

State Bar of Arizona

Budget

2014 - Draft

Board of Governors

December 11, 2013

Contents

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**State Bar of Arizona
Summary Excluding Section Activities
Budget WS 2014**

| A | B | C | D | E | F | G (F-E) 2014-2013 Budget minus Projection Variance | H (G/E) 2014-2013 Budget/ Projection % Variance |
|--|------------------------|------------------------|------------------------|----------------------------|------------------------|---|--|
| | <i>2011 Actual</i> | <i>2012 Actual</i> | <i>2013 Budget</i> | <i>2013 Projection</i> | <i>2014 Budget</i> | | |
| Income | | | | | | | |
| <i>Dues Income</i> | | | | | | | |
| Dues - Active 2+ | \$6,451,765 | \$6,674,155 | \$6,769,674 | \$6,754,467 | \$6,960,204 | \$205,737 | |
| Dues - Active 0-2 | 269,505 | 265,187 | 270,564 | 285,852 | 257,074 | (28,778) | |
| Dues - Inactive | 900,074 | 892,367 | 927,059 | 908,832 | 923,261 | 14,429 | |
| Dues - Judicial | 144,335 | 146,730 | 150,464 | 147,589 | 152,509 | 4,920 | |
| Dues - New Admittees | 132,807 | 151,124 | 164,768 | 168,538 | 138,420 | (30,118) | |
| Dues - Retired | 134,880 | 153,080 | 157,619 | 162,795 | 185,964 | 23,169 | |
| <i>Subtotal Dues Income</i> | 8,033,366 | 8,282,643 | 8,440,148 | 8,428,073 | 8,617,432 | 189,359 | 2.25% |
| <i>Other Income</i> | | | | | | | |
| Reinstatement Fees | 11,467 | 13,099 | 20,800 | 40,754 | 38,114 | (2,640) | |
| Dues - Penalty | 153,396 | 223,210 | 224,575 | 256,065 | 221,615 | (34,450) | |
| Pro Hac Vice Fees | 423,634 | 453,095 | 435,448 | 444,260 | 450,751 | 6,491 | |
| Online Subpoena | 17,870 | 24,120 | 24,910 | 24,480 | 24,860 | 380 | |
| In-house Counsel | 81,610 | 95,455 | 93,388 | 92,996 | 88,320 | (4,676) | |
| Admission on Motion | 64,125 | 54,870 | 51,770 | 54,225 | 52,445 | (1,780) | |
| Membership Card Fee | | | | 0 | | | |
| Registrations (CLE) | 1,210,966 | 1,210,220 | 1,140,215 | 1,060,174 | 1,124,604 | 64,430 | |
| Registrations - On Line (CLE) | 914,121 | 955,065 | 965,952 | 980,848 | 954,837 | (26,011) | |
| Advertising External-Arizona Attorney | 491,480 | 541,019 | 527,190 | 534,709 | 541,889 | 7,180 | |
| Advertising Internal-Arizona Attorney ¹ | 120,135 | 128,655 | 130,955 | 134,680 | 131,807 | (2,873) | |
| Advertising-Convention Brochure | 26,045 | 38,265 | 35,000 | 32,510 | 25,900 | (6,610) | |
| Advertising -Convention Exhibits | 33,639 | 68,488 | 65,000 | 63,175 | 34,800 | (28,375) | |
| Magazine Sales-Az. Attorney | 5,414 | 5,112 | 3,945 | 2,947 | 3,206 | 259 | |
| Classified Ads-Az.Attorney | 58,203 | 44,132 | 40,650 | 39,529 | 39,121 | (408) | |
| Computer Mailing Labels | 3,355 | 5,655 | 3,400 | 970 | 1,000 | 30 | |
| Rebates ² | 9,150 | 2,114 | 5,000 | 3,799 | 8,699 | 4,900 | |
| Directory Sales | 19,645 | 24,560 | 31,500 | 13,494 | 24,000 | 10,506 | |

**State Bar of Arizona
Summary Excluding Section Activities
Budget WS 2014**

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|--|----------------|----------------|----------------|--------------------|----------------|---|--|
| | 2011 Actual | 2012 Actual | 2013 Budget | 2013 Projection | 2014 Budget | | |
| Advertising-Directory | 77,987 | 80,405 | 81,150 | 83,078 | 84,546 | 1,468 | |
| Postage Revenue | 12,699 | 14,941 | 12,794 | 11,946 | 12,144 | 198 | |
| Publications-General | 297,475 | 272,804 | 295,925 | 230,780 | 335,548 | 104,768 | |
| Book Revenue-LOMAP | 1,495 | 632 | | 847 | 1,000 | 153 | |
| Royalties ³ | 26,376 | 20,630 | 18,000 | 26,044 | 25,750 | (294) | |
| Convention Registration Income | 303,220 | 415,542 | 400,000 | 411,962 | 331,850 | (80,112) | |
| Convention Patron Income | 104,299 | 87,975 | 120,000 | 88,950 | 90,000 | 1,050 | |
| Late Filing Fee | 203,975 | 246,495 | 201,125 | 232,125 | 243,225 | 11,100 | |
| Late Compliance Fee | 113,075 | 107,795 | 110,175 | 140,700 | 120,500 | (20,200) | |
| Arizona Ethics Opinions | (16) | | | 0 | | | |
| Annual Board Legal Spec (BLS) Dues | 132,870 | 126,775 | 124,000 | 122,125 | 122,200 | 75 | |
| BLS Recertifications | 36,765 | 33,300 | 48,000 | 44,600 | 27,600 | (17,000) | |
| BLS Certifications | 4,100 | 10,550 | 3,000 | 11,475 | 3,300 | (8,175) | |
| BLS Examination | 2,000 | 1,300 | 1,000 | 2,100 | 1,100 | (1,000) | |
| Judgement Receipts (Lawyer Regulation) | 167,149 | 130,635 | 130,000 | 113,151 | 108,000 | (5,151) | |
| Discipline Filing Fee | 20 | | | 0 | | 0 | |
| Certificate of Good Standing | 19,279 | 15,617 | 16,550 | 15,914 | 15,200 | (714) | |
| Conservatorship Income | 1,566 | | | 4,124 | 4,000 | (124) | |
| Trust & Ethics Enhancement Program | 6,200 | 15,575 | 15,300 | 8,950 | 13,500 | 4,550 | |
| Economic Survey | 6,800 | 3,175 | 14,925 | 16,025 | 6,000 | (10,025) | |
| Client Protection Fund ⁴ | 85,773 | 111,010 | 92,508 | 98,107 | 98,106 | (1) | |
| Professional Service Income ⁵ | 122,647 | 106,219 | 93,360 | 82,735 | 84,000 | 1,265 | |
| Postage/Reproduction Fees | 9,709 | 5,615 | 4,200 | 4,710 | 4,320 | (390) | |
| Advertising-Website | 23,688 | 41,250 | 41,660 | 65,591 | 67,218 | 1,627 | |
| Career Center - Online | 24,761 | 31,302 | 29,850 | 30,992 | 32,218 | 1,226 | |
| Member Bios-Website | 17,199 | 16,029 | 14,400 | 18,312 | 16,181 | (2,131) | |
| AZBAR Mail-Website | 2,510 | 2,860 | 3,600 | 2,500 | 2,480 | (20) | |
| Sponsorship Income | 64,795 | 88,897 | 62,200 | 94,316 | 74,255 | (20,061) | |
| Gain/Loss on Sale-Asset | 1,050 | (1,220) | | - | - | - | |
| Miscellaneous Income | | | | 10 | - | (10) | |
| Credit Card Processing Fee | (199,009) | (268,219) | (250,000) | (243,734) | (259,027) | (15,293) | |
| Rental Income | 180,866 | 125,193 | 164,174 | 153,408 | 193,822 | 40,414 | |
| CAM Expense Recovery ⁶ | 16,003 | 6,604 | 11,126 | 9,487 | 11,513 | 2,026 | |

**State Bar of Arizona
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Budget WS 2014**

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|-----------------------------------|------------------------|------------------------|------------------------|----------------------------|------------------------|---|--|
| | <i>2011 Actual</i> | <i>2012 Actual</i> | <i>2013 Budget</i> | <i>2013 Projection</i> | <i>2014 Budget</i> | | |
| Interest Income | 10 | 3 | | 11 | | (11) | |
| Parking Lot Income | 15,621 | 16,946 | 18,740 | 18,472 | 17,340 | (1,132) | |
| Other Income | 15,958 | 16,845 | 2,200 | 19,992 | 14,305 | (5,687) | |
| Subtotal Other Income | 5,543,170 | 5,770,614 | 5,679,660 | 5,699,420 | 5,668,162 | (31,258) | -0.55% |
| Total Income | 13,576,536 | 14,053,257 | 14,119,808 | 14,127,493 | 14,285,594 | 158,101 | 1.12% |
| Expenses | | | | | | | |
| Personnel Costs | | | | | | | |
| Salaries | 6,329,289 | 6,555,656 | 6,630,720 | 6,572,241 | 6,762,248 | 190,007 | |
| Overtime | 39,395 | 34,665 | 10,700 | 25,766 | 22,235 | (3,531) | |
| Commissions ⁷ | 70,336 | 61,948 | 54,828 | 62,733 | 62,699 | (34) | |
| Contract Labor | 56,413 | 152,028 | 48,380 | 123,041 | 59,090 | (63,951) | |
| Health Insurance | 559,600 | 543,405 | 603,244 | 514,784 | 625,176 | 110,392 | |
| Payroll Taxes | 488,926 | 509,440 | 541,587 | 502,254 | 542,904 | 40,650 | |
| Pension | 345,945 | 483,384 | 497,935 | 465,124 | 470,984 | 5,860 | |
| Disability & Workers Comp. | 31,548 | 31,830 | 28,745 | 13,275 | 11,414 | (1,861) | |
| Subtotal Personnel Costs | 7,921,452 | 8,372,356 | 8,416,139 | 8,279,218 | 8,556,750 | 277,532 | 3.35% |
| Other Expenses | | | | | | | |
| Events ⁸ | | | 1,200 | 200 | 2,700 | 2,500 | |
| Advertising-External | 43,894 | 38,548 | 64,476 | 39,072 | 12,950 | (26,122) | |
| Advertising-Internal ⁹ | 119,240 | 126,745 | 143,180 | 134,165 | 131,807 | (2,358) | |
| Artwork ¹⁰ | | | 1,300 | 250 | 900 | 650 | |
| Tapes/CDs/DVDs ¹¹ | 1,089 | 1,276 | 1,520 | 1,231 | 1,300 | 69 | |
| Audio/Visual ¹² | 103,077 | 92,134 | 101,385 | 99,183 | 105,325 | 6,142 | |
| Audit | 15,350 | 41,535 | 45,000 | 46,485 | 30,550 | (15,935) | |
| Automotive | 115 | | | 0 | | 0 | |
| Bad Debts | 18,194 | 1,742 | 2,100 | 300 | 4,500 | 4,200 | |
| Bank Service Charges | 15,008 | 30,592 | 27,350 | 28,405 | 30,158 | 1,753 | |

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|---|------------------------------|------------------------------|------------------------------|----------------------------------|------------------------------|---|--|
| | 2011 Actual | 2012 Actual | 2013 Budget | 2013 Projection | 2014 Budget | | |
| Bar Leadership Institute Exp | 18,299 | 16,030 | 19,500 | 23,015 | 19,200 | (3,815) | |
| Brochures (CLE Marketing) | 44,274 | 35,712 | 34,175 | 33,618 | 42,895 | 9,277 | |
| COBRA | 233 | 460 | | 0 | | 0 | |
| Conflict Case Committee | 1,180 | 941 | 1,532 | 1,349 | 2,654 | 1,305 | |
| Conservatorship Costs | 22,537 | 20,105 | 20,100 | 25,175 | 30,000 | 4,825 | |
| Contract Services | 96,634 | 121,060 | 163,147 | 153,886 | 272,654 | 118,768 | |
| Contribution ¹³ | | 23,916 | | 981 | | (981) | |
| Client Protection Fund (CPF) Expenses | 11,577 | 15,214 | 18,000 | 8,269 | 17,755 | 9,486 | |
| Credit to Section-sponsored Seminars | 3,476 | 19,215 | | 0 | | 0 | |
| Delivery Service ¹⁴ | 17,698 | 16,890 | 18,212 | 14,251 | 14,690 | 439 | |
| Depreciation ¹⁵ | 603,531 | 678,918 | 671,149 | 671,604 | 857,215 | 185,611 | |
| Diversity Expenses ¹⁶ | 5,184 | 7,862 | 10,100 | 5,815 | 2,800 | (3,015) | |
| Dues & Subscriptions ¹⁷ | 46,548 | 42,100 | 54,510 | 45,820 | 42,560 | (3,260) | |
| Electricity | 116,803 | 124,114 | 134,850 | 123,958 | 134,825 | 10,867 | |
| Employee Benefits ¹⁸ | 21,416 | 14,331 | 22,148 | 13,246 | 18,000 | 4,754 | |
| Employee Recognition Expense ¹⁹ | 516 | 1,724 | | 0 | | 0 | |
| Entertainment ²⁰ | 8,601 | 8,080 | 11,000 | 4,738 | 11,000 | 6,262 | |
| Envelopes | 5,285 | | | 0 | | 0 | |
| Equipment Rental | 3,125 | 2,718 | 3,820 | 4,820 | 4,300 | (520) | |
| Ethics School | 598 | 881 | 1,200 | 513 | 900 | 387 | |
| Evidence Retrieval | 5,263 | 6,682 | 6,554 | 5,502 | 6,492 | 990 | |
| Facilities Rental | 82,718 | 71,574 | 68,254 | 66,853 | 72,695 | 5,842 | |
| Faculty Expenses (CLE) | 25,732 | 32,297 | 50,090 | 43,991 | 41,070 | (2,921) | |
| Federal UBIT Taxes | (76,106) | | | 25,050 | | (25,050) | |
| Filing Fees | 140 | 75 | | 0 | | 0 | |
| Fire Protection/Safety | 17,262 | 6,302 | 3,290 | 2,709 | 3,290 | 581 | |
| Discipline Commission Funding ²¹ | 516,984 | 555,007 | 552,800 | 516,503 | 556,770 | 40,267 | |
| Gas and Oil | 1,218 | 1,626 | 1,755 | 5,034 | 2,870 | (2,164) | |
| Gifts-Donations-Grants ²² | 34,810 | 397,683 | 57,139 | 76,129 | 33,035 | (43,094) | |
| Honorariums ²³ | 20,750 | 5,835 | 20,200 | 12,000 | 18,000 | 6,000 | |
| Insurance - Office | 66,625 | 69,471 | 73,412 | 73,848 | 74,437 | 589 | |
| Interest Expense | 8,204 | 9,579 | 10,000 | 7,545 | 23,300 | 15,755 | |

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|----------------------------------|------------------------|------------------------|------------------------|----------------------------|------------------------|---|--|
| | 2011 Actual | 2012 Actual | 2013 Budget | 2013 Projection | 2014 Budget | | |
| Janitorial Services | 49,280 | 60,008 | 68,647 | 74,144 | 83,728 | 9,584 | |
| Legal Services | 65,352 | 38,542 | 80,000 | 38,643 | 65,000 | 26,357 | |
| Legal Span Fees ²⁴ | 274,801 | 281,351 | 297,544 | 308,340 | 305,729 | (2,611) | |
| Library | 7,699 | 4,971 | 8,494 | 6,730 | 8,420 | 1,690 | |
| Lock and Keys | 792 | 1,180 | 960 | 170 | 660 | 490 | |
| Lodging ²⁵ | 61,059 | 68,107 | 96,022 | 73,662 | 95,741 | 22,079 | |
| LRP (Long-Range Plan) | | | | 0 | | 0 | |
| Mailing Service ²⁶ | 23,288 | 16,388 | 20,855 | 21,560 | 28,800 | 7,240 | |
| Maintenance-Landscape | 27,039 | 26,870 | 28,520 | 24,369 | 28,600 | 4,231 | |
| Management Fees ²⁷ | 40,445 | 33,600 | 27,600 | 27,600 | 27,600 | 0 | |
| Manuals ²⁸ | 16,791 | 16,667 | 5,015 | 11,526 | 11,190 | (336) | |
| Marketing Materials | 7,918 | 14,666 | 7,820 | 2,382 | 2,520 | 138 | |
| Meals ²⁹ | 471,282 | 486,823 | 454,429 | 460,150 | 438,770 | (21,380) | |
| Member Research Tool (Fastcase) | 84,004 | 84,004 | 85,000 | 84,170 | 85,200 | 1,030 | |
| Misc-Budget | (36,678) | 3,761 | 4,000 | 3,929 | | (3,929) | |
| Non-Remb Advertising & Promotion | 350 | 1,000 | | 100 | | (100) | |
| Non-Reimb Professional Fees | | 650 | | 18 | | (18) | |
| Non-Reimb Leasing Commission Exp | 990 | 19,121 | | 0 | 3,011 | 3,011 | |
| Non-Reimb Leasing Expense | | | | 495 | | (495) | |
| Non-Reimb Admin-Offsite Mgmt | 1,550 | 555 | 600 | 429 | 600 | 171 | |
| Office Equipment | 8,874 | 6,910 | 5,700 | 8,485 | 7,300 | (1,185) | |
| Pamphlets & Materials | 4,281 | | | 0 | | 0 | |
| Parking | 754 | 692 | | 395 | 340 | (55) | |
| Personnel/Benefits-Onsite | 10,672 | 5,995 | | 0 | | 0 | |
| Personnel/Payroll-Onsite | 28,250 | 14,474 | | 0 | | 0 | |
| Pest Control/Extermination | 675 | 595 | 680 | 997 | 740 | (257) | |
| Photography ³⁰ | 7,378 | 7,044 | 10,500 | 7,887 | 9,700 | 1,813 | |
| Postage ³¹ | 273,017 | 235,025 | 264,615 | 232,534 | 236,541 | 4,007 | |
| Postage - Publications Mktg | 17,490 | 10,131 | 14,400 | 16,601 | 19,100 | 2,499 | |
| Printing | 281,301 | 305,070 | 345,875 | 314,006 | 324,106 | 10,100 | |
| Process Service | 354 | 748 | 2,200 | 612 | 1,800 | 1,188 | |
| Product Resale Expense | 1,567 | 811 | | 771 | 1,000 | 229 | |

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| | 2011 Actual | 2012 Actual | 2013 Budget | 2013 Projection | 2014 Budget | | |
| Professional Services ³² | 665,911 | 319,695 | 523,880 | 376,569 | 377,139 | 570 | |
| Property Tax | 190,035 | 192,126 | 195,090 | 165,090 | 178,605 | 13,515 | |
| Publication Expense | 72,953 | 62,467 | 66,898 | 56,478 | 75,584 | 19,106 | |
| Recovery of Cost ³³ | (168,916) | (216,237) | (235,452) | (235,450) | (219,157) | 16,293 | |
| Repairs & Maintenance | (3,015) | 29,772 | 27,700 | 18,912 | 20,040 | 1,128 | |
| Repairs/Maintenance-Building | 10,966 | 62,312 | 80,873 | 78,230 | 121,780 | 43,550 | |
| Repairs/Maintenance-Electrical | 8,262 | 2,567 | 3,600 | 885 | 3,000 | 2,115 | |
| Repairs/Maintenance-Elevator | 6,034 | 3,678 | 5,160 | 5,677 | 5,760 | 83 | |
| Repairs/Maintenance-HVAC | 9,889 | 13,352 | 10,964 | 13,108 | 10,967 | (2,141) | |
| Repairs/Maintenance-Parking Lot | 6,217 | 3,780 | 4,480 | 3,780 | 24,800 | 21,020 | |
| Repairs/Maintenance-Plumbing | 4,748 | 2,214 | 3,400 | 1,489 | 3,400 | 1,911 | |
| Repairs/Maintenance-Roof | | 1,116 | 4,000 | 6,061 | 4,000 | (2,061) | |
| Reporting Service ³⁴ | 8,510 | 14,611 | 10,980 | 10,041 | 11,340 | 1,299 | |
| Reproduction | 161,873 | 129,280 | 111,958 | 126,036 | 124,470 | (1,566) | |
| Ricoh Office Services | 72,000 | 72,640 | 72,000 | 72,000 | 71,376 | (624) | |
| Scholarship | | | 1,500 | 1,500 | | (1,500) | |
| Security | 60,774 | 62,110 | 59,840 | 60,272 | 71,324 | 11,052 | |
| Speaker Fees | 6,284 | 2,387 | | 0 | | 0 | |
| Sponsorship Expenses | 23,797 | 23,789 | 26,500 | 26,250 | 30,800 | 4,550 | |
| Staff Education ³⁵ | 32,994 | 27,127 | 54,283 | 37,473 | 51,063 | 13,590 | |
| Staff Development ³⁶ | 6,241 | 20 | 8,000 | 1,189 | 7,500 | 6,311 | |
| Stationary | 16,606 | 28,630 | 21,000 | 13,593 | 15,200 | 1,607 | |
| Supplies-Kitchen | 4,784 | 7,761 | 6,000 | 4,884 | 3,360 | (1,524) | |
| Supplies-Office ³⁷ | 85,095 | 66,386 | 87,283 | 75,697 | 101,133 | 25,436 | |
| Telephone | 80,411 | 86,610 | 85,193 | 82,815 | 85,829 | 3,014 | |
| Training Materials | 45 | 36 | 500 | 125 | 375 | 250 | |
| Trash Removal | 5,118 | 6,354 | 6,180 | 5,215 | 5,640 | 425 | |
| Travel - 1st Vice President ³⁸ | 2,552 | 1,739 | 2,020 | 1,484 | 4,040 | 2,556 | |
| Travel - 2nd Vice President ³⁸ | 1,471 | 1,831 | 2,020 | 1,727 | | (1,727) | |
| Travel - Secretary/Treasurer ³⁸ | | 1,638 | 2,020 | 1,421 | | (1,421) | |
| Travel - Board Meetings ³⁹ | 26,420 | 22,209 | 27,490 | 24,651 | 22,128 | (2,523) | |
| Travel - Faculty (CLE) | 5,621 | 1,260 | 3,250 | 130 | | (130) | |

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| Travel - House of Delegate ³⁸ | 7,603 | 7,952 | 13,450 | 8,209 | | (8,209) | |
| Travel - Mileage ⁴⁰ | 17,175 | 12,841 | 23,881 | 14,407 | 26,758 | 12,351 | |
| Travel - Other (YLD) | 2,289 | 6,924 | 2,400 | 1,436 | 400 | (1,036) | |
| Travel - President ³⁸ | 8,329 | 9,027 | 13,740 | 10,242 | 8,121 | (2,121) | |
| Travel - President Elect ³⁸ | 5,700 | 8,101 | 10,230 | 8,368 | 4,248 | (4,120) | |
| Travel - Staff ⁴¹ | 50,066 | 34,845 | 41,535 | 22,894 | 32,509 | 9,615 | |
| Travel Reduction ⁴² | 5,410 | 4,528 | 6,000 | 4,604 | 1,080 | (3,524) | |
| Unamortized Loan Costs Exp | 5,243 | 5,243 | | 4,370 | 5,809 | 1,439 | |
| Water and Sewer | 22,515 | 20,657 | 21,070 | 20,321 | 22,110 | 1,789 | |
| Wellness Plan ⁴³ | 15,292 | 26,370 | 29,600 | 28,763 | 24,000 | (4,763) | |
| Window Cleaning | 1,460 | 1,640 | 2,360 | 1,190 | 2,360 | 1,170 | |
| Witness Fees | | | 200 | 1,672 | 200 | (1,472) | |
| Subtotal Other Expenses | 5,322,419 | 5,556,121 | 5,687,000 | 5,200,026 | 5,748,884 | 548,858 | 10.55% |
| Total Expenses | 13,243,871 | 13,928,477 | 14,103,139 | 13,479,244 | 14,305,634 | 826,390 | 6.13% |
| Total Surplus/(Loss) - Bar Operations | 332,665 | 124,780 | 16,669 | 648,249 | (20,040) | (668,289) | -103.09% |
| Section Activity - net | 37,649 | (17,231) | (9,990) | (18,684) | 49,128 | 67,812 | |
| Total Surplus (Loss) | \$ 370,314 | \$ 107,549 | \$ 6,679 | \$ 629,565 | \$ 29,088 | \$ (600,477) | -95.38% |

FOOTNOTES TO 2014 SBA BUDGET

1. Advertising by SBA departments in SBA publications
2. Rebates from member discount providers
3. Income from publications
4. Reimbursement from CPF for administrative costs
5. Fees for law office management assistance program (LOMAP) services
6. Tenant operating expense recovery
7. Marketing staff compensation
8. LOMAP promotional items and presentation at Convention
9. Advertising by SBA departments in SBA publications
10. Arizona Attorney magazine artwork [ad revenue offsets expense]
11. Expenses associated with recording SBA publications on CDs/DVDs [partially offset by pub sales]
12. A/V costs to support CLE programs [CLE revenue offsets expense]
13. Donations to Arizona Foundation for Legal Services & Education (AFLSE)
14. Courier services
15. Allocation of costs for capital assets over useful life (technology, facilities, equipment)
16. Diversion and Inclusion Committee, MLK breakfast, Staff Diversity Committee, etc.
17. Professional licensing and association fees for staff, professional journals, etc.
18. Staff recognition and awards, and staff activities
19. See footnote 18
20. Convention entertainment [convention revenue offsets expense]
21. Az Supreme Court disciplinary administrative charges
22. Board of Governors awards and recognition, and \$15k/yr to AFLSE; \$360k in 2012 to AFLSE and legal services organizations for access to justice initiatives
23. Convention keynote speakers [convention revenue offsets expense]
24. Host services for CLE programming and registration [CLE revenue offsets expense]
25. Lodging expenses related to staff attendance at conferences and annual convention
26. Bulk mailing service for magazine, directory, convention, publications, resource center [magazine, directory, convention revenue offsets related expenses]
27. Property management service for Phoenix and Tucson buildings
28. CLE materials production [CLE revenue offsets expense]
29. Food service for SBA programs: \$263k-CLE [CLE revenue offsets expense]; \$114k-Convention [convention revenue offsets expense]; \$20k-Board of Governors; \$5k-Committees; \$9k-YLD [sponsorship revenue partially offsets expense]. Travel meals related to staff attendance at conferences and seminars \$28k.
30. Photography services for Arizona Attorney, Convention, Board of Governors [ad revenue offsets expenses for Arizona Attorney]
31. Postage for Arizona Attorney, Directory, Publications, CLE, Bar Cards etc. [Arizona Attorney, Directory, Publications and CLE expenses offset by related revenue]
32. Legal services in 2011-12 for Thomas-Aubuchon-Alexander cases. Technology infrastructure consulting; convention planner; lobbyist
33. Sections reimbursement for administrative support
34. Court reporting costs
35. Conference and seminar registration for staff education
36. HR-related staff training
37. Supplies-\$42k and Paper-\$22k to support staff, 40 committees and 28 sections. Convention supplies-\$17k, CLE-\$8k, and Publications-\$2k [expenses offset by related revenue]; Tucson-\$2k; IT-\$8k

FOOTNOTES TO 2014 SBA BUDGET

38. Transportation, lodging, meals and registration for national and regional conferences
39. Transportation, lodging, meals for BoG meetings, Convention, and BoG Retreat
40. Mileage reimbursement (IRS standards) for staff travel
41. Transportation costs for staff attendance at national conferences and seminars
42. Employee incentives for participation in Maricopa County Trip Reduction Program
43. Employee wellness programs and activities (program reduces health insurance claims/costs)

**State Bar of Arizona
2014 Budget Commentary**

I. 2014 Major Budget Priorities (based on SBA 5 yr strategic plan):

- Supporting Lawyers In Transition
- Early Ethics Education & National Ethical Standards
- Enhanced Member Services
- Sustain & Improve Community Relevance
- Employer of Choice
- Effective and Efficient Organization
- Innovation

II. 2014 Major Budget Assumptions:

Income:

Dues Income:

- 2.25% increase over 2013 projected dues income due to increased membership

Advertising - Convention:

- Reduced revenues due to convention location in Tucson

Convention Registration Income:

- Assumes lower attendance due to convention location partially offset by increased registration fees.

Rental Income:

- Assumes \$30K in rental income for new leases on 2nd floor
- Two months free rent to the Arizona Foundation for Legal Services and Education per the lease amendment executed during 2011 - \$13K.

Expenses:

Personnel Cost - 3.35% Increase:

Salaries:

- 2.5% performance-based salary increases budgeted for 2014.
- Assumes a 3% vacancy rate
- Three positions were eliminated in 2013 and one position (IT Business Analyst) added; Total 2014 FTE is 107.5 - two positions less than 2013 FTE budget.

Contract Labor:

- 52% decrease over 2013 projected cost - did not budget for coverage of vacancies in 2014

Health Insurance:

- 21% increase over 2013 projected cost
- Note that 2013 projected cost includes a non-recurring expense reduction of \$16K for the Flexible Spending Account.

**State Bar of Arizona
2014 Budget Commentary**

Other Expenses - 10.55% Increase:

Contract Services - 77% increase:

- IT - \$83K increase in cost to support infrastructure upgrades, case and document management software
- HR - \$30K increase for 401(K) Advisors - projecting that in 2014 the 401(k) forfeiture balances will not be sufficient to pay for 100% of consulting fees.

Depreciation - 27.6% increase:

- 24th Place - \$14K increase due to building and tenant improvements
- IT - \$166K increase due to hardware & software projects placed in service

Gifts-Donations-Grants - 57% decrease:

- Budgeted Foundation contributions of \$15K, and an additional \$15K for the Mock Trial Program; 2013 included \$40K for Access to Justice expenses approved in 2012

Professional Services - minimal increase:

- Member Benefits - \$32.5K budgeted for Social Community Platform to support Sections communication/collaboration
- IT - \$30K budgeted for case management consulting and \$10K for training on document management
- Publications - \$10K budgeted for ConvertaBook to convert 11 books to ePubs
- Membership Assistance Program - \$20K reduction in CorpCare Contract beginning February 2014

Repairs/Maintenance - Building - 56% increase:

- 24th Place - \$32K for VCT tile replacement - 3rd floor break room, new carpet & paint 3rd floor corridor, painting throughout SBA spaces as needed, & 2nd floor acoustical tile replacement
- Tucson - \$7K to paint building exterior

Repairs/Maintenance - Parking Lot - 556% increase:

- 24th Place - \$4.6K to restripe garage & parking lot; \$6.4K to sealcoat parking lot
- Tucson - \$9.2K to regrade main parking lot driveway & reseal parking lots

Major Capital Projects:

- Detailed separately

2014-2018 Capital Budget

| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2014-2018 Grand Total |
|---|----------------------------------|----------------|----------------|---------------|----------|----------|--------------------------|
| CARRYOVERS | Prior Year Carryovers | 164,681 | 462,766 | 50,000 | | | 677,447 |
| <i>Info Tech</i> | <i>280,153</i> | <i>164,681</i> | <i>462,766</i> | <i>50,000</i> | <i>0</i> | <i>0</i> | <i>677,447</i> |
| - Case Management - Lawyer Regulation, Legal Services, Lawyer Assistance Program: Time Matters has been in use for 12 years and is no longer supported. Need an updated product with increased functionality such as the ability to automatically calculate due dates for deadlines and appointments, log phone calls, link e-mails and track time. | 0 | 33,681 | | | | | 33,681 |
| - ECM - Enterprise Content Management-All Divisions-ECM makes management of corporate information easier through simplifying storage, security, version control, process routing and retention. The benefits to the State Bar include improved efficiency, better document control and reduced costs. | 124,153 | 60,000 | | | | | 60,000 |
| - Membership Database Replacement-Replace 15 year-old membership database system; includes consulting, licensing and integration for up to 110 employees, and over 22,000 members. | 0 | | 412,766 | | | | 412,766 |
| - Microsoft Software-SQL Server (4 servers, 4 processors and 110 user licenses), Visio, Project, MSDN Renewals | 31,000 | 46,000 | | | | | 46,000 |
| - Network printer pool replacements | 0 | 25,000 | | | | | 25,000 |
| - Website Redesign Phase II - upgrade current application code due to end-of-life issues. To be completed in conjunction with membership database replacement project. | 125,000 | | 50,000 | 50,000 | | | 100,000 |

2014-2018 Capital Budget

| | 2014 | 2015 | 2016 | 2017 | 2018 | Grand Total |
|---|----------------|----------------|----------------|----------------|----------------|------------------|
| NEW | 218,480 | 615,107 | 297,287 | 343,710 | 468,412 | 1,942,996 |
| 24th Place | 53,685 | 254,857 | 56,349 | 80,346 | 15,787 | 461,024 |
| - 1st floor restroom updates | | 16,220 | | | | 16,220 |
| - 2nd floor restroom updates | | | 17,030 | | | 17,030 |
| - 3rd floor restroom updates | | | | 17,882 | | 17,882 |
| - Boiler & expansion tank replacement | | | | 32,191 | | 32,191 |
| - Energy Management System (automated energy control) | | 125,000 | | | | 125,000 |
| - HVAC renovations | 0 | 13,637 | 14,319 | 15,035 | 15,787 | 58,778 |
| - Mag lock for Suite 100 access (incl. intercom system, panic button) | 10,490 | | | | | 10,490 |
| - Power wash & re-seal building | | | | 15,238 | | 15,238 |
| - Purchase and install two security cameras at building entrances to read license plate #s | 7,525 | | | | | 7,525 |
| - Purchase and install two-180-degree security cameras at back of the | 11,640 | | | | | 11,640 |
| - Purchase and install seven security cameras in parking/garage areas (incl. DVR, emergency phone w/strobe) | 24,030 | | | | | 24,030 |
| - Roof replacements | | 25,000 | 25,000 | | | 50,000 |
| - Xeriscape landscaping | | 75,000 | | | | 75,000 |
| AZ Attorney | 0 | 0 | 0 | 0 | 0 | 0 |
| General Counsel | 0 | 0 | 0 | 0 | 0 | 0 |
| Info Tech | 140,300 | 272,400 | 224,400 | 246,000 | 434,392 | 1,317,492 |
| - Adobe Software Upgrades-Current version is incompatible with Microsoft Office 2013 | 3,500 | | | | | 3,500 |
| - Case Management Software upgrade | | 60,000 | | | | 60,000 |
| - Cisco IPS Implementation (Intrusion Protection)- Enhance network security as recommended in 2013 IT Audit | 38,800 | | | | | 38,800 |
| - Cisco Voice Upgrade- Phone system upgrade to addresss "end-of-life" system software | 40,000 | | | | | 40,000 |
| - CLE Center /Tucson Training Center - (4) laptops | | | | | 5,000 | 5,000 |
| - CLE Phoenix core hardware refresh (8yrs old) | | | 48,000 | | | 48,000 |
| - CLE Tucson core hardware refresh (8yrs old) | | | | 36,000 | | 36,000 |
| - Conference room technology replacement due to age | | | | 36,000 | | 36,000 |
| - Information Technology - Repair/replacement contingency (4 physical sites) | 25,000 | | | | | 25,000 |
| - Laptop & Desktop computer systems life cycle replacement (est. 110 units) | | 188,000 | | | | 188,000 |
| - Laptop & Desktop computer systems User Acceptance- Test units and discovery for 2015 | | 10,000 | | | | 10,000 |
| - Mail Gateway device replacement | | | 14,400 | | | 14,400 |
| - Microsoft Office subscription | | | | | 38,192 | 38,192 |
| - Phone system hardware upgrade | | | 60,000 | | | 60,000 |

2014-2018 Capital Budget

| | 2014 | 2015 | 2016 | 2017 | 2018 | Grand Total |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| - Photocopier replacements due to age | | | 102,000 | | | 102,000 |
| - Storage Area Network - life cycle replacement | | | | | 180,000 | 180,000 |
| - Scanner replacements | | | | 30,000 | | 30,000 |
| - Server hardware upgrade | | | | | 78,000 | 78,000 |
| - Server hardware upgrade due to mainstream support expiration | | 14,400 | | | | 14,400 |
| - Service Desk Software- To improve IT capabilities and efficiency, by allowing our IT staff members to resolve more tickets on first contact and eliminate repeat-type failures, which will reduce support costs and allow our support resources to focus on more value-added types of assistance. | 25,000 | | | | | 25,000 |
| - Upgrade 50+ Server 2012 | | | | | 86,400 | 86,400 |
| - Upgrade Exchange 2013 to 2018 | | | | | 18,000 | 18,000 |
| - Upgrade SQL 2012 newer version | | | | | 28,800 | 28,800 |
| - Uninterrupted power source replacement (6yrs old) | | | | 72,000 | | 72,000 |
| - Web Filter Replacement- current product will be "end-of-life" in 2014 | 8,000 | | | | | 8,000 |
| - Website Redesign ("Re-skin" and content management application refresh) | | | | 72,000 | | 72,000 |
| LOMAP | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| Member Benefits | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| Office Services | <i>15,000</i> | <i>15,750</i> | <i>16,538</i> | <i>17,364</i> | <i>18,233</i> | <i>82,885</i> |
| - Contingency for unplanned equipment purchases | 15,000 | 15,750 | 16,538 | 17,364 | 18,233 | 82,885 |
| Seminars | <i>5,995</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>5,995</i> |
| - InReach Member Integration (single sign on) - by integrating the systems, this will allow members to use their existing association login credentials (username and password) to access restricted InReach processes. By using the InReach Member Integration Service, member details are synchronized between the InReach Continuing Education Management System and the association's member management system. | 5,995 | | | | | 5,995 |
| Tucson | <i>3,500</i> | <i>72,100</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>75,600</i> |
| - Exterior renovation/repair | | 72,100 | | | | 72,100 |
| - Update Tucson training room with wired mics for head faculty table | 3,500 | | | | | 3,500 |

2014-2018 Capital Budget

| | 2014 | 2015 | 2016 | 2017 | 2018 | Grand Total |
|---|----------------|------------------|----------------|----------------|----------------|------------------|
| REPLACEMENTS | 29,196 | 58,000 | 30,000 | | | 117,196 |
| <i>24th Place</i> | <i>15,446</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>15,446</i> |
| - HVAC unit replacement water source heat pump 2 | 8,246 | | | | | 8,246 |
| - Reconstruct the brick planters | 7,200 | | | | | 7,200 |
| <i>Human Resources</i> | <i>0</i> | <i>50,000</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>50,000</i> |
| - Human Resources Management System (fully integrated with time accounting and payroll) | | 50,000 | | | | 50,000 |
| <i>Seminars</i> | <i>3,000</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>3,000</i> |
| - Presenter chairs in the CLE Center | 3,000 | | | | | 3,000 |
| <i>Special Services</i> | <i>2,750</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>2,750</i> |
| - Project to lower panels of existing cubicles | 2,750 | | | | | 2,750 |
| <i>Tucson</i> | <i>8,000</i> | <i>8,000</i> | <i>30,000</i> | <i>0</i> | <i>0</i> | <i>46,000</i> |
| - HVAC replacement | 8,000 | 8,000 | | | | 16,000 |
| - Roof replacement (end-of-life) | | | 30,000 | | | 30,000 |
| Grand Total | 412,357 | 1,135,873 | 377,287 | 343,710 | 468,412 | 2,737,639 |

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2014-2018 Grand Total |
|--------------------|----------------|------------------|----------------|----------------|----------------|--------------------------|
| Total Carryovers | 164,681 | 462,766 | 50,000 | | | 677,447 |
| Total New | 218,480 | 615,107 | 297,287 | 343,710 | 468,412 | 1,942,996 |
| Total Replacements | 29,196 | 58,000 | 30,000 | | | 117,196 |
| Grand Total | 412,357 | 1,135,873 | 377,287 | 343,710 | 468,412 | 2,737,639 |