

STATE BAR OF TEXAS

SECTION TREASURER GUIDE

2025-2026



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TREASURER CHECKLIST

ESSENTIAL (ONGOING) RESPONSIBILITIES:

- Pay Section bills (as received)*
- Submit completed W-9 forms to SBOT (as collected)*
- Collect W-9 from service vendors prior to payment*
- Receive and deposit Section revenues (as received)*
- Submit copies of check/deposit registers to SBOT (monthly)*
- Collect sales tax and remit to the State Bar*
- Reconcile bank and investment accounts*
- Send monthly financial reports prepared by Section to SBOT (monthly)*
- Submit bank/investment account statements to SBOT (monthly)*
- Prepare Section financial reports (monthly)*
- Present Section financial reports to Section council
- Maintain and update Financial Policies for the Section and submit changes to SBOT
- Other duties as described in individual Section by-laws

AS SOON AS POSSIBLE:

- Submit 2025-26 budget to SBOT Executive Director by July 15th (to Section's SBOT accounting manager, Marni Fidler or accountant, Vira Lukyanova)
- Update signature card and address on bank and investment accounts*

BY 10TH OF THE MONTH:

- Submit sales tax collected in the prior month to SBOT

BY LAST DAY OF MONTH:

- Submit prior month bank and investment statements, along with copies of check/deposit registers, to SBOT

**Service provided by State Bar free of charge to Sections utilizing
accounting management services*

ACCOUNTING MANAGEMENT SERVICES GUIDE

Services provided at no charge to Section:

- Monthly financial reports provided to the Section Treasurer
- Monthly cash and investment account reconciliation
- Dues checks deposited directly into the Section's account immediately upon issue
- Other deposits made to Section bank account/s
- All Section bills paid, including reimbursements and State Bar billings
- Sales tax is calculated and paid
- Vendors are tracked for IRS compliance; tax forms are collected as necessary, and tax payments are made to the IRS
- Liaison with PlainsCapital Bank, (when applicable – NOT a requirement for making use of the accounting management services offered)

Deposits are made as they arrive at the State Bar. The Treasurer receives reimbursement requests and invoices, and forwards them to the Section Accountant with approval for payment. The State Bar pays these expenses using State Bar funds. At the end of the month, the Treasurer receives an itemized report listing all the expenses paid on behalf of the Section in the prior month. At this time Section payment will be transferred to SBOT.

The Section's Treasurer approves all expenditures before they are paid.

These services ensure the Section's compliance with State Bar financial reporting requirements. Another benefit is the accounting and financial reporting consistency provided, since the Section does not transfer accounting records and change banks, bookkeeping methods and/or software programs each year.

NEW EMAIL SUBMISSION PROCESS AND PAYMENT TRACKING

The State Bar is implementing a new process for section treasurers to submit payment requests to a single email address. The State Bar will use a payment tracking system to speed up and enhance our accounts payable process by using automated upload and tracking features.

We ask for the following steps:

- **Send all complete invoices and reimbursements to:**
sectionpayments@texasbar.com
- **Attach invoices and reimbursement documentation as PDFs** (please don't include payment support in the body of the email since that will not be uploaded).
- **Separate attachments by vendor invoice or payee request**—one file per invoice or reimbursement request. Example: Mary Johnson provided two reimbursement requests for her meetings on 6/19 and 7/02. The email sent to sectionpayments@texasbar.com should have two attachments, one PDF for 6/19 and one PDF for 7/02; both PDFs with a signed reimbursement form (by both Mary and Treasurer) and all necessary receipts.
- **Ensure the file size of any one file is less than 2 MB.** Please limit your attachments to no more than 3 at a time.
- The system will automatically record your email address, data provided, and date as your approval, so only submit invoices that have already been approved for payment. Please continue to sign the reimbursement form for payment.
- For questions, follow-up documentation requests, or any accounting correspondence, please contact Vira Lukyanova, Sections Accountant, at vira.lukyanova@texasbar.com or Marni Fidler, Sections Accounting Manager, at marni.fidler@texasbar.com.
- Your email addresses have been added as recognized senders. If you plan to use a different email address, let us know so we can add it to the system. Unrecognized emails will not be uploaded or processed.
- **Please note that Electronic Fund Payments (EFTs) are available**—Please see the form on the next page and let us know if you have any questions.

State Bar of Texas
Vendor Authorization Agreement for Electronic Fund Payment

CHECK ONE: ☐ NEW ☐ CHANGE

Vendor Name: _____

Vendor Address: _____

Vendor authorizes the State Bar of Texas to initiate credit entries to the account indicated below. If monies to which Vendor is not entitled are deposited into such bank account, I authorize the State Bar of Texas to direct the bank to return these funds. This authorization remains in effect until written notification from Vendor is received by the State Bar of Texas cancelling this agreement.

Bank Name: _____

Routing Number: _____

Account No.: _____

Account type (CK/SV): _____

By signing below, the signor asserts that they are authorized to complete the Vendor Authorization Agreement and that the information provided is accurate and complete.

Name (authorized signor): _____

Title: _____

Signature: _____

Date: _____

Phone Number: _____

Email address: _____
(We will send a remittance email to this address.)

STATE BAR OF TEXAS



SECTION TREASURER INFORMATION

DUES:

Section dues collected by State Bar of Texas

- Paid to the Sections quarterly: April, July, October, January

Dues collected by Sections

- Funds deposited to Section account
- Member names and bar card # sent to State Bar Membership Department

DEPOSITORIES & INVESTMENTS:

Each Section shall deposit its funds into either:

- A branch of the State Bar banking depository

Plains Capital Bank

*No monthly fee checking account

*High yield savings account for public funds

*Collateralization of funds

*Client Services Professional dedicated to SBOT Accounts

*Certificates of deposit

*SBOT is Section Liaison

- Or, an alternative banking depository meeting the requirements of the State Bar investment policy (attached). Additionally, single or combined account balances in one banking institution should not exceed \$250,000 per FDIC protections.

ACH PAYMENTS SERVICES:

The State Bar of Texas now offers ACH payment and deposit services. Contact us for the necessary forms and assistance setting up this service.

2025-2026 SECTION BUDGETS:

Due to State Bar of Texas Executive Director (through your SBOT Sections accountant, Marni Fidler or Vira Lukyanova) by **July 15th** of each year

STATE BAR OF TEXAS



SECTION FINANCIAL REPORTING:

- Section financial reporting is included in State Bar of Texas annual audit
- Sections that do not utilize State Bar Accounting Management Services submit the following information (by the last day of each month for prior month):
 - ✓ Copies of latest statements for all bank and investment accounts, including certificate of deposit notices (example: July statement copies submitted on or before August 31st)
 - ✓ Transaction history or copy of check and deposit register for each Section account
Include the following for each check or deposit: date, number, payee or payer, amount, purpose of payment/deposit (template available in attached 'Templates' document)
- Financial reports are prepared by the Section Accountants for each Section on a monthly basis.
- See the June 2025 SBOT Board policy and procedures on Section finances

COLLECTING SALES TAX:

- Sections shall display a copy of State Bar of Texas Sales and Use Tax Permit (Forms document) wherever items or services are sold
- Sections shall collect sales tax on taxable goods or services sold and remit to the State Bar of Texas
 - Example of taxable goods: books, t-shirts, extra copies of newsletters, luncheon tickets (if not connected with a CLE event), etc.
 - On or before the 10th day of each month, remit to State Bar of Texas all sales tax collected during the immediately preceding month; included with the payment should be a report showing total sales revenue collected and county in which sales occurred
- See Section Sales Tax Guidelines (pg. 16) for directions on collection, reporting and calculating sales tax
- Please feel free to contact us for assistance

SECTION PURCHASES:

Sections are exempt from paying sales tax, but must provide a Texas Sales and Use Tax Exemption Certification at the time of the purchase (Forms document)

STATE BAR OF TEXAS



RECORD RETENTION:

Section financial records should be retained for audit purposes as follows:

- Records of individual sales for four years after the close of the current fiscal year
 - ✓ For 2025-26 fiscal year, retain records dated on or after 6/1/22
- All other Section financial records for three years after the close of the current fiscal year
 - ✓ For 2025-26 fiscal year, retain records dated on or after 6/1/23

Records may be stored at the State Bar, or sent to off-site storage at the State Bar's expense if given to the Sections Accountant.

MISCELLANEOUS INFORMATION:

State Bar of Texas (Section) Federal Tax ID# 74-6000148

Monthly invoicing from State Bar of Texas

Each month Section Treasurers are sent an itemized report listing expenditures paid by the State Bar of Texas on behalf of the Section.

W-9 Request for Taxpayer Identification Number and Certification

- Treasurers must request a Form W-9 (Forms document) from new vendors and award/scholarship/intern and other gift recipients prior to payment. These forms should be submitted to the State Bar as collected. The State Bar of Texas Accounting Department will prepare and send a form 1099-MISC as required at calendar year end.
- Special rules apply for scholarship awards (see letter in Forms document)
- You may receive a request for a form W-9 on occasion, especially when receiving contributions. A signed and completed State Bar of Texas Form W-9 is included in the Forms document. You may print and submit the W-9 as requested.

STATE BAR OF TEXAS



Section Request for Reimbursement Form

A blank Request for Reimbursement form is included in the Forms document attached. These forms can be provided to Council and Section members for reimbursement of expenses incurred on behalf of the Section. All receipts should be attached to the reimbursement form prior to submission to the Treasurer and the form must be signed by the claimant (see bottom of form).

This form is also available as an auto-fill Excel file, updated with Section Treasurer contact information. We will update the forms for individual Sections and send them to the treasurers for distribution. We will also send out updated forms if the mileage reimbursement rate should change.

If you need a form, please contact Marni.Fidler@Texasbar.com, 512.427.1404 or

Vira.Lukyanova@texasbar.com, or 512.427.6853

Bar Card	DatePaid (mm/dd/yy)	Amount	Complementary (0= No, 1=Yes)	Name
1234567	06/01/25	30.00	0	Smith, John
3456789	06/30/25	0.00	1	Smith-Jones, Susan
2345678	06/28/25	30.00	0	Jones, Mary
	total:	60.00		
Complete and email spreadsheet to your Section accountant.				

State Bar of Texas
Section Example
Statement of Revenue & Expenditures
For the Ten Months Ending March 31st, 2025

	Current Month Actual	Y-T-D Actual	Annual Budget	Variance Fav/Unfav)	Prior Year Actuals	Prior Year Budget
Revenues						
Dues Revenue		\$10,875	\$10,000	\$875	\$10,725	\$7,500
Interest Income	320	3,358	3,000	358	3,697	265
Annual Institute Fees	3,415	5,005		5,005		
Annual Institute Sponsorships	31,400	72,400	80,000	(7,600)	51,600	40,000
Other Revenue		9,000		(9,000)		
Total Revenues	35,135	91,638	102,000	(10,362)	66,022	47,765
Expenditures						
Meeting Expenses:						
Meetings/Conferences - Other	4,000	23,941	85,000	61,059	53,192	60,000
Total Travel/Meeting Expenses	4,000	23,941	85,000	61,059	53,192	60,000
Professional Services						
Expenses: Photography			1,000	1,000		2,000
Website		416	300	(116)	300	300
Total Professional Services Expenses		416	1,300	884	300	2,300
Administrative Expenses						
WePay/Credit Card Fees	117	171		(171)		300
Miscellaneous Expense						10,000
Grants/Awards			2,000	2,000	60	1,000
Contributions/Scholarships			2,000	2,000	1,000	1,000
Total Administrative Expenses	117	171	4,000	3,829	1,060	12,300
Printing/Copying Expenses					517	1,000
Total Expenditures	4,117	24,528	90,300	65,772	55,069	75,600
Excess (Deficit) of Revenues Over Expenditures	31,018	67,110	11,700	55,410	10,953	(27,835)

State Bar of Texas
Section Example
Statement of Revenue & Expenditures Summary
For the Ten Months Ending March 31st, 2025

	CURRENT YEAR MONTH-TO-DATE ACTUALS March	PRIOR YEAR MONTH-T0- DATE ACTUALS March	TOTAL DIFFERENCE	PERCENTAGE DIFFERENCE
Revenues:	\$10,875	\$10,725	\$150	1.38%
Dues	5,005		5,005	100.00%
Fees	3,358	3,697	(339)	(10.10%)
Investments	<u>72,400</u>	<u>51,600</u>	<u>20,800</u>	<u>28.73%</u>
Contributions	<u>91,638</u>	<u>66,022</u>	<u>25,616</u>	<u>27.95%</u>
Total Revenues				
Expenditures:				
Meetings & Conferences	23,941	53,192	(29,251)	(122.18%)
Professional Services	186		186	100.00%
Telephone	416	300	116	27.88%
Administrative		1,060	(1,060)	0.00%
Printing and Copying		<u>517</u>	<u>(517)</u>	<u>0.00%</u>
Total Expenditures	<u>24,543</u>	<u>55,069</u>	<u>(30,526)</u>	<u>(124.38%)</u>
Total Expenditures & Operating	<u>24,543</u>	<u>55,069</u>	<u>(30,526)</u>	<u>(124.38%)</u>
Transfers	<u>67,095</u>	<u>10,953</u>	<u>56,142</u>	<u>83.68%</u>
Total Revenues less Expenditures				

State Bar of Texas
Section Example
Balance Sheet as of March 31st, 2025

	<u>YTD</u>	<u>Prior YTD</u>
Assets		
Cash and Cash Equivalents	\$111,233	\$99,002
Accounts Receivable:		
Other	<u> </u>	<u> 825</u>
Total Assets	<u>\$111,233</u>	<u>\$99,827</u>
 Liabilities and Fund Equity		
Liabilities:		
Due To (From) General Fund	<u> 3,000</u>	<u> 19,892</u>
Total Liabilities	3,000	19,892
 Fund Equity:		
Beginning Fund Equity	41,138	68,981
Current Year Operations	<u> 67,095</u>	<u> 10,953</u>
Fund Balance	<u>108,233</u>	<u> 79,934</u>
Total Liabilities and Fund Equity	<u>\$111,233</u>	<u>\$99,827</u>

Section Budget FY 2025-2026

Account	Section Description	Period 1 - 2025
F0-9330-40100	Section Dues	-1.00
F0-9330-40400	Book Sales	-1.00
F0-9330-40435	Sales	-1.00
F0-9330-40500	Interest Income	-1.00
F0-9330-41010	Royalties	-1.00
F0-9330-41035	Miscellaneous Revenue	-1.00
Total Revenues		-6.00
F0-9330-50239	Travel	1.00
F0-9330-50265	Setup/Decorations	1.00
F0-9330-50286	Meeting/Conferences	1.00
F0-9330-50310	Bank Fees	1.00
F0-9330-50311	Credit Card Fees	1.00
F0-9330-50358	Media Production	1.00
F0-9330-50360	Website	1.00
F0-9330-50365	Consultant - Other	1.00
F0-9330-50490	Other Publicity	1.00
F0-9330-50600	Supplies	1.00
F0-9330-50660	Awards/Certificates	1.00
F0-9330-50665	Gifts	1.00
F0-9330-50725	Storage	1.00
F0-9330-50825	Postage	1.00
F0-9330-50826	Delivery Charge	1.00
F0-9330-50845	Website	1.00
F0-9330-50925	Scholarships	1.00
F0-9330-50952	Contributions/Donations	1.00
F0-9330-50954	Sponsorships	1.00
F0-9330-50955	Miscellaneous Expenses	1.00
F0-9330-50958	Section Rep to the Board	1.00
F0-9330-51505	Printing	1.00
Total Expenses		22.00
Total Net Income (Loss)		-16.00

SAMPLE CHECK/DEPOSIT REGISTER

6/30/2024	XYZ Section Register
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Check#	Payee	Date	Amount	Expense Acct	Explanation
1234	Tim Jones	6/29/2025	500.00	Travel	Reimburse Travel Expense
5678	David Smith	6/30/2025	10.00	Supplies	Stamps

Deposits	Date	Amount	Revenue Acct	Explanation	Memo
Attorneys, LLP	6/1/2025	200.00	Conference Revenue	Registration Fees	Spring Conference

SECTION SALES TAX GUIDELINES

Sections receiving money for taxable goods or services must collect and pay to the State Bar of Texas the appropriate sales tax. (Please see State Bar of Texas Board Policy, Section 5.01.06 and Procedures for Section Financial Reporting.)

- Sections Sales Tax Report and a check (made out to the State Bar of Texas) for sales tax is due to the State Bar by the 10th of each month for the prior month's sales.
- State Bar of Texas Accounting Department prepares and submits monthly sales tax deposit and report for each taxing jurisdiction.
- Sections must display a copy of the State Bar's Texas Sales and Use Tax Permit wherever taxable items and/or services are sold. This includes displaying the permit at Section seminars/courses.
- Customers **MUST** provide a Texas Sales and Use Tax Exemption Certificate at the time of the sale to be exempt from sales tax. There are no exceptions to this.
- Sections are required to maintain the records of individual sales for four years after the close of the current fiscal year for audit purposes.
- Some examples of taxable goods are mugs, t-shirts, sales of printed materials, meals paid for separately from CLE course fees, and extra copies of newsletters.
- See "Calculating Sales Tax Guide" for instructions on sales tax rate calculations. (page 18) Please contact your Section accountant to request a Texas Sales and Use Tax Permit or with any questions on collection, reporting, and/or payment of sales tax.

CALCULATING SALES TAX GUIDE

Items sold at a seminar/meeting held in Texas:

1. Local Sales and Transit Tax for the jurisdiction where seminar is held
2. Examples:
 - Seminar held in Austin, charge and report tax rate for sales in Austin, 8.25%
 - Seminar held in San Antonio, charge and report tax rate for sales in San Antonio, 8.25%
 - For automatic sales tax rate calculation- see Texas Comptroller website
 - <https://mycpa.cpa.state.tx.us/atj/addresslookup.jsp>
 - Enter city and county of seminar, click on Search

Items sold at a seminar held outside of Texas:

1. Check with that state's equivalent of the Comptroller's office for applicable sales tax collection and reporting

Items mailed/shipped to customer in Texas:

2. Local Sales and Transit Tax for the jurisdiction items mailed **from** (for example- Section Treasurer's office, Bookkeeper's office, or State Bar of Texas)
3. Example:
 - Section Treasurer's office in San Antonio receives mail order for books to be shipped to a customer in Corpus Christi
 - Sales tax rate is the rate for sales made in San Antonio, 8.25%

Items mailed/shipped to customer outside of Texas:

4. **No** sales tax is collected

Please contact your Sections Accountant with any questions on collection, reporting, and/or payment of sales tax.

FINANCIAL REPORTS PREPARED BY SECTIONS

As adopted in the revised SBOT Board Policy Manual (Section 5.01.05, attached), Sections are required to share on a monthly basis the following reports, if independently prepared:

On a monthly basis, each section shall provide the State Bar accounting department with:

1. copies of all investment statements and bank statements that include copies of cleared checks;
2. a bank reconciliation for each account;
3. a detailed general ledger of recorded transactions; and
4. financial statements, **if independently prepared**, as soon as possible but no later than 30 days after receipt. (Section 5.01.05 (G))

State Bar of Texas Guidelines on
Sections Financial Internal Controls Policy

Issued October 25, 2019

These guidelines provide fundamental principles of financial internal controls and include a sample policy to assist sections when drafting, adopting, or updating their own financial policies. The guidelines will help ensure compliance with the State Bar's Board Policy Manual and our audit requirements. Our goal is to provide a starting point for sections so you can implement your own financial policies that meet minimum security, confidentiality and audit criteria; define various roles; and define procedures for handling section finances. It is recommended that section policies include minimum (or better) standards for internal controls as defined in these guidelines. This document is intended to provide flexibility to accommodate various section structures. As always, the State Bar's finance division is available to help as you work through your finance policies.

REFERENCE SECTION

BOARD POLICY MANUAL

5.01.06 Finances

(A) Section Dues and Other Fees. Each section is authorized to collect membership dues and other funds from its activities and, subject to the other provisions of this Policy Manual, applicable law, rules and regulations, to determine how its funds are invested and expended. The Board must approve the establishment or revision of any section dues.

(B) Depositories and Investments. Section funds must be invested consistent with State Bar investment policy as set forth in Section 3.05 of this Policy Manual. Each section shall deposit its funds into either a branch of the State Bar banking depository, or an alternative banking depository meeting the requirements of the investment policy as set forth in Section 3.05 of this Policy Manual.

(C) Books, Records and Reports. Each section shall maintain accurate financial books and records and have appropriate controls on the maintenance and disbursement of sections' funds, all in a fashion that permits the inclusion of the sections' financial information in the State Bar's financial statements and audit. Each section also shall provide to the State Bar such financial information as may be required for compliance with the requirements for the independent financial and/or internal audits of the State Bar as required by applicable law, rules and regulations. To this end, the Audit and Finance Committee of the Board, in consultation with the State Bar's external auditors and the Council of Chairs, shall adopt, subject to approval by the Board, procedures for sections to report financial information for inclusion in the State Bar's financial statements and audit. **(Emphasis added).** These procedures may include requirements for delivery to the State Bar accounting department, on a basis as often as monthly, of copies of depository and investment statements and transaction histories for disbursements and deposits. Each section also shall submit to the Executive Director by July 15 of each year a section budget for the current Fiscal Year. *(Note: The procedures referred to in this paragraph are attached as **Attachment A**).*

(D) Sales Tax. To the extent required by law, each section shall collect sales tax on goods or services that it sells, and timely each month, remit to the State Bar all sales tax collected during the immediately preceding month,

along with a report listing the price, quantity and description of the goods or services so sold in such detail as the State Bar accounting department reasonably may require to ensure compliance with applicable law, rules and regulations. The Audit and Finance Committee of the Board shall adopt, in consultation with the Council of Chairs and subject to the approval of the Board, procedures for the sections to report sales tax information to the State Bar for inclusion in the State Bar's monthly sales tax report filed with the State Comptroller's Office.

(E) State Bar Assistance to Sections. For each section supplying the required monthly financial information of the section, the accounting department of the State Bar shall prepare and provide to the treasurer of the section, a monthly and year-to-date section financial report and a monthly cash and investment account reconciliation. Upon request, the accounting department of the State Bar shall be available to work with the bank and the treasurer of the section to facilitate the submission of the financial information to the State Bar. **(Emphasis added).** Additionally, any section may elect to have the State Bar manage section funds, including depositing dues, managing operating expenses, issuing checks, and preparing financial reports and budgets. The State Bar will provide assistance to sections under this Subsection 5.01.06 at no charge to sections, except that expenses incurred in providing financial information in a format other than an electronic format prescribed by the accounting department of the State Bar shall be borne by the section.

(F) Inclusion in Bylaws. Each section shall include the provisions of this Section 5.01.06 as part of its bylaws.

Fundamental Principles of Internal Controls

- 1) *Section council should adopt a budget each year that sets forth both expenditures and revenue targets. A policy should also define what action should be taken if there is a significant deviation from an adopted budget (e.g. filing an amended budget).*
- 2) *Sections should implement segregation of duties within their financial processes. A fundamental principle of internal control is to segregate duties so that no one person has the ability to initiate, execute, record, reconcile, and review a single transaction from beginning to end. Specifically, the role of bookkeeping preparation and the role of review/approval of financial transactions should be separated and defined. The review process should include routine, close monitoring of section revenues and expenditures.*
- 3) *Sections should adopt policies that ensure timely and accurate financial transactions and reporting is occurring. A policy should require bookkeeping ledgers, bank reconciliations, deposits, disbursements, and financial reports to be completed in a timely manner and contain sufficient detail to allow for an adequate review and monitoring.*
- 4) *Sections should adopt policies that protect their assets. Access to bank accounts, investments, etc. should be limited, but should involve more than one person. Secure handling and storage of credit card information should be required. High-risk practices should be prohibited such as writing a blank signed check for expenses or payments processed in advance of services or payments without appropriate supporting documentation.*
- 5) *Sections should adopt a policy that specifies the minimum level of communication required between the governing section council and State Bar leadership. If the section writes its own checks and handles its own books, the section council should require that full financial information including financial statements be provided monthly to the State Bar and no less than quarterly to council members. The financial statements should contain:*
 - a. *an income statement that compares current year to prior year and compares current year to the current approved budget,*
 - b. *a balance sheet;*

- c. a bank reconciliation for each bank or investment account detailing outstanding checks;
 - d. a bank and investment statements; and
 - e. and the bookkeeping ledger.
- 6) Sections should ensure their bookkeeping complies with Generally Accepted Accounting Standards. Revenues should be recognized when earned and expenses should be recognized when a liability is incurred.
 - 7) Sections should provide the State Bar with their adopted financial internal control policies that meet the minimum requirements in these guidelines.

Three Models for Section Finances and Compliance with Audit

Currently, there are three models for the sections to manage their finances and interact with the State Bar. Regardless of which model is used, financial policies should be developed and implemented using best practices as provided in the sample policy.

- 1) The section fully utilizes the State Bar's Accounting Services and the State Bar handles all deposits, bill payments, and the creation of all ledgers, bookkeeping and financial statement preparation.
- 2) The section retains full control of its finances (including checking accounts and investments) but utilizes the State Bar's Accounting Services for paying bills (with State Bar funds) and making deposits. The State Bar provides all bookkeeping and financial statement services. The section is invoiced monthly and reimburses the State Bar for funds expended on the section's behalf.
- 3) The section retains full control of its funds, i.e. it pays its own bills, makes deposits, keeps current books and financial statements. The section provides all of the appropriate information to the State Bar on a monthly basis so that the State Bar is in compliance with record keeping requirements and the annual audit. The State Bar provides financial reports to the section chair and treasurer from the information received from the section.

The following sample policy is intended to be used as a template for all three section models. The gray highlighted text identifies information that should be determined by each section. The minimum standards are identified by **asterisks**. If the section needs any assistance, has questions on these guidelines, or would like help developing their own policy, please call the State Bar's finance division director, Tracy Jarratt, at (512) 427-1481.

DRAFT

The following policy establishes requirements over financial processes within Section name that ensure appropriate controls are in place for the maintenance and disbursement of section funds in accordance with Board Policy Manual Section 5.01.06. This Section Internal Control Policy was adopted by Section Name council on XX/XX/XX and is effective on XX/XX/XX.

XYZ Section Internal Financial Controls Policy

Adopted Month, XX, 20XX

A.) BUDGET

- 1.) Section council shall adopt a budget each fiscal year that provides detailed projected expenditures and revenue.* This budget may be amended, if necessary.
 - a. The *Chair Elect or Vice Chair*, in consultation with the current council, shall draft the next year's proposed budget by (choose an appropriate date).
 - b. The section council shall review and adopt the budget during its XXX meeting.
 - c. If a significant deviation from a budget occurs, as defined by a variance in excess of \$2,500/5,000 (recommended thresholds for small/large section) an explanation should be presented to the full council. A variance in excess of \$10,000/20,000 (suggested) will require the council to adopt an amended budget.
- 2.) The section will submit the adopted budget to the State Bar by July 15th of the fiscal year.*

B.) DEFINING ROLES AND PROCEDURES

- 1.) Bookkeeping services, approval duties and second approval duties for sections' financial records will be separated into distinctly defined roles*:
 - a. the 'Bookkeeper' who is a provider of bookkeeping services as described below.
 - b. the 'Treasurer', who is authorized to supervise and review bookkeeping services and authorize and/or approve deposits and expenditures.
 - c. the person designated as an additional approver for expenditures over a designated amount or for payments issued to the treasurer.
- 2.) The person who performs the section's bookkeeping and reconciliation must not be the same person responsible for approving expenditures. *

C.) BOOKKEEPING DUTIES

1. The bookkeeper will perform the following duties:
 - a) Issue checks to be signed by the treasurer, State Bar signor, or other signor.

- b) Pay invoices within two weeks of receiving the invoice.
- c) Obtain approval on all payments as established in these policies.
- d) Deposit revenue within three business days of receipt.
- e) Keep accounting books according to Generally Accepted Accounting Standards. Revenues should be recognized when earned and expenses should be recognized when a liability is incurred.
- f) Reconcile bank and investment accounts by the end of the month following the reporting month.
- g) Prepare financial reports by the end of the month following the reporting month.
- h) Retain all documentation, such as invoices, approvals, reports, etc. according to the records retention policy.
- i) Calculate and pay sales tax.
- j) Collect W-9 forms for all contracted services.
- k) Provide State Bar with financial reports in a timely manner.
- l) Provide section chair and treasurer with financial reports in a timely manner.
- m) Protect the confidentiality of and access to section financial information.
- n) Provide financial information or complete other duties as required.
- o) Communicate yearly with State Bar auditors.
- p) Provide explanation on budget-to-actual variances.

2. The provider of bookkeeping services responsible for the duties described in this section will be (choose one) SBOT accounting department, section contracted bookkeeper, other named position.

D.) TREASURER DUTIES

The treasurer reviews and monitors finances through the following activities and/or meets the following criteria:

- 1.) The treasurer (and primary approver of section payments) must be a member of the council with a fiduciary duty to the section. *
- 2.) When an additional approval is required for any transaction, that secondary approver or signor will be the chair/other officer/describe
- 3.) The process of approving payment must comply with one of the controls listed below: *
 - a. All invoices are approved in advance of payment by the treasurer or chair through (choose all that apply): additional check signature, email approval, or

_____ (other accepted method). Documentation of approval is retained.

- b. All invoices are approved after preparation of the books through review of detailed transactions by (choose or describe) treasurer/chair/entire council. Documentation of approval is retained.
- 4.) All payments over \$X,XXX require additional approval in advance of payment by choose method) Documentation of approval is retained.
- 5.) All reimbursement requests or invoices made by a check signor require a additional approval by second signature/an email approval. Documentation of approval is retained. *

E.) BANK ACCOUNTS AND CHECK WRITING

- 1.) At least two individuals are required signors on the bank account at all times. The authorized signors on the checking, savings, or investment accounts are the current (Choose or describe) Section Treasurer/Chair/SBOT Controller/SBOT Finance Director/Section Bookkeeper.*

If the section bookkeeper is a check signor, there must be an additional approval of the expenditure by email/additional check signature. * Documentation of the additional approval is retained.

- 2.) Checkbooks should be physically secured at all times. Checks should be written in sequential order and a record retained of all checks written or voided. Checks should be dated at the time the check was written and should be recorded on the same date. No post or pre-dated checks are allowed.*
- 3.) Blank checks or checks made out to "cash" are prohibited. A second signature/a second approval should be required for all checks over \$_____.

F.) PAYMENT OF EXPENSES AND INVOICES

- 1.) A detailed invoice and/or contract is required for any payment. Money should not be paid to any person or company without appropriate and detailed back-up and/or documentation. * An invoice should contain the following information:
 - a. Vendor name and address
 - b. Itemized description of the goods or services provided
 - c. Total amount billed
 - d. Period of time for which the services will be/were rendered
 - e. Terms of payment for late fees or discounts for early payment (if applicable)
 - f. Due date
 - g. Invoice number and date
 - h. Itemized fees
- 2.) Vendors shall not be paid in advance of full completion of the contracted services with the exception of reasonable advance deposits, payments for subscription services, such as insurance, rent, software licenses, etc.
- 3.) Any payment should meet the following criteria:
 - a. The expenses are reasonable and necessary.
 - b. The expenses have been budgeted.

- c. The goods and services have been received.
- d. Contracted terms have been met.

4.) Reimbursement requests should contain the following information:

- a. Completed reimbursement request form, signed by requestor. (An electronic signature is acceptable).
- b. Itemized receipts and invoices.
- c. A second approval, if the requestor is a signor on the bank account.
- d. Explanation for any lost receipts or requests that do not have back-up documentation.

G.) DEPOSITS

- 1.) All money or checks received by the section should be deposited within **three** business days of receipt. Immediately upon receipt, the bookkeeper should stamp the check "for deposit only" and the bank account number of the section. Associated invoices or other supporting documents demonstrating the reason the deposit was collected should be attached to the check/deposit slip and retained for audit purposes and/or customer inquiries. *

H.) CONFIDENTIAL DATA

- 1.) All confidential data must be protected. *
 - a. Credit card numbers should not be transmitted through email.
 - b. All confidential information should be redacted, or stored in a protected manner.
 - c. Access to bank accounts, credit card processing accounts, and financial records should be limited to the council and essential users only.
 - d. Care is required in the destruction of credit card and other sensitive information to ensure that the information cannot be copied or duplicated..
 - e. Automated controls will be established with any credit card processor so that refunds may only be made to the credit card originally charged, and the refund cannot exceed the original payment

I.) FINANCIAL REPORTS AND RECONCILIATIONS

- 1.) Checks and deposits must be reconciled in the section's bookkeeping system within **recommended 30 days but no more than 60 days**. The reconciliation should also note all outstanding deposits and checks. All checks or deposits that are outstanding for longer than three months should be reviewed for resolution. Voided and/or reissued checks should also be reported to the State Bar's section accountant in the regular monthly documentation.*
- 2.) The treasurer should use monthly budgets, financial statements, and historical financial records to investigate significant variances, whether positive or negative. Inquiry should be made on projects with excessive costs.
- 3.) Financial statements, bank reconciliations, bookkeeping ledgers, and bank statements that include check images will be provided to the State Bar within **recommended 30 days but no more than 60 days**. * Financial statements should contain:
 - a. an income statement that compares current year to prior year, and compares current year to the approved budget;*

- b. a balance sheet;*
 - c. a bank reconciliation for each bank or investment account (including outstanding checks);*
 - d. a bank and investment statement * which includes check images; and
 - e. the bookkeeping ledger.*
- 4.) Financial statements should be provided by the council on a monthly/quarterly basis. The financial statements should include, an income statement that compares current year to prior year, and compares current year to the approved budget and a balance sheet. The inclusion of a bank reconciliation and bank and investment statement in the financial report is recommended, but not required.*

J.) FUND BALANCES

- 1.) A minimum fund balance for the section is defined as one year of budgeted operating expenditures.

The section council will evaluate an investment strategy when the section fund balance exceeds \$150,000. Any investment policy strategy will protect the section's principle while producing the best yield for the section in accordance with the Public Funds Investment Act.

- 2.) The section will carry a reserve of approximately one to five years of operating expenditures, or \$XXXX.
- 3.) If the section determines the need to reduce its reserve, the negative spending shall be budgeted to specific projects within the section's budget and shall not reduce the corpus by more than XX% per year.

K. REIMBURSEMENT POLICY

The section has developed a reimbursement policy which is attached to this financial policy.

GUIDANCE FOR PROCESSING UNCLEARED CHECKS

The state of Texas requires that all uncashed checks be forwarded to the Comptroller's office. For more information, see Title 6, Chapters 72-76 of the Texas Property Code and Section 1109.051 of the Texas Insurance Code.

Texas Property Code Section 73.102. Checks

A check is presumed to be abandoned on the latest of:

- (1) the third anniversary of the date the check was payable;
- (2) the third anniversary of the date the issuer or payor of the check last received documented communication from the payee of the check; or
- (3) the third anniversary of the date the check was issued if, according to the knowledge and records of the issuer or payor of the check, during that period, a claim to the check has not been asserted or an act of ownership by the payee has not been exercised.

There are very specific rules and processes in place for transferring the funds to the Comptroller. The State Bar is available to assist Sections with the following:

1. Determine dormancy – reimbursements and vendor checks have a dormancy period of 3 years from the date of the check.
2. Notify the payee – Attempts made to contact the payee must be reviewed and recorded by March 1.
3. Due diligence notices sent by May 1. Proof of attempted contact must be presented with payment (only for amounts greater than \$250.00). If the notice is returned by the post office, a second notice to the vendor is not required.
4. Submit information to the State Bar by June 1 so that it can be included in the annual Comptroller payment in July.
5. Save all information regarding the transaction for 10 years. The State Bar will retain this information.

Determining Dormancy

For each uncashed check, determine the last date of contact. Payees actively conducting business with the State Bar, do not meet the dormancy guidelines, even if no response is received to communications sent.

“Contact with the owner may be established by mail, email, accessing an online account, in person or by phone. Phone contact must be documented in writing with the date and time of the conversation. The fact that mail is not returned to you by the post office does not, by itself, qualify as contact with that owner or activity on the account.” – *TX Unclaimed Property Reporting Guide*

Reporting Methods

Your file(s) may be submitted using the methods listed below.

- Internet
- Online Express Reporting

Texas uses the reporting format developed by the National Association of Unclaimed Property Administrators (NAUPA). Files must be prepared in the NAUPA 2 format. We offer free software that produces files in this format. We also accept files created by any commercial reporting system that generates the NAUPA 2 formatted file. The Online Express Reporting system allows users to enter data directly via our website.

Report files must be formatted to NAUPA 2 specifications and the information must comply with data entry standards outlined in our *Reporting Instructions Manual*. Reports will be subject to rejection if data does not meet these criteria. This is pursuant to Texas Administrative Code Title 34 Part 1 Section 13.21: sos.texas.gov/tac/

Secure file transfer of NAUPA 2 files, the Online Express Reporting system and reporting software can be found at:

comptroller.texas.gov/programs/claim-it/report/filing.php

All other reporting resources, including a *Reporting Instructions Manual*, can be found at:

comptroller.texas.gov/programs/claim-it/report/forms/

Negative Reports

Negative reports are not required. Holder reports are only required in years when you actually have abandoned property to remit.

Payment

Remittances can be made via ACH through our TEXNET program or by check. Remitting by ACH debit or credit remains the preferred method regardless of amount. If making the remittance by check, it should be made payable to Comptroller of Public Accounts Unclaimed Property. TEXNET enrollment and instructions can be found at

comptroller.texas.gov/programs/claim-it/report/forms/

Securities

Securities should be registered to the Texas Comptroller of Public Accounts, Federal Employer Identification Number 74-6000089. Electronic delivery instructions can be found on our website at:

comptroller.texas.gov/programs/claim-it/report/securities.php

WHY? Statutory references for reporting unclaimed property in Texas can be found in Title 6, Chapters 72-76 of the Texas Property Code and Section 1109.051 of the Texas Insurance Code.

Contact the Holder Reporting Section at

**800-321-2274,
512-936-6246, option 2
or via email at
up.holder@cpa.texas.gov**

for more information, including:

*	support for reporting software
*	compliance questions
*	instructions for filing on the Internet

**Unclaimed Property Division
Holder Reporting Section
Post Office Box 12019
Austin, Texas 78711-2019**

Publication #96-863. Revised February 2017.

For additional copies write:
Comptroller of Public Accounts
Unclaimed Property Division

Post Office Box 12019, Austin, Texas 78711-2019

In compliance with the Americans with Disabilities Act, this document may be requested in alternative formats by calling 512-936-6246, option 2 in Austin or by FAX at 512-936-6224.



Glenn Hegar
Texas Comptroller
of Public Accounts



Unclaimed Property Quick Start Reporting Guide

Texas Unclaimed Property Reporting Guide

WHO? All financial institutions, businesses, government entities, and organizations that are holding abandoned property belonging to Texas residents should file a report with the Texas Comptroller's office.

WHAT? Abandoned or unclaimed property can be any financial asset that appears to have been abandoned by the owner. For example:

- Uncashed dividend, payroll, and cashier's checks
- Stocks, bonds, mutual fund accounts
- Utility deposits and other refunds
- Accounts and safe deposit box contents held by financial institutions
- Individual retirement accounts
- Insurance proceeds
- Mineral interest or royalty payments
- Court deposits, trust funds, escrow accounts

WHEN? All non-life insurance holder reports and payments must be postmarked or transmitted no later than July 1 of every year. The cut off date for reviewing records is March 1. Life insurance related property is due by Nov. 1 with a cut off date for reviewing records of June 30. This is in accordance with Section 1109.051 of the Texas Insurance Code.

The state does not have the statutory authority to grant extensions on the payment of your report.

WHERE? Submit your report electronically and remit payment.

HOW? Review your records every year, as of March 1, and determine if you have any property for which you have had no contact with the owner for the applicable abandonment period. The abandonment period is the length of time you hold the property before sending it to the Comptroller's office. The number of years is shown in parentheses following each property type listed at the right.

Due Diligence Requirement

Holders reporting to Texas are required to mail a notice by May 1 to all owners of non-life insurance property over \$250 that are due to be included on their July report. For details see Texas Property Code Sec. 74.1011.

Reporting Requirements Update

Effective Sept. 1, 2015, Senate Bill 1021 reduces the threshold limit from \$50 to \$25 for property reported in the aggregate.

Effective Jan. 1, 2016, Senate Bill 1589 requires those reporting mineral proceeds derived from a Texas lease or

well to include the following:

- The name of the lease, property well.
- Any identification number used to identify the lease, property or well.
- The county in which the lease, property or well is located.

Property Type Codes (with Abandonment Periods)

FINANCIAL INSTITUTION ACCOUNTS

AC01 Checking accounts (3)
AC02 Savings accounts (3)
AC03 Matured certificates of deposit (3)
AC04 Code not accepted by Texas
AC05 Code not accepted by Texas
AC06 Code not accepted by Texas
AC07 Unidentified deposits (3)
AC08 Code not accepted by Texas
AC09 Other deposit accounts (5)
AC99 Aggregate account balances less than \$25

TRUST, INVESTMENTS AND ESCROW ACCOUNTS

TR01 Paying agent accounts (3)
TR02 Undelivered dividends or uncashed dividends (3)
TR03 Funds held in a fiduciary capacity (3)
TR04 Escrow accounts (3)
TR05 Trust vouchers (3)
TR06 Pre-need funeral plans (3)
TR99 Aggregate trust property less than \$25

SAFE DEPOSIT BOXES AND SAFEKEEPING

SD01 Contents of safe deposit boxes held by depositories (5)
SD02 Safekeeping property (3)
SD03 Other tangible property (3)
SD04 Tangible unclaimed loan collateral (3)

EDUCATIONAL SAVINGS ACCOUNTS

CS01 Educational savings accounts cash (3)
CS02 Educational savings accounts mutual funds (3)
CS03 Educational savings accounts securities (3)
CS99 Aggregate educational savings account balances less than \$25

HEALTH SAVINGS ACCOUNTS

HS01 Health savings accounts cash (3)
HS02 Health savings accounts investment (3)
HS99 Aggregate health savings account balances less than \$25

INDIVIDUAL RETIREMENT ACCOUNTS

IR01 Traditional IRA cash (3)
IR02 Traditional IRA mutual funds (3)
IR03 Traditional IRA securities (3)
IR05 Roth IRA cash (3)
IR06 Roth IRA mutual funds (3)
IR07 Roth IRA securities (3)
IR99 Aggregate IRA balances less than \$25

INSURANCE

IN01 Individual policy benefits or claim payments (3)
IN02 Group policy benefits or claim payments (3)

IN03 Death benefits due beneficiaries (3)
IN04 Proceeds from matured policies, endowments, or annuities (3)
IN05 Premium refunds on individual policies (3)
IN06 Unidentified remittances (3)
IN07 Other amounts due under policy terms (3)
IN08 Agent credit balances (3)
IN99 Aggregate insurance property less than \$25

OFFICIAL CHECKS

CK01 Cashier's checks (3)
CK02 Certified checks (3)
CK03 Registered checks (3)
CK04 Code not accepted by Texas
CK05 Drafts (3)
CK06 Warrants (3)
CK07 Money orders (3)
CK08 Traveler's checks (15)
CK09 Foreign exchange checks (3)
CK10 Expense checks (3)
CK11 Pension checks (3)
CK12 Credit checks or memos (3)
CK13 Vendor checks (3)
CK14 Code not accepted by Texas
CK15 Any other outstanding official checks or exchange items (3)
CK16 CD Interest checks (3)
CK99 Aggregate uncashed checks less than \$25

PROCEEDS FROM MINERAL INTERESTS

MI01 Net revenue interests (3)
MI02 Royalties (3)
MI03 Overriding royalties (3)
MI04 Production payments (3)
MI05 Working interests (3)
MI06 Bonuses (3)
MI07 Delay rentals (3)
MI08 Shut-in royalties (3)
MI09 Minimum royalties (3)
MI10 Current production payments (0)

GENERAL BUSINESS, MISCELLANEOUS CHECKS AND INTANGIBLE PERSONAL PROPERTY

MS01 Wages, payroll, or salary (1)
MS02 Commissions (3)
MS03 Worker's compensation benefits (3)
MS04 Payment for goods and services (3)
MS05 Customer overpayments (3)
MS06 Unidentified remittances (3)
MS07 Unrefunded overcharges (3)
MS08 Accounts payable (3)
MS09 Accounts receivable credit balances (3)
MS10 Discounts due (3)
MS11 Refunds/rebates due (3)
MS12 Stored value cards/gift certificates (1-3)
MS13 Cash loan collateral (3)

MS14 Sums payable under pension and profit sharing plans (KEOGH) (3)
MS15 Property distributable during involuntary dissolution or liquidation (3)
MS16 Any other miscellaneous outstanding checks (3)
MS17 Any other miscellaneous intangible personal property (3)
MS18 Code not accepted by Texas
MS99 Aggregate miscellaneous property less than \$25

SECURITIES

SC01 Dividends (3)
SC02 Interest payable on registered bonds (3)
SC03 Code not accepted by Texas
SC04 Code not accepted by Texas
SC05 Code not accepted by Texas
SC06 Funds paid toward the purchase of shares or interest in a financial or business organization (3)
SC07 Bearer bond interest and matured principal (3)
SC08 Undelivered (RPO) shares (3)
SC09 Cash for fractional shares (3)
SC10 Unexchanged stock of successor corporation (3)
SC11 Any other certificates of ownership (3)
SC12 Underlying shares (3)
SC13 Funds for liquidation/redemption of unsurrendered stocks/bonds (3)
SC14 Debentures (3)
SC15 U.S. Government securities (3)
SC16 Book-entry mutual fund shares (3)
SC17 Warrants or rights (3)
SC18 Matured principal on registered bonds (3)
SC19 Dividend reinvestment plans (3)
SC20 Credit balances (3)
SC40 Non transferable certificated shares (3)
SC41 Book entry shares (3)
SC42 Securities held by broker/dealer (3)
SC85 Demutualization cash (1)
SC86 Demutualization shares (1)
SC99 Aggregate securities-related cash less than \$25

UTILITIES

UT01 Utility deposits (1)
UT02 Membership fees (3)
UT03 Refunds or rebates (3)
UT04 Capital credit distributions (3)
UT99 Aggregate utility property less than \$25

COURTS/LEGAL

CT01 Escrow funds (3)
CT02 Condemnation awards (3)
CT03 Missing heirs' funds (3)
CT04 Suspense accounts (3)
CT05 Any other types of deposits made with a court or public authority (3)
CT99 Aggregate court deposits less than \$25

GUIDANCE FOR CREDIT CARD SECURITY

Credit card fraud is increasingly common, especially in the era of Covid. The Payment Card Industry Security Standards Council (PCI SSC), compiled action steps to help secure this information, protecting both the company and the individual cardholder.

Common Schemes

Hackers use the following ploys for obtaining access to information or networks.

1. Weak passwords are responsible for 81% of breaches.
 - a. Passwords should be changed regularly, and unique for each task
 - b. NEVER share passwords
 - c. Use strong passwords – with 7 or more characters, including upper and lower case letters, numbers and symbols
 - d. Password phrases (ie: Security_Is_Important_2_Me) are more difficult to crack than passwords
2. Remote access for unsecured point-of-sale vendors is another common problem.
 - a. Limit access, and when needed, provide only for as long as needed
 - b. Vendors with remote access must use multi-factor authentication for security
 - c. Vendors must use a unique login and password for your entity; not the same one used for other entities with whom they do business
3. Patches or software updates can be malware in disguise.
 - a. Know which vendors supply software updates
 - b. Ensure software is up-to-date
 - c. When needed, install updates promptly
4. Other safety measures:
 - a. Credit card numbers should NEVER be emailed without encrypting the message first.
 - b. If absolutely necessary, they may be taken over the phone, but destroyed immediately
 - c. Secure information must be shredded with a cross-cut shredder to comply with PCI guidelines
 - d. Use redaction tools (such as Adobe), to remove electronically stored credit card information or a redaction pen for paper storage

More information may be found here: <https://www.pcisecuritystandards.org/>

C-300
(Rev 12-11-83)

TEXAS SALES AND USE TAX PERMIT

permit is not transferable

prominently displayed in your place of business.

This

and this side must be

Merchants: DO NOT accept a copy of this permit in place of a resale or exemption certificate. You will be responsible for sales tax unless you have a valid resale exemption certificate on file.

You must obtain a new permit if there is a change of ownership, location, or business location name.

STATE BAR OF TEXAS

STATE BAR OF TEXAS
1414 COLORADO ST
AUSTIN

TX 78701

Type of permit
SALES AND USE TAX

Taxpayer number
1-74-6000148-4

Outlet number
00001

First business date
09/01/1961

WEISBROOK'S 8621

DESCRIPTION ON NEXT LINE:

CITY: Professional Membership Organizations

TRANSIT: BUSINESS IN THE FOLLOWING LOCAL SALES TAX AUTHORITIES:

AUSTIN EFF: 01/01/1968

AUSTIN MTA EFF: 07/01/1985

CAROLE KEETON RYLANDER
Comptroller of Public Accounts

Texas Sales and Use Tax Exemption Certification

This certificate does not require a number to be valid.

Name of purchaser, firm or agency STATE BAR OF TEXAS	
Address (Street & number, P.O. Box or Route number) PO BOX 12487	Phone (Area code and number) 512-427-1481
City, State, ZIP code AUSTIN TX 78711	

I, the purchaser named above, claim an exemption from payment of sales and use taxes (for the purchase of taxable items described below or on the attached order or invoice) from:

Seller: _____

Street address: _____ City, State, ZIP code: _____


Description of items to be purchased or on the attached order or invoice:

Purchaser claims this exemption for the following reason:

Purchaser is tax exempt based upon its status as a Texas State Agency

I understand that I will be liable for payment of all state and local sales or use taxes which may become due for failure to comply with the provisions of the Tax Code and/or all applicable law.

I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.

Purchaser 	Title CFO	Date 8/1/2025
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NOTE: This certificate cannot be issued for the purchase, lease, or rental of a motor vehicle.

THIS CERTIFICATE DOES NOT REQUIRE A NUMBER TO BE VALID.

Sales and Use Tax "Exemption Numbers" or "Tax Exempt" Numbers do not exist.

This certificate should be furnished to the supplier.

Do not send the completed certificate to the Comptroller of Public Accounts.

**Request for Taxpayer
Identification Number and Certification**

Go to www.irs.gov/FormW9 for instructions and the latest information.

**Give form to the
requester. Do not
send to the IRS.**

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See Specific Instructions on page 3.	1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.) State Bar of Texas	
	2 Business name/disregarded entity name, if different from above.	
	3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) _____ Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner. <input checked="" type="checkbox"/> Other (see instructions) State Agency	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____ (Applies to accounts maintained outside the United States.)
	3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions <input type="checkbox"/>	
	P.O. Box 12487 Austin, TX 78711-2487	7 List account number(s) here (optional)

Requester's name and address (optional)	
--	--

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
			-				-		
or									
Employer identification number									
7	4		-	6	0	0	0	1	4
8									

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person 	Date 8/1/2025
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

What's New

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they

STATE BAR OF TEXAS

Request for Reimbursement of Expenses

1/1/2025

State Bar of Texas Travel Reimbursement Form (Jan-Dec 2024)		Date of Request	
Purpose of Travel:		Reimbursement Policies and Procedures available at: texasbar.com/Reimbursement	
<div style="display: flex; justify-content: space-around;"> From To </div>		PLEASE SEE BELOW FOR A LIST OF DEPARTMENTS and STAFF LIAISONS to receive your request	
Date(s) of travel		Please complete the highlighted applicable areas and submit form within 45 days from the date of travel.	
Location of meeting		STATE BAR APPROVAL	
MAKE CHECK PAYABLE TO: (Name of Individual, Firm or Company)		Date Approved for Payment: _____, 20____	
Barcard # (if applicable)		_____	
Name		_____	
Street Address		(Officer, Committee Chair, Executive, Dept. Head, Other)	
City, State and Zip		_____	
Telephone Number		Finance Department	

TRAVEL EXPENSES			
Transportation			AMOUNT
Airfare	\$	-	\$ -
Speaker Airfare (TxBarCLE use only)	\$	-	\$ -
Car Rental & Fuel	\$	-	\$ -
Charter Bus Service	\$	-	\$ -
Taxi / Transportation Service	\$	-	\$ -
Parking & Tolls	\$	-	\$ -
Auto Mileage	@ \$ 0.70	=====>	\$ -
Tips	\$	-	\$ -
Other Expenses	\$	-	\$ -
Travel Subtotal			\$ -
Lodging and Meals			
Date	Hotel	Meals	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
Subtotal	\$ -	\$ -	\$ -
Other Expenses			
Description		\$ -	\$ -
Description		\$ -	

**** For State Bar Use Only ****				\$ -	<=====	\$ -
FUND-DEPT-ACCT	LOCATION	AA	TOTAL	Total Reimbursement Requested		
--50200-		-	\$ -	CERTIFICATION OF CLAIMANT <i>The above described expenses were incurred by me for the purpose stated. I have attached receipts for applicable expenditures (airlines, hotels, etc.), except in cases where receipt is unavailable. I certify that this request is true, correct, and unpaid.</i>		
--50205-		-	\$ -			
--50210-		-	\$ -			
--50220-		-	\$ -			
--50236-		-	\$ -			
--50215-		-	\$ -			
--50230-		-	\$ -			
--50225-		-	\$ -			
--50239-		-	\$ -			
--50252-		-	\$ -			
--50285-		-	\$ -			
		-	\$ -			
		-	\$ -			
		-	\$ -			
Enter Fund Code						
Enter Dept Code				Date		
Enter Location				THANK YOU FOR YOUR SERVICE TO THE STATE BAR OF TEXAS.		
Enter AA						

Dear Vendor:

Internal Revenue rules require the State Bar of Texas to file Form 1099-Misc for recipients of miscellaneous income; reporting disbursements for rents, royalties, fees, compensation, awards, gifts and other eligible payments.

Please complete the enclosed Form W-9. Read the instructions carefully when filling out the form. There are specific instructions for choosing the appropriate boxes.

Return the completed form within 30 days to the address listed below.

If you prefer, you may fax the form to 512.427.1404 or email

Marni.Fidler@Texasbar.com.

Feel free to call with any questions or concerns, 512.427.1404.

Please note: **checks cannot be mailed until the Form W9 is received.**

Thank you,

Marni Fidler, Sections Accounting Manager

State Bar of Texas

PO Box 12487

Austin, TX 78711-2487

512.427.1404

Marni.Fidler@Texasbar.com

Dear Scholarship Recipient,

Please find enclosed a check in the amount of \$_____ representing a scholarship award from the _____ Section of the State Bar of Texas. **In order to remain tax free for IRS purposes, this scholarship award must be used to pay for qualifying tuition or related expenses as defined below.**

For purposes of determining the taxability of this scholarship award, the following IRS rules apply:

Taxable income does not include any amount received as a qualified scholarship by an individual who is a candidate for a degree at an educational organization. The IRS uses the following applicable definitions:

Qualified scholarship: Any amount received by an individual as a scholarship or fellowship grant to the extent the individual establishes that such amount was used for qualified tuition and/or related expenses.

Candidate for degree: (1) a primary or secondary school student; or (2) an undergraduate or graduate student at a college or university who is pursuing studies or conducting research to meet the requirement for an academic or professional degree.

Related expenses include: fees, books, supplies and equipment required for courses of instruction at such educational organization. In order to be treated as related expenses under this section, the fees, books, supplies and equipment must be required of all students in the particular course of instruction. Incidental expenses are not considered related expenses. Incidental expenses include expenses incurred for room and board, travel, research, clerical help and equipment and other expenses that are not required for either enrollment or attendance at an educational organization, or in a course of instruction as such educational organization.

In the case of an IRS audit, it will be up to the individual receiving the scholarship award to furnish documentation proving that the proceeds were used to pay for qualifying tuition or related expenses as defined above. If you have questions related to this information, please contact Tracy Jarratt, CFO, at 512.427.1481 or Tracy.Jarratt@Texasbar.com.

Most sincerely,

Marni Fidler, Sections Accounting Manager, State Bar of Texas 512.427.1404 *

Marni.Fidler@Texasbar.com

STATE BAR OF TEXAS

Dear Award Recipient,

Please find enclosed a check in the amount of \$_____ representing an award from the _____ Section of the State Bar of Texas. **Please be advised that you will receive a Form 1099 in January 2026 from the State Bar as this award qualifies as taxable income. This amount will be reported to the IRS.**

IRS rules required that: *Businesses must file Form 1099 for each person to whom you have paid during the year at least \$600 in rents, services, prizes and awards.*

If you feel that you should not be issued a Form 1099 or if you have questions related to this information, please contact Myo Tin, Controller, at the number or email address below.

Sincerely yours,

Myo Tin, Controller
State Bar of Texas
512.427.1412
Myo.Tin@Texasbar.com

calendar of upcoming section events and meetings, and other announcements and educational material of benefit to its members.

(2) Newsletters. Each section shall publish at least two newsletters each Fiscal Year. A copy of all newsletters shall be provided to the President, President-elect, Executive Director, the State Bar Archives Department, and the State Bar Sections Department.

(3) Texas Bar Journal. Each section shall be allocated, at no cost, a one-fourth page advertising space in the *Texas Bar Journal* each State Bar Fiscal Year.

(4) Section Annual Reports. By April 1 of each year, the chair of each section shall submit to the Executive Director an annual report for publication in the *Texas Bar Journal*. A section's annual report should contain a brief overview of the projects and accomplishments of the section over the course of the Fiscal Year.

5.01.05 Finances

(A) Sound Fiscal Fiduciary Management. Sections shall practice sound fiscal fiduciary management, which requires operating in a fiscally-sound manner by establishing and abiding by financial policies that contain appropriate accounting processes and adequate internal controls over section finances. Each section shall manage its finances in a manner that ensures the integrity of the funds entrusted by its members and allows for the inclusion of section activities in the State Bar's audit process.

(B) Financial Policies and Procedures. Each section shall maintain and provide to the State Bar Accounting Department written copies of financial policies and procedures that contain required accounting processes and adequate internal controls over the section's finances to ensure the integrity of the funds entrusted by its members and allow for the inclusion of section activities in the State Bar's audit process. The section's council must:

(1) amend the financial policies and procedures if those policies and procedures change; and

(2) each year, affirm to the State Bar Accounting department that the financial policies and procedures on file are current and accurate when submitting the section's budget.

(C) Audits. Sections shall participate in the State Bar of Texas annual financial audit or other internal audits as approved by the Board Audit and Finance Committee and shall supply timely and complete responses to any inquiries or requests during an audit.

(D) Section Dues and Other Fees. Each section is authorized to collect membership dues and other funds from its activities and, subject to the other provisions of this Policy Manual, applicable law, rules, and regulations, is authorized to determine how its funds are invested and expended. Any revision in section dues must be submitted to the Board for consideration and action prior to implementation.

(E) Budget. Each section shall provide a detailed budget to the State Bar Accounting Department on or before July 15 of each Fiscal Year. The section budget must include all anticipated revenues and expenditures for the upcoming fiscal year.

(F) Depositories and Investments. Section funds must be invested consistent with State Bar investment

policy as set forth in Section 3.05 of this Policy Manual. Each section shall deposit its funds into either a branch of the State Bar banking depository, or an alternative banking depository meeting the requirements of the investment policy as set forth in Section 3.05 of this Policy Manual.

(G) Books, Records, and Reports. On a monthly basis, each section shall provide the State Bar Accounting Department with:

- (1) copies of all investment statements and bank statements that include copies of cleared checks;
- (2) a back reconciliation for each account;
- (3) a detailed general ledger of recorded transactions; and
- (4) financial statements, if independently prepared, as soon as possible but no later than 30 days after receipt.

Sections shall retain all financial records and reports necessary to sufficiently demonstrate the implementation of its policies and internal controls and shall make these records available to the State Bar if requested.

(H) Sales Tax. To the extent required by law, each section shall collect sales tax on goods that it sells. No later than the last business day of each month, any section that sells goods shall remit to the State Bar all sales tax collected during the immediately preceding month, along with a report listing the price, quantity, and description of the goods sold in such detail as the State Bar Accounting Department reasonably may require to ensure compliance with applicable law, rules, and regulations.

(I) State Bar Assistance to Sections. Any section may elect to have the State Bar Accounting Department manage section funds, including depositing dues and other funds, managing operating expenses, issuing checks, and preparing financial reports and budgets. The State Bar will provide assistance to sections under this subsection at no charge to sections, except that expenses incurred in providing financial information in a format other than an electronic format prescribed by the State Bar Accounting Department shall be borne by the section. For each section supplying the required monthly financial information of the section, the accounting department of the State Bar shall prepare and provide to the treasurer of the section, a monthly and year-to-date section financial report and a monthly cash and investment account reconciliation.

5.01.06 Orientation. The Executive Director or designee shall conduct a mandatory orientation session for incoming section chairs and treasurers. The curriculum shall include written materials on State Bar policies, the State Bar Act, fiduciary management, public and legislative positions, and restrictions imposed by *Keller v. State Bar of California*, 496 U.S. 1 (1990) and its progeny, including *McDonald v. Longley*, 4 F.4th 229 (5th Cir. 2021). A handbook of guidelines and resources shall be provided for use by the sections.

5.06.07 Participation in Council of Chairs. The chair of each section is a member of the State Bar Council of Chairs Committee, and must attend the section orientation and each meeting of the Council of Chairs. If, for any reason, a section chair is unable to attend a meeting of the Council of Chairs, the section chair shall designate a representative from the section's council to attend such meeting.

5.01.08 Section Name Change. All section name changes are subject to Board approval. The Board may

(1) Operating Expenditures. The need for this designation is to provide a level of security to insure that the resources will be available to meet immediate operating needs. The Board shall consider all factors enumerated herein and other pertinent and relevant factors, and consider designating two to four months of budgeted expenditures for this particular designation.

(2) Litigation Expenditures. The purpose of this designation is to set-aside enough funds to cover any contingent liabilities for litigation expenditures that are known, but have not yet been accrued, and are expected to require funding within twelve to twenty-four months from the date of budgeting and planning. The amount the Board will consider will depend on the assessments that are made by the General Counsel and the State Bar Legal Counsel regarding the likelihood and the amount of any potential liability for that twelve to twenty-four month period.

(3) Capital Assets Replacement / Construction. A designation for large capital asset replacement or construction projects planned for the next one to three years will be reviewed and will be considered by the Board during the budget and financial planning process each year. Capital reserve items are capital assets that cost more than \$5,000, whose implementation or purchase extends for more than one fiscal year and the purchase of which is planned for a future year. When designating funds for this purpose, a review of existing funds in the Texas Law Center Fund, the Technology Fund or any other special revenue fund shall be considered, along with the amount that will be required to complete the capital asset project(s).

(4) New Programs and/or Research and Development. A designation for anticipated new programs or for research and development for programs that are being considered will be reviewed, analyzed and measured during the annual budget and planning process.

3.03 Audits

3.03.01 Auditor. The State Bar's books and records shall be audited annually by outside auditors chosen by the Board. The selection of the auditor shall be the subject of a request for proposal procedure every five years. At any time, the Board may request that a request for proposal be issued for auditing services.

3.03.02 Costs and Expenses of Audit. The cost and expenses of the annual audit of the books and records of the State Bar shall be appropriated by the Board as a specific item in the annual budget.

3.04 Depositories, Withdrawals and Transfers

3.04.01 Depositories of State Bar Funds. The State Bar shall maintain its funds in a depository or depositories located in Austin, Texas. Every 3 years, the State Bar's bank depository will be reviewed by the Audit and Finance Committee for reasonableness of fees and level of service. Following the 3-year review, the Audit and Finance Committee will make a recommendation to the Board that the then current bank depository be allowed to continue for another 3 years, or that another bank depository be selected through an RFP process. In developing the criteria for selection of any bank depository, the Audit and Finance Committee shall give strong consideration to a potential bank depository's participation in the Texas IOLTA Prime Partners Program sponsored by the Texas Access to Justice Foundation. At any time, the Board may request a review by the Audit and Finance Committee of the then current bank depository.

3.04.02 Management of State Bar Funds. The State Bar, with the approval of the Board, may enter into

agreements and contracts deemed appropriate to facilitate the management of its funds so that income will be earned or appreciation realized on those funds pending expenditure.

3.04.03 Withdrawal and Disbursement of State Bar Funds. The Board shall designate the employees of the State Bar who are authorized to sign checks for the withdrawal and disbursement of funds. These signatories shall include the Executive Director and Chief Financial Officer. The Executive Director's signature can be a facsimile on all checks. The Chief Financial Officer, or his or her designated representative, however, shall review each check before its distribution even though it bears the Executive Director's signature.

3.04.04 Securities. The Executive Director or the Chief Financial Officer of the State Bar are authorized to transfer, endorse, sell, assign, set over, and deliver any and all shares of stock, bonds, debentures, notes of indebtedness, or other securities now or hereafter standing in the name of or owned by the State Bar.

3.05 Investments

3.05.01 Investment Standard. The State Bar shall invest its funds in a manner in which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but to, in order of priority, preserve and safeguard the principal amount invested, provide liquidity to meet operating cash flow needs, and earn the highest yield possible considering the required safeguards.

3.05.02 Investment Manager. The Board, through its Audit and Finance Committee, may contract with an investment manager for professional investment services. Pursuant to the Public Funds Investment Act, §2256.003, a contract for professional investment services may not be for a term in excess of 2 years. A renewal or extension of the contract for professional investment services must be made by order, ordinance or resolution of the Board. The selection of the investment manager shall be the subject of a request for proposal procedure every five years. At any time the Board may request that a request for proposal be issued for investment management services.

3.05.03 Application. This investment policy applies to the financial assets of all State Bar funds and funds of Bar-related groups, to include those of the General Fund, Client Security Fund, all special revenue funds, enterprise funds, sections and divisions.

3.05.04 Committee Review. The Board's Audit and Finance Committee shall review the investment policy annually. Recommendations for modifications to the policy may be made by the Executive Director, the Board's Audit and Finance Committee, an Officer, or Board Member. This policy and any amendments to it must be authorized by Board action.

3.05.05 Approved Investments. The Board authorizes the Executive Director and/or investment manager (as contracted by the Audit and Finance Committee of the Board) to invest funds of the State Bar that are available for investment in any account, time or demand, and the following "fixed income" securities:

(A) U. S. Treasury Securities. U.S. Treasury securities are direct obligations of the United States Government. U.S. Government obligations are the highest quality and are the most liquid and marketable of investment securities. Investments in this category will include Treasury bills, Treasury notes, and Treasury bonds. U.S. Treasury bills are sold on a discount basis and have initial maturities of three months, six months, and one year. U.S. Treasury notes and Treasury bonds are coupon-bearing instruments with initial maturities from two to ten years for notes and ten to thirty years for bonds.

The maximum average maturity of the U. S. Treasury securities portfolio will not exceed five years.

(B) Federal Agencies. After U. S. Treasury securities, Federal agency securities (government sponsored enterprises) are generally regarded as the next highest quality investment suitable for the portfolio. Agencies generally offer a rate of return higher than direct U.S. Treasury securities. The spread difference in yield will be affected by the general level of interest rates, markets, and economic conditions at any given time. Consideration should be given to the spread relationship existing when portfolio investment decisions are made.

Securities included in this category are debt issuance by the Federal Farm Credit System (Farm Credits), Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), the Student Loan Marketing Association (SLMA), the Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”), the Government National Mortgage Association (GNMA or “Ginnie Mae”), and Small Business Administration (SBA).

The maximum average maturity of the U.S. agency section of the portfolio will not exceed five years.

(C) Collateralized Deposits: The State Bar will monitor all deposits that are held with the State Bar’s custodian bank(s) to ensure that all deposits are fully insured or collateralized, as required by the Public Funds Collateral Act, §2257, of the Texas Government Code (“PFCA”). Pursuant to §2257, the State Bar will require the custodian bank(s) to pledge securities that are authorized under §2256.009 of the Public Funds Investment Act (“PFIA”). In accord with the PFCA, deposits that exceed the FDIC insurance limit will be collateralized by the deposit institution holding such deposits. Since, generally, all deposits are fully invested in securities, the collateralization of such invested deposits will not be necessary when such deposits are fully and continuously invested in securities. If there are any funds awaiting investment, such funds should be fully collateralized at all times pursuant to the PFCA. The custodian bank(s) will be notified regarding the collateralization and investment policy requirements. The State Bar’s expectation of total and full compliance with the PFIA and the PFCA is of paramount importance and such expectation will be clearly communicated to custodian bank(s). Financial institutions serving as depositories will be required to sign an Agreement with the State Bar and its safekeeping agent for the collateral, perfecting the State Bar’s rights to the collateral in case of default, bankruptcy or closure.

(D) Money Market Investments. Money market investments are short-term investments that normally have a maturity of one year or less and are used for liquidity and income maximization purposes. Acceptable investments that may appear in this category are:

(1) Domestic CDs (time deposits). Certificates of deposit issued by depository institutions, wherever located that are:

(a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or the National Credit Union Share Insurance Fund, or its successor; or

(b) secured by obligations that are described in Subsections 3.05.05(A) and (B) above, with a market value of not less than the principal amount of the certificates plus accrued interest. Pledged collateral securities must be held in a third-party custody account authorized by the State Bar.

(2) Banker’s Acceptances. Bankers acceptances must have a stated maturity of 270 days or less from the date of its issuance that will be liquidated in full at its maturity, is eligible for collateral for

borrowing from a Federal Reserve Bank and is accepted by a bank organized and existing under the laws of the United States and if the short-term obligations of the bank, or of the bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

(3) Repurchase Agreements (Repos) Repurchase Agreements must be fully collateralized and have a defined termination date. They must be placed with a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas. Repurchase agreements must be collateralized by U.S. Treasury or Agency securities and collateral must be held in a third-party custody account authorized by the State Bar.

(4) Money Market Investments. A no load money market mutual fund is an approved investment under this policy if the investment meets one of the following two criteria:

(a) It is registered with and regulated by the Securities and Exchange Commission; it provides the State Bar with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a, et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1, et seq.); and it complies with federal Securities and Exchange Commission Rules 2a-7 (17 C.F.R. Section 270.2a-7) promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1, et seq.); or

(b) It is registered with the Securities and Exchange Commission; it has an average weighted maturity of less than two years; and it either:

(i) has a duration of one year or more and is invested exclusively in obligations approved by this policy; or

(ii) has a duration of less than one year and the investment portfolio is limited to investment grade securities excluding asset-backed securities.

(5) Commercial Paper Commercial Paper must have a stated maturity of 270 days or less from the date of issuance and must have a credit rating of not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies.

(E) Investment Concentrations. The State Bar intends to follow the guidelines described below on investment concentrations within the investment portfolio (IP):

(1) U.S. Treasury and Federal Agency Securities. Up to 100% of the IP.

(2) Mortgage-Backed Securities. Guaranteed by U.S. Government Sponsored Agencies up to 30% of the IP.

(3) Certificates of Deposit. Up to 30% of the IP, but no more than 5% with any single bank.

(4) Banker's Acceptance. Up to 15% of the IP, but no more than 5% with any single issuer.

(5) Repurchase Agreements. Up to 30% of the IP, but no more than 10% with any single issuer.

(6) Money Market Mutual Funds. Up to 100% of the IP.

(7) Commercial Paper. Up to 30% of the IP, but no more than 5% with any single issuer.

Investments in collateralized mortgage obligations are strictly prohibited. These securities are also disallowed for collateral positions. The State Bar will not be required to liquidate investments that were authorized investments at the time of purchase.

The investment manager will monitor the various investment alternatives and select the securities that best meet the State Bar's overall, long-term goals. Concentrations of each type of security will not exceed the maximum limits outlined above, but specific concentrations of investment types will be dictated by the following considerations: quality, liquidity, relative sector yield spreads vs. historical spreads, maturity concentrations, time horizon.

Investments will only be made with those firms and institutions which have been approved by the Board of Directors. The investment manager will be responsible for analyzing and evaluating the broker/dealer firms and for reporting their list of qualified firms to the Committee for approval.

It is the policy of the State Bar to require competitive bidding for all individual security purchases except for those transactions with money market mutual funds which are deemed to be made at prevailing market rates and for government securities purchased at issued through a primary dealer at auction price. At least three bidders must be contacted in all transactions involving individual securities. Competitive bidding for security swaps is also required. Bids may be solicited in any manner provided by law and shall be documented.

(F) Collateralization. In addition to the collateral requirements for State Bar deposits, as discussed in Subsection 3.05.05(C), Certificates of Deposit (CD) and Repurchase Agreements (Repo) must also be collateralized in accordance with State Law. Eligible securities for collateralization of CDs and Repo shall be U.S. Treasury and Agency securities. For CDs, the market value of the pledged collateral securities must at all times be equal to or greater than the par value of the CD plus accrued interest, less the amount insured by the FDIC. For Repos, the market value of the pledged collateral securities shall be a percentage of the par value of the agreement plus accrued interest and shall be maintained at the following levels:

Collateral Maturity	U.S. Treasury Securities	U.S Government Securities
1 year or less	101%	101%
1 to 5 years	102%	102%
Over 5 years	103%	104%

(G) Reporting. The Investment Manager for the State Bar of Texas will provide a detailed accounting and appraisal report detailing, among other things, investments' descriptions, coupons, maturities, CUSIP identification numbers, purchase cost, amortized cost and market values on a monthly basis. Market valuations are based on current information and appraisals taken from third party market makers, whom the Manager believes provides reliable information and valuations.

The investment manager will prepare a report for the State Bar quarterly. The report will include a listing of securities, a current appraisal reflecting gains or losses, a list of securities purchased or sold during

the period, and an analysis of the IP's performance for the period and since inception.

Representatives of the investment manager will meet with the State Bar semi-annually or as needed to discuss investment strategy, actions taken, and the general economic environment within which the State Bar's investments will be managed.

Not less than quarterly the Investment Officers will submit to the Audit and Finance Committee and the Board a written report of the status of the current investment portfolio. The report must meet the requirements of Chapter 2256 of the Government Code (Public Funds Investment Act) and:

- (1) describe in detail the investment position of the State Bar on the date of the report;
- (2) be prepared jointly by all investment officers of the State Bar;
- (3) contain a summary statement, prepared in compliance with generally accepted accounting principles of each pooled fund group that states the beginning market value for the reporting period, additions and changes to the market value during the period, ending market value for the period and fully accrued interest for the reporting period.
- (4) state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
- (5) state the maturity date of each separately invested asset that has a maturity date;
- (6) state the account or fund or pooled fund group from which each individual investment was acquired; and
- (7) state the compliance of the investment portfolio as it relates to the investment strategy and relevant provisions of this Policy and the Public Funds Investment Act.

An independent auditor shall formally review the quarterly reports prepared under this Subsection at least annually, and that auditor shall report the results of the review to the Board.

(H) *Exceptions to Policy.* Exceptions to the investment policy must have prior approval by a majority of the Board at a called, regularly scheduled, or telephone call meeting. Changes to the investment policy will be made, as needed, after action by the Board.

(I) *Methods to Monitor Market Price.* The investment manager shall provide market valuations of all State Bar investments using Bloomberg, or another third-party market valuation service.

The Executive Director or investment manager shall report to the Audit and Finance Committee at least quarterly on the market prices and the performance of the investments made by, or on behalf of, the State Bar.

(J) *Monitoring Rating Changes.* Pursuant to the PFIA, Section 2256.021, an investment that requires a minimum rating under State law does not qualify as an authorized investment during the period the investment does not have the minimum rating. The State Bar's Investment Manager will be responsible for monitoring ratings of all State Bar investments placed with the Investment Manager. The Investment

Manager will maintain a process whereby the State Bar's Investment Officer will be promptly notified in the event of a downgrade of an investment below State law or State Bar's Investment Policy limits. The Investment Manager will provide a recommendation on how best to resolve the issue with the intent to take all prudent measures that are consistent with State Bar's Investment Policy to liquidate an investment that does not have the minimum rating.

3.05.06 Delegation of Authority

(A) Investment Officer. The State Bar shall designate the Finance Division Director as investment officer responsible for the investment of its funds, under the direction and authority of the Executive Director. This includes investments for the State Bar General Fund, Client Security Fund and the special revenue funds.

(B) Procedures. The State Bar's investment officer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the written procedures. Authority granted to a person to invest the State Bar's funds is effective until rescinded or until termination of the person's employment by the State Bar. The investment officers shall be responsible for all transactions undertaken and shall establish a system of controls, to be reviewed by the State Bar's independent auditor, to regulate the activities of subordinate officials. The investment officers shall possess sufficient working knowledge of economics and securities markets, as well as the supervisory experience and judgment necessary to carry out the responsibilities outlined in this Policy.

(C) Ethics and Conflicts of Interest.

(1) Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

(2) Officers and employees involved in the investment process shall sign annual statements agreeing to abide by this section of the Investment Policy and affirming no known conflicts of interest.

(3) Officers and employees involved in the investment process must file a disclosure with the State Bar of Texas if:

(a) the Officer or employee has a personal business relationship with a business organization offering to engage in an investment transaction with the State Bar of Texas; or

(b) the Officer or employee is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the State Bar of Texas

(4) An officer or employee involved in the investment process has a personal business relationship with a business organization if:

(a) the Officer or employee owns 10 percent or more of the voting stock of shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

BREAKDOWN OF SECTIONS BY ACCOUNTANT

Marni Fidler, Marni.Fidler@texasbar.com, 512.427.1404

Administrative Law	Insurance Law
African American Lawyers	Justice Court
Alternative Dispute Resolution	Labor & Employment Law
Antitrust & Business Litigation	Legislative & Campaign Law
Asian Pacific Interest	LGBT Law
Aviation Law	Litigation
Bankruptcy Law	Military & Veterans Law
Computer & Technology	Municipal Judges
Construction Law	Native American Law
Consumer Law	Real Estate, Probate & Trust
Corporate Counsel	School Law
Government Law	Tax
Immigration & Nationality Law	Women & the Law

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Animal Law	Health Law
Appellate	Hispanic Issues
Business Law	Intellectual Property Law
Child Protection Law	International Law
Civil Liberties & Civil Rights	Judicial
Collaborative Law	Juvenile Law
Criminal Justice	Oil, Gas & Energy Resources Law
Entertainment & Sports Law	Poverty Law
Environmental & Natural Resources	Public Utility Law
Family Law	Workers Compensation
General Practice, Solo & Small Firm	