

NEW YORK STATE BAR ASSOCIATION
FINANCE COMMITTEE
FINANCIAL POLICY FOR SECTIONS OF THE ASSOCIATION
Effective July 1, 1977 – As Amended Effective April 26, 2012

A. PURPOSE

These guidelines are intended to assist the orderly administration of the financial affairs of sections by furnishing section chairs with a convenient reference concerning policies and procedures. It is the purpose of the Finance Committee to establish reasonable policies governing budgets and adjustments, control of funds, travel expenses, deficits and surpluses, and expenditures for publications. These are based on the premise that sections shall generally be self-governing and financially self-sustaining.

B. GENERAL

1. As warranted, sections may be financed entirely or partially by the Association, as when a section is newly-established, or Association funds are required to cover an unanticipated deficit. Under such circumstances, which are analogous to Association funding of committees, the Financial Policy for Committees of the Association shall be applicable.
2. The principle that established sections shall be self-sustaining means that the regular operation of such sections shall be financed entirely by the dues and revenue-producing activities anticipated in an annual budget. It is the responsibility of individual sections to fix dues at a level where, combined with other expected revenues, sufficient funds will be generated to finance section activities. However, under proper circumstances, Association funds may be made available to a section, such as to defray all or part of the expenses of a program or activity beneficial to the entire Association, or the Bar generally. The section chair or fiscal officer should contact the Executive Director for assistance in submitting a request for such funding.

C. BUDGET PROCEDURES

1. Although the Association year is structured on a June 1 – May 31 basis, the Association budget is based on the calendar year. The budget for any given calendar year is prepared by the Finance Committee and submitted for approval by the House of Delegates at the November meeting immediately preceding the calendar year for which the budget is to take effect. Section budgets, therefore, are required to be administered on a calendar year basis for inclusion in the annual Association budget.

2. For convenience in dealing with the Senior Director of Finance and Finance Committee on budgetary matters, each section should designate a fiscal officer, which post may be filled by the section chair.
3. Section chairs and fiscal officers shall be responsible for the preparation of proposed budgets for their respective sections. Necessary instructions and the timetable for submission of such proposed budgets shall be forwarded to each chair and fiscal officer by the Senior Director of Finance of the Association.
4. In the absence of a submitted budget, the Senior Director of Finance, under the supervision of the Executive Director, shall prepare a proposed budget for submission to the Finance Committee based upon such information as may be available.
5. The Finance Committee shall approve income and expense budgets for each section as part of the Association budget, and such shall become applicable for the next calendar year upon approval by the House of Delegates.
6. Should the Finance Committee materially alter the proposed budget of any section, the Executive Director shall promptly notify the section chair or fiscal officer of such change.

D. CONTROL AND EXPENDITURE OF SECTION FUNDS

1. No section shall have funds or bank accounts of its own, as all transactions connected with section activities shall be reflected in the appropriate Association accounts.
2. All funds received by a section shall be remitted to the Association, and all expenditures on behalf of a section shall be paid by check of the Association.
3. Payment is not authorized for expenditures incurred by any section except as provided for in the budget of such section. Prior to drawing an Association check for payment of any section expenditure, the Senior Director of Finance shall verify that such expense is a budgeted item and sufficient funds remain for such purpose.
4. Charitable contributions of Association funds by sections are unauthorized, and any individuals making such commitments shall be personally liable therefor, with the following exceptions:
 - a. Sections may make a memorial contribution in an amount not to exceed \$200 to The New York Bar Foundation or other suitable charity in connection with the death of a current or former section officer, member of the section's Executive Committee, or member who has served the section with distinction, but only with prior authorization of either the Treasurer or Chair of the Finance Committee. In reviewing any request, the Treasurer or Chair of the Finance Committee should seek to give due deference to the wishes of the section and shall consider factors including the amount of the requested contribution, the financial condition of the section and the role of the deceased person within the section.

- b. With the prior authorization of the Finance Committee, sections may make donations to The New York Bar Foundation or to other appropriate 501(c)(3) charitable entities or to or for the benefit of such other entities as the Finance Committee shall approve. In reviewing any request, the Finance Committee shall consider factors including, but not limited to, the amount of the requested donation, the financial condition of the section, and whether the proposed donation is for a purpose that is consistent with the goals of the Association and the section or would benefit the section's substantive area of interest. By way of example, but without limitation, such purposes might include programs to benefit the legal profession or public understanding of the law, a capital campaign fund for purposes beneficial to the New York State Bar Association, or internships or studies related to the section's substantive field.
- 5.
 - a. Unless otherwise approved in advance by the Finance Committee, sections may not reimburse officers, members or speakers for time spent by them or any partner, associate, paralegal or other employee in connection with section activities.
 - b. Except in exigent circumstances, sections shall utilize the resources of the Association for the reproduction and distribution of written materials to section members. Should section officers or members duplicate and mail or fax materials from their office, the expenses incurred will be reimbursed by the Association only if there is funding in the section budget for this purpose and upon submission to the Senior Director of Finance of documentation as to the actual duplication and mailing or fax costs, and in no event will reimbursement for photocopying exceed the lesser of \$.05 per page or actual cost; and expense for faxing will be reimbursed at actual cost. There will be no reimbursement paid for word processing or other document production costs.
- 6.
 - a. Sections should structure fees for programs and other functions, or augment fees by means of sponsorship income, to operate such events on a financially self-sustaining basis to minimize the extent to which funds derive from the dues of non-attending section members are used to sustain such events. Should estimated costs for a program or event exceed proposed revenues, or if other circumstances exist, such as the poor overall financial condition of the section, the Finance Committee may require the section to adjust the proposed fee or otherwise augment revenues.
 - b. The Association will bear the cost, not to exceed \$3,500 for any one meeting, of staff overtime and reasonable travel expenses (including but not limited to airfare, train or bus fares, taxi or other ground transportation, tolls and parking charges, plus a mileage allowance at a rate determined annually by the Finance Committee for one driving his or her own vehicle, and charges for meals and overnight hotel or motel accommodations). Sections will reimburse the Association for all such costs that exceed \$3,500 per meeting and should budget accordingly.

E. REIMBURSEMENT OF TRAVEL EXPENSES

1. Section Members

- a. Each section may establish guidelines defining travel expenses subject to reimbursement and members eligible therefor, within the limitations of the following policies regarding amounts, travel distances and allowable expenses:
 1. Reimbursable travel expenses shall be those of a member who travels from home or office to a meeting exclusive of the summer, fall or annual meetings of the section, held at a place 100 miles or more away, and shall consist of air, train or bus fares, taxi or other ground transportation costs; or tolls and parking charges, plus an allowance at a rate per mile determined annually by the Finance Committee, for one driving his or her own vehicle; and charges for meals, and overnight hotel or motel accommodations.
 2. The expenses to be reimbursed to a member shall be the actual expense incurred, or a fixed dollar amount to be determined annually by the Finance Committee, whichever is less.
 3. The Chair of the International Section may be reimbursed for a business class airline ticket for international travel greater than four hours if the Section is willing to absorb the cost and has the budget to do so.
- b. Such guidelines shall be submitted to the Finance Committee for approval.
- c. Travel expenses subject to reimbursement shall be a designated line item in section budgets.
- d. Sections may apply to the Finance Committee for a variance from the above policies should same be warranted by special circumstances, and the determination of same shall rest in the discretion of the Finance Committee based upon a showing of good cause by the applying section. In considering such applications, the Finance Committee will generally look with favor on those intended to encourage active participation in section activities by members employed by government agencies, public interest entities, or law schools.

2. Speakers at Section Programs

- a. Sections shall be permitted to reimburse the reasonable expenses incurred by speakers who are not members of the section or are members of the section not engaged in full-time private practice in attending section programs. The reimbursement of expenses incurred by other section members who are speakers at section programs shall be limited to those expenses, as defined in subdivision (E)(1), except the restriction as to summer, fall or annual meetings shall not apply.
- b. Sections may pay an honorarium to speakers, but only with prior authorization from the Treasurer or Chair of the Finance Committee. In

reviewing any request, the Treasurer or Chair of the Finance Committee shall consider factors including, but not limited to, the amount of the requested honorarium, the financial condition of the section, the nature and purpose of the event, the location and likely attendance, the nature of the speaker – i.e., whether for substantive or entertainment purposes, and the overall benefit that the speaker may contribute to the program or function. In making a determination, the Treasurer or Chair of the Finance Committee will give due deference to the wishes of the section, but will look most favorably on speakers geared towards enhancing the professional development of section members, with honoraria to entertainment-type speakers being reserved for special circumstances.

F. MEETINGS

1. The budget for section meetings shall be structured on a reasonable basis so that registration and other section fees are fixed at levels designed to offset planned expenses as much as possible.
2. In allowing complimentary attendees other than speakers, sections shall be limited to the chair of the section and the program chair to minimize expenses for which there is no offsetting income.
3. The payment of speakers' expenses shall be governed by subdivision (E)(2) of this policy.

G. ADJUSTMENTS AND SUPPLEMENTS TO SECTION BUDGETS

1. During the calendar year, the section fiscal officer or chair may transfer unexpended or uncommitted funds from one budget line item to another, upon advice of the Senior Director of Finance that such funds are available and that the transfer does not change the section's overall budget. The Senior Director of Finance should also be given written notice of the transfer to ensure the accuracy of the Association accounts.
2. Should a section without any existing surplus require additional funds during the course of the year, approval for same may be obtained upon consent of the following:
 - a. The Executive Director for amounts up to \$200;
 - b. The Association Treasurer and the Chair of the Finance Committee for amounts between \$200 and \$1,500;
 - c. The Finance Committee for amounts exceeding \$1,500.

H. DEFICITS AND SURPLUSES IN SECTION ACCOUNTS

1. The following rules concerning surpluses and deficits are designed to assist sections in operating on a self-sustaining basis annually, by permitting the

accumulation and use of surplus funds to offset unexpected deficits or to finance special projects.

2. A section may accumulate a reasonable amount of surplus funds which may be carried forward from year to year. While no specific amount or time limitation is placed on the accumulation of surplus funds, the Finance Committee reserves the right to establish limitations, as warranted, on the amounts which may be accumulated, the duration for which such funds may be held, and purposes for which they may be expended. Should a section, in the opinion of the Finance Committee, accumulate an excessive surplus over several years in proportion to the section's annual budget, the Finance Committee will consult with the section chair and fiscal officer to determine appropriate means for reducing the surplus in future years.
3. By allowing sections to retain surplus funds, the Finance Committee intends that such accumulation should be for long-term purposes designed to benefit the majority of section members, such as the development of educational materials or programs or the financing of studies relating to the section's area of interest. Sections are specifically discouraged from proposing the expenditure of funds merely to use an accumulated surplus, especially if such purpose is of limited benefit or duration.
4. Sections are expected to expend funds from the current annual budget for projects before surplus funds may be utilized for such purposes. Authorization for the expenditure of surplus funds may be obtained upon consent of the following:
 - a. The Finance Committee for expenditures incorporated in the section's annual budget.
 - b. In all other situations, by the Executive Director for amounts up to \$2,000, the Association Treasurer and Chair of the Finance Committee for amounts between \$2,000 and \$5,000, and by the Finance Committee for amounts exceeding \$5,000.
5. Deficits in section budgets shall be carried forward from year to year, and any surpluses occurring in subsequent years shall be applied first to offset such deficits before the balance may be utilized to fund special projects.
6. The proposed budget of any section which has incurred deficits for two successive years will be reviewed carefully by the Finance Committee, in consultation with the section chair and fiscal officer, so that appropriate measures may be taken to avert continued deficits.

I. RECONSIDERATION AND APPEALS

Denials of any portion of a proposed budget, requests for changes in line items or amounts, or requests for additional funds, may be appealed to, or reconsidered by, the Finance Committee upon request of the section chair. A further appeal to the Executive Committee of the Association may be taken from a decision of the Finance Committee. In either instance, the section chair or fiscal officer should contact the Executive Director for assistance in the appropriate procedure for the presentation of such appeals or requests for reconsideration.

J. SECTION PUBLICATONS

1. Since the benefits of section membership are intended primarily for section members, and recognizing that increased printing and postage expenses may reduce the financial resources of sections, distribution of section publications generally shall be limited to the section membership, unless prior approval to circulate to non-members shall have been obtained from the Association's Finance Committee and/or Executive Committee, as may be appropriate.
2. Sections are permitted to accept tasteful paid advertising for inclusion in section publications. Since the insertion of advertisements results in an increase in postage, rates for such advertisements should be fixed and adjusted periodically in consultation with the Association staff so as to offset these increased mailing costs.