

EISNERAMPER

**THE ASSOCIATION OF THE BAR
OF THE CITY OF NEW YORK**

FINANCIAL STATEMENTS

APRIL 30, 2020 and 2019



THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

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INDEPENDENT AUDITORS' REPORT

The Executive Committee
The Association of the Bar of the City of New York
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of The Association of the Bar of the City of New York (the "Association"), which comprise the statements of financial position as of April 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Association's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Association of the Bar of the City of New York as of April 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP
New York, New York
September 15, 2020



THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Statements of Financial Position

	April 30,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,081,833	\$ 947,096
Accounts receivable, net	838,769	757,312
Investments	9,127,504	10,352,046
Prepaid expenses	291,804	289,963
Property and equipment, net	<u>7,984,596</u>	<u>8,401,282</u>
	<u>\$ 19,324,506</u>	<u>\$ 20,747,699</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,979,634	\$ 1,979,294
Dues received in advance	849,999	1,215,043
Line-of-credit	2,476,000	1,211,000
Accrued pension cost	<u>2,591,623</u>	<u>1,446,932</u>
Total liabilities	<u>7,897,256</u>	<u>5,852,269</u>
Commitments and contingencies (Notes F and J)		
Net assets:		
Without donor restrictions:		
Undesignated, available for general operations	3,013,227	6,140,744
Committee funds	283,455	256,605
Apportionment of investment in land, property and library	<u>5,770,311</u>	<u>6,041,497</u>
Total net assets without donor restrictions	<u>9,066,993</u>	<u>12,438,846</u>
With donor restrictions:		
Purpose restricted	1,569,040	1,665,367
Perpetual in nature	<u>791,217</u>	<u>791,217</u>
Total net assets with donor restrictions	<u>2,360,257</u>	<u>2,456,584</u>
Total net assets	<u>11,427,250</u>	<u>14,895,430</u>
	<u>\$ 19,324,506</u>	<u>\$ 20,747,699</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Statements of Activities

	<u>Year Ended April 30,</u>	
	<u>2020</u>	<u>2019</u>
Changes in net assets without donor restrictions:		
Operating revenues:		
Dues and admission fees	\$ 6,470,676	\$ 6,506,100
Investment earnings appropriated for current operations, net	591,503	594,687
Continuing legal education	2,004,098	2,255,961
Legal referral service	1,487,182	1,913,388
Catering services	1,692,169	1,875,684
Library services	78,999	67,541
Committee and legislative programs	409,571	559,396
Royalty income	149,324	147,697
Membership program income	29,992	62,176
Donated services	410,622	37,548
Small law firm program income	269,291	234,607
Contributions from related party	456,835	-
Other income	<u>93,740</u>	<u>91,577</u>
Revenues before net assets released from restrictions	14,144,002	14,346,362
Net assets released from restrictions	<u>103,787</u>	<u>99,594</u>
Total operating revenues	<u>14,247,789</u>	<u>14,445,956</u>
Operating expenses:		
Program activities	<u>11,626,858</u>	<u>11,944,735</u>
Supporting services:		
Membership recruitment	135,519	127,149
General and administrative	<u>2,939,264</u>	<u>2,670,794</u>
Total supporting services	<u>3,074,783</u>	<u>2,797,943</u>
Total operating expenses	<u>14,701,641</u>	<u>14,742,678</u>
Excess of expenses over revenue from operating activities	(453,852)	(296,722)
Non-operating activities:		
Net investment losses, net of amounts designated for current operations	(956,567)	(101,524)
Depreciation (portion deemed non-operating)	(679,941)	(689,168)
Change from actuarial valuation of pension cost	<u>(1,281,493)</u>	<u>(370,716)</u>
Decrease in net assets without donor restrictions from operating activities	<u>(3,371,853)</u>	<u>(1,458,130)</u>
Changes in net assets with donor restrictions:		
Net investment (losses)/earnings	(41,638)	62,659
Contributions	49,098	47,165
Net assets released from restrictions for current operations	<u>(103,787)</u>	<u>(99,594)</u>
Change in net assets with donor restrictions	<u>(96,327)</u>	<u>10,230</u>
Decrease in net assets	(3,468,180)	(1,447,900)
Net assets - beginning of year	<u>14,895,430</u>	<u>16,343,330</u>
Net assets - end of year	\$ <u>11,427,250</u>	\$ <u>14,895,430</u>

See notes to financial statements.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Statement of Functional Expenses
Year Ended April 30, 2020
(with summarized information for 2019)

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total</u>	
		<u>Legal Education and Referral Services</u>	<u>Membership Recruitment</u>	<u>General and Administrative</u>	<u>Total</u>	<u>2020</u>
Salaries	\$ 5,615,120	\$ 81,565	\$ 1,288,550	\$ 1,370,115	\$ 6,985,235	\$ 6,941,047
Employee benefits and payroll taxes	<u>1,745,855</u>	<u>23,105</u>	<u>411,626</u>	<u>434,731</u>	<u>2,180,586</u>	<u>2,146,868</u>
Total salaries and related expenses	7,360,975	104,670	1,700,176	1,804,846	9,165,821	9,087,915
Occupancy	740,984	10,710	220,721	231,431	972,415	1,059,888
Depreciation	169,985	-	736,603	736,603	906,588	918,891
Library books	888,625	-	-	-	888,625	869,613
Office expenses	440,474	-	85,146	85,146	525,620	646,041
Meeting services expenses	515,077	-	-	-	515,077	623,281
Advertising and promotion	397,824	9,677	-	9,677	407,501	440,873
Conference, conventions and meetings	357,042	10,462	8,534	18,996	376,038	507,424
Continuing legal education expenses	235,178	-	-	-	235,178	251,008
Professional services	183,284	-	7,537	7,537	190,821	224,529
Insurance	153,927	-	32,718	32,718	186,645	187,932
Information technology	133,635	-	42,170	42,170	175,805	154,284
Accounting and legal fees	-	-	71,331	71,331	71,331	57,183
Interest	-	-	59,140	59,140	59,140	56,538
Donated legal services	-	-	410,622	410,622	410,622	37,548
Professional memberships and publications	17,025	-	2,217	2,217	19,242	25,871
Travel	19,511	-	684	684	20,195	22,592
Taxes	-	-	2,750	2,750	2,750	15,250
Bad debt expense	-	-	218,596	218,596	218,596	217,067
Scholarship grants	5,000	-	-	-	5,000	-
Miscellaneous	<u>8,312</u>	<u>-</u>	<u>20,260</u>	<u>20,260</u>	<u>28,572</u>	<u>28,118</u>
Total expenses	11,626,858	135,519	3,619,205	3,754,724	15,381,582	15,431,846
Less:						
Depreciation (portion deemed non-operating)	<u>-</u>	<u>-</u>	<u>679,941</u>	<u>679,941</u>	<u>679,941</u>	<u>689,168</u>
Total expenses per statement of activities	<u>\$ 11,626,858</u>	<u>\$ 135,519</u>	<u>\$ 2,939,264</u>	<u>\$ 3,074,783</u>	<u>\$ 14,701,641</u>	<u>\$ 14,742,678</u>

See notes to financial statements.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

**Statement of Functional Expenses
Year Ended April 30, 2019**

	Program Services	Supporting Services			Total Expense
	Legal Education and Referral Services	Membership Recruitment	General and Administrative	Total	
Salaries	\$ 5,535,477	\$ 72,497	\$ 1,333,073	\$ 1,405,570	\$ 6,941,047
Employee benefits and payroll taxes	<u>1,705,362</u>	<u>20,702</u>	<u>420,804</u>	<u>441,506</u>	<u>2,146,868</u>
Total salaries and related expenses	7,240,839	93,199	1,753,877	1,847,076	9,087,915
Occupancy	806,586	13,791	239,511	253,302	1,059,888
Depreciation	172,292	-	746,599	746,599	918,891
Library books	869,613	-	-	-	869,613
Office expenses	520,876	1,088	124,077	125,165	646,041
Meeting services expenses	623,281	-	-	-	623,281
Advertising and promotion	431,482	9,391	-	9,391	440,873
Conference, conventions and meetings	486,361	9,680	11,383	21,063	507,424
Continuing legal education expenses	251,008	-	-	-	251,008
Professional services	215,221	-	9,308	9,308	224,529
Insurance	154,701	-	33,231	33,231	187,932
Information technology	117,454	-	36,830	36,830	154,284
Accounting and legal fees	-	-	57,183	57,183	57,183
Interest	-	-	56,538	56,538	56,538
Donated legal services	-	-	37,548	37,548	37,548
Professional memberships and publications	22,661	-	3,210	3,210	25,871
Travel	22,374	-	218	218	22,592
Taxes	-	-	15,250	15,250	15,250
Bad debt expense	-	-	217,067	217,067	217,067
Miscellaneous	<u>9,986</u>	<u>-</u>	<u>18,132</u>	<u>18,132</u>	<u>28,118</u>
Total expenses	11,944,735	127,149	3,359,962	3,487,111	15,431,846
Less:					
Depreciation (portion deemed non-operating)	<u>-</u>	<u>-</u>	<u>689,168</u>	<u>689,168</u>	<u>689,168</u>
Total expenses per statement of activities	<u>\$ 11,944,735</u>	<u>\$ 127,149</u>	<u>\$ 2,670,794</u>	<u>\$ 2,797,943</u>	<u>\$ 14,742,678</u>

See notes to financial statements.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Statements of Cash Flows

	Year Ended April 30,	
	2020	2019
Cash flows from operating activities:		
Decrease in net assets	\$ (3,468,180)	\$ (1,447,900)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	906,588	918,891
Net unrealized and realized losses (gains) on investments	725,679	(245,240)
Bad debt expense	218,596	217,067
Changes in:		
Accounts receivable	(300,053)	(140,415)
Prepaid expenses	(1,841)	(1,120)
Accounts payable and accrued expenses	340	(114,087)
Dues received in advance	(365,044)	(22,057)
Accrued pension cost	1,144,691	286,342
Net cash used in operating activities	<u>(1,139,224)</u>	<u>(548,519)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	1,914,010	3,051,529
Purchases of investments	(1,415,147)	(2,534,373)
Additions to building and equipment	<u>(489,902)</u>	<u>(124,648)</u>
Net cash provided by investing activities	<u>8,961</u>	<u>392,508</u>
Cash flows from financing activities:		
Drawdown on line-of-credit	1,465,000	-
Repayment of line-of-credit	<u>(200,000)</u>	<u>(100,000)</u>
Net cash provided by (used in) financing activities	<u>1,265,000</u>	<u>(100,000)</u>
Change in cash and cash equivalents	134,737	(256,011)
Cash and cash equivalents - beginning of year	<u>947,096</u>	<u>1,203,107</u>
Cash and cash equivalents - end of year	\$ <u>1,081,833</u>	\$ <u>947,096</u>
Supplementary information:		
Excise and unrelated business income taxes paid	\$ 5,319	\$ 11,347
Interest paid	\$ 59,140	\$ 56,538
Donated services	\$ 410,622	\$ 37,548

See notes to financial statements.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

The Association of the Bar of the City of New York (the "Association"), incorporated in 1871 in the State of New York, was established for the purposes of cultivating the science of jurisprudence, promoting reforms in the law, and facilitating and improving the administration of justice. The governing board of the Association is the Executive Committee, and the Association is exempt from federal income taxes under Section 501(c)(6) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

The Association has an affiliated entity, the Association of the Bar of the City of New York Fund, Inc. (the "City Bar Fund"), which shares space and certain resources with the Association. Although the members of the Association's Executive Committee constitute the entire membership of the City Bar Fund, the Association does not have a substantial economic interest in, or control of, the City Bar Fund, and therefore, the two organizations' financial statements are not consolidated.

[2] Basis of accounting:

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, operating revenues and operating expenses, non-operating activities, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

The Association's management considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents, with the exception of those money-market funds held as short-term investments within the investment portfolio.

[5] Investments:

Investments in corporate stocks and mutual funds, consisting of equity and fixed income, are reported at their published fair values as of each fiscal year-end. Short-term investments consist of money market funds. The fair value of the limited liability companies have been estimated based on the respective net asset value ("NAV") per share (or its equivalent unit) of each investment, as reported by the particular investment manager. Because of the complex management structures and nature of the underlying investments and the inherent uncertainty of the valuation of these investments, the Association's management and its various investment managers monitor their positions to reduce the risk of potential losses due to changes in fair values or the failure of counterparties to perform on a routine basis. The Association's management reviews and evaluates the values provided by the related investment managers and believes that they are reported at a reasonable estimate of this fair value. Estimated values may differ significantly from the values that would have been used had a ready market for these instruments existed.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

The Association's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments sold, and unrealized appreciation or depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor restrictions. Realized gains or losses on investments are determined by comparison of the cost at time of acquisition to proceeds at the time of disposition. Distributions from the limited liability companies representing a return of contributed capital reduces the cumulative cost basis of the respective investment. Distributions received from the limited liability companies in excess of the Association's cumulative cost basis, or those identified as return of income, are recognized as realized gains. Unrealized gains or losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Investment expenses include the services of investment advisors. The balances of investment advisory fees disclosed in Note C are those specific fees charged by the Association's investment advisors in each year.

The Executive Committee designates only a portion of the Association's annual investment earnings for the support of current operations; the remainder is retained to support operations of future years and to offset potential market volatility. The annual amount designated to support current operations is calculated using a specified spending rate and is classified as operating income in the statements of activities.

[6] Property and equipment:

Land, building, building improvements, and furniture and equipment are recorded at their original costs, as described in Note D, less accumulated depreciation. The Association capitalizes assets over \$5,000. The costs of minor repairs and maintenance are expensed as incurred. Depreciation is provided over the estimated useful lives of the respective assets, using the straight-line method. The Association's building (the "House") and related improvements made prior to April 30, 1984 (totaling approximately \$1,000,000) are being depreciated through 2030. Building improvements made subsequent to April 30, 1984, and the second-floor condominium (the "Bar Building"), are being depreciated over an estimated useful life of either 30 or 45 years. Furniture and equipment are being depreciated over either five or seven years. Land is not depreciated.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of April 30, 2020 and 2019 and, in the opinion of management, there was no impairment. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Library books and works of art:

The Association's library books and collections of fine and decorative arts (the "collection") have been acquired through purchases and contributions since the Association's inception over 150 years ago. The Association's collection is held primarily for research and educational purposes. The Association stores the library books and collections in a restricted area of the library that has a fire control system to protect the collection. Proceeds from the sale of library materials would be used to purchase additional library materials.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Library books and works of art: (continued)

A portion of the library is composed of irreplaceable research materials and rare and antique books. In accordance with U.S. GAAP for this type of asset, the collection has not been reported as an asset in the Association's statements of financial position. Purchases of collection items were recorded as decreases in net assets without donor restrictions for the year in which the items were acquired or as decreases of net assets with donor restrictions if the assets used to purchase the items have been restricted by donors.

The Association purchases common publications and journals and their respective updates. Expenditures made for these items are not considered to be part of the collection. Such items have limited future lives, and expenditures are included as operating expenses in the year acquired. The amounts expended for common publications, journals and updates were \$422,080 and \$415,313 for fiscal-years 2020 and 2019, respectively.

[8] Accrued vacation:

Employees accrue vacation on a calendar-year basis. Accrued vacation is included as a liability in the accompanying financial statements and represents the potential liability for unused employee vacation time payable in the event of employee departures. At April 30, 2020 and 2019, the accrued vacation obligation was \$136,314 and \$117,651, respectively, and is included as part of the accounts payable and accrued expenses in the accompanying statements of financial position.

[9] Net assets:

The net assets of the Association and changes therein are classified and reported as follows:

(i) *Net assets without donor restrictions:*

Net assets without donor restrictions represent those resources that are not subject to donor restrictions and are available for current operations as follows:

- a. Undesignated net assets available for general operations;
- b. Use towards committee funds; in which, many of the Association's 150 committees raise funds to cover meetings and other costs associated with offering educational and other support services in a variety of legal practice areas to the Association's membership, the public, and the legal profession; and
- c. Investment in land, property and library net of investment portfolio funds used to purchase Bar Building

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purposes or for a specific period of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors. When a donor restriction expires, that is, when a purpose restriction is accomplished, or funds are appropriated through an action of the Executive Committee, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions." It is the policy of the Association that donations, the restrictions of which are satisfied in the year of donation, appear in the category of net assets without donor restrictions.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Revenue recognition:

(i) *Dues and admission fees:*

The Association receives dues from its members. Dues received for the current fiscal-year's membership is recognized as income in the current fiscal year. Dues received for a future fiscal-year's membership is deferred until that fiscal year. Admission fees are recorded as income upon the applicant's election to membership.

(ii) *Continuing legal education:*

The Association offers both in-person and online classes for the benefit of its members. Payments received for the current fiscal-year's classes are recognized as income in the current fiscal year, and the payments received for a future fiscal-year's class are deferred until that fiscal year. For a flat annual rate, firms can purchase unlimited classes for their attorneys. During fiscal-years 2020 and 2019, unlimited access to all classes of four hours or less was offered to all members on a flat annual rate.

(iii) *Donated services:*

Contributions of services are recognized by the Association as both revenues and expenses if the services: (i) create or enhance assets; and (ii) require specialized skills and are provided by individuals possessing those skills; and (iii) would typically need to be purchased if not provided by donation. At April 30, 2020 and 2019, the value of contributed legal services recognized in the statements of activities was \$410,622 and \$37,548, respectively.

The Association has approximately 150 committees that provide educational and other support services to the Association's membership, the legal profession, and the public at large. These volunteer services do not satisfy the criteria under generally accepted accounting principles for valuation and recognition in the financial statements.

(iv) *Contributions:*

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges or other assets. Contributions are reported as "with donor restrictions" if they are received with donor stipulation or time considerations as to their use. See also Note H.

[11] Functional allocation of expenses:

The Association's financial statements report certain categories of expenses that are attributable to program and supporting services of the Association. These costs have been summarized by their functional and natural classifications in the statements of functional expenses. Accordingly, certain costs that are directly attributable to a specific functional area of the Association are reported as an expense to the appropriate program or supporting service. Natural expenses attributable to more than one functional expense category have been allocated among the programs and supporting services based on the time spent by employees and the nature of the expense.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Measure of operations:

The Association includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Revenues from activities outside of the normal course of operations are considered non-operating. Non-cash expenses such as depreciation, and the change in pension liability due to the annual actuarial valuation are also considered non-operating.

[13] Income tax uncertainties:

The Association is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. For the Association, these provisions could be applicable to the incurrence of unrelated business taxable income ("UBTI") attributable to certain of its space-rental activities and certain of its publications. There was no UBIT tax expense during fiscal-year 2020. In fiscal-year 2019, the Association accrued approximately \$15,000, as a liability for the excise tax related to its activities. Due to the Association's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Association's financial statements.

[14] Subsequent events:

The Association evaluated subsequent events through September 15, 2020, the date on which the financial statements were available to be issued.

[15] Adoption of accounting principles:

(i) *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made:*

In June 2018, the FASB issued Accounting Standards Update ("ASU No.") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 985)*. This standard provides a framework for evaluating whether grants should be accounted for as exchange transactions or as non-exchange transactions. For non-exchange transactions, the new guidance clarifies whether arrangements are conditional or unconditional. The resource recipient portion of the ASU is effective for fiscal-years beginning after December 15, 2018 and the resource provider portion of the ASU is effective for fiscal-years beginning after December 15, 2019. ASU No. 2018-08 should be applied on a modified prospective basis. The Association adopted the resource recipient portion and early-adopted the resource provider portion of the standard for its year ended April 30, 2020, and this accounting guidance did not have a material effect on the Association's financial statements.

(ii) *Disclosure Requirements for Fair Value Measurement:*

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which modified the disclosure requirements for fair value measurements and is effective for years beginning after December 15, 2019, with early adoption permitted. The effect of adopting this accounting guidance will result in the removal or modification of certain fair value measurement disclosures presented in the Association's financial statements. The Association early-adopted this pronouncement as of April 30, 2020, which under U.S. GAAP is a change in accounting principle requiring retroactive application in the financial statements for all periods presented.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[16] Upcoming accounting pronouncements:

(i) *Revenue from Contracts with Customers:*

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU No. 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 enhances revenue related disclosures. The new standard is effective for fiscal years beginning after December 15, 2019. Accordingly, the Association will adopt this pronouncement for fiscal-year 2021. The Association is currently evaluating the effect that this new guidance will have on the financial statements and related disclosures.

(ii) *Leases:*

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will require entities to recognize lease assets and lease liabilities (related to leases previously classified as operating under previous U.S. GAAP) on the statements of financial position. This ASU is effective for fiscal years beginning after December 15, 2021. Accordingly, The ASU will be effective for the Association for its fiscal-year ending April 30, 2023. The Association is currently evaluating the effect that this new guidance will have on the financial statements and related disclosures.

[17] Reclassification:

Certain information in the fiscal-year 2019 financial statements has been reclassified to conform to the accompanying fiscal-year 2020 presentation.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable are presented in the statements of financial position, net of an allowance for doubtful accounts of \$535,311 and \$434,258 at April 30, 2020 and 2019, respectively, and are due within a year.

NOTE C - INVESTMENTS

At each fiscal year-end, the Association's investments consisted of the following:

	April 30,	
	2020	2019
Money-market funds	\$ 135,568	\$ 276,523
Corporate stocks	520,292	551,683
Mutual funds:		
Equity funds	5,397,253	5,992,206
Fixed-income funds	1,928,697	2,116,155
Limited liability companies (a and b)	<u>1,145,694</u>	<u>1,415,479</u>
	<u>\$ 9,127,504</u>	<u>\$10,352,046</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE C - INVESTMENTS (CONTINUED)

- a) Invests at least 80% of its net assets, plus any borrowings for investment purposes, in securities of medium-sized companies in a diversified portfolio of structured credit products in the United States and European credit markets.
- b) Investment objective is to achieve favorable income-oriented returns from a globally diversified portfolio of primarily debt or debt-like securities.

The Association utilizes a “total-return policy” on its investment portfolio, whereby an annual specified spending rate is established to determine the amount of investment earnings to be used for current operations. A spending rate of 4.75% was used for both fiscal-years 2020 and 2019. The Association’s investment earnings appropriated for current operations are composed of income from the externally managed investment portfolio, pursuant to the spending rate, plus investment income earned on other short-term investments managed internally.

During fiscal-year 2006, investments with a fair value of approximately \$4,300,000 were liquidated to purchase the second-floor condominium in the Bar building. Subsequently, income from the operations of the Association is to be used to reimburse the investment portfolio for this expenditure, with interest and principal to be amortized over 30 years.

The investment return and its classification in the statements of activities were as follows for each of the fiscal years ending:

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
April 30, 2020:			
Dividends and interest	\$ 313,349	\$ 40,709	\$ 354,058
Net realized gains	58,448	7,095	65,543
Net unrealized losses	<u>(705,577)</u>	<u>(85,645)</u>	<u>(791,222)</u>
	(333,780)	(37,841)	(371,621)
Investment fees	<u>(31,284)</u>	<u>(3,797)</u>	<u>(35,081)</u>
Net investment losses	<u>\$ (365,064)</u>	<u>\$ (41,638)</u>	<u>\$ (406,702)</u>
April 30, 2019:			
Dividends and interest	\$ 307,010	\$ 40,085	\$ 347,095
Net realized gains	307,065	37,236	344,301
Net unrealized losses	<u>(88,348)</u>	<u>(10,713)</u>	<u>(99,061)</u>
	525,727	66,608	592,335
Investment fees	<u>(32,564)</u>	<u>(3,949)</u>	<u>(36,513)</u>
Net investment income	<u>\$ 493,163</u>	<u>\$ 62,659</u>	<u>\$ 555,822</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE C - INVESTMENTS (CONTINUED)

ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy for fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.

Level 2 - Valuations are based on: (i) quoted prices for similar investments in active markets; or (ii) quoted prices for identical investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. The Association has no Level 2 investments.

Level 3 - Valuations are based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the investments, or the investments cannot be independently valued. The Association has no Level 3 investments.

The Association has investments that are valued using the net asset value NAV per share (or its equivalent unit) as a practical expedient of fair value. This applies to investments which (i) do not have a readily determinable fair value and (ii) whose financial statements were prepared by the respective investment manager consistent with the measurement principles of an investment company or have the attributes of an investment company. Investments that are valued using NAV per share (or its equivalent unit) are not required to be categorized within the fair value hierarchy, and accordingly, have been excluded from the fair-value hierarchy.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following tables summarize the fair values of the Association's assets at each year-end, in accordance with ASC Topic 820 valuation levels:

	<u>April 30, 2020</u>		
	<u>Amounts within Fair- Value Hierarchy</u>		
	<u>Level 1</u>	<u>Valued at NAV</u>	<u>Total Investments</u>
Money-market funds	\$ 135,568	\$ -	\$ 135,568
Corporate stocks	520,292	-	520,292
Mutual funds	7,325,950	-	7,325,950
Limited liability companies	<u>-</u>	<u>1,145,694</u>	<u>1,145,694</u>
	<u>\$ 7,981,810</u>	<u>\$1,145,694</u>	<u>\$ 9,127,504</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

**Notes to Financial Statements
April 30, 2020 and 2019**

NOTE C - INVESTMENTS (CONTINUED)

	April 30, 2019		
	Amounts within Fair- Value Hierarchy	Valued at NAV	Total Investments
	Level 1		
Money-market funds	\$ 276,523	\$ -	\$ 276,523
Corporate stocks	551,683	-	551,683
Mutual funds	8,108,361	-	8,108,361
Limited liability companies	<u>-</u>	<u>1,415,479</u>	<u>1,415,479</u>
	<u>\$ 8,936,567</u>	<u>\$1,415,479</u>	<u>\$10,352,046</u>

At April 30, 2020, the Association had no unfunded commitments for its investments. The Association can redeem its interest in the limited liability companies on a monthly basis with 10 days' notice.

NOTE D - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	April 30,	
	2020	2019
Land	\$ 204,125	\$ 204,125
Building and building improvements (the House)	18,893,262	18,430,756
Second-floor condominium	4,355,820	4,355,820
Furniture and equipment	<u>1,697,921</u>	<u>1,670,525</u>
	25,151,128	24,661,226
Less: accumulated depreciation	<u>(17,166,532)</u>	<u>(16,259,944)</u>
	<u>\$ 7,984,596</u>	<u>\$ 8,401,282</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE E - RETIREMENT PLANS

[1] Defined-benefit pension plan:

The Association maintains a multi-employer noncontributory, defined-benefit pension plan covering all eligible employees of the Association and the City Bar Fund. The plan was amended to cease all benefit accruals effective July 1, 2004 (no future employees are eligible for this benefit). All active participants are fully vested in their accrued benefits.

The following table represents the changes in benefit obligations and plan assets during each fiscal year:

	Year Ended April 30,	
	2020	2019
Change in benefit obligation:		
Projected benefit obligation at beginning of year	\$ 8,142,474	\$ 8,043,339
Interest cost	291,828	307,460
Benefits paid - including annuity purchases	(467,341)	(479,207)
Actuarial gain - including changes in assumptions	<u>1,066,536</u>	<u>270,882</u>
Benefit obligation at the end of year	<u>\$ 9,033,497</u>	<u>\$ 8,142,474</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 6,695,542	\$ 6,882,749
Actual returns on plan assets	48,494	292,000
Employer contributions	165,179	-
Benefits paid	<u>(467,341)</u>	<u>(479,207)</u>
Fair value of plan assets at end of year	<u>\$ 6,441,874</u>	<u>\$ 6,695,542</u>

The following tables set forth the plan's status at each fiscal year-end:

	Year Ended April 30,	
	2020	2019
Actuarial present values of benefit obligations:		
Accumulated benefit obligation	<u>\$ (9,033,497)</u>	<u>\$ (8,142,474)</u>
Projected benefit obligation	\$ (9,033,497)	\$ (8,142,474)
Plan assets at fair value	<u>6,441,874</u>	<u>6,695,542</u>
Funded status (obligation in excess of assets)	<u>\$ (2,591,623)</u>	<u>\$ (1,446,932)</u>
Accrued pension cost recognized in statements of financial position	<u>\$ (2,591,623)</u>	<u>\$ (1,446,932)</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE E - RETIREMENT PLANS (CONTINUED)

[1] Defined-benefit pension plan: (continued)

	April 30,	
	<u>2020</u>	<u>2019</u>
Weighted-average assumptions:		
Discount rate used for benefit cost	2.43%	3.90%
Discount rate used for projected benefit obligation	3.64%	3.64%
Rate of compensation increase for benefit cost	N/A	N/A
Rate of compensation increase for projected benefit obligation	N/A	N/A
Expected return on assets	6.60%	7.75%
Net periodic pension cost (income)	\$ 28,377	\$ (84,374)
Benefits paid	467,341	479,207

The plan's investments will be made for the purpose of providing retirement reserves for the present and future benefit of participants of the plan. The assets will be invested with the care, skill and diligence that a prudent person acting in this capacity would exercise to comply with all objectives outlined herein, the Investment Advisors Act of 1940, the Employee Retirement Income Security Act of 1974, and all other governing statutes.

The primary objective for the trustees will be to provide a balance among capital appreciation, preservation of capital, and the production of current income. The objectives of the plan will be pursued as a long-term goal designed to meet the benchmark objective for the plan, without incurring undue risk.

The plan's trustees recognize that risk (i.e. the uncertainty of future events), volatility (i.e. the potential for variability of asset values) and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investment vehicles. While high levels of risk are to be avoided, the assumption of risk is warranted in order to allow the investment manager the opportunity to achieve satisfactory long-term results consistent with the objectives of the plan.

The expected long-term rate of return on plan assets assumptions was based on gross expected rates of return, less anticipated investment expenses. The rate selected was consistent with historical returns and target percentages for equity and debt securities within the following framework:

	<u>Target Allocation</u>
Equity securities	59%
Cash	1%
Debt securities	<u>40%</u>
	<u>100%</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE E - RETIREMENT PLANS (CONTINUED)

[1] Defined-benefit pension plan: (continued)

At each fiscal year-end, the percentage of the fair value of the total plan assets held were as follows:

	<u>April 30,</u>	
	<u>2020</u>	<u>2019</u>
Equity securities	59%	66%
Cash	5%	4%
Debt securities	<u>36%</u>	<u>30%</u>
	<u>100%</u>	<u>100%</u>

The Association does not expect to contribute to the plan during fiscal-year 2021. The following table illustrates the expected benefit payments over future fiscal years.

<u>Year Ending April 30,</u>	<u>Amount</u>
2021	\$ 543,047
2022	543,296
2023	545,944
2024	553,389
2025	550,350
2026 – 2030	2,574,887

[2] 401(k) plan:

In July 2004, the Association established a multi-employer Section 401(k) plan, under which employees make contributions up to the maximum allowable by law. All employees with eligibility, which is defined as those who have completed one year of service and have attained the age of 21, are entitled to receive up to a 3% matching contribution. The 3% match contributed by the Association in fiscal-years 2020 and 2019 was \$135,076 and \$141,223, respectively. In April 2020, the Association suspended its 3% matching contribution due to the coronavirus ("COVID-19") pandemic.

NOTE F - COMMITMENTS AND CONTINGENCIES

[1] Operating leases:

The Association leases certain equipment under various lease agreements which expire through April 2023. The future minimum annual rentals under the leases described above are as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2021	\$ 80,583
2022	79,384
2023	<u>19,672</u>
	<u>\$ 179,639</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE F - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[2] Union contracts:

Certain employees of the Association are members of local unions. During fiscal-year 2020, the Association had two union contracts in effect, which expire at December 31, 2022 and 2023, respectively.

[3] Contingencies:

The Association may occasionally be a defendant with respect to various claims involving issues arising in the normal course of its business. In the opinion of management and its legal counsel, the resolution of these complaints will not have a material impact on the financial position or results of operations of the Association.

NOTE G - LINE-OF-CREDIT

In November 2007, the Association opened a revolving credit line held with the BNY Mellon, N.A. ("Mellon") in the amount of \$2,000,000. In February 2020, the Association increased the revolving credit line with Mellon to \$4,500,000. Interest is to be calculated at a rate of 2% above LIBOR, which equated to 2.99% and 4.67% at April 30, 2020 and 2019, respectively. At April 30, 2020 and 2019, the balances owed by the Association were \$2,476,000 and \$1,211,000, respectively. During fiscal-years, 2020 and 2019, the Association repaid \$200,000 and \$100,000, respectively. The Association drew down on the line-of-credit of \$1,465,000 in fiscal year 2020. The Association did not draw down on the line-of-credit during 2019. The line-of-credit is collateralized by the general assets of the Association.

NOTE H - RELATED-PARTY TRANSACTIONS

Certain operating expenses are paid by the Association on behalf of the City Bar Fund. Certain of these inter-entity transactions are reimbursed by the City Bar Fund to the Association. Additionally, the Association collects rent from the City Bar Fund for its usage of space within the Association's building. Rental income for fiscal-years 2020 and 2019 was \$374,243 and \$352,956, respectively. During fiscal-year 2020, the City Bar Fund contributed \$456,835 to the Association for the 150th Anniversary projects.

Subsequent to fiscal year-end, in July 2020, the City Bar Fund loaned \$2,000,000 to the Association to assist in funding business-related expenses affected by the COVID-19 outbreak. In lieu of paying interest on the loan, the Association will provide professional services to the City Bar Fund during the term of the loan, which are valued at approximately \$82,031, the equivalent of a 4.1% annual interest rate. The note is payable in twenty four equal monthly installments beginning in July 2021 and to be paid through July 2023.

NOTE I - CONCENTRATION OF CREDIT RISK

The Association maintains its cash and cash equivalents in high-credit-quality financial institutions in amounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts, and management believes that the Association is not exposed to any significant risk of loss due to the failure of the financial institutions.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE J - COVID-19

The extent of the impact of the COVID-19 outbreak on the operational and financial performance of the Association's services will depend on the continued future developments, including the duration and spread of the outbreak, related travel advisories and restrictions, and the impact of COVID-19 on overall demand for the Association's programs and services, some of which are highly uncertain and cannot be predicted. In response to the shelter-in-place State mandated order in New York due to COVID-19 in March 2020, the Association closed its office maintaining very limited access to ensure the continuation of critical operations. The office of the Association has partially reopened for appointments on a limited basis as of the issuance of these financial statements. Due to ongoing limitations on gatherings, the Association has moved its programming to a webcast platform but is unable to generate revenues for its previously scheduled live events and meetings. Wherever possible, the Association has continued to provide services remotely. If demand for the Association's services are impacted for an extended period, results of operations may be materially adversely affected.

Subsequent to fiscal year-end in June 2020, the Association completed an application for a loan totaling \$150,000, administered by the Small Business Association, for the Economic Injury Disaster Loan. The Association received the loan in its entirety in June 2020. The loan is collateralized by all tangible and intangible personal property of the Association.

NOTE K - ACCOUNTING AND REPORTING FOR ENDOWMENT

[1] The endowment:

The Association's endowment consists of 29 individual funds established for a variety of purposes, including support of operations, purchases of library books and legal aid and committee grievances.

[2] Interpretation of relevant law:

The Association's endowment funds are subject to NYPMIFA. The Executive Committee will continue to adhere to NYPMIFA's requirements.

[3] Return objectives and risk parameters:

The Executive Committee of the Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity. Under this policy, as approved by the Executive Committee, the endowment assets are invested with the long-term objective of earning a net return of at least the Consumer Price Index (the "CPI"). Actual returns in any given year may vary from this amount.

[4] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Association relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments, in order to achieve its long-term return objectives within prudent risk constraints.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

**Notes to Financial Statements
April 30, 2020 and 2019**

NOTE K - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[5] Spending policy and related objectives:

For both fiscal-years 2020 and 2019, the Executive Committee of the Association approved a policy of appropriating for distribution, and did appropriate, 4.75% of its endowment fund's average fair value over the prior 12 quarters, through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Executive Committee considered the long-term expected return on its endowment. Accordingly, over the long term, the Executive Committee expects the current spending policy to allow its endowment to grow at an annual average of the CPI, plus the spending rate. This is consistent with the Association's objective of maintaining the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns.

[6] Policy on underwater funds spending:

It is the policy of the Executive Committee of the Association to not spend from underwater endowment funds, unless otherwise stipulated by donor intent or unless affirmatively approved by the Executive Committee.

[7] Endowment net-asset composition, by type of fund, as of each fiscal year-end:

	April 30, 2020			
	Without Donor Restriction	Amounts Subject to Appropriation	Amounts Held In Perpetuity	Total
Endowment funds	<u>\$ -</u>	<u>\$ 1,086,382</u>	<u>\$ 791,217</u>	<u>\$ 1,877,599</u>
	April 30, 2019			
	Without Donor Restriction	Amounts Subject to Appropriation	Amounts Held In Perpetuity	Total
Endowment funds	<u>\$ -</u>	<u>\$ 1,197,442</u>	<u>\$ 791,217</u>	<u>\$ 1,988,659</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements
April 30, 2020 and 2019

NOTE K - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[8] Changes in endowment net assets, by type of fund, during each fiscal year: (continued)

	Year Ended April 30, 2020			
	Without Donor Restriction	Amounts Subject to Appropriation	Amounts Held In Perpetuity	Total
Endowment net assets and the earnings thereon, beginning of year	<u>\$ -</u>	<u>\$ 1,197,442</u>	<u>\$ 791,217</u>	<u>\$ 1,988,659</u>
Investment return:				
Investment income, net	-	36,912	-	36,912
Net depreciation (realized and unrealized)	<u>-</u>	<u>(78,550)</u>	<u>-</u>	<u>(78,550)</u>
Total investment return	<u>-</u>	<u>(41,638)</u>	<u>-</u>	<u>(41,638)</u>
Other changes:				
Appropriation of endowment assets for expenditures	<u>-</u>	<u>(69,422)</u>	<u>-</u>	<u>(69,422)</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ -</u>	<u>\$ 1,086,382</u>	<u>\$ 791,217</u>	<u>\$ 1,877,599</u>
	Year Ended April 30, 2019			
	Without Donor Restriction	Amounts Subject to Appropriation	Amounts Held In Perpetuity	Total
Endowment net assets and the earnings thereon, beginning of year	<u>\$ 2,823,813</u>	<u>\$ 1,207,806</u>	<u>\$ 791,217</u>	<u>\$ 4,822,836</u>
Investment return:				
Investment income, net	65,657	37,369	-	103,026
Net appreciation (realized and unrealized)	<u>38,484</u>	<u>21,904</u>	<u>-</u>	<u>60,388</u>
Total investment return	<u>104,141</u>	<u>59,273</u>	<u>-</u>	<u>163,414</u>
Other changes:				
Appropriation of endowment assets for expenditures	(122,337)	(69,637)	-	(191,974)
Released from board designation	<u>(2,805,617)</u>	<u>-</u>	<u>-</u>	<u>(2,805,617)</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ -</u>	<u>\$ 1,197,442</u>	<u>\$ 791,217</u>	<u>\$ 1,988,659</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE K - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[9] Funds with deficiencies:

Due to unfavorable market fluctuations, from time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original, permanently restricted contribution. There were no such deficiencies in either fiscal-year 2020 or 2019.

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions consisted of the following:

	<u>Year Ended April 30,</u>	
	<u>2020</u>	<u>2019</u>
Purpose restricted:		
Scholarships for law students	\$ 373,895	\$ 328,326
Legal assistance to individuals	8,293	39,653
International and foreign law books	24,740	21,840
Improvement to library lounge	2,547	2,547
Other	73,183	75,559
Amounts subject to appropriation	<u>1,086,382</u>	<u>1,197,442</u>
	<u>1,569,040</u>	<u>1,665,367</u>
Perpetual in nature:		
Operations	591,800	591,800
Purchase of library books	24,335	24,335
Legal aid and committee grievances	<u>175,082</u>	<u>175,082</u>
	<u>791,217</u>	<u>791,217</u>
	<u>\$ 2,360,257</u>	<u>\$ 2,456,584</u>

During each fiscal year, net assets released from restrictions, as a result of satisfying donor restrictions, were as follows:

	<u>Year Ended April 30,</u>	
	<u>2020</u>	<u>2019</u>
Purpose restrictions satisfied:		
Scholarship for law students	\$ 5,000	\$ -
Legal assistance to individuals	60,000	60,000
International and foreign law books	-	583
Purchase of books for law library	<u>38,787</u>	<u>39,011</u>
	<u>\$ 103,787</u>	<u>\$ 99,594</u>

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Notes to Financial Statements April 30, 2020 and 2019

NOTE M - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Association's financial assets as of the statement as of April 30, 2020 and 2019, respectively, reduced by amounts not available for general use within one year due to contractual or donor-imposed restrictions:

	<u>Year Ended April 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,081,833	\$ 947,096
Accounts receivable, net	838,769	757,312
Investments	<u>9,127,504</u>	<u>10,352,046</u>
Total financial assets available within one year	<u>11,048,106</u>	<u>12,056,454</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Collateral for line-of-credit	(2,476,000)	(1,211,000)
Restricted by donors as follows:		
Purpose restricted	(1,569,040)	(1,665,367)
Perpetual in nature	<u>(791,217)</u>	<u>(791,217)</u>
Total amounts unavailable for general expenditure within one year	<u>(4,836,257)</u>	<u>(3,667,584)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,211,849</u>	<u>\$ 8,388,870</u>

Liquidity policy:

The Association maintains a sufficient level of operating cash and investments to be available as its general expenditures, liabilities, and other obligations come due as part of the Association's liquidity management. Additionally, the Association has appreciated earnings on endowment funds whereby amounts could be made available for current operations, if necessary; however, the Association does not intend to spend these funds for purposes other than those approved by the donors. Further, the Association has the ability to access additional resources associated with a line-of-credit it maintains with a bank.