

EISNERAMPER

**ASSOCIATION OF THE BAR OF THE
CITY OF NEW YORK FUND, INC.**

FINANCIAL STATEMENTS

APRIL 30, 2019 and 2018



INDEPENDENT AUDITORS' REPORT

The Board of Directors
Association of the Bar of the City of New York Fund, Inc.
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 Fund, Inc. (the "City Bar Fund"), which comprise the statements of financial position as of April 30, 2019 and 2018, 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 City Bar Fund'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 Fund, Inc. as of April 30, 2019 and 2018, 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
July 30, 2019



ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Statements of Financial Position

	April 30,	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 3,892,108	\$ 1,711,896
Pledges and grants receivable, net	4,413,219	2,529,489
Investments	6,570,205	6,528,824
Other receivables and prepaid expenses	129,074	137,422
Property and equipment, net	<u>68,956</u>	<u>101,452</u>
Total assets	<u>\$ 15,073,562</u>	<u>\$ 11,009,083</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 264,291	\$ 276,169
Deferred revenue	<u>351,675</u>	<u>343,195</u>
Total liabilities	<u>615,966</u>	<u>619,364</u>
Net assets:		
Without donor restrictions:		
Undesignated, available for general operations	5,946,535	2,794,614
Board-designated endowment fund	<u>-</u>	<u>2,968,400</u>
Total net assets without donor restrictions	<u>5,946,535</u>	<u>5,763,014</u>
With donor restrictions:		
Time restricted	3,979,132	2,003,701
Purpose restricted	3,829,828	1,920,903
Perpetual in nature	<u>702,101</u>	<u>702,101</u>
Total net assets with donor restrictions	<u>8,511,061</u>	<u>4,626,705</u>
Total net assets	<u>14,457,596</u>	<u>10,389,719</u>
Total liabilities and net assets	<u>\$ 15,073,562</u>	<u>\$ 11,009,083</u>

See notes to financial statements.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Statements of Activities

Year Ended April 30,

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:						
Contributions and grants	\$ 326,944	\$ 7,898,982	\$ 8,225,926	\$ 315,840	\$ 3,915,643	\$ 4,231,483
Donated services	330,375	-	330,375	273,500	-	273,500
Net investment income	266,015	82,990	349,005	496,410	184,182	680,592
Other income: lectures and other programs	96,403	-	96,403	56,512	-	56,512
Special events revenue (net of direct benefits to donors of \$102,978 in 2019 and \$97,096 in 2018)	979,401	-	979,401	911,477	-	911,477
Total revenues and other support before net assets released from restrictions	1,999,138	7,981,972	9,981,110	2,053,739	4,099,825	6,153,564
Net assets released from restrictions:						
Satisfaction of program restrictions:						
Education and research	1,593,657	(1,593,657)	-	1,505,047	(1,505,047)	-
Community outreach and services	2,503,959	(2,503,959)	-	2,772,105	(2,772,105)	-
Total net assets released from restrictions	4,097,616	(4,097,616)	-	4,277,152	(4,277,152)	-
Total revenues and other support	6,096,754	3,884,356	9,981,110	6,330,891	(177,327)	6,153,564
Expenses:						
Program activities:						
Education and research	1,678,189	-	1,678,189	1,676,732	-	1,676,732
Community outreach and services	3,501,187	-	3,501,187	3,788,842	-	3,788,842
Total program activities	5,179,376	-	5,179,376	5,465,574	-	5,465,574
General and administrative	382,910	-	382,910	219,685	-	219,685
Fundraising	350,947	-	350,947	405,009	-	405,009
Total expenses	5,913,233	-	5,913,233	6,090,268	-	6,090,268
Change in net assets	183,521	3,884,356	4,067,877	240,623	(177,327)	63,296
Net assets - beginning of year	5,763,014	4,626,705	10,389,719	5,522,391	4,804,032	10,326,423
Net assets - end of year	\$ 5,946,535	\$ 8,511,061	\$ 14,457,596	\$ 5,763,014	\$ 4,626,705	\$ 10,389,719

See notes to financial statements.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Statement of Functional Expenses Year Ended April 30, 2019 (with summarized information for 2018)

	Program Services			Supportive Services		Total	
	Education and Research	Community Outreach and Services	Total	General and Administrative	Fundraising	2019	2018
Salaries	\$ 906,927	\$ 2,180,582	\$ 3,087,509	\$ 254,001	\$ 149,969	\$ 3,491,479	\$ 3,518,530
Employee benefits	191,364	542,456	733,820	50,895	32,951	817,666	870,565
Total salaries and related expenses	1,098,291	2,723,038	3,821,329	304,896	182,920	4,309,145	4,389,095
Occupancy	63,214	259,425	322,639	22,871	7,446	352,956	328,468
Contributions to the Association	-	-	-	-	-	-	322,251
Donated legal services	-	330,375	330,375	-	-	330,375	273,500
Professional services	124,602	1,789	126,391	4,396	70,837	201,624	188,725
Conference, conventions and meetings	172,166	14,302	186,468	3,741	1,218	191,427	187,401
Travel	95,902	9,315	105,217	2,381	775	108,373	75,720
Catering expenses	-	-	-	-	102,978	102,978	97,096
Office expenses	17,855	47,246	65,101	1,176	20,638	86,915	101,983
Audio and visual technical services	-	-	-	-	45,200	45,200	45,200
Insurance	5,589	32,138	37,727	-	-	37,727	37,127
Membership and publications	8,556	21,306	29,862	3,341	3,136	36,339	24,046
Portrait expenses	34,956	-	34,956	-	-	34,956	-
Depreciation	-	21,445	21,445	11,051	-	32,496	32,781
Grants	20,000	25,000	45,000	-	-	45,000	24,000
Accounting fees	-	-	-	24,822	-	24,822	18,049
Taxes	2,164	8,585	10,749	1,076	781	12,606	-
Bank and credit card fees	4,267	134	4,401	-	8,062	12,463	11,916
Miscellaneous expenses	30,627	7,089	37,716	3,159	9,934	50,809	30,006
Total expenses	1,678,189	3,501,187	5,179,376	382,910	453,925	6,016,211	6,187,364
Less:							
Special event expenses - direct benefit	-	-	-	-	(102,978)	(102,978)	(97,096)
Total expenses per statement of activities	\$ 1,678,189	\$ 3,501,187	\$ 5,179,376	\$ 382,910	\$ 350,947	\$ 5,913,233	\$ 6,090,268

See notes to financial statements.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Statement of Functional Expenses Year Ended April 30, 2018

	Program Services			Supportive Services		
	Education and Research	Community Outreach and Services	Total	General and Administrative	Fundraising	Total
Salaries	\$ 744,343	\$ 2,436,486	\$ 3,180,829	\$ 130,143	\$ 207,558	\$ 3,518,530
Employee benefits	<u>149,591</u>	<u>660,532</u>	<u>810,123</u>	<u>30,929</u>	<u>29,513</u>	<u>870,565</u>
Total salaries and related expenses	893,934	3,097,018	3,990,952	161,072	237,071	4,389,095
Occupancy	47,165	255,102	302,267	18,982	7,219	328,468
Contributions to the Association	322,251	-	322,251	-	-	322,251
Donated legal services	-	273,500	273,500	-	-	273,500
Professional services	108,933	10,224	119,157	1,048	68,520	188,725
Conference, conventions and meetings	166,195	14,767	180,962	4,665	1,774	187,401
Travel	65,034	9,747	74,781	680	259	75,720
Catering expenses	-	-	-	-	97,096	97,096
Office expenses	25,341	50,450	75,791	1,744	24,448	101,983
Audio and visual technical services	-	-	-	-	45,200	45,200
Insurance	5,500	31,627	37,127	-	-	37,127
Membership and publications	4,510	16,349	20,859	2,096	1,091	24,046
Depreciation	-	21,445	21,445	11,336	-	32,781
Grants	24,000	-	24,000	-	-	24,000
Accounting fees	-	-	-	18,049	-	18,049
Bank and credit card fees	4,171	71	4,242	-	7,674	11,916
Miscellaneous expenses	<u>9,698</u>	<u>8,542</u>	<u>18,240</u>	<u>13</u>	<u>11,753</u>	<u>30,006</u>
Total expenses	\$ 1,676,732	\$ 3,788,842	\$ 5,465,574	\$ 219,685	\$ 502,105	\$ 6,187,364
Less:						
Special event expenses - direct benefit	-	-	-	-	(97,096)	(97,096)
Total expenses per statement of activities	<u>\$ 1,676,732</u>	<u>\$ 3,788,842</u>	<u>\$ 5,465,574</u>	<u>\$ 219,685</u>	<u>\$ 405,009</u>	<u>\$ 6,090,268</u>

See notes to financial statements.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Statements of Cash Flows

	Year Ended April 30,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 4,067,877	\$ 63,296
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	32,496	32,781
Net realized and unrealized gains on investments	(208,129)	(568,718)
Proceeds from donated securities	114,651	30,934
Donated securities	(114,651)	(30,934)
Changes in:		
Pledges and grants receivable, net	(1,883,730)	479,374
Other receivables and prepaid expenses	8,348	(27,928)
Accounts payable and accrued expenses	(11,878)	53,910
Deferred revenue	8,480	66,248
Net cash provided by operating activities	<u>2,013,464</u>	<u>98,963</u>
Cash flows from investing activities:		
Proceeds from sales of investments	2,830,889	4,951,592
Purchases of investments	<u>(2,664,141)</u>	<u>(4,787,351)</u>
Net cash provided by investing activities	<u>166,748</u>	<u>164,241</u>
Net increase in cash and cash equivalents	2,180,212	263,204
Cash and cash equivalents - beginning of year	<u>1,711,896</u>	<u>1,448,692</u>
Cash and cash equivalents - end of year	<u>\$ 3,892,108</u>	<u>\$ 1,711,896</u>
Supplementary information:		
Donated services	<u>\$ 330,375</u>	<u>\$ 273,500</u>

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Notes to Financial Statements April 30, 2019 and 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

The Association of the Bar of the City of New York Fund, Inc. (the "City Bar Fund"), incorporated in 1946 in the State of New York, was established for the purpose of utilizing the funds received to facilitate and improve the administration of justice, the cultivation and diffusion of knowledge and understanding of the law, and to facilitate access to justice.

The City Bar Fund is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws and is not a private foundation.

The City Bar Fund is affiliated with The Association of the Bar of the City of New York (the "Association") and 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, members of the Association do 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, revenues and other support and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

The City Bar Fund'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 in the investment portfolio.

[5] Investments:

Investments in corporate stocks and mutual funds are reported at their published fair values as of fiscal year-end. Short-term investments consist of money market funds. The fair value of the limited liability company has been estimated based on the respective net asset value ("NAV") per share (or its equivalent unit) of the investment, as reported by the investment manager. Because of the complex management structures and nature of the underlying investment and the inherent uncertainty of the valuation of the investments, the City Bar Fund's management and its investment manager monitors its position to reduce the risk of potential losses due to changes in fair value or the failure of counterparties to perform on a routine basis. The City Bar Fund's management reviews and evaluates the values provided by the related investment manager and believes that it is reported at a reasonable estimate of this fair value. Estimated values may differ significantly from the value that would have been used had a ready market for the instrument existed.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Notes to Financial Statements April 30, 2019 and 2018

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

[5] Investments: (continued)

The City Bar Fund'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 and losses on investments sold, and unrealized appreciation and 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 and 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 company that represents return of contributed capital reduce the cumulative costs basis of the respective investment. Distributions received from the limited liability company in excess of the City Bar Fund's cumulative cost basis are recognized as realized gains. Unrealized gains and 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 City Bar Fund's investment advisors in each year.

Donated securities are recorded at their fair values at the dates of donation. The City Bar Fund's policy is to sell donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included as operating activities.

[6] Property and equipment:

Property and equipment, consisting of computer equipment and software, is recorded at cost at the date of acquisition or at the fair-market value at the date of donation, less accumulated depreciation. The City Bar Fund capitalizes assets over \$5,000. Depreciation is calculated using the straight-line method over an estimated useful life of five years.

[7] Library books and works of art:

Library books and works of art have been donated to the City Bar Fund and are held primarily for research and educational purposes. 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 items have not been reported as an asset in the City Bar Fund's statements of financial position.

[8] Accrued vacation:

Employees accrue vacation on a calendar-year basis. Accrued vacation is included as a liability in the financial statements and represents the potential liability for unused employee vacation time payable in the event of employee departures. At April 30, 2019 and 2018, the accrued vacation obligation was \$59,025 and \$66,130, respectively.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Notes to Financial Statements April 30, 2019 and 2018

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

[9] Net assets:

The net assets of the City Bar Fund and changes therein are classified and reported as follows:

(i) *Net assets without donor restrictions:*

Net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are categorized as follows:

Available for General Operations

Funds that are undesignated and are available for the ongoing activities and working capital needs of the City Bar Fund.

Board-Designated Endowment Fund

Funds that are designated by the Board of Directors to function as an endowment.

During fiscal-year 2019, by action of the Board of Directors, the City Bar Fund undesignated its board-designated funds which immediately became available for general operations.

(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 and/or the passage 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 stipulated time restriction ends or purpose restriction is accomplished, or funds are appropriated through an action of the Board of Directors, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statements of activities as "net assets released from restrictions."

[10] Revenue recognition:

(i) *Contributions and grants:*

Contributions are recorded as revenue upon the receipt of cash or other assets, unconditional pledges. Contributions are considered without donor restriction unless specifically restricted by the donor. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

(ii) *Special events:*

The City Bar Fund conducts special events whereby a portion of the gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue as well as the payment of the direct cost of the benefit received by the attendee at the event. Special-event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year a special event takes place. Special event revenue received for a future year's event is deferred and recognized when the event takes place.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Notes to Financial Statements April 30, 2019 and 2018

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

[10] Revenue recognition: (continued)

(iii) *Special events: (continued)*

As of April 30, 2019 and 2018, deferred revenue of \$351,675 and \$343,195, respectively, reported in the statements of financial position represents the revenue from advance receipts related to a future year's event which is deferred and will be recognized as income in the year in which the event is held.

(iv) *Donated services:*

Contributions of services are recognized by the City Bar Fund as both revenues and expenses if the services (i) create or enhance assets and (ii) require specialized skills, and (iii) are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The value of contributed legal services recognized in the statements of activities was \$330,375 and \$273,500 for fiscal-years 2019 and 2018, respectively.

The City Bar Fund directs professional services contributed at no fee by lawyers and other volunteers largely to indigent persons who need legal assistance. The City Bar Justice Center (the "Justice Center") coordinated approximately \$15,000,000 in volunteer services in both fiscal years 2019 and 2018. Because the Justice Center coordinates and supervises these services and is not the recipient of these services, these services are not reported in the financial statements.

(v) *Other income:*

Each year the City Bar Fund hosts lectures and various events for which tickets may be purchased; the income from these events is included as other income within the statements of activities.

[11] Functional allocation of expenses:

The City Bar Fund's financial statements report certain categories of expenses that are attributable to program and supporting services of the City Bar Fund. These costs have been summarized on a functional and natural classification in the statements of functional expenses. Accordingly, certain costs that are directly attributable to a specific functional area of the City Bar Fund 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 expenses that are allocated include professional fees, occupancy, office expenses, conference, conventions and meetings, insurance and depreciation.

[12] Income tax uncertainties:

The City Bar Fund 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 City Bar Fund, these provisions could be applicable to the incurrence of unrelated business taxable income tax ("UBIT") expense attributable to transportation benefits as required by the Tax Cuts and Jobs Act of 2017. In fiscal-year 2019, the City Bar Fund accrued approximately \$9,500, as a liability for the excise tax related to this activity. There was no UBIT tax expense during fiscal-year 2018. Because of the City Bar Fund's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the City Bar Fund's financial statements.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

**Notes to Financial Statements
April 30, 2019 and 2018**

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

[13] Subsequent events:

The City Bar Fund evaluated subsequent events through July 30, 2019, the date on which the financial statements were available to be issued.

[14] Adoption of accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications; (ii) expense categorizations; and (iii) liquidity and the availability of resources. ASU 2016-14 was effective for annual report periods issued for years beginning after December 15, 2017. Accordingly, the City Bar Fund was required to adopt ASU 2016-14 for its year-ended April 30, 2019, which under U.S. GAAP was a change in accounting principle requiring retroactive application in the financial statements of certain areas whereas certain other areas were adopted on a prospective basis. The City Bar Fund's adoption of ASU 2016-14 had no effect on the City Bar Fund's total net assets or its change in net assets for fiscal-year 2019 and 2018. Accordingly, the City Bar Fund changed its presentation of its net asset classes, added the statements of functional expenses, and expanded certain footnote disclosures.

[15] Reclassification:

Certain information in the fiscal-year 2018 financial statements has been reclassified to conform to the accompanying fiscal-year 2019 presentation.

NOTE B - PLEDGES AND GRANTS RECEIVABLE

At each fiscal year-end, pledge and grants receivable are estimated to be due as follows:

	<u>April 30,</u>	
	<u>2019</u>	<u>2018</u>
Less than one year	\$ 3,158,113	\$ 2,458,089
One to five years	<u>1,316,500</u>	<u>75,000</u>
	4,474,613	2,533,089
Reduction of contributions due to excess of one year to present value at a discount rate ranging from 2.27% to 2.49%.	<u>(61,394)</u>	<u>(3,600)</u>
	<u>\$ 4,413,219</u>	<u>\$ 2,529,489</u>

The City Bar Fund's management estimates that based on a history of satisfactory collections, receivables will be collected in full. Therefore, no allowance for uncollectible amounts has been provided.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

**Notes to Financial Statements
April 30, 2019 and 2018**

NOTE C - INVESTMENTS

At each fiscal year-end, the City Bar Fund's investments consisted of the following:

	<u>April 30,</u>	
	<u>2019</u>	<u>2018</u>
Money-market funds	\$ 52,276	\$ 16,400
Corporate stocks	283,779	250,975
Mutual funds:		
Equity funds	4,249,459	4,270,709
Fixed-income funds	1,422,252	1,513,636
Limited liability company (a)	<u>562,439</u>	<u>477,104</u>
	<u>\$ 6,570,205</u>	<u>\$ 6,528,824</u>

- 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.

The City Bar Fund 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 2019 and 2018. The City Bar Fund'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.

For each fiscal year, the investment return and its classification in the statements of activities were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
April 30, 2019:			
Dividends and interest	\$ 134,107	\$ 24,139	\$ 158,246
Net realized gains	94,559	40,552	135,111
Net unrealized gains	<u>49,404</u>	<u>23,614</u>	<u>73,018</u>
	278,070	88,305	366,375
Investment fees	<u>(12,055)</u>	<u>(5,315)</u>	<u>(17,370)</u>
Net investment income	<u>\$ 266,015</u>	<u>\$ 82,990</u>	<u>\$ 349,005</u>
April 30, 2018:			
Dividends and interest	\$ 106,665	\$ 22,242	\$ 128,907
Net realized gains	742,113	305,334	1,047,447
Net unrealized losses	<u>(340,331)</u>	<u>(138,398)</u>	<u>(478,729)</u>
	508,447	189,178	697,625
Investment fees	<u>(12,037)</u>	<u>(4,996)</u>	<u>(17,033)</u>
Net investment income	<u>\$ 496,410</u>	<u>\$ 184,182</u>	<u>\$ 680,592</u>

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Notes to Financial Statements April 30, 2019 and 2018

NOTE C - INVESTMENTS (CONTINUED)

The FASB's 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 City Bar Fund 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 City Bar Fund has no Level 3 investments.

The City Bar Fund's investments are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment securities, 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.

The City Bar Fund has an investment that is valued using the 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 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. During fiscal-years 2019 and 2018, there were no transfers among the fair-value hierarchy levels.

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

	April 30, 2019		
	<u>Amounts within Fair- Value Hierarchy</u>		
	<u>Level 1</u>	<u>Valued at NAV</u>	<u>Total Investments</u>
Money-market funds	\$ 52,276	\$ -	\$ 52,276
Corporate stocks	283,779	-	283,779
Mutual funds	5,671,711	-	5,671,711
Limited liability company		562,439	562,439
	<u>\$ 6,007,766</u>	<u>\$ 562,439</u>	<u>\$ 6,570,205</u>

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

**Notes to Financial Statements
April 30, 2019 and 2018**

NOTE C - INVESTMENTS (CONTINUED)

	April 30, 2018		
	Amounts within Fair- Value Hierarchy	Valued at	Total
	Level 1	NAV	Investments
Money-market funds	\$ 16,400	\$ -	\$ 16,400
Corporate stocks	250,975	-	250,975
Mutual funds	5,784,345	-	5,784,345
Limited liability company		477,104	477,104
	<u>\$ 6,051,720</u>	<u>\$ 477,104</u>	<u>\$ 6,528,824</u>

At April 30, 2019, the City Bar Fund had no unfunded commitments for its investments. The City Bar Fund can redeem its interest in the limited liability company 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,	
	2019	2018
Computers and software	\$ 195,208	\$ 195,208
Accumulated depreciation	<u>(126,252)</u>	<u>(93,756)</u>
	<u>\$ 68,956</u>	<u>\$ 101,452</u>

NOTE E - RETIREMENT PLANS

[1] Defined-benefit pension plan:

Employees of the City Bar Fund participate in the Association's defined-benefit pension plan upon meeting the requirements for eligibility. The plan was amended to cease all benefit accruals effective July 1, 2004 and no future employees are eligible for this benefit. All active participants are fully vested in their accrued benefits. During fiscal year 2016, the Association offered a buy-out to all current participants in the plan, approximately 50% of participants accepted the buy-out.

[2] 401(k) plan:

The City Bar Fund participates in the Association's Section 401(k) Plan, under which employees make contributions up to the maximum allowable by law. All eligible employees are entitled to receive up to a 3% matching contribution. The 3% match contributed by the City Bar Fund in fiscal-years 2019 and 2018 was \$78,289 and \$80,293, respectively.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Notes to Financial Statements April 30, 2019 and 2018

NOTE F - RELATED-PARTY TRANSACTIONS

Various 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, City Bar Fund pays rent for its usage of space within the Association's building based on a rental agreement, renewable annually. Rent expense for fiscal-years 2019 and 2018 was \$352,956 and \$328,468, respectively. During fiscal-year 2018, the City Bar Fund contributed \$322,251 to the Association for the Judge Kaye room and cooling tower replacement.

NOTE G - SIGNIFICANT SOURCE OF REVENUE

The City Bar Fund received grants from an unrelated party in fiscal-year 2019 totaling \$1,818,129. The City Bar Fund received grants from an unrelated party in fiscal-year 2018 totaling \$844,620. Such grants represented approximately 22% and 20% of total contribution revenue in fiscal-years 2019 and 2018, respectively.

NOTE H - CONCENTRATION OF CREDIT RISK

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

NOTE I - ENDOWMENT

[1] The endowment:

The City Bar Fund's endowment consists of individual funds established for a variety of purposes, consisting of donor-restricted funds and funds designated by the Board of Directors to function as endowment.

[2] Return objectives and risk parameters:

The City Bar Fund 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. Under these policies, as approved by the Board of Directors, the endowment assets are invested with the long-term objective of earning a net return of at least the Consumer Price Index (the "CPI"), plus the spending rate of 4.75%. Actual returns in any given year may vary from this amount.

[3] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the City Bar Fund 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 City Bar Fund targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

**Notes to Financial Statements
April 30, 2019 and 2018**

NOTE I - ENDOWMENT (CONTINUED)

[4] Spending policy and related objectives:

For both fiscal-years 2019 and 2018, the City Bar Fund has had a policy of appropriating for distribution 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 City Bar Fund considered the long-term expected return on its endowment. Accordingly, over the long term, the City Bar Fund 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 City Bar Fund'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.

[5] Policy on underwater funds spending:

It is the policy of the City Bar Fund to not spend from underwater endowment funds, unless otherwise stipulated by donor intent or unless affirmatively approved by the Board of Directors.

[6] Funds with deficiencies:

Due to unfavorable market fluctuations, from time-to-time the fair values of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donors' original, permanently restricted contributions. There were no such deficiencies in either fiscal-year 2019 or 2018.

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

	April 30, 2019			
	Without Donor Restrictions	Amounts Subject to Appropriation	Amounts Held In Perpetuity	Total
Endowment funds	\$ -	\$ 771,879	\$ 702,101	\$ 1,473,980
	April 30, 2018			
	Without Donor Restrictions	Amounts Subject to Appropriation	Amounts Held In Perpetuity	Total
Endowment funds	\$ 2,968,400	\$ 730,726	\$ 702,101	\$ 4,401,227

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

**Notes to Financial Statements
April 30, 2019 and 2018**

NOTE I - ENDOWMENT (CONTINUED)

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

	Year Ended April 30, 2019			
	Without Donor Restrictions	Amount Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets and the earnings thereon, beginning of year	\$ 2,968,400	\$ 730,726	\$ 702,101	\$ 4,401,227
Investment return:				
Investment income, net	33,187	13,490		46,677
Net appreciation (realized and unrealized)	<u>130,848</u>	<u>62,057</u>		<u>192,905</u>
Total investment return	<u>164,035</u>	<u>75,547</u>		<u>239,582</u>
Other changes:				
Appropriation of endowment assets for expenditures	(222,933)	(34,394)		(257,327)
Released from board designation	<u>(2,909,502)</u>	<u> </u>		<u>(2,909,502)</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ -</u>	<u>\$ 771,879</u>	<u>\$ 702,101</u>	<u>\$ 1,473,980</u>
	Year Ended April 30, 2018			
	Without Donor Restrictions	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets and the earnings thereon, beginning of year	\$ 2,788,261	\$ 583,920	\$ 702,101	\$ 4,074,282
Investment return:				
Investment income, net	25,630	11,968		37,598
Net appreciation (realized and unrealized)	<u>365,521</u>	<u>165,306</u>		<u>530,827</u>
Total investment return	<u>391,151</u>	<u>177,274</u>		<u>568,425</u>
Other changes:				
Appropriation of endowment assets for expenditures	<u>(211,012)</u>	<u>(30,468)</u>		<u>(241,480)</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ 2,968,400</u>	<u>\$ 730,726</u>	<u>\$ 702,101</u>	<u>\$ 4,401,227</u>

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

**Notes to Financial Statements
April 30, 2019 and 2018**

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

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

	Year Ended April 30,	
	2019	2018
Time restricted:		
Education and research	\$ 375,575	\$ 281,887
Community outreach and services	2,003,755	1,721,814
150th Anniversary fund	<u>1,599,802</u>	<u>-</u>
	<u>3,979,132</u>	<u>2,003,701</u>
Purpose restricted:		
Education and research	818,233	598,408
Community outreach and services	598,855	591,769
150th Anniversary fund	1,640,861	-
Amounts subject to appropriation	<u>771,879</u>	<u>730,726</u>
	<u>3,829,828</u>	<u>1,920,903</u>
Perpetual in nature:		
Donor-restricted endowment funds	<u>702,101</u>	<u>702,101</u>
	<u>\$ 8,511,061</u>	<u>\$ 4,626,705</u>

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

	Year Ended April 30,	
	2019	2018
Time restricted:		
Education and research	\$ 330,854	\$ 146,044
Community outreach and services	<u>2,022,745</u>	<u>2,223,067</u>
	<u>2,353,599</u>	<u>2,369,111</u>
Purpose restrictions satisfied:		
Education and research	1,262,803	1,359,003
Community outreach and services	<u>481,214</u>	<u>549,038</u>
	<u>1,744,017</u>	<u>1,908,041</u>
	<u>\$ 4,097,616</u>	<u>\$ 4,277,152</u>

ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK FUND, INC.

Notes to Financial Statements April 30, 2019 and 2018

NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the City Bar Fund's financial assets as of the statement as of April 30, 2019, reduced by amounts not available for general use within one year of contractual or donor-imposed restrictions or internal designations.

The City Bar Fund's financial assets available for general use within one year of the statements of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 3,892,108
Pledges and grants receivable, net	4,413,219
Investments	<u>6,570,205</u>
Total financial assets available within one year	<u>14,875,532</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors that are:	
Time restricted	(3,979,132)
Purpose restricted	(3,829,828)
Perpetual in nature	<u>(702,101)</u>
Total amounts unavailable for general expenditure within one year	<u>(8,511,061)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,364,471</u>

In fiscal-year 2019, a capital campaign was started to raise funds in connection with the 150th anniversary of the Association. By the end of the fiscal year, the campaign raised a total of approximately \$3,300,000 in both cash and pledges which is a mix of time and purpose donor restricted funds.

Liquidity policy:

The City Bar Fund 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 City Bar Fund's liquidity management. Additionally, the City Bar Fund has endowment funds whereby amounts could be made available for current operations, if necessary; however, the City Bar Fund does not intend to spend these funds for purposes other than those approved by the donors.