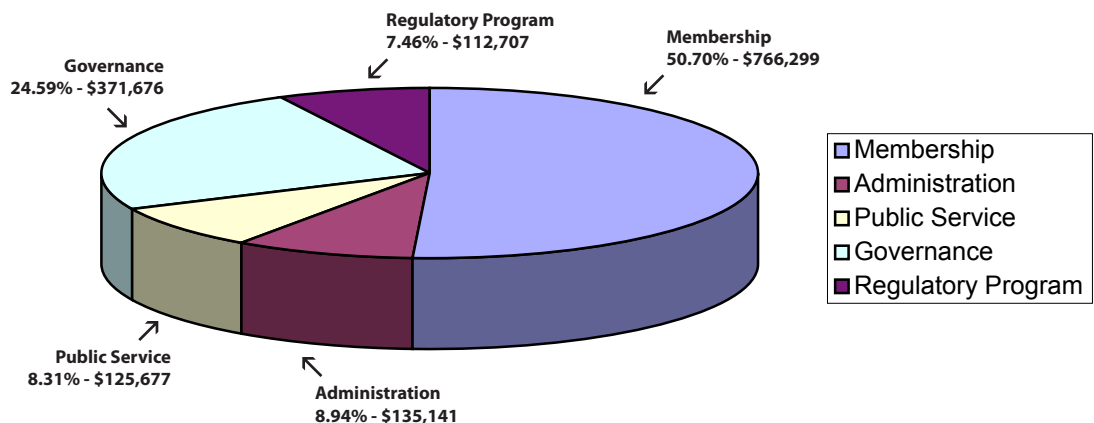


2009

# STATE BAR OF NEW MEXICO BUDGET DISCLOSURE

Dear Members:

The Board of Bar Commissioners has approved the following budget for calendar year 2009. The budget is available in its entirety for the benefit of State Bar members and to provide an opportunity for members to object to any proposed expenditure in the budget that is not related to the State Bar's purposes of regulating the profession or improving the quality of legal services. **Members wishing to receive a printed copy of the budget disclosure may do so by calling (505) 797-6035 or (800) 87nmbar (876-6227).** Instructions for challenging expenditures believed to be non-germane are set forth on page two of the document. The first pages of the budget provide the total expenditures by categories, while the remaining pages provide explanations and further breakouts of the expenditures by category. The total expenditures for the State Bar in 2009 are budgeted to be \$2,084,860. Of this amount, approximately \$573,360 is expected to be supported by non-dues revenue, and approximately \$1,511,500 will be funded by dues. The following chart illustrates the total dues-supported budget broken into five main categories.



There were no material non-budgeted items for 2007.

The financial condition of the State Bar is sound, and the Board of Bar Commissioners is proud of the many programs and services the State Bar provides to the membership and the public.

Sincerely,

Jessica Perez  
Secretary-Treasurer

## YOUR DUES FOR 2009

In *Popejoy, et al. vs. New Mexico Board of Bar Commissioners*, No. Civ. 92-1462 JB, Judge Burciaga of the United States District Court for the District of New Mexico ordered the State Bar to take the following steps on an ongoing basis:

1. Commencing with budget year 1991, annually provide to all State Bar members of New Mexico (State Bar) in accordance with the Court's findings and conclusions, an accounting of the major categories of State Bar's expenditures allocating the actual anticipated costs of its activities funded by the mandatory dues;
2. Categorize those expenditures and activities as chargeable or non-chargeable;
3. Present verification by an independent auditor that the charges attributable and allocated to each activity or category of expenditures are accurate;
4. Permit State Bar members the option of paying only such portions of the dues which are to be used for the permissible purpose of regulating the legal profession or improving the quality of legal services available to the people of the State of New Mexico, *see Keller v. State Bar of California*, 496 U.S. 1 1989);
5. Provide a reasonable period of time for the State Bar members to challenge the assessment of chargeable dues or fees once having been provided with adequate information; and
6. Allow for an impartial decision-maker to address unaccepted objections, *see Chicago Teachers Union v. Hudson*, 475 U.S. 29 (1986).

The Board of Bar Commissioners has determined that all proposed expenditures for 2009 are necessarily or reasonably related to regulating the legal profession or improving the quality of legal services to the people of the State of New Mexico and, therefore, all dues-related expenditures are chargeable to fees for all members. A listing and description of the major categories of these chargeable and non-chargeable activities for 2009 are included with the Budgeted Statement of Chargeable and Non-Chargeable Expenses/Expenditures by Functional Category (hereinafter "statement"). In accordance with the *Popejoy* decision, the accounting firm of REDW, LLC has audited the statement and the explanatory notes (Summary of Significant Assumptions and Accounting Policies). A copy of the statement, the notes, and the independent accountants' report are included in the pages following this notice.

Members are given the opportunity to dispute the Board of Bar Commissioners' determination of the chargeable nature of the expenses described by category in the attached materials on grounds that a category is not

reasonably related to the State Bar's purposes of regulating the profession or improving the quality of legal services or that an error was made in calculating a non-chargeable expense. A member who wishes to make such a challenge is hereinafter referred to as "challenger." A challenger must state his or her challenge in writing. The written challenge must include the challenger's name, address, phone number and should identify the challenge category

A challenger must sign the challenge and submit it to the Executive Director, State Bar of New Mexico, 5121 Masthead NE, Albuquerque, NM 87109, PO Box 92860 (87199) on or before 30 days from the date hereof. Thus, the challenge must be postmarked on or before December 9, 2008; delivered in person; or sent by fax to the State Bar's office before 5:00 p.m. on December 10, 2008. The State Bar's fax number is (505) 797-6019. A form for which challenges may be used appears on the last page of this document.

Upon receipt of the properly and timely submitted challenge, the Board of Bar Commissioners shall decide at a special meeting whether to honor the challenge by eliminating the expenditure from the budget, refunding the challenged dues, or submitting the dispute to the impartial decisionmaker, who will be designated by the Supreme Court of New Mexico to hear challenges to the 2009 Budget. The challenge proceedings shall be informal in nature, and the State Bar shall have the burden to show that the disputed matters are within the scope of permissible activities for which mandatory fees may be used under the constitutional standard of *Keller* and related cases. The challenger(s) will be given an opportunity to present their own evidence and to present written arguments in support of their challenge(s). The decisionmaker will issue a written decision on whether or not a challenged expenditure is chargeable or non-chargeable to fees. If the proposed expenditure is found to be nonchargeable, the challenger shall either be entitled to a refund of the challenged dues or may deduct that amount from dues if the decision is rendered prior to the time dues are to be paid. In addition, the decisionmaker will decide the amount, if any, to be refunded or deducted. If the decision is not rendered before dues are to be paid, the Board of Bar Commissioners shall escrow the challenged portion of the challenger's dues into a separate interest bearing bank account until the decision is rendered.

A copy of the State Bar's Bylaws pertaining to challenges and the procedures for such challenges may be obtained by visiting our Web site at [www.nmbar.org](http://www.nmbar.org) calling 797-6035 or by writing the State Bar office at 5121 Masthead NE, PO Box 92860 (87199), Albuquerque, NM 87109.



The Rogoff Firm

CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS & FINANCIAL ADVISORS

## Independent Accountants' Report

Board of Bar Commissioners  
State Bar of New Mexico

We have examined the accompanying forecasted (budgeted) statement of chargeable and non-chargeable expenses/expenditures by functional category of the State Bar of New Mexico for the year ending December 31, 2009. State Bar of New Mexico's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purpose of presenting to the members of the State Bar of New Mexico the allocation of certain budgeted expenditures, expenses and deferrals into chargeable and non-chargeable categories as described in Note 1 and is not intended to be a complete presentation of the State Bar of New Mexico's assets, liabilities, revenues and expenses in conformity with accounting principles generally accepted in the United States of America and, therefore, should not be used for any other purpose.

In our opinion, the accompanying forecast is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for management's forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

*REDW LLC*

November 6, 2008

**STATE BAR OF NEW MEXICO**  
**Budgeted Statement of Chargeable and Non-Chargeable Expenses/Expenditures by Functional Category**  
**For the Year Ending December 31, 2009**

CHARGEABLE	Total Expenses	Allocated	non-dues funds	net amounts funded	percentage of dues
<b>I STATE BAR GOVERNANCE, ADMINISTRATION AND ORGANIZATION</b>					
A Board of Bar Commissioners (page 7)	\$156,870	\$41,540		\$198,410	13.13%
B Capital Outlay (page 7)	118,040	31,258		149,298	9.88%
C Litigation					
1 General Litigation (page 7)	500	132		632	0.04%
2 Popejoy/Keller Challenge Procedure (page 7)	18,450	4,886		23,336	1.54%
<b>II STATE BAR ORGANIZATION</b>					
<b>A Administration Department</b>					
1 Administration (page 8)	436,495	(436,495)			
2 Accounting					
a Credit Card Merchant Fees (page 9)	17,000	4,502		21,502	1.42%
b Dues & Licensing Form (page 9)	7,000	1,854		8,854	0.59%
3 Human Resources (page 9)	1,870	495		2,365	0.16%
4 Print Shop/Production (page 9)	75,315	(75,315)		0	0.00%
a Outside Production (page 9)	33,605	22,146	32,000	23,751	1.57%
5 State Bar Center					
a Professional Development Center (Classrooms) (page 10)	98,405	26,058	120,500	3,963	0.26%
b Conference Rooms, Visiting Attorneys; Offices, Computer Resource Room (page 10)	37,700	9,983		47,683	3.15%
6 Systems					
a Membership Lists (page 10)	0	0	7,320	(7,320)	-0.48%
b World Wide Web Site (page 10)	37,360	9,893	12,910	34,343	2.27%
7					
<b>B Membership and Communications Department</b>					
1 Administration (page 10)	116,555	(116,555)			
2 Committees (page 11)	35,600	16,191		51,791	3.43%
3 Divisions					
a Paralegal Division (page 11)	0	0		0	0%
b Senior Lawyers Division (page 11-12)	11,850	5,389		17,239	1.14%
c Young Lawyers Division (page 12)	36,345	16,530		52,875	3.50%
4 Membership Services Programs					
a Affinity Programs (page 12)	0	0	8,500	(8,500)	-0.56%
b Commission on Professionalism (page 12)	0	0		0	0.00%
c Judicial Receptions (page 12)	684	311		995	0.07%
d Lawyers Assistance Hotline (page 12)	31,740	14,435		46,175	3.05%
					24.59%
					371,676
					8.94%
					135,141

**STATE BAR OF NEW MEXICO**  
**Budgeted Statement of Chargeable and Non-Chargeable Expenses/Expenditures by Functional Category**  
**For the Year Ending December 31, 2009**

	Total Expenses	Allocated	non-dues funds	net amounts funded	percentage of dues
e Lending Library (page 12)	0	0		0	0.00%
f Mentorship (page 12)	0	0		0	0.00%
g Online Legal Research (page 12)	69,636	31,671	4,600	96,707	6.40%
5 Outreach					
a Diversity Committee (page 13)	10,000	4,548		14,548	0.96%
b President's Initiatives (page 13)	10,000	4,548		14,548	0.96%
c Membership Outreach (page 13)	5,000	2,274		7,274	0.48%
d ABA Day (page 13)	3,200	1,456		4,656	0.31%
e Leadership Development (page 13)	1,500	682		2,182	0.14%
f Department Marketing (page 13)	2,000	909		2,909	0.19%
6 Publications					
a Bar Bulletin (page 13)	352,780	232,496	233,225	352,051	23.28%
b Bench and Bar Directory (page 13-14)	74,690	49,223	101,075	22,838	1.51%
c New Mexico Lawyer (page 14)	5,380	3,546	5,800	3,126	0.21%
7 Sections (page 14)	90,950	41,365	47,430	84,885	5.62%
<b>C Public and Legal Services Department</b>					
1 Administration (page 14)	81,675	21,628		103,303	6.83%
2 Other Public Service Initiatives (page 14)	900	409		1,309	0.09%
3 Public Service Program					
a Mock Trial (page 14)	7,500	1,986		9,486	0.63%
4 Young Lawyers Division Public Service Programs (page 14-15)	9,155	2,424		11,579	0.77%
<b>D Regulatory Program</b>					
1 Administration (page 15)	89,110	23,597		112,707	7.46%
	\$2,084,860	\$0	\$573,360	\$1,511,500	100.00%
					\$1,511,500

**III**

**LEGISLATIVE ACTIVITY**

- A Lobbying Approved by the Board of Bar Commissioners (page 15)
- B Sections' Lobbying Activities (page 15-16)

**IV**

**Non-Budgeted 2007 Expenditures (page 16)**  
**Non-Budgeted 2008 Expenditures (page 16)**  
**NON-CHARGEABLE**

2009 Active Dues (over three years) – \$215; Active Dues Young Lawyers (second year) – \$165; Active Dues Young Lawyers (first year) – \$115  
 See Summary of Significant Assumptions and Accounting Policies and Independent Accountant's Report.

**STATE BAR OF NEW MEXICO  
SUMMARY OF SIGNIFICANT  
ASSUMPTIONS AND ACCOUNTING  
POLICIES YEAR ENDING  
DECEMBER 31, 2009**

**NATURE OF BUSINESS**

State Bar of New Mexico (State Bar) was incorporated under the laws of the State of New Mexico in 1978. Prior to 1978, State Bar operated as an agency of the Supreme Court of the State of New Mexico, established by State statute, dated March 17, 1925. The purposes of State Bar are to aid the courts in the administration of justice, to preserve the rule of law and to foster a high standard of integrity and competence within the legal profession. State Bar's activities include collection of dues; publication of the *Bar Bulletin* and *Bench and Bar Directory*; and development and promotion of programs such as legal research, membership programs, legal services to the public, public education and information, client protection, and law practice management and technology.

**NATURE OF PRESENTATION**

This budget presents, to the best of management's knowledge and belief, State Bar's expected statement of chargeable and non-chargeable expenses/expenditures by functional category. Accordingly, the budget presents management's judgment, as of November 6, 2008, the date of this budget, of the expected conditions and expected course of action. Management does not intend to update this budget. The assumptions disclosed herein are those that management believes are significant to the budget and may not be all-inclusive. There will usually be differences between budgeted and actual results, because events and circumstances frequently do not occur as expected. Those differences may or may not be material.

The budget document has been designed to provide to all members of the State Bar the anticipated cost of its 2009 activities, by functional category, which will be funded by mandatory dues. Accordingly, this document may not be useful for other purposes.

**SUMMARY OF SIGNIFICANT  
ASSUMPTIONS AND  
ACCOUNTING POLICIES**

**Deferred Revenues**

Dues, subscriptions, and advertising are recognized as revenue in the period to which they relate. Amounts collected in advance are recorded as liabilities until earned.

**Pledges and Contributions**

In 1991, the State Bar formed a 501(c)(3) corporation, State Bar of New Mexico Special Projects, Inc. (Special Projects), for the purpose of receiving grant awards from other 501(c)(3) entities for programs approved by the Board of Bar Commissioners and to accept contributions to construct a general office building (Bar

Center). In 2003, the New Mexico State Bar Foundation was dissolved as a corporation and State Bar of New Mexico Special Projects was renamed as the New Mexico State Bar Foundation (Bar Foundation). The two corporations, State Bar and State Bar Foundation, have interlocking boards.

Bar Center expenses are split between the two corporations based on the projected portion of ownership of the building. Due to the potential uncertainty of collection, a donor pledge is considered revenue when restrictions, if any, have been met, and the pledge has been collected.

**Property and Equipment**

Property and equipment are recorded at cost for purchased items and fair market value at the date of contribution for donated items.

**Depreciation/Amortization**

This statement has been prepared without regard to depreciation or amortization since the issues of chargeable and non-chargeable are considered in the year of purchase, or, in the event of debt-financed acquisitions, the period in which the commitment to make principal payments has been made.

**Income Taxes**

State Bar is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

**Basis of Presentation**

To ensure observance of limitations and restrictions placed on the use of resources available to State Bar, State Bar maintains its accounts in accordance with the principles of the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No.117, State Bar is required to report information regarding its financial position and accounting activities under three classes of net assets. In addition, State Bar's accounts are maintained on a functional basis, which retains activity detail on a program-by program basis.

**Presentation Purpose**

The purpose of the statement is to provide members of State Bar with a statement that identifies the major functional categories of State Bar, and includes amounts for activities that are germane to advancing State Bar's regulatory functions and improving legal services (chargeable), as well as that portion of the expenses considered not to be reasonably related to regulating the profession or improving the quality of legal services (nonchargeable).

**Building Occupancy Costs**

In August 1996, State Bar moved into the newly constructed Bar Center. As joint owner of the Bar Center with the Bar Foundation, State Bar is responsible for its portion of the expenses incurred in operating and maintaining the building. (All of State Bar's costs related to the Bar Center have been captured and presented for the members' review in Note 9).

**CHARGEABLE**

**I. STATE BAR GOVERNANCE, ADMINISTRATION AND ORGANIZATION**

**A. Board of Bar Commissioners**

The Board of Bar Commissioners (the Board) is established by Supreme Court Rule 24-101C as the governing board of the State Bar. The Board is responsible for overseeing the Executive Director, Sections, Committees, Commissions, Divisions, and Task Forces and makes decisions to fulfill the mission of improving the quality of legal services to the citizens of New Mexico. The Board meets four to eight times a year; and in 2009, there will be four regularly scheduled meetings. While Board members receive no compensation, they do receive mileage and per diem allowances for travel, in accordance with the State of New Mexico and IRS travel policies.

The expenses for Board meetings are based on the assumption that during 2009, three Board meetings will be held in Albuquerque, one will be held in Las Cruces, and one will be held in connection with the Annual Meeting in Pojoaque, NM. Board Committees also conduct business by teleconference throughout the year.

In-state travel expenses for the President will cover attendance of certain Board Committee meetings and other State Bar business. Included within this item is travel for officers to attend various State Bar related activities, conferences and training programs. The 2009 travel for the President and President-Elect is based on the assumption that both will attend the NCBP (National Conference of Bar Presidents) Mid-Year (Boston) and Annual (Chicago) meetings; President and Vice president will attend the Western States Bar Conference (Hawaii); and the President-Elect and Sec-Treasurer will attend the Bar Leadership Institute (Chicago). In a continuing effort to prioritize the philosophical and programming decisions of the State Bar, the officers will hold a strategic planning session with the Directors in the fall of 2009. At this meeting, the officers will evaluate State Bar's progress in meeting its mission, goals and objectives, and will continue strategic planning for State Bar's future priorities and programs.

Awards are presented to recognize those who have distinguished themselves or who have made exemplary contributions to the State Bar. At the Annual Meeting there will be a dinner to honor past presidents of the Bar.

**Board Expenses**

Direct Labor Allocation .....	\$68,830
Meetings.....	45,000
Travel.....	21,405
Director's and Officer's Retreat.....	8,400
Past President's Dinner.....	8,000
Awards.....	3,500
Bar Bulletin Insert.....	815
Miscellaneous .....	400
Teleconferences.....	520
	<u>156,870</u>
Allocated G & A.....	<u>41,540</u>
Total Expenses.....	<u>(\$198,410)</u>

**B. Capital Outlay**

During 2009, State Bar intends to make the following principal payments and asset acquisitions. All related interest has been treated as an annual expense and is included in Bar Center occupancy expense or G & A expense, respectively.

**Expenditures**

Bar Center Mortgage Principal .....	\$94,220
Capital Lease Principal Payments:	
Copier.....	13,880
Mailing Machine.....	7,810
Software .....	2,000
Labeler.....	130
	<u>118,040</u>
Allocated G & A.....	<u>31,258</u>
Total Expenditures.....	<u>(\$149,298)</u>

**C. Litigation**

**1. General Litigation**

State Bar does not anticipate any litigation expenses in 2009 beyond what is covered under the State Bar's insurance policy. A minimal amount of \$500 is budgeted for any miscellaneous matters that may require direct staff labor charges.

**Expenses**

Direct Expenses.....	\$500
Allocated G & A.....	132
Total Expenses.....	<u>(\$632)</u>

**2. Popejoy/Keller Challenge Procedure**

In order to comply with the challenge procedures and time keeping requirements under *Keller v. State Bar of California*, 496 U.S. 1 (1989), and *Popejoy et. al. v. New Mexico Board of Bar Commissioners*, No. Civ. 92-1462 LH/LFG, State Bar anticipates that the following expenses may be incurred:

**Expenses**

Accounting/Budget Audit .....	\$9,300
Direct Labor Allocation	
(time keeping.....)	9,150
	<u>18,450</u>
Allocated G & A.....	<u>4,886</u>
Total Expenses.....	<u>(\$23,336)</u>

## II. STATE BAR ORGANIZATION

### A. Administration Department

General administration (G & A) expenses are incurred to provide staff and operational support for all programs and activities of the State Bar, including personnel, data management, printing, purchasing, membership records and status inquiries, member billing and elections, building management, mail, and implementation of Board policies.

State Bar employees are required to keep time sheets reflecting their daily activity so that specific programs may be charged the actual labor costs of staff services. The 2009 allocations of direct labor costs are based primarily on 2008 time studies and outside billings through June 2008. These direct costs are reflected in the budget for each program. Some staff time cannot be assigned directly to specific programs. For example, the Administration Department includes the accounting and data management functions. The costs of processing payroll checks and maintaining accounting records are not appropriate as a direct allocation to a specific program. To the extent general administration expenses cannot be billed directly to a program, the expenses are allocated on a pro rata cost basis to each program in the 2009 budget. This number is reflected under each program as "Allocated G & A." Administrative fee revenue represents amounts received by the State Bar for direct services provided. For instance, accounting and bookkeeping services are provided to MCLE, Legal Specialization, and Paralegal Division. Additionally, Foundation programs (Center for Legal Education, Public and Legal Services programs and Bar Center/ General) receive managerial support from State Bar. Duplication revenue outlined below represents copy fees (approximately four cents a page) charged to non State Bar entities for use of State Bar's copy machines.

#### 1. Administration

Administration consists of the executive office, accounting, human resources, the print shop, State Bar Center, systems and World Wide Web. Expenses for Administration Department are outlined as follows.

The Administration Department G & A activity not charged directly to a specific program has been allocated on a pro rata basis to each State Bar program as Allocated G & A is comprised of the following (see Note 2 for specific information regarding the distribution/allocation of direct salaries, taxes and benefits and Note 3 for the allocation of other G & A expenses):

#### Revenue

Administrative Fees:	
Dues Late Fees .....	\$58,800
CLE .....	41,900
Section Forfeiture .....	40,000
Disciplinary Board .....	37,170
Court Reporting Programs Rent & Computer Support .....	21,895
PLSD .....	12,000
Client Protection .....	8,100
Video Conferencing .....	7,000
Duplication .....	6,500
PHV Fee for Collection & Administration .....	5,500

MCLE .....	5,000
Admin. Fees for Dues Collection .....	3,060
Interest on Bank Accounts .....	2,550
Miscellaneous .....	1,355
Paralegal Division .....	900
Equal Access to Justice .....	650
Specialization .....	600
Discounts Taken .....	500
Bar Foundation-General .....	300
NSF Fees .....	175
Total G & A Revenue .....	<u>253,955</u>

#### Expenses

Direct Labor Allocation (see Note 2 and 3).....	411,335
Computer Contract .....	46,970
Bar Center Occupancy (see Note 9) .....	34,700
Insurance .....	33,115
Equipment Maintenance: .....	32,800
Audit .....	24,350
Training & ED & Staff .....	20,555
Auto Lease .....	14,990
Video Conferencing .....	10,800
Bank Fees .....	10,000
Telephone .....	9,000
Office/Duplicating Supplies .....	7,945
Advertising .....	5,800
Pension Plan Administration .....	5,000
Taxes and Fees .....	4,915
Staff Morale/Retreat .....	4,500
Interest on Capital Leases .....	4,325
Postage .....	3,000
Dues & Subscriptions .....	2,200
Shred-It .....	1,400
Internet.....	750
Errands .....	600
Interest .....	500
Miscellaneous .....	500
Printing .....	400
Total Administration Expenses .....	<u>690,450</u>
Net Administration .....	(436,495)
Less Allocated G & A .....	<u>436,495</u>
Total, Net .....	<u>\$0</u>

Activities charged to Administration G & A include:

- Accounting management
- Accounting/bookkeeping services performed for other entities
- Accounting research
- Accounts payable/check requests
- Archives maintenance
- Audit (year-end and annual budget)
- Communication with ABA, other national, state and local bars, and financial associations
- Computer assisted legal research
- Computer and network maintenance
- Correspondence and clerical
- Data entry and extraction
- Dues collection

- Equipment maintenance
- Errands/deliveries
- File maintenance
- General research
- Inventory management
- Interdepartmental forms, supplies and projects
- Interdepartmental projects and production
- Leaves/holidays (paid time off)
- Mail pickup, preparation and delivery
- Maintenance of press and production equipment
- Maintenance of State Bar database
- Management of dues collection
- Management of centralized computer system, personal computers, printers and modems
- Meetings/training
- Month-end billings
- Month-end close/financial reporting
- Office insurance policies
- Office supplies and inventory management
- Ordering production materials and supplies
- Overall programs and policy planning management
- Production cost outs (billing and charges related to production labor and materials)
- Receipt of checks
- Review and approval of revenue, expenses (accounts payable)
- Room rental and service
- Software training for staff
- Staff meetings
- Systems management

## 2. Accounting

Accounting functions are performed for State Bar, as well as other law-related entities, such as the Court Regulated Programs. The State Bar is reimbursed by these entities to prepare monthly financial statements, conduct annual audit and collect dues.

### a. Credit Card Fees

In order to enable its members to pay State Bar fees and registrations with credit cards, State Bar must incur a merchant fee between 1.6 and 3.8 percent of the credit card charges processed for VISA, MasterCard, American Express and Discover. 2009 fees are based on a reduction in merchant fees reflected in 2008.

#### Expenses

Credit Card Fees .....	\$17,000
Allocated G & A .....	4,502
Total Expenses.....	<u>(\$21,502)</u>

### b. Dues and Licensing Forms

In addition, accounting develops and mails the Dues and Licensing Forms to members for payment of dues, fees and contributions. Each new member also receives a permanent State Bar card from accounting.

#### Expenses

Dues & Licensing Forms .....	\$7,000
Allocated G & A .....	1,854
Total Expenses.....	<u>(\$8,854)</u>

## 3. Human Resources

Human resources functions include personnel hiring, monitoring employee benefits, payroll production and staff trainings.

#### Expenses

Staff Insert ( <i>Bar Bulletin</i> ).....	\$1,000
Meetings.....	360
Dues and subscription .....	360
Director's Retreat.....	150
	<u>1,870</u>
Allocated G & A .....	495
Total Expenses.....	<u>(\$2,365)</u>

## 4. Print Shop Production

The State Bar has an in-house print shop that prints and mails the weekly *Bar Bulletin*, letterhead, brochures and a variety of publications for other law-related entities.

#### Expenses

Direct Labor Allocation (see Note 6) ..	\$46,310
Bar Center Occupancy (see Note 9) .....	16,900
Equipment Maintenance .....	10,000
Postage-Unallocated .....	500
Software .....	400
Training/Education .....	370
OSHA .....	200
Miscellaneous .....	200
Telephone .....	100
Contract Labor.....	150
Duplication .....	100
Dues & Subscriptions.....	85
	<u>75,315</u>
Less Allocated G & A.....	<u>(75,315)</u>
Total Expenses.....	<u>\$0</u>

### a. Outside Production

Outside production includes design/page composition, editing, printing and mailing services provided to law-related entities, Court Regulated Programs, Disciplinary Board, and the Bar Foundation. These projects include producing newsletters for sections and local/voluntary bars, CLE brochures, letterhead and other printed materials.

Revenue .....

#### Expenses

Production Supplies.....	17,000
Production Labor/Benefits .....	10,195
Postage and Delivery .....	6,050
Direct Labor Allocation .....	360
	<u>33,605</u>
Allocated G & A .....	22,146
Total Expenses.....	<u>55,751</u>
Total, Net.....	<u>(\$23,751)</u>

**5. State Bar Center**

**a. Professional Development Center**

The Bar Center's Professional Development Center (consisting of three classrooms) is available for outside groups, including government entities, Supreme Court committees and continuing legal education providers to rent to conduct courses and seminars.

**Revenue** (see Note 4) ..... \$120,500

**Expenses**

Direct Labor Allocation (see Note 2) ....32,400  
Bar Center Occupancy (see Note 9) ....41,200  
Food and beverages.....23,470  
Telephone .....900  
Errands .....400  
Dues & Subscriptions.....35  
98,405  
Allocated G & A .....26,058  
Total Expenses..... 124,463  
Total, Net..... (\$ 3,963)

**b. Conference Rooms, Visiting Attorneys' Offices, Computer Resource Room.**

The Bar Center offers use of the rooms listed above as a service to members of the State Bar. They are also available to rent for interested parties.

**Expenses**

Bar Center Occupancy (see Note 9) ....\$37,700  
Allocated G & A .....9,983  
Total Expenses..... (\$47,683)

**6. Systems**

Systems maintains the State Bar membership database.

**a. Membership Lists**

The membership list is available for the purpose of mailings to the membership. Labels or an electronic format of the membership database are sold to the membership as well as to outside entities. A copy of the Board policy regarding the membership list is available upon request.

**Revenue**

Sales.....\$7,500  
Contra Tax Account Gross Receipts..... (180)  
Total ..... \$7,320

**7. World Wide Web Site**

The State Bar's Web site, located at www.nmbar.org, contains information for its members and the public. Expenses include allocated labor and administrative expenses related to development and maintenance of the site. In addition to expanding information and services provided by the Web site, non-dues revenue generated by the Web site are expected to increase by 49 percent from 2008. Revenues include Web site advertising and the development, maintenance of sub-sites for other bar related entities and a products & services directory.

**Revenue**

Advertising .....\$3,960  
Administration and Dev. For  
Other Entities .....3,050  
Products & Service Directory.....5,900  
Total Revenues ..... 12,910

**Expenses**

Direct Labor Allocation (see Note 2) ....30,060  
Web Technical Contract.....7,000  
Supplies/Software.....300  
37,360  
Allocated G & A .....9,893  
Total Expenses..... 47,253  
Total, Net..... (\$34,343)

**B. Membership and Communications Department**

Services provided by the Membership and Communications Department include assistance to sections, committees, and divisions; writing, editing and design of State Bar publications; dissemination of media releases and responding to media requests; administration of association agreements for discounts on products and services provided by third-party vendors; and management of State Bar membership programs.

**1. Administration**

The G & A activity for the Membership and Communications Department has been allocated on a pro rata basis to the aforementioned. The resulting total (direct expense and allocated Membership and Communications G & A) is then included as the base amount to perform the allocation of Administration G & A. This Allocated G & A is comprised of the following (see Note 2 for specific information regarding the distribution/allocation of direct salaries, taxes and benefits and Note 6 for the allocation of other G & A expenses):

**Expenses**

Direct Labor Allocation (see Note 6) . \$76,640  
Bar Center Occupancy (see Note 9) .....16,700  
Insurance .....9,180  
Training/Education .....4,490  
Telephones .....2,700  
Printing .....1,900  
Annual Meeting .....1,315  
Supplies .....1,300  
Internet.....750  
Computer Equipment M&R .....490  
Postage .....400  
Duplication .....385  
Dues & Subscriptions.....205  
Miscellaneous .....100  
Total Expenses .....116,555  
Less Allocated G & A ..... (116,555)

\$0

Activities charged to Membership and Communications G & A include:

- Communications with other state and local bars regarding publications and communication services
- Departmental clerical/mail
- Department management
- General clerical
- Interdepartmental projects
- Leaves/holidays (paid time off)
- Liaison to statewide local and voluntary bars
- Personnel management
- Professional memberships, meetings, training and education
- Research
- Staff meetings
- State Bar historical library (records, photographs, videos, etc.)

## 2. Committees

For 2009, the State Bar is funding the following committees whose primary purposes are to improve the quality of membership services and to provide information and assistance to the public. Each committee is required to submit an annual budget, which is funded through a committee pool. The specific functions of these committees are shown as follows:

- a. **Alternative Methods of Dispute Resolution Committee (ADR).** Promotes the use of dispute resolution processes, and provides legal education and training in those methods.
- b. **Bench and Bar Relations Committee.** Plans the statewide bench and bar conference.
- c. **Board of Editors.** Serves as the editorial board for the *Bar Bulletin*.
- d. **Committee on Diversity in the Legal Profession.** Promotes opportunities for minorities in the legal profession and encourages participation by minorities in bar programs and activities.
- e. **Committee on Women and the Legal Profession.** Addresses issues affecting women as lawyers and judges and monitors substantive issues of women served by the legal system.
- f. **Committee for the Delivery of Legal Services to People with Disabilities.** Provides information and assistance to ensure access to counsel for people with disabilities.
- g. **Ethics Advisory Committee.** Assists attorneys with interpretation and application of the Rules of Professional Conduct. Advisory opinions are provided to requesting attorneys and are published in the *Bar Bulletin* and on the Bar's Web site.
- h. **Fair Judicial Elections Committee.** Created to monitor campaign statements, advertising and conduct in elections for judicial office for compliance with the standards of the Code of Judicial Conduct.
- i. **Historical Committee.** Acquires, maintains and submits for publication historical information relating to the State Bar.
- j. **Law Practice Management Committee.** Develops and provides resources for attorneys, especially solo and small

firm practitioners and young lawyers, to more effectively manage their law practices.

- k. **Lawyers Assistance Committee.** Provides confidential peer assistance to the State Bar members in need of help because of substance abuse, mental illness or emotional distress.
- l. **Lawyers Professional Liability Committee.** Advises the State Bar regarding risk management activities.
- m. **Legal Services and Programs Committee.** Facilitates cooperation and coordination of the legal services provided by various segments of the bar and increases public access to the civil justice system.
- n. **Medical-Legal Grievance Committee.** Attempts to resolve specific complaints between the two professions.
- o. **Medical-Legal Liaison Committee.** Addresses basic issues of mutual concern to the two professions: e.g., the Medical Malpractice Act.
- p. **Membership Services Committee.** Plans State Bar membership events that provide opportunities for members to network with each other and with those in other professions.
- q. **NM Medical Review Commission.** Attorney and physician panel members screen medical malpractice claims.
- r. **Technology Committee.** Assists State Bar members in issues that arise with the development and maintenance of established and forthcoming technology.

## Expenses

Direct Labor Allocation .....	\$20,100
Committee Pool .....	15,000
Committee Chair Orientation.....	500
	35,600
Allocated G & A.....	16,191
Total Expenses.....	(\$51,791)

## 3. Divisions

### a. Paralegal Division

The Paralegal Division was created as a division of the State Bar, although no funds are expended in support of the Division. The Paralegal Division is self-supporting through its member dues and programming.

### b. Senior Lawyers Division

The Senior Lawyers Division was created to foster professional development and to utilize the knowledge and experience of its members to assist the State Bar and its programs and activities. Programs for 2009 include assisting the State Bar's KOB-TV Call-In Program and conducting oral histories of senior members.

**Expenses**

Oral History Project.....	\$4,000
Presentation Meetings.....	2,000
ABA Meeting.....	2,000
Director Labor.....	1,350
Administrative Express.....	1,200
Judicial Service Awards .....	1,000
Board Meetings .....	300
	11,850
Allocated G & A.....	5,389
Total Expenses.....	<u>(\$17,239)</u>

**c. YLD Programs Providing Services to Members**

Conduct Membership Outreach. YLD will continue its membership outreach in 2009 by providing information and membership programs such as:

- Bar Exam Support Programs
- Bench/Bar Activities
- Career Fair
- CLE
- Hispanic National Bar Association Conference support
- Honors and Awards
- Law Day
- Law School Activities
- Membership Communication (Brochures and Mailings)
- Plaques
- Publications
- Networking
- Summer Fellowship
- Swearing-in Receptions
- UNM Law Student Programs

**Expenses**

Direct Expenses.....	\$17,550
Direct Labor.....	1,463
	19,013
Allocated G & A.....	8,647
Total Expenses.....	<u>(\$27,660)</u>

Administration. YLD administration includes expenses for meetings, out of state travel, postage, supplies and duplicating.

**Expenses**

Direct Expenses.....	\$16,000
Direct Labor.....	1,332
	17,332
Allocated G & A.....	7,883
Total Expenses.....	<u>(\$25,215)</u>

**4. Membership Services**

**a. Affinity Program**

Vendors participate in the State Bar's Affinity Program provide savings on products and services to members. Companies offering discounts on insurance, financial services, travel and office supplies, to name a few, participate.

<b>Revenues.....</b>	<b>\$8,500</b>
----------------------	----------------

**b. Commission on Professionalism**

Pursuant to the New Mexico Supreme Court Order that created a Commission on Professionalism in 2000, the Commission will continue its administrative and operational functions and responsibilities in 2009. In 2009, the Commission will serve as an advisory commission to oversee and develop programs, resources and services to support professionalism for New Mexico lawyers and judges. Center for Legal Education will administer the CLE program developed by the Commission. The Commission will receive support in 2009 from the State Bar general operating funds. The expenses are anticipated to be minimal.

**c. Judicial Receptions**

The Board receives requests of monetary support from the law-related groups to sponsor/cosponsor judicial receptions.

**Expenses**

Receptions .....	\$500
Direct Labor.....	184
	684
Allocated G & A.....	311
Total Expenses.....	<u>(\$995)</u>

**d. Lawyers Assistance Hotline**

The Lawyer Assistance Hotline provides professional and peer assistance to State Bar members in need of assistance for substance abuse, addictions, and depression. Direct costs are paid for counseling fees.

**Expenses**

.....	\$23,200
Direct Labor.....	8,540
	31,740
Allocated G & A.....	14,435
Total Expenses.....	<u>(\$46,175)</u>

**e. Lending Library**

A library of publications and other resources is available to assist attorneys with general practice and law office management information.

**f. Mentorship**

The Bill Kitts Mentor Program matches applicants with experienced mentors for a mentorship experience designed to provide guidance to new practitioners.

**g. Online Legal Research**

The Board of Bar Commissioners has entered into a contract with Casemaker to provide free online legal research for State Bar members.

<b>Revenue .....</b>	<b>\$4,600</b>
----------------------	----------------

**Expenses**

Direct Expenses.....	\$50,900
Direct Labor.....	18,736
	69,636
Allocated G & A.....	31,671
Total Expenses.....	101,307
Total, Net.....	<u>(\$96,707)</u>

**5. Outreach**

The State Bar will conduct public and member outreach in 2009 to communicate bar programs and services and promote collaboration and support to voluntary and local bars. Specific outreach efforts have been identified for 2009 to include the following.

**a. Diversity Committee**

A third study of Minorities in the Profession will be conducted by the State Bar's Diversity Committee for release in 2009. This study will be similar to the studies previously done in 10-year increments.

Expenses .....	\$10,000
Allocated G & A .....	4,548
Total Expenses.....	<u>(\$14,548)</u>

**b. President's Initiatives**

Each year the Bar President decides to take on a project to improve the profession or professionalism in the profession.

Expenses .....	\$10,000
Allocated G & A .....	4,548
Total Expenses.....	<u>(\$14,548)</u>

**c. Membership Outreach**

State Bar officers and staff will travel to local bar meetings throughout the state in 2009 to discuss bar services and programs and hear issues of importance to members.

Expenses .....	\$5,000
Allocated G & A .....	2,274
Total Expenses.....	<u>(\$7,274)</u>

**d. ABA Day**

Two New Mexico representatives will attend the national American Bar Association's ABA Day in Washington to impress upon legislators the importance of attorneys and the legal community. This is an annual event.

Expenses .....	\$3,200
Allocated G & A .....	1,456
Total Expenses.....	<u>(\$4,656)</u>

**e. Leadership Development**

The State Bar is asked on occasion to support law student and other law-related activities to benefit future leaders in the New Mexico. These activities have included event sponsorship for law student groups and conference attendance for members.

Expenses .....	\$1,500
Allocated G & A .....	682
Total Expenses.....	<u>(\$2,182)</u>

**f. Department Marketing**

Budgeted funds will be used for printed materials promoting member benefits and services. The materials will be on display in the State Bar lobby; mailed with the bar dues and licensing form;

and distributed at swearing-in ceremonies, the annual meeting and other appropriate events. In addition, promote programs assigned to the office of general counsel among the attorney membership, non-admitted attorneys and members of the public. Promotions to include printing, mailings, publications, sponsorships, marketing and travel.

Expenses .....	\$2,000
Allocated G & A .....	909
Total Expenses.....	<u>(\$2,909)</u>

**6. Publications**

The Membership and Communications Department and the Print Shop produce numerous publications for State Bar and its members, as well as for Sections, Committees and Divisions. The direct and indirect costs are identified below and under the State Bar G & A, Sections, Committees and Divisions' categories and descriptions (see Note 6).

**a. Bar Bulletin**

The *Bar Bulletin* is a weekly publication containing advance opinions of the New Mexico Supreme Court and the Court of Appeals, as well as rules, notices, announcements, and classified advertisements.

**Revenue**

Advertising (see Note 6).....	\$239,425	
Subscriptions .....	10,000	
Contra Tax Account-Gross Receipts. ....	<u>(16,200)</u>	
Total Revenues		233,225

**Expenses**

Printing .....	109,500	
Postage and Delivery .....	97,690	
Production Labor and Benefits.....	86,400	
Contract Labor.....	32,000	
Direct Labor Allocation .....	<u>27,190</u>	
	352,780	
Allocated G & A .....	<u>232,496</u>	
Total Expenses.....		<u>585,276</u>
Total, Net.....		<u>(\$352,051)</u>

**b. Bench and Bar Directory**

The *Directory* is a complete listing of the membership of the State Bar with addresses, telephone and fax numbers, e-mail addresses and employer/firm names. The *Directory* also includes a listing of State Bar-related entities; rules relevant to the practice of law; a listing of State Bar sections, committees, and divisions; the judiciary; the Board; other State Bar-related information; government offices; and tribal courts. The publication also contains advertisements. Revenue related to advertising and sales are anticipated to remain the same.

**Revenue**

Subscriptions .....	\$62,000	
Advertising .....	46,375	
Contra Tax Account-Gross Receipts... ..	<u>(7,300)</u>	
Total Revenues		101,075

<b>Expenses</b>	
Printing .....	47,800
Postage and Delivery .....	13,100
Production Labor and Benefits.....	7,150
Direct Labor Allocation .....	6,640
	74,690
Allocated G & A.....	49,223
Total Expenses.....	123,913
Total, Net.....	<u>(\$22,838)</u>

**c. New Mexico Lawyer**

The *New Mexico Lawyer* is a special insert, produced by the board of editors, which appears quarterly in the *Bar Bulletin*. The goal of each issue is to present articles and essays which explore a current topic that is of interest to a broad segment of our legal community.

<b>Revenue</b>	
Advertising .....	\$6,200
Contra Tax Account-Gross Receipts.....	(400)
Total Revenues	5,800

<b>Expenses</b>	
Printing .....	2,220
Production Labor and Benefits.....	1,600
Postage and Delivery .....	1,560
	5,380
Allocated G & A.....	3,546
Total Expenses.....	8,926
Total, Net.....	<u>(\$3,126)</u>

**7. Sections Administration**

The State Bar has 19 sections relating to areas of law or types of practice. The sections are funded with voluntary dues paid for by their members. Total fees collected in 2009 are expected to be the same as those collected in 2008. The State Bar provides administrative support to each section. Administrative time is spent to process dues payments; maintain records; advise members on State Bar/section policies and procedures; administer elections; facilitate submission of annual budgets to the executive director and provide members with monthly financial statements; facilitate submission of annual reports and agenda items to the Board of Bar Commissioners; take care of logistical aspects of meeting planning; assist with surveys of members; aid in communication among members and to the public through the sending of e-blasts, postings to the State Bar Web site, publication of newsletters, publication of announcements in the ENews and the *Bar Bulletin*, sending of mailings; and the sending of news releases to the media. Sections are permitted to lobby the legislature on law-related subjects, provided such lobbying complies with Article XI of the State Bar Bylaws and is not identified as being sponsored by the State Bar.

<b>Revenue</b> (see Note 5) .....	\$47,430
<b>Expenses</b>	
Section Expenses .....	47,430
Direct Labor Allocation .....	43,020
Section Chair Orientation.....	500
	90,950

Allocated G & A.....	41,365
Total Expenses.....	132,315
Total, Net.....	<u>(\$84,885)</u>

**C. Public and Legal Services Department**

**1. Administration**

The Public and Legal Services Department (PLSD) of the State Bar of New Mexico provides programs, activities and opportunities for both members of the bar and the public. The department manages the public and legal service programs of the State Bar and New Mexico State Bar Foundation. Programs include: (see Note 7)

- Lawyer Referral for the Elderly Program (LREP), which has a legal helpline, outreach and referral program and
- Outreach/Referral and Education Services which includes legal helplines, information, referrals, public education and outreach programs of the State Bar and Bar Foundation.

<b>Expenses</b>	
Direct Expenses.....	\$81,675
Allocated G & A.....	21,628
Total Expenses.....	<u>(\$103,303)</u>

**2. Other Public Service Initiatives**

PLSD assists with special initiatives for the public, from time to time, that include programs to address issues such as cancer and HIV/AIDS. Also, the State Bar supports the Law Day activities.

<b>Expenses</b>	
Direct Expenses.....	\$900
Allocated G & A.....	409
Total Expenses.....	<u>(\$1,309)</u>

**3. Public Service Programs**

Public Service Programs secure and coordinate volunteers, provide administrative support, and work with schools across the state on law related education projects such as Mock Trial, Dialogue on Freedom, Classroom Law Project, and others. Membership support includes direct contributions, as approved by the Board, to Mock Trial.

**a. Mock Trial**

<b>Expenses</b>	
Direct Expenses.....	\$7,500
Allocated G & A.....	1,986
Total Expenses.....	<u>(\$9,486)</u>

**4. Young Lawyers Division Public Service Programs**

The Young Lawyers Division (YLD) provides opportunities for new lawyers to engage in public service. YLD plans to continue the following public legal service projects already in place:

- FEMA
- Call-In Programs
- Homeless Legal Clinic
- YLD Summer Fellowship

## Expenses

Direct Expenses.....	\$9,155
Allocated G & A.....	2,424
Total Expenses.....	<u>(\$11,579)</u>

## D. Regulatory Program

### 1. Administration

The Office of General Counsel is a professional office established to assist the State Bar of New Mexico and the New Mexico State Bar Foundation with policy and regulatory functions of an integrated bar. Specifically, to protect the legal and policy interests of the State Bar; assist in the expansion of the regulatory functions; provide a professional legal resource for leadership, volunteers and staff; assist with outreach to the judiciary; and to advise in the areas of legislative, executive and judicial processes. In addition to the internal support provided to the State Bar, Bar Foundation, Leadership, Volunteers and Staff, the following programs have been assigned to the Office of General Counsel to advise, manage, staff and provide support:

- Attorney (Member/Non-admitted) Helpline: provides members of the Bar and non-admitted attorneys information in areas of attorney regulation, registrations, rules and practice.
- Client Assistance Helpline: assists members of the public in their relationship with their attorney, including advising on issues such as communication, billing, client files and fee disputes.
- Client Protection Fund: administers the Client Protection Fund Commission which investigates claims against lawyers on issues regarding reimbursable losses caused by a lawyer's misappropriation of client funds or other dishonest conduct.
- Ethics Assistance for Attorneys: Includes the following:
  - Advisory Helpline providing quick ethics answers to questions posed to the ethics helpline at 1-800-326-8155.
  - Ethics Advisory Opinions are archived and can be searched by date of issue or by topical index on the State Bar's website at [www.nmbar.org](http://www.nmbar.org).
  - Ethics Advisory Committee assists lawyers with questions regarding one's own conduct in relation to the New Mexico Rules of Professional Conduct. The committee provides written formal and informal responses to inquires from the membership.
- Fair Judicial Elections Committee: educates candidates for judicial office on the existence and content of rules applicable to judicial election campaigns, assists candidates in understanding and complying with those rules, monitors and investigates campaign statements and advertisement for compliance with the rules.
- Fee Arbitration Program: provides fee arbitration to resolve fee disputes between attorneys and their clients or disputes between attorneys. This free program is designed to provide an efficient and confidential alternative to litigation.
- Lawyers Assistance Program: assists lawyers with mental illness, emotional distress and substance abuse with the support they need. The free confidential 24 hour helpline is (800) 860-4914 or (505) 228-1948.

- Lawyers Professional Liability Committee: advises the State Bar regarding Risk Management activities and provides information on professional malpractice insurance for members.
- Pro Hac Vice: advises non-admitted lawyers wishing to appear before a New Mexico court in a civil matter. The General Counsel's office receives and tracks all registration certificates. Fees collected under the Pro Hac Vice rule are used to support the delivery of civil legal services to the poor in New Mexico.

## Expenses

Direct Labor Allocation	
(see Note 2 and 3) .....	\$64,460
Bar Center Occupancy (see Note 9) .....	7,100
Training/Education .....	6,100
Risk Management .....	3,300
Insurance .....	2,900
Dues & Subscriptions.....	1,650
Postage.....	1,300
Telephone .....	1,200
Supplies .....	500
Audit .....	400
Printing .....	<u>200</u>
	89,110
Allocated G & A.....	<u>23,597</u>
Total Expenses.....	<u>(\$112,707)</u>

## III. Legislative Activity

### A. Lobbying Approved by the Board of Bar Commissioners

The Board has determined that it may undertake necessary lobbying activities with the State Legislature in 2009; however, specific efforts will be reported to the membership if and when lobbying activities are approved by the Board, consistent with Bylaws, Article XI. No mandatory dues have been allocated for lobbying activities in 2009. In the event that lobbying activities are approved and subsequently reported to the membership in 2009, lobbying efforts will be conducted by volunteers or will be paid from voluntary contributions received in prior years and previously set aside for lobbying. As in the past, the Board may also write to the Congressional delegation in support of legal services funding. A copy of the Lobbying Policy is available on request.

### B. Sections' Lobbying Activities

Sections are funded by voluntary dues. Sections may engage in lobbying activities within the area of legal expertise of the section. The activity may include content-neutral assistance or lobbying for or against legislation. State Bar Policy 7.2(E)(2) requires that prior to lobbying, the section must obtain a two-thirds vote of the section's board of directors after giving reasonable notice to the section membership and the Board of Bar Commissioners. The Board can disapprove requests for section lobbying only if the section did not follow the procedures for giving notice to the section members and voting by the section directors. When a section lobbies, its views are not represented as those of State Bar, and the representatives are required to identify their position as those of the section and not of the State Bar. The only staff support

given to section lobbying is to ensure that the procedures in Policy 7.2(E)(2) are followed. Because the Board does not consider this staff activity to be lobbying, neither staff time nor overhead associated with these activities are identified in the budget.

**IV. 2007 Non-Budgeted Expenditures**

There were no material non-budgeted expenditures incurred in 2007.

**V. 2008 Non-Budgeted Expenditures**

Any material 2008 non-budgeted expenditures approved by the Board of Bar Commissioners will be reported in the 2010 Budget Disclosure Document. At that time, any such expenditures will have been audited as part of the 2008 annual audit of the financial statements.

**NONCHARGEABLE**

The Board of Bar Commissioners has determined that all of the proposed expenditures for 2009 are necessary or reasonably related to the legal profession or improving the quality of legal services to the people of the state of New Mexico and, therefore, all dues related expenditures are chargeable to fees for all members.

---

**Note 2. Distribution/Allocation of Direct Salaries, Taxes and Benefits**

---

Direct labor distributions and allocations were based on daily time sheets designed to track State Bar staff time by specific State Bar programs. Unassigned staff time was valued and reflected as a component of general and administration (G & A). Departmental G & A was then allocated to activities of that department in a manner consistent with Judge Burciaga’s “Second Order” (see Note 8). Administration time that can be identified with related matters such as personnel, accounting, etc., is allocated as follows:

- Allocation of labor costs related to personnel matters is allocated based on the ratio of departmental employees to total employees. This ratio is set based on the full-time equivalent employees as of June 30, 2008.
- Allocation of State Bar labor costs related to the preparation for and participation in the year-end annual audit of State Bar and related entities is based on the relationship of the aggregate of budgeted non-dues revenue and direct out-of-pocket expenses by specific activities in relationship to the whole.
- Allocation of State Bar labor costs related to the collection of the annual dues is based on the ratio of members in each entity in relationship to the total for all entities.
- Allocation of direct State Bar labor costs related to the month-end close of the general ledgers of each of the State Bar activities related entities is based on the relationship of the aggregate of budgeted non-dues revenue and direct out-of-pocket expenses by specific activities in relationship to the whole.

---

**Note 3. General Administration Labor & Benefits Expense Distribution**

---

Gross salary and benefits related to the Executive Offices, Systems Office and Accounting Office have been accounted for, and/or charged, in the following manner:

Gross Salary and Benefits.....	\$521,550
Less Amounts Charged Directly to	
State Bar-Interdepartmental	
Direct Labor.....	(110,215)
Amount to General Administration,	
Administration Office .....	<u>\$411,335</u>

---

**Note 4. State Bar Center Professional Development Center**

---

**Professional Development Center**

The Bar Center space owned by State Bar provides three classrooms and three conference rooms. The classrooms are rented as three individual rooms or as one double room and one single room. During 2008 these classrooms were rented by CLE and numerous third-party entities, including an annual contract with the University of New Mexico (UNM). Management believes that UNM will renew the contract and anticipates an increase in the use of the Bar Center in 2009. “Food and beverage” itemized below includes direct costs for food and beverages (page 9), labor expenses for inventory and to order food and beverages from third party entities. Rental fees will remain the same in 2009. Projected revenues for 2009 are as follows:

CLE and Third-Party Utilization .....	\$70,000
Other Entities .....	11,000
UNM Estimated Utilization .....	5,000
Food and Beverage Sales .....	30,500
Equipment Rental .....	8,000
Contra Tax Account-Gross Receipts.....	<u>(4,000)</u>
	<u>\$120,500</u>

**Bar Center**

Expenses of the Bar Center consist of occupancy, contract and direct labor, and an allocated portion of indirect costs. Bar Center occupancy is allocated based on total square footage used (see Note 9).

---

**Note 5. Membership Services**

---

**Committees, Divisions and Sections**

Direct expenses are charged to the following programs: Senior Lawyers Division, Young Lawyers Division, Sections, State Bar G & A, and committees. Direct expenses prior to direct labor allocations have been forecasted based on individual budgets generated by the respective committees and divisions. The total committees’ budget does not exceed the gross budget approved by the Board. Sections direct expenses have been projected to equal forecasted revenues.

**Annual Meeting**

Note: The Annual Meeting will be held in Pojoaque, NM and is in the New Mexico State Bar Foundation's budget under the Center for Legal Education funding for 2009. Minimal Bar dues will be expended on the annual meeting.

**Commission on Professionalism**

The Commission on Professionalism will continue its administrative and operational functions and responsibilities in 2009. The Bar Foundation's Center for Legal Education will administer the CLE program developed by the Commission. The Commission will receive funding in 2009 from the general operating funds to promote professionalism. Expenses for the Commission in 2009 will include travel expenses to cover the cost for one State Bar representative to attend a national conference on professionalism and include outreach related to professionalism throughout the state.

**Sections**

State Bar encourages attorneys to become actively involved in programs that explore substantive issues related to specific practice areas. Members may join sections specifically devoted to these issues. Separate accounts are maintained for the operations of each section. All funds are raised by State Bar members' section dues. Section revenue is derived from voluntary fees paid by members requesting to join particular sections. The 2009 section membership revenue is based on the 2008 activity.

Projected 12/31/08	
Section Membership .....	2,860
Average Fee per Section .....	\$16.58
Projected 2008 Section	
Membership Revenue (rounded) .....	<u>\$47,430</u>

**Note 6. Publications**

**A. Revenue**

*Bar Bulletin (weekly)*

As discussed in Note 1, in 2009, membership publications will include a weekly publication, the *Bar Bulletin*. Advertising revenue resulting from this publication has been budgeted based on the following assumptions:

**Advertising**

Weekly <i>Bar Bulletin</i> :	Full Page	Forecasted
	Equivalent Advertising	Revenue
Display Ads	6.5	\$143,300
Classified Ads	2.5	84,800
Inserts		<u>11,325</u>
Advertising		239,425
<b>Subscriptions:</b>		
<i>Bar Bulletin</i>		<u>10,000</u>
		249,425
Less Related Gross Receipts Tax		<u>(16,200)</u>
Total Revenue.....		<u>\$233,225</u>

2009 *Bar Bulletin* advertising revenue is projected to decrease by 19% from the forecasted 2008 revenue amounts. Twelve inserts are expected to be sold at \$940 per insert in 2009.

**Bench and Bar Directory**

The publication also contains advertisements. Revenue related to advertising and sales are projected to remain the same in 2009.

**Revenue**

Forecasted 2009 Advertising .....	\$46,375
Forecasted Directory Sales .....	<u>62,000</u>
2009 Forecasted Bench and Bar Directory .....	108,375
Less Related Forecasted Gross Receipts Tax .....	<u>(7,300)</u>
2009 Forecasted Bench and Bar	
Directory Revenue, Net .....	<u>\$101,075</u>

**B. Expenses**

Expenses for the Publications are categorized as follows:

- Direct material expense
- Direct labor expense
- Office overhead, representing expenses that are not directly attributable to a particular production project. The publications expenses were adjusted to reflect a marginal four percent rate of inflation.

**Publication**

**Labor and Benefits Expense Distribution**

Administration, Membership and Communications and the Print Shop departments charge direct labor and related benefits to projects based on the actual hours captured by internal job sheets. Labor and benefits for publications has been calculated at a rate of 48 percent from the Membership and Communications Department and 52 percent from the Administration and Print Shop production. The percentages were estimated from the production jobs completed in 2008. Any remaining uncharged amounts are charged to appropriate line items or the department's G & A (see Note 2 regarding the distribution/allocation of direct salaries and benefits). The above method of accounting resulted in the following:

<b>Account</b>	Administration	Membership &	Total
Distribution	Production	Communication	Amount
Gross Salary and Benefits	\$61,725	\$215,515	\$277,240
Less:			
<i>Bar Bulletin</i> ,			
Labor Expense	48,970	37,430	86,400
<i>Bench and Bar Directory</i> ,			
Labor Expense	365	6,785	7,150
<i>New Mexico Lawyer</i>			
Labor Expense	375	1,225	1,600
Outside Production,			
Labor Expense	<u>5,165</u>	<u>5,030</u>	<u>10,195</u>
	54,875	50,470	105,345
Amounts Charged Directly from			
State Bar-Interdepartmental			
Direct Labor	<u>(39,460)</u>	<u>88,405</u>	<u>48,945</u>
Amount to G & A			
(rounded)	<u>\$46,310</u>	<u>\$76,640</u>	<u>\$122,950</u>

Print Shop/Production Department G & A is allocated to divisional activities based on a percentage of total production expenses to all projects generated by the division, such as the *Bar Bulletin* and *Bench and Bar Directory*. Allocated G & A forecast to be charged to each project in 2009 represents approximately 68 percent of a project's direct labor cost.

---

**Note 7. Public and Legal Services Department**

---

The Public and Legal Services Department (PLSD) manages the following programs: Bridge to Justice Legal Assistance Programs, Lawyer Referral for the Elderly Program (LREP), Public Service Programs of the State Bar of New Mexico and the Young Lawyers Division (YLD). State Bar's support to PLSD in 2009 will be in the form of an in-kind commitment and a contingency for direct funding to continue the services provided by the department.

---

**Note 8. Second Order**

---

On January 25, 1994, Judge Burciaga, in *Popejoy v. New Mexico Board of Bar Commissioners*, entered a second order ("Second Order") requiring the State Bar to further allocate the functional category "General Administration" (G & A) to specific State Bar programs. Pursuant to the Second Order, G & A has been allocated based on a pro rata relationship of gross program expenses/expenditures and deferrals, net of depreciation, to the State Bar total expenditures. G & A represents the indirect expenses associated with the Production, Membership and Public Resources, Administration and Referral and Public Service. To the extent components of G & A were associated with a specific function, that component of G & A was specifically allocated to activities of that function. For example, Production represents salaries and other expenses devoted exclusively to administration of the State Bar publications. All G & A expense for Production was allocated on a pro rata cost basis solely to Production. In the event a particular Production challenge is honored, that individual activity will be allocated its respective pro rata share of the indirect G & A.

---

**Note 9. Land, Ownership, Bar Center**

---

State Bar and New Mexico State Bar Foundation hold ownership in the Bar Center as tenants-in-common. Foundation funding for its share of the Bar Center is provided through cash donations received specifically for the Bar Center. As remaining outstanding pledges are collected by the Foundation, the Foundation will continue to acquire ownership interest in the Bar Center from State Bar. It is expected that the Foundation will own 36 percent of the Bar Center. State Bar's ownership percentage has been provided through its contribution of approximately 2.2 acres of land for the Bar Center site and the assumption of approximately \$1,589,000 in mortgage debt. Payment of this debt is anticipated to be liquidated through the sale of building interest to the

Foundation, building space rental receipts, and the collection of \$25 active members' dues and \$10 young lawyer members' dues as authorized in 1989 by the New Mexico Supreme Court. During 1996, Continuing Legal Education of New Mexico, Inc. (CLE) merged into Special Projects (now the New Mexico State Bar Foundation). In 1997, the Lawyers Care Referral Program was transferred from State Bar to what is now the Bar Foundation. For the purposes of identification and designation of the Bar Center floor space for 2009, Bar Foundation activities include CLE, and Public and Legal Services Programs, as well as rental of the auditorium. This program allocation is consistent with 2008 allocations. During 1998, the Bar completed construction of approximately 2,000 square feet of previously unfinished building space. The Bar Center building now provides 23,865 square feet of usable space. State Bar has fiscal responsibility for 15,300 square feet of that office space based on projected 2008 ownership percentages. In 2002, State Bar closed on the refinance of its Bar Center. The current mortgage loan provides for a seven year amortization at a fixed rate of six and one-half percent. Previously, the Bar Center mortgage was amortized over a 15 year period, at eight and one-quarter percent interest. Late in 2008 the Bar refinanced the mortgage for \$800,000 at 6.25% for 7 year loan. Based on the projected building ownership percentages for 2005, the State Bar will be responsible for approximately 64 percent of building utilities, maintenance and personnel. With the refinance, principal and interest due the bank in 2009 are estimated to be approximately \$94,220 and \$46,960 respectively. Since the entire outstanding loan was used to finance the State Bar's ownership percentage in the Bar Center, 100 percent of the related interest and principal obligations are the responsibility of the State Bar. Principal obligations are the responsibility of the State Bar.

**Expenses/Expenditures, net of allocation to Bar Foundation**

Utilities .....	\$31,350
Building Interest .....	46,960
Janitorial and Supplies .....	21,710
Repairs and Maintenance .....	25,605
Real Estate Taxes.....	12,760
Landscape Maintenance.....	6,045
Direct Labor.....	10,010
Property Insurance.....	3,760
Total State Bar Building Occupancy Cost.....	<u>\$158,200</u>

**Departmental Occupancy Allocations:**

	Sq. Ft.	
Professional Development Center .....	3,980	(\$41,200)
Conf. Rooms, Visiting Atty. Offices .....	3,646	(37,700)
Administration .....	3,363	(34,700)
Print Shop/Production .....	1,650	(16,900)
Member and Communications		
Department .....	1,606	(16,700)
General Counsel.....	681	(7,100)
EAJ.....	374	(3,900)
Total, Net .....	<u>15,300</u>	<u>(\$158,200)</u>

