



Staff Memorandum

EXECUTIVE COMMITTEE Agenda Item #3

Attached for your reference are the Association financial statements through February 28, 2014.

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March 24, 2014

To: Members of the Finance Committee

Re: 2014 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 February 28, 2014.

Total operating income received through February 28, 2014 is \$14,299,850 which represents 55.75% of our 2014 budget. In comparison, total operating income through February 28, 2013 was \$14,781,853 or 57.57% of budget. Highlights regarding the larger income items are as follows:

Total receipts through February 2014 are about \$482,000 less than last year. Total collections of membership dues have decreased from 2013 by \$417,190.

- In the aggregate, CLE income has decreased from last year by about \$116,325. When viewed in the aggregate, electronic format sales for 2014 (online, CD and DVD) total \$180,347, which represents a 10% decrease from last year's \$200,969. Live seminars thus far in 2014 have generated \$57,276 more in income than last year due in part to the increase in webcast offerings. Revenue from course book sales decreased by \$3,321 and book and supplement sales are lagging behind last year by \$149,657 due to the timing of certain products' ship date. Direct CLE, not including salaries and fringes, expenses have decreased by \$78,066 over 2013. 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 overall and a larger number of MCLE event attendees. In addition, attendance to several Section events during Annual Meeting was also up resulting in increased program income.

Other income items are either at or near 2013 levels and budget projections for the period.

Total operating expenses through February 28, 2014 are \$4,829,874 which represents 19.16% of budget. In comparison, total operating expenses through February 28, 2013 were \$4,877,754 or 19.36% of budget.

Highlights regarding the major expense items are as follows:

- Taxes have decreased from last year as a result of applying for and being approved for tax exempt status.
- Building Services are higher as a result of higher utility costs and repair work performed during 2014.
- Plant and Equipment costs have increased based on higher depreciation expenses.
- Administration costs have increased as result of higher consultant costs.

Combined cash and investments, at market value, as reported on the February 28, 2014 and February 28, 2013 investment statements, amounted to \$39,774,398, and \$36,277,602, respectively, an increase of \$3,496,795. As noted on the statement of financial position, cash and investments consist of General Cash and Equivalents (\$13,284,569), Cromwell Fund (\$1,942,296), Replacement Reserve Account (\$2,128,009), Long-term Reserve Account (\$17,878,782) and Section Accounts (\$4,540,742).

Total net assets are \$36,065,834. This amount consists of the Cromwell Account (\$1,942,296), Replacement Reserve Accounts (\$2,128,009), Long-Term Reserve Account (\$11,584,243), Section Accounts (\$4,540,742), Fixed Assets (\$2,917,945), and Undesignated Accounts (\$12,952,599).

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
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**NEW YORK STATE BAR ASSOCIATION
2014 OPERATING BUDGET
TWO MONTHS OF CALENDAR YEAR 2014**

REVENUE

	2014 BUDGET	ADJUST- MENTS	2014 BUDGET AS ADJUSTED	UNAUDITED RECEIVED 2/28/2014	% RECEIVED 2/28/2014	2013 BUDGET	UNAUDITED RECEIVED 2/28/2013	% RECEIVED 2/28/2013
MEMBERSHIP DUES	11,625,000		11,625,000	10,148,239	87.30%	11,792,500	10,565,429	89.59%
SECTIONS:								
Dues	1,397,405		1,397,405	1,251,148	89.53%	1,434,550	1,317,140	91.82%
Programs	2,325,395		2,325,395	704,674	30.30%	2,166,500	720,449	33.25%
INVESTMENT INCOME	254,000		254,000	11,406	4.49%	125,000	1,899	1.52%
ADVERTISING	323,000		323,000	9,701	3.00%	372,000	3,849	1.03%
CLE	6,408,100		6,408,100	818,304	12.77%	6,460,000	934,629	14.47%
USI AFFINITY PAYMENT	1,972,000		1,972,000	337,500	17.11%	1,994,000	328,666	16.48%
ANNUAL MEETING	875,000		875,000	929,522	106.23%	900,000	801,749	89.08%
HOUSE OF DELEGATES & COMMITTEES	148,000		148,000	43,733	29.55%	105,600	44,814	42.44%
PUBLICATIONS ROYALTIES & OTHER	320,000		320,000	45,623	14.26%	327,800	63,229	19.29%
TOTAL REVENUE	25,647,900	0	25,647,900	14,299,850	55.75%	25,677,950	14,781,853	57.57%

EXPENSE

	2014 BUDGET	ADJUST- MENTS	2014 BUDGET AS ADJUSTED	UNAUDITED EXPENDED 2/28/2014	% EXPENDED 2/28/2014	2013 BUDGET	UNAUDITED EXPENDED 2/28/2013	% EXPENDED 2/28/2013
SALARIES & FRINGE	10,575,600		10,575,600	1,677,843	15.87%	10,572,100	1,596,776	15.10%
BAR CENTER:								
Rent	285,100		285,100	49,661	17.42%	282,500	47,083	16.67%
Building Services	302,400		302,400	70,479	23.31%	373,500	43,458	11.64%
Insurance	134,000		134,000	22,082	16.48%	132,000	21,399	16.21%
Taxes	4,750		4,750	-1,102	-23.20%	167,750	1,256	0.75%
Plant and Equipment	692,500		692,500	127,825	18.46%	721,500	112,052	15.53%
Administration	641,500	75,000	716,500	158,892	22.18%	650,100	116,841	17.97%
SECTIONS	3,666,350		3,666,350	408,010	11.13%	3,588,550	491,078	13.68%
PUBLICATIONS:								
Journal	573,700		573,700	107,608	18.76%	609,900	104,394	17.12%
Law Digest	291,500		291,500	57,714	19.80%	300,500	57,557	19.15%
State Bar News	284,300		284,300	18,560	6.53%	287,300	20,177	7.02%
MEETINGS:								
Annual Meeting	366,500		366,500	1,447,673	395.00%	355,500	1,460,547	410.84%
House of Delegates, Officers and Executive Committee	463,650		463,650	82,190	17.73%	433,850	106,288	24.50%
COMMITTEES:								
CLE	2,772,900		2,772,900	179,032	6.46%	2,960,900	257,098	8.68%
LPM/ECTF	95,400		95,400	18,208	19.09%	93,550	11,325	12.11%
MARKETING	132,620		132,620	6,939	5.23%	115,050	4,998	4.34%
MEDIA SERVICES	300,250		300,250	37,889	12.62%	291,200	34,128	11.72%
MEMBERSHIP	786,370		786,370	68,870	8.76%	634,575	90,133	14.20%
ALL OTHERS	2,769,420		2,769,420	291,501	10.53%	2,626,330	301,166	11.47%
TOTAL EXPENSE	25,138,810	75,000	25,213,810	4,829,874	19.16%	25,196,655	4,877,754	19.36%
BUDGETED SURPLUS	509,090	(75,000)	434,090	9,469,975		481,295	9,904,099	

**NEW YORK STATE BAR ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF FEBRUARY 28, 2014**

ASSETS	UNAUDITED 2/28/2014	UNAUDITED 2/29/2013	UNAUDITED 12/31/2013
<u>Current Assets:</u>			
General Cash and Cash Equivalents	13,284,567	12,616,254	14,453,338
Accounts Receivable	106,647	93,998	40,913
Accrued interest receivable			
Prepaid expenses	603,069	639,043	1,161,159
Inventories	123,962	168,890	91,351
Royalties and Admin. Fees receivable	337,500	328,666	780,228
Total Current Assets	14,455,745	13,846,851	16,526,989
<u>Board Designated Accounts:</u>			
<u>Cromwell Fund:</u>			
Cash and Investments at Market Value	1,942,296	1,733,571	1,947,608
Accrued interest receivable	0	0	0
	1,942,296	1,733,571	1,947,608
<u>Replacement Reserve Account:</u>			
Equipment replacement reserve	1,115,531	1,113,928	1,115,405
Repairs replacement reserve	792,918	791,779	792,829
Furniture replacement reserve	219,560	219,257	219,542
	2,128,009	2,124,964	2,127,777
<u>Long-Term Reserve Account:</u>			
Cash and Investments at Market Value	17,878,782	15,473,542	17,580,491
Accrued interest receivable	0	0	74,225
	17,878,782	15,473,542	17,654,716
<u>Sections Accounts:</u>			
Section Accounts Cash equivalents and Investments at market value	2,992,931	2,782,762	2,972,736
Cash	1,547,811	1,546,510	179,081
	4,540,742	4,329,272	3,151,817
<u>Fixed Assets:</u>			
Furniture and fixtures	1,328,968	1,324,097	1,328,968
Leasehold Improvements	1,363,251	1,363,251	1,363,251
Equipment	7,634,629	6,928,583	7,602,128
Telephone	107,636	107,636	107,636
	10,434,485	9,723,567	10,401,984
Less accumulated depreciation	7,516,539	7,056,574	7,425,739
Net fixed assets	2,917,945	2,666,993	2,976,245
Total Assets	43,863,520	40,175,193	44,385,151
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Current liabilities:</u>			
Accounts Payable & other accrued expenses	1,277,864	1,321,214	1,937,672
Deferred dues	0	0	9,357,292
Deferred grant revenue	28,550	29,640	29,390
Other deferred revenue	115,288	101,284	575,263
Unearned Income CLE	47,022	64,223	58,902
Income Taxes Payable			
Payable To The New York Bar Foundation	34,423	30,358	18,910
Total current liabilities & Deferred Revenue	1,503,147	1,546,719	11,977,429
<u>Long Term Liabilities:</u>			
Accrued Pension Costs	718,300	3,131,442	735,425
Accrued Other Postretirement Benefit Costs	4,967,871	5,160,277	4,917,872
Accrued Supplemental Plan Costs and Defined Contribution Plan Costs	608,368	200,318	535,910
Total Liabilities & Deferred Revenue	7,797,686	10,038,756	18,166,636
<u>Board designated for:</u>			
Cromwell Account	1,942,296	1,733,571	1,947,608
Replacement Reserve Account	2,128,009	2,124,964	2,127,777
Long-Term Reserve Account	11,584,243	6,981,504	11,391,284
Section Accounts	4,540,742	4,329,272	3,151,817
Invested in Fixed Assets (Less capital lease)	2,917,945	2,666,993	2,976,245
Undesignated	12,952,599	12,300,133	4,623,784
Total Net Assets	36,065,834	30,136,437	26,218,515
Total Liabilities and Net Assets	43,863,520	40,175,193	44,385,151

New York State Bar Association
Statement of Activities
For the Two Months Ending February 28, 2014

	February 2014	February 2013	December 2013
REVENUES AND OTHER SUPPORT			
Membership dues	\$10,148,239	\$10,565,429	\$11,601,489
Section revenues			
Dues	1,251,148	1,317,140	1,458,951
Programs	704,674	720,449	2,222,987
Continuing legal education program and publications	818,304	934,629	5,487,664
Administrative fee and royalty revenue	345,625	338,615	2,223,579
Annual meeting	929,522	801,749	796,093
Investment income	31,979	23,816	1,012,733
Other revenue	90,932	101,943	530,581
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Total revenue and other support	14,320,423	14,803,770	25,334,077
PROGRAM EXPENSES			
Continuing legal education program	434,725	514,503	4,156,432
Graphics	362,222	338,606	2,025,891
Government relations program	95,357	96,203	547,031
Law, youth and citizenship program	36,471	36,139	233,099
Lawyer assistance program	32,552	36,205	207,965
Lawyer referral and information services	39,146	25,391	194,839
Law practice management services	29,324	29,189	166,600
Media / public relations services	93,537	91,714	587,440
Meetings services	63,795	69,496	360,066
Membership services	126,989	159,294	1,018,373
Pro bono program	29,032	29,913	179,955
House of delegates	78,329	100,404	422,792
Executive committee	3,861	5,883	43,779
Other committees	84,471	92,734	733,928
Sections	408,010	491,078	3,502,857
Section newsletters	17,349	22,038	121,113
Publications	183,883	182,129	1,062,192
Annual meeting expenses	1,447,673	1,460,547	373,971
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Total program expenses	3,566,726	3,781,466	15,938,323
MANAGEMENT AND GENERAL EXPENSES			
Salaries and fringe benefits	749,352	663,187	2,095,164
Rent and equipment costs	197,073	157,387	1,100,715
Consultant and other fees	201,009	149,033	983,869
Depreciation and amortization	90,800	90,000	525,714
Other expenses	24,915	36,683	328,169
	<hr/>	<hr/>	<hr/>
Total management and general expenses	1,263,149	1,096,290	5,033,631
CHANGES IN NET ASSETS BEFORE INVESTMENT TRANSACTIONS AND OTHER ITEMS			
Realized and unrealized gain (loss) on investments	9,490,548	9,926,014	4,362,123
	<hr/>	<hr/>	<hr/>
CHANGES IN NET ASSETS	9,847,319	10,508,046	6,590,124
Net assets, beginning of year	<hr/>	<hr/>	<hr/>
	26,218,515	19,628,391	19,628,391
Net assets, end of year	<hr/>	<hr/>	<hr/>
	36,065,834	30,136,437	26,218,515

**NEW YORK STATE BAR ASSOCIATION
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR TWO MONTHS OF CALENDAR YEAR 2014**

	<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>
NET ASSETS							
Balance at December 31, 2013	4,623,784	11,391,284	2,127,777	3,151,817	2,976,245	1,947,608	26,218,515
Excess of Income Over Expenses	7,910,758			1,547,811			9,458,569
Investment Income	7,755	20,573	232	2,232		1,188	31,979
Realized & Unrealized Gain (Loss)	32,714	277,719		17,963		28,376	356,772
TOTAL ADDITIONS	7,951,226	298,292	232	1,568,006		29,564	9,847,320
TRANSFERS:							
Prior Year Section Activity	179,081			(179,081)			
Investments							
Interest Transfers							
Capital Purchases and Improvements	(32,500)				32,500		
Depreciation	90,800				(90,800)		
Commissions-Cromwell							
Commissions-Long Term							
Replacement Funds-Net (wire fees)							
Accrual of Pension and Postretirement Expense	152,458	(152,458)					
Contributions to Pension and Postretirement	(47,125)	47,125					
Interest - Cromwell							
Transfer from General Fund	34,876					(34,876)	
Transfer to General Account							
TOTAL TRANSFERS	377,590	(105,333)		(179,081)	(58,300)	(34,876)	
Balance as of February 28, 2014	12,952,599	11,584,243	2,128,009	4,540,742	2,917,945	1,942,296	36,065,834

**CAPITAL ITEMS APPROVED AND PURCHASED
2014**

		AMOUNTS EXPENDED BY STAFF PURSUANT TO CAPITAL EXPENDITURES GUIDELINES	AMOUNTS APPROVED BY FINANCE COMMITTEE	TOTAL
<u>EQUIPMENT</u>				
Vendor	Purchase			
Komori America	Cutter Second payment		32,500	32,500
				0
				0
				0
				0
		0	32,500	32,500
<u>WEBSITE - CMS PROJECT</u>				
Vendor	Purchase			
				0
				0
				0
				0
		0	0	0
<u>FURNITURE</u>				
Vendor	Purchase			
				0
				0
		0	0	0
<u>Telephone Equipment</u>				
Vendor	Purchase			
				0
				0
				0
				0
		0	0	0
<u>BUILDING IMPROVEMENTS</u>				
Vendor	Purchase			
				0
		0	0	0
TOTALS				
		0	32,500	32,500

As of February 28, 2014