



Staff Memorandum

Executive Committee **Agenda Item #3**

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



NEW YORK STATE BAR ASSOCIATION

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June 10, 2013

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 May 31, 2013.

Total operating income received through May 31, 2013 is \$18,715,373 which represents 72.16% of our 2013 budget. In comparison, total operating income through May 31, 2012 was \$19,274,675 or 75.85% of budget. Highlights regarding the larger income items are as follows:

Total receipts through May 2013 are about \$559,302 less than last year. Total collections of membership dues have decreased from 2012 by \$161,639.

- In the aggregate, CLE income has decreased from last year by about \$396,337. When viewed in the aggregate, electronic format sales for 2013 (online, CD and DVD) total \$495,320, which represents a 19% decrease from last year's \$614,280. Live seminars thus far in 2013 have generated \$304,457 less in income than last year. Revenue from course book sales decreased by \$16,513 and book and supplement sales are surpassing last year by \$43,594 due to the timing of certain products' ship date. Direct CLE, not including salaries and fringes, expenses have decreased by \$135,488 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 May 31, 2013 are \$10,712,812 which represents 42.12% of budget. In comparison, total operating expenses through May 31, 2012 were \$10,680,289 or 42.75% of budget.

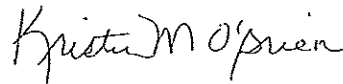
Highlights regarding the major expense items are as follows:

- Taxes have decreased from last year as a result of applying for and being approved for tax exempt status.
- Plant and Equipment costs have increased based on higher depreciation expenses.
- Administration costs have decreased based on timing of supplies being purchased for graphical workorders.
- Section program expenses for 2013 have also increased over 2012.

Combined cash and investments, at market value, as reported on the May 31, 2013 and May 31, 2012 investment statements, amounted to \$34,595,817, and \$30,933,855, respectively, an increase of \$3,661,962. As noted on the statement of financial position, cash and investments consist of General Cash and Equivalents (\$11,142,505), Cromwell Fund (\$1,796,232), Replacement Reserve Account (\$2,125,674), Long-term Reserve Account (\$16,053,143) and Section Accounts (\$3,478,263).

Total net assets are \$28,861,116. This amount consists of the Cromwell Account (\$1,796,232), Replacement Reserve Accounts (\$2,125,674), Long-Term Reserve Account (\$7,370,544), Section Accounts (\$3,478,263), Fixed Assets (\$2,814,014), and Undesignated Accounts (\$11,276,389).

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



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

Enc.

KMO/crg

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

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

REVENUE

	2013 BUDGET	ADJUST- MENTS	2013 BUDGET AS ADJUSTED	UNAUDITED RECEIVED 5/31/2013	% RECEIVED 5/31/2013	2012 BUDGET	UNAUDITED RECEIVED 5/31/2012	% RECEIVED 5/31/2012
MEMBERSHIP DUES	11,792,500		11,792,500	11,460,111	97.18%	11,792,500	11,621,750	98.55%
SECTIONS:								
Dues	1,513,050		1,513,050	1,436,223	94.92%	1,459,300	1,453,189	99.58%
Programs	2,330,500	37,000	2,367,500	1,280,363	54.08%	2,330,075	1,240,566	53.24%
INVESTMENT INCOME	125,000		125,000	124,525	99.62%	88,000	22,638	25.73%
ADVERTISING	372,000		372,000	136,541	36.70%	242,000	169,116	69.88%
CLE	6,460,000		6,460,000	2,466,521	38.18%	6,205,000	2,862,858	46.14%
USI AFFINITY PAYMENT	1,994,000		1,994,000	821,665	41.21%	1,917,000	830,833	43.34%
ANNUAL MEETING	900,000		900,000	797,018	88.56%	848,000	889,232	104.86%
HOUSE OF DELEGATES & COMMITTEES	105,600		105,600	67,970	64.37%	144,500	57,192	39.58%
PUBLICATIONS ROYALTIES & OTHER	327,800		327,800	124,436	37.96%	384,000	127,301	33.15%
TOTAL REVENUE	25,920,450	37,000	25,957,450	18,715,373	72.10%	25,410,375	19,274,675	75.85%

EXPENSE

	2013 BUDGET	ADJUST- MENTS	2013 BUDGET AS ADJUSTED	UNAUDITED EXPENDED 5/31/2013	% EXPENDED 5/31/2013	2012 BUDGET	UNAUDITED EXPENDED 5/31/2012	% EXPENDED 5/31/2012
SALARIES & FRINGE	10,572,100		10,572,100	4,322,015	40.88%	10,123,150	4,334,918	42.82%
BAR CENTER:								
Rent	282,500		282,500	120,286	42.58%	270,000	112,120	41.53%
Building Services	373,500		373,500	99,918	26.75%	342,500	109,463	31.96%
Insurance	132,000		132,000	54,037	40.94%	135,000	51,015	37.79%
Taxes	167,750		167,750	538	0.32%	150,750	75,303	49.95%
Plant and Equipment	721,500		721,500	285,531	39.57%	605,500	228,813	37.79%
Administration	650,100		650,100	263,706	40.56%	627,500	307,235	48.96%
SECTIONS	3,831,050	37,000	3,868,050	2,030,017	52.48%	3,768,485	1,935,875	51.37%
PUBLICATIONS:								
Journal	609,900		609,900	211,299	34.64%	611,600	216,989	35.48%
Law Digest	300,500		300,500	131,753	43.84%	301,100	131,669	43.73%
State Bar News	287,300		287,300	111,221	38.71%	297,800	112,735	37.86%
MEETINGS:								
Annual Meeting	355,500		355,500	371,918	104.62%	349,000	341,019	97.71%
House of Delegates, Officers and Executive Committee	433,850		433,850	249,186	57.44%	461,950	208,618	45.16%
COMMITTEES:								
CLE	2,946,600		2,946,600	950,082	32.24%	3,219,000	1,085,570	33.72%
LPM/ECTF	93,550		93,550	45,678	48.83%	105,850	44,552	42.09%
MARKETING	115,050		115,050	43,091	37.45%	102,750	15,408	15.00%
MEDIA SERVICES	291,200		291,200	121,135	41.60%	295,850	121,379	41.03%
MEMBERSHIP	634,575	52,538	687,113	216,167	31.46%	635,050	253,223	39.87%
ALL OTHERS	2,640,630	86,300	2,726,930	1,085,234	39.80%	2,582,385	994,385	38.51%
TOTAL EXPENSE	25,439,155	175,838	25,614,993	10,712,812	41.82%	24,985,220	10,680,289	42.75%
BUDGETED SURPLUS	481,295	(138,838)	342,457	8,002,561		425,155	8,594,386	

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

<u>ASSETS</u>	<u>UNAUDITED</u> <u>5/31/2013</u>	<u>UNAUDITED</u> <u>5/31/2012</u>	<u>UNAUDITED</u> <u>12/31/2012</u>
Current Assets:			
General Cash and Cash Equivalents	11,142,505	9,908,554	13,000,931
Accounts Receivable	75,150	84,546	39,842
Accrued interest receivable			
Prepaid expenses	566,656	583,110	1,308,275
Inventories	163,961	302,594	168,853
Royalties and Admin. Fees receivable	328,225	365,053	688,641
Total Current Assets	<u>12,276,497</u>	<u>11,243,857</u>	<u>15,206,542</u>
Board Designated Accounts:			
Cromwell Fund:			
Cash and Investments at Market Value	1,796,232	1,569,724	1,680,193
Accrued interest receivable	0	0	0
	<u>1,796,232</u>	<u>1,569,724</u>	<u>1,680,193</u>
Replacement Reserve Account:			
Equipment replacement reserve	1,114,301	1,111,501	1,113,552
Repairs replacement reserve	792,044	790,054	791,512
Furniture replacement reserve	219,330	218,791	219,182
	<u>2,125,674</u>	<u>2,120,347</u>	<u>2,124,246</u>
Long-Term Reserve Account:			
Cash and Investments at Market Value	16,053,143	13,877,350	14,938,721
Accrued interest receivable	0	0	60,447
	<u>16,053,143</u>	<u>13,877,350</u>	<u>14,999,168</u>
Sections Accounts:			
Section Accounts Cash equivalents and Investments at market value	2,791,694	2,700,000	2,789,602
Cash	686,569	757,880	232,849
	<u>3,478,263</u>	<u>3,457,880</u>	<u>3,022,451</u>
Fixed Assets:			
Furniture and fixtures	1,328,968	1,322,257	1,324,097
Leasehold Improvements	1,363,251	1,363,251	1,363,251
Equipment	7,186,983	6,661,579	6,920,525
Telephone	107,636	206,294	107,636
	<u>9,986,839</u>	<u>9,553,381</u>	<u>9,715,509</u>
Less accumulated depreciation	7,172,825	7,018,788	6,979,074
Net fixed assets	<u>2,814,014</u>	<u>2,534,593</u>	<u>2,736,435</u>
Total Assets	<u><u>38,543,823</u></u>	<u><u>34,803,752</u></u>	<u><u>39,769,035</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Current liabilities:			
Accounts Payable & other accrued expenses	798,079	690,882	1,264,580
Deferred dues	0	0	9,374,131
Deferred grant revenue	30,290	30,328	29,389
Other deferred revenue	110,051	46,013	374,036
Unearned Income CLE	58,697	96,295	238,868
Payable To The New York Bar Foundation	2,991	1,035	48,305
Total current liabilities & Deferred Revenue	<u>1,000,108</u>	<u>864,553</u>	<u>11,329,309</u>
Long Term Liabilities:			
Accrued Pension Costs	3,138,317	3,124,621	3,095,442
Accrued Other Postretirement Benefit Costs	5,235,277	5,431,217	5,193,777
Accrued Supplemental Plan Costs and Defined Contribution Plan Costs	309,005	274,576	522,119
Total Liabilities & Deferred Revenue	<u>9,682,707</u>	<u>9,694,967</u>	<u>20,140,647</u>
Board designated for:			
Cromwell Account	1,796,232	1,569,724	1,680,193
Replacement Reserve Account	2,125,674	2,120,347	2,124,246
Long-Term Reserve Account	7,370,544	5,046,936	6,127,383
Section Accounts	3,478,263	3,457,880	3,022,451
Invested in Fixed Assets (Less capital lease)	2,814,014	2,534,593	2,736,435
Undesignated	11,276,389	10,379,304	3,937,680
Total Net Assets	<u>28,861,116</u>	<u>25,108,786</u>	<u>19,628,388</u>
Total Liabilities and Net Assets	<u><u>38,543,823</u></u>	<u><u>34,803,752</u></u>	<u><u>39,769,035</u></u>

New York State Bar Association
Statement of Activities
For the Five Months Ending May 31, 2013

	May 2013	May 2012	December 2012
REVENUES AND OTHER SUPPORT			
Membership dues	\$11,460,111	\$11,621,750	\$11,822,251
Section revenues			
Dues	1,436,223	1,453,189	1,480,344
Programs	1,280,363	1,240,566	2,317,911
Continuing legal education program and publications	2,466,521	2,862,858	5,855,648
Administrative fee and royalty revenue	886,457	886,655	2,196,930
Annual meeting	797,018	889,232	888,347
Investment income	204,105	110,341	569,288
Other revenue	281,592	323,856	529,697
Total revenue and other support	18,812,390	19,388,447	25,660,416
PROGRAM EXPENSES			
Continuing legal education program	1,640,928	1,808,709	4,303,799
Graphics	915,491	886,503	1,919,336
Government relations program	251,411	231,883	481,910
Law, youth and citizenship program	106,145	95,615	207,941
Lawyer assistance program	94,161	86,409	185,096
Lawyer referral and information services	81,864	61,798	131,162
Law practice management services	81,813	71,137	148,074
Media / public relations services	277,420	180,373	389,321
Meetings services	169,515	154,350	326,136
Membership services	405,464	432,872	1,035,862
Pro bono program	84,807	81,204	171,699
House of delegates	226,108	189,481	408,660
Executive committee	23,078	19,137	42,035
Other committees	484,650	656,228	1,329,954
Sections	2,030,017	1,935,875	3,565,406
Section newsletters	62,650	54,220	112,706
Publications	454,272	461,393	1,057,448
Annual meeting expenses	371,918	341,019	341,485
Total program expenses	7,761,712	7,748,206	16,158,030
MANAGEMENT AND GENERAL EXPENSES			
Salaries and fringe benefits	1,812,496	1,841,229	4,563,490
Rent and equipment costs	398,414	459,256	1,114,235
Consultant and other fees	347,307	299,864	656,720
Depreciation and amortization	225,000	167,080	430,751
Other expenses	167,883	164,654	326,494
Total management and general expenses	2,951,100	2,932,083	7,091,690
CHANGES IN NET ASSETS BEFORE INVESTMENT TRANSACTIONS AND OTHER ITEMS			
Realized and unrealized gain (loss) on investments	8,099,578	8,708,158	2,410,696
	1,133,149	477,614	1,294,679
CHANGES IN NET ASSETS	9,232,727	9,185,772	3,705,375
Net assets, beginning of year	19,628,389	15,923,014	15,923,014
Net assets, end of year	28,861,116	25,108,786	19,628,389

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

NET ASSETS		<u>Long Term Reserve</u>	<u>Replacement Reserve</u>	<u>Sections' Funds</u>	<u>Plant</u>	<u>Cromwell</u>	<u>Total</u>
Balance at December 31, 2012	Undesignated	6,127,383	2,124,246	3,022,451	2,736,435	1,680,193	19,628,389
Excess of Income Over Expenses	7,208,904			686,569			7,895,473
Investment Income	115,047	79,580	1,428	2,092		5,958	204,105
Realized & Unrealized Gain (Loss)	(26,763)	1,034,841				125,070	1,133,149
TOTAL ADDITIONS	7,297,188	1,114,422	1,428	688,661		131,028	9,232,727
TRANSFERS:							
Prior Year Section Activity	232,849			(232,849)			
Investments							
Interest Transfers					302,579		
Capital Purchases and Improvements	(302,579)				(225,000)		
Depreciation	225,000						
Commissions-Cromwell							
Commissions-Long Term							
Replacement Funds-Net (wire fees)							
Accrual of Pension and Postretirement Expense	396,145	(396,145)					
Contributions to Pension and Postretirement	(524,884)	524,884					
Interest - Cromwell	14,989					(14,989)	
Transfer from General Fund							
Transfer to General Account							
TOTAL TRANSFERS	41,520	128,739		(232,849)	77,579	(14,989)	
Balance as of April 30, 2013	11,276,389	7,370,544	2,125,674	3,478,263	2,814,014	1,796,232	28,861,116

**CAPITAL ITEMS APPROVED AND PURCHASED
2013**

		AMOUNTS EXPENDED BY STAFF PURSUANT TO CAPITAL EXPENDITURES GUIDELINES	AMOUNTS APPROVED BY FINANCE COMMITTEE	TOTAL
<u>EQUIPMENT</u>				
Vendor	Purchase			
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		34,000	34,000
			0	0
			0	0
			0	0
		0	102,159	102,159
<u>WEBSITE - CMS PROJECT</u>				
Vendor	Purchase			
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 Vsphere 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
		0	195,548	195,548
<u>FURNITURE</u>				
Vendor	Purchase			
				0
				0
		0	0	0
<u>Telephone Equipment</u>				
Vendor	Purchase			
				0
				0
				0
		0	0	0
<u>BUILDING IMPROVEMENTS</u>				
Vendor	Purchase			
De/Mar Wholesale Flooring	Replace flooring near DS and Mailroom	4,872		4,872
		4,872	0	4,872
TOTALS		4,872	297,707	302,579

As of May 31, 2013