

MINUTES
HAWAII STATE BAR ASSOCIATION
BOARD MEETING

1100 Alakea Street, Suite 1000
Honolulu, HI 96813

Thursday, October 25, 2018

A. CALL TO ORDER

President Howard Luke called the meeting to order at 12:07 p.m. with a quorum present.

The following persons were present for all or part of the meeting:

Officers Present

Howard Luke
Derek Kobayashi
P. Gregory Frey
Russ Awakuni (by phone)
Karin Holma

Directors Present

Cecelia Chang
Steven Chow
Rebecca Copeland
Vladimir Devens
Geraldine Hasegawa
Kristin Izumi-Nitao
Kai Lawrence (by phone)
Lisa Munger
Mark K. Murakami
Zale Okazaki
Alika Piper
Shannon Sheldon (by phone)
John Tonaki
Jamila Jarmon

Directors Absent

Rhonda Griswold
Carol Kitaoka

Others Present

Deana Awa, KMH LLP
Alan Matsui, KMH LLP

HSBA Staff

Patricia Mau-Shimizu
Iris Ito
Christina Bae
Katra Cuskaden

- B. REPORT ON 2017 TAX RETURN & AUDIT** - KMH representatives Alan Matsui and Deana Awa presented the HSBA's 2017 audit report and tax return, respectively. Mr. Matsui reviewed all sections of the audit report and explained

the Statement on Auditing Standards (SAS) 114 letter which sets forth audit methodology and findings and noted the following:

- The HSBA utilizes a modified cash basis system.
- Management was cooperative and provided necessary documentation.

Ms. Awa highlighted notable items on Form 990 of HSBA's 2017 tax return including: total revenue, total expenses, total assets, total liabilities. She confirmed consistency to figures on the Statement of Revenues & Expenses for confirmation purposes.

Board members had questions over the negative balance at year's end and the reason it did not show on the monthly financial reports. It was clarified that the negative balance was primarily due to the depreciation expense which does not appear on the monthly financial reports. Starting next month a depreciation schedule will be included in the monthly financial reports.

- C. **APPROVAL OF MINUTES** - A motion was made, seconded, and carried without opposition to approve the minutes of the September 27, 2018 board meeting.
- D. **TREASURER'S REPORT** - Treasurer Karin Holma reported that as of September 30, 2018, income on licensing fees and penalties are above budget on the revenue side, and income for the Bar Convention should be reflected in the October financials. Expenses year to date are under budget mainly due to not filling a budgeted position.
- E. **EXECUTIVE DIRECTOR'S REPORT** - Executive Director Patricia Mau-Shimizu reported that early bird registration for the Bar Convention is strong this year; 288 registrations to date.
- F. **YLD PRESIDENT'S REPORT** - YLD President Jamila Jarmon reported that the 2019 Mock Trial Competition is starting up and that the YLD is having an Appreciation Pau Hana on November 30th.
- G. **NEW BUSINESS**
1. **Proposed 2019 HSBA Operating Budget** - Treasurer Holma reviewed the basic assumptions of the operating budget before highlighting significant line items on the proposed budget:
- CLE revenues - reduced from 2018 due to increased competition.
 - *Hawaii Bar Journal* - new expense of funding monthly production costs included.
 - Bar dues revenue - increased from 2018 due to anticipated increase in the number of successful bar examinees and retirement age attorneys maintaining an active license.
 - Royalty revenue - reduced due to discontinuance of royalty business partnerships.
 - Loan pre-payment - proposed prepayment for 2019 is \$70k.

- Technology/website expenses - 6.3% increase is proposed due to continuing rising costs.

The Board called itself into executive session to discuss 2019 staff salary adjustments. After the discussion concluded the Board reconvened in regular session and announced its decision to provide a 5% increase to the 2019 staff salary line item. It was noted that this significant adjustment was in recognition of an increased 2018 workload and extraordinary performance. NOTE: The Executive Director's salary will be reviewed separately.

Action taken: A motion was made, seconded, and carried without opposition to approve the proposed 2019 HSBA operating budget as recommended by the joint Executive-Finance Committee with a minor amendment to the payroll budget.

H. ADJOURNMENT

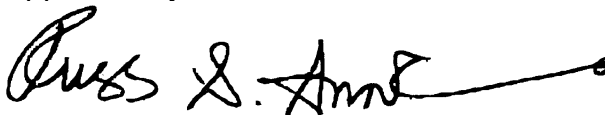
The meeting adjourned at 1:42 p.m.

Submitted by:



Patricia Mau-Shimizu
HSBA Executive Director

Approved by:



Russ S. Awakuni
HSBA Secretary