NYSBA

Staff Memorandum

Executive Committee
Agenda Item #3

NEW YORK STATE BAR ASSOCIATION

Unaudited Financial Statements

January 1, 2011 – December 31, 2011

NEW YORK STATE BAR ASSOCIATION
NYSBA One Elk Street, Albany, New York 12207 • 518.463.3200 • www.nysba.org

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January 18, 2012

To: Members of the Finance Committee

Re: 2011 Financial Statements

Enclosed are the Operating Budget, Statements of Financial Position, Statements of Activities, Statements of Activities (Continued) and Capital Items Approved and Purchased for the period ending December 31, 2011.

Total operating income received through December 31, 2011 is $23,276,536 which represents 96.23% of our 2011 budget. In comparison, total operating income through December 31, 2010 was $23,437,068 or 95.44% of budget. Highlights regarding the larger income items are as follows:

Total receipts through December 2011 are about $161,000 less than last year. Total collections on membership dues have increased from 2010 by $57,000.

- In the aggregate, CLE income has decreased from last year by about $406,700. Since 2011 is an odd year, this generally means a significant decrease in revenue over even-numbered years. It should be noted that we have expanded the number of online CLE offerings, and have shifted more to a CD, DVD format in lieu of the older audio cassette and VHS products both of which have been discontinued. When viewed in the aggregate, "electronic format" sales for 2011 (online, CD and DVD) total $1,173,548, which represents a 27% decrease from last year's $1,618,447. Live seminars thus far in 2011 have generated $135,700 more in income than last year. Revenue from course book sales decreased by $36,600 and book and supplement sales is lagging last year by $61,000. CLE expenses have decreased by $53,000 over 2010. The CLE Committee and staff continue to monitor these items closely. In addition, as part of the ongoing monitoring effort, the CLE Committee will be reporting regularly to the Association's Executive Committee concerning the status of the program.

- Annual Meeting income has increased as a result of the increase in the fees for CLE.

- The income from the House of Delegates and Committees has declined. The Pro Bono Partnership Conference generates revenue of about $50,000 is held every other year. There is no conference in 2011.

Other income items are either at or near 2010 levels and budget projections for the period.

Total operating expenses through December 31, 2011 are $23,556,824 which represents 96.00% of budget. In comparison, total operating expenses through December 31, 2010 were $24,245,693 or 98.48% of budget.

Highlights regarding the major expense items are as follows:

- The increase in plant in equipment is due to the addition of the new Komari printing press. Depreciation expense has increased by about $9,000 per month.

- The increase in the State Bar News expense is due to an increase in postage costs and the timing of the mailing for the January 2012 issue.

- Marketing expense has increased due to the costs associated with the member and lapsed member survey approved for the 2011 budget. This survey is only performed about every 5 years.

Combined cash and investments, at market value, as reported on the December 31, 2011 and December 31, 2010 investment statements, amounted to $31,105,467, and $30,553,516, respectively, an increase of $551,951. As noted on the statement of financial position, cash and investments consist of General Cash and Equivalents ($11,211,083), Cromwell Fund ($1,537,683), Replacement Reserve Account ($2,116,874), Long-term Reserve Account ($13,386,950) and Section Accounts ($2,852,878).

Total net assets are $16,037,820. This amount consists of the Cromwell Account ($1,537,683), Replacement Reserve Accounts ($2,116,874), Long-Term Reserve Account ($4,533,133), Section Accounts ($2,852,878), Fixed Assets ($2,576,539), and Undesignated Accounts ($2,420,713).

Should you have any questions, please do not hesitate to contact me.

Kristin M. O'Brien

Kristin M. O'Brien, C.P.A.
Director of Finance

Enc.
KMO/crg
cc: Executive Committee
Executive Staff
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NEW YORK STATE BAR ASSOCIATION
2011 OPERATING BUDGET
TWELVE MONTHS OF CALENDAR YEAR 2011

REVENUE

	2011 BUDGET	ADJUST-MENTS	2011 BUDGET AS ADJUSTED	UNAUDITED RECEIVED 12/31/2011	% RECEIVED 12/31/2011	2010 BUDGET	UNAUDITED RECEIVED 12/31/2010	% RECEIVED 12/31/2010
MEMBERSHIP DUES	10,550,000		10,550,000	10,611,350	100.58%	10,663,490	10,554,088	98.97%
SECTIONS:								
Dues	1,479,400		1,479,400	1,456,531	98.45%	1,481,135	1,427,400	96.37%
Programs	2,162,550	24,000	2,186,550	1,849,946	84.61%	1,916,845	1,735,372	90.53%
INVESTMENT INCOME	187,880		187,880	121,644	64.75%	445,000	106,398	23.91%
ADVERTISING	341,500		341,500	249,118	72.95%	390,000	252,480	64.74%
CLE	6,135,000		6,135,000	5,659,812	92.25%	6,230,500	6,066,539	97.37%
USI AFFINITY PAYMENT	1,820,000		1,820,000	1,982,440	108.93%	1,820,000	1,779,996	97.80%
ANNUAL MEETING	887,500		887,500	844,156	95.12%	816,250	818,363	100.26%
HOUSE OF DELEGATES & COMMITTEES	134,100		134,100	99,918	74.51%	205,400	151,062	73.55%
PUBLICATIONS ROYALTIES & OTHER	467,300		467,300	401,621	85.95%	588,500	545,370	92.67%
TOTAL REVENUE	**24,165,230**	**24,000**	**24,189,230**	**23,276,536**	**96.23%**	**24,557,120**	**23,437,068**	**95.44%**

EXPENSE

	2011 BUDGET	ADJUST-MENTS	2011 BUDGET AS ADJUSTED	UNAUDITED EXPENDED 12/31/2011	% EXPENDED 12/31/2011	2010 BUDGET	UNAUDITED EXPENDED 12/31/2010	% EXPENDED 12/31/2010
SALARIES & FRINGE	9,779,350	250,000	10,029,350	10,523,416	104.93%	9,943,600	11,225,906	112.90%
BAR CENTER:								
Rent	270,000		270,000	274,482	101.66%	270,000	290,927	107.75%
Building Services	390,500		390,500	349,760	89.57%	468,500	375,433	80.14%
Insurance	138,000		138,000	124,628	90.31%	157,000	132,994	84.71%
Taxes	151,000		151,000	160,734	106.45%	153,000	164,238	107.35%
Plant and Equipment	466,000		466,000	578,302	124.10%	491,500	467,128	95.04%
Administration	638,500	25,000	663,500	702,806	105.92%	667,500	752,443	112.73%
SECTIONS	3,629,465	24,000	3,653,465	3,162,050	86.55%	3,354,195	3,183,816	94.92%
PUBLICATIONS:								
Journal	603,100		603,100	590,327	97.88%	610,600	573,754	93.97%
Law Digest	293,300		293,300	300,236	102.36%	281,100	306,101	108.89%
State Bar News	268,550		268,550	298,729	111.24%	302,300	255,250	84.44%
MEETINGS:								
Annual Meeting	332,200		332,200	338,553	101.91%	344,500	344,566	100.02%
House of Delegates,Officers and Executive Committee	447,550		447,550	467,070	104.36%	444,150	455,760	102.61%
COMMITTEES:								
CLE	3,256,300		3,256,300	2,652,571	81.46%	3,409,650	2,705,830	79.36%
LPM/ECTF	102,650		102,650	47,383	46.16%	72,100	47,284	65.58%
MARKETING	193,500		193,500	158,351	81.84%	118,750	103,327	87.01%
MEDIA SERVICES	298,300		298,300	252,194	84.54%	316,550	278,940	88.12%
MEMBERSHIP	663,500		663,500	549,890	82.88%	782,400	600,696	76.78%
ALL OTHERS	2,243,465	74,000	2,317,465	2,025,342	87.39%	2,433,725	1,981,300	81.41%
TOTAL EXPENSE	**24,165,230**	**373,000**	**24,538,230**	**23,556,824**	**96.00%**	**24,621,120**	**24,245,693**	**98.48%**
BUDGETED SURPLUS	**0**	**(349,000)**	**(349,000)**	**(280,288)**		**(64,000)**	**(808,625)**	

NEW YORK STATE BAR ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011

ASSETS	UNAUDITED 12/31/2011	UNAUDITED 12/31/2010
Current Assets:		
General Cash and Cash Equivalents	11,211,083	10,706,045
Accounts Receivable	70,628	113,075
Accrued interest receivable		
Prepaid expenses	1,311,704	1,304,606
Inventories	339,342	377,770
Royalties and Admin. Fees receivable	731,837	636,910
Total Current Assets	13,664,594	13,138,406
Board Designated Accounts:		
Cromwell Fund:		
Cash and Investments at Market Value	1,537,683	1,599,763
Accrued interest receivable	0	0
	1,537,683	1,599,763
Replacement Reserve Account:		
Equipment replacement reserve	1,109,657	1,104,807
Repairs replacement reserve	788,743	785,296
Furniture replacement reserve	218,474	217,547
	2,116,874	2,107,650
Long-Term Reserve Account:		
Cash and Investments at Market Value	13,362,300	13,475,430
Accrued interest receivable	24,650	32,665
	13,386,950	13,508,094
Sections Accounts:		
Section Accounts Cash equivalents and Investments at market value	2,708,451	2,653,008
Cash	144,427	(21,044)
	2,852,878	2,631,964
Other Assets	139	1,666
Fixed Assets:		
Capital Leases	149,219	149,219
Furniture and fixtures	1,319,292	1,319,292
Leasehold Improvements	1,363,251	1,354,733
Equipment	6,475,941	6,211,744
Capital Lease - Telephone	154,165	154,165
	9,461,869	9,189,153
Less accumulated depreciation	6,885,330	6,474,821
Net fixed assets	2,576,539	2,714,332
Total Assets	36,135,656	35,701,873

LIABILITIES AND FUND BALANCES		
Current liabilities:		
Accounts Payable & other accrued expenses	1,012,252	1,507,683
Deferred dues	9,571,407	8,850,845
Deferred grant revenue	28,515	73,289
Other deferred revenue	497,661	472,957
Unearned Income CLE	137,483	128,149
Income Taxes Payable	0	0
Payable To The New York Bar Foundation	21,351	88,247
Total current liabilities & Deferred Revenue	11,268,670	11,121,170
Long Term Liabilities:		
Accrued Pension Costs	1,400,305	1,220,305
Accrued Other Postretirement Benefit Costs	6,879,749	6,190,049
Accrued Supplemental Plan Costs and Defined Contribution Plan Costs	549,113	636,330
Total Liabilities & Deferred Revenue	20,097,836	19,167,853
Board designated for:		
Cromwell Account	1,537,683	1,599,763
Replacement Reserve Account	2,116,874	2,107,650
Long-Term Reserve Account	4,533,133	5,428,746
Section Accounts	2,852,878	2,631,964
Invested in Fixed Assets (Less capital lease)	2,576,539	2,714,332
Undesignated	2,420,713	2,051,565
Total Net Assets	16,037,820	16,534,020
Total Liabilities and Net Assets	36,135,656	35,701,873

New York State Bar Association
Statement of Activities
For the Twelve Months Ending December 31, 2011

	December 2011	*December 2010*
REVENUES AND OTHER SUPPORT		
Membership dues	$10,611,350	$10,554,088
Section revenues		
Dues	1,456,531	1,427,400
Programs	1,849,946	1,735,372
Continuing legal education program and publications	5,659,812	6,066,539
Administrative fee and royalty revenue	2,284,334	2,250,983
Annual meeting	844,156	818,363
Investment income	514,140	462,009
Other revenue	443,872	457,925
Total revenue and other support	23,664,141	23,772,679
PROGRAM EXPENSES		
Continuing legal education program	4,591,988	4,982,050
Graphics	2,113,055	1,925,011
Government relations program	402,874	368,916
Law, youth and citizenship program	241,667	234,764
Lawyer assistance program	220,825	213,887
Lawyer referral and information services	149,732	135,291
Law practice management services	149,541	121,822
Media / public relations services	358,464	309,682
Meetings services	427,456	474,547
Membership services	1,062,503	1,209,844
Pro bono program	210,983	209,581
Local bar program	104,457	187,558
House of delegates	423,048	415,763
Executive committee	44,022	39,998
Other committees	1,203,655	1,256,501
Sections	3,162,050	3,183,816
Section newsletters	132,487	123,274
Publications	1,189,291	1,135,105
Annual meeting expenses	338,553	344,566
Total program expenses	16,526,651	16,871,976
MANAGEMENT AND GENERAL EXPENSES		
Salaries and fringe benefits	4,331,800	4,763,897
Rent and equipment costs	1,187,282	1,208,499
Consultant and other fees	724,816	691,344
Depreciation and amortization	412,036	354,520
Other expenses	374,237	355,455
Total management and general expenses	7,030,171	7,373,715
CHANGES IN NET ASSETS BEFORE INVESTMENT TRANSACTIONS AND OTHER ITEMS	**107,319**	**(473,012)**
Realized and unrealized gain (loss) on investments	(603,519)	1,386,876
Realized gain (loss) on sale of equipment		20,000
Gain relating to defined benefit plan curtailment		
CHANGES IN NET ASSETS	**(496,200)**	**933,864**
Net assets, beginning of year	16,534,020	15,600,156
Net assets, end of year	16,037,820	16,534,020

NEW YORK STATE BAR ASSOCIATION
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR TWELVE MONTH OF CALENDAR YEAR 2011

	Undesignated	Long Term Reserve	Replacement Reserve	Sections' Funds	Plant	Cromwell	Total
NET ASSETS							
Balance at December 31, 2010	**2,051,565**	**5,428,746**	**2,107,650**	**2,631,964**	**2,714,332**	**1,599,763**	**16,534,020**
Excess of Income Over Expenses	(551,248)			144,427			(406,822)
Investment Income	64,462	392,496	9,224			47,958	514,140
Realized & Unrealized Gain (Loss)	(22,970)	(505,625)		(6,964)		(67,960)	(603,519)
TOTAL ADDITIONS	**(509,755)**	**(113,129)**	**9,224**	**137,462**		**(20,002)**	**(496,201)**
TRANSFERS:							
Prior Year Section Activity	(21,044)			21,044			
Investments	(62,408)			62,408			
Interest Transfers							
Capital Purchases and Improvements	(272,716)				272,716		
Depreciation	410,509				(410,509)		
Commissions-Cromwell							
Commissions-Long Term							
Replacement Funds-Net (wire fees)							
Accrual of Pension and Postretirement Expense	1,514,747	(1,514,747)					
Contributions to Pension and Postretirement	(732,264)	732,264					
Interest - Cromwell							
Transfer from General Fund	42,078					(42,078)	
Transfer to General Account							
TOTAL TRANSFERS	**878,903**	**(782,483)**		**83,452**	**(137,793)**	**(42,078)**	
Balance as of December 31, 2011	**2,420,713**	**4,533,133**	**2,116,874**	**2,852,878**	**2,576,539**	**1,537,683**	**16,037,821**

CAPITAL ITEMS APPROVED AND PURCHASED
2011

		AMOUNTS EXPENDED BY STAFF PURSUANT TO CAPITAL EXPENDITURES GUIDELINES	AMOUNTS APPROVED BY FINANCE COMMITTEE	TOTAL
EQUIPMENT				
Vendor	**Purchase**			
Audio Visual Corporations	Deposit - Great Hall A/V System		30,964	30,964
Audio Visual Corporations	Deposit - Great Hall A/V System		80,505	80,505
PC Connection	Laptop for webinar / webcast		2,114	2,114
SiteImprove Inc	Website check & alarm system		1,997	1,997
Audio Visual Corporations	Final Payment - Great Hall A/V System		25,874	25,874
G Robert Oyer LLC	Monitor Display system for Proofreader		2,720	2,720
PC Connection	Loaner Laptops		4,854	4,854
PC Connection	Microsoft Office 2010 - upgrade		37,154	37,154
PC Connection	Switch box and cables - network room		16,725	16,725
PC Connection	Laptop		2,086	2,086
PC Connection	17 workstation - part of annual upgrade		19,474	19,474
C Systems	iMIS Module - Task Centre		12,000	12,000
Hewlett Packard	Switch box - network room		20,386	20,386
Electronic Business Products	Ink Set Printer - Print Shop	3,131		3,131
GSS Info Tech	Upgrade Memory and Network Cards	4,214		4,214
		7,345	256,853	264,197
FURNITURE				
BUILDING IMPROVEMENTS				
Vendor	**Purchase**			
RJ Kenific	Electrical - Energy Efficient Adjustment		8,519	8,519
		0	8,519	8,519
TOTALS		**7,345**	**265,371**	**272,716**

As of December 31, 2011