broad sections: (1) an operating budget: tracks all revenues and expenditures, (2) a capital budget: concerns the purchase, leaseholds or disposal of long-term physical assets, such as buildings and equipment; (3) Cash Flow: tracks the flow of cash during the year whether related to operating or capital activities.

WSBA budgets shall be structured to accommodate Cost Centers (committees, boards and other entities) and Profit Centers (CLE divisions). The budget for each cost center should include its revenues, its direct expenses, and its share of the WSBA's overhead (indirect) expenses. By knowing the total cost of each program or function, the Board can make policy decisions about which programs should be supported by member license fees, which programs should be self-supporting, and which programs should generate revenue for other WSBA functions or programs.

The revenue and costs associated with specific program areas; committees, boards and other entities; and other activities should be grouped into cost centers in order to further the Board's ability to make such policy decisions.

More specifically, that shall include, but is not limited to, all revenues and expenses (direct and indirect) being presented in separate cost centers for: (1) the Board of Governors; (2) the Executive Director; (3) the LLLT program; (4) the LPO program, and (5) all Supreme Court boards and committees

The only allocation of full time employee units to the Board of Governor cost center shall be the direct time of any administrative staff among whose primary purposes is to assist the Board. The full cost of the position of Executive Director shall be reflected in its own cost center without allocation to any other cost center and shall include the direct time of any administrative staff among whose primary purposes is to assist the Executive Director. Both the Board of Governors cost center and Executive Director cost center shall be allocated their pro rata share of enterprise expenses in accord with standing practices.

WSBA's operational needs, taking into account the strategic plan and goals, shall guide the budget process. The budget process shall provide an opportunity for the board of governors to provide direct oversight over WSBA spending and priorities.

Procedure for Long-range Forecasting and Planning

The Director of Finance should prepare long-range forecasts, prior to the annual budgeting process to get an indication of the parameters around the upcoming annual budget; and whenever requested by the Board of Governors, usually for planning for license fee increases and as part of the long-range planning process.

WSBA should annually update its long-range financial plan to anticipate the needs of the Bar and so that, if increased funds become necessary, the Bar can plan logically and in advance on what additional funding will be required to meet such needs

Procedure for Annual Budgeting Time Line/Process

The budgeting process begins in April for the coming fiscal year (October 1 – September 30). An official calendar will be prepared by the Director of Finance and presented for approval to the Budget and Audit Committee prior to the start of the budget process.

The Director of Finance requests budgets from each Department Director, Section Chair, and liaison to the WSBA's various committees and boards. These individual budgets are compiled by the Budget and Finance Manager and reviewed by the Director of Finance and the Executive Director.

The Director of Finance and Budget and Finance Manager meet with department directors, employees, section leaders, etc. to conduct a thorough review of all budgets and comparison of budget figures to historical and year-to-date fiscal information.

The Budget and Audit Committee reviews drafts of the entire WSBA budget (general fund, CLE, CPF, and sections) in June, July, and August, and provides guidance where necessary.

The Board of Governors reviews a preliminary budget in July and approves the final entire WSBA budget at its last meeting of the fiscal year (September).

If deemed appropriate from an operational perspective, a budget reforecast process may be executed in late Quarter 2.

Capital Budget

The capital budget forecasts capital purchases anticipated in the coming fiscal year that are over \$2,500 and have a useful life over 1 year (the depreciation for which is included in the expense budgets prepared

by the WSBA Controller). In addition, Capitalized IT hours are a part of this budget. Capitalized Hours require to be tethered to an ongoing approved capital project or must be included and identified in any newly submitted project. The Board of Governors reviews a preliminary capital budget in June and approves the final capital budget with the entire WSBA budget at its last meeting of the fiscal year (September).

Capital Budget Procedure

A capital budget is prepared each year as part of the annual budget process. The Capital Budget is prepared by the Budget and Finance Manager in collaboration with Department Managers.

Cash Flow Budget

Quarterly a cash flow forecast will be prepared by the WSBA Controller to anticipate the timing and amount of cash and liquidity needs of the WSBA for the current quarter and the excess funds available for longer - term investments.

Procedure for Additional Budget Requests

Department directors, committee/board employee liaisons, or section leaders who anticipate a need for funds in excess of their approved budget should make a request to the Director of Finance, indicating the additional amount requested and the purpose of the additional funds. (Note: Sections are required to obtain approval from the Executive Director for any unbudgeted expense which totals either 25% or more of the section’s annual expense budget or \$1,000 (whichever option is greater) – see Chapter 10 for details.) This request will be handled according to the Fiscal Responsibilities Matrix.

Procedure for Ongoing Program Review

WSBA should anticipate both new initiatives and planning for potential termination or decreased funding for some older programs, depending on relevance for and needs of WSBA. WSBA should maintain a scheduled program review process for all non-regulatory WSBA programs.

Procedures for Financial Reporting

Monthly (Interim) Financial Reporting

WSBA should have accurate interim financial reports so that over-expenditures are less likely when the fiscal year ends and so that corrections may be made in mid-year. Interim financial reports should be consistent with final year-end financial statements and prepared with similar governing principles. Below are the financial reports generated by Finance and Administration employees. The format and level of detail provided in the financial statements are subject to modification as needed.

Monthly Financial Summary

Each month, the Controller produces a summary of the year-to-date budgeted (original and amended) and actual revenue and expenses for the general fund (by cost center), CLE, CPF, and sections (total of all sections) and fund balance information. This report is usually available after the tenth working day of the following month, except at year-end when the closing process is 2-3 months. The Controller provides the report to the Executive Director and department directors; it is also provided to the Budget and Audit Committee and Board of Governors with the Monthly Summary Reports by Cost Center/Section.

Monthly Cost Center/Section Summary Reports

LM-122

The Controller prepares year-to-date detailed financial reports for each cost center/section. These reports show the cost center/section's annual budget or Reforecast, actual monthly revenue and expenses, year-to-date actual revenue and expenses, and year-to-date remaining budget. Monthly Cost Center/Section Summary Reports are usually distributed after the tenth working day of the following month to each person responsible for a cost center/section (e.g. department director, Section Chair, and other designated employees). They are also provided to the Budget and Audit Committee and Board of Governors on a regular basis (the months that correspond to their meeting schedules).

Monthly Detailed Reports by Cost Center/Section

In addition to the monthly financial summaries, each person responsible for a cost center/section (e.g., department director, Section Chair, and other designated employees) is provided with reports showing the detail of posted transactions. These detailed reports should be reviewed for **accuracy** (report any adjustments, reclassifications, corrections or questions to Accounting) and **comparison to budget** (report the reason for significant variations from budget or trends of interest to the Chief Financial Officer). Any questions about the amount of an income or expense item, the category in which it is recorded, or any other concerns, may be addressed to the Controller, Budget and Finance Manager, or Chief Financial Officer.

Key Financial Benchmarks

The Budget and Finance Manager prepares a percentage comparison of key figures (revenue, indirect, and direct expenses for the general and CLE fund) of the current fiscal year's actual year-to-date activity with the percentage of the year completed and the prior year percentage. It also includes additional comments regarding where employees expect to be in terms of budget by year end and any additional information that helps explain large variances. This report is provided to the Executive Director and department directors on a monthly basis with the internal financial statements.

Year-to-date Vendor Payment Listing (added September 2016)

The Controller prepares a year-to date vendor payment listing that shows total payments made by vendor over \$10,000. The report will be provided to the Executive Director after the tenth working day of the month, consistent with the completion of the monthly financial statements. Additionally, on a quarterly basis, the Budget and Finance Manager or Director of Finance will provide this report to the Treasurer for review.

Tracking and Accounting for Budget Amendments

1. Budget Amendments (where bottom line is changed– BOG approval required):
 - Tracked on a separate list.
 - Appropriate expense line amended according to BOG decision
The bottom line of the budget will be amended to reflect amendments made to the budget by the BOG during the year, so that financial statements compare actual to amended budget figures rather than original budget figures.
2. Reallocations of budgeted expenses to other line items:
 - Track any reallocations approved by the Executive Director, Budget and Audit or BOG on a separate sheet.

Quarterly Financial Reporting

On a quarterly basis, the Budget and Finance Manager and Chief Financial Officer will, if circumstances require, prepare a summary of budget amendments, reallocations, important financial issues, and explanations of significant budget to actual differences for the Executive Director, Budget and Audit Committee and the Board of Governors.

Annual Financial Reporting

The WSBA's annual audited financial statements are prepared by independent auditors. The WSBA Controller

LM-123

prepares the final year-to-date internal financial statements with detail for each cost center (see explanations above).

Selection of Independent Auditors

An annual audit of the Washington State Bar Association's financial records shall be performed by an independent accounting firm for the purpose of expressing an opinion on the Association's financial statements for the fiscal year.

At least once every six years the Association shall undertake a formal process of seeking competitive bids from several qualified accounting firms for performing the annual audit. The Budget and Audit Committee will oversee this process, interview final candidate firms, and make a recommendation to the Board of Governors. The Board of Governors shall make the final selection.

During the six-year period, the Executive Director is authorized to engage the firm so selected for each year's annual audit, or to initiate a competitive bid process prior to the end of the six-year period.

Chapter 2: Assets

Authorization of Banking Relationships

The Board of Governors will authorize banking relationships as needed (e.g., when there is a new Executive Director). Signatures cards with the bank are updated when there are changes in staffing or Treasurers. Below is the standard generic template generally used by WSBA. This resolution is used in conjunction with a letter from the Executive Director naming individuals holding the positions noted in there solution:

RESOLUTION AUTHORIZING BANKING RELATIONSHIPS

WHEREAS, it is necessary and prudent for the Washington State Bar Association to establish and maintain a number of banking relationships for the purposes of depositing, managing and investing WSBA funds; and

WHEREAS, it is necessary and prudent for the Washington State Bar Association to establish and maintain certain credit relationships for the purposes of purchasing goods and services;

NOW, THEREFORE, BE IT RESOLVED:

That the Treasurer or Executive Director, [Name of ED], of the Washington State Bar Association, or any one thereof, are hereby authorized to establish both deposit relationships and credit relationships necessary to conduct WSBA business; and

That the Treasurer, Executive Director, [Name of ED], and _____ are authorized as signers on any deposit relationship in order to withdraw funds of the WSBA; and

That the Executive Director; [Name of ED], and Chief Financial Officer, and their designees are authorized to invest excess balances, in accordance with the Investment Policy; and

That the Executive Director, Chief Financial Officer, Controller, and their designees, are authorized to make deposits and transfers in established accounts.

Approved by resolution of the Board of Governors on the ____ day of _____, ____.

xxxxx, President

ATTEST:

xxxxx, Executive Director, and
Secretary to the Board of Governors

Investment Policy

PHILOSOPHY

The WSBA's funds have historically been invested exclusively in cash, cash equivalents and debt instruments. Although this provides a high degree of safety, the returns received are low and have not always kept up with inflation. The Board of Governors believes it is prudent and in the best interest of the WSBA and its membership to hold a diversified portfolio of investments that allows funds to be invested in a manner that is consistent with cash needs of the organization while meeting its investment objectives. The WSBA's funds are invested in cash, cash equivalents, debt instruments, and equities.

The investment policy was modified in March 2007 to allow for the investment of a portion of the funds held by the WSBA in the broader market (beyond items such as Certificate of Deposits and Bonds, into the equities market) while at the same time maintaining a pool of short-term investments to meet anticipated needs over the next 12 month period. Investing in the broader market involves a greater degree of investment risk, therefore only that portion of the funds that is not needed to meet the short-term needs may be invested in such markets.

WSBA's approach is to invest in a portfolio that includes stocks, cash, bonds, real estate, and other classes of assets. Funds selected should focus on providing for the long-term growth of the principal investments. The investment strategy is to maximize total return while preserving principal. Returns on investment include total interest, dividends and appreciation in the value of the funds. Annually, WSBA may decide to withdraw from the fund/investment and transfer to operating funds for expenditures that year. Any additional investment returns are reinvested in the principal, enabling it to grow.

OBJECTIVES

The primary investment objectives of the Washington State Bar Association are:

- Preservation and safeguarding of the principal amount invested;
- Maintenance of liquidity to meet operating cash flow needs; and
- Maximization of return consistent with the above two objectives.

At least quarterly, balances shall be monitored and compared to cash flow needs so that funds may be invested promptly upon receipt in order to meet the primary investment objectives. It is expected that investments in debt instruments or time deposits will be held to maturity, and therefore funds that are allocated to those investments should be invested so that they mature when cash is expected to be needed for operations.

AUTHORITIES

Annually, the Board of Governors will review and make any necessary changes to their resolution authorizing banking and investment relationships that designates who is authorized to:

- Establish deposit relationships;
- Make deposits and transfers in established accounts;
- Invest excess balances and reinvest funds at maturity or when otherwise available from one investment vehicle to another; and
- Deposit proceeds of maturing or sold investments into appropriate interest bearing accounts.

Investments are made under the prudent investor standard applicable to fiduciaries under the provisions of RCW 11.100.020, with judgment and care under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment,

considering the probable safety of their capital as well as the probable income to be derived.

In making investments, the following factors shall be considered:

- The probable income as well as the probable safety of the investment;
- Marketability of investments;
- General economic conditions;
- Length of the term of the investments; and
- The WSBA's projected liquidity needs for both the short-term (next twelve months) and the long-term (over one year).

PORTFOLIO CONSTRUCTION

The assets of WSBA may be held or invested in cash or cash equivalents, governmental and corporate fixed income securities, and equities. WSBA's total portfolio shall be comprised of the following:

1. A portion of the assets not to exceed the Board-designated general fund Facilities Reserve ("long-term portfolio") shall be invested in accordance with the prudent investor standard.
2. The balance of the assets ("short-term portfolio") shall be kept in cash, cash equivalents, auction rate securities, or fixed income securities having maturity dates that are consistent with the time frames for the anticipated liquidity needs of WSBA.

INVESTMENT GUIDELINES

Equities

- U.S. Common Stocks
- U.S. Convertible Notes and Bonds
- U.S. Convertible Preferred Stocks
- American Depository Receipts (ADR) and American Depository Shares (ADS) of Non-U.S. Companies
- No-Load Mutual Funds that invest in securities allowed in this investment policy and which have annual operating expenses of less than one percent (1%)
- Auction Rate Securities with a minimum rating of A or better

Cash Equivalents

- Treasury Bills
- Money Market Funds with a Moody's rating of A or better
- Commercial Paper issued by corporations rated A1 by Standard and Poor's or P1 by Moody's
- Banker's Acceptances issued by domestic banks rated A1 by Standard and Poor's or P1 by Moody's
- Certificates of Deposit issued by any U.S. bank that meets all the regulatory reserve requirements and minimum capital requirements, and which are insured by the FDIC or the National Credit Union Administration, up to the federally insured amount.

Fixed Income Securities

LM-127

- U.S. Government and Agency Securities
- Corporate Notes and Bonds, rated AA by Standard and Poor's or Aa by Moody's.
- Mortgage-Backed Notes and Bonds

Combined Funds

- Investments in conservative or moderate growth and value funds which invest in established companies both domestically and internationally and select Government and Corporate Bonds

General Guidelines

- Quantitative guidelines for investments will be made at the time of selecting the investment in accordance with this policy and with consideration given to the three Objectives stated above. Decisions regarding investments should only be made after consultation with professional investment advisors who have reviewed the WSBA Investment Policy. Appropriate amounts based on the percentage of the available funds will be made at the time of investment and will be supported by a cash flow analysis prepared by the Director of Finance and must be approved by the Budget and Audit Committee.

MANAGEMENT AND MONITORING OF PERFORMANCE

Investment(s)

The WSBA may engage one or more fee-for-service investment managers and delegate individual investment decisions to such investment managers within the guidelines of this statement and the specific direction of the Budget and Audit Committee. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940. The selection and allocation of funds to individual investment managers will be made by the Budget and Audit Committee. The Chief Financial Officer or Budget and Finance Manager shall work with the investment managers in implementing the investment strategy.

The Budget and Audit Committee and Board of Governors must approve any significant changes in the investment strategy. In the event the WSBA's investment managers recommend an immediate change in strategy that creates the need for a time-sensitive decision to be made, the Director of Finance has the authority to approve the investment manager's suggested strategic change. Prior to granting such authorization, the Director of Finance shall consult with the Executive Director (or acting E.D.) and/or Treasurer, and if neither of them are available then the President, President-elect, or Immediate Past-President in that order. The Budget and Audit Committee shall be notified of such changes as soon as practicable.

Reporting

A report will be prepared at the end of each month listing the investments held, and which shall state the maturities and rates of return of any fixed income securities. This report will be included in the monthly financial statements and provided to the Budget and Audit Committee and the Chief Financial Officer for review, and provided at each quarter-end to the Board of Governors. Additionally, the Budget and Finance Manager will prepare an investment update at the end of each month that will report on the long-term portion of the portfolio. This will be provided to the Budget and Audit Committee and the Board of Governors at each meeting.

Performance Reviews

The Chief Financial Officer, the Budget and Finance Manager, the Treasurer, and one or two current Budget and Audit Committee members (collectively, the "Investment Subcommittee") shall monitor the performance of the investment portfolio. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment philosophy, objectives, and guidelines set forth in

this policy. The Investment Subcommittee will meet with the investment advisors as necessary, provide reports to the Budget and Audit Committee at least quarterly, make decisions with the investment advisors on changes in investment, and recommend changes in the overall investment strategy.

GENERAL

Safekeeping

Investment assets may be held in street name or in safekeeping at the commercial or investment bank handling the transaction, on behalf of the WSBA.

Application

This policy applies to all investment funds, including those of the Lawyers Fund for Client Protection, WSBA sections, and any other state Bar entity.

Updating of Policy

This policy will be reviewed annually by the Budget and Audit Committee and the Director of Finance.

Account Structure

WSBA maintains its funds in two types of accounts Operational Accounts (Checking and Savings Accounts) and Investment accounts (various). These accounts from time to time will change as required to conduct business or to improve current investment positions. Any account changes must be consistent with this Investment Policy and approved by the Budget and Audit Committee.

Checking/Savings Accounts

The Bar currently maintains five checking accounts:

- Wells Fargo general checking account;
- Wells Fargo Zero-balance payroll account, linked to the general account;
- Wells Fargo Client Protection Fund checking account;

Investment Accounts

The WSBA currently maintains the following investment accounts:

- Morgan Stanley money market account
- Merrill Lynch money market account
- UBS money market account
- Wells Fargo money market account
- Morgan Stanley investment in managed funds
- UBS investment in municipal bond fund
- Morgan Stanley investment in municipal bond mutual funds
- Wells Fargo, Morgan Stanley, UBS, and Merrill Lynch - various individual investments (commercial paper, CDs, auction rate securities, etc.)
- Morgan Stanley money market account (CPF)
- Wells Fargo money market account (CPF)

PETTY CASH

The WSBA maintains several petty cash boxes for varying purposes (reimbursing employees for small dollar- amount expenses, providing change to employees collecting cash receipts, etc.). Access should be limited to only those persons authorized to handle petty cash. The WSBA's authorized petty cash boxes are as follows: LM-130

1. Accounting Division Petty Cash

The Accounting Division maintains the WSBA's primary petty cash for the purpose of paying for expenses **\$30 and under**. Ideally, the amount of petty cash on-hand is no less than \$50 and no more than \$800.

An employee requesting reimbursement from Accounting's petty cash:

- Completes a Petty Cash Form;
- Obtains his/her department director's or their designee's signature on the form as approval; and
- Takes the form to the A/P Bookkeeper (or another Bookkeeper or the Senior Accounting and Financial Systems Manager if the A/P Bookkeeper is not available) during the designated hours for Petty Cash service; and
- Initials the form upon receipt of the cash.

The A/P Bookkeeper initials the form, pays the cash, and puts the initialed Petty Cash Form in the petty cash box. The Accounting Division's petty cash is kept in a box in a locked cabinet in a fireproof box. The keys to the cabinet are accessible only by the Bookkeepers and the Controller.

The Controller, while being observed by the Accounting Division employees, audits the petty cash on a regular basis. Any discrepancies must be reported to the Controller or the Chief Financial Officer. Petty cash is replenished monthly or as needed by the A/P Bookkeeper by preparing a Check Request, which is approved by the Controller or Chief Financial Officer.

2. Front Desk Change Box

The front desk receptionist maintains a "change box with \$100 cash. The cash is used to make change, primarily for WSBA visitors who purchase products or register for events. When larger bills, \$10's or \$20's, accumulate, the receptionist is responsible to get smaller bills from the Accounting Division. The front desk receptionist locks the cash box in a secure location at the end of every day. The Accounting Division or Finance employees audit the cash box periodically. Expense reimbursements are **not** to be made out of the front desk change box, except for Conference Room Assistant expenses authorized by the Chief Financial Officer.

3. Office of Disciplinary Counsel Petty Cash

The Office of Disciplinary Counsel (ODC) has a petty cash box for the purpose of reimbursing ODC employees for expenses **\$50 and under** (e.g., litigation expenses, supplies, court documents, employee travel, misc., etc.). Ideally, the amount of ODC petty cash on hand is no less than \$100 and no more than \$500. An employee requesting reimbursement from ODC's petty cash:

- Completes a Petty Cash Form;
- Obtains the ODC director's or their designee's signature on the form as approval;
- Takes the form to the ODC Department Administrator; and
- Initials the form upon receipt of the cash.

The ODC Department Administrator initials the form, pays the cash, and puts the initialed Petty Cash Form in the petty cash box. ODC's Department Administrator controls the box, keeping it in a locked drawer for safekeeping.

Accounting Division employees periodically audit the ODC petty cash box. Any discrepancies must be reported to the Controller or the Chief Financial Officer. Petty cash is replenished as needed by preparing a Check Request, which is approved by the appropriate person in ODC.

4. Temporary Change Boxes

A few times each year, other departments draw from the Accounting Division's petty cash; generally, in amounts less than \$200. It is used for making change for the sale of small items. For example, CLE may need a temporary change box during a bookstore sale, or Admissions may need to sell small items at the bar exam. The change box and all receipts collected are returned to Accounting at the end of the day/session, with copies of each sales transaction to account for receipts collected.

Procedures for Bank Account Reconciliation

Responsibility for Reconciliation and Timing

WSBA's checking accounts are reconciled by an employee who does **not** have the ability to prepare or sign checks (this includes the Controller, bookkeepers, Director of Finance, and check signers). Generally, the Budget and Finance Manager is a good candidate. Currently, the Budget and Finance Manager is the primary person responsible for reconciling the bank statements.

The hard copy monthly Wells Fargo bank statements are delivered to the person reconciling the bank statements **unopened**. This ensures that there is no tampering with the statements or accounts. Electronic copies of statements are provided for all other bank accounts.

Each statement should be reconciled by the 20th working day of the month that the statement is received, with the exception of the year-end closing which prevents the reconciliations for October and November from being performed until late December or early January.

Reconciliation Report

The reconciliation process involves matching all deposits and payments recorded in WSBA's books to the bank statements. If errors or discrepancies between the bank and WSBA's accounting systems are noted, they should be documented on the reconciliation report. Copies of the completed reconciliation reports are given to the Controller, who is responsible for researching and correcting any errors or adjustments, and the Chief Financial Officer. Any questionable activity, such as a check that has been altered or forged, is documented and the information is presented to the Chief Financial Officer **the same day** that the activity is located.

Procedure for Outstanding Checks/Unclaimed Property

WSBA will establish and follow unclaimed property procedures in accordance with Washington State laws. During the monthly bank reconciliation process, all outstanding checks will be identified. The A/P Bookkeeper will identify all checks that are over three months old and verify with the bank that the check has not been cashed, voided, or had a stop payment put on it between the last day of the previous month and the date of the bank reconciliation. The A/P Bookkeeper will follow up on all remaining checks outstanding over \$75 by sending an initial due diligence letter to the payee. If no response is received within three months of the date of the initial letter, a final due diligence letter will be sent to the payee. If no response is received within three months, WSBA will hold the check in accordance with the Washington State Department of Revenue Unclaimed Property rules, which generally require a three year abandonment period (see state Department of Revenue rules for reporting periods). After the abandonment period has been completed, the check amount will be included in the annual unclaimed property report (due October 31 of each year) which will be sent to the Washington State Department of Revenue. The original check will be voided in the general ledger and a stop payment will be placed on the check at the bank by the A/P Bookkeeper. A final check will be issued to the Washington State Department of Revenue along with the annual report before the October 31 deadline.

Procedure for Accounts Receivable

Generally, the Bar requires that customers pre-pay for WSBA products and services. The exceptions where WSBA will invoice include:

- *Bar News* advertising
- Government Agencies (including law libraries, courts, schools, etc.) that require an invoice before payment can be made
- CLE seminar registration when someone appears at a seminar believing the fee was previously sent in and, after research, we determine it was not
- ABA reimbursements for employee travel expenses
- Practice management Assistance (PMA) fees for consultations or diversions
- Audit fees related to diversions
- LAP client fees
- Situations where a customer has not paid the full amount owing for a product or service
- Miscellaneous items as needed

Procedure for Invoicing

The requesting department prepares an Invoice Request Form and forwards it to Accounting. Accounting prepares the invoices and either mails them or returns them to the appropriate employee, as requested. *Accounting is responsible for creating invoices for all WSBA departments, unless an exception is approved by the Chief Financial Officer (e.g., Office of General Counsel, Membership Records label orders). No invoices should be prepared and mailed by non-Accounting WSBA employees unless specifically authorized to do so.* Generally, payments received for Accounts Receivable balances will be applied to the oldest invoice first.

Procedure for Collection Efforts

Accounting prepares a monthly aged Accounts Receivable (A/R) listing and forwards a copy to each applicable department. Each department is responsible for contacting customers with a past due balance. Accounting will send out invoice copies or statements as needed. Reasonable collection efforts consist of phone calls, letters, statements or copies of invoices, and possibly the use of a collection agency with approval from the Chief Financial Officer. In certain circumstances, accounting employees will take responsibility for collecting receivables upon agreement between the Chief Financial Officer and the appropriate director. An example of this is the CLE Bookkeeper who collects receivables related to CLE seminars and the A/R Bookkeeper who collects advertising receivables for *Bar News* (see below).

Procedure for Bad Debt/Write-Offs

Temporary Write-Off (6 months)

When an invoice reaches 6 months past due, it will be written off as bad debt unless there is a reason not to write it off. Any other invoices that directors wish to keep on the books must be communicated to Accounting upon review of the monthly A/R listing; otherwise they will be written off once they reach 6 months past due. The Accounting employee debits the associated cost center's Bad Debt Expense account and credits the Allowance for Bad Debt account (which goes against Accounts Receivable). The Accounts Receivable still stays on the WSBA's books as an asset; however, the initial revenue has essentially been eliminated through the recording of a bad debt expense.

Permanent Write-Off (less than 1 year)

Any invoice determined to be uncollectible before one year will be written off. The department responsible for the invoice will provide Accounting with a memo including the following information: account name, invoice number, dollar amount, documentation of collection efforts and the reason it is now uncollectible. This memo is signed by the person requesting the write off, approved by the appropriate department director and forwarded to Accounting. Accounting then will permanently write off the receivable by crediting Accounts Receivable and debiting Allowance for Bad Debts. This entry has no impact on a cost center's expenses, but takes the asset off of WSBA's books.

Permanent Write-Off (1 year)

For any Accounts Receivable amount that is not collected within one year, Accounting will write off the item. This is done by crediting Accounts Receivable and debiting Allowance for Bad Debts. This entry has no impact on a cost center's expenses, but takes the asset off of WSBA's books. At the point this is done, Accounting will notify the appropriate director and employee in writing (memo or email) of the permanent write-off.

Payments Received After Permanent Write-Off

If payment is received after a receivable has been permanently written off, Accounting will debit cash and credit the cost center's Bad Debt Expense account (i.e., it shows as revenue offsetting the expense account).

Prepaid Expenses

Expenses paid in advance are recorded as prepaid expenses (assets). When the service is used, the funds are transferred to the associated expense account. Some examples of the WSBA's prepaid expenses include:

- Deskbooks. While in production, deskbook expenses are charged to the prepaid expense account. Once published, those expenses are transferred to the appropriate deskbook inventory account.
- CLE Seminar Expenses. During the year, expenses related to seminars are booked as an expense when paid (cash basis accounting). At the end of each fiscal year, expenses related to seminars that have not yet been held are transferred to a Prepaid account for the year-end financial statements (accrual accounting).
- Postage
- Insurance
- Property Taxes
- Venue deposits

- Travel and Training
- Seminars

Inventory

Deskbooks

CLE Publications publishes Deskbooks, which are reference materials on Washington law about specific legal topics. Supplements of existing deskbooks are also published and sold periodically to update the deskbooks. Once a deskbook has been supplemented, it is current as of the date of publication of the supplement. Inventory of deskbooks is stated at lower of cost or market on the first-in, first-out (FIFO) method.

Other CLE Products

WSBA CLE produces coursebooks from prior seminars available for sale to members. CLE acknowledges that its customers have many sources from which to purchase publications and other CLE products such as coursebooks.. Therefore, CLE wants every customer to have a positive outcome when purchasing their product. Annually, the Controller in collaboration with the cost center manager will review existing publications to ensure that only publications with value are still being offered for sale and they are compliant with the obsolete inventory policy.

Returns of CLE Products

If a customer specifically requests (verbally or in writing via by email or letter) a refund and returns the product within 30 days of shipment and is in a re-sellable condition, the customer will be issued a refund by the method paid (check or credit card). Refunds by check will only be made after verification of collection of the initial check deposited by the WSBA (standard waiting period is 2 weeks). The Education Programs Manager must approve any return of production beyond 30 days from the date of purchase.

If a CLE product is sent in error, WSBA pays the postage for the customer to return it by either reimbursing the customer or having UPS pick it up and bill the WSBA directly. If a customer returns a CLE product for any other reason (e.g., duplicate order, changed their mind, and ordered in error), it is the customer's responsibility to pay for the postage.

Obsolete CLE Inventory

The inventory of deskbooks and supplements will be reviewed annually by the Senior Legal Editor and the Controller to determine which publications, if any, are obsolete; these will be written off. The Chief Communications Officer will document in writing that they have performed this review and state their conclusions that all inventory is current or what amount needs to be written off as obsolete. This process must be completed within 30 days following the fiscal year-end (September 30).

Accounting for CLE Coursebook Binders

The CLE department generally purchases binders in bulk annually to take advantage of volume pricing. The number of binders purchased is based on an estimate of the department's needs for the coming year. The binders are produced as needed by the vendor and shipped to the Bar. A running total of the binders purchased (and remaining) is maintained by the CLE Department.

When the binders are purchased, the amount is charged to the binders inventory account. When the binders are received and assembled by the Bar, the amount is debited to the associated seminar and credited to the binder inventory.

Property, Equipment, and Depreciation

Cash vs. Leasing

It has been WSBA's practice to pay cash for furniture and equipment, as opposed to leasing. On occasion, the WSBA will rent furniture or equipment for very short-term use.

Depreciation

The Bar Association capitalizes furniture and equipment with:

- A purchase price over \$2,500; and
- A useful life of more than 1 year.

The WSBA uses straight-line depreciation for those times.

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets, generally three to ten years. Depreciation expense for fixed assets which benefit all of the WSBA are is charged to indirect expenses. Depreciation for fixed assets which benefit a select few cost centers is charged only to those cost centers (e.g., CLE, Limited Practice Officers, MCLE, Discipline).

Completing the Physical Inventory

A physical inventory of furniture and equipment (fixed assets) is completed on a periodic basis, ideally annually but no less than every three years. When the physical inventory is completed:

- A report of all fixed assets is generated;
- The furniture/equipment is physically compared to the information on the report; and
- Missing items are noted, researched, and written off, if necessary.

Sale of Fixed Assets

A form is completed by the WSBA employee supervising the sale of furniture or equipment and submitted, along with the payment, to Accounting. The form will include the purchaser's name, address and phone number, the item being purchased, inventory tag number (if any), item price, sales tax and any other pertinent information.

Write-off/Disposals of Fixed Assets

On an annual basis, the Finance team will review the current listing of fixed assets and determine if there are items that require write-off or disposal. Any changes shall be incorporated into the WSBA's annual personal property tax report filing.

Computer Software Development

Accounting for costs of computer software developed or obtained for internal use

The development of computer software for internal use can be done either by outside vendors, or by WSBA employees. The costs incurred in the development stage are capitalized and depreciated on a straight-line basis over the useful life of the software, in accordance with generally accepted accounting principles.

Internal use software is defined as software that is acquired, internally developed, or modified, solely to meet the WSBA's internal needs; and during the development or modification, no substantive plan exists or is being developed to market the software externally.

If, after the development of internal use software is completed, WSBA decides to market the software, proceeds received from the license of the computer software, net of direct incremental costs of marketing, are applied against the carrying amount of that software.

The development of software follows various stages. Costs incurred in development are capitalized; other costs are expensed, as follows:

Preliminary project stage (costs are expensed):

- Conceptual formulation of alternatives
- Evaluation of alternatives
- Determination of existence of needed technology
- Final selection of alternatives

Application development stage (costs are capitalized):

- Design of chosen path, including software configuration and software interfaces
- Coding
- Installation to hardware
- Testing, including parallel processing phase

Post-implementation/operation stage (costs are expensed):

- Training
- Application maintenance

Further guidance can be found in AICPA Statement of Position 98-1.

Procedures

WSBA programmers keep track of their time spent on software development using the WSBA time keeping system. Specific categories are established for significant software development projects (minor software development is not tracked due to immateriality.) The Chief Financial Officer makes the determination of whether a new time keeping sub-category is required.

Salaries and benefits of programmers are initially expensed as incurred through the normal accounting procedures used for all employees. In order to capitalize the development costs, the Controller makes a monthly journal entry to reclassify the software development costs from salary and benefits to a "work in progress" asset account so that the cost may be capitalized and depreciated when complete.

The IT Director notifies the Controller when a software development project is complete and placed in service and determines what the useful life of the project is. The Controller then moves the total cost to a fixed asset account and begins depreciating the asset over its useful life.

The IT Director will ask outside vendors to bill their time so that development stage expenses are clearly differentiated from preliminary and post-implementation costs. Development stage costs paid to outside vendors are also capitalized, and amortization begins when the project is placed in service.

The IT Director shall promptly notify the Controller when software development projects which have been recorded in the "work In progress" account are cancelled. The Controller will then reverse the amounts to salaries and benefits expense.

Chapter 3: Liabilities

Accounts Payable

Trade Accounts Payable

During the year, WSBA does generally have a running balance in the Accounts Payable account. Expenses are paid on a recurring (weekly or bi-weekly depending on volume) basis as they come in to Accounting. At the fiscal year-end, any expenses related to the fiscal year are accrued as Accounts Payable.

Procedure

Check Security

All checks are issued in sequential numerical order. All checks are accounted for; and checks that are voided are noted for account reconciliation. Blank checks are stored in a locked cabinet. A small supply of checks is stored in a fireproof safe on site to be used in case of disaster or emergency.

Payments – General Guidelines and Procedures

Approval of Check Requests and Expense Reports

Check Requests or invoices must be approved by the Executive Director or his/her designee, subject to review by the Treasurer on request. The Executive Director has delegated signature authority in varying dollar amounts to department directors, who in turn have granted authority to certain employees for limited dollar amounts related to their areas of responsibility. See WSBA's List of Authorized Signers. Once the necessary approvals have been obtained, the Check Request is sent to the A/P Bookkeeper for payment.

Method of Payment for Check Requests and Expense Reports

The WSBA pays its expenses via check or EFT. Exceptions to this include payments made by petty cash or the following payments that are paid directly from the WSBA's checking account to the vendor and do not require advance approval (due to adequate controls in the process):

- Rent made by automatic withdrawals by the landlord;
- WSBA Visa payments made by automatic withdrawals from Wells Fargo;
- Federal tax deposits made by ADP (comes out of WSBA's checking account);
- Payroll checks to employees made by direct deposit (comes out of WSBA's checking account);
- Retirement, Deferred Compensation, and sales tax payments made via ACH (comes out of WSBA's checking account); and
- Postage meter refills made by automatic withdrawals from the USPS.

Check Processing Procedures

All invoices, grant payments, and expense reports are entered and submitted through PN3 (Accounts Payable processing system). The information provided in the system includes electronic copies of back-up documentation and general ledger coding. System users are set up in the PN3 system with permissions based on their specific role, including whether or not they can approve invoices, dollar limits for those who can approve, and to whom invoices should be routed for approval after submission. PN3 tracks the items submitted and approval dates. On a weekly basis, the A/P Bookkeeper reviews the data for accuracy, reasonableness, general ledger coding, and

back-up documentation. Once the information is complete, the A/P Bookkeeper runs a data upload from PN3 into Navision for all items that have been approved for payment and issues checks from Navision.

Fixed asset, ACH payments, Client Protection Fund payments, and customer refund requests are reprocessed in Navision. For those, the A/P Bookkeeper stamps the requests with the date received at the A/P desk, reviews the documents for reasonableness and accuracy, and verifies the calculations. Any questions or minor adjustments are given back to the employee submitting the request; other problems or questions should be promptly reported to the Controller or Director of Finance.

The petty cash is available for employees want to receive the reimbursement less than \$30. : Assets). For all other requests, the following general procedures for check processing are followed:

- A/P Bookkeeper does review and approval for processing of all invoices and expense reports in the PN3 system by Friday of each week. Fixed asset, inventory invoices and customers refunds are also entered in Navision by Friday of each week.
- Checks are printed on Fridays and are given to the check signer(s) by the following Monday morning for signature.
- Checks are typically mailed no later than Wednesday of the week of signing. (Note: When a holiday falls on a Monday, the checks may not be signed by Tuesday morning, in which case the checks might be mailed/delivered on Thursday).

Incorrect Check Requests or Expense Reports

Occasionally, the A/P Bookkeeper notes errors, inconsistencies, or requests that do not comply with WSBA reimbursement policies. The A/P Bookkeeper is not authorized to make changes to amounts in PN3. The A/P bookkeeper will send invoice notes in PN3 to the requester for any changes. If there is disagreement about a correction, the Controller or Chief Financial Officer will be notified and resolve the issue.

Rush Checks

Check Requests and Expense Reports should be approved and processed timely but from time to time it will be necessary to obtain a check sooner than the one-week turn-around time. Checks that need to be processed outside the normal time frames must be approved by the Executive Director or the Chief Financial Officer with sufficient time allowed for the Accounting Department to process the invoice and produce the check. Rush checks should be used judiciously and for good reason. Approved rush Check Requests should be given to the A/P Bookkeeper for processing. If the A/P Bookkeeper is not around when the request is dropped off at the A/P desk, the person requesting the rush check shall email both the A/P Bookkeeper and the Controller to let them know that a rush Check Request has been submitted. If the A/P Bookkeeper is out of the office or busy, one of the A/R bookkeeper or the Controller will process the rush check. Rush checks will be processed in 24 hours but issuance of the check may vary depending on signatory availability..

Payments to Vendors

Responsibility for Payment

Each invoice from a vendor is distributed to the WSBA employee associated with the expenditure, who reviews the invoice for accuracy and determines if the associated service/product was received to the satisfaction of WSBA. The employee codes it to the appropriate general ledger account, and submits the invoice through PN3. Subsequently the invoice is then routed to their manager for approval.

Duplicate Invoices

Payments should be made based on original invoices, not duplicates or monthly statements. A/P Bookkeeper should always verify in the accounting system that payment has not been previously made to the vendor, volunteer, or employee for that invoice/expense. If a duplicate payment is discovered the A/P coordinator will reach out to the vendor and offer evidence of payment and cancel the duplicate invoice.

Discounts & Timely Payments

WSBA's policy is to take advantage of any discounts available (such as 2% net 10) for prompt payment. WSBA also makes every attempt to avoid penalties and finance charges, such as those assessed if payment is made 30 days after the date of the invoice. Employees are responsible for submitting invoices for payment in a timely fashion. Continued violations of this policy may result in disciplinary action.

Problems with Invoices or Vendors

If an employee who originally received a vendor invoice finds that it is **not** correct or if the WSBA is **not** satisfied with the associated service or product, he/she shall attempt to resolve the problem with the vendor in a timely fashion. If the problem is not resolved within 30 days, the employee should consult with the Chief Financial Officer. If an invoice is being held, pending resolution of a problem, the A/P Bookkeeper must be notified in case he/she is contacted by the vendor. The A/P Bookkeeper may, in consultation with employees, resolve issues with vendor invoices or statements.

Vendors & Vendor Review

Only one vendor should be set up for each company/person. If a company changes its address, the address should be changed for that vendor. If a company is purchased by another company, a new vendor will be set up. For vendors with more than one mailing address, a separate vendor card will be set up for each address. At least annually, the A/P Bookkeeper shall review the vendor list for duplicate or inactive vendors.

Periodically, vendors regularly used by WSBA should be reviewed to ensure WSBA is getting competitive pricing. Examples include vendors of computer supplies, office supplies, equipment, etc. It is the Bar's policy when seeking vendors to provide a major product or service, WSBA submits Requests for Proposal to several vendors to ensure that the WSBA is receiving competitive bids.

Reimbursement of Expenses for Volunteers and Employees

See Chapter 6: Expenses.

Procedure for Deferred Litigation Expenses

During the annual budget process WSBA will establish a deferred litigation expense liability account which will become a liability on the balance sheet. The amount will be determined after consultation with General Counsel during the budgeting process. The amount determined must be approved by the Board of Governors during each budgeting cycle. The Executive Director will report any amounts used during each fiscal year to the Board of Governors.

Accrued Vacation & Comp Time

WSBA employees accrue vacation and sick leave on a monthly basis according to the length of their employment. Non-exempt employees may earn comp time for approved hours worked over 40 hours in a work week. Employees track their work time and leave time in an electronic timekeeping system. Accruals of paid leave are generated by the ADP electronic time keeping system. WSBA records as a liability the accrued balances of leave time that will be paid out upon the termination of any employee (currently those categories are vacation and comp time).

Each quarter, the Controller provides the Budget and Finance Manager with a detailed report by person indicating

LM-142

the total amount of vacation and comp time accrued. The Controller computes the amount of the liability based on each person's actual hourly rate, then makes a journal entry for the difference between the current quarter-end liability balance and the amount on the books in the liability account (to bring the G/L up or down to the current liability amount).

Chapter 4: Fund Balance

The fund balances, or net assets, of the Washington State Bar Association (WSBA) are the difference between assets and liabilities. Fund balances are either unrestricted or restricted. The Board of Governors may designate, and has designated, portions of the WSBA's unrestricted fund balance for specific purposes. Annually during the budgeting process, the Budget & Audit Committee shall review all fund balances, determine if funds allocated to the various reserves should be adjusted taking into account the goals and purposes of each fund, and make any recommendations for adjustments to the Board of Governors.

UNRESTRICTED RESERVES

GENERAL FUND RESERVES

The General Fund supports the majority of the WSBA's work, including regulatory functions and most services to members and the public. General Fund reserves are funded by the annual operating income of the WSBA. Use of the General Fund reserves is approved by the Board of Governors, usually planned as part of the annual budget, and is reflected in any annual net loss incurred by the WSBA.

It is fiscally prudent to maintain reserves to support operations in the event that an unanticipated loss occurs. Therefore, unless recommended by the Budget & Audit Committee and approved by the Board of Governors, the total value of the General Fund Reserves shall not fall below \$2 million dollars.

- 1. Operating Reserve Fund.** The Operating Reserve Fund is a board-designated fund established to cover unanticipated expenses in the event of an emergency. As of April 2008, the Operation Reserve Fund shall be \$2.0million. Any use of this fund shall be recommended by the Budget and Audit Committee and approved by the Board of Governors.
- 2. Facilities Reserve Fund**

The Facilities Reserve Fund is a board-designated fund established to support future facilities needs such as an office move or refurbishment of existing office space or preparation for the purchase of operational real estate. The minimum balance of this fund shall be \$1,000,000. It is expected that the fund's value will increase as the WSBA gets closer to lease completion at the end of December 2026. To determine the level of reserve funds needed for a future move or refurbishment, the Budget and Audit Committee shall seek the guidance of the Facilities Subcommittee of the Budget and Audit Committee to assist in setting the facilities reserve fund balance goal no later than 5 years prior to the end of the WSBA's lease.
- 3. License Fee Stability Fund**

The License Fee Stability Fund is a board-designated fund established to assist with stabilization of license fees over time. The fund may be used to offset revenue shortages during a budget cycle in lieu of raising license fees. Any usage of the fund should be designated in the budget and approved by the Board of Governors. The minimum balance of this fund shall be determined annually. The Executive Director will work with Budget and Audit to prepare a recommendation to the Board of Governors.
- 4. Special Projects and Innovation Fund**

The Special Projects and Innovation Fund is a board-designated fund established to provide funding for the development of new and innovative programs, projects or products that support and advance the mission of the WSBA . The minimum balance of the fund shall be determined annually. The Executive Director will work with Budget and Audit to prepare a recommendation to the Board of Governors.
- 5. Unrestricted General Fund Balance**

This is the cumulative balance of net assets from General Fund operations not otherwise restricted or designated to any other fund.

CONTINUING LEGAL EDUCATION (CLE) RESERVE FUND

The CLE Reserve Fund is a board-designated fund that serves as an operating reserve in the event CLE suffers an unanticipated financial loss. The CLE reserve is funded by the annual operating income of the CLE Seminars and Products operations. Reserves may be used to cover any net loss or extraordinary costs or technology upgrades. The CLE Fund shall remain a part of the WSBA assets and, as such, is subject to the superintendence and control of the Board of Governors.

SECTIONS FUND

The Sections Fund is a board-designated operating reserve fund for the WSBA sections, consisting of the cumulative balance of net assets of all sections. Separate ledgers will be maintained for each section, making up the total for the Section Fund.

RESTRICTED RESERVES

CLIENT PROTECTION FUND (CPF)

In 1995, the Washington State Supreme Court and the WSBA created the Client Protection Fund (CPF). The purpose of this restricted fund is to relieve or mitigate a loss sustained by any person due to the dishonesty of, or failure to account for money or property entrusted to, any member of the WSBA in connection with the member's practice of law, or while acting as a fiduciary in a matter related to the member's practice of law. The CPF fund receives a mandatory annual assessment from each active lawyer and LLLT member of the WSBA. The difference between revenues and expenses of this fund each year results in the CPF restricted fundbalance.

Chapter 5: Income

License Fees

Setting License Fees

Mandatory member license fees, paid annually, are the WSBA's largest source of revenue. License fees are set by the Board of Governors and reviewed for reasonableness by the Washington Supreme Court. There is a tiered scale with different rates based upon status, and the member's original admittance date in any Bar. License fees are paid for the calendar year as contrasted to WSBA accounting which is based on Fiscal Year.

Revenue Recognition of License Fees

License fees are recognized ratably over the applicable calendar year membership period. Accordingly, fees collected during the WSBA's fiscal year that relate to the fourth quarter of the calendar membership period are included as deferred revenue in the financial statements.

Overpayments/Underpayments

Payments received in excess of the amount owed or are less than the amount owed will be handled in accordance with the overpayment/underpayment procedures.

CPF Assessment

The CPF assessment is mandatory for all active members. It is voluntary for inactive members; therefore, if the CPF assessment is paid by an inactive member, it is considered a voluntary donation.

Refunds of License Fees and CPF Assessments

Refund of license fees are controlled by Article III, Section I.4 of the WSBA Bylaws.

Procedure for Deposits/Incoming Receipts

General Procedures for Handling of Payments/Income Receipts

The WSBA Mail Room employee sorts the incoming mail. Two people sort the mail opening those pieces addressed to WSBA or to an employee who routinely receives payments. The Mail Room employee gives all payments received via mail to the Accounting Division. There are some payments that might be collected by someone other than accounting employees, including:

- Walk-in payments collected by the front desk;
- Payment information faxed or emailed to an employee;
- Payments taken over the telephone or by email by the Service Center;
- On-site CLE registrations collected at the door;
- On-site non-CLE registrations/fees collected at the door;
- Bar exam on-site sales;

- LAP client counseling payments;
- Office of Disciplinary Counsel payments for recovery of discipline costs; and
- Reimbursements from members of the Board of Governors or other boards/committees that are submitted directly to an employee reconciling the expenses related to a particular event.

Items received from any source other than the mail must be forwarded to accounting employees for inclusion in the counting process the **same or next day**. Payments received on site at a WSBA event will be forwarded to the Accounting Division the **first day the employee returns to the office** to ensure timely processing.

Employees should place checks or payment information in the Accounting lockbox (located outside the Controller's office) when Accounting employees are unavailable to receive them (e.g., after the daily deposit is made or after hours). Accounting employees will check the locked box at the end of each workday and secure the payments for processing the next day. **For security reasons, employees should not place payment information in inter-office mail, in accounting employees' in-boxes, or on accounting employees' desks.** During hours that the office is closed all forms will be stored in a locked location.

WSBA maintains three lockboxes for the placement of payments/order/credit card information: (1) in Accounting, (2) in the Service Center, and (3) in EOD/CLE. Accounting maintains keys to the lockboxes.

Accounting will process the forms in Personify and white out or black out the credit card information. In some instances (such as licensing A1 forms, bar exam applications, MCLE submittal forms), the documents are scanned and then passed onto the appropriate department, which is then responsible to store the documents in a secure locked location. In other instances (such as CLE seminar registration and product orders), the documents are scanned; then stored safely in Accounting until they are destroyed at fiscal year-end.

Specific Procedures for Handling Payments Received by Non-Accounting Employees

Note: In the procedures set forth below, the term "properly delivered to Accounting" means either (a) hand-delivered to an employee in Accounting (not via inter-office mail nor placed in an inbox or on someone's desk), or (b) placed into the Accounting lockbox (located outside the Controller's office). It is critical that all credit card information be immediately secured.

Procedure for Walk In Payments

Receptionist – When a payment is received at the front desk the information will be put into a secure locked location until an Accounting employee picks it up.

On-site CLE registration, non-CLE registration, product orders and other services forms collected off-site – Program Coordinators and other CLE employees will keep payments and order forms in a bank deposit bag that will be stored in a secure locked location. Once back at the office, the payment and order form will be promptly and properly delivered Accounting.

Other CLE orders – Other payments received by CLE (e.g., product orders) shall be placed in the EOD/CLE lockbox. CLE employees will properly deliver the orders to Accounting for processing.

Other – The form will immediately be properly delivered to Accounting.

Procedure for Payment received via Mail

All forms received by Production that contain credit card information, will be properly delivered to Accounting.

If Production passes the forms onto another department besides Accounting, then that department must store the forms in a secure locked location until they are properly delivered to Accounting. If the forms are copied before being passed onto Accounting, then the copies must have only redacted credit card information.

Procedure for Payment via Phone

Payments via phone are not permitted.

WSBA has implemented an electronic credit card (CC) payment system for licensing payments and other regulatory services payments. Due to PCI compliance and the risk of personal information being compromised we are avoiding collecting CC information outside of the prescribed system.

Procedure for Redacting credit card information

Occasionally some CC payments will come in outside of our CC system. In that case it's imperative to protect CC Information so CC information must be redacted by following the process below.

After processing the credit card information, it will be marked out with black marker or white correction tape. If a copy is made of a form prior to the credit card information being processed, then the copies must have credit card information redacted.

Procedure for Payment received via Email

Due to security concerns, receiving payments via email is not recommended. When the Service Center receives credit card payments by email, they shall print the email and put into the Service Center lockbox. An accounting employee will pick up the documents from the lockbox twice a day. The email will be permanently deleted by the end of the day received.

Credit card information received by employees outside of the Service Center will be placed in a secure locked location until properly delivered to Accounting. The email will be permanently deleted immediately.

Procedure for Payment via Fax

Payments via fax are not permitted.

Deposits

Accounting Department Cash/Check Processing Procedures

Payments from the Mail Room are added to payments received that day or the previous day from other sources. The payments are processed by at least two people in the Accounting Division (so there is dual **control**) as follows:

- Verifies that each payment matches the amount listed on the associated source document (order or registration form);
- Sorts the payments by bookkeeper;
- Endorses the back of each check using a bank stamp;

LM-149

- Places the following information on each set of source documents: the date of deposit, check number, and amount;
- Runs adding machine tapes for the payments and the source documents;
- Gives the source documents to the appropriate bookkeepers for processing;and
- Deposits the cash and checks into the bank by 4:00pm.

Credit Card Processing Procedures

WSBA accepts Visa, MasterCard, and American Express for the purchase of all fees, products and services.

Orders Received by Mail, Fax, Email or Phone – Accounting collects all credit card payments each day from the multiple sources listed above. They are sorted at the end of each day and given to the appropriate bookkeepers for processing the following morning. The credit card information is entered into Personify along with the order information. The credit card is processed that night by the credit card company (the authorization and charge to the card occurs in one step). Security procedures for the protection of credit card information are noted above in the section “Specific Procedures for Handling Payments Received by Non-Accounting Employees.”

Orders Received Online - Customers pay for all online orders via Personify with a credit card. Personify processes the credit card automatically and securely stores the information in compliance with data security processing standards.

Procedure for Processing of Source Documents

The bookkeepers make every attempt to process payments the same day they are received. However, during periods of high volume (licensing season), it may take up to three to five working days to process incoming monies. The bookkeepers use the source documents and payment information to process the receipts in either Personify or Navision, whichever is most appropriate (the majority of payments are recorded in Personify; then imported to Navision at the end of the month; however, certain types of payments are processed directly in Navision).

Once the source documents are processed and balanced to the deposits, they are forwarded to the responsible department along with a copy of the posted journal. The receiving department is responsible for reviewing the documents for accuracy, and ensuring the receipt was posted to the proper account. The source documents and journal copies are kept in an organized manner and accessible should any questions arise and be retained as per the retention schedule. Accounting scans the documents after they have processed them.

Returned Checks/Declined Credit Cards

Procedure for Returned Checks

Checks may be returned to the WSBA by the bank for non-sufficient funds (NSF), "Account Closed," improper endorsement, or other reasons. Generally, those checks were accepted by the WSBA for payment of fees, products, or services.

As returned checks are received from the bank, Accounting credits the cash account and debits Accounts Receivable.

If an NSF check has been presented only once, Accounting may try re-depositing the check. If the check has been presented twice or has been returned for reasons that would prevent it from being re-deposited, Accounting will take further action including phone calls and letters. Outstanding items are reviewed on a monthly basis to determine any further action. Accounting will notify the proper employees for further collection efforts.

If the payment was for license fees or status changes, and it is still uncollected, accounting works with the Licensing Lead for further collection efforts. If the payment remains uncollected, the member may owe the penalty amounts or may be suspended for non-payment of dues.

If the payment was for the Bar Exam, Admissions is notified and depending on the timing, the applicant may not be approved to sit for the exam or may not have his/her results released until the funds have been received.

Procedure for Declined Credit Cards

If a credit card charge is declined or the credit card number is invalid, the order is cancelled in Personify and accounting employees will contact the customer to get a new credit card number or an alternate form of payment. In the event a credit card is declined where the event has happened or the customer has picked up the product, Accounting will invoice the customer for the amount owing and send a cover letter with the invoice.

Overpayments and Underpayments

Occasionally, WSBA receives payments that differ from the amount owed for the product or service. Below is how overpayments and underpayments are handled:

Overpayments

\$.99 or Less

Overpayments of \$.99 or less will be accepted, as is, without any refund efforts. The overpayment amount is credited to the appropriate income account under the cost center for that product or service. Refunds up to \$.99 overpayments will be made only upon the payer's request.

\$1.00 or More

For overpayments of \$1.00 or more, the order is processed as usual, with the overpayment amount credited to the appropriated income account under the cost center for that product or service. The amount of the overpayment is automatically refunded to the purchaser by the Accounting division. As overpayments are received, the bookkeepers submit the refund paperwork to the Controller for approval.

Underpayments

\$4.99 or Less

Underpayments of \$4.99 or less will be accepted, as is, without any other collection efforts. The underpayment amount is charged against the appropriate income account under the cost center for that product or service.

\$5.00 or More

For underpayments of \$5.00 or more, the applicable department is made aware of the underpayment and the department employee may request an invoice from Accounting for the amount owed. In some instances (e.g., CLE products and seminars), the customer is automatically invoiced by Accounting.

Procedure for Refund of Income

All refunds shall be approved by the department requesting the refund. Approved refund requests are submitted to Accounting for processing. A customer refund is handled in the same way in which the payment was received.

Credit Card Refunds

For example, a customer who paid by credit card will be refunded by credit card. If the order was initially processed in Personify, it will be refunded through Personify. If the order was processed online (CLE bookstore or MCLE website), it will be refunded directly through Verisign, the online credit card processor.

Refunds by Check

If a payment was originally made by check, WBSA will write a check for the refund. Refunds by check will only be made after verification of collection of the initial check deposited by the WSBA (standard waiting period is 2 weeks).

Deferred Revenue

Deferred Seminar Revenue

Seminar registration fees are recognized as revenue in the year in which the related seminars are held. Deferred seminar revenue relates to fees collected for seminars to be conducted in subsequent years.

Recovery of Discipline Costs under Rules for Enforcement of Lawyer Conduct

ELC 13.9 Costs and Expenses

Pursuant to ELC 13.9 *Costs and Expenses*, the WSBA may assess costs and expenses to a lawyer at the conclusion of the disciplinary process. The WSBA Office of Disciplinary Counsel (ODC) seeks costs and expenses at the conclusion of formal cases that result in discipline, or when an Admonition becomes final. In resolving cases by Stipulation [ELC 9.1(b)(4)] ODC generally "adjusts" (with approval of the Disciplinary Board or Hearing Officer) the presumed expenses.

"Costs" are certain out-of-pocket expenses (court reporters, service fees, copying costs, hearing officer expenses, etc.) related to a disciplinary proceeding that results in disciplinary action (admonition, reprimand, suspension, disbarment).

"Expenses" are the reasonable charge for attorney fees and administrative costs, and are set at a presumed level, depending on the degree of review required for a matter to become final.

After assessment of costs and expenses, the Supreme Court may enter a monetary judgment [ELC 13.9(l)].

ELC 5.3(h)(2) Investigation of Grievance

Costs and expenses (including a \$500.00 fee) are also allowed under ELC 5.3(h)(2), when a lawyer fails to cooperate in an investigation and a subpoena is issued, although the investigation may not result in disciplinary action.

Treatment of Costs and Expenses

Amounts due to the WSBA for discipline costs and expenses are not recorded as a receivable on the WSBA's books until actually collected due to the uncertainty of collection (even where judgments are recorded). When checks come in from lawyers related to their costs and expenses, they are processed as income under "Recovery of Discipline Costs."

Applicability to Limited Practice Officers and Limited License Legal Technicians

Recovery of discipline costs described above is also applicable to Limited Practice Officers and Limited Licensed Legal Technicians.

Chapter 6: Expenses

I. GENERAL EXPENSE REIMBURSEMENT POLICY

WSBA depends upon and values the time and talent of its employees and volunteers. As a steward of member funds, WSBA asks for employees and volunteers to be fiscally prudent and follow the policy at all times. **WSBA will reimburse: (1) reasonable and prudent, (2) necessary, and (3) appropriately documented, out-of-pocket expenses incurred in connection with WSBA business or meetings, as set forth herein.**

A. Scope

This policy applies to all employees and volunteers while engaged in authorized WSBA work, including, but not limited to: the President, President-elect, and Immediate Past-President; Board of Governors; Board of Governors-elect; board, committee, task force, council, and panel members; section officers, executive committees and members; and invited guests. Any items not included herein deemed necessary to conduct the WSBA's business, or that deviate from these policies due to extenuating circumstances, may be approved by the WSBA Treasurer or the Executive Director in accordance with the WSBA Fiscal Matrix.

B. Liability

The financial liability of the WSBA to any board, committee, task force, council, panel or section is limited to the funds budgeted (on a line item basis) for it in the current approved budget of the WSBA. If any volunteer, board, committee, task force, council, panel or section (or any one of its members): (1) incurs a liability that is greater than the funds budgeted or otherwise approved; or (2) incurs a liability in excess or outside of the amounts allowed by this policy, such liability will be presented to the Director of Finance who will evaluate for appropriateness. If appropriate the Director of Finance will route to the Executive Director or Treasurer for approval. In the case the expense is not deemed to be reasonable the liability will be the personal obligation of the individual responsible for incurring or authorizing the liability.

C. Policy Exceptions

- WSBA ABA Delegate expenses shall be reimbursed up to a fixed amount set each year during the budget process. The budget for delegate expenses will be contained as separate and distinct line item in the Executive Director Cost Center
- Certain expenses of WSBA Officers, Board of Governors, and the Executive Director shall be reimbursed in accordance with "IV. Expense Policies: WSBA Officers and Board of Governors" and Section "V. Expense Policies: WSBA Executive Director", *infra*.
- Section executive committees may use their discretion: (a) to use section funds to cover group meal expenses for one guest per section member attendee at section events open to all section members, at executive committee meetings and retreats, and at speaker or award dinners; and (b) to pay or reimburse a speaker or award recipient and guest for travel, meals, and lodging in accordance with WSBA expense policies. Group meals are paid for an entire group on one invoice and are not subject to the per diem amounts for individuals under the reimbursement policy. As with all other expenses, group meals are expected to be reasonable.

D. General Guidelines for Reimbursement Requests

1. WSBA will not reimburse expenses that are reimbursed from another source.
2. WSBA will not reimburse expenses incurred by spouses, domestic partners or guests (hereafter collectively referred to as "guest" or "guests"), except as identified in Section I.C above.
3. In accordance with IRS requirements, any person seeking reimbursement from WSBA shall submit a signed, dated WSBA Expense Report, supported by detailed receipts. In the absence of a detailed receipt, up to \$75

may be reimbursed for an expense by completing an Expense Affidavit Form. An Expense Affidavit is also required for reimbursement of Personal Phone and Home Internet Stipends.

4. Barring any unforeseen circumstances, all WSBA Expense Report forms and receipts must be submitted within 60 days of incurring the expense; with the exception that expenses incurred in September must be submitted within 30 days after WSBA's September 30 fiscal year end (by October 30). Reimbursement requests for expenses incurred in the prior fiscal year submitted after October 30th of the following fiscal year will not be paid unless approved by the Executive Director and Director of Finance. The Executive Director will have discretion to approve any expense report beyond the cutoff date when the same isn't completed due to unforeseen issues.

E. Travel Expenses

1. Volunteers:

WSBA encourages virtual meetings whenever feasible to accomplish board, committee, task force, panel, council and section work. Reimbursement of travel expenses to board, committee, task force, council, panel and section members residing out of state to attend their meetings is limited to the approximate cost of in-state travel (i.e. cost of travel from the nearest WA border to the location of the particular meeting).

2. WSBA Employees:

Employees must have prior authorization, from their supervisor or inherent in their job description, to incur travel, lodging, and meals expense on the job. All overnight stays at a Board of Governors meeting shall be approved by the Executive Director. For additional terms, see "III. Additional Employee Expense Policies".

F. Transportation

WSBA will reimburse transportation costs based on the limits set forth below. WSBA will not reimburse for lodging *en-route* except when special circumstances such as weather, abnormal traffic patterns or personal circumstances occur. Any expense report containing en-route expenses will be approved by the Executive Director.

WSBA encourages employees and volunteers to utilize the least costly method of transportation available under the circumstances. For example, if a ticket to fly coach economy to a particular destination is less expensive than the cost of reimbursing mileage for driving then flying should be the selected mode of transportation.

1. Personal Autos: Mileage will be reimbursed at the IRS Standard Mileage Rate in effect at the time of travel. *Carpooling is encouraged.* Damage to personal autos while being used on WSBA business is not covered because a portion of the mileage reimbursement is intended to defray the insurance cost to the individual. Fines for traffic violations are also not reimbursable.
2. Rental Cars: Rental cars may be used only when economical compared to other modes of local transportation or if local transportation is nonexistent. Rental charges should be net of any discounts and will be limited to the rental cost of compact or standard-size cars.
3. Ground Transportation: WSBA will reimburse ground transportation, parking costs and tolls. WSBA will reimburse longer term airport parking at the lower of actual parking costs or an airport shuttle to/from the traveler's home.
4. Ride Share Expenses: With the proliferation of Ride share companies such as UBER and Lyft Tips are customary. WSBA will reimburse for no more than 10% of the cost of the trip, in the case where 10% is less than \$2.00 tips can be adjusted to that amount.

5. Airfare: WSBA will only reimburse coach/economy-class airfare, which should be booked sufficiently in advance of travel to obtain the lowest possible fares. WSBA will not reimburse for use of frequent flyer coupons or air miles. Use of private airplanes is permitted; however, reimbursement is limited to an amount not to exceed coach-class airfare on a commercial air carrier, purchased not less than two weeks in advance of travel, for the same or substantially similar route. WSBA will pay a cancelled airfare if WSBA cancels a meeting. Airfare change fees will only be paid for changes in a meeting schedule. *Reimbursement receipts for airline travel must include name of passenger, credit card used for payment, confirmation that flight was paid in full, date of flight, and departure and destination locations. Credit card statements and cancelled checks are not acceptable.*
6. Other: Reimbursement for any other method of travel will be reimbursed only in an amount that would have been payable had the most economical method of travel been used.
7. If there is a question about the reasonableness of a travel expense it will be escalated to the appropriate Department Director for a determination of reasonableness.

G. Lodging/Hotel Accommodations

WSBA will reimburse hotel/motel accommodations up to \$200 per night (\$225 in Seattle) plus taxes. With respect to out of state conferences, WSBA will reimburse hotel accommodations at the advertised conference hotel rate. Generally, if no lodging below the applicable limit is available or convenient in the area of the stay, department directors may approve reimbursements above the applicable per night limit utilizing the reasonable and prudent standard. WSBA will not reimburse for incidental expenses such as entertainment, personal phone calls, etc. *Reimbursement receipts must include name/location of hotel, guest name(s), date(s) of stay, and breakdown of charges for lodging, meals, telephones, and incidentals.*

H. Meal Expenses

1. WSBA will reimburse breakfast, lunch and dinner meal expenses, including reasonable tips and gratuity.. WSBA will not pay or reimburse for alcohol purchases (see Section II. Purchase of Alcohol for Bar Functions). The WSBA encourages volunteers and employees to adhere to the IRS per diem guidelines for meal reimbursement which are updated periodically. The most recent per diem rates are available on the IRS website and will be updated annually on the WSBA volunteer and employee expense form. Any reimbursement requests within the per diem limits will be deemed reasonable. Reimbursement requests above the per diem limits should be reasonable and prudent given the circumstances and context in which the expense was incurred. Requests for reimbursement above the Federal Per Diem Rates will be escalated to the appropriate Department Director for a determination of reasonableness.
2. If a meal is provided as part of a meeting or conference, no reimbursement will be made for substitute meals.
3. If a remote meeting of at least four hours in duration is scheduled through a meal period (i.e. breakfast, lunch, or dinner) then regular reimbursement rates will apply.

I. Expenses Other Than Travel/Transportation, Lodging, and Meals

1. Office Expenses: Despite use of services available through the WSBA office, volunteers may occasionally use their own resources to conduct WSBA business. Where practical, volunteers are expected to absorb, without reimbursement, minor expenditures. However, to the extent that cost records are available to document specific out-of-pocket expenses, such as telephone calls and postage, reimbursement may be made. Expenses for photocopying and facsimile use will be reimbursed at rates set by the WSBA². No reimbursement will be made for office services not detailed by this policy (for example, voice mail charges, telephone connections, etc.). No reimbursement will be made for personal costs or professional services without specific

advanceauthorization.

²Photocopying charges will be reimbursed at the actual out-of-pocket expense up to 15 cents a page. For faxes, the WSBA will reimburse the lesser of (a) the actual cost to send the fax; (b) up to 25 cents per page; or (c) up to \$5 per transmission. Appropriate documentation detailing the number of pages, fax recipients, etc. is required. The WSBA will reimburse for the telephone costs associated with long distance fax calls if detailed cost records are available.

2. Gifts/Awards: WSBA will reimburse costs (up to \$100) for the purchase of gifts, plaques or similar items recognizing an individual's extraordinary volunteer service to the WSBA and/or its component parts. Gifts from volunteers to WSBA employee are prohibited except for *de minimis* or token appreciations (up to \$50). All employee liaisons to boards, committees, task forces, councils, panels or sections should make sure the group is aware of this policy.
3. Miscellaneous: Reimbursement for expenses not otherwise described by this policy may be allowed when reasonable, necessary, appropriately documented, explained, and approved by the Executive Director or WSBA Treasurer in accordance with the Fiscal Matrix.

II. PURCHASE OF ALCOHOL FOR BAR FUNCTIONS

The WSBA prohibits the use of WSBA funds to purchase alcoholic beverages.

- A. WSBA will not pay for or reimburse alcoholic beverages purchased by volunteers or employees as part of a meal. Such purchases shall be segregated from meal expenses and paid for by the individual ordering them.
- B. Alcoholic beverages may be served at WSBA functions, as long as they are: (1) paid for with personal funds (e.g. no host bar), or with non-WSBA funds raised for that purpose; (2) paid directly to the vendor; and (3) served by a licensed bartender.
- C. WSBA funds may be used to pay ancillary costs at events such as the cost of a bartender, corkage fees for donated alcohol, and service/setup fees.

III. ADDITIONAL EMPLOYEE EXPENSE POLICIES

A. Weekend Work

Working on a weekend is treated like any other workday. Meals, daycare, etc. will not be reimbursed. However, in some circumstances, employees may be reimbursed for parking if they are required to work on a weekend (see "Private Auto- Parking" policy below).

B. Transportation

1. Rental Cars: Car rental requires pre-approval of a department director, and may be used only when economically practical compared to other modes of local transportation or if local transportation is nonexistent. Rental charges should be net of any discounts and will be limited to the rental cost of compact or standard-size cars. It is helpful to rent the car in the name of the WSBA. However, the WSBA's insurance policy contains an endorsement which extends coverage for damage to rental cars even if they are rented in an individual's name as long as they had permission from the WSBA and they are on WSBA-related business (the endorsement is intended to fill in the gaps where someone doesn't or can't rent the car in the WSBA's name). The WSBA will not pay for additional insurance coverage; the renter should decline coverage when renting in the WSBA's name.
2. Car Pooling: Employees are encouraged to car pool when it is feasible as it reduces costs, risk, and can improve coordination amongst employees when traveling together.
3. Private Auto – Parking: Employees who purchase a monthly parking space are eligible for daily parking reimbursement at a prorated rate (1/21 of the monthly parking cost) on days they are required to use their vehicles for business. Employees who normally take public transportation but occasionally need their car for work may be eligible for reimbursement of actual parking costs. This option is expected to be used only occasionally and may apply regardless of whether the employee returns to

LM-159

the WSBA at the end of their work day. In addition, employees whose work assignments temporarily require substantial after-hours and weekend time in the office may request reimbursement for parking, subject to department director approval. Examples of such situations include the following: hearings; bar exam preparation; committee, section, or board meetings, licensing season; or other projects.

4. Taxi Rides: As part of the Metro Area Flex Pass program, employees who have a FlexPass and use an eligible method of transportation to work may use a taxi to get home if they meet certain emergency criteria. See the Human Resources Department for details. Directors may authorize a WSBA-paid taxi ride home in extenuating circumstances.
5. "Advances" For Travel or Expenses: The Executive Director, upon a director's recommendation, may approve travel advances. Travel advances must be requested at least 7 workdays prior to the trip to allow for sufficient time to prepare the check.

C. Meals

1. With Volunteers: Picking up the tab for lunches with volunteers outside of regular meetings should be done with caution because of consistency, fairness, and appearances. Director approval is required. Any such expenses should be charged to the committee or function budget.
2. "Buddy" Meals: Employees assigned to be the "buddy" of a new employee may take the new employee to lunch. Moderately priced lunches (around \$20 per person) should be the norm.

D. Professional License Fees

WSBA will reimburse an employee or directly pay for fees associated with professional licenses that the employee legally must have to perform his/her job at the WSBA, or which the Executive Director determines are in the interest of the WSBA for the employee to have. This includes, for example, WSBA licensing fees (but not section membership fees) for attorneys whose positions require a license to practice, the State Board of Accountancy licensing fees for CPAs, and the Department of Health licensing fees for LAP psychotherapists. Such reimbursements/payments are prorated for new employees based on the calendar year and date of beginning work at the WSBA, as follows:

Month	% Reimbursed
January	100%
February	92%
March	83%
April	75%
May	67%
June	58%
July	50%
August	42%
September	33%
October	25%
November	16%
December	8%

E. Professional Liability Insurance

WSBA reimburses Lawyers Assistance Program employees for the cost of professional liability coverage for their activities conducted pursuant to their employment with WSBA. An employee who leaves WSBA employment during the insured period must refund to the WSBA that portion of the reimbursement covering any insured period after WSBA employment ends.

F. Employee Membership Dues

WSBA may reimburse or pay membership dues for employees to belong to local, state, or national organizations, subject to director approval and budget constraints.

G. Employee Cell Phone Expense Reimbursement Policy

This policy covers the reimbursement policies and procedures for business use of employee-owned cell phones.

The WSBA acknowledges the use of cell phones is required of some employees to fulfill the responsibilities of their position. As a result the WSBA has defined two ways of providing cell phone service to employees whose position requires the use of cell phones.

1. Issue a WSBA owned cell phone
2. Allow for use of employee’s personal phone and provide a reimbursement

Providing a WSBA Phone

Providing a WSBA Phone will require approval of the Department Director. The XXXXXX department will be required to maintain a record of both the approvals and the phones issued. This is a critical step as these phones will be subject to public records rules. The type of phone to be issued will be determined by IT.

Use of Personal Phone for Work

The WSBA will reimburse for use of personal phones. In order to qualify for a reimbursement, the employee must be authorized to use their personal phone by their Department Director. A person who qualifies for a WSBA issued cell phone (based on their job duties) but chooses to use their personal cellular phone for WSBA business may be authorized to seek reimbursement in lieu of being issued a WSBA cellular phone.

1. The reimbursement will be at a rate of \$20 per month.
2. The appropriate director must approve this arrangement in writing.

H. Employee Parties and Celebrations

1. Generally, events in which all employees are invited to participate, or were approved by the Executive Director and the directors in advance, are paid by the WSBA. These include:
 - Refreshments for all-employees meetings;and
 - Executive Director's purchase of treats for the entire employees for a special occasion.
2. Examples of where the WSBA *will not pay* include (any exceptions to this must be approved in advance by the Executive Director):
 - Personal celebrations like showers for weddings or babies;
 - Flowers for personal events, like illness or death in the family;and
 - Going-away luncheons or gifts.

I. Employee Development Budget

Each director is given an annual Employee Development budget, with sole discretion to use Employees Development funds reasonably for team building items such as employee retreats or activities, department meetings, meals or snacks, coffee or lunches with employees, and tokens or small gifts of appreciation for employees.

IV. EXPENSE POLICIES: WSBA OFFICERS AND BOARD OF GOVERNORS

The officers and members of the Board of Governors (including sitting and newly elected officers and Governors) are fiduciaries of WSBA and ambassadors to WSBA boards, committees, task forces, councils, panels and sections; to local and specialty bar associations in Washington State; and to other related groups or officials. It is expected that WSBA officers and governors will incur certain expenses in furtherance of this responsibility, and will comply with the expense policies of the WSBA, with the following exceptions:

A. Guest Meal Expenses

Individual meals for a guest of an officer or governor may be reimbursed when no group meal is provided (up to the limits set forth in the "Meal Expenses" section of the General Expense Reimbursement Policy). Separate lodging/rooms and transportation costs will not be reimbursed.

B. Officer and Governor Attendance at Law-Related Events

From time to time WSBA officers and governors are invited to attend a ticketed, non-educational event sponsored by an outside organization. Usually, these invitations come from local or specialty Bar Associations in the state of Washington, or a similar national organization having a local meeting, or other law-related organizations. The primary purpose of the event may be to raise funds for the organization, or it may be social or networking occasion.

The Board affirms its role as a statewide organization to reach out to these interest groups, to encourage and support other Bar Associations and law-related organizations, to further the understanding of the activities and purposes of the WSBA, and to foster collegiality among its members and goodwill between the Bar and the public; in a fiscally prudent manner.

To this end, WSBA will annually reimburse expenses incurred for group registration events as follows:

	Statewide Events	Local and Specialty Bar Events	Significant County Bar Events
Officer	yes	up to 8	yes
Governor	yes	up to 6	In Governor's home district

The Executive Director may approve exceptions to these limits. WSBA reserves the right to request reimbursement for cancellations to group registration events.

C. Officer and Governor Travel to and Attendance at National/Regional Events

Educational, training, or networking events for officers and/or governors are approved as part of the budget process based on the educational/networking value. Examples include the Bar Leaders Conference, Western States Bar Conference, American Bar Association annual or mid-year meetings, or meetings of the National Council of Bar Presidents.

The following policy has been adopted by the Board of Governors:

1. Officer Conferences:

The President, President-elect, Past President, and Treasurer may attend two national conferences and the Western States Bar Conference. The President, President-elect and Past President may also attend the Northwest Bar Leaders meeting.

2. Governor Conferences

Governors may attend one national or regional conference during their term of service on the Board of Governors

V. EXPENSE POLICIES: WSBA EXECUTIVE DIRECTOR

The Executive Director is an ambassador of WSBA to WSBA boards, committees, task forces, councils, panels and sections; to local and specialty bar associations in Washington State; and to other related groups or officials. It is expected that the Executive Director will incur certain expenses in the furtherance of this responsibility. The Executive Director shall comply with the expense policies of the WSBA, with the following exceptions:

A. Guest Meal Expenses

Individual meals for a guest will be reimbursed only at Board of Governor functions when no group meal is provided (up to the limits set forth in the "Meal Expenses" section of the General Expense Reimbursement Policy). Separate lodging/rooms and transportation costs will not be reimbursed.

B. Attendance at Law-Related Events

The Executive Director shall be reimbursed for attendance at law-related events when he/she is attending in his/her official capacity.

C. Travel

Reimbursement will be made for travel costs (transportation, lodging, meals and incidentals) to other bar associations when the purpose of the trip is to meet with another bar's Executive Director or elected official(s) for the purpose of furthering WSBA business. This would include local and specialty bar associations in Washington State, and unified or voluntary bar associations in other states. The Executive Director is also reimbursed for attendance fees and travel and lodging expenses to attend work-related educational seminars, such as, but not limited to, American Bar Association, Western States Bar Conference, Bar Leaders Institute, and the National Association of Bar Executives.

D. Meals

WSBA will reimburse meal expenses of the Executive Director and any WSBA or Washington State elected or appointed official(s) when the purpose of the meal is for the Executive Director or WSBA or Washington State elected or appointed official(s) to conduct WSBA business with the official(s). This would also include Washington state local and specialty bar elected or appointed officials.

E. Review of Payments to Executive Director

At least quarterly, the Treasurer shall review the payments made to the Executive Director (including salary, benefits, credit card charges, and reimbursements). The Budget and Finance Manager prepares a quarterly report for the Treasurer to review and sign.

VI. CLE SPEAKERS/PROGRAM PARTICIPANTS EXPENSES

In general, reimbursements to speakers and program participants shall be reimbursed according to the WSBA guidelines. However, with prior approval of the Executive Director, W S B A may approve reimbursements for lodging and meal expenses above the WSBA rates, as supported with appropriate receipts.

VII. ACCOMMODATION FUND

A. Purpose

The WSBA Accommodation Fund and Procedures are established to support the WSBA Accessibility Policy and ensure reasonable accommodation to members' participation in WSBA services, programs and events. Accommodation for services, programs and events is available to all members with disabilities. Reasonable accommodation includes such accommodation as sign language interpretation, sound enhancement, or other accommodation requested by members wishing to participate in WSBA services, programs and events.

B. Procedures

Persons should request accommodation through WSBA employees organizing the event (Organizer). The request should describe the event or series of events and the accommodation requested. Dialogue with the person requesting accommodation may be necessary to assure the most appropriate accommodation. All accommodation requests should be made as far in advance as possible, at least two weeks in advance of the event is strongly recommended to allow the best accommodation possible. The Organizer will review the request and outline the reasonable accommodation available. Reimbursement requests or pay-ahead service requests will be handled by the Organizer to ensure privacy. Should the request be beyond the expertise of the Organizer, even after consultation with Human Resources, outside experts will be consulted.

C. Other

The Accommodation Fund is intended primarily for use by WSBA members—other resources are available for WSBA employee accommodation and the Accommodation Fund is not intended to cover other overall accessibility accommodation which are budgeted for separately. The Accommodation Fund is not intended to cover facility or general accommodation needs. These matters will be handled by employees working with the facility at which the meeting or event is to be held.

D. Funding

The amount of funding available for accommodation will be set annually as an estimate of need in the budget process but may be modified by the Budget and Audit Committee if further needs arise to assure accommodation. The Organizer shall work with the Chief Financial Officer to prepare a request for increased funding which will be considered by the Budget and Audit Committee at its next meeting. In time sensitive circumstances the Executive Director can preliminarily approve a request which exceeds the Accommodation Fund, so long as the funds are available within the current fiscal year budget, subject to the Fiscal Responsibility—

Matrix.

VIII. WSBA CREDIT CARDS

Each department director and some employees who frequently incur travel expenses (e.g., investigators) are issued individual WSBA corporate credit cards ("card holder") to cover WSBA business expenses only; personal charges are not allowed. An exception is if the charge contains personal expenses beyond the WSBA limit, in which case the card holder shall submit a check to Accounting with the credit card bill. All charges on a WSBA credit card must be supported by appropriate detailed receipts.

Card holders may authorize their employees to use their credit card for business expenses. However, the card holders remain responsible for all charges made using their credit card; specifically, that all charges comply with WSBA policies, are made within the delegated budget authority, and are coded to the proper general ledger account.

Each card holder must approve the monthly statement for his/her credit card. The monthly statement, along with detailed receipts and general ledger coding information, shall be submitted to the A/P Bookkeeper within 10 days of the end of the month.

Employees who support the WSBA's conference rooms and CLE Conference Center may be issued credit cards for the purpose of purchasing office supplies, food service, kitchen supplies, etc. in order to efficiently and cost-effectively manage the conference rooms and provide support to employee meetings. The monthly American Express bill shall be reconciled and coded to the proper general ledger accounts, then given to the Chief Financial Officer for review and approval.

IX. FUNCTIONAL ACCOUNTING PROCEDURES/ALLOCATION OF INDIRECT EXPENSES

"Indirect" expenses are expenses that benefit the whole organization; in many ways they are the basic cost of doing business. Examples include salaries, benefits, rent, telephone, insurance, legal advice, auditing services, computer equipment, etc., as well as all-employee meetings, coffee/tea service, etc. GAAP does not require a specific method of allocating expenses to their appropriate function. There are numerous ways to allocate common expenses, but there is no one correct way. However, the method chosen must be meaningful, reasonable, accurate, and consistently applied. Changes in the method of allocating indirect expenses, and what specific expenses are included in indirect expenses, are generally disclosed in the audited financial statements.

The main goal of allocating common expenses is to provide the "true cost" of each program. However, getting a "true cost" is a misnomer, since different allocation methods will produce different results. The organization must choose a reasonable method that makes sense and will produce "accurate enough" information. Thus, it is important to understand that you are never really seeing the true cost of any program; you are seeing as close as we can get based on the allocation method chosen. A good example of this is how the WSBA treats certain support expenses. The WSBA has several departments which support all the cost centers, but for which the costs are not allocated to the indirect pool. No employee time for the Human Resources department or Information Technology department is allocated to other cost centers, although they primarily exist to support all cost centers. Thus, the "true cost" of a program does not include many of the WSBA support functions provided to it. It is helpful to understand this when conducting reviews of programs and cost centers.

WSBA has been using functional accounting since 1992. Direct expenses are recorded 100% to the appropriate cost center. Examples include committee expenses, employee travel, events, etc. The WSBA allocates indirect expenses as follows:

- Salaries – Salaries are directly allocated (through payroll) to the cost centers in which the employees primarily work. For example, some employees are allocated among several cost centers in one department (e.g., Advancement or Regulatory Services Departments). Many employees are allocated to only one cost center, although they perform work for many functional areas (e.g., Finance and Administration Department employees). *The allocation of employees is done through the budget process; employees are allocated throughout the year just as they are budgeted.* Therefore, a person may be budgeted at 25%, but may actually spend more or less of their time performing work for that cost center. However, the person is allocated through payroll at 25% regardless of their actual time spent unless a mid-year change in actual allocation is authorized by the Executive Director as part of the Reforecast process. Actual time is considered in allocating employees for the next budget year.
- Benefits – When incurred, benefits expenses are pooled together and allocated among the cost centers *based on the salary expenses (dollars, not FTEs)* for each cost center. This method proportionately distributes benefits in relationship to the salaries expenses. Thus, the departments with higher-paid employees will also incur a higher share of benefits expense.
- Other Indirect Expenses (insurance, telephone, professional fees, etc.) – The WSBA allocates all other indirect expenses based on the *number of FTE's* in a cost center. For example, if a cost center has 10 out of 138 of WSBA's FTEs, then it will be allocated 7.2% (10/138) of the pool of indirect expenses.

Chapter 7: Other Accounting Policies

Policy on Committee and Board Use of WSBA Funds

This Policy restricts committees (standing, ad hoc, special, or other) and boards from donating or contributing WSBA funds to programs or causes not specifically authorized in the approved budget. This restriction on the use of WSBA funds does not apply to sections since general WSBA funds are not used for sections.

Donations/Contributions/Sponsorships to outside entities

WSBA committees and boards are prohibited from donating, contributing to, or financially sponsoring outside entities or causes with WSBA funds even if the allocated budget has unexpended funds, except with special review by the General Counsel and further authorization from the WSBA Executive Director. This applies to donations to entities such as other bar associations, legal organizations, or outside causes. Requests made to the Executive Director must be made in writing at least 30 days prior to the desired date of the contribution.

Making charitable contributions

WSBA committees and boards are prohibited from making charitable contributions with WSBA funds.

Contributing to WSBA-Funded Programs

WSBA committees and boards are prohibited from donating or contributing WSBA funds to other WSBA-funded programs.

Employee Gifts

Use of WSBA funds, including committee and board budget funds, for gifts to WSBA employees are prohibited except for *de minimis* or token appreciations.

Procedure for Pre-approval of Form Content

The Controller must **pre-approve** the **content** of all documents that request payment (such as event registrations, order forms, or applications) that WSBA intends to either mail out or include in the *Bar News*, on the Bar web site, or in newsletters. This type of document must include specific information to ensure the correct application of any payment(s) returned to the Bar. Accounting must review the document **before** the document is mailed or published.

In the case of form letters, the template should be given to the Controller for review and approval before any letters are mailed. In the case of order forms, once the order form is designed (but not yet mailed or published), a "draft" copy should be given to the Controller for review and approval.

WSBA Price List and User Fees

User fees for Bar products and services are set and revised periodically either during the budgeting process or as deemed appropriate by the department director

Taxes

Local Taxes

WSBA pays personal property taxes to the City of Seattle in accordance with local laws.

State Taxes

WSBA pays taxes to the State of Washington for:

- Use and sales taxes on the sale of taxable products;
- Department of Labor and Industry (L & I) workman's compensation taxes (the reports are prepared and filed by WSBA); and
- State Unemployment (SUTA) tax, which is paid on an "experience" basis only (the SUTA reports are prepared quarterly by ADP, WSBA's payroll vendor).

WSBA is exempt from State of Washington:

- Business and Occupation (B & O) tax, since WSBA is an instrumentality of the State Supreme Court.

Federal Taxes

The WSBA does not pay Federal Unemployment (FUTA) tax.

Letter regarding WSBA Tax Exempt Status

Please contact the Office of General Counsel or the Chief Financial Officer.

Grants

WSBA programs may seek grant funding from foundations/organizations to support specific projects/programs.

Grant application

- With the support of the Executive Director, applications for grants, budget worksheets, grant checklists or work plans will be completed by the WSBA program requesting the grant.
- General Counsel will review grant applications for legal content.
- Accounting information will be reviewed by the Chief Financial Officer before submission.
- The Executive Director will approve in-kind expenses related to a grant.
- The Executive Director or designee must approve the grant request before the application can be submitted to the funding organization.

Grant Awards

- Grantees will alert the Accounting Division as to the amount and approximate date of receipt of grant funds.
- Reports, as required by the grant, will be completed by the grantee with assistance from Accounting.
- If unused funds are to be returned to the Grantor at the end of the grant period, the grantee and Controller will balance the dollar amount to be returned. A Check Request will then be prepared by the grantee and, after securing proper approval, forwarded to Accounting for processing.

Managing Grant Funds

- If grant amount is over \$20,000 and anticipated to benefit more than one fiscal year, the amount received will be deposited into a liability account and moved monthly as funds are spent. If the grant is anticipated to be used in the current fiscal year, the funds will be deposited into an income account when received.
- The Controller will review grant status with the grant recipient at fiscal year-end to determine and record the amount to be carried forward to the next year. Unexpended grant funds (i.e., for grants that cover more than one fiscal year) will be moved to a liability account at fiscal year-end by the Controller. This net amount would be adjusted for any expenses not charged as direct expense (i.e., salary/benefits, rent/office space) but included in the grant. The Controller will move those funds to the income account in the appropriate cost center as the related grant expenses are incurred.
- Expenses will be charged to an expense account within the same cost center.
- WSBA may charge an administrative fee. The fee amount would be determined by the grant requirements.
- Awarded Grants will be included within the appropriate cost center's income and expense categories in the annual budget process for that particular fiscal year.

Public Records Access and Fee Policies

WSBA's public records policies and procedures are set forth at <http://www.wsba.org/About-WSBA/Contact-Us/Request-Public-Bar-Records>.

Submitting Matters to the Board of Governors for Action

Pursuant to the WSBA Bylaws, the Board of Governors (BOG) is the governing body of the Bar that determines the general policies of the Bar and approves its budget each year. In January, 2020, the BOG adopted a policy entitled [Board of Governors Policy RE: Requests for Action \(Page 195\)](#). The policy sets forth the preferred process for submitting matters to the Board for action. The portions of that policy relevant to the fiscal policies are provided as follows:

3. Analysis. When a matter has been requested by a WSBA entity or has been approved for further exploration by a BOG Committee, the Executive Director will ensure that the matter is analyzed, including fiscal impact, stakeholder analysis and input, rule compliance, and implementation implications. A reasonable amount of time should be provided for this analysis taking into account the scope, magnitude, and relative novelty of the request. This information will be shared, as appropriate, to aid in the Board's decision-making.

Requests Requiring Amendment to the WSBA Budget

Changes to the WSBA Budget should not be approved without a rigorous review of the pros, cons and impacts of said change. As such, any request, proposal, change or suggestion that would require a change to the WSBA budget that arises during a meeting or has not been subject to analysis as described above, should be tabled until the next BOG meeting in order to provide time for that analysis.

The review will be performed by the Treasurer, Director of Finance, HR Director, WSBA President, and the Executive lead for the department affected. The review and potential request will be taken to the Budget and

Audit committee for discussion and analysis. The committee's recommendation(s), are intended to be completed and delivered to the BOG for approval in its next meeting.

LM-169

Chapter 8: Summary of Internal Accounting Controls

Bank Accounts

- The Board of Governors approves banking authorities.
- The Bank is notified timely of signature changes.
- The Accounting employee who makes the daily deposit is someone other than the employee who processes the receipts.
- The A/P Bookkeeper or Controller do not have signing authority to any WSBA bank accounts.
- Check signers are independent of check preparation.

Bank Reconciliations

- Bank statements are delivered to the appropriate independent person unopened or provided via online access
- WSBA employees reconciling the bank accounts are not involved in day-to-day processing of receipts or expenses.
- Bank reconciliations are generally completed by the 20th working day of each month.
- Copies of completed bank reconciliations are distributed to the Chief Financial Officer and Controller for review.
- A detailed process is followed for checks outstanding for over 90 days.

Investments

- Investment guidelines are approved by the Board of Governors.
- WSBA employees authorized to invest are approved by the Board of Governors.
- All investment paperwork is kept in a safe location.
- All investments are under the name of the Washington State Bar Association or the Client Protection Fund.
- Detailed records are kept on each investment (for example, purchase date, maturity date, interest rate, annual percentage yield, how interest will be paid, purchase price, name of institution, etc.).
- Detailed records are kept by someone other than the person who authorized the investment.

Cash/Check Handling

- Incoming mail is initially opened by two employees (Production employees) with no access to accounting records.
- The cash/check processing is always done by a minimum of two WSBA employees.
- The process results in a daily grand total which is balanced once all receipts are processed.
- WSBA employees do not count/tally a category of receipts they would then process.
- All checks are locked up in a secure location until they are deposited into the bank. Only authorized Accounting employees have access.
- Daily receipts are deposited into the bank by the end of each day.
- Cash received at the front desk is recorded on the log sheet.
- Cash received at the front desk is locked up when the office is closed.
- Payments (checks, cash, or credit card info.) and backup from an outside event are collected by WSBA employees at the event and turned into Accounting the first day the employees return to the office.

LM-170

Petty Cash

- Petty Cash boxes are kept in a secure location – always locked when the office is closed.
- Access to Petty Cash is limited to a small number of employees who do not process receipts.
- Petty Cash boxes are audited regularly by someone without regular access to the box.
- Reimbursements for petty cash expenditures up to \$30 or \$50 are disbursed by a limited small number of employees.
- Petty Cash forms must be completed with documentation and approval before funds can be disbursed.
- Petty Cash will be replenished by completing a Check Request and being processed through the Accounts Payable process.
- IOU's, employee advances, and check cashing are not allowed.
- Petty Cash boxes are kept separate and not mingled with any other cash.

Credit Card Information

WSBA will take necessary steps to ensure it complies with federal and state laws regarding the protection of credit card information (payment card industry data security processing standards). The following general guidelines shall be followed:

- Where possible and feasible, the preferred method of receiving credit card information is from customers/members online whereby the credit card numbers are never seen by employees. Therefore, WSBA shall attempt to provide as many of its products and services online as is possible.
- Where credit card information is received in the mail on WSBA forms, via email, through a walk-in, or by telephone, the following guidelines apply:
 - Employees shall take care to adequately secure, in a locked location, any credit card information until it is processed by accounting (see specific procedures in Chapter 5). Employees may lock such information in drawers or cabinets or use lockboxes provided in Accounting, the Service Center, and EOD/CLE. The fewer people that handle credit card information, the better.
 - After the credit card information is entered into Personify, where the payment is processed, it shall be thoroughly redacted from the form before scanning, sending to other departments, or storage.
 - Original forms containing redacted credit card information that are maintained by departments outside Accounting shall be kept in a locked location until they are destroyed.
- Employees do not have access to credit card numbers stored in the Personify database or Cyber source because the numbers are encrypted for security.
- Credit card numbers and payment information is not subject to public disclosure and should never be given to anyone outside of the WSBA.

Accounts Receivable

- All invoiced items will be processed through the accounting software.
- Any adjustments must be approved by appropriate department director.

Cash Disbursements

- Checks are pre-numbered and used in sequence.
- Blank check stock is locked up and access is limited.
- A/P Bookkeeper does not have authority to approve or change expense requests.
- A/P Bookkeeper audits reimbursement forms (Check Requests, Expense Reports, and Petty Cash Slips) for accuracy and adherence to policy.
- A/P Bookkeeper ensures each Check Request or Expense Report has been approved by an authorized employee.
- All checks are processed through the accounting software system.
- Blank checks are not signed.
- Checks are always made payable to a person or company - never to cash or bearer.
- Checks presented for signature include backup explaining the reason for the check.
- A copy of the check is attached to the backup and filed in the 'paid' file.
- Voided/spoiled checks are stamped 'void' and maintained in locked cabinet for safekeeping.

Check Signature Stamp Policy

This Check Signature Stamp Policy is designed to speed up the check signing process while providing adequate internal controls over the signature of checks. This policy is only applicable to the Executive Director; other check signers must personally sign the checks. The Check Request will be initialed by the Executive Director, indicating approval to stamp the checks. The Executive Director will then contact Finance & Administration Administrative Assistant, who will pick up the checks, stamp them, and mail them. Any checks that have not been approved will be given to the A/P Bookkeeper for further review.

Exception: Any checks over \$10,000.00 require two signatures and will be hand signed by both signers and included for mailing with the regular checks.

The only person with access to the signature stamp will be the Finance & Administration Administrative Assistant, who will keep it locked up at all times. At no time should the Controller or the A/P Bookkeeper have access to the stamp.

Miscellaneous

- A/P, A/R and General Ledger functions are performed by separate employees.

Chapter 9: Client Protection Fund

Accounting Policy

In 1995, the Washington Supreme Court and the WSBA created the Client Protection Fund ("Fund"). The Fund may be used for the purpose of relieving or mitigating a loss sustained by any person due to the dishonesty of, or failure to account for money or property entrusted to, any member of the WSBA in connection with the member's practice of law, or while acting as a fiduciary in a matter related to the member's practice of law. The Fund is governed by Admission to Practice Rule 15.

The Fund is maintained as a trust, separate from other funds of the WSBA. The Fund has its own checking/savings account and investment accounts. The Fund is maintained as a restricted fund on WSBA's books (designated as a separate cost center in the general ledger). The Fund is completely self-supporting – it receives no revenue from the WSBA or other entities. The Fund cannot expend more than it has collected.

Revenue Procedures

Court-Ordered Assessment

Each active lawyer and LLLT WSBA member, and some other licensees, pay an annual assessment to the Fund; this is the Fund's main source of revenue. Assessment amounts are set by Supreme Court Order, based on recommendations by the WSBA Board of Governors. Assessments are invoiced with each active member's, or licensee's, license fee and are deposited in the WSBA general checking account. During the closing period at each month end, the Accountant makes a journal entry in the general ledger to transfer the assessments received that month from the WSBA general checking account to the CPF checking account. This amount is transferred by the Controller from the WSBA checking account to the CPF checking account.

Investment Revenue

The Fund's excess cash is invested in accordance with WSBA's Investment Policy. Journal entries for the Fund's investment income are prepared by the Budget and Finance Manager and given to the Accountant for posting.

Restitution Revenue

The Fund attempts to recover its payments from the members on whose behalf gifts are made, and thus receives some restitution payments. These payments are deposited in the Fund's checking account when received, and recorded in the Fund's restitution general ledger revenue account.

Expense Procedures

The Fund's major expense is gifts made to injured clients. Applicants request a gift by completing and submitting an application form; the Client Protection Board makes gifts and recommends gifts requiring approval to the trustees. Once a gift is approved, the applicant must sign a subrogation agreement. The Client Protection Fund Analyst prepares a Check Request and submits it to the A/P Bookkeeper, who prepares checks payable from the CPF checking account. The Accountant makes the appropriate journal entries on the CPF general ledger. The maximum gift allowed is \$150,000.00. Gifts for more than \$5,000.00 are split into an initial payment and a second payment at the end of the fiscal year. This is one of the controls on the Fund. If necessary, the year-end payments are pro-rated by the Board of Governors to maintain the fund viability.

The Fund also pays its administrative costs, which consist of its share of WSBA salaries, benefits and overhead (indirect) expenses, and expenses of the CPF Committee, which oversees the Fund and approves payments. These expenses are recorded at the end of each month.

The Accountant prepares a preliminary Statement of Activities for the Fund each quarter end to determine the liability to the WSBA general fund for CPF expenses paid that quarter by the WSBA. Once that amount is

determined, the Accountant gives the reimbursement amount to the Controller, who transfers the reimbursement amount from the CPF checking account to the WSBA checking account.

Procedure for Financial Reports

Each quarter, the Accountant prepares a Statement of Financial Position and a final Statement of Activities, for the quarter and year-to-date, and a Statement of Changes in Net Assets for the year-to-date. These statements are sent to the Assistant General Counsel assigned to work with the Client Protection Board, who reviews them with the CPF Committee. Annually, these financial reports are included in the annual CPF report to the Board of Governors and the Court

Chapter 10: Sections

Overview of Section Funds

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 employees' 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 years' 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 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 "TheDocket").
- Donate to Washington State Bar Foundation.
- Sponsor 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

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, treasurer, and/or other executive committee members as requested by the section's executive committee, within a reasonable time after 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's staff 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 members from the prior fiscal year.

Interest Earned on Section Fund Balances

Annually, each Section may receive interest income on its fund balance. The calculation and journal entry will be made at the close of WSBA's fiscal year, prior to the annual audit of WSBA's financial statements. Each Section's share of interest income will be determined by taking the average interest rate earned by 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.

WSBA CLE and Programs Presented in Partnership with Sections *(updated and approved by the Board of Governors on July 27, 2018)*

Programs Co-sponsored with Sections

The goal of all WSBA CLE programs is to support the mission and strategic goals of the organization. WSBA Sections are an important partner in these efforts. WSBA retains fiscal reserves ("WSBA CLE Fund") to mitigate against changes in the CLE market, sustain and improve important technology required for the delivery of CLE programs, and protect against unexpected revenue shortfalls.

Net seminar and any associated net on-demand product revenue for all WSBA CLE programs developed in partnership with Sections (excluding mini-CLEs) will be split between the WSBA CLE Fund and the partnering Section's cost center. Beginning with seminars delivered in FY19, net revenues will be split 50-50 (%) between the WSBA CLE Fund and the partnering Section's cost center, up to a total net revenue of \$8,000. Net revenue exceeding \$8,000 will be split 65% to WSBA and 35% to the Section. WSBA will absorb any net losses sustained by individual programs.

LM-177

In calculating net revenue, WSBA will subtract all direct and indirect costs for the development of the live program and on-demand product from the gross revenue of the live program and on-demand product sales. WSBA will keep the Section informed of the program financials in a timely and transparent manner. Following each fiscal year's close, the partnering Section will receive its portion of any net revenue earned in that fiscal year, based on audited financial statements.

Because the CLE market is dynamic, WSBA and the Sections will annually review overall results and may seek to adjust the revenue sharing terms set forth in this policy to ensure that CLE programming and WSBA CLE Fund reserves are sustainable.

Mini-CLEs

WSBA CLE also supports Section CLE programming through a "Mini-CLE" model. Mini-CLEs are seen as exclusively member-benefit programs. They do not exceed 2.0 credit hours in length and registration fees must be \$35 or less. For Mini-CLEs, WSBA staff provides limited assistance at no charge to the Section (e.g., program accreditation, reporting, and attendance tracking). Sections do much more of the preparation and production of seminars than regular CLE programming, and are responsible for working in collaboration with WSBA (e.g., following procedures outlined including timely notice, providing onsite registration personnel).

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 WSBA as defined by Supreme Court Rule and the Bylaws; and
- The expenditure does not violate the restricted acts of WSBA as defined by Supreme Court Rule, or WSBA or Section Bylaws.

If a Section wishes to spend funds otherwise (in excess of \$500.00 over budgeted amount), Section leadership should prepare a written request outlining the purpose and amount of the proposed expenditure and submit it to the Section's staff liaison who will submit it to the Director of Finance and Director of Advancement for review and approval.

Per-Member Charge

Each Section shall reimburse 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. (WSBA Bylaws as updated and approved by the Board of Governors) Article V (B) 2 of the WSBA Bylaws states: "The financial obligation of the Bar to any Bar entity is limited to the amount budgeted and ceases upon payment of that amount unless the BOG authorizes otherwise."

Article V (B) 3 of the WSBA Bylaws states: "Any liability incurred by any Bar entity, or by its members, in excess of the funds budgeted, will be the personal liability of the person or persons responsible for incurring or authorizing the liability."

Article V (B) 4 of the WSBA Bylaws states: "Any liability incurred by any Bar entity, or by its members, not in accordance with the policies of the BOG or in conflict with any part of these Bylaws, will be the personal liability of the person or persons responsible for incurring or authorizing the liability"

Expenses Over Budget – Directors of Finance and Advancement Approval

Once a Section has incurred 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 Directors of Finance and Advancement. Requests for additional expenses and a spending plan shall be submitted in writing to the Section's staff liaison who will submit it to the Director of Finance and Director of Advancement for review and approval.

Expenses Over Budget – WSBA Executive Director 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 Executive Director 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's staff liaison. The Section's staff liaison will inform the Section of the approval (or denial) of their request after review by the WSBA Executive Director.

Expense Policies for WSBA Sections *(updated and approved by the Board of Governors on July 23, 2016)*

Sections shall comply with the expense policies of the WSBA (see Chapter 6, Expenses).



FY2023 Budget 1st Review

7/22 Board of Governors Meeting

OVERVIEW AND GENERAL ASSUMPTIONS

- FY23 will likely be a hybrid of in-person and remote work, activities, and events with more emphasis on in-person meetings and events as compared to the past two years.
- For historical comparison purposes FY23 budget is being compared to the FY22 Reforecast which represents the most comparable assumptions (i.e. hybrid/remote/in-person) over the past few years. We are also providing a comparison to the FY22 original budget.
- Client Protection Fund (CPF) member assessment is \$20 for 2023.
- CLE revenues are projected to be lower as compared to FY22 because there is no longer a double reporting group as there was in FY22. The FY23 budget numbers align more with pre 2020 levels.
- Headcount is comparable to FY22 reforecast at 139.25 FTE's. Positions that were previously partially vacant are now budgeted for the full year. One staff position was reduced to part time.
- We anticipate requesting budget for one to four additional positions.

OVERVIEW

Revenue Assumptions

Member Type	# of Members	Revenue (\$)
Active	33,093	14,923,779
Foreign Law Consultant	19	8,702
House Counsel	350	160,300
Inactive	5800	1,160,000
Emeritus	120	24,000
Judicial	650	32,500
Pro Hac Vice	873	400,000
New Admittee	1460	450,000
TOTAL	42,264	17,159,281*

*membership runs on a calendar year not our fiscal year

- Keller deduction – approximately 13% of members are expected to take the deduction based on historical data
- Late fees – 2% of members are expected to pay late based on historical data = \$280,000
- CPF assessment - \$20 for FY23 = \$730,000

OVERVIEW

CLE Fund Revenue Assumptions

Seminars

- FY22 Revenues projected to be on par w/pre pandemic (FY19).

Products

- On-demand seminar sales are budgeted to be on par w/pre pandemic (FY19).
- We will be planning a Summer and Winter Sale for on-demand products in FY23.

OVERVIEW

Expense Assumptions

- Salaries assume a 2.3% increase which provides for movement of staff through their designated salary steps and allowance for open positions.
- Medical benefits, retirement, and payroll tax rates are not yet available and expected increase could range from 2-5%.
- Rent increase as per lease schedule = \$143,146 less \$41,200 credit from CLE fund. Net increase \$101,946.
- Legal expense @ \$250k as per prior years budget.
- Higher Logic Volunteer Management Platform \$43,500.00 in Capital Account - would be depreciated starting in FY23 at \$6525.00 per year.
- Office Space Downsizing Project - Approximately \$97k and depreciated over three years. Consolidate WSBA office space to Floors 6 and 7 with the goal of subleasing floors 8 and 11.

SALARIES

FY22 Reforecast	FY23 Budget
\$12,388,996	\$12,675,409

- The change from the FY22 Budget to the FY23 Budget is 2.3% which represents the movement of staff through their annual steps and provides for an allowance for open positions which can be utilized for staff incentives, promotions and unanticipated staff adjustments.
- We are considering requests for up to four additional staff in OGC, IT, COMM, and ODC. The approximate cost for two additional positions is \$218,484.00 which includes salary and benefits. If approved, this would increase total salaries in FY23 from \$12,675,409 to \$12,893,893.00.



WHY BUILD CAPACITY?

THE EXPECTED, UNEXPECTED

Cyber and physical security incidents, public health crisis, responding to national and local tragedies, and disruptions to the organization and profession are all likely our new normal.

INNOVATION AND CHANGE

Big ideas are on the horizon, alternative pathways to licensure, regulatory laboratory, proactive management-based regulation, and shift in location and approach to work.

ADDING WITHOUT TAKING AWAY

New ideas and projects are added, but we haven't identified things to stop doing. E.g., more training/meetings/retreats, STAR, Strategic Planning

STRIVING FOR EXCELLENCE

Providing excellent service to members, the public and volunteers requires capacity to plan and evaluate rather than simply react.

THE EXPECTED, UNEXPECTED

- ❖ ETHOS
- ❖ Equity & Disparity Workgroup
- ❖ TAXICAB
- ❖ Supreme Court Bar Licensure Task Force
- ❖ Responding to climate and culture challenges
- ❖ Responding to tragedy
- ❖ Physical security threats, public health crises
- ❖ Cyber security threats

INNOVATION AND CHANGE

Alternative Pathways to Licensure

Legal Laboratory

Legal Link, Member Outreach

Proactive Management Based Regulation

Regulatory Pro Bono Panel, Ombuds Program

WSBA Physical Space Changes, Remote Work
Environment

ADDING WITHOUT TAKING AWAY

STRATEGIC PLANNING

Long Range Strategic Planning Council,
Operational Planning, Board Retreats

NEW PROGRAMING

STAR, Expanded Member Wellness,
Deskbook Changes, Legal Link, Member
Engagement Council

STRIVING FOR EXCELLENCE

- ❖ Comprehensive Bylaws Review
- ❖ Improved Policy Management
- ❖ Improved Travel & Event Planning
- ❖ Growing Volunteer Engagement
- ❖ Improved Member Support, Member Wellness Council
- ❖ Increasing Public Outreach
- ❖ Improved Board Experience

STAFFING & WORK LOAD TRENDS

SINCE 2012

- active membership has grown by 15%.
- Applications for admission are up 5%

SINCE 2012

- Many of our one-to-one member contacts have shrunk
- New programing includes the Listening Tour, LLLT License, Licensing Payment Plan, NW Sidebar, Legal Lunchbox, Low Bono Section, Cannabis Section, First Diversity & Inclusion Plan, Practice Primers, Health Ins Exchange, Membership Survey, and Powerful Communities.
- Moved, changed, or sunset programs include WLI, move to UBE, Home Foreclosure Project, CLE intentionally shrunk, Diversity Committees merged, Call to Duty, Decoding the Law came and went.

SINCE 2012

- staff capacity has shrunk by 3%

PENDING ITEMS

ITEMS WITH ASSUMPTIONS IN THE BUDGET

- Insurance – will not have final rates until July/August
- Keller Deduction – will be completed in August but we have put \$50k in as a placeholder
- FICA, Medical, PERS – typically receive rates in late July or early August
- ORCA – final rates available in August
- Sections budgets – will not be completed until late July

FY2022 REFORECAST TO FY2023 BUDGET COMPARISON

	GENERAL FUND COMPARISON		
	FY22 Reforecast to FY23 Budget		
	<u>FY 22 REFORECAST</u>	<u>FY23 BUDGET CURRENT STAFFING</u>	<u>FY23 BUDGET ADDITIONAL STAFF</u>
			<i>Anticipates Two Staff Adds</i>
BEGINNING CYCLE PROJECTED FUND BALANCE (actual for FY22)	7,072,174	7,307,328	7,307,328
BUDGETED REVENUE	21,531,920	21,891,872	21,891,872
<i>Licensing Revenue</i>	16,703,401	17,159,281	17,159,281
<i>Other Revenue</i>	4,828,519	4,732,591	4,732,591
BUDGETED EXPENSES	21,296,766	22,174,368	22,392,852
<i>Direct</i>	2,710,263	2,762,357	2,762,357
<i>Indirect</i>	18,586,503	19,412,011	19,630,495
BUDGETED NET INCOME/(LOSS) AND ANTICIPATED USE OF RESERVES	235,154	-282,496	-500,980
RESERVE BALANCE OFFSET		282,496	500,980
NET OPERATING RESULT	235,154	0	0
FY23 Fund Balance Budget	7,307,328	7,024,832	6,806,348

FY2023 PROJECTED FUND BALANCES

2023 Projected Fund Balances Current Staffing			
	General Fund	CPF Fund	CLE
FY23 Estimate Starting Fund Balance	7,307,328	4,203,484	1,305,367
FY23 Budget Revenue	21,891,872	730,000	1,894,725
<i>Licensing Revenue</i>	17,159,281		
<i>Other Revenue</i>	4,732,591		
FY23 Budget Expenses	22,174,368	681,666	1,650,099
<i>Direct</i>	2,762,357	502,300	373,624
<i>Indirect</i>	19,412,011	179,366	1,276,475
FY23 Budgeted Net Income/(Loss)	-282,496	48,334	244,626
Anticipated Use of Reserves	282,496	0	0
Net Operating Result	0	48,334	244,626
FY23 Fund Balance Budget	7,024,832	4,251,818	1,549,993

2023 Projected Fund Balances Two Additional Staff			
	General Fund	CPF Fund	CLE
FY23 Estimate Starting Fund Balance	7,307,328	4,203,484	1,305,367
FY23 Budget Revenue	21,891,872	730,000	1,894,725
<i>Licensing Revenue</i>	17,159,281		
<i>Other Revenue</i>	4,732,591		
FY23 Budget Expenses	22,392,852	681,666	1,650,099
<i>Direct</i>	2,762,357	502,300	373,624
<i>Indirect</i>	19,630,495	179,366	1,276,475
FY23 Budgeted Net Income/(Loss)	-500,980	48,334	244,626
Anticipated Use of Reserves	500,980	0	0
Net Operating Result	0	48,334	244,626
FY23 Fund Balance Budget	6,806,348	4,251,818	1,549,993

**Washington State Bar Association
Budget Comparison**

			FY22 Reforecast vs FY23 Budget v2 F/(U)	% of change F/(U)	
	FY22 Reforecast	FY23 Budget v2			
WSBA					
REVENUE:					
Copy Fees	40200	36	(36)	-100%	
Diversion	40205	7,292	7,500	208	3%
Records Request Fees	40210	3	963	960	30471%
Donations & Grants	40300	265,000	265,000	-	0%
Interest - Investments	40500	11,886	27,177	15,291	129%
License Fees	40600	15,732,857	16,309,281	576,424	4%
License Fees - New Admittees	40625	508,058	450,000	(58,058)	-11%
License Fees - Late Fees	40650	255,018	280,000	24,982	10%
License Fees - ReinStatements	40675	16,156	14,186	(1,971)	-12%
Miscellaneous	40700	60	(60)	-100%	
Exam Soft Revenue	40705	-	27,000	27,000	100%
Misc Over/Under Payments	40750	2,300	(2,300)	-100%	
Publications Revenue	40800	4,000	5,333	1,333	33%
Royalties	40900	62,726	60,800	(1,926)	-3%
NMP Product Sales	40950	60,000	65,000	5,000	8%
Shipping & Handling	41000	81	100	19	23%
Status Certificate Fees	41100	24,061	27,000	2,939	12%
Sponsorships	41450	10,000	9,000	(1,000)	-10%
Annual or Other Meeting Rev	41500	2,000	2,667	667	33%
Conferences & Institutes	41700	8,000	8,000	-	0%
Seminar Registrations	41800	806,500	870,000	63,500	8%
Mini-CLE Revenue	41805	36,070	34,700	(1,370)	-4%
Seminar Revenue-Other	41825	5,000	20,000	15,000	300%
Seminar Splits w/CLE	41850	139,494	52,617	(86,877)	-62%
Seminar Splits w/Others	41875	8,000	8,667	667	8%
Bar Exam Fees	42207	1,172,120	1,213,000	40,880	3%
Bar Exam Late Fees	42230	40,256	40,000	(256)	-1%
House Counsel Application Fees	42232	39,488	54,000	14,512	37%
Rule 9/Legal intern Fees	42270	11,242	12,000	758	7%
Law Clerk Fees	42275	220,000	185,000	(35,000)	-16%
LLLT Exam Late Fee	42278	300	-	(300)	-100%
RPC Booklets	42280	-	-	-	-100%
LLLT License Fees	42281	12,634	16,622	3,988	32%
LLLT Exam Fees	42282	3,550	-	(3,550)	-100%
Foreign Law Consultant Fees	42285	1,860	1,240	(620)	-33%
Law Clerk Application Fees	42286	2,500	3,200	700	28%
Special Admissions	42287	4,387	15,700	11,313	258%
Investigation Fees	42288	22,159	21,500	(659)	-3%
Pro Hac Vice	42290	362,311	400,000	37,689	10%
LLLT Late License Fees	42291	1,000	1,100	100	10%
Audit Revenue	42450	1,000	1,000	-	0%
BNews Display Advertising	42710	400,000	400,000	-	0%
BNews Subscript/Single Issues	42720	200	200	-	0%
BNews Classified Advertising	42730	2,500	2,500	-	0%
BNews Gen Announcements	42740	14,000	-	(14,000)	-100%
BNews Prof Announcements	42750	22,500	-	(22,500)	-100%
Job Target Advertising	42760	180,000	200,000	20,000	11%
Deskbook Sales	43100	82,000	150,000	68,000	83%
Coursebook Sales	43200	5,717	7,000	1,283	22%
MP3 Sales	43350	187,620	-	(187,620)	-100%
Digital Video Sales	43400	1,099,663	924,000	(175,663)	-16%
Section Publication Sales	43450	6,000	6,000	-	0%
Resold Product Sales	43455	31,600	35,000	3,400	11%
Casemaker Royalties	43525	45,000	50,000	5,000	11%
WSBA Logo Merchandise Sales	44100	113	2,500	2,387	2108%
Recovery of Discipline Costs	44350	100,000	100,000	-	0%
Discipline History Summary	44450	17,000	18,000	1,000	6%
Practice Monitor Fees	44460	4,000	-	(4,000)	-100%
LLLT Waiver Fees	44560	-	-	-	-100%
CPF Restitution	44820	30,000	40,000	10,000	33%

CPF Member Assessments	44840	792,503	690,000	(102,503)	-13%
Member Contact Information	45040	3,125	4,000	875	28%
Photo Bar Card Sales	45060	247	200	(47)	-19%
LPO Examination Fees	45110	28,350	24,000	(4,350)	-15%
LPO Exam Late Fee	45115	5,500	4,300	(1,200)	-22%
LPO License Fees	45120	172,579	164,750	(7,829)	-5%
LPO Late License Fees	45125	5,100	988	(4,112)	-81%
LPO License Fees - ReinStates	45140	667	550	(117)	-18%
Accredited Program Fees	45210	566,556	550,000	(16,556)	-3%
Form 1 Late Fee	45215	220,000	220,000	-	0%
Member Late Fees	45220	401,200	190,000	(211,200)	-53%
Annual Accredited Sponsor Fees	45230	39,250	38,250	(1,000)	-3%
Attendance Fees	45240	-	-	-	-100%
Attendance Late Fees	45250	115,000	98,000	(17,000)	-15%
COMITY Certificates - Request	45255	13,500	14,000	500	4%
COMITY Certificates - Submit	45260	28,500	15,000	(13,500)	-47%
Trial Advocacy Program	47100	15,000	12,000	(3,000)	-20%
50 Year Member Tribute Lunch	42570	-	-	-	-100%
Reimbursements From Sections	48010	284,000	290,543	6,543	2%
Section Dues Revenue	48200	439,178	85,964	(353,214)	-80%
TOTAL REVENUE		25,217,572	24,847,096	(370,476)	-1%
DIRECT EXPENSES:					
Bad Debt Expense	50010	-	-	-	100%
Depreciation	50015	0	39,247	(39,247)	16352817%
Bank Fees	50020	2,067	2,100	(33)	-2%
Consulting Services	50033	209,175	135,000	74,175	35%
Donations/Sponsorships/Grants	50037	250,280	260,828	(10,548)	-4%
Postage	50060	124,141	127,550	(3,409)	-3%
Printing & Copying	50070	260,750	252,100	8,650	3%
Publications Production	50080	181	200	(19)	-11%
YLL Section Program	50085	1,500	1,500	-	0%
Records Storage - Off Site	50090	-	-	-	100%
CLE Comps	50095	-	1,000	(1,000)	100%
Staff Travel/Parking	50100	71,036	82,678	(11,642)	-16%
Covid19	50105	-	-	-	100%
Staff Training & Conferences	50110	110,104	134,045	(23,941)	-22%
Staff Membership Dues	50120	16,755	18,850	(2,095)	-13%
Subscriptions	50130	9,653	8,687	966	10%
Transcription Services	50135	-	-	-	100%
Supplies	50140	2,650	2,900	(250)	-9%
Surveys	50145	50,300	17,050	33,250	66%
Digital/Online Development	50155	16,609	1,000	15,609	94%
Telephone	50160	88,415	97,359	(8,944)	-10%
Conference Calls	50165	5,811	6,724	(913)	-16%
Miscellaneous	50170	-	-	-	100%
Pro Bono & Legal Aid Committee	52110	2,000	1,500	500	25%
ATJ Board Retreat	52121	2,000	2,000	-	0%
Leadership Training	52125	48,000	42,000	6,000	13%
ATJ Board Expense	52140	24,000	24,000	-	0%
Facility, Parking, Food	52210	102,038	110,000	(7,962)	-8%
Examiner Fees	52215	36,000	36,000	-	0%
UBE Examinations	52221	126,900	123,000	3,900	3%
Board of Bar Examiners	52225	23,000	18,850	4,150	18%
Bar Exam Proctors	52230	31,000	39,000	(8,000)	-26%
Character & Fitness Board Exp	52235	10,000	12,000	(2,000)	-20%
Disability Accommodations	52240	21,833	31,000	(9,167)	-42%
Character & Fitness Investi	52245	2,100	2,100	-	0%
Law School Visits	52250	850	1,700	(850)	-100%
Law Clerk Board	52255	4,667	8,000	(3,333)	-71%
Rule 9 Task Force	52257	-	-	-	100%
Law Clerk Outreach	52258	667	550	117	18%
Depreciation-Software	52270	21,235	24,929	(3,694)	-17%
ABA Delegates	52520	4,800	12,600	(7,800)	-163%
Section/Committee Chair Mtgs	52540	500	1,000	(500)	-100%
APEX Dinner Expenses	52570	43,416	47,000	(3,584)	-8%
50 Year Member Tribute Lunch	52573	23,007	20,000	3,007	13%
Washington Leadership Institute	52585	44,764	80,000	(35,236)	-79%
Bar Leaders Conference	52590	-	12,000	(12,000)	100%

Jud Recommend Committee	52660	4,500	2,250	2,250	50%
Committee for Diversity	52680	6,000	3,800	2,200	37%
Diversity Events & Projects	52681	18,000	39,250	(21,250)	-118%
LLLT Board	52683	15,449	15,000	449	3%
Exam Writing	52688	12,900	9,000	3,900	30%
LLLT Education	52689	-	500	(500)	0%
Graphics/Artwork	52710	200	100	100	50%
Outside Sales Expense	52730	1,730	-	1,730	100%
BOG Meetings	52810	146,665	205,000	(58,335)	-40%
BOG Committees' Expenses	52820	501	7,000	(6,499)	-1297%
BOG Retreat	52821	15,042	50,000	(34,958)	-232%
BOG Conference Attendance	52822	57,400	43,000	14,400	25%
BOG Travel & Outreach	52830	30,000	10,000	20,000	67%
ED Travel & Outreach	52840	5,601	5,000	601	11%
Public Defense	52874	6,000	4,000	2,000	33%
Communications Outreach	52878	10,680	15,000	(4,320)	-40%
BOG Elections	52880	26,000	26,900	(900)	-3%
Member Outreach/town Mtgs	52910	17,772	-	17,772	100%
Special Events	52920	-	-	-	0%
Board of Trustees	52940	1,590	750	840	53%
President's Dinner	52960	10,000	10,000	-	0%
Cost of Sales - Deskbooks	53210	64,000	65,000	(1,000)	-2%
Cost of Sales - Coursebooks	53220	1,054	690	364	35%
Cost of Sales - Section Public	53225	1,560	1,500	60	4%
A/V Develop Costs (Recording)	53250	2,000	1,250	750	38%
CLE-Equip-Depreciation	53255	1,312	1,309	3	0%
Obsolete Inventory	53260	-	-	-	100%
Splits to Sections	53265	500	300	200	40%
Deskbook Royalties	53270	200	300	(100)	-50%
Online Product Hosting Expenses	53285	54,000	53,000	1,000	2%
Postage & Delivery-Deskbooks	53320	-	-	-	100%
Postage & Delivery-Coursebooks	53330	58	-	58	100%
Fliers/Catalogs	53410	-	-	-	100%
Postage - Fliers/Catalogs	53430	-	-	-	100%
Coursebook Production	53610	-	1,000	(1,000)	100%
Postage - Fliers/Catalogs	53620	-	5,000	(5,000)	100%
Accreditation Fees	53640	3,000	3,000	-	0%
Seminar Brochures	53660	-	20,000	(20,000)	-100%
Facilities	53690	83,200	165,200	(82,000)	-99%
Speakers & Program Develop	53700	15,100	33,500	(18,400)	-122%
Splits to Sections	53710	115,000	-	115,000	100%
Honoraria	53730	1,500	1,200	300	20%
CLE Seminar Committee	53740	150	200	(50)	-33%
Image Library	54026	4,100	4,100	-	0%
Bar Outreach	54027	11,681	18,000	(6,319)	-54%
Pro Bono CertificateS	54130	2,000	2,000	-	0%
Court Reporters	54310	60,000	75,000	(15,000)	-25%
Outside Counsel Expenses	54320	1,500	1,500	-	0%
Litigation Expenses	54360	25,200	25,200	-	0%
Disability Expenses	54370	9,000	9,000	-	0%
Online Legal Research	54380	75,233	1	75,232	100%
Law Library	54390	12,938	1	12,937	100%
Translation Services	54400	9,400	9,400	-	0%
Practice Monitor Expenses	54430	4,000	1,000	3,000	75%
Organizational Training	54512	20,000	15,000	5,000	25%
WSBA Connects	54514	8,777	-	8,777	100%
Recruiting and Advertising	54520	5,000	6,600	(1,600)	-32%
Payroll Processing	54530	52,538	50,000	2,538	5%
Salary Surveys	54540	2,000	1,500	500	25%
Transfer to Indirect Expense	54590	(81,032)	(73,100)	(7,932)	-10%
Library Materials/Resources	54610	2,000	4,000	(2,000)	-100%
Prof Liab Insurance	54760	4,467	-	4,467	100%
Gifts to injured Clients	54810	500,000	500,000	-	0%
CPF Board	54820	1,500	-	1,500	100%
Contract Lobbyist	54920	10,000	15,000	(5,000)	-50%
Legislative Committee	54940	2,500	1,250	1,250	50%
BOG Legislative Committee	54970	300	300	-	0%
Licensing Forms	55010	1,977	2,000	(23)	-1%
LPO Board Expenses	55130	2,000	1,792	208	10%
LPO Outreach	55165	3,333	1,000	2,333	70%
MCLE Board Expenses	55210	1,300	2,000	(700)	-54%
Depreciation-Software	55220	22,747	59,370	(36,623)	-161%

Casemaker/FastCase	55250	80,000	73,000	7,000	9%
Speakers & Program Development	55265	500	100	400	80%
New Lawyer Outreach Events	55266	1,500	1,500	-	0%
New Lawyers Committee	55270	7,500	12,000	(4,500)	-60%
Open Sections Night	55285		3,500	(3,500)	0%
Disciplinary Board Expenses	55310	4,118	4,000	118	3%
Chief Hearing Officer	55320	33,000	30,000	3,000	9%
Hearing Officer Expenses	55330	33,814	17,500	16,314	48%
Hearing Officer Training	55340	647	400	247	38%
Outside Counsel	55370	55,000	60,000	(5,000)	-9%
Court Rules Committee	55419	100	1,000	(900)	-900%
Practice of Law Board	55510	12,000	12,000	-	0%
CPE Committee	55610	3,723	1,000	2,723	73%
Wills	55615		2,000	(2,000)	100%
Custodianship	55620	8,150	8,150	0	0%
Small Town and Rural Committee	55980	2,000	3,000	(1,000)	-50%
Computer Hardware	56100	65,000	65,000	-	0%
Computer Software	56150	200,000	310,000	(110,000)	-55%
Hardware Service & Warranties	56225	55,000	60,000	(5,000)	-9%
Software Maint & Licensing	56230	380,000	380,000	-	0%
Telephone Hardware & Maint	56400	-	-	-	100%
Computer Supplies	56500	5,000	2,000	3,000	60%
Third Party Services	56550	30,000	40,000	(10,000)	-33%
Transfer to Indirect Expenses	56900	(760,985)	(857,000)	96,015	13%
Trial Advocacy Expenses	57320	1,500	1,500	-	0%
Dues Statements	58010	4,593	5,000	(407)	-9%
Annual or Other Meeting Expens	58125	17,200	22,783	(5,583)	-32%
Attendance at BOG Meetings	58150	4,075	4,840	(765)	-19%
Awards	58175	9,150	12,012	(2,862)	-31%
Breakfast/Lunch/Dinner Mtg Exp	58200	5,500	7,333	(1,833)	-33%
Conference/Institute Expense	58225	-	23,145	(23,145)	100%
Executive Committee Expenses	58300	85,375	113,689	(28,314)	-33%
Executive Comm Exp - Other	58305	37,500	50,000	(12,500)	-33%
Honorarium	58315	7,300	8,349	(1,049)	-14%
Ldship/Prof Develop/Retreats	58325	71,150	77,704	(6,554)	-9%
Legislative/Lobbying	58326	2,000	2,667	(667)	-33%
Membership & Recruiting Exp	58350	20,775	27,254	(6,479)	-31%
Newsletter/Publication Expense	58375	13,350	17,125	(3,775)	-28%
Per Member Charge	58400	287,423	307,251	(19,828)	-7%
Reception/Forum Expense	58450	39,150	47,643	(8,493)	-22%
New Lawyer Outreach	58500	3,800	6,067	(2,267)	-60%
Scholarships/Donations/Grant	58525	127,500	160,333	(32,833)	-26%
Section Committee Expense	58550	6,200	8,267	(2,067)	-33%
Section Special Projects	58600	12,750	17,000	(4,250)	-33%
Law School Outreach	58615	8,500	11,333	(2,833)	-33%
Mini-CLE Expense	58620	53,924	69,831	(15,907)	-29%
Seminar Expense - Sections	58625	74,750	86,615	(11,865)	-16%
Website Expenses	58675	17,390	20,421	(3,031)	-17%
Seminar Scholarships	58750	5,000	6,667	(1,667)	-33%

TOTAL DIRECT EXPENSES:

4,471,248 4,713,740 (242,491) -5%

INDIRECT EXPENSES:

Salaries - Salaries	51110	12,388,996*	12,675,409	(286,413)	-2%
Salaries - Budgeted Temporary Employees	51120	296,211	200,627	95,584	32%
Salaries - Unanticipated Temps	51121	30,497	10,000	20,497	67%
Salaries - Staff Replacement Temps	51122	67,591	-	67,591	100%
Salaries - Vacation & Comp Time Accruals	51130	39,365	-	39,365	100%
Salaries - Unanticipated Staff Adjustments	51135	40,000	50,000	(10,000)	-100%
Benefits - Employee Assistance Plan	51210	4,800	4,800	-	0%
Benefits - Employee Service Awards	51220	1,840	2,038	(198)	-11%
Benefits - FICA (Employer Portion)	51230	805,818	783,217	22,600	3%
Benefits - L&I Insurance	51240	49,414	62,000	(12,586)	-25%
Benefits - WA State Family Medical Leave (ER Po	51245	17,337	18,000	(663)	-4%
Benefits - Medical (Employer Portion)	51250	1,603,294	1,703,385	(100,091)	-6%
Benefits - Parking Benefits	51260	-	-	-	100%
Benefits - Retirement (Employer Portion)	51270	1,233,481	1,293,903	(60,422)	-5%
Benefits - Transportation Allowance	51280	47,733	65,843	(18,110)	-38%
Benefits - Unemployment Insurance	51290	70,000	65,206	4,794	7%
Benefits - Staff Contributions to Benefit	51295			-	100%

Workplace Benefits	51310	45,000	45,980	(980)	-2%
Staff Development-General	51315	-	-	-	100%
Human Resources Pooled Exp	51340	99,058	77,100	21,958	22%
Meeting Support Expenses	51405	5,000	10,000	(5,000)	-100%
Rent	51410	2,029,301	2,131,247	(101,946)	-5%
Personal Prop Taxes-WSBA	51420	6,466	6,650	(184)	-3%
Furniture, Maint, LH Imp	51430	16,719	25,300	(8,581)	-51%
Office Supplies & Equip	51440	12,741	18,000	(5,259)	-41%
Furn & Office Equip Deprec	51450	43,009	88,723	(45,714)	-106%
Computer Hardware Deprec	51470	24,114	45,354	(21,240)	-88%
Computer Software Deprec	51480	80,904	94,539	(13,635)	-17%
Insurance	51500	238,839	272,643	(33,804)	-14%
Work from Home Furniture & Equipment	51501	63,000	14,000	49,000	78%
Professional Fees-Audit	51505	40,000	50,000	(10,000)	-25%
Professional Fees- Legal	51510	250,000	250,000	0	0%
Internet Reimbursement	51515	21,600	33,600	(12,000)	-56%
Postage - General	51520	24,000	24,000	0	0%
Records Storage	51525	30,000	30,000	(0)	0%
Staff Training	51526	-	-	-	100%
Bank Fees (Indirect)	51530	48,000	51,000	(3,000)	-6%
Production Maint & Supplies	51620	16,692	15,340	1,352	8%
Computer Pooled Expenses	51710	942,450	1,061,250	(118,800)	-13%
Allowance for Open Positions	51925	(200,000)	(200,000)	-	0%
Capital Labor & Overhead	51955	(285,000)	(260,000)	25,000	9%

TOTAL INDIRECT EXPENSES:

19,959,356	20,867,852	(908,496)	-5%
24,430,605	25,581,592	(1,150,987)	-5%
786,967	(734,495)	(1,521,463)	193%

TOTAL ALL EXPENSES:

NET INCOME (LOSS):

FTEs

139.65 139.25

*includes \$288,914 vacant position allowance making projected reforecast salaries \$12,100,082

REVENUE

General Fund	21,531,920	21,891,872	359,952	2%
CPF Fund	828,319	730,000	(98,319)	-12%
Sections	637,652	330,499	(307,153)	-48%
CLE	2,219,681	1,894,725	(324,956)	-15%

DIRECT EXPENSE

General Fund	2,710,263	2,762,357	(52,094)	-2%
CPF Fund	503,767	502,300	1,467	0%
Sections	899,652	1,075,459	(175,807)	-20%
CLE	357,566	373,624	(16,058)	-4%

INDIRECT EXPENSE

General Fund	18,586,503	19,412,011	(825,508)	-4%
CPF Fund	167,313	179,366	(12,053)	-7%
Sections	-	-	-	100%
CLE	1,205,540	1,276,475	(70,934)	-6%

TOTAL EXPENSE

General Fund	21,296,766	22,174,368	(877,602)	-4%
CPF Fund	671,081	681,666	(10,586)	-2%
Sections	899,652	1,075,459	(175,807)	-20%
CLE	1,563,106	1,650,099	(86,992)	-6%

NET INCOME

General Fund	235,154	(282,496)	(517,650)	220%
CPF Fund	157,238	48,334	(108,905)	69%
Sections	(262,000)	(744,960)	(482,960)	-184%
CLE	656,575	244,626	(411,948)	63%

**Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison**

LIC-Licensing Revenue

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
License Fees	16,729,236	16,512,089	17,053,467	541,378	3%
TOTAL REVENUE	16,729,236	16,512,089	17,053,467	541,378	3%
DIRECT EXPENSES:					
INDIRECT EXPENSES:					
NET INCOME (LOSS):	16,729,236	16,512,089	17,053,467	541,378	3%

**Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison**

ADMIN - Administration

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Interest - Investments	4,577	5,160	26,000	20,840	404%
Miscellaneous		60		(60)	-100%
Misc Over/Under Payments	-	2,300		(2,300)	-100%
TOTAL REVENUE	16,733,813	5,160	26,000	20,840	404%
DIRECT EXPENSES:					
Consulting Services	11,000	10,000	10,000	-	0%
Staff Travel/Parking	1,646	2,800	3,000	(200)	-7%
Staff Training & Conferences		350	500	150	-43%
TOTAL DIRECT EXPENSES:	12,646	13,150	13,500	(350)	-3%
INDIRECT EXPENSES:					
Salaries - Salaries	660,070	626,242	635,493	(9,251)	-1%
Salaries - Budgeted Temporary Employees	17,656	13,838	41,000	(27,162)	-196%
Salaries - Vacation & Comp Time Accruals	946	1,947		1,947	100%
Indirect Allocation In - Salaries		2,203	2,990	(787)	-36%
Benefits	196,478	185,078	209,302	(24,225)	-13%
OTHER INDIRECT EXPENSE	183,017	193,433	221,361	(27,927)	-14%
TOTAL INDIRECT EXPENSES:	1,058,167	1,022,741	1,110,146	(87,405)	-9%
TOTAL ALL EXPENSES:	1,070,812	1,035,891	1,123,646	(87,755)	-8%
NET INCOME (LOSS):	15,663,001	(1,030,731)	(1,097,646)	(66,915)	-6%
FTEs		6.92	6.92		

**Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison**

BOG - Board of Governors

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Leadership Training	20,059	26,000	20,000	6,000	23%
BOG Meetings	152,910	146,665	205,000	(58,335)	-40%
BOG Committees' Expenses	538	501	7,000	(6,499)	-1297%
BOG Retreat	20,787	15,042	50,000	(34,958)	-232%
BOG Conference Attendance	596	57,400	43,000	14,400	25%
BOG Travel & Outreach	3,914	30,000	10,000	20,000	67%
BOG Elections	29,134	26,000	26,900	(900)	-3%
Member Outreach/town Mtgs		17,772		17,772	100%
President's Dinner		10,000	10,000	-	0%
TOTAL DIRECT EXPENSES:	227,938	329,380	371,900	(42,520)	-13%
INDIRECT EXPENSES:					
Salaries - Salaries	123,759	103,894	105,597	(1,703)	-2%
Salaries - Vacation & Comp Time Accruals	293	370		370	100%
Indirect Allocation In - Salaries		481	605	(124)	-26%
Benefits	40,631	34,464	35,767	(1,303)	-4%
OTHER INDIRECT EXPENSE	46,117	41,476	44,784	(3,308)	-8%
TOTAL INDIRECT EXPENSES:	210,800	180,684	186,753	(6,068)	-3%
TOTAL ALL EXPENSES:	438,738	510,064	558,653	(48,588)	-10%
NET INCOME (LOSS):	(438,738)	(510,064)	(558,653)	(48,588)	-10%
FTEs		1.40	1.40		

**Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison**

FOUND-Foundation

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Consulting Services	3,000	3,000	3,000	-	0%
Postage	111	300	300	-	0%
Printing & Copying		450	450	-	0%
Staff Travel/Parking		600	700	(100)	-17%
Staff Training			300	(300)	-100%
Supplies		150	150	-	0%
Special Events	50	-	-	-	-100%
Board of Trustees	181	1,590	750	840	53%
TOTAL DIRECT EXPENSES:	3,342	6,090	5,650	440	7%
INDIRECT EXPENSES:					
Salaries - Salaries	77,250	81,019	94,076	(13,057)	-16%
Salaries - Vacation & Comp Tin	193	292		292	100%
Indirect Allocation In - Salaries		344	454	(110)	-32%
Benefits	15,610	15,111	17,943	(2,832)	-19%
OTHER INDIRECT EXPENSE	26,509	29,576	33,588	(4,012)	-14%
TOTAL INDIRECT EXPENSES:	119,562	126,340	146,060	(19,720)	-16%
TOTAL ALL EXPENSES:	122,904	132,430	151,710	(19,280)	-15%
NET INCOME (LOSS):	(122,904)	(132,430)	(151,710)	(19,280)	-15%

FTEs 1.00 1.05

**Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison**

OED-Office of Executive Director

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Staff Travel/Parking	53	1,351	1,500	(149)	-11%
Staff Training		4,383	8,925	(4,542)	-104%
Staff Membership Dues	67	786	1,000	(214)	-27%
Surveys			350	(350)	-100%
Leadership Training		20,000	20,000	-	0%
ABA Delegates	2,474	-	-	-	-100%
Volunteer Support	1,969	-	-	-	-100%
Washington Leadership Institute	46,958	44,764	80,000	(35,236)	-79%
Bar Leaders Conference			12,000	(12,000)	-100%
ED Travel & Outreach	36	5,601	5,000	601	11%
Law Library	133	46	-	46	100%
TOTAL DIRECT EXPENSES:	51,690	76,932	128,775	(51,843)	-67%
INDIRECT EXPENSES:					
Salaries - Salaries	416,692	365,578	399,118	(33,540)	-9%
Salaries - Vacation & Comp Time Acc	(22)	396		396	100%
Indirect Allocation In - Salaries		687	864	(177)	-26%
Benefits	128,202	93,186	103,347	(10,161)	-11%
OTHER INDIRECT EXPENSE	79,162	59,267	63,977	(4,710)	-8%
TOTAL INDIRECT EXPENSES:	624,034	519,115	567,306	(48,191)	-9%
TOTAL ALL EXPENSES:	675,724	596,047	696,081	(100,034)	-17%
NET INCOME (LOSS):	(675,724)	(596,047)	(696,081)	(100,034)	-17%
FTEs		2.00	2.00		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

VE-Volunteer Engagement

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Staff Training		2,500	2,500	-	0%
Staff Membership Dues		350	350	-	0%
ABA Delegates		4,800	12,600	(7,800)	-163%
Volunteer Support		43,500	-	43,500	100%
TOTAL DIRECT EXPENSES:		51,150	15,450	35,700	70%
INDIRECT EXPENSES:					
Salaries - Salaries		56,768	56,885	(117)	0%
Salaries - Vacation & Comp Time Accruals		211		211	100%
Indirect Allocation In - Salaries		206	259	(53)	-26%
Benefits		18,937	19,213	(276)	-1%
OTHER INDIRECT EXPENSE		17,675	19,193	(1,518)	-9%
TOTAL INDIRECT EXPENSES:		93,798	95,550	(1,752)	-2%
TOTAL ALL EXPENSES:		144,948	111,000	33,948	23%
NET INCOME (LOSS):		(144,948)	(111,000)	33,948	23%
FTEs		0.60	0.60		
Indirect Allocation In - Benefits		548	941		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

SC-Service Center

	FY21 Actuals	FY22 Reforecast	FY23 Budget v1	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Staff Training & Conferences		2,100	2,100	-	0%
Translation Services	7,069	8,500	8,200	(300)	4%
TOTAL DIRECT EXPENSES:	7,069	10,600	10,300	300	3%
INDIRECT EXPENSES:					
Salaries - Salaries	339,800	353,954	373,731	(19,777)	-6%
Salaries - Vacation & Comp Time Accruals	1,357	1,255		1,255	100%
Indirect Allocation In - Salaries		1,962	2,467	(505)	-26%
Benefits	142,850	135,691	143,532	(7,841)	-6%
OTHER INDIRECT EXPENSE	177,207	169,061	182,655	(13,594)	-8%
TOTAL INDIRECT EXPENSES:	661,215	661,923	702,384	(40,461)	-6%
TOTAL ALL EXPENSES:	668,284	672,523	712,684	(40,161)	-6%
NET INCOME (LOSS):	(668,284)	(672,523)	(712,684)	(40,161)	-6%
FTEs		5.71	5.71		

Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison

TECH-Technology

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Consulting Services	86,417	110,000	110,000	-	0%
Staff Travel/Parking	154	2,000	2,000	-	0%
Staff Training & Conferences		10,000	10,000	-	0%
Staff Membership Dues		450	450	-	0%
Telephone	20,548	85,000	95,000	(10,000)	-12%
Computer Hardware	62,233	65,000	65,000	-	0%
Computer Software	66,643	200,000	310,000	(110,000)	-55%
Hardware Service & Warranties	38,632	55,000	60,000	(5,000)	-9%
Software Maint & Licensing	319,212	380,000	380,000	-	0%
Telephone Hardware & Maint	2,003	-	-	-	-100%
Computer Supplies	2,673	5,000	2,000	3,000	60%
Third Party Services	102,280	30,000	40,000	(10,000)	-33%
Transfer to Indirect Expenses	(700,797)	(935,950)	(1,074,450)	(138,500)	-15%
TOTAL DIRECT EXPENSES:	-	6,500	-	6,500	1
	-	6,500	-		
INDIRECT EXPENSES:					
Salaries - Salaries	1,023,445	1,251,020	1,387,293	(136,273)	-11%
Salaries - Budgeted Temporary Employees	22,848	132,100	10,000	122,100	92%
Salaries - Staff Replacement Temps	5,001	30,250		30,250	100%
Salaries - Vacation & Comp Time Accruals	1,964	4,477		4,477	100%
Indirect Allocation In - Salaries		4,334	5,617	(1,283)	-30%
Benefits	360,253	386,935	435,338	(48,403)	-13%
Capital Labor & Overhead	20,420	(285,000)	(260,000)	(25,000)	-9%
OTHER INDIRECT EXPENSE		248,000	392,422		
TOTAL INDIRECT EXPENSES:	1,751,307	1,772,117	1,970,670	(198,553)	-11%
TOTAL ALL EXPENSES:	1,751,307	1,886,393	1,970,670	(84,277)	-4%
NET INCOME (LOSS):	(1,751,307)	(1,886,393)	(1,970,670)	(84,277)	-4%
FTEs		13.00	13.00		

**Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison**

HR-Human Resources

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Consulting Services	98,448	15,000	2,000	13,000	87%
Staff Travel/Parking	50	1,000	700	300	30%
Staff Membership Dues		1,000	800	200	20%
Subscriptions	610	2,500	500	2,000	80%
Conference Calls	13	20		20	100%
Organizational Training	1,524	20,000	15,000	5,000	25%
Recruiting and Advertising	17,965	5,000	6,600	(1,600)	-32%
Payroll Processing	44,991	52,538	50,000	2,538	5%
Salary Surveys		2,000	1,500	500	25%
Transfer to Indirect Expense	(163,602)	(99,058)	(77,100)	(21,958)	22%
INDIRECT EXPENSES:					
Salaries - Salaries	151,980	274,933	295,276	(20,344)	-7%
Salaries - Staff Replacement Tem	148,551			-	-100%
Salaries - Vacation & Comp Time	951	1,005	-	1,005	100%
Indirect Allocation In - Salaries		1,031	1,296	(265)	-26%
Benefits	90,406	98,910	96,221	2,689	3%
OTHER INDIRECT EXPENSE	79,162	84,067	90,559	(6,492)	-8%
TOTAL INDIRECT EXPENSES:	471,049	459,945	483,352	(23,407)	-5%
TOTAL ALL EXPENSES:	471,049	459,945	483,352	(23,407)	-5%
NET INCOME (LOSS):	(471,049)	(459,945)	(483,352)	(23,407)	-5%
FTEs		3.00	3.00		

**Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison**

OGC-Office of General Counsel

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Copy Fees	117			-	-100%
Records Request Fees	630	3	963	960	30471%
TOTAL REVENUE	747	3	963	960	30471%
DIRECT EXPENSES:					
Staff Travel/Parking		741	500	241	32%
Staff Training & Conferences		5,495	6,400	(905)	-16%
Staff Membership Dues	525	254	1,150	(896)	-352%
Litigation Expenses		200	200	-	0%
Online Legal Research	11,033	10,400		10,400	100%
Law Library	1,958	2,731		2,731	100%
Court Rules Committee	56	100	1,000	(900)	-900%
Wills			2,000	(2,000)	-100%
Custodianship	10,094	8,150	8,150	0	0%
TOTAL DIRECT EXPENSES:	23,666	28,071	19,400	8,671	31%
INDIRECT EXPENSES:					
Salaries - Salaries	520,260	598,187	568,660	29,527	5%
Salaries - Vacation & Comp Time Accrt	573	1,729		1,729	100%
Indirect Allocation In - Salaries		1,981	2,322		
Benefits	169,636	175,968	162,190	13,778	8%
OTHER INDIRECT EXPENSE	168,492	173,376	171,908	1,468	1%
TOTAL INDIRECT EXPENSES:	858,961	951,241	905,080	46,162	5%
TOTAL ALL EXPENSES:	882,627	979,313	924,480	54,833	6%
NET INCOME (LOSS):	(881,880)	(979,310)	(923,517)	55,793	6%
FTEs		5.77	5.42		

**Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison**

OGCDB-Office of General Counsel Disciplinary Board

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Staff Training & Conferences		1,000		(1,000)	100%
Staff Membership Dues	21	100	100	-	0%
Law Library	802	912		912	100%
Disciplinary Board Expenses	485	4,118	4,000	118	3%
Chief Hearing Officer	30,000	33,000	30,000	3,000	9%
Hearing Officer Expenses		33,814	17,500	16,314	48%
Hearing Officer Training		647	400	247	38%
Outside Counsel	48,000	55,000	60,000	(5,000)	-9%
TOTAL DIRECT EXPENSES:	79,308	128,591	112,000	16,591	13%
INDIRECT EXPENSES:					
Salaries - Salaries	95,888	107,542	130,549	(23,007)	-21%
Salaries - Vacation & Comp Tim	160	322		322	100%
Indirect Allocation In - Salaries		447	605	(158)	-35%
Benefits	31,556	33,105	40,048	(6,943)	-21%
OTHER INDIRECT EXPENSE	34,497	38,530	44,784	(6,254)	-16%
TOTAL INDIRECT EXPENSES:	162,102	179,945	215,986	(36,041)	-20%
TOTAL ALL EXPENSES:	241,410	308,536	327,986	(19,450)	-6%
NET INCOME (LOSS):	(241,410)	(308,536)	(327,986)	(19,450)	-6%
FTEs		1.30	1.40		

**Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison**

PLB-Practice Law Board

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Practice of Law Board		12,000	12,000	-	0%
TOTAL DIRECT EXPENSES:		12,000	12,000	-	0%
INDIRECT EXPENSES:					
Salaries - Salaries	44,923	43,201	16,179	27,023	63%
Vacation & Comp Time Accruals	(344)	70		70	100%
Indirect Allocation In - Salaries		137	108	29	21%
Benefits	9,066	11,371	5,602	5,769	51%
OTHER INDIRECT EXPENSE	3,994	12,482	7,997	4,485	36%
TOTAL INDIRECT EXPENSES:	57,639	67,261	29,885	37,376	56%
TOTAL ALL EXPENSES:	57,639	79,261	41,885	37,376	47%
NET INCOME (LOSS):	(57,639)	(79,261)	(41,885)	37,376	47%
FTEs		0.40	0.25		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

CPF-Client Protection Fund

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Donations & Grants				-	-100%
Interest - Investments	4,890	5,816		(5,816)	-100%
CPF Restitution	137,971	30,000	40,000	10,000	33%
CPF Member Assessments	363,280	792,503	690,000	(102,503)	-13%
TOTAL REVENUE	506,141	828,319	730,000	(98,319)	-12%
DIRECT EXPENSES:					
Bank Fees	2,011	2,067	2,100	(33)	-2%
AMEX Card Merchant Fees				-	-100%
Credit Card Merchant Fees				-	-100%
Staff Membership Dues	200	200	200	-	0%
Gifts to injured Clients	499,637	500,000	500,000	-	0%
CPF Board	61	1,500		1,500	100%
TOTAL DIRECT EXPENSES:	501,909	503,767	502,300	1,467	0%
INDIRECT EXPENSES:					
Salaries	85,357	95,800	102,920	(7,120)	-7%
Benefits	33,441	35,058	37,230	(2,172)	-6%
OTHER INDIRECT EXPENSE	32,318	36,456	39,217	(2,761)	-8%
TOTAL INDIRECT EXPENSES:	151,116	167,313	179,366	(12,053)	-7%
TOTAL ALL EXPENSES:	653,025	671,081	681,666	(10,586)	-2%
NET INCOME (LOSS):	(146,884)	157,238	48,334	(108,905)	69%
FTEs		1.23	1.18	1.23	

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

BN-Bar News

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Royalties	5,064	2,500		(2,500)	-100%
BNews Display Advertising	353,462	400,000	400,000	-	0%
BNews Subscript/Single Issues	72	200	200	-	0%
BNews Classified Advertising	2,586	2,500	2,500	-	0%
BNews Gen Announcements	5,687	14,000	-	(14,000)	-100%
BNews Prof Announcements	18,637	22,500	-	(22,500)	-100%
Job Target Advertising	197,604	180,000	200,000	20,000	11%
TOTAL REVENUE	583,112	621,700	602,700	(19,000)	-3%
DIRECT EXPENSES:					
Postage	95,962	100,000	110,000	(10,000)	-10%
Printing & Copying	222,285	260,000	250,000	10,000	4%
Staff Training & Conferences		350	2,000	(1,650)	-471%
Staff Membership Dues		135	135	-	0%
Subscriptions		185	225	(40)	-22%
Digital/Online Development	11,114	16,200	1,000	15,200	94%
Graphics/Artwork		200	100	100	50%
Outside Sales Expense	62,014	1,730	-	1,730	100%
TOTAL DIRECT EXPENSES:	391,375	378,800	363,460	15,340	4%
INDIRECT EXPENSES:					
Salaries - Salaries	201,475	200,924	204,156	(3,232)	-2%
Salaries - Vacation & Comp Time Accrual	502	710		710	100%
Indirect Allocation In - Salaries		777	963	(187)	-24%
Benefits	60,225	53,718	54,001	(283)	-1%
OTHER INDIRECT EXPENSE	74,805	71,093	71,334	(241)	0%
TOTAL INDIRECT EXPENSES:	337,006	327,222	330,455	(3,233)	-1%
TOTAL ALL EXPENSES:	728,381	706,022	693,915	12,107	2%
NET INCOME (LOSS):	(145,269)	(84,322)	(91,215)	(6,893)	-8%
FTEs		2.26	2.23		

Washington State Bar Association
 FY22 Reforecast and FY23 Budget v2 Comparison

COMM-Communication Strategies

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Sponsorships		1,000	1,000	-	0%
WSBA Logo Merchandise Sales	2,308	113	2,500	2,387	2108%
50 Year Member Tribute Lunch	500	-	-	-	100%
TOTAL REVENUE	2,808	1,113	3,500	2,387	214%
DIRECT EXPENSES:					
Staff Travel/Parking	3,255	3,395	3,395	-	0%
Staff Training & Conferences			7,500	(7,500)	-100%
Staff Membership Dues	515	1,028	1,120	(92)	-9%
Subscriptions	3,441	3,635	4,000	(365)	-10%
Digital/Online Development	545	409		409	100%
Telephone	932	1,056		1,056	100%
Conference Calls		101		101	100%
Miscellaneous	260	-	-	-	-100%
APEX Award Expenses	38,367	43,416	47,000	(3,584)	-8%
50 Year Member Tribute Lunch	10,438	23,007	20,000	3,007	13%
Communications Outreach	12,258	10,680	15,000	(4,320)	-40%
Bar Outreach		11,681	18,000	6,319	-54%
					Doesn't include NBRI that is in BOG Outreach
TOTAL DIRECT EXPENSES:	70,011	98,408	116,015	(17,607)	-18%
INDIRECT EXPENSES:					
Salaries - Salaries	257,729	353,355	376,698	(23,343)	-7%
Salaries - Vacation & Comp Time ^A	677	1,340		1,340	100%
Indirect Allocation In - Salaries		1,777	2,247	(470)	-26%
Benefits	80,768	115,908	128,168	(12,260)	-11%
OTHER INDIRECT EXPENSE	100,224	153,013	166,340	(13,327)	-9%
TOTAL INDIRECT EXPENSES:	439,397	625,393	673,453	(48,060)	-8%
TOTAL ALL EXPENSES:	509,408	723,801	789,468	(65,666)	-9%
NET INCOME (LOSS):	(506,600)	(722,688)	(785,968)	(63,280)	-9%
FTEs		5.17	5.20		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

COMM FTE-Dept headcount allocation

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
INDIRECT EXPENSES:					
Salaries	149,479	154,951	164,338	(9,387)	-6%
Vacation & Comp Time Accrued	(504)			-	-100%
Indirect Allocation In - Salaries		344	432	(88)	-26%
Benefits	41,793	40,656	44,696	(4,040)	-10%
OTHER INDIRECT EXPENSE	26,508	29,575	31,989	(2,413)	-8%
TOTAL INDIRECT EXPENSES:	217,277	225,526	241,455	(15,929)	-7%
TOTAL ALL EXPENSES:	217,277	225,526	241,455	(15,929)	-7%
NET INCOME (LOSS):	(217,277)	(225,526)	(241,455)	(15,929)	-7%
FTEs		1.00	1.00		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

DESK-Deskbooks

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Shipping & Handling	2,122	-	-	-	-100%
Deskbook Sales	100,363	82,000	150,000	68,000	83%
Section Publication Sales	9,890	6,000	6,000	-	0%
Lexis/Nexis Royalties	9,396	31,600	35,000	3,400	11%
Casemaker Royalties	56,379	45,000	50,000	5,000	11%
TOTAL REVENUE	178,150	164,600	241,000	76,400	46%
DIRECT EXPENSES:					
Records Storage - Off Site	11,500	-	-	-	-100%
Staff Training & Conferences		350	1,000	(650)	-186%
Staff Membership Dues	30	220	225	(5)	-2%
Subscriptions	185	-	-	-	-100%
Miscellaneous		-	-	-	-100%
Cost of Sales - Deskbooks	67,685	64,000	65,000	(1,000)	-2%
Cost of Sales - Section Public	4,008	1,560	1,500	60	4%
Obsolete Inventory	33,073	-	-	-	-100%
Splits to Sections	4,026	500	300	200	40%
Deskbook Royalties	199	200	300	(100)	-50%
Postage & Delivery-Deskbooks	3,167	-	-	-	-100%
Fliers/Catalogs	2,507	-	-	-	-100%
Postage - Fliers/Catalogs	936	-	-	-	-100%
Complimentary Book Program		-	-	-	-100%
Online Legal Research	1,839	1,895	-	1,895	100%
TOTAL DIRECT EXPENSES:	129,156	68,725	68,325	400	1%
INDIRECT EXPENSES:					
Salaries - Salaries	126640.22	126,028	129,066	(3,037)	-2%
Salaries - Vacation & Comp Time A	313.79	420		420	100%
Indirect Allocation In - Salaries		515	648	(133)	-26%
Benefits	43630.03	40,014	41,369	(1,355)	-3%
OTHER INDIRECT EXPENSE	40307.31	44,421	47,983	(3,561)	-8%
TOTAL INDIRECT EXPENSES:	210891.35	211,400	219,065	(7,665)	-4%
TOTAL ALL EXPENSES:	340047.03	280,125	287,390	(7,265)	-3%
NET INCOME (LOSS):	-161897.16	(115,525)	(46,390)	69,135	60%

FTEs

1.50

1.50

LM-216

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

LEG-Legislative

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Staff Travel/Parking	377	3,133	3,133	0	0%
Staff Training & Conferences		2,000	2,400	(400)	-20%
Staff Membership Dues	40	450	450	-	0%
Subscriptions	1,982	2,000	2,000	-	0%
Jud Recommend Committee		4,500	2,250	2,250	50%
Contract Lobbyist	26,000	10,000	15,000	(5,000)	-50%
Legislative Committee	10	2,500	1,250	1,250	50%
BOG Legislative Committee		300	300	-	0%
TOTAL DIRECT EXPENSES:	28,408	24,883	26,783	(1,900)	-8%
INDIRECT EXPENSES:					
Salaries	79,017	132,334	143,702	(11,369)	-9%
Vacation & Comp Time Accrual	139	513		513	100%
Indirect Allocation In - Salaries		584	734	(150)	-26%
Benefits	28,063	44,484	43,429	1,055	2%
OTHER INDIRECT EXPENSE	26,509	50,313	54,381	(4,067)	-8%
TOTAL INDIRECT EXPENSES:	133,728	228,227	242,246	(14,019)	-6%
TOTAL ALL EXPENSES:	162,136	253,110	269,029	(15,919)	-6%
NET INCOME (LOSS):	(162,136)	(253,110)	(269,029)	(15,919)	-6%

FTEs

1.70

1.70

**Washington State Bar Association
FY22 Reforecast and FY23 v2 Budget Comparison**

OUTENG-Outreach and Engagement

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Bar Outreach	2,395			-	-100%
TOTAL DIRECT EXPENSES:	2,395	-	-	-	-100%
INDIRECT EXPENSES:					
Salaries - Salaries	113,723			-	-100%
Salaries - Vacation & Comp Time Ac	339			-	-100%
Benefits	52,459	-	-	-	-100%
OTHER INDIRECT EXPENSE	52,654	-	-	-	-100%
TOTAL INDIRECT EXPENSES:	219,174	-	-	-	-100%
TOTAL ALL EXPENSES:	221,569	-	-	-	-100%
NET INCOME (LOSS):	(221,569)	-	-	-	-100%

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

PUB-Publication and Design Services

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Staff Training			350	(350)	-100%
Subscriptions	200	200	162	38	19%
Image Library	4,100	4,100	4,100	-	0%
TOTAL DIRECT EXPENSES:	4,300	4,300	4,612	(312)	-7%
INDIRECT EXPENSES:					
Salaries - Salaries	54,659	63,530	70,340	(6,810)	-11%
Salaries - Vacation & Comp Time Accr	136	212		212	100%
Indirect Allocation In - Salaries		306	385	(79)	-26%
Benefits	18,432	18,693	19,691	(999)	-5%
OTHER INDIRECT EXPENSE	22,877	26,300	28,470	(2,170)	-8%
TOTAL INDIRECT EXPENSES:	96,104	109,040	118,886	(9,846)	-9%
TOTAL ALL EXPENSES:	100,404	113,340	123,498	(10,158)	-9%
NET INCOME (LOSS):	(100,404)	(113,340)	(123,498)	(10,158)	-9%
FTEs		0.89	0.89		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

ATJ-Access to Justice

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Staff Travel/Parking		2,700	3,000	(300)	-11%
Staff Training & Conferences		2,875	1,675	1,200	42%
Surveys		100	100	-	0%
ATJ Board Retreat	1,200	2,000	2,000	-	0%
Leadership Training	973	2,000	2,000	-	0%
ATJ Board Expense	11,906	24,000	24,000	-	0%
Public Defense	4,000	6,000	4,000	2,000	33%
Conference/Institute Expense	18,020		23,145	(23,145)	-100%
Reception/Forum Expense	9,500	9,500	7,500	2,000	21%
TOTAL DIRECT EXPENSES:	45,600	49,175	67,420	(18,245)	-37%
INDIRECT EXPENSES:					
Salaries - Salaries	124,152	82,782	134,999	(52,217)	-63%
51122 Staff Replacement Temp:	6,334			-	-100%
Salaries - Vacation & Comp Time	274	323		323	100%
Indirect Allocation In - Salaries		407	709	(302)	-74%
Benefits	43,167	32,843	47,830	(14,987)	-46%
OTHER INDIRECT EXPENSE	42,123	35,839	52,461	(16,622)	-46%
TOTAL INDIRECT EXPENSES:	216,050	152,194	235,999	(83,805)	-55%
TOTAL ALL EXPENSES:	261,650	201,369	303,419	(102,050)	-51%
NET INCOME (LOSS):	(261,650)	(201,369)	(303,419)	(102,050)	-51%
FTEs		1.30	1.64		

Washington State Bar Association
 FY22 Reforecast and FY23 Budget v2 Comparison

DIV-Diversity

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)	
REVENUE:						
Donations & Grants	135,000	135,000	135,000	-	0%	Estimated gift from WSBF
TOTAL REVENUE	135,000	135,000	135,000	-	0%	
DIRECT EXPENSES:						
Consulting Services		71,175	10,000	61,175	-86%	
Staff Travel/Parking		4,000	2,000	2,000	50%	
Staff Training & Conferences		5,400	5,000	400	7%	
Staff Membership Dues		45	360	(315)	-700%	
Surveys		50,100	16,500	33,600	67%	
Committee for Diversity	454	6,000	3,800	2,200	37%	
Diversity Events & Projects	2,621	18,000	39,250	(21,250)	-118%	New Diversity and Inclusion Plan Implementation - Outside Consultant Fees/Expenses (\$22,250 for plan and \$18k is for normal diversity events/projects)
TOTAL DIRECT EXPENSES:	3,076	154,720	76,910	77,810	50%	
INDIRECT EXPENSES:						
Salaries - Salaries	152,584	157,400	216,988	(59,588)	-38%	
Salaries - Staff Replacement Temps	11,733			-	-100%	
Salaries - Vacation & Comp Time Accr	532	610		610	100%	
Indirect Allocation In - Salaries		771	1,162	(391)	-51%	
Benefits	60,869	51,456	66,997	(15,542)	-30%	
OTHER INDIRECT EXPENSE	65,000	67,463	86,049	(18,586)	-28%	
TOTAL INDIRECT EXPENSES:	290,717	277,700	371,196	(93,496)	-34%	
TOTAL ALL EXPENSES:	293,793	432,420	448,106	(15,686)	-4%	
NET INCOME (LOSS):	(158,793)	(297,420)	(313,106)	(15,686)	-5%	
FTEs		2.40	2.69			

Washington State Bar Association
 FY22 Reforecast and FY23 Budget v2 Comparison

PSP-Public Service Programs

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)	
REVENUE:						
Donations & Grants	103,000	130,000	130,000	-	0%	
TOTAL REVENUE	103,000	130,000	130,000	-	0%	
DIRECT EXPENSES:						
Donations/Sponsorships/Grants	231,693	250,280	260,828	(10,548)	4%	Apply 7597 refund to prepaid account to credit back in FY23
Staff Travel/Parking		2,700	1,500	1,200	44%	
Staff Training & Conferences		1,200	1,000	200	17%	
Surveys		100	100	-	0%	
Pro Bono & Legal Aid Committee	224	2,000	1,500	500	25%	
Pro Bono Certificates		2,000	2,000	-	0%	
TOTAL DIRECT EXPENSES:	231,917	258,280	266,928	(8,648)	-3%	
INDIRECT EXPENSES:						
Salaries - Salaries	73,263	72,910	125,917	(53,007)	-73%	
Salaries - Staff Replacement Temps	8,273			-	-100%	
Salaries - Vacation & Comp Time Accrual	110	274		274	100%	
Indirect Allocation In - Salaries		407	700	(293)	-72%	
Benefits	27,363	28,645	39,117	(10,472)	-37%	
OTHER INDIRECT EXPENSE	26,508	35,839	51,821	(15,983)	-45%	
TOTAL INDIRECT EXPENSES:	135,517	138,075	217,555	(79,480)	-58%	
TOTAL ALL EXPENSES:	367,434	396,355	484,483	(88,129)	-22%	
NET INCOME (LOSS):	(264,434)	(266,355)	(354,483)	(88,129)	-33%	
FTEs		1.30	1.62			

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

EJD FTE-Dept headcount allocation

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
INDIRECT EXPENSES:					
Salaries - Salaries		142,366	-	142,366	100%
Salaries - Vacation & Comp Time Accruals		496	-	496	100%
Benefits		38,733	-	38,733	100%
OTHER INDIRECT EXPENSE		9,988	-	9,988	100%
TOTAL INDIRECT EXPENSES:		191,583	-	191,583	100%
TOTAL ALL EXPENSES:		191,583	-	191,583	100%
NET INCOME (LOSS):		(191,583)	-	191,583	100%
FTEs		1.01	-		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

ADV FTE-Dept headcount allocation

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Staff Conferences & Training		4,267	8,100	3,833	-90%
TOTAL DIRECT EXPENSES:		4,267	8,100	(3,833)	-90%
INDIRECT EXPENSES:					
Salaries - Salaries	158,331	223,143	227,978	(4,835)	-2%
Salaries - Vacation & Comp Time Accru	(117)	361		361	100%
Indirect Allocation In - Salaries		651	812	(161)	-25%
Benefits	40,797	61,974	62,961	(986)	-2%
OTHER INDIRECT EXPENSE	30,503	56,099	60,138	(4,040)	-7%
TOTAL INDIRECT EXPENSES:	229,514	342,229	351,889	(9,661)	-3%
TOTAL ALL EXPENSES:	229,514	346,495	359,989	(13,494)	-4%
NET INCOME (LOSS):	(229,514)	(346,495)	(359,989)	(13,494)	-4%
FTEs		1.90	1.88		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

CLEP-CLE-Products

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Royalties				-	-100%
Shipping & Handling	281	81	100	19	23%
Deskbook Sales				-	-100%
Coursebook Sales	3,437	5,717	7,000	1,283	22%
Audio Tape Sales				-	-100%
MP3 Sales	95,032	179,620	-	(179,620)	-100%
Digital Video Sales	530,288	1,074,663	910,000	(164,663)	-15%
Section Publication Sales				-	-100%
LOIS Royalties				-	-100%
Casemaker Royalties				-	-100%
TOTAL REVENUE	629,038	1,260,081	917,100	(342,981)	-27%

DIRECT EXPENSES:

Bad Debt Expense	(494)			-	
AMEX Card Merchant Fees				-	100%
Credit Card Merchant Fees				-	100%
Records Storage - Off Site				-	-100%
Staff Travel/Parking				-	-100%
Staff Training & Conferences		200	300	100	-50%
Staff Membership Dues	573	197	200	(3)	-2%
Transcription Services	270	-	-	-	-100%
Miscellaneous				-	-100%
Disability AccommodationS		667	2,000	(1,333)	-200%
Cost of Sales - Deskbooks				-	-100%
Cost of Sales - Coursebooks	234	1,054	690	364	35%
Cost of Sales - Section Public				-	-100%
A/V Develop Costs (Recording)		2,000	1,250	750	38%
CLE-Equip-Depreciation	3,182	1,312	1,309	3	0%
Obsolete Inventory				-	-100%
Splits to Sections				-	-100%
Deskbook Royalties				-	-100%
Recorded Seminar Royalties				-	-100%
Online Expenses				-	-100%
Online Product Hosting Expenses	46,922	54,000	53,000	1,000	2%
Postage & Delivery-Deskbooks				-	-100%
Postage & Delivery-Coursebooks	294	58		58	100%
Fliers/Catalogs				-	-100%
Postage - Fliers/Catalogs				-	-100%
Complimentary Book Program				-	-100%
Postage - Fliers/Catalogs				-	-100%
TOTAL DIRECT EXPENSES:	50,981	59,487	58,749	738	1%

INDIRECT EXPENSES:

Salaries - Salaries	92,400	86,662	91,300	(4,638)	-5%
51120 Budgeted Temporary Employees				-	-100%
Salaries - Vacation & Comp Time A	235	321		321	100%
Indirect Allocation In - Salaries		446	563	(117)	-26%
Benefits	36,463	33,620	34,910	(1,290)	-4%
OTHER INDIRECT EXPENSE	38,129	38,487	41,681	(3,194)	-8%
TOTAL INDIRECT EXPENSES:	167,227	159,536	168,454	(8,918)	-6%

TOTAL ALL EXPENSES:	218,208	219,023	227,203	(8,179)	-4%
----------------------------	----------------	----------------	----------------	----------------	------------

NET INCOME (LOSS):	410,831	1,041,058	689,897	(351,160)	-34%
---------------------------	----------------	------------------	----------------	------------------	-------------

FTEs	1.30	1.30			
------	------	------	--	--	--

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

CLES-CLE-Seminars

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Seminar Registrations	819,545	790,000	850,000	60,000	8%
Seminar Revenue-Other	61,654	5,000	20,000	15,000	300%
Seminar Splits w/CLE	(101,660)		(133,375)	(133,375)	-100%
Conference Center Rental				-	-100%
TOTAL REVENUE	779,539	795,000	736,625	(58,375)	-7%

DIRECT EXPENSES:

Bad Debt Expense				-	-100%
AMEX Card Merchant Fees				-	-100%
Credit Card Merchant Fees				-	-100%
Staff Travel/Parking	73	10,096	15,000	(4,904)	-49%
Staff Training & Conferences		467	450	17	4%
Staff Membership Dues	763	274	1,500	(1,226)	-447%
Subscriptions	334			-	-100%
Transcription Services	2,667			-	-100%
Supplies				-	-100%
Surveys				-	-100%
Conference Calls				-	-100%
Disability AccommodationS		667	2,000	(1,333)	-200%
Online Expenses				-	-100%
Seminar Online Delivery Expenses				-	-100%
Coursebook Production			1,000	(1,000)	-100%
Postage - Fliers/Catalogs	-	-	5,000	(5,000)	-100%
Postage - Misc/Delivery				-	-100%
Accreditation Fees	2,756	3,000	3,000	-	0%
Advertising				-	-100%
Seminar Brochures		-	20,000	(20,000)	-100%
Facilities	40,420	83,200	165,200	(82,000)	-99%
CLE Conf Center-Rent				-	-100%
CLE Conf Center-Catering				-	-100%
CLE CONF Center-Other				-	-100%
Speakers & Program Develop	2,798	15,000	32,000	(17,000)	-113%
Splits to Sections	3,611	115,000	-	115,000	100%
Splits to Co-Sponsors				-	-100%
Honoraria	14,999	1,500	1,200	300	20%
CLE Seminar Committee		150	200	(50)	-33%
CLES-Equip-Depreciation				-	-100%
CLES - Loss/Gain on Assets				-	-100%
Conference Center Depreciation				-	-100%
Mini-CLE Expense		-	-	-	-
Seminar Expense - Sections		-	-	-	-
TOTAL DIRECT EXPENSES:	68,420	229,354	246,550	(17,196)	-7%

INDIRECT EXPENSES:

Salaries - Salaries	397,992	443,475	490,567	(47,092)	-11%
51120 Budgeted Temporary Employees				-	-100%
51121 Unanticipated Temps				-	-100%
51122 Staff Replacement Temps	24,892	20,913		20,913	100%
51126 Employee Placement Fees				-	-100%
Salaries - Vacation & Comp Time Accruals	1,460	1,720		1,720	100%
Indirect Allocation In - Salaries		2,254	2,951	(697)	-31%
Benefits	172,051	169,854	175,656	(5,802)	-3%
OTHER INDIRECT EXPENSE	184,107	196,388	219,782	(23,393)	-12%
TOTAL INDIRECT EXPENSES:	780,501	834,604	888,956	(54,351)	-7%

TOTAL ALL EXPENSES: **848,922** **1,063,958** **1,135,506** **(71,548)** **-7%**

NET INCOME (LOSS): **(69,383)** **(268,958)** **(398,881)** **(129,923)** **-48%**

FTEs

6.82

6.83

LM-226

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

MWP-Member Wellness Program

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Diversion	11,301	7,292	7,500	208	3%
TOTAL REVENUE	11,301	7,292	7,500	208	3%
DIRECT EXPENSES:					
Staff Training		165	300	135	-82%
Staff Membership Dues	226	333	500	167	-50%
Subscriptions		300	1,200	900	-300%
WSBA Connects		8,777		(8,777)	100%
Prof Liab Insurance	825	4,467		(4,467)	100%
TOTAL DIRECT EXPENSES:	1,051	14,542	2,800	11,742	81%
INDIRECT EXPENSES:					
Salaries - Salaries	52,691	108,643	130,416	(21,773)	-20%
Salaries - Vacation & Comp Time Accruals	(382)	445		445	100%
Indirect Allocation In - Salaries		418	637	(220)	-53%
Benefits	30,182	47,287	55,833	(8,546)	-18%
OTHER INDIRECT EXPENSE	13,073	37,399	47,183	(9,784)	-26%
TOTAL INDIRECT EXPENSES:	95,563	194,191	234,069	(39,878)	-21%
TOTAL ALL EXPENSES:	96,614	208,733	236,869	(28,136)	-13%
NET INCOME (LOSS):	(85,313)	(201,441)	(229,369)	(27,928)	-14%
FTEs		1.48	1.48		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

PMA-Practice Management Assistance

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Royalties		40,000	50,000	10,000	25%
TOTAL REVENUE		40,000	50,000	10,000	25%
DIRECT EXPENSES:					
Staff Training			250	250	100%
Staff Membership Dues		167	150	(17)	10%
Subscriptions		167	-	(167)	100%
Casemaker/FastCase		80,000	73,000	(7,000)	9%
TOTAL DIRECT EXPENSES:		80,333	73,400	6,933	9%
INDIRECT EXPENSES:					
TOTAL ALL EXPENSES:		80,333	73,400	6,933	9%
NET INCOME (LOSS):		(40,333)	(23,400)	16,933	42%

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

PRP-Professional Responsibility Program

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Staff Travel/Parking		2,333	750	1,583	68%
Staff Membership Dues	500	161	500	(339)	-211%
Law Library	537	610	-	610	100%
CPE Committee	60	3,723	1,000	2,723	73%
TOTAL DIRECT EXPENSES:	1,096	6,827	2,250	4,577	67%
INDIRECT EXPENSES:					
Salaries - Salaries	172,468	170,521	89,417	81,104	48%
Salaries - Vacation & Comp Time A	270	600		600	100%
Indirect Allocation In - Salaries		483	313	170	35%
Benefits	63,812	58,822	37,136	21,686	37%
OTHER INDIRECT EXPENSE	44,665	43,211	23,192	20,020	46%
TOTAL INDIRECT EXPENSES:	281,215	273,637	150,058	123,580	45%
TOTAL ALL EXPENSES:	282,311	280,465	152,308	128,157	46%
NET INCOME (LOSS):	(282,311)	(280,465)	(152,308)	128,157	46%
FTEs		1.41	0.73		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

MBEN-Membership Benefits

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget vs Reforecast FY22 F/(U)	% of change F/(U)	
REVENUE:						
Sponsorships	5,500	-	-	-	-100%	Moved to LLB
MP3 Sales	2,793	-	-	-	-100%	Moved to LLB
Digital Video Sales	7,865	-	-	-	-100%	Moved to LLB
TOTAL REVENUE	16,158	-	-	-	-100%	
DIRECT EXPENSES:						
Speakers & Program Develop	1,321	-	-	-	-100%	Moved to LLB
WSBA Connects	46,960	-	-	-	-100%	Moved to MWP cost center
Casemaker/FastCase	130,890	-	-	-	-100%	Moved to PMA cost center
TOTAL DIRECT EXPENSES:	179,171	-	-	-	-100%	
INDIRECT EXPENSES:						
Salaries - Salaries	77,986	-	-	-	-100%	
Salaries - Vacation & Comp Tim	104	-	-	-	-100%	
Benefits	23,266	-	-	-	-100%	
OTHER INDIRECT EXPENSE	30,503	-	-	-	-100%	
TOTAL INDIRECT EXPENSES:	131,860	-	-	-	-100%	
TOTAL ALL EXPENSES:	311,031	-	-	-	-100%	
NET INCOME (LOSS):	(294,873)	-	-	-	-100%	

Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison

MSE-Member Services and Engagement

		FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)	
REVENUE:							
Royalties	40900	68,276	20,000	10,800	(9,200)	-46%	moved most to PMA cost center
NMP Product Sales	40950	30,476	-	-	-	-100%	moved to NME cost center
Sponsorships	41450			1,000	1,000	100%	
Seminar Registrations	41800	25		-	-	-100%	
TOTAL REVENUE		98,777	20,000	11,800	(8,200)	-41%	
DIRECT EXPENSES:							
Printing & Copying	50070			1,200	(1,200)	100%	
YLL Section Program	50085	800	1,500	1,500	-	0%	
CLE Comps	50095		-	1,000	(1,000)	-100%	
Staff Travel/Parking	50100	1,037	1,000	1,700	(700)	-70%	
Staff Training & Conferences	50110		400	250	150	38%	
Staff Membership Dues	50120	225	850	850	-	0%	
Subscriptions	50130	191	-	-	-	-100%	
Transcription Services	50135	750	-	-	-	-100%	
Library Materials/Resources	54610	186	2,000	4,000	(2,000)	-100%	
New Lawyer Outreach Events	55266	397	1,500	1,500	-	0%	
New Lawyers Committee	55270	3,716	7,500	12,000	(4,500)	-60%	
Open Sections Night	55285			3,500	(3,500)	-100%	
Small Town & Rural Committee	55980		2,000	3,000	(1,000)	-50%	
Reception/Forum Expense	58450	67	1,500	3,000	(1,500)	-100%	
New Lawyer Outreach	58500			1,000	(1,000)	-100%	
Scholarships/Donations/Grant	58525	4,977	5,000	5,000	-	0%	
TOTAL DIRECT EXPENSES:		12,345	23,250	39,500	(16,250)	-70%	
INDIRECT EXPENSES:							
Salaries - Salaries	51110	238,485	232,956	161,063	71,893	31%	
Salaries - Vacation & Comp Time Ac	51130	620	866		866	100%	
Indirect Allocation In - Salaries			1,188	1,083	105	9%	
Benefits	51200, Indirect_Allocation_In_Benefits	90,144	79,024	61,478	17,547	22%	
OTHER INDIRECT EXPENSE	Direct_Allocation_In, 51305, 51400, 51600, 51700, 518C	108,939	102,285	80,163	22,122	22%	
TOTAL INDIRECT EXPENSES:		438,188	416,320	303,786	112,533	27%	
TOTAL ALL EXPENSES:		450,534	439,570	343,286	96,283	22%	
NET INCOME (LOSS):		(351,757)	(419,570)	(331,486)	88,083	21%	
FTEs			3.46	2.51			

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

MINI-Mini CLE

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
INDIRECT EXPENSES:					
Salaries - Salaries		59,199	62,928	(3,729)	-6%
Salaries - Vacation & Comp Time Accruals		231		231	100%
Indirect Allocation In - Salaries		313	397	(85)	-27%
Benefits		20,010	15,861	4,148	21%
OTHER INDIRECT EXPENSE		26,959	29,429	(2,470)	-9%
TOTAL INDIRECT EXPENSES:		106,712	108,616	(1,905)	-2%
TOTAL ALL EXPENSES:		106,712	108,616	(1,905)	-2%
NET INCOME (LOSS):		(106,712)	(108,616)	(1,905)	-2%
FTEs		0.91	0.92		

Washington State Bar Association
 FY22 Reforecast and FY23 Budget v2 Comparison

NME-New Member Education

		FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:						
NMP Product Sales	40950		60,000	65,000	5,000	8%
Seminar Registrations	41800		16,500	8,000	(8,500)	-52%
Trial Advocacy Program	47100		15,000	12,000	(3,000)	-20%
TOTAL REVENUE			91,500	85,000	(6,500)	-7%
DIRECT EXPENSES:						
Speakers & Program Development	55265		500	100	400	80%
Trial Advocacy Expenses	57320		1,500	1,500	-	0%
TOTAL DIRECT EXPENSES:			2,000	1,600	400	20%
INDIRECT EXPENSES:						
Salaries - Salaries	51110		50,375	52,136	(1,761)	-3%
Salaries - Vacation & Comp Time Accr	51130		196		196	100%
Indirect Allocation In - Salaries			268	337	(69)	-26%
Benefits	51200, Indirect_Allocation_In_Benefits		16,076	12,764	3,312	21%
OTHER INDIRECT EXPENSE	Direct_Allocation_In, 51305, 51400, 51600, 51700, 51800, 51920, 51950, Inc		23,141	24,951	(1,810)	-8%
TOTAL INDIRECT EXPENSES:			90,056	90,189	(133)	0%
TOTAL ALL EXPENSES:			92,056	91,789	267	0%
NET INCOME (LOSS):			(556)	(6,789)	(6,233)	-1121%
FTEs			0.78	0.78		
Indirect Allocation In - Benefits			712	1,224		

Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison

LLB-Legal Lunchbox

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)	
REVENUE:						
Sponsorships		9,000	9,000	-	0%	moved from MBEN cost center
MP3 Sales		8,000	-	(8,000)	-100%	moved from MBEN cost center
Digital Video Sales		25,000	14,000	(11,000)	-44%	moved from MBEN cost center
TOTAL REVENUE		42,000	23,000	(19,000)	-45%	
DIRECT EXPENSES:						
Speakers & Program Develop		100	1,500	(1,400)	-1400%	
TOTAL DIRECT EXPENSES:		100	1,500	(1,400)	-1400%	
INDIRECT EXPENSES:						
Salaries		26,359	27,332	(973)	-4%	
Benefits		9,207	7,333	1,874	20%	
OTHER INDIRECT EXPENSE		12,571	13,627	(1,057)	-8%	
TOTAL INDIRECT EXPENSES:		48,136	48,292	(156)	0%	
TOTAL ALL EXPENSES:		48,236	49,792	(1,556)	-3%	
NET INCOME (LOSS):		(6,236)	(26,792)	(20,556)	-330%	
FTEs		0.43	0.43			
Indirect Allocation In - Benefits		389	668			

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

SECT-Sections Administration

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Reimbursements From Sections	213,088	284,000	290,543	6,543	2%
TOTAL REVENUE	213,088	284,000	290,543	6,543	2%
DIRECT EXPENSES:					
Staff Travel/Parking		1,000	750	250	25%
Staff Training & Conferences		200	500	(300)	-150%
Staff Membership Dues		250	250	-	0%
Subscriptions	410	350	350	-	0%
Conference Calls	8	-	-	-	-100%
Section/Committee Chair Mtgs		500	1,000	(500)	-100%
Dues Statements	5,935	4,593	5,000	(407)	-9%
TOTAL DIRECT EXPENSES:	6,353	6,893	7,850	(957)	-14%
INDIRECT EXPENSES:					
Salaries - Salaries	128,235	143,750	145,576	(1,826)	-1%
51122 Staff Replacement Temps	15,026			-	-100%
Salaries - Vacation & Comp Time Accruals	452	544		544	100%
Indirect Allocation In - Salaries		887	1,115	(228)	-26%
Benefits	52,284	60,412	65,227	(4,815)	-8%
OTHER INDIRECT EXPENSE	70,810	76,400	82,530	(6,130)	-8%
TOTAL INDIRECT EXPENSES:	266,806	281,993	294,448	(12,455)	-4%
TOTAL ALL EXPENSES:	273,159	288,886	302,298	(13,412)	-5%
NET INCOME (LOSS):	(60,071)	(4,886)	(11,755)	(6,869)	141%
FTEs		2.58	2.58		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

DISC-Discipline

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Copy Fees	-	36		(36)	-100%
Audit Revenue	1,275	1,000	1,000	-	0%
Recovery of Discipline Costs	107,513	100,000	100,000	-	0%
Discipline History Summary	19,087	17,000	18,000	1,000	6%
Practice Monitor Fees		4,000	-	(4,000)	-100%
TOTAL REVENUE	127,875	122,036	119,000	(3,036)	-2%
DIRECT EXPENSES:					
Depreciation			38,096	(38,096)	
Publications Production	181	181	200	(19)	-11%
Staff Travel/Parking	11,138	20,000	20,000	-	0%
Staff Training & Conferences		38,972	33,295	5,677	15%
Staff Membership Dues	4,893	8,205	7,610	595	7%
Telephone	2,203	2,359	2,359	-	0%
Court Reporters	19,144	45,000	60,000	(15,000)	-33%
Outside Counsel Expenses	500	1,500	1,500	-	0%
Litigation Expenses	10,674	25,000	25,000	-	0%
Disability Expenses	4,900	9,000	9,000	-	0%
Online Legal Research	53,367	55,201	-	55,201	100%
Law Library	5,007	3,606	-	3,606	100%
Translation Services	500	900	1,200	(300)	-33%
Practice Monitor Expenses		4,000	1,000	(3,000)	75%
TOTAL DIRECT EXPENSES:	112,507	213,924	199,260	14,664	7%
INDIRECT EXPENSES:					
Salaries - Salaries	3,530,231	3,449,352	3,593,470	(144,118)	-4%
Salaries - Budgeted Temporary Empl	13,263	68,693	34,067	34,626	50%
51121 Unanticipated Temps		23,830		23,830	100%
Salaries - Staff Replacement Temps	21,864	-		-	-100%
Salaries - Vacation & Comp Time Acc	5,477	10,951		10,951	100%
Indirect Allocation In - Salaries		12,493	15,986	(3,493)	-28%
Benefits	1,042,667	1,022,297	1,039,838	(17,541)	-2%
OTHER INDIRECT EXPENSE	977,545	1,078,046	1,183,576	(105,530)	-10%
TOTAL INDIRECT EXPENSES:	5,591,047	5,665,662	5,866,937	(201,275)	-4%
TOTAL ALL EXPENSES:	5,703,554	5,879,586	6,066,197	(186,611)	-3%
NET INCOME (LOSS):	(5,575,679)	(5,757,549)	(5,947,197)	(189,647)	-3%

FTEs

37.00

37.00

LM-236

Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison

ADMISS-Admissions

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Exam Soft Revenue	6,591	-	27,000	27,000	100%
Bar Exam Fees	1,050,961	1,172,120	1,213,000	40,880	3%
Bar Exam Late Fees	62,700	40,256	40,000	(256)	-1%
House Counsel Application Fees	44,920	39,488	54,000	14,512	37%
Rule 9/Legal intern Fees	12,400	11,242	12,000	758	7%
RPC Booklets	5			-	-100%
Foreign Law Consultant Fees	1,240	1,860	1,240	(620)	-33%
Special Admissions	5,405	4,387	15,700	11,313	258%
TOTAL REVENUE	1,184,222	1,269,353	1,362,940	93,587	7%
DIRECT EXPENSES:					
Postage	529	1,200	750	450	38%
Staff Travel/Parking	651	12,136	23,000	(10,864)	-90%
Staff Training & Conferences		13,380	10,500	2,880	22%
Staff Membership Dues	400	800	600	200	25%
Supplies	940	2,500	2,750	(250)	-10%
Conference Calls	23			-	-100%
Facility, Parking, Food	18,151	93,038	101,000	(7,962)	-9%
Examiner Fees	26,000	36,000	36,000	-	0%
UBE Examinations	107,662	126,900	123,000	3,900	3%
Board of Bar Examiners		23,000	18,850	4,150	18%
Bar Exam Proctors	150	31,000	39,000	(8,000)	-26%
Character & Fitness Board Exp	12	-	-	-	-100%
Disability AccommodationS	8,385	20,500	27,000	(6,500)	-32%
Character & Fitness Investi	242	2,000	2,000	-	0%
Law School Visits		850	1,700	(850)	-100%
ILG Exam Fees	43,100	-	-	-	-100%
Depreciation-Software	15,123	21,235	24,929	(3,694)	-17%
Court Reporters	8,139	-	-	-	-100%
Online Legal Research	3,678	3,467		3,467	100%
Law Library	133	151		151	100%
TOTAL DIRECT EXPENSES:	233,318	388,157	411,079	(22,922)	-6%
INDIRECT EXPENSES:					
Salaries - Salaries	466,236	477,064	499,023	(21,959)	-5%
51122 Staff Replacement Temps		16,428		16,428	100%
Salaries - Vacation & Comp Time Accruals	1,260	1,897		1,897	100%
Indirect Allocation In - Salaries		2,280	2,916	(637)	-28%
Benefits	169,139	165,832	172,074	(6,242)	-4%
OTHER INDIRECT EXPENSE	172,850	198,428	215,923	(17,495)	-9%
TOTAL INDIRECT EXPENSES:	809,484	861,929	889,936	(28,008)	-3%
TOTAL ALL EXPENSES:	1,042,802	1,250,086	1,301,015	(50,930)	-4%
NET INCOME (LOSS):	141,420	19,267	61,925	42,658	-221%

FTEs

6.75

6.75

LM-237

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

CFB-Character & Fitness Board

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Character & Fitness Board Exp		10,000	12,000	(2,000)	-20%
Court Reporters		15,000	15,000	-	0%
TOTAL DIRECT EXPENSES:		25,000	27,000	(2,000)	-8%
INDIRECT EXPENSES:					
Salaries - Salaries		26,112	85,333	(59,221)	-227%
Salaries - Vacation & Comp Time Accruals		25		25	100%
Indirect Allocation In - Salaries		137	324	(187)	-136%
Benefits		8,456	25,757	(17,301)	-205%
OTHER INDIRECT EXPENSE		8,990	23,991	(15,001)	-167%
TOTAL INDIRECT EXPENSES:		43,720	135,406	(91,685)	-210%
TOTAL ALL EXPENSES:		68,720	162,406	(93,685)	-136%
NET INCOME (LOSS):		(68,720)	(162,406)	(93,685)	-136%
FTEs		0.40	0.75		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

CLERK-Law Clerk Program

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Law Clerk Fees	183,001	220,000	185,000	(35,000)	-16%
Law Clerk Application Fees	3,800	2,500	3,200	700	28%
TOTAL REVENUE	186,801	222,500	188,200	(34,300)	-15%
DIRECT EXPENSES:					
Subscriptions		250	250	-	0%
Character & Fitness Investi		100	100	-	0%
Law Clerk Board	279	4,667	8,000	(3,333)	-71%
Law Clerk Outreach		667	550	117	18%
TOTAL DIRECT EXPENSES:	279	5,683	8,900	(3,217)	-57%
INDIRECT EXPENSES:					
Salaries - Salaries	57,470	73,883	79,836	(5,953)	-8%
Salaries - Vacation & Comp Time	(13)	233		233	100%
Indirect Allocation In - Salaries		335	423	(88)	-26%
Benefits	19,926	23,077	25,620	(2,543)	-11%
OTHER INDIRECT EXPENSE	23,603	28,461	31,349	(2,888)	-10%
TOTAL INDIRECT EXPENSES:	100,986	125,989	137,228	(11,240)	-9%
TOTAL ALL EXPENSES:	101,265	131,672	146,128	(14,456)	-11%
NET INCOME (LOSS):	85,536	90,828	42,072	(48,756)	-54%
FTEs		0.98	0.98		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

LICMR-Licensing & Membership Records

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Status Certificate Fees	29,729	24,061	27,000	2,939	12%
Investigation Fees	22,600	21,759	21,000	(759)	-3%
Pro Hac Vice	403,956	362,311	400,000	37,689	10%
Member Contact Information	5,328	3,125	4,000	875	28%
Photo Bar Card Sales	312	247	200	(47)	-19%
TOTAL REVENUE	461,925	411,503	452,200	40,697	10%
DIRECT EXPENSES:					
Depreciation	1,151	0	1,151	(1,151)	-479483%
Postage	18,061	22,641	16,500	6,141	27%
Licensing Forms	2,845	1,977	2,000	(23)	-1%
TOTAL DIRECT EXPENSES:	22,057	24,619	19,651	4,968	20%
INDIRECT EXPENSES:					
Salaries - Salaries	336,821	358,167	364,458	(6,291)	-2%
Salaries - Budgeted Temporary Emp	7,602	6,487	7,560	(1,073)	-17%
Salaries - Vacation & Comp Time Accr	835	1,265		1,265	100%
Indirect Allocation In - Salaries		1,314	1,655	(340)	-26%
Benefits	122,883	118,907	122,862	(3,955)	-3%
OTHER INDIRECT EXPENSE	100,224	113,292	122,516	(9,224)	-8%
TOTAL INDIRECT EXPENSES:	568,364	599,433	619,051	(19,618)	-3%
TOTAL ALL EXPENSES:	590,421	624,052	638,702	(14,651)	-2%
NET INCOME (LOSS):	(128,496)	(212,549)	(186,502)	26,047	12%
FTEs		3.83	3.83		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

LLLT-Limited License Legal Technician

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Seminar Registrations	796	-	12,000	12,000	100%
LLLT Exam Late Fee	1,800	300	-	(300)	-100%
LLLT License Fees	9,508	12,634	16,622	3,988	32%
LLLT Exam Fees	18,150	3,550	-	(3,550)	-100%
LLLT Late License Fees	275	1,000	1,100	100	10%
LLLT Waiver Fees	300	-	-	-	-100%
TOTAL REVENUE	30,828	17,484	29,722	12,238	70%
DIRECT EXPENSES:					
LLLT Board		15,449	15,000	449	3%
Exam Writing	6,788	4,500		4,500	100%
LLLT Education		-	500	(500)	-100%
TOTAL DIRECT EXPENSES:	6,788	19,949	15,500	4,449	22%
INDIRECT EXPENSES:					
Salaries - Salaries	58,220	37,808	49,927	(12,118)	-32%
Salaries - Vacation & Comp Time	(70)	137		137	100%
Indirect Allocation In - Salaries		137	229	(92)	-68%
Benefits	26,581	13,219	17,295	(4,076)	-31%
OTHER INDIRECT EXPENSE	26,508	12,286	16,954	(4,667)	-38%
TOTAL INDIRECT EXPENSES:	111,240	63,587	84,405	(20,818)	-33%
TOTAL ALL EXPENSES:	118,027	83,536	99,905	(16,368)	-20%
NET INCOME (LOSS):	(87,199)	(66,052)	(70,183)	(4,130)	-6%
FTEs		0.48	0.53		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

LPO-Limited Practice Officers

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Investigation Fees	1,400	400	500	100	25%
LPO Examination Fees	21,800	28,350	24,000	(4,350)	-15%
LPO Exam Late Fee	4,100	5,500	4,300	(1,200)	-22%
LPO License Fees	169,835	172,579	164,750	(7,829)	-5%
LPO Late License Fees	3,840	5,100	988	(4,112)	-81%
LPO License Fees - ReinStates	-	667	550	(117)	-18%
Member Late Fees		1,200		(1,200)	-100%
TOTAL REVENUE	200,975	213,795	195,088	(18,707)	-9%
DIRECT EXPENSES:					
Printing & Copying		100	250	(150)	-150%
Facility, Parking, Food		9,000	9,000	-	0%
Exam Writing	9,750	8,400	9,000	(600)	-7%
Online Legal Research	1,839	2,156		2,156	100%
Law Library	3,231	4,701		4,701	100%
LPO Board Expenses	4	2,000	1,792	208	10%
LPO Outreach		3,333	1,000	2,333	70%
TOTAL DIRECT EXPENSES:	14,824	29,690	21,042	8,648	29%
INDIRECT EXPENSES:					
Salaries - Salaries	39,347	49,112	56,046	(6,934)	-14%
Salaries - Vacation & Comp Tir	(150)	188		188	100%
Indirect Allocation In - Salaries		192	294	(102)	-53%
Benefits	15,112	17,559	20,370	(2,811)	-16%
OTHER INDIRECT EXPENSE	13,073	17,747	21,752	(4,005)	-23%
TOTAL INDIRECT EXPENSES:	67,381	84,798	98,462	(13,664)	-16%
TOTAL ALL EXPENSES:	82,206	114,489	119,504	(5,015)	-4%
NET INCOME (LOSS):	118,770	99,307	75,584	(23,723)	-24%

FTEs

0.68

0.68

LM-242

Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison

MCLE-Mandatory Continuing Legal Education

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
Accredited Program Fees	559,700	566,556	550,000	(16,556)	-3%
Form 1 Late Fee	221,455	220,000	220,000	-	0%
Member Late Fees	6,196	400,000	190,000	(210,000)	-53%
Annual Accredited Sponsor Fees	42,250	39,250	38,250	(1,000)	-3%
Attendance Fees	(124)		-	-	-100%
Attendance Late Fees	115,345	115,000	98,000	(17,000)	-15%
COMITY Certificates - Request	13,637	13,500	14,000	500	4%
COMITY Certificates - Submit	2,550	28,500	15,000	(13,500)	-47%
TOTAL REVENUE	961,010	1,382,807	1,125,250	(257,557)	-19%
DIRECT EXPENSES:					
Staff Travel/Parking		50	50	-	0%
Staff Training & Conferences		6,550	4,900	1,650	25%
Staff Membership Dues		500	500	-	0%
Online Legal Research	1,839	2,114		2,114	100%
Law Library	133	182		182	100%
MCLE Board Expenses		1,300	2,000	(700)	-54%
Depreciation-Software	142,864	22,747	59,370	(36,623)	-161%
TOTAL DIRECT EXPENSES:	144,835	33,442	66,820	(33,378)	-100%
INDIRECT EXPENSES:					
Salaries - Salaries	251,880	313,727	324,902	(11,176)	-4%
Salaries - Budgeted Temporary Employees		75,093	108,000	(32,907)	-44%
Salaries - Vacation & Comp Time Accruals	102	1,113		1,113	100%
Indirect Allocation In - Salaries		1,675	2,108	(433)	-26%
Benefits	102,873	118,897	127,484	(8,588)	-7%
OTHER INDIRECT EXPENSE	100,224	144,282	156,104	(11,822)	-8%
TOTAL INDIRECT EXPENSES:	455,078	654,787	718,599	(63,812)	-10%
TOTAL ALL EXPENSES:	599,914	688,230	785,419	(97,189)	-14%
NET INCOME (LOSS):	361,096	694,577	339,831	(354,746)	-51%
FTEs		4.88	4.88		

**Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison**

RSD FTE-Dept headcount allocation

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	% of change F/(U)
REVENUE:					
DIRECT EXPENSES:					
Staff Conferences & Training		7,500	23,550	16,050	-214%
TOTAL DIRECT EXPENSES:		7,500	23,550	(16,050)	-214%
INDIRECT EXPENSES:					
Salaries - Salaries	225,784	326,030	334,286	(8,256)	-3%
Salaries - Vacation & Comp Tir	1,555	892		892	100%
Indirect Allocation In - Salaries		927	1,167	(240)	-26%
Benefits	86,034	100,227	103,025	(2,798)	-3%
OTHER INDIRECT EXPENSE	71,173	80,392	86,369	(5,977)	-7%
TOTAL INDIRECT EXPENSES:	384,547	508,467	524,846	(16,379)	-3%
TOTAL ALL EXPENSES:	384,547	515,967	548,396	(32,429)	-6%
NET INCOME (LOSS):	(384,547)	(515,967)	(548,396)	(32,429)	-6%
FTEs		2.78	2.70		

Washington State Bar Association
FY22 Reforecast and FY23 Budget v2 Comparison

Section Operations

	FY21 Actuals	FY22 Reforecast	FY23 Budget v2	FY23 Budget v2 vs Reforecast FY22 F/(U)	
REVENUE:					
Interest - Investments	422	910	1,177	267	29%
Publications Revenue	5,375	4,000	5,333	1,333	33%
Scholarship Revenue				-	-100%
Sponsorships		-	(2,000)	(2,000)	-100%
Annual or Other Meeting Rev		2,000	2,667	667	33%
Receptions Revenue		-	-	-	-100%
Conferences & Institutes		8,000	8,000	-	0%
Seminar Registrations				-	-100%
Mini-CLE Revenue	41,607	36,070	34,700	(1,370)	-4%
Seminar Revenue-Other				-	-100%
Seminar Splits w/CLE	114,811	139,494	185,992	46,498	33%
Seminar Splits w/Others	10,276	8,000	8,667	667	8%
Section Dues Revenue	333,786	439,178	85,964	(353,214)	-80%
				-	-100%
TOTAL REVENUE	607,937	637,652	330,499	307,153	-48%
DIRECT EXPENSES:					
Postage					100%
Staff Membership Dues		-	(150)	(150)	-100%
Direct Expenses of Section Activities		612,229	768,357	156,128	-26%
Reimbursement to WSBA for Indirect Expenses	213,088	287,423	307,251	19,828	-7%
Section Miscellaneous		-	-	-	
Elections				-	
TOTAL DIRECT EXPENSES:	309,304	899,652	1,075,459	(175,807)	20%
					-100%
NET INCOME (LOSS):	298,634	(262,000)	(744,960)	482,960	184%

**Washington State Bar Association
Budget Comparison**

			FY22 Budget vs FY23 Budget v2 F/(U)	% of change F/(U)	
	FY22 Budget v3	FY23 Budget v2			
WSBA					
REVENUE:					
Copy Fees	40200		-	-100%	
Diversion	40205	7,000	500	7%	
Records Request Fees	40210		963	100%	
Donations & Grants	40300	265,000	-	0%	
Interest - Investments	40500	10,570	27,177	157%	
License Fees	40600	15,722,944	16,309,281	4%	
License Fees - New Admittees	40625	587,374	450,000	(137,374)	-23%
License Fees - Late Fees	40650	255,307	280,000	24,693	10%
License Fees - ReinStatements	40675	14,177	14,186	9	0%
Miscellaneous	40700		-	-100%	
Exam Soft Revenue	40705	-	27,000	27,000	100%
Misc Over/Under Payments	40750		-	-100%	
Publications Revenue	40800	4,000	5,333	1,333	33%
Royalties	40900	51,250	60,800	9,550	19%
NMP Product Sales	40950	80,000	65,000	(15,000)	-19%
Shipping & Handling	41000	-	100	100	100%
Status Certificate Fees	41100	26,300	27,000	700	3%
Sponsorships	41450	8,000	9,000	1,000	13%
Annual or Other Meeting Rev	41500	2,000	2,667	667	33%
Conferences & Institutes	41700	8,000	8,000	-	0%
Seminar Registrations	41800	866,500	870,000	3,500	0%
Mini-CLE Revenue	41805	36,070	34,700	(1,370)	-4%
Seminar Revenue-Other	41825	20,000	20,000	-	0%
Seminar Splits w/CLE	41850	139,494	52,617	(86,877)	-62%
Seminar Splits w/Others	41875	8,000	8,667	667	8%
Bar Exam Fees	42207	1,200,000	1,213,000	13,000	1%
Bar Exam Late Fees	42230	42,000	40,000	(2,000)	-5%
House Counsel Application Fees	42232	40,000	54,000	14,000	35%
Rule 9/Legal intern Fees	42270	12,000	12,000	-	0%
Law Clerk Fees	42275	220,000	185,000	(35,000)	-16%
LLLT Exam Late Fee	42278	600	-	(600)	-100%
RPC Booklets	42280		-	-	-100%
LLLT License Fees	42281	14,449	16,622	2,173	15%
LLLT Exam Fees	42282	13,500	-	(13,500)	-100%
Foreign Law Consultant Fees	42285	620	1,240	620	100%
Law Clerk Application Fees	42286	2,500	3,200	700	28%
Special Admissions	42287	7,020	15,700	8,680	124%
Investigation Fees	42288	22,951	21,500	(1,451)	-6%
Pro Hac Vice	42290	325,000	400,000	75,000	23%
LLLT Late License Fees	42291	1,412	1,100	(312)	-22%
Audit Revenue	42450	1,877	1,000	(877)	-47%
BNews Display Advertising	42710	450,000	400,000	(50,000)	-11%
BNews Subscript/Single Issues	42720	200	200	-	0%
BNews Classified Advertising	42730	5,000	2,500	(2,500)	-50%
BNews Gen Announcements	42740	14,000	-	(14,000)	-100%
BNews Prof Announcements	42750	22,500	-	(22,500)	-100%
Job Target Advertising	42760	150,000	200,000	50,000	33%
Deskbook Sales	43100	82,000	150,000	68,000	83%
Coursebook Sales	43200	10,000	7,000	(3,000)	-30%
MP3 Sales	43350	209,617	-	(209,617)	-100%
Digital Video Sales	43400	829,368	924,000	94,632	11%
Section Publication Sales	43450	9,000	6,000	(3,000)	-33%
Resold Product Sales	43455	31,600	35,000	3,400	11%
Casemaker Royalties	43525	45,000	50,000	5,000	11%
WSBA Logo Merchandise Sales	44100	-	2,500	2,500	100%
Recovery of Discipline Costs	44350	85,000	100,000	15,000	18%
Discipline History Summary	44450	15,000	18,000	3,000	20%
Practice Monitor Fees	44460	4,000	-	(4,000)	-100%
LLLT Waiver Fees	44560	-	-	-	-100%
CPF Restitution	44820	30,000	40,000	10,000	33%

CPF Member Assessments	44840	795,753	690,000	(105,753)	-13%
Member Contact Information	45040	4,200	4,000	(200)	-5%
Photo Bar Card Sales	45060	280	200	(80)	-29%
LPO Examination Fees	45110	24,000	24,000	-	0%
LPO Exam Late Fee	45115	4,000	4,300	300	8%
LPO License Fees	45120	174,077	164,750	(9,327)	-5%
LPO Late License Fees	45125	5,100	988	(4,112)	-81%
LPO License Fees - ReinStates	45140	1,000	550	(450)	-45%
Accredited Program Fees	45210	515,000	550,000	35,000	7%
Form 1 Late Fee	45215	220,000	220,000	-	0%
Member Late Fees	45220	300,000	190,000	(110,000)	-37%
Annual Accredited Sponsor Fees	45230	39,250	38,250	(1,000)	-3%
Attendance Fees	45240	-	-	-	-100%
Attendance Late Fees	45250	95,000	98,000	3,000	3%
COMITY Certificates - Request	45255	13,500	14,000	500	4%
COMITY Certificates - Submit	45260	27,000	15,000	(12,000)	-44%
Trial Advocacy Program	47100	15,000	12,000	(3,000)	-20%
50 Year Member Tribute Lunch	42570	-	-	-	-100%
Reimbursements From Sections	48010	286,875	290,543	3,668	1%
Section Dues Revenue	48200	439,178	85,964	(353,214)	-80%
TOTAL REVENUE		24,977,787	24,847,096	(130,691)	-1%
DIRECT EXPENSES:					
Bad Debt Expense	50010	-	-	-	100%
Depreciation	50015	384	39,247	(38,863)	-10123%
Bank Fees	50020	2,160	2,100	60	3%
Consulting Services	50033	191,375	135,000	56,375	29%
Donations/Sponsorships/Grants	50037	250,280	260,828	(10,548)	-4%
Postage	50060	119,100	127,550	(8,450)	-7%
Printing & Copying	50070	230,850	252,100	(21,250)	-9%
Publications Production	50080	250	200	50	20%
YLL Section Program	50085	1,500	1,500	-	0%
Records Storage - Off Site	50090	-	-	-	100%
CLE Comps	50095	-	1,000	(1,000)	100%
Staff Travel/Parking	50100	91,338	82,678	8,660	9%
Covid19	50105	-	-	-	100%
Staff Training & Conferences	50110	129,144	134,045	(4,901)	-4%
Staff Membership Dues	50120	18,095	18,850	(755)	-4%
Subscriptions	50130	10,151	8,687	1,464	14%
Transcription Services	50135	-	-	-	100%
Supplies	50140	1,150	2,900	(1,750)	-152%
Surveys	50145	51,500	17,050	34,450	67%
Digital/Online Development	50155	2,114	1,000	1,114	53%
Telephone	50160	88,606	97,359	(8,753)	-10%
Conference Calls	50165	6,061	6,724	(663)	-11%
Miscellaneous	50170	-	-	-	100%
Pro Bono& Legal Aid Committee	52110	2,000	1,500	500	25%
ATJ Board Retreat	52121	2,000	2,000	-	0%
Leadership Training	52125	59,000	42,000	17,000	29%
ATJ Board Expense	52140	24,000	24,000	-	0%
Facility, Parking, Food	52210	108,500	110,000	(1,500)	-1%
Examiner Fees	52215	36,000	36,000	-	0%
UBE Examinations	52221	126,900	123,000	3,900	3%
Board of Bar Examiners	52225	23,000	18,850	4,150	18%
Bar Exam Proctors	52230	27,000	39,000	(12,000)	-44%
Character & Fitness Board Exp	52235	5,700	12,000	(6,300)	-111%
Disability Accommodations	52240	22,000	31,000	(9,000)	-41%
Character & Fitness Investi	52245	1,100	2,100	(1,000)	-91%
Law School Visits	52250	1,450	1,700	(250)	-17%
Law Clerk Board	52255	7,000	8,000	(1,000)	-14%
Rule 9 Task Force	52257	-	-	-	100%
Law Clerk Outreach	52258	1,000	550	450	45%
Depreciation-Software	52270	19,524	24,929	(5,405)	-28%
ABA Delegates	52520	3,334	12,600	(9,266)	-278%
Section/Committee Chair Mtgs	52540	1,500	1,000	500	33%
APEX Dinner Expenses	52570	25,000	47,000	(22,000)	-88%
50 Year Member Tribute Lunch	52573	11,200	20,000	(8,800)	-79%
Washington Leadership Institute	52585	80,000	80,000	-	0%
Bar Leaders Conference	52590		12,000	(12,000)	100%

Jud Recommend Committee	52660	4,500	2,250	2,250	50%
Committee for Diversity	52680	6,000	3,800	2,200	37%
Diversity Events & Projects	52681	18,000	39,250	(21,250)	-118%
LLLT Board	52683	21,000	15,000	6,000	29%
Exam Writing	52688	17,400	9,000	8,400	48%
LLLT Education	52689	-	500	(500)	0%
Graphics/Artwork	52710	200	100	100	50%
Outside Sales Expense	52730	98,000	-	98,000	100%
BOG Meetings	52810	143,000	205,000	(62,000)	-43%
BOG Committees' Expenses	52820	20,000	7,000	13,000	65%
BOG Retreat	52821	15,000	50,000	(35,000)	-233%
BOG Conference Attendance	52822	25,000	43,000	(18,000)	-72%
BOG Travel & Outreach	52830	25,000	10,000	15,000	60%
ED Travel & Outreach	52840	5,000	5,000	-	0%
Public Defense	52874	6,000	4,000	2,000	33%
Communications Outreach	52878	15,000	15,000	-	0%
BOG Elections	52880	26,900	26,900	-	0%
Member Outreach/town Mtgs	52910	-	-	-	100%
Special Events	52920	-	-	-	0%
Board of Trustees	52940	1,000	750	250	25%
President's Dinner	52960	10,000	10,000	-	0%
Cost of Sales - Deskbooks	53210	64,000	65,000	(1,000)	-2%
Cost of Sales - Coursebooks	53220	1,500	690	810	54%
Cost of Sales - Section Public	53225	2,000	1,500	500	25%
A/V Develop Costs (Recording)	53250	2,000	1,250	750	38%
CLE-Equip-Depreciation	53255	1,308	1,309	(1)	0%
Obsolete Inventory	53260	-	-	-	100%
Splits to Sections	53265	3,150	300	2,850	90%
Deskbook Royalties	53270	200	300	(100)	-50%
Online Product Hosting Expenses	53285	50,000	53,000	(3,000)	-6%
Postage & Delivery-Deskbooks	53320	-	-	-	100%
Postage & Delivery-Coursebooks	53330	-	-	-	100%
Fliers/Catalogs	53410	-	-	-	100%
Postage - Fliers/Catalogs	53430	-	-	-	100%
Coursebook Production	53610	-	1,000	(1,000)	100%
Postage - Fliers/Catalogs	53620	8,000	5,000	3,000	38%
Accreditation Fees	53640	3,000	3,000	-	0%
Seminar Brochures	53660	20,000	20,000	-	0%
Facilities	53690	196,200	165,200	31,000	16%
Speakers & Program Develop	53700	51,500	33,500	18,000	35%
Splits to Sections	53710	110,000	-	110,000	100%
Honoraria	53730	1,500	1,200	300	20%
CLE Seminar Committee	53740	250	200	50	20%
Image Library	54026	4,100	4,100	-	0%
Bar Outreach	54027	16,000	18,000	(2,000)	-13%
Pro Bono CertificateS	54130	2,000	2,000	-	0%
Court Reporters	54310	46,250	75,000	(28,750)	-62%
Outside Counsel Expenses	54320	2,000	1,500	500	25%
Litigation Expenses	54360	26,450	25,200	1,250	5%
Disability Expenses	54370	9,000	9,000	-	0%
Online Legal Research	54380	76,044	1	76,043	100%
Law Library	54390	11,220	1	11,219	100%
Translation Services	54400	9,400	9,400	-	0%
Practice Monitor Expenses	54430	4,000	1,000	3,000	75%
Organizational Training	54512	20,000	15,000	5,000	25%
WSBA Connects	54514	9,000	-	9,000	100%
Recruiting and Advertising	54520	3,000	6,600	(3,600)	-120%
Payroll Processing	54530	50,000	50,000	-	0%
Salary Surveys	54540	3,000	1,500	1,500	50%
Transfer to Indirect Expense	54590	(76,000)	(73,100)	(2,900)	-4%
Library Materials/Resources	54610	6,000	4,000	2,000	33%
Prof Liab Insurance	54760	5,462	-	5,462	100%
Gifts to injured Clients	54810	500,000	500,000	-	0%
CPF Board	54820	1,500	-	1,500	100%
Contract Lobbyist	54920	10,000	15,000	(5,000)	-50%
Legislative Committee	54940	2,500	1,250	1,250	50%
BOG Legislative Committee	54970	300	300	-	0%
Licensing Forms	55010	1,900	2,000	(100)	-5%
LPO Board Expenses	55130	3,000	1,792	1,208	40%
LPO Outreach	55165	5,000	1,000	4,000	80%
MCLE Board Expenses	55210	3,250	2,000	1,250	38%
Depreciation-Software	55220	24,263	59,370	(35,107)	-145%

Casemaker/FastCase	55250	137,000	73,000	64,000	47%
Speakers & Program Development	55265	2,000	100	1,900	95%
New Lawyer Outreach Events	55266	1,500	1,500	-	0%
New Lawyers Committee	55270	7,500	12,000	(4,500)	-60%
Open Sections Night	55285		3,500	(3,500)	0%
Disciplinary Board Expenses	55310	3,108	4,000	(892)	-29%
Chief Hearing Officer	55320	33,000	30,000	3,000	9%
Hearing Officer Expenses	55330	43,000	17,500	25,500	59%
Hearing Officer Training	55340	550	400	150	27%
Outside Counsel	55370	55,000	60,000	(5,000)	-9%
Court Rules Committee	55419		1,000	(1,000)	100%
Practice of Law Board	55510	12,000	12,000	-	0%
CPE Committee	55610	3,750	1,000	2,750	73%
Wills	55615		2,000	(2,000)	100%
Custodianship	55620	12,000	8,150	3,850	32%
Small Town and Rural Committee	55980	2,000	3,000	(1,000)	-50%
Computer Hardware	56100	65,000	65,000	-	0%
Computer Software	56150	205,000	310,000	(105,000)	-51%
Hardware Service & Warranties	56225	50,000	60,000	(10,000)	-20%
Software Maint & Licensing	56230	370,000	380,000	(10,000)	-3%
Telephone Hardware & Maint	56400	-	-	-	100%
Computer Supplies	56500	2,000	2,000	-	0%
Third Party Services	56550	40,000	40,000	-	0%
Transfer to Indirect Expenses	56900	(732,000)	(857,000)	125,000	17%
Trial Advocacy Expenses	57320	7,000	1,500	5,500	79%
Dues Statements	58010	5,935	5,000	935	16%
Annual or Other Meeting Expens	58125	17,200	22,783	(5,583)	-32%
Attendance at BOG Meetings	58150	4,075	4,840	(765)	-19%
Awards	58175	9,150	12,012	(2,862)	-31%
Breakfast/Lunch/Dinner Mtg Exp	58200	5,500	7,333	(1,833)	-33%
Conference/Institute Expense	58225	-	23,145	(23,145)	100%
Executive Committee Expenses	58300	85,375	113,689	(28,314)	-33%
Executive Comm Exp - Other	58305	37,500	50,000	(12,500)	-33%
Honorarium	58315	7,300	8,349	(1,049)	-14%
Ldship/Prof Develop/Retreats	58325	71,150	77,704	(6,554)	-9%
Legislative/Lobbying	58326	2,000	2,667	(667)	-33%
Membership & Recruiting Exp	58350	20,775	27,254	(6,479)	-31%
Newsletter/Publication Expense	58375	13,350	17,125	(3,775)	-28%
Per Member Charge	58400	287,423	307,251	(19,829)	-7%
Reception/Forum Expense	58450	40,650	47,643	(6,993)	-17%
New Lawyer Outreach	58500	3,800	6,067	(2,267)	-60%
Scholarships/Donations/Grant	58525	127,500	160,333	(32,833)	-26%
Section Committee Expense	58550	6,200	8,267	(2,067)	-33%
Section Special Projects	58600	12,750	17,000	(4,250)	-33%
Law School Outreach	58615	8,500	11,333	(2,833)	-33%
Mini-CLE Expense	58620	53,924	69,831	(15,907)	-29%
Seminar Expense - Sections	58625	74,750	86,615	(11,865)	-16%
Website Expenses	58675	17,390	20,421	(3,031)	-17%
Seminar Scholarships	58750	5,000	6,667	(1,667)	-33%

TOTAL DIRECT EXPENSES:

4,784,118 4,713,740 70,379 1%

INDIRECT EXPENSES:

Salaries - Salaries	51110	12,258,996	12,675,409	(416,413)	-3%
Salaries - Budgeted Temporary Employees	51120	222,756	200,627	22,129	10%
Salaries - Unanticipated Temps	51121	10,000	10,000	(0)	0%
Salaries - Staff Replacement Temps	51122	-	-	-	100%
Salaries - Vacation & Comp Time Accruals	51130	-	-	-	100%
Salaries - Unanticipated Staff Adjustments	51135	40,000	50,000	(10,000)	-100%
Benefits - Employee Assistance Plan	51210	4,800	4,800	-	0%
Benefits - Employee Service Awards	51220	1,840	2,038	(198)	-11%
Benefits - FICA (Employer Portion)	51230	743,343	783,217	(39,874)	-5%
Benefits - L&I Insurance	51240	49,414	62,000	(12,586)	-25%
Benefits - WA State Family Medical Leave (ER Po	51245	17,337	18,000	(663)	-4%
Benefits - Medical (Employer Portion)	51250	1,657,574	1,703,385	(45,811)	-3%
Benefits - Parking Benefits	51260	-	-	-	100%
Benefits - Retirement (Employer Portion)	51270	1,256,547	1,293,903	(37,356)	-3%
Benefits - Transportation Allowance	51280	47,733	65,843	(18,110)	-38%
Benefits - Unemployment Insurance	51290	70,000	65,206	4,794	7%
Benefits - Staff Contributions to Benefit	51295			-	100%

Workplace Benefits	51310	45,000	45,980	(980)	-2%
Staff Development-General	51315	-	-	-	100%
Human Resources Pooled Exp	51340	81,520	77,100	4,420	5%
Meeting Support Expenses	51405	10,000	10,000	-	0%
Rent	51410	2,029,301	2,131,247	(101,946)	-5%
Personal Prop Taxes-WSBA	51420	6,466	6,650	(184)	-3%
Furniture, Maint, LH Imp	51430	13,419	25,300	(11,881)	-89%
Office Supplies & Equip	51440	32,741	18,000	14,741	45%
Furn & Office Equip Deprec	51450	43,009	88,723	(45,714)	-106%
Computer Hardware Deprec	51470	24,114	45,354	(21,240)	-88%
Computer Software Deprec	51480	80,904	94,539	(13,635)	-17%
Insurance	51500	238,839	272,643	(33,804)	-14%
Work from Home Furniture & Equipment	51501	63,000	14,000	49,000	78%
Professional Fees-Audit	51505	40,000	50,000	(10,000)	-25%
Professional Fees- Legal	51510	250,000	250,000	-	0%
Internet Reimbursement	51515	21,600	33,600	(12,000)	-56%
Postage - General	51520	24,000	24,000	-	0%
Records Storage	51525	30,000	30,000	-	0%
Staff Training	51526	-	-	-	100%
Bank Fees (Indirect)	51530	48,000	51,000	(3,000)	-6%
Production Maint & Supplies	51620	16,692	15,340	1,352	8%
Computer Pooled Expenses	51710	941,250	1,061,250	(120,000)	-13%
Allowance for Open Positions	51925	(200,000)	(200,000)	-	0%
Capital Labor & Overhead	51955	(155,000)	(260,000)	(105,000)	-68%
TOTAL INDIRECT EXPENSES:		20,065,197	20,867,852	(802,655)	-4%
TOTAL ALL EXPENSES:		24,849,315	25,581,592	(732,276)	-3%
NET INCOME (LOSS):		128,472	(734,495)	(862,967)	672%

FTEs

140.30

139.25

REVENUE

General Fund	21,437,297	21,891,872	454,576	2%
CPF Fund	830,253	730,000	(100,253)	-12%
Sections	637,652	330,499	(307,153)	-48%
CLE	2,072,585	1,894,725	(177,860)	-9%

DIRECT EXPENSE

General Fund	2,845,396	2,762,357	83,039	3%
CPF Fund	503,860	502,300	1,560	0%
Sections	899,652	1,075,459	(175,807)	-20%
CLE	535,211	373,624	161,587	30%

INDIRECT EXPENSE

General Fund	18,681,463	19,412,011	(730,548)	-4%
CPF Fund	156,815	179,366	(22,552)	-14%
Sections	-	-	-	100%
CLE	1,226,919	1,276,475	(49,556)	-4%

TOTAL EXPENSE

General Fund	21,526,859	22,174,368	(647,509)	-3%
CPF Fund	660,675	681,666	(20,992)	-3%
Sections	899,652	1,075,459	(175,807)	-20%
CLE	1,762,130	1,650,099	112,031	6%

NET INCOME

General Fund	(89,563)	(282,496)	(192,933)	-215%
CPF Fund	169,578	48,334	(121,245)	71%
Sections	(262,000)	(744,960)	(482,960)	-184%
CLE	310,455	244,626	(65,829)	21%

Title: "ADA Myth-Conceptions"

Date: Friday, July 22, 2022 from 2:30 to 3:30

Location: Board of Governor Meeting at Tacoma Convention Center

Description: This presentation debunks common misconceptions or "myth-conceptions" about the Americans with Disabilities Act. Further, this presentation puts these "myth-conceptions" into the greater context of the disability rights movement and the basics of disability awareness.

Presenter: Conrad Reynoldson is a power chair using attorney who earned a law degree from the University of Washington after graduating summa cum laude from Seattle Pacific University. He is a Blackstone Legal Fellow and is admitted to practice in front of the Ninth Circuit, as well as in Washington State and Federally in the Western and Eastern Districts. Conrad received a DO-IT Trailblazer award in 2012, the Carlson-Parker Award from Pacific Justice Institute in 2016, the Ron Adams Outstanding Advocate Award from the Northwest Access Fund in 2017, and the Public Service & Leadership Award, Young Lawyers Committee of Washington State Bar Association in 2018. Conrad founded a 501(c)(3) nonprofit disability rights law firm in Seattle named Washington Civil & Disability Advocate in 2017 to advocate for the disability community in Washington state and beyond through systemic litigation, education, and legislative advocacy. Conrad currently also serves as a Commissioner on the Washington Advisory Committee to the US Commission on Civil Rights and is an at large board member of the Washington Attorneys with Disabilities Association.