

State Bar of Arizona

2019 Budget

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**State Bar of Arizona
Summary Statement of Activities
2019 Budget**

	<i><u>2016</u></i> <i><u>Actual</u></i>	<i><u>2017</u></i> <i><u>Actual</u></i>	<i><u>2018</u></i> <i><u>Projection ¹</u></i>	<i><u>2019</u></i> <i><u>Budget</u></i>
INCOME				
Dues Income	\$ 9,504,108	\$ 9,706,190	\$ 9,821,408	\$ 9,887,045
CLE Income	1,900,369	2,023,061	2,061,517	2,076,202
Other Income	4,371,460	4,518,604	4,652,338	4,590,609
Total Income	<u>15,775,937</u>	<u>16,247,855</u>	<u>16,535,263</u>	<u>16,553,856</u>
EXPENSES				
Personnel Costs	8,903,564	9,390,580	9,888,181	9,730,234
Depreciation	870,562	785,493	817,385	786,581
Other Expenses	4,852,865	5,220,336	5,735,473	6,031,045
Total Expenses	<u>14,626,991</u>	<u>15,396,409</u>	<u>16,441,039</u>	<u>16,547,860</u>
Bar Operations Surplus (Loss)	1,148,946	851,446	94,224	5,996
Sections Activity - Net	58,856	36,304	43,477	(56,289)
Total Surplus (Loss)	<u>\$ 1,207,802</u>	<u>\$ 887,750</u>	<u>\$ 137,701</u>	<u>\$ (50,293)</u>

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2019 Budget**

	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Projection</u> ¹	<u>2019</u> <u>Budget</u>
Income				
Dues Income				
Dues - Active 2+	\$7,730,685	\$8,002,500	\$8,128,460	\$8,224,630
Dues - Active 0-2	352,465	299,720	236,600	291,525
Dues - Inactive	921,390	878,880	876,425	893,025
Dues - Judicial	161,465	176,245	178,430	182,240
Dues - New Admittees	125,038	112,300	133,673	
Dues - Retired	213,065	236,545	267,820	295,625
Subtotal Dues Income	9,504,108	9,706,190	9,821,408	9,887,045
Other Income				
Reinstatement Fees	10,341	17,543	28,421	12,900
Dues - Penalty	572,480	567,239	473,264	435,750
Pro Hac Vice Fees	432,958	422,564	419,116	414,255
Late Fees- Pro Hac Vice		400	520	
Online Subpoena	42,850	51,377	49,878	56,119
In-house Counsel 3+	103,727	115,578	114,199	103,843
In-house Counsel 0-2	2,489	2,323	1,554	1,036
Admission on Motion	82,550	77,985	97,860	85,360
CLE Registrations ²	1,002,245	1,039,325	1,073,985	1,096,703
CLE Registrations - On Line ²	898,124	983,736	987,532	979,499
Advertising External-Arizona Attorney	658,713	658,106	643,145	632,683
Advertising Internal-Arizona Attorney ³	105,680	78,555	93,965	138,310
Advertising (Barter)-Arizona Attorney	29,016	29,016	29,016	29,016
Advertising-Convention Brochure	43,433	33,960	36,365	35,020
Advertising -Convention Exhibits	75,153	40,505	69,200	61,200
Magazine Sales-Az. Attorney	2,359	2,192	1,645	1,984
Classified Ads-Az.Attorney	29,949	25,947	19,876	19,415
Find a Lawyer Revenue Share			19,050	56,210
Computer Mailing Labels	1,350	680		
Affinity Partner Income ⁴	37,660	68,638	70,308	66,957
Directory Sales	976	405	94	

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	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Projection</u> ¹	<u>2019</u> <u>Budget</u>
Postage Revenue	9,827	11,864	9,183	12,360
Publications-General ⁵	215,853	234,829	208,983	222,665
Publications-LOMAP ⁶		68		
Royalties ⁷	41,152	36,955	59,964	46,026
Convention Registration Income	313,431	258,125	332,345	369,525
Convention Patron Income	66,156	94,300	100,550	100,550
Non-Cash Contribution-Income ⁴⁶	8,957	13,578	8,410	12,300
Late Filing Fee - MCLE	146,610	249,197	258,748	176,400
Late Compliance Fee - MCLE	146,168	161,846	162,641	150,000
Annual BLS Dues ⁸	115,350	111,005	105,800	107,200
Recertifications - BLS ⁸	24,375	26,750	38,250	24,600
Certifications - BLS ⁸	6,950	5,250	5,825	3,000
Examination - BLS ⁸	1,100	1,500	2,100	1,000
Accreditation Fee Income				2,500
Judgement Receipts	98,220	92,110	83,952	90,000
Discipline History Copies				1,200
Certificate of Good Standing	14,484	15,889	18,201	16,788
Conservatorship Income ⁹	6,818	4,839		
Trust & Ethics Enhancement Program	13,200	15,100	6,600	10,800
Economic Survey	11,189	6,865	3,190	11,000
Client Protection Fund ¹⁰	137,680	121,439	147,484	124,061
Professional Service Income ¹¹	59,726	60,150	58,508	77,450
Postage/Reproduction Fees	5,628	3,089	1,443	1,140
Advertising-Website	94,309	106,524	127,855	128,620
Career Center - Online	39,636	51,174	55,820	56,555
Member Bios-Website	13,884	1,911		
AZBAR Mail-Website	2,300	1,970	(1,145)	
Sponsorship Income	124,007	121,742	146,229	101,010
Sponsorship Income - Internal	1,500	450	5,613	19,382
Real/Unrealized Gain/Loss-Investments			462	
Gain/Loss on Sale-Asset	(833)	11,703	(12,582)	
Miscellaneous Income	38	27		
Public Records Fees			30	
Rental Income ¹²	335,165	368,586	386,908	458,510

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	2016	2017	2018	2019
	<u>Actual</u>	<u>Actual</u>	<u>Projection¹</u>	<u>Budget</u>
CAM Expense Recovery ¹³	13,106	30,178	21,200	2,460
Dividend Income			74,550	64,994
Interest Income	7,859	33,819		
Parking Lot Income	19,558	19,535	21,020	23,460
Other Income	33,723	32,504	29,345	
Other Income - Intercompany	12,650	20,720	17,380	24,995
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Subtotal Other Income	6,271,829	6,541,665	6,713,855	6,666,811
Total Income	15,775,937	16,247,855	16,535,263	16,553,856

**State Bar of Arizona
Statement of Activities
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	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Projection</u> ¹	<u>2019</u> <u>Budget</u>
Expenses				
Personnel Costs				
Salaries	7,006,868	7,253,543	7,431,983	7,965,909
Overtime	8,555	10,446	15,496	10,956
Commissions ¹⁴	88,964	92,706	102,666	91,353
Vacation Accrual Changes	(3,661)	50,703	29,098	30,000
Contract Labor	78,176	154,041	462,583	64,320
Health Insurance	646,857	719,975	750,150	780,612
Payroll Taxes	539,166	563,938	565,928	609,058
EE Retirement Plans	525,615	534,929	520,845	566,885
Disability & Workers Comp.	13,024	10,299	9,432	9,440
Projected Vacancy Savings				(398,299)
Subtotal Personnel Costs	8,903,564	9,390,580	9,888,181	9,730,234
Other Expenses				
Events ¹⁵	1,961			
Advertising-External	32,330	38,022	40,172	47,800
Advertising-Internal ¹⁶	104,680	77,540	92,950	147,900
Artwork ^{17a}	407	185	500	
Artwork/Photography ^{17b}				10,420
Tapes/CDs/DVDs ¹⁸	1,064	808	1,127	
Audio/Visual ¹⁹	111,567	102,698	115,774	124,600
Audit	38,850	38,400	40,685	41,000
Bad Debts	1,590	567	891	
Bank Service Charges	16,013	(6,832)	2,393	660
Barter Expense (Artwork Rental)	29,016	29,016	29,016	29,040
Consumer Brochures	29,388	38,586	32,602	
Contract Services ^{20a}	292,094	445,368	478,253	
Contract Services (Non-IT) ^{20b}				40,597
AzFLSE Contribution ²²	94,343	68,480	65,240	115,609
Credit Card Discounts	308,804	339,664	343,790	350,975
Credit to Section-sponsored Seminars	17,581	23,745	21,968	22,247

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	2016	2017	2018	2019
	<u>Actual</u>	<u>Actual</u>	<u>Projection</u>¹	<u>Budget</u>
Delivery Service	12,163	12,348	10,795	
Delivery/Mailing Services				34,920
Depreciation ²²	870,562	785,493	817,385	786,581
Dues & Subscriptions ^{23a}	45,949	40,028	41,005	
Dues - Professional ^{23b}				20,577
Electricity	127,232	128,897	119,917	107,187
Employee Benefits ²⁴	16,543	18,931	16,782	13,170
Entertainment ²⁵	6,727	7,507	10,015	7,000
Equipment Rental	3,886	3,413	5,068	5,400
Ethics School	1,179	715	841	
Evidence Retrieval	4,267	3,096	4,296	5,714
Facilities Rental ²⁶	52,221	50,115	46,387	43,006
CLE Faculty Expenses	41,851	48,647	52,937	39,300
Federal UBIT Taxes	100	51,854	25,364	15,000
Fire Protection/Safety	15,888	15,380	9,972	13,092
Office-Presiding Disciplinary Judge ²⁷	549,010	539,890	595,724	580,416
Gas and Oil	3,183	2,294	2,377	2,463
Gifts-Member Recognition ²⁸	48,961	85,130	70,402	22,936
Honorariums ²⁹	16,577	6,400	18,500	22,500
Information Technology ⁴⁷				729,422
Webcasting Fees - CLE	271,055	300,192	302,597	311,743
Insurance - Office	88,609	90,038	89,614	74,736
Interest Expense		426	97	
Janitorial Services	74,424	71,669	95,546	90,116
Legal Services	36,359	29,743	91,378	80,000
Library	9,979	6,332	9,215	
Lock and Keys	201	50	1,374	1,200
Lodging ³⁰	28,569	36,124	44,475	50,250
Lodging - Staff ³⁰	52,435	55,502	41,997	69,417
Mailing Service ³¹	21,377	19,536	17,286	
Maintenance-Landscape	26,211	26,591	54,119	25,450
Management Fees ³²	27,600	27,600	27,600	27,600
Manuals ³³	7,881	8,281	6,801	
Marketing Materials	3,775	2,497	4,271	4,000

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	<u>Actual</u>	<u>Actual</u>	<u>Projection</u>¹	<u>Budget</u>
Event Catering ³⁴	401,361	372,999	450,967	427,382
Per Diem-Staff Travel	11,782	19,780	18,092	19,480
Team Building-Internal SBA	10,909	9,918	9,890	30,831
Member Research Tool	80,004	80,004	80,004	80,004
Misc Expense	3,130	2,540		
Non-Cash Gift-Expense ⁴⁶	8,957	13,578	8,410	12,300
Non-Remb Advertising & Promotion			750	
Non-Reimb Repair & Maint-Parking Lot			425	
Non-Reimb Professional Fees	2,390	24,761	1,824	7,232
Non-Reimb Leasing Commission Exp	11,543	18,207	24,279	29,119
Non-Reimb Leasing Expense	225	70	1,700	
Non-Reimb Admin-Offsite Mgmt	454	402	342	1,980
Office Equipment	19,264	21,898	1,169	13,100
Other Expenses - Intercompany	9,458	15,370	14,570	17,195
Parking	4			
Penalty Expense	4	1,269	306	
Pest Control/Extermination	1,038	3,131	970	1,300
Photography ³⁵	6,982	8,483	7,213	
Postage ³⁶	195,435	178,921	179,802	189,689
Postage - Publications Mktg	3,264	3,464		
Printing	275,748	274,265	250,329	313,133
Process Service	514	832	2,297	1,200
Professional Services ³⁷	298,519	335,989	657,213	493,561
Property Tax	185,375	187,287	193,743	204,627
Publication Expense	68,202	71,620	63,226	56,006
Section Reimbursement - Admin Cost	(186,194)	(171,327)	(168,631)	(188,651)
Reference Materials/Subscriptions ⁴⁸				44,686
Convention Registration Waivers		8,190	14,105	11,375
Repairs & Maintenance	34,225	25,598	19,141	30,160
Repairs/Maintenance-Building	83,056	82,219	94,817	108,079
Repairs/Maintenance-Electrical	9,475	19,319	20,050	4,500
Repairs/Maintenance-Elevator	4,593	5,304	15,989	4,648
Repairs/Maintenance-HVAC	24,411	36,413	22,506	28,292
Repairs/Maintenance-Parking Lot	14,810	14,120	6,178	5,540
Repairs/Maintenance-Plumbing	3,882	9,139	5,849	11,090

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Repairs/Maintenance-Roof	7,836	13,520		1,500
Court Reporting Service	6,428	14,263	14,811	18,000
Reproduction	21,754	19,296	26,110	22,277
Ricoh Office/Pacific Office Services	112,310	118,025	143,353	159,720
Security	55,860	80,380	82,206	87,216
Sponsorship Expenses ³⁸	29,722	25,879	27,028	22,100
Staff Education ³⁹	61,263	71,222	60,730	85,293
Staff Development	2,961	925	741	1,500
Stationery	6,669	6,924	4,901	
Supplies-Kitchen	3,400	3,427	4,165	4,200
Supplies-Office ⁴⁹	65,378	58,968	60,190	107,810
Telephone	94,614	97,464	94,057	73,269
Training Materials				100
Trash Removal	4,865	5,713	4,850	4,140
Travel - 1st Vice President ⁴⁰	1,894	452	3,120	2,077
Travel - Secretary/Treasurer ⁴⁰	1,783			
Travel - Board Meetings ⁴¹	15,663	17,935	18,911	18,203
Travel - Faculty	(188)	857	4,000	
Travel - House of Delegate ⁴⁰	8,441	9,637	9,376	9,304
Travel - Mileage ⁴²	16,650	18,597	18,161	24,064
Travel - Other	6,310	5,836	8,449	12,796
Travel - President ⁴⁰	6,247	16,806	3,723	8,079
Travel - President Elect ⁴⁰	4,668	7,567	3,110	6,118
Travel - Staff ⁴³	25,900	32,104	24,770	38,616
Travel Reduction ⁴⁴	1,200	1,560	1,229	3,680
Water and Sewer	14,614	16,425	14,217	14,722
Wellness Plan ⁴⁵	18,253	15,628	20,642	18,030
Window Cleaning	1,650	1,690	3,020	2,910
Witness Fees			(35)	
Subtotal Other Expenses	5,723,427	6,005,829	6,552,858	6,817,626
Total Expenses	14,626,991	15,396,409	16,441,039	16,547,860

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2019 Budget**

	<i>2016</i> <u>Actual</u>	<i>2017</i> <u>Actual</u>	<i>2018</i> <u>Projection</u> ¹	<i>2019</i> <u>Budget</u>
Bar Operations Surplus (Loss)	1,148,946	851,446	94,224	5,996
Section Activity - Net	58,856	36,304	43,477	(56,289)
Total Surplus (Loss)	\$ 1,207,802	\$ 887,750	\$ 137,701	\$ (50,293)

FOOTNOTES TO 2019 BUDGET

INCOME	
1	2018 Statement of Income & Losses - Unaudited Projections (Year End numbers not finalized)
2	CLE - Continuing Legal Education
3	Advertising Internal - Az Attorney - advertising by SBA departments in SBA publications - not a cash expenditure
4	Affinity Partner Income - income from member discount providers
5	Publications-General - income received from SBA publications
6	Publications-LOMAP - non-SBA publications sold by Law Office Management Assistance Program
7	Royalties - income from third-party publishers or online content providers
8	BLS - Board of Legal Specializations
9	Conservatorship Income - income from managing abandoned member files
10	Client Protection Fund - reimbursement income from the Client Protection Fund for SBA administrative costs
11	Professional Service Income - fees collected for required training after discipline
12	Rental income - tenant income from 24th Street building
13	CAM Expense Recovery - tenant operating expense recovery (CAM – common area maintenance)
EXPENSES	
14	Commissions - marketing staff compensation
15	Events - LOMAP promotional items, presentation at Convention and member educational sessions
16	Advertising-Internal - advertising by SBA departments in SBA publications - not a cash expenditure
17a	Artwork - Arizona Attorney magazine artwork [ad revenue offsets expense]
17b	Artwork/Photography - Arizona Attorney magazine artwork and photographic services for Arizona Attorney, Convention, Board of Governors [ad revenue offsets expense]
18	Tapes/CDs/DVDs - expenses associated with recording SBA publications on CDs/DVDs [partially offset by pub sales]
19	Audio/Visual - costs to support CLE programs and convention [CLE and convention revenue offsets expense]
20a	Contract Services - recurring services provided by agreement (include IT-related software & support agreements)
20b	Contract Services (Non-IT)- recurring services provided by agreement (not including IT costs)
21	AzFLSE Contribution - Arizona Foundation for Legal Services & Education
22	Depreciation - allocation of costs for capital assets over useful life (technology, facilities, equipment)
23a	Dues & Subscriptions - professional licensing and association fees for staff, professional journals, etc.
23b	Dues - Professional - professional licensing and association fees for staff
24	Employee Benefits - staff recognition and awards, and staff activities
25	Entertainment - convention entertainment [convention revenue offsets expense]
26	Facilities Rental - off-site storage and hotel meeting room expenses offset by CLE registration income
27	Office-Presiding Disciplinary Judge - funding paid to the Az Supreme Court for disciplinary administrative charges
28	Gifts-Member Recognition - \$8K Board of Governors awards and recognition, \$11K CLE speaker and volunteer recognition
29	Honorariums - convention and CLE keynote speakers [convention and CLE revenue offsets expense]
30	Lodging - staff and Board of Governors attendance at conferences, meetings, and annual convention
31	Mailing Service - bulk mail services for magazine, convention, publications [magazine, convention and publications revenue offsets related expenses]; In 2019, combined with Delivery category
32	Management Fees - property management service for Phoenix and Tucson buildings
33	Manuals - CLE materials production [CLE revenue offsets expense]; in 2019 combined with Printing category
34	Event Catering- Food service for SBA programs and volunteer member events: \$247K-CLE [CLE revenue offsets expense]; \$101K-Convention [convention revenue offsets expense]; \$19K-Board of Governors; \$8K-Committees/working groups; \$22K-YLD [sponsorship revenue partially offsets expense], and misc. \$30K. Photography - services for Arizona Attorney, Convention, Board of Governors [ad revenue offsets expense for Arizona Attorney]; in 2019 combined with Artwork category
35	Postage - Arizona Attorney, Publications, CLE, Bar Cards etc. [Arizona Attorney, Publications and CLE expenses offset by related revenue]
36	Professional Services - cost of consultants and/or other professional services
37	Sponsorship Expenses - contributions to sister bars and other organizations for the promotion of the legal profession
38	Staff Education - conference and seminar registration
39	Travel - transportation, lodging, meals and registration for national and regional conferences
40	Travel-Board Meetings - transportation, and meals for BoG meetings, Convention, and BoG Retreat
41	Travel-Mileage - mileage reimbursements for staff travel (IRS standards)
42	Travel-Staff - transportation costs for staff attendance at national conferences and seminars
43	Travel Reduction - employee incentives for participation in Maricopa County Trip Reduction Program
44	Wellness Plan - employee wellness programs and activities (program reduces health insurance claims/cost, enhances productivity and attendance)
45	Non Cash Gift expense - offset by Non-Cash Contribution Income
46	Information Technology - Includes all IT-related Software-as-a-Service (SaaS), IT-related maintenance and warranty contracts (hardware and software) that are not classified as capital expenditures
47	Reference Materials/Subscriptions - professional journals and online legal and business research tools
48	Supplies-Office - \$35K convention event supplies (offset by convention revenues), \$38K miscellaneous small IT parts & equipment, \$15K office supplies
49	