

FINANCE & AUDIT COMMITTEE (F&AC)

State Bar of Arizona
4201 N. 24th Street, Suite 100
Phoenix, Arizona 85016

June 25, 2020
3:00 p.m.
Telephonic Meeting

Minutes (Approved (TBD))

MEMBER ATTENDANCE:

P = present in person; T = present telephonically; A= absent.

T – Benjamin Taylor, Chair

T – Jessica Sanchez, Vice Chair

T – Dave Byers

A – Lori Higuera

T – David Rosenbaum

A – Doreen McPaul

T – Sandra Etherton (Client Protection Fund Board Liaison/Non-voting F&AC member)

OTHER ATTENDEES:

State Bar Staff:

T - Joel England

T - Maret Vessella

T - Kathy Gerhart

A - Joe Hengemuehler

T – Deanna Commack

T - Lori Maxwell

T - Candice French

T - Lisa Panahi

A – Lisa Deane

T – Carrie Sherman

T – Jessica Iennarella

Minutes taken by: Jessica Iennarella

I. CALL TO ORDER:

Called to Order by: Benjamin Taylor

Time: 3:00 pm

II. CALL TO THE PUBLIC:

Individuals addressing the Committee: None

Discussion: None

III. Action/Vote – Approve Meeting Minutes 5/21/2020

Individual(s) addressing the Committee: Benjamin Taylor

Motion/moved by: Jessica S. motioned to approve the meeting minutes for the proposed month.

Seconded by: Dave B.

Motion: Passed unanimously.

IV. Action/Vote – Approve Reserve Account Allocation – 2019 Annual Surplus

Individual(s) addressing the Committee: Kathy Gerhart, Joel England

Discussion: Kathy G. refreshed committee on cash reserve policy and purpose of two reserve funds (i.e. Capital Reserve and Dues Reserve). Recommended 2019 audited surplus of \$809,868 be moved to Dues Reserve Fund. Recommended 2019 depreciation expense amount net of 2020 capital expenditures be moved to Capital Reserve – net amount is \$760,968. Joel E. supports recommendation on basis that intention of surplus is to fund reserves. If cash flow for 2020 becomes problematic due to COVID, can request Board approval to remove deficit from reserves.

Motion/moved by: David R. motioned to approve the reserve recommendation to be sent to the Board of Governors for final approval.

Seconded by: Dave B.

Motion: Passed unanimously.

V. Discussion – Key Financial Issues

Individual(s) addressing the Committee: Kathy Gerhart, Joel England

Discussion: Kathy G. and Joel E. provided an update regarding the impact of COVID on both the revenues and expenses of SBA. Current projection is about \$500,000 deficit. SBA is identifying any capital projects which can be deferred and evaluating current personnel costs, as well as ability to defer filling personnel vacancies. Updated projections will be forthcoming.

VI. Discussion – Financial Information

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. reviewed the preliminary May 2020 high-level statements. She noted that through May 2020 SBA operated at a \$1,000 deficit, which is more favorable than budgeted. While revenue is down due primarily to the impact of COVID on convention and CLE, related costs are also less than they would have been but-for COVID.

Meeting adjourned by: Benjamin Taylor at 3:33 p.m.