



2013 Budget Disclosure

The Board of Bar Commissioners has approved the budget for calendar year 2013. The budget is available in its entirety on the State Bar website at www.nmbar.org. Members wishing to receive a printed copy may do so by calling 505-797-6000 or 800-87nmbar (876-6227). The first pages of the budget provide the total proposed expenditures by categories, while the remaining pages provide explanations and further breakouts of the expenditures within each category. The total expenditures for the State Bar in 2013 are budgeted to be \$2,620,530. Of this amount, approximately \$870,950 is expected to be supported by non-dues revenue, and approximately \$1,749,580 will be funded by licensing fees (see chart, page 1). There were no material non-budgeted expenditures in the 2011 audit.

The BBC has determined that all proposed expenditures for 2013 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. Instructions for challenging expenditures believed to be nongermane are set forth below.

Since decisions in *Popejoy v. N.M. Board of Bar Commissioners*, the BBC has hired auditors to conduct two annual audits—a financial audit and a budget disclosure audit. The operative language of Judge Juan G. Burciaga’s opinion on the budget disclosure requires the BBC to “topically categorize expenditures by amount spent and to allocate these expenditures into chargeable and non-chargeable activities so that the bar member has sufficient information to decide whether to object.” *Popejoy I*, 831 F. Supp. 814, 820 (D.N.M. 1993); *Popejoy II*, 845 F. Supp. 155, 157 (D.N.M. 1994) (citations omitted). Judge Burciaga also told the BBC to have the figures verified by “an independent auditor.” 831 F. Supp. at 820.

In 2011 the State Bar learned that budget audits, especially of publicly traded companies, were seen as a high-risk area in the accounting profession after Enron and similar financial scandals; none of the “Big 4” accounting firms do budget audits any longer; and 19 of the 20 largest regional accounting firms in the U.S. have ceased doing all budget audits. The State Bar’s current auditor, Clifton Larson Allen, is in this group and the trend in the profession is to eliminate budget audits. The BBC met and determined at its July 2011 meeting that it would be inefficient, and perhaps futile, to attempt to hire another auditor for its budget audit as it appears that the accounting profession is ceasing to perform such audits. The State Bar informed the membership of this in the 2012 Budget Disclosure. This decision in no way affected our annual financial audit, only the audit of our budget as noted.

In response to a challenge to the entire 2012 Budget because the Disclosure was not audited, the BBC has agreed to continue its annual budget disclosure with additional detail and to provide the State Bar’s 2012 Budget Disclosure, the pre-audit year-end trial balance for 2011, and the most recently conducted consolidated financial statements for the State Bar of New Mexico and the New Mexico State Bar Foundation online at www.nmbar.org. This presents as complete and accurate an accounting of State Bar finances as possible. A State Bar member may object to any of the following: (a) a budget item that the member regards as nongermane; (b) on a retrospective basis, an expenditure from the previous year that the auditors deem nongermane; (c) on a retrospective basis, an expenditure from the previous year that the member regards as nongermane and that the previous year’s budget failed to disclose; or (d) on a retrospective basis, an expenditure from the previous year that the member regards as nongermane and about which the previous year’s budget failed to provide sufficient information to enable the member to determine germaneness at the time. The financial condition of the State Bar is sound, and the BBC is proud of the many programs and services the State Bar provides to the membership and the public.

Sincerely,

A handwritten signature in black ink, appearing to read "Martha Chicoski".

Martha Chicoski, Secretary-Treasurer
State Bar of New Mexico

DEADLINE TO CHALLENGE EXPENDITURES

Using the form provided on the last page of the budget document, submit written challenges on or before noon MST, Dec. 3, 2012 to:

Joe Conte, Executive Director
State Bar of New Mexico
PO Box 92860
Albuquerque, NM 87199

Challenges may also be delivered in person to the State Bar or faxed to 505-828-3765.

State Bar of New Mexico Budget Disclosure: Year Ending December 31, 2013

2013 Projected Licensing Fees: \$1,744,783

2013 Projected Expenses:

	Total Expenses	Non-Dues Income	Net Amount Funded	% of Overall Budget
I. State Bar Governance				
Board of Bar Commissioners	\$97,935.00	\$0.00	\$97,935.00	3.73%
II. State Bar Organization				
Administration Department	\$358,453.00	\$55,178.00	\$303,275.00	13.68%
Accounting/Finance Dept.	\$312,835.00	\$65,950.00	\$246,885.00	11.94%
General Counsel	\$299,913.00	\$0.00	\$299,913.00	11.45%
<i>Attorney Helpline</i> <i>Client Assistance Info.</i> <i>Client Protection Fund</i> <i>Committee on Judiciary</i> <i>Ethics/Risk Management</i> <i>Fee Arbitration Program</i> <i>Human Resources</i> <i>Lawyers/Judges Assistance</i> <i>Lawyers Professional</i> <i>Liaibility & Ins. Committee</i> <i>Pro Hac Vice</i>				
Membership	\$908,253.00	\$496,271.00	\$411,982.00	34.66%
<i>Annual Meeting</i> <i>Bar Bulletin</i> <i>Bench & Bar Directory</i> <i>Bridge the Gap Mentorship</i> <i>Committees & Divisions</i> <i>New Mexico Lawyer</i> <i>Sections</i> <i>Video Conferencing</i>				
Operations	\$643,141.00	\$253,551.00	\$389,590.00	24.54%
<i>Digital Print Center</i> <i>Facilities</i> <i>Member Database</i> <i>Online Legal Research</i> <i>Website</i>				
III. Legislative Activity	\$0.00	\$0.00	\$0.00	0%
TOTAL	\$2,620,530.00	\$870,950.00	\$1,749,580.00	100.00%

Detailed revenues and expenses by department are included within the Budget Disclosure document.

Summary of Significant Assumption and Accounting Policies Year Ending December 31, 2012

Nature of Business

The State Bar of New Mexico (State Bar) was originally organized in 1886 and incorporated under the laws of the State of New Mexico in 1978. Prior to 1978, the 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 the 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. The State Bar's activities include collection of licensing fees; publication of the *Bar Bulletin*, the *New Mexico Lawyer*, and the *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, the State Bar's expected statement of chargeable and non-chargeable expenses/expenditures by functional category. Accordingly, the budget presents management's judgment of the expected conditions and expected course of action as of the date of this budget, October 29, 2012. 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 costs, by functional category, of the 2013 activities which will be funded by mandatory licensing fees. Accordingly, this document may not be useful for other purposes.

Deferred Revenues

Licensing fees, 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, the 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 for accepting contributions to construct a general office building (State Bar Center). In 2003, the New Mexico State Bar Foundation was dissolved

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

State 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

The 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 the State Bar, accounts are maintained in accordance with the principles of the Accounting Standards Codification Section, "Financial Statements of Not-for-Profit Organizations." Under these standards, the State Bar is required to report information regarding its financial position and accounting activities under three classes of net assets. This budget covers all three classes of assets. In addition, the State Bar's accounts are maintained on a functional basis, which retains activity detail on a program-by-program basis.

Presentation Purpose

The statement identifies the major functional categories of the State Bar and includes amounts for activities that are germane to advancing the 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 (non-chargeable).

Building Occupancy Costs

In August 1996, the State Bar moved into the newly constructed State Bar Center. As joint owner with the Bar Foundation, the State Bar is responsible for its portion of the expenses incurred in operating and maintaining the building.

Description of Categories

Chargeable

I. State Bar Governance

A. Board of Bar Commissioners

The Board of Bar Commissioners (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 making 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 2013, there will be five regularly scheduled meetings. While Board members receive no compensation, they do receive mileage and per diem allowances for travel in accordance with Supreme Court rule and the State of New Mexico travel policies.

The expenses for Board meetings are based on the assumption that during 2013, two Board meetings will be held in Albuquerque, two will be held in Santa Fe, and one will be held in Roswell. Board committees also conduct business by video conference and teleconference throughout the year.

In-state travel expenses for the president will cover State Bar business and attendance at 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 2013 travel for the officers is based on the assumption that the president and president-elect will attend the National Conference of Bar Presidents in Dallas, Texas (mid-year) and the annual meeting in San Francisco, California; the president and president-elect will attend the Western States Bar Conference in Kawaii, Hawaii; the president will attend the annual meetings of the state bars of Texas, Oklahoma, Utah and Arizona; and the president-elect, vice president and secretary-treasurer will attend the Bar Leadership Institute in Chicago, Illinois. 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 2013. At this meeting, the officers will evaluate the State Bar's progress in meeting its mission, goals and objectives, and will continue strategic planning for the 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.

Board of Bar Commissioners Expenses

Awards.....	\$1,800
Meetings/Governance.....	54,185
Mock Trial	7,500
Office Supplies.....	1,000
Outreach	8,000
Travel & Conference.....	25,450
Total Expenses	<u>\$97,935</u>

B. Capital Outlay

During 2013, the State Bar does not intend to make any asset acquisitions.

II. State Bar Organization

A. Administration Department

General administration includes the Executive Office, referral intakes, and the reception area. The Executive Office has the administrative responsibilities related to the management, policies, and mission of the State Bar and the Bar Foundation, including the Board of Bar Commissioners. The State Bar charges the Bar Foundation an administrative fee to reimburse any labor expenses and collects administrative fees from local and voluntary bars choosing to collect their dues through the licensing process.

The department refers the public to an appropriate referral program, and offers 30-minute consultation/case assessments with a private attorney for a cost of \$30. Customer service representatives in the reception area answer phones, direct calls, and assist visitors.

Revenue

Administrative Fees.....	\$15,178
Lawyers Referral	<u>40,000</u>
Total Revenue	<u>\$55,178</u>

Expenses

Auto Expense	\$5,400
Dues/Subscriptions	2,410
Duplicating Expense	10,280
Insurance	31,994
Interest Expense.....	600
Lawyer Referral for the Elderly.....	40,000
Mileage.....	600
Office Supplies.....	2,000
Paper Shredding.....	1,730
Payroll	269,270
Postage & Delivery	3,050
Staff Education & Travel	<u>12,000</u>
Total Expenses	<u>\$358,453</u>

B. Accounting/Finance Department

The department collects licensing fees, processes membership status changes, and addresses membership questions. The department keeps the State Bar compliant with policies, procedures, practices, and the law with regard to finances and generally accepted accounting principles (GAAP). Accounting functions are performed for the State Bar as well as associated law-related entities such as the Client Protection Fund. The State Bar is reimbursed by these entities to prepare monthly financial statements, conduct an annual audit and collect licensing fees.

Revenue

Interest on Investments.....	\$5,500
Late Fees.....	60,200
Non Sufficient Fund Fees.....	<u>250</u>
Total Revenue	<u>\$65,950</u>

Expenses

Dues/Subscriptions	\$2,000
Financial/Bank Fees	35,000
Information Technology.....	49,000
Office Supplies.....	3,000
Payroll	223,579
Postage & Delivery	2,000
Professional Audit	25,000
Staff Education & Travel	5,500
Total Expenses	<u>\$312,835</u>

C. General Counsel

The General Counsel office is a professional office that assists the State Bar and the Bar Foundation with policy and regulatory functions of an integrated bar. Specifically, its functions are to protect the legal and policy interests of the State Bar; assist in governance and regulatory functions; provide a professional legal resource for leadership, volunteers and staff; assist with outreach to the judiciary; and advise in the areas of legislative, executive and judicial processes. In addition to the internal support provided to the State Bar as noted above, the Office of General Counsel advises, provides legal support, and administers the following programs:

1. Attorney Helpline (Member and Non-Admitted)

Provides members of the State Bar and non-admitted attorneys information and referrals in areas of attorney regulation, registrations, rules and practice.

2. Client Assistance Information

Provides members of the public with informational pamphlets concerning their relationship with their attorney, including advising on issues such as communication, billing, client files and fee disputes.

3. 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.

4. Committee on the Judiciary

The Board of Bar Commissioners voted to appoint a Committee on the Judiciary to address issues the membership identified in the latest member survey, including the independence of the judiciary, educating the public on judicial matters, monitoring and responding to criticisms of judges, reviewing judicial campaign activities and partisan judicial races, and judicial compensation.

5. Ethics/Risk Management Assistance

Advisory Helpline (1-800-326-8155) provides answers to questions regarding ethics.

Ethics Advisory Opinions

Opinions are archived and searchable by date of issue or by topical index on the State Bar’s website at 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 inquiries from the membership.

6. 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.

7. Human Resources

Handles personnel hiring, monitors employee benefits, and conducts staff trainings.

8. Lawyers and Judges Assistance Program

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.

9. Lawyers Professional Liability and Insurance Committee

Advises the State Bar regarding risk management activities and provides information on professional malpractice insurance for members.

10. Pro Hac Vice

Manages registrations for non-admitted lawyers wishing to appear before a New Mexico court in a civil matter. The Office of the General Counsel receives and tracks all registration certificates and provides information. 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

Advertising/Marketing	\$1,760
Dues/Subscriptions	2,700
Human Resources.....	16,460
Insurance	5,595
Lawyers Assistance Conference.....	8,300
Office Supplies.....	2,780
Payroll	250,718
Postage & Delivery	1,400
Risk Management	5,700
Staff Education & Travel	4,500
Total Expenses	<u>\$299,913</u>

D. Membership and Communications Department

Services provided by the Membership and Communications Department include assistance to sections, committees, and divisions; writing, editing and designing 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 including the Bridge the Gap Mentorship Program and video conferencing.

Revenue

Member Benefits Program	\$6,000
ENews	2,700
Exhibit Table Sales	600
Total Revenue	<u>\$9,300</u>

Expenses

Advertising/Marketing	\$4,000
Annual Meeting	600
Dues/Subscriptions	4,526
Insurance	8,600
Law Day	2,000
Office Supplies.....	2,200
Payroll	356,718
Postage & Delivery	100
Staff Education & Travel	3,600
Total Expenses	<u>\$382,344</u>

1. Annual Meeting & Bench and Bar Conference

The State Bar and Center for Legal Education share expenses and revenues for the 2013 Annual Meeting & Bench and Bar Conference the Santa Fe Community Convention Center. The State Bar will solicit sponsorships, plan receptions and other social events, and present the annual State Bar service awards.

Revenue

Annual Meeting	\$45,000
Total Revenue	<u>\$45,000</u>

Expenses

Annual Meeting	\$45,000
Total Expenses	<u>\$45,000</u>

2. 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, featured articles, announcements, and classified advertising.

Revenue

Advertising	\$234,229
Total Revenue	<u>\$234,229</u>

Expenses

Printing	\$110,448
Direct Material.....	51,411
Postage & Delivery	72,000
Total Expenses	<u>\$233,859</u>

3. Bench & Bar Directory

The *Bench & Bar Directory* is a membership directory that also includes information on State Bar sections, committees, and divisions; the judiciary; the Board of Bar Commissioners; State Bar programs; government offices; legal service providers; and tribal courts.

Revenue

Advertising	\$40,242
Subscriptions.....	61,200
Total Revenue	<u>\$101,442</u>

Expenses

Printing	\$44,000
Postage & Delivery	16,000
Total Expenses	<u>\$60,000</u>

4. Bridge the Gap Mentorship Program

The Supreme Court requires all new admittees to the practice of law who have not been licensed elsewhere for at least two years to participate in a one-year mentorship program implemented by the State Bar. New lawyers pay tuition of \$300 for the program and are not required to obtain CLE for their first year of practice. The program costs are absorbed in department expenses and primarily include personnel to administer the program.

Revenue

Tuition.....	\$37,500
Total Revenue	<u>\$37,500</u>

5. Committees and Divisions

Direct expenses are charged to the Senior Lawyers Division, the Young Lawyers Division, and committees. The total budget for committees does not exceed the gross budget approved by the Board.

Expenses

Committee Activity	\$20,000
Division Activity	53,150
Total Expenses	<u>\$73,150</u>

6. New Mexico Lawyer

The *New Mexico Lawyer* is a special quarterly insert in the *Bar Bulletin*. It is produced by groups within the State Bar and edited by the Board of Editors. 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 the legal community.

Revenue

Advertising	\$7,800
Total Revenue	<u>\$7,800</u>

Expenses

Printing	\$2,500
Postage & Delivery	1,400
Total Expenses	<u>\$3,900</u>

7. Sections

The 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 by paying dues. Separate accounts are maintained for the operations of each section. Section revenue is derived from voluntary fees paid by members requesting to join particular sections. The direct expenses of sections have been projected to equal forecasted revenues.

Revenue

Section Dues.....	\$60,000
Total Revenue	<u>\$60,000</u>

Expenses

Section Activities	\$60,000
Total Expenses	<u>\$60,000</u>

8. Video Conferencing

Video conferencing services are available to members at the State Bar Center and locations throughout the state.

Revenue

Rental Fees.....\$1,000

Total Revenue **\$1,000**

Expenses

Information Technology.....\$50,000

Total Expenses **\$50,000**

E. Operations

The Operations Department is responsible for the State Bar's Digital Print Center, the State Bar Center, the membership database, Fastcase online legal research and the State Bar website at www.nmbar.org.

Expenses

Advertising/Marketing \$500

Dues/Subscription 500

Information Technology..... 1,500

Office Supplies..... 1,250

Payroll 265,108

Postage & Delivery 1,000

Staff Education & Travel 5,000

Total Expenses **\$274,858**

1. Digital Print Center

The Digital Print Center is responsible for printing the *Bar Bulletin*, inserts, booklets, letterhead, brochures, newsletters and a variety of publications for State Bar departments, the Center for Legal Education, sections, divisions, and committees. In addition, mailing services are performed for the weekly *Bar Bulletin* and publications for internal entities.

Revenue

Digital Print Center.....\$60,000

Total Revenue **\$60,000**

Expenses

Advertising/Marketing \$2,000

Digital Press..... 20,000

Direct Material..... 5,000

Equipment 2,000

Information Technology..... 11,000

Staff Travel & Education 2,400

Total Expenses **\$42,400**

2. Facilities

The State Bar's Professional Development Center (PDC), consisting of three classrooms and seven conference rooms, is available for rent to outside groups and continuing legal education providers and to law-related entities (including government agencies, Supreme Court committees, voluntary bars and non-profit organizations) at no cost or a minimal fee. The State Bar Center offers the rooms listed above as a service to members of the State Bar. The department is also responsible for building maintenance and security.

Revenue

PDC Rentals 135,000

Rent 48,751

Total Revenue **\$183,751**

Expenses

Interest (Mortgage) \$37,283

Janitorial & Supplies..... 28,000

Landscape Maintenance 6,000

Real Estate Taxes..... 22,300

Repairs/Maintenance 70,000

Utilities..... 85,000

Total Expenses **\$248,583**

3. Member Database

The State Bar's database, iMIS, is used to maintain current membership information and collect Supreme Court required information, such as professional liability insurance and pro bono service. In some instances, data is sold to entities wishing to communicate with members.

Revenues

Member Data List..... 5,000

Total Revenue **\$5,000**

Expenses

Advertising/Marketing \$500

Database Technology 16,300

Staff Education & Travel 2,500

Total Expenses **\$19,300**

4. Online Legal Research

The Board of Bar Commissioners has entered into a contract with Fastcase to provide free online legal research for State Bar members. Fastcase provides research for case law, statutes, court rules, regulations, attorney general opinions, etc. Fastcase has databases covering New Mexico, all state libraries, and all federal and bankruptcy jurisdictions.

Revenue

Subscriptions..... \$1,200

Total Revenue **\$1,200**

Expenses

Fastcase Legal Research \$25,000

Total Expenses **\$25,000**

5. Website

The State Bar's website, www.nmbar.org, provides a host of information for members and the public regarding State Bar activities. The State Bar also hosts sites for sections and other law-related entities for a nominal fee.

Revenue

Administrative Fees..... \$3,600

Total Revenue **\$3,600**

Expenses

Advertising/Marketing \$500

Database Technology 15,000

Outside Labor 15,000

Staff Education & Travel 2,500

Total Expenses **\$33,000**

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 2013; 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 licensing fees have been allocated for lobbying activities in 2013 and no specific lobbying activities have been approved. In the event that lobbying activities are approved and subsequently reported to the membership in 2013, 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 bylaws regarding lobbying is available on request.

B. Section Lobbying Activities

Sections are funded by voluntary dues. Sections may engage in lobbying activities within the area of the legal expertise of the section. The activity may include content-neutral assistance or lobbying for or against legislation. State Bar Bylaw, Article XI, 11.7(b) 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 the 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 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. 2011 Non-Budgeted Expenditures

There were no material non-budgeted expenditures incurred in 2011.

V. 2012 Non-Budgeted Expenditures

There were no material 2012 non-budgeted expenditures approved by the Board to be reported in the 2013 Budget Disclosure document. Any such expenditure would have been audited as part of the 2011 annual audited financial statements.

