



Staff Memorandum

Executive Committee
Agenda Item # 6

Attached for your convenient reference are the financial statements through May 31, 2011.



NEW YORK STATE BAR ASSOCIATION

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June 15, 2011

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 May 31, 2011.

Total operating income received through May 31, 2011 is \$17,612,211 which represents 72.9% of our 2011 budget. In comparison, total operating income through May 31, 2010 was \$17,228,984, or 70.16% of budget. Highlights regarding the larger income items are as follows:

Total receipts through May 2011 are about \$83,227 more than last year. Total collections on membership dues have increased from 2010 by \$25,400.

- In the aggregate, CLE income has decreased from last year by about \$1,000. 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. When viewed in the aggregate, "electronic format" sales for 2011 (online, CD and DVD) total \$504,098, which represents a 30% decrease from last year's \$717,056. Live seminars thus far in 2011 have generated \$243,000 more in income than last year. Revenue from course book sales decreased by \$13,900 and book and supplement sales is lagging last year by \$17,500. CLE expenses have decreased by \$19,000 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.
- Publications, royalties and other revenue has increased as we are now recognizing grant income from our Law Youth and Citizenship program and the Cy Pres funds received from The New York Bar Foundation.

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

Total operating expenses through May 31, 2011 are \$10,650,621 which represents 44.07% of budget. In comparison, total operating expenses through May 31, 2010 were \$10,192,976 or 41.40% of budget.

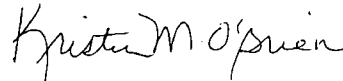
Highlights regarding the major expense items are as follows:

- 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.
- 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 May 31, 2011 and May 31, 2010 investment statements, amounted to \$29,672,127, and \$26,842,466, respectively, an increase of \$2,829,661. As noted on the statement of financial position, cash and investments consist of General Cash and Equivalents (\$8,095,284), Cromwell Fund (\$1,667,199), Replacement Reserve Account (\$2,111,594), Long-term Reserve Account (\$14,267,164) and Section Accounts (\$3,530,886).

Total net assets are \$24,418,914. This amount consists of the Cromwell Account (\$1,667,199), Replacement Reserve Accounts (\$2,111,594), Long-Term Reserve Account (\$6,140,400), Section Accounts (\$3,530,886), Fixed Assets (\$2,747,159), and Undesignated Accounts (\$8,221,677).

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



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

Enc.

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cc: Executive Committee
Executive Staff
Cynthia R. Gaynor, CPA
William M. Kahn, CPA

**NEW YORK STATE BAR ASSOCIATION
2011 OPERATING BUDGET
FIVE MONTHS OF CALENDAR YEAR 2011**

REVENUE

	2011 BUDGET	ADJUST- MENTS	2011 BUDGET AS ADJUSTED	UNAUDITED RECEIVED 5/31/2011	% RECEIVED 5/31/2011	2010 BUDGET	UNAUDITED RECEIVED 5/31/2010	% RECEIVED 5/31/2010
MEMBERSHIP DUES	10,550,000		10,550,000	10,478,324	99.32%	10,663,490	10,452,879	98.02%
SECTIONS:								
Dues	1,479,400		1,479,400	1,441,109	97.41%	1,481,135	1,417,030	95.67%
Programs	2,162,550		2,162,550	1,033,066	47.77%	1,916,845	857,901	44.76%
INVESTMENT INCOME	187,880		187,880	23,143	12.32%	445,000	38,571	8.67%
ADVERTISING	341,500		341,500	109,580	32.09%	390,000	82,909	21.26%
CLE	6,135,000		6,135,000	2,572,255	41.93%	6,230,500	2,573,087	41.30%
USI AFFINITY PAYMENT	1,820,000		1,820,000	798,750	43.89%	1,820,000	745,832	40.98%
ANNUAL MEETING	887,500		887,500	845,466	95.26%	816,250	820,248	100.49%
HOUSE OF DELEGATES & COMMITTEES	129,100		129,100	96,211	74.52%	205,400	82,823	40.32%
PUBLICATIONS ROYALTIES & OTHER	467,300		467,300	214,306	45.86%	588,500	157,703	26.80%
TOTAL REVENUE	24,160,230	0	24,160,230	17,612,211	72.90%	24,557,120	17,228,984	70.16%

EXPENSE

	2011 BUDGET	ADJUST- MENTS	2011 BUDGET AS ADJUSTED	UNAUDITED EXPENDED 5/31/2011	% EXPENDED 5/31/2011	2010 BUDGET	UNAUDITED EXPENDED 5/31/2010	% EXPENDED 5/31/2010
SALARIES & FRINGE	9,779,350		9,779,350	4,381,085	44.80%	9,943,600	4,033,306	40.56%
BAR CENTER:								
Rent	270,000		270,000	117,565	43.54%	270,000	134,500	49.81%
Building Services	390,500		390,500	151,423	38.78%	468,500	134,019	28.61%
Insurance	138,000		138,000	52,689	38.18%	157,000	55,737	35.50%
Taxes	151,000		151,000	61,297	40.59%	153,000	62,654	40.95%
Plant and Equipment	466,000		466,000	235,880	50.62%	491,500	182,810	37.19%
Administration	638,500		638,500	314,438	49.25%	667,500	306,672	45.94%
SECTIONS	3,629,465		3,629,465	1,659,516	45.72%	3,354,195	1,673,345	49.89%
PUBLICATIONS:								
Journal	603,100		603,100	266,598	44.20%	610,600	260,456	42.66%
Law Digest	293,300		293,300	123,926	42.25%	281,100	134,528	47.86%
State Bar News	268,550		268,550	132,782	49.44%	302,300	137,035	45.33%
MEETINGS:								
Annual Meeting	332,200		332,200	328,645	98.93%	344,500	354,009	102.76%
House of Delegates, Officers and Executive Committee	447,550		447,550	242,920	54.28%	444,150	238,319	53.66%
COMMITTEES:								
CLE	3,256,300		3,256,300	1,141,592	35.06%	3,409,650	1,160,946	34.05%
LPM/ECTF	102,650		102,650	35,930	35.00%	72,100	39,069	54.19%
MARKETING	193,500		193,500	106,990	55.29%	118,750	27,745	23.36%
MEDIA SERVICES	298,300		298,300	97,146	32.57%	316,550	128,496	40.59%
MEMBERSHIP	663,500		663,500	209,161	31.52%	782,400	242,908	31.05%
ALL OTHERS	2,238,465	5,000	2,243,465	991,035	44.17%	2,433,725	886,425	36.42%
TOTAL EXPENSE	24,160,230	5,000	24,165,230	10,650,621	44.07%	24,621,120	10,192,976	41.40%
BUDGETED SURPLUS	0	(5,000)	(5,000)	6,961,589		(64,000)	7,036,008	

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

<u>ASSETS</u>	<u>UNAUDITED</u> <u>5/31/2011</u>	<u>UNAUDITED</u> <u>5/31/2010</u>	<u>UNAUDITED</u> <u>12/31/2010</u>
<u>Current Assets:</u>			
General Cash and Cash Equivalents	8,095,284	7,372,207	10,706,045
Accounts Receivable	71,290	70,861	113,075
Accrued interest receivable			
Prepaid expenses	538,772	555,363	1,304,606
Inventories	345,670	360,168	377,770
Royalties and Admin. Fees receivable	319,500	298,336	636,910
Total Current Assets	9,370,516	8,656,935	13,138,406
<u>Board Designated Accounts:</u>			
<u>Cromwell Fund:</u>			
Cash and Investments at Market Value	1,667,199	1,420,147	1,599,763
Accrued interest receivable	0	0	0
	1,667,199	1,420,147	1,599,763
<u>Replacement Reserve Account:</u>			
Equipment replacement reserve	1,106,875	1,858,977	1,104,807
Repairs replacement reserve	786,766	782,497	785,296
Furniture replacement reserve	217,954	216,831	217,547
	2,111,594	2,858,305	2,107,650
<u>Long-Term Reserve Account:</u>			
Cash and Investments at Market Value	14,267,164	11,932,357	13,475,430
Accrued interest receivable			32,665
	14,267,164	11,932,357	13,508,094
<u>Sections Accounts:</u>			
Section Accounts Cash equivalents and Investments at market value	2,716,227	2,657,864	2,653,008
Cash	814,659	601,586	(21,044)
	3,530,886	3,259,450	2,631,964
Other Assets	972	3,859	1,666
<u>Fixed Assets:</u>			
Capital Leases	149,219	529,472	149,219
Furniture and fixtures	1,319,292	1,319,292	1,319,292
Leasehold Improvements	1,363,251	1,354,733	1,354,733
Equipment	6,397,927	5,140,856	6,211,744
Capital Lease - Telephone	154,165	154,165	154,165
	9,383,855	8,498,519	9,189,153
Less accumulated depreciation	6,636,696	6,626,871	6,474,821
Net fixed assets	2,747,159	1,871,648	2,714,332
Total Assets	33,695,489	30,002,701	35,701,873
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Current liabilities:</u>			
Accounts Payable & other accrued expenses	928,323	807,300	1,507,683
Deferred dues	0	0	8,850,845
Deferred grant revenue	80,828	139,434	73,289
Other deferred revenue	39,787	0	472,957
Unearned Income CLE	99,805	142,486	128,149
Income Taxes Payable	0	0	0
Payable To The New York Bar Foundation	1,068	531	88,247
Total current liabilities & Deferred Revenue	1,149,811	1,089,751	11,121,170
<u>Long Term Liabilities:</u>			
Accrued Pension Costs	1,295,305	1,254,527	1,220,305
Accrued Other Postretirement Benefit Costs	6,494,949	4,706,316	6,190,049
Accrued Supplemental Plan Costs and Defined Contribution Plan Costs	336,510	304,763	636,330
Total Liabilities & Deferred Revenue	9,276,575	7,355,356	19,167,853
<u>Board designated for:</u>			
Cromwell Account	1,667,199	1,420,147	1,599,763
Replacement Reserve Account	2,111,594	2,858,305	2,107,650
Long-Term Reserve Account	6,140,400	5,666,751	5,428,746
Section Accounts	3,530,886	3,259,450	2,631,964
Invested in Fixed Assets (Less capital lease)	2,747,159	1,871,648	2,714,332
Undesignated	8,221,677	7,571,044	2,051,565
Total Net Assets	24,418,914	22,647,345	16,534,020
Total Liabilities and Net Assets	33,695,489	30,002,701	35,701,873

New York State Bar Association
Statement of Activities
For the Five Months Ending May 31, 2011

	May 2011	May 2010	December 2010
REVENUES AND OTHER SUPPORT			
Membership dues	\$10,478,324	\$10,452,879	\$10,554,088
Section revenues			
Dues	1,441,109	1,417,030	1,427,400
Programs	1,033,066	857,901	1,735,372
Continuing legal education program and publications	2,572,255	2,573,087	6,066,539
Administrative fee and royalty revenue	934,150	868,244	2,250,983
Annual meeting	845,466	820,248	818,363
Investment income	111,951	116,353	462,009
Other revenue	356,496	201,023	457,925
Total revenue and other support	17,772,817	17,306,765	23,772,679
PROGRAM EXPENSES			
Continuing legal education program	2,035,593	2,023,064	4,982,050
Graphics	851,737	765,228	1,925,011
Government relations program	161,540	141,936	368,916
Law, youth and citizenship program	101,028	87,764	234,764
Lawyer assistance program	89,453	81,226	213,887
Lawyer referral and information services	62,880	45,895	135,291
Law practice management services	66,057	55,532	121,822
Media / public relations services	160,375	120,002	309,682
Meetings services	195,008	180,324	474,547
Membership services	452,292	492,359	1,209,844
Pro bono program	89,597	82,464	209,581
Local bar program	68,961	74,438	187,558
House of delegates	218,460	215,713	415,763
Executive committee	24,460	22,606	39,998
Other committees	740,866	615,919	1,256,501
Sections	1,659,516	1,673,345	3,183,816
Section newsletters	57,692	48,559	123,274
Publications	523,307	532,019	1,135,105
Annual meeting expenses	328,645	354,009	344,566
Total program expenses	7,887,467	7,612,402	16,871,976
MANAGEMENT AND GENERAL EXPENSES			
Salaries and fringe benefits	1,643,540	1,542,727	4,763,896
Rent and equipment costs	510,903	489,886	1,208,499
Consultant and other fees	290,036	271,369	691,344
Depreciation and amortization	162,569	124,123	354,520
Other expenses	156,105	152,468	355,456
Total management and general expenses	2,763,153	2,580,573	7,373,715
CHANGES IN NET ASSETS BEFORE INVESTMENT TRANSACTIONS AND OTHER ITEMS			
Realized and unrealized gain (loss) on investments	7,122,197	7,113,790	(473,012)
Realized gain (loss) on sale of equipment	762,697	(71,536)	1,386,876
Gain relating to defined benefit plan curtailment			20,000
CHANGES IN NET ASSETS	7,884,894	7,042,254	933,864
Net assets, beginning of year	16,534,020	15,600,156	15,600,156
Net assets, end of year	24,418,914	22,642,410	16,534,020

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

	NET ASSETS				
	Undesignated	Long Term Reserve	Replacement Reserve	Sections' Funds	Total
Balance at December 31, 2010	2,051,565	5,428,746	2,107,650	2,631,964	16,534,020
Excess of Income Over Expenses	6,195,588			814,659	7,010,247
Investment Income	10,601	88,809	3,944		111,951
Realized & Unrealized Gain (Loss)	(23,716)	702,926		811	762,697
TOTAL ADDITIONS	6,182,473	791,734	3,944	815,470	7,884,895
TRANSFERS:					
Prior Year Section Activity	(21,044)			21,044	
Investments	(62,408)			62,408	
Interest Transfers					
Capital Purchases and Improvements	(194,701)			194,701	
Depreciation	161,875			(161,875)	
Commissions-Cromwell					
Commissions-Long Term					
Replacement Funds-Net (wire fees)					
Accrual of Pension and Postretirement Expense	631,145	(631,145)			
Contributions to Pension and Postretirement	(551,064)	551,064			
Interest - Cromwell	23,837				(23,837)
Transfer from General Fund					
Transfer to General Account					
TOTAL TRANSFERS	(12,361)	(80,081)		83,452	(23,837)
Balance as of May 31, 2011	8,221,677	6,140,400	2,111,594	3,530,886	24,418,915

**CAPITAL ITEMS APPROVED AND PURCHASED
2011**

		AMOUNTS EXPENDED BY STAFF PURSUANT TO CAPITAL EXPENDITURES GUIDELINES	AMOUNTS APPROVED BY FINANCE COMMITTEE	TOTAL
<u>EQUIPMENT</u>				
Vendor	Purchase			
Audio Visual Corporations	Deposit - Great Hall AV System		30,964	30,964
Audio Visual Corporations	Deposit - Great Hall AV 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 AV 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
		0	186,183	186,183
<u>FURNITURE</u>				
Vendor	Purchase			
				0
				0
				0
		0	0	0
<u>BUILDING IMPROVEMENTS</u>				
Vendor	Purchase			
RJ Kenific	Electrical - Energy Efficient Adjustment		8,519	8,519
				0
				0
				0
		0	8,519	8,519
TOTALS		0	194,702	194,702

As of May 31, 2011