Budget Orientation

Cecilia Kukenis, Director
Bridget Miller, Associate Director
October 2017
Overview

- ABA Financial Approach
- Budget Funding Components
- Budget Categories
  - Part I – General Activity
  - Part II – Section Business Meetings
  - Part III – Committees/Task Forces/Good Works
  - Part IV – CLE Meetings/Programming
  - Part V – Section Publications
  - Part VI – New Programs
  - Part VII – Book Publications
  - Part VIII – Reserves-Funded Projects
- Process
- Reports
- Contact Information
ABA Financial Approach -- Accounting Method

Cash-basis Accounting ➔ Accrual Accounting

The key difference between the two methods is timing – how cash is recorded coming into and going out of the organization. The ABA uses the accrual method.

- Expenses are recorded when the cash is actually laid out.
- Revenue booked when cash is received.
- Cash earnings include checks, credit-card receipts, or any other form of revenue.

- Expenses recorded when incurred.
- Revenue is recorded when it is earned.
Budget Funding Components

• General Operations (also known as General Revenue)
  – ABA determines and provides the funds for this component of the budget
  – Historically, it covered a portion of the salaries and overhead for four positions and was maintained in a separate budget
  – Starting in FY2018, this funding is represented as a negative expense in its own Line of Business (3030200) in the Section’s budget.

• Section Funds
  – All Section revenue and expenses are now reflected in the Section’s budget
  – Revenue areas generated by Section
    • Membership dues
    • Publications
    • Programs
    • Sponsorships
    • Conference registrations
    • CLE fees
    • Earned interest income
# Fund Provided to the Section from ABA General Operations

## American Bar Association
### Expenses and Revenue Entry

**Budget Name:** ABA BUD 2018: Budget Version 20 - Q4 Sweeps  
**Period:** AUG-17  
**ABA Entity:** 01: ABA  
**ABA Fund:** 05: ABA SECTION FUND  
**ABA Resp:** 15310: LITIGATION  
**ABA LOB:** 3030200: SECTION SUPPORT

<table>
<thead>
<tr>
<th>Account</th>
<th>Total Budget FY2018</th>
<th>Total Budget FY2017</th>
<th>FY2017 Budget vs FY2018 Budget%</th>
<th>AUG FY2017 Actuals to Date</th>
<th>FY2017 Remaining Budget</th>
<th>Actuals FY2016</th>
<th>FY2016 Actuals vs FY2017 Budget%</th>
<th>Actuals FY2015</th>
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Budget Categories

- Part I – General Activity
- Part II – Section Business Meetings
- Part III – Committees/Task Forces/Good Works
- Part IV – CLE Meetings/Programming
- Part V – Section Publications
- Part VI – New Programs
- Part VII – Book Publications
- Part VIII – Special Projects
Part I –
General Activity

• Section Support from ABA– ABA General Operations Funds (also known as General revenue)
• Basic Support
• Administrative
• Section Sponsors
• Membership Development
• Technology
Part II – Section Business Meetings

• Fall Leadership Meeting
• Winter Leadership Meeting
• Spring Leadership Meeting
• Officers/SOC
• ABA Midyear Meeting
• Newsletter & Web Editor Symposium
Part III – Committees, Task Forces, Good Works

- Committees
  - Committee and Task Force Project Expenses
  - Children’s Rights Litigation Committee
  - Judicial Intern Opportunity Program (JIOP)
- Task Forces
  - Legal Services Delivery (Fundraising) Project
  - Legal Services Advocacy Training
- Good Works
  - Leadership Fellows Program
  - Diversity Initiatives/Diverse Leader Academy
  - John Minor Wisdom Awards
  - Leadership Award
  - Public Service/Good Works
Part IV –
Section CLE Meetings and Programs

• ABA Annual Meeting
• Section Annual Conference (SAC)
• Teleconference CLE Programs
• National Institutes
• Committee on Corporate Counsel (CLE) Seminar
• Insurance Coverage Committee (CLE) Seminar
• Joint Product Liability/Environmental/Mass Torts Committees (CLE) Seminar
• Regional CLE Workshops
Part V –
Section Publications

• Committee Newsletters
• Litigation News
• Litigation Journal
• Litigation Periodical Administration
Part VI –
New Programs (depends on year)

• Women in Litigation Joint Conference (2017-2018)
• Professional Success Summit (Diversity & Inclusion)
• LGBT Forum (2018-2019)
Part VII –

Book Publications

• List of sellable inventory
• Includes list of books in development that are expected to be released during a fiscal year
• List of books available for any given fiscal year is prepared by the Section (previously marketing director in the ABA Publications Department).
• The Section is now responsible for revenue and expense projections for Section’s budget.
Part VIII –
Reserves Funded Projects

• Funding from Reserves requests are listed in this section of the budget
PROCESS
Parallel Budgeting Process

April
- ABA Finance and Internal Operations Committee (FC) provides high level budget guidance
- Preliminary Budget Assumptions published (e.g., fringe benefit rates, space, merit)

May
- ABACUS (ABA budget system) HR Module Opens
- ABACUS Opens
- Revenue, Expenses and HR Module due in ABACUS

June
- FC approves ABA General Operations Budget
  - Revenue, Expense, & Capital

August
- BOG approves Final ABA budget

February
- Staff draft of Section budget

March
- Complete first draft of Section budget

April
- Finalize budget draft for Spring Leadership

May
- Section votes on budget at Spring
- Enter approved budget into ABACUS

August
- Budget process is complete
Staff Input

– Staff prepare initial budget draft based on year-end actual revenues and expenses of core programs and activities
  » Work with Publication staff to determine maximum book revenues for fiscal year
– Seek input from leadership about initiatives and special programs
– Publish call for reserves requested funding
Leadership Input
(Critical Point)

1. Determine membership and program initiatives that are important that will have budgetary impact

2. Provide programmatic direction for each meeting to aid staff in determining financial implications:
   - Fall Leadership Meeting
   - Winter Leadership Meeting
   - Spring Leadership Meeting
   - Section Annual Conference
   - ABA Annual Meeting
Budget Process (High-Level)

- **January/February**
  - Email leadership on budget process – Budget Officer, Director, and Associate Director
  - Budget input from Section Leadership – Staff, Associate Director, and Director
  - Preliminary budget (1st draft) compiled and sent to Chair-Elect and Budget Officer
  - Call with Chair-Elect and Budget Officer to review draft budget – Director and Associate Director
  - Email to leadership regarding reserves applications – Budget Officer, Director, and Associate Director
  - Reserves requests due from leadership and staff – Director and Associate Director

- **March**
  - Reserves requests to Finance Committee of the Council – Associate Director
Budget Process (cont’d)

- April
  - Preliminary budget (2nd draft) with revisions to Budget Officer and Chair-Elect from Director and Associate Director
  - Discuss budget assumptions/finalize footnotes – Budget Officer, Chair-Elect, Director, and Associate Director
  - Official Proposed Budget to Chair-Elect, Managing Directors, and Budget Officer for review and comments from Director and Associate Director
  - Call with Finance Committee to discuss reserves requests – Budget Officer, Director, and Associate Director
  - Memo to Executive Committee with input from Chair-Elect – Budget Officer, Director, and Associate Director
  - Memo and proposed budget to Executive Committee, Staff, and others for review and comment – Associate Director
Budget Process  (cont’d)

• May
  – Finance Committee report to Council regarding reserves recommendations – Budget Officer, Director, and Associate Director
  – Finalize and include Proposed Budget and memo in Council agenda book – Budget Officer, Director, and Associate Director
  – Proposed Budget and reserves expenditures approved at Spring Leadership Council Meeting
  – Approved Section budget incorporated into ABA budget system (ABACUS)

• August
  – Copies distributed to Council, Managing Directors, and Staff
American Bar Association FY 2018 Budget Calendar - Revised

Feb 2017
- 2/2/17-2/3/17: Midyear Meeting
  - FC provides high level budget guidance

Mar 2017
- 4/14/17: CAPITAL BUDGET FORMS DUE
- 4/28/17: Preliminary Budget Assumptions published

Apr 2017

May 2017
- 5/1/17: ABACUS Budget Templates and HR Module Open; Expense targets distributed
- 5/19/17: REVENUE, EXPENSES AND HR MODULE DUE in ABACUS - Gen Ops, Sections, Grants, Gifts (EOD 5pm)
  - By LOB, natural account & spread
  - Senior Managers to review budgets with staff and to ensure agreement with budget targets prior to EOD 5pm
- 5/19/17: ABACUS closed at EOD 5pm

Jun 2017
- 6/8/17-6/10/17: FC/BOG discuss ABA Revenue, Expense and Capital Preliminary Budgets for Gen Ops, Sections, Grants, Gifts (includes support funds)

Jul 2017

Aug 2017
- 8/10/17-8/11/17: BOG Approves Final ABA Budget
- 8/31/17: FINAL CHANGES DUE in ABACUS - Sections (EOD 5pm), within variance approved by BOG
- 8/31/17: ABACUS closed at EOD 5pm

Key:
FC: Finance and Internal Operations Committee
BOG: Board of Governors
Reports

• Monthly
  – Revenues and Expenditures Report
    • Budget Officer
    • Staff

• Quarterly
  – Quarterly Report of year-to-date budget v actual activity
    • Finance Committee
    • Executive Committee
    • Council Meetings
## FY2018 Council-Approved Budget

### SECTION OF LITIGATION

#### FY2017-2018 BUDGET

<table>
<thead>
<tr>
<th>OPERATING BUDGET</th>
<th>EXPENSE</th>
<th>REVENUE</th>
<th>NET (EXP)/REV</th>
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<td>VII BOOK PUBLICATIONS</td>
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<td>$163,346</td>
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| TOTAL OPERATING BUDGET          | ($5,523,857) | $5,110,268| ($413,589)    |
| VIII SPECIAL PROJECTS/RESERVES  | ($70,000)    | $0        | ($70,000)     |

| TOTAL EXPENDITURES FOR FY2018   | $5,593,857   | $5,110,268| ($483,589)    |
Questions

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  – Email: jreeder@velaw.com
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• Cecilia Kukenis, Section Director
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  – Phone: (312) 988-5592

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  – Phone: (312) 988-5508