



# Staff Memorandum

**Executive Committee**  
**Agenda Item #3**

Attached for your convenient reference are the unaudited financial statements through December 31, 2013.



# NEW YORK STATE BAR ASSOCIATION

One Elk Street, Albany, New York 12207 • PH 518.463.3200 • www.nysba.org

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January 22, 2014

**To:** Members of the Finance Committee

**Re:** 2013 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, 2013.

Total operating income received through December 31, 2013 is \$24,839,852 which represents 95.68% of our 2013 budget. In comparison, total operating income through December 31, 2012 was \$25,274,573 or 99.47% of budget. Highlights regarding the larger income items are as follows:

Total receipts through December 2013 are about \$434,721 less than last year. Total collections of membership dues have decreased from 2012 by \$133,158.

- In the aggregate, CLE income has decreased from last year by about \$357,398. When viewed in the aggregate, electronic format sales for 2013 (online, CD and DVD) total \$978,247, which represents a 15% decrease from last year's \$1,156,134. Live and webcasted seminars thus far in 2013 have generated \$249,525 less in income than last year. Revenue from course book sales decreased by \$82,498 and book and supplement sales are surpassing last year by \$152,511 due to the timing of certain products' ship date. Direct CLE, not including salaries and fringes, expenses have decreased by \$123,805 over 2012. 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 decreased as a result of the decrease in overall attendance and a smaller number of MCLE event attendees. In addition, attendance to several Section events during Annual Meeting was also down resulting in decreased program income.

Other income items are either at or near 2012 levels and budget projections for the period.

Total operating expenses through December 31, 2013 are \$23,969,430 which represents 93.53% of budget. In comparison, total operating expenses through December 31, 2012 were \$23,249,722 or 93.05% of budget.

Highlights regarding the major expense items are as follows:

- Building Services cost have increased over last year due to the painting of the front of the building and roof repairs.
- Taxes have decreased from last year as a result of applying for and being approved for tax exempt status.
- Plant and Equipment costs have increased based on higher depreciation expenses.

Combined cash and investments, at market value, as reported on the December 31, 2013 and December 31, 2012 investment statements, amounted to \$39,123,920, and \$33,994,239, respectively, an increase of \$5,129,681. As noted on the statement of financial position, cash and investments consist of General Cash and Equivalents (\$14,236,513), Cromwell Fund (\$1,947,608), Replacement Reserve Account (\$2,127,776), Long-term Reserve Account (\$17,654,716) and Section Accounts (\$3,157,307).

Total net assets are \$23,272,721. This amount consists of the Cromwell Account (\$1,947,608), Replacement Reserve Accounts (\$2,127,776), Long-Term Reserve Account (\$8,437,539), Section Accounts (\$3,157,307), Fixed Assets (\$2,976,244), and Undesignated Accounts (\$4,626,246).

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



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

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KMO/crg

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

**NEW YORK STATE BAR ASSOCIATION  
2013 OPERATING BUDGET  
TWELVE MONTHS OF CALENDAR YEAR 2013**

**REVENUE**

	<b>2013 BUDGET</b>	<b>ADJUST- MENTS</b>	<b>2013 BUDGET AS ADJUSTED</b>	<b>UNAUDITED RECEIVED 12/31/2013</b>	<b>% RECEIVED 12/31/2013</b>	<b>2012 BUDGET</b>	<b>UNAUDITED RECEIVED 12/31/2012</b>	<b>% RECEIVED 12/31/2012</b>
<b>MEMBERSHIP DUES</b>	11,792,500		11,792,500	11,689,093	99.12%	11,792,500	11,822,251	100.25%
<b>SECTIONS:</b>								
Dues	1,513,050		1,513,050	1,472,432	97.32%	1,459,300	1,480,344	101.44%
Programs	2,330,500	40,000	2,370,500	2,211,549	93.29%	2,330,075	2,317,911	99.48%
<b>INVESTMENT INCOME</b>	125,000		125,000	468,512	374.81%	88,000	176,743	200.84%
<b>ADVERTISING</b>	372,000		372,000	319,126	85.79%	242,000	315,154	130.23%
<b>CLE</b>	6,460,000		6,460,000	5,498,250	85.11%	6,205,000	5,855,648	94.37%
<b>USI AFFINITY PAYMENT</b>	1,994,000		1,994,000	1,973,760	98.98%	1,917,000	1,994,000	104.02%
<b>ANNUAL MEETING</b>	900,000		900,000	786,986	87.44%	848,000	888,347	104.76%
<b>HOUSE OF DELEGATES &amp; COMMITTEES</b>	105,600		105,600	131,006	124.06%	144,500	135,261	93.61%
<b>PUBLICATIONS ROYALTIES &amp; OTHER</b>	327,800		327,800	289,138	88.21%	384,000	288,914	75.24%
<b>TOTAL REVENUE</b>	<b>25,920,450</b>	<b>40,000</b>	<b>25,960,450</b>	<b>24,839,852</b>	<b>95.68%</b>	<b>25,410,375</b>	<b>25,274,573</b>	<b>99.47%</b>

**EXPENSE**

	<b>2013 BUDGET</b>	<b>ADJUST- MENTS</b>	<b>2013 BUDGET AS ADJUSTED</b>	<b>UNAUDITED EXPENDED 12/31/2013</b>	<b>% EXPENDED 12/31/2013</b>	<b>2012 BUDGET</b>	<b>UNAUDITED EXPENDED 12/31/2012</b>	<b>% EXPENDED 12/31/2012</b>
<b>SALARIES &amp; FRINGE</b>	10,572,100		10,572,100	10,486,649	99.19%	10,123,150	9,798,163	96.79%
<b>BAR CENTER:</b>								
Rent	282,500		282,500	285,078	100.91%	270,000	337,758	125.10%
Building Services	373,500		373,500	355,189	95.10%	342,500	269,912	78.81%
Insurance	132,000		132,000	150,540	114.05%	135,000	124,380	92.13%
Taxes	167,750		167,750	21,297	12.70%	150,750	148,686	98.63%
Plant and Equipment	721,500		721,500	673,757	93.38%	605,500	562,545	92.91%
Administration	650,100	15,000	665,100	610,317	91.76%	627,500	584,465	93.14%
<b>SECTIONS</b>	<b>3,831,050</b>	<b>40,000</b>	<b>3,871,050</b>	<b>3,499,410</b>	<b>90.40%</b>	<b>3,768,485</b>	<b>3,565,406</b>	<b>94.61%</b>
<b>PUBLICATIONS:</b>								
Journal	609,900		609,900	473,660	77.66%	611,600	480,567	78.58%
Law Digest	300,500		300,500	312,684	104.05%	301,100	310,463	103.11%
State Bar News	287,300		287,300	275,848	96.01%	297,800	266,418	89.46%
<b>MEETINGS:</b>								
Annual Meeting	355,500		355,500	373,971	105.20%	349,000	341,485	97.85%
House of Delegates, Officers and Executive Committee	433,850		433,850	466,572	107.54%	461,950	450,695	97.56%
<b>COMMITTEES AND DEPARTMENTS:</b>								
CLE	2,946,600	50,000	2,996,600	2,644,751	88.26%	3,219,000	2,768,556	86.01%
LPM/ECTF	93,550		93,550	56,255	60.13%	105,850	58,293	55.07%
MARKETING	115,050		115,050	86,258	74.97%	102,750	61,816	60.16%
MEDIA SERVICES	291,200		291,200	267,915	92.00%	295,850	275,741	93.20%
MEMBERSHIP	634,575	52,538	687,113	616,622	89.74%	635,050	665,295	104.76%
ALL OTHERS	2,640,630	30,762	2,671,392	2,312,657	86.57%	2,582,385	2,179,078	84.38%
<b>TOTAL EXPENSE</b>	<b>25,439,155</b>	<b>188,300</b>	<b>25,627,455</b>	<b>23,969,430</b>	<b>93.53%</b>	<b>24,985,220</b>	<b>23,249,722</b>	<b>93.05%</b>
<b>BUDGETED SURPLUS</b>	<b>481,295</b>	<b>(148,300)</b>	<b>332,995</b>	<b>870,422</b>		<b>425,155</b>	<b>2,024,851</b>	

NEW YORK STATE BAR ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2013

<u>ASSETS</u>	<u>UNAUDITED</u> <u>12/31/2013</u>	<u>UNAUDITED</u> <u>12/31/2012</u>
<b>Current Assets:</b>		
General Cash and Cash Equivalents	14,236,513	13,000,931
Accounts Receivable	0	39,842
Accrued interest receivable		
Prepaid expenses	1,161,183	1,308,275
Inventories	93,301	168,853
Royalties and Admin. Fees receivable	748,010	688,641
Total Current Assets	<u>16,239,007</u>	<u>15,206,542</u>
<b>Board Designated Accounts:</b>		
<u>Cromwell Fund:</u>		
Cash and Investments at Market Value	1,947,608	1,680,193
Accrued interest receivable		0
	<u>1,947,608</u>	<u>1,680,193</u>
<u>Replacement Reserve Account:</u>		
Equipment replacement reserve	1,115,405	1,113,552
Repairs replacement reserve	792,829	791,512
Furniture replacement reserve	219,542	219,182
	<u>2,127,776</u>	<u>2,124,246</u>
<u>Long-Term Reserve Account:</u>		
Cash and Investments at Market Value	17,580,491	14,938,721
Accrued interest receivable	74,225	60,447
	<u>17,654,716</u>	<u>14,999,168</u>
<u>Sections Accounts:</u>		
Section Accounts Cash equivalents and Investments at market value	2,972,736	2,789,602
Cash	184,571	232,849
	<u>3,157,307</u>	<u>3,022,451</u>
<b>Fixed Assets:</b>		
Furniture and fixtures	1,328,968	1,324,097
Leasehold Improvements	1,363,251	1,363,251
Equipment	7,602,128	6,920,525
Telephone	107,636	107,636
	<u>10,401,983</u>	<u>9,715,509</u>
Less accumulated depreciation	7,425,739	6,979,074
Net fixed assets	<u>2,976,244</u>	<u>2,736,435</u>
Total Assets	<u><u>44,102,658</u></u>	<u><u>39,769,035</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>Current liabilities:</b>		
Accounts Payable & other accrued expenses	1,988,345	1,264,580
Deferred dues	9,108,396	9,374,131
Deferred grant revenue	30,390	29,389
Other deferred revenue	511,110	374,036
Unearned Income CLE	34,101	238,868
Payable To The New York Bar Foundation	14,643	48,305
Total current liabilities & Deferred Revenue	<u>11,686,985</u>	<u>11,329,309</u>
<b>Long Term Liabilities:</b>		
Accrued Pension Costs	3,170,067	3,095,442
Accrued Other Postretirement Benefit Costs	5,410,277	5,193,777
Accrued Supplemental Plan Costs and Defined Contribution Plan Costs	562,608	522,119
Total Liabilities & Deferred Revenue	<u>20,829,937</u>	<u>20,140,647</u>
<b>Board designated for:</b>		
Cromwell Account	1,947,608	1,680,193
Replacement Reserve Account	2,127,776	2,124,246
Long-Term Reserve Account	8,437,539	6,127,383
Section Accounts	3,157,307	3,022,451
Invested in Fixed Assets (Less capital lease)	2,976,244	2,736,435
Undesignated	4,626,246	3,937,680
Total Net Assets	<u>23,272,721</u>	<u>19,628,388</u>
Total Liabilities and Net Assets	<u><u>44,102,658</u></u>	<u><u>39,769,035</u></u>

**New York State Bar Association**  
**Statement of Activities**  
**For the Twelve Months Ending December 31, 2013**

	<b>December 2013</b>	<b>December 2012</b>
<b>REVENUES AND OTHER SUPPORT</b>		
Membership dues	\$11,689,094	\$11,822,251
Section revenues		
Dues	1,472,432	1,480,344
Programs	2,211,549	2,317,911
Continuing legal education program and publications	5,498,250	5,855,648
Administrative fee and royalty revenue	2,181,565	2,196,930
Annual meeting	786,986	888,347
Investment income	1,012,733	569,288
Other revenue	533,152	529,697
	25,385,761	25,660,416
<b>PROGRAM EXPENSES</b>		
Continuing legal education program	4,336,873	4,303,799
Graphics	2,175,222	1,919,336
Government relations program	601,863	481,910
Law, youth and citizenship program	256,392	207,941
Lawyer assistance program	228,716	185,096
Lawyer referral and information services	210,259	131,162
Law practice management services	183,861	148,074
Media / public relations services	623,778	389,321
Meetings services	399,469	326,136
Membership services	1,066,279	1,035,862
Pro bono program	201,594	171,699
House of delegates	422,792	408,660
Executive committee	43,779	42,035
Other committees	733,928	1,329,954
Sections	3,499,410	3,565,406
Section newsletters	135,990	112,706
Publications	1,062,192	1,057,448
Annual meeting expenses	373,971	341,485
	16,556,368	16,158,030
<b>MANAGEMENT AND GENERAL EXPENSES</b>		
Salaries and fringe benefits	4,472,075	4,563,490
Rent and equipment costs	1,100,715	1,114,235
Consultant and other fees	983,869	656,720
Depreciation and amortization	525,714	430,751
Other expenses	330,689	326,494
	7,413,062	7,091,690
<b>CHANGES IN NET ASSETS BEFORE INVESTMENT TRANSACTIONS AND OTHER ITEMS</b>		
Realized and unrealized gain (loss) on investments	1,416,331	2,410,696
	2,228,001	1,294,679
<b>CHANGES IN NET ASSETS</b>		
	<b>3,644,332</b>	<b>3,705,375</b>
Net assets, beginning of year	19,628,389	15,923,014
Net assets, end of year	23,272,721	19,628,389

**NEW YORK STATE BAR ASSOCIATION  
STATEMENTS OF ACTIVITIES (CONTINUED)  
FOR TWELVE MONTHS OF CALENDAR YEAR 2013**

	<u>Undesignated</u>	<u>Long Term Reserve</u>	<u>Replacement Reserve</u>	<u>Sections' Funds</u>	<u>Plant</u>	<u>Cromwell</u>	<u>Total</u>
<b>NET ASSETS</b>							
<b>Balance at December 31, 2012</b>	<b>3,937,681</b>	<b>6,127,383</b>	<b>2,124,246</b>	<b>3,022,451</b>	<b>2,736,435</b>	<b>1,680,193</b>	<b>19,628,389</b>
Excess of Income Over Expenses	(184,571)			184,571			
Investment Income	(692,717)	544,222	3,530	93,140		51,825	0
Realized & Unrealized Gain (Loss)	(2,338,133)	2,097,548				240,585	0
<b>TOTAL ADDITIONS</b>	<b>(3,215,421)</b>	<b>2,641,770</b>	<b>3,530</b>	<b>277,711</b>		<b>292,410</b>	<b>0</b>
		35,289					
<b>TRANSFERS:</b>							
Prior Year Section Activity	232,849			(232,849)			
Investments	(89,994)			89,994			
Interest Transfers							
Capital Purchases and Improvements	(765,523)				765,523		
Depreciation	525,714				(525,714)		
Commissions-Cromwell							
Commissions-Long Term							
Replacement Funds-Net (wire fees)							
Accrual of Pension and Postretirement Expense	950,748	(950,748)					
Contributions to Pension and Postretirement	(619,134)	619,134					
Interest - Cromwell							
Transfer from General Fund	24,995					(24,995)	
Transfer to General Account							
<b>TOTAL TRANSFERS</b>	<b>259,654</b>	<b>(331,614)</b>		<b>(142,855)</b>	<b>239,809</b>	<b>(24,995)</b>	
<b>Balance as of December 31, 2013</b>	<b>981,914</b>	<b>8,437,539</b>	<b>2,127,776</b>	<b>3,157,307</b>	<b>2,976,244</b>	<b>1,947,608</b>	<b>19,628,389</b>

**CAPITAL ITEMS APPROVED AND PURCHASED  
2013**

Vendor	Purchase	AMOUNTS EXPENDED BY	AMOUNTS APPROVED	TOTAL
		STAFF PURSUANT TO CAPITAL EXPENDITURES GUIDELINES	BY FINANCE COMMITTEE	
PC Connection	Workstations - Classroom		9,691	9,691
GSS InfoTech	Server Storage Device for Data Center Move		21,725	21,725
PC Connection	Laser Printer - Legislation Dept		1,768	1,768
GSS InfoTech	Networking Hardware for Data Center Move		34,975	34,975
FujiFilm North	CTP System - Printshop 1st installment		34,000	34,000
FujiFilm North	CTP System - Printshop 2nd installment		33,917	33,917
FujiFilm North	CTP System - Final payments		43,554	43,554
Tag Solutions	Telephones to be used at Annual Meeting		8,488	8,488
Komori America	Cutter downpayment		32,500	32,500
Audio-Video Co	Peck Room upgrade av equipment	6,277		6,277
		<b>6,277</b>	<b>220,618</b>	<b>226,895</b>
<b>Vendor</b>	<b>Purchase</b>			
C Systems	Billable hours Discovery		296	296
C Systems	IMIS upgrade & WCM implementation		926	926
C Systems	IMIS upgrade & WCM implementation		1,530	1,530
C Systems	Billable hours Discovery		1,766	1,766
C Systems	Billable hours Discovery		243	243
Syscom Services	Development, Ektron Implementation & AMS integration		15,795	15,795
C Systems	Billable hours Discovery		1,508	1,508
C Systems	Billable hours Discovery		1,110	1,110
C Systems	ATS Software - License Fees		60,790	60,790
C Systems	Billable hours Discovery		1,695	1,695
C Systems	Billable hours Discovery		158	158
iMedia	50% Deposit Web Design & Development		22,500	22,500
Syscom Services	Monthly Billing CMS Project - progress billing		6,972	6,972
GSS InfoTech	Install & Configure New Vosphere server		4,320	4,320
Syscom Services	Monthly Billing CMS Project - progress billing		39,212	39,212
Syscom Services	Monthly Billing CMS Project - progress billing		1,170	1,170
C Systems	Billable hours Discovery		158	158
C Systems	Web Customizations - wo 51		1,088	1,088
C Systems	Online Marketplace - wo 48		158	158
C Systems	IMIS upgrade & WCM implementation - wo 47		1,590	1,590
C Systems	Web Customizations - wo 51		1,290	1,290
C Systems	Web Customizations - wo 51		4,211	4,211
C Systems	IMIS upgrade & WCM implementation - wo 47		4,819	4,819
Syscom Services	Development, Ektron Implementation & AMS integration		21,353	21,353
C Systems	Online Marketplace - wo 48		893	893
C Systems	Online Marketplace - wo 48		2,730	2,730
C Systems	Web Customizations - wo 51		4,770	4,770
C Systems	IMIS upgrade & WCM implementation - wo 47		2,314	2,314
C Systems	Online Marketplace - wo 48		158	158
C Systems	IMIS upgrade & WCM implementation - wo 47		623	623
C Systems	Web Customizations - wo 51		1,684	1,684
Syscom Services	Recommind work integration		1,170	1,170
C Systems	Online Marketplace - wo 48		1,260	1,260
Syscom Services	Development, Ektron Implementation & AMS integration		18,476	18,476
C Systems	Discovery - wo 46		840	840
C Systems	IMIS upgrade & WCM implementation - wo 47		210	210
C Systems	Web Customizations - wo 51		5,456	5,456
C Systems	Online Marketplace - wo 48		3,818	3,818
Ektron	Training (Administrators and End Users)		1,116	1,116
C Systems	IMIS upgrade & WCM implementation - wo 47		105	105
Syscom Services	Recommind work integration		585	585
Syscom Services	Development, Ektron Implementation & AMS integration		20,017	20,017
C Systems	Web Customizations - wo 51		5,914	5,914
C Systems	Online Marketplace - wo 48		105	105
PC Connection	SQL Server Licenses for CMS Project		941	941
C Systems	Web Customizations - wo 51		1,163	1,163
C Systems	IMIS upgrade & WCM implementation - wo 47		900	900
C Systems	IMIS upgrade & WCM implementation - wo 47		780	780
C Systems	Online Marketplace - wo 48		12,023	12,023
C Systems	Web Customizations - wo 51		1,571	1,571
Syscom Services	Recommind work integration		5,265	5,265
Syscom Services	Development, Ektron Implementation & AMS integration		15,377	15,377
C Systems	Online Marketplace - wo 48		2,873	2,873
C Systems	IMIS upgrade & WCM implementation - wo 47		2,438	2,438
C Systems	IMIS upgrade & WCM implementation - wo 47		5,925	5,925
Syscom Services	Development, Ektron Implementation & AMS integration		23,835	23,835
C Systems	Online Marketplace - wo 48		12,075	12,075
C Systems	Web Customizations - wo 51		13,706	13,706
Ektron	Reimbursement for travel expense related to training sessions		686	686
C Systems	IMIS upgrade & WCM implementation - wo 47		1,316	1,316
C Systems	IMIS upgrade & WCM implementation - wo 47		199	199
Syscom Services	Development, Ektron Implementation & AMS integration		14,235	14,235
Syscom Services	Development, Ektron Implementation & AMS integration		9,750	9,750
Syscom Services	Recommind work integration		98	98
C Systems	Web Customizations - wo 51		780	780
C Systems	Online Marketplace - wo 48		7,474	7,474
C Systems	Web Customizations - wo 51		3,739	3,739
C Systems	Online Marketplace - wo 48		16,901	16,901
C Systems	Web Customizations - wo 51		2,662	2,662
C Systems	Online Marketplace - wo 48		2,017	2,017
C Systems	Online Marketplace - wo 48		105	105
C Systems	Web Customizations - wo 51		945	945
C Systems	IMIS upgrade & WCM implementation - wo 47		158	158
C Systems	Web Customizations - wo 51		53	53
C Systems	IMIS upgrade & WCM implementation - wo 47		53	53
C Systems	IMIS upgrade & WCM implementation - wo 47		15,810	15,810
C Systems	IMIS upgrade & WCM implementation - wo 47		11,096	11,096
Syscom Services	Development, Ektron Implementation & AMS integration		31,752	31,752
C Systems	IMIS upgrade & WCM implementation - wo 47		6,923	6,923
Recommind	Configuration and implementation of website search engine		12,375	12,375
C Systems	IMIS upgrade & WCM implementation - wo 47		1,995	1,995
Syscom Services	Development, Ektron Implementation & AMS integration		11,359	11,359
C Systems	Online Marketplace - wo 48		7,455	7,455
Syscom Services	Development, Ektron Implementation & AMS integration		2,340	2,340
Recommind	Configuration and implementation of website search engine		2,938	2,938
C Systems	IMIS upgrade & WCM implementation - wo 47		105	105
C Systems	Online Marketplace - wo 48		1,260	1,260
Syscom Services	Development, Ektron Implementation & AMS integration		1,414	1,414
		<b>0</b>	<b>533,756</b>	<b>533,756</b>
<b>Vendor</b>	<b>Purchase</b>			
De/Mar Wholesale Flooring	Replace flooring near DS and Mailroom	4,872		4,872
		<b>4,872</b>	<b>0</b>	<b>4,872</b>
<b>TOTALS</b>		<b>11,149</b>	<b>754,374</b>	<b>765,523</b>

As of December 31, 2013