EisnerAmper

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

FINANCIAL STATEMENTS

APRIL 30, 2018 and 2017

EISNERAMPER

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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, 2018 and 2017, the related statements of activities 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, 2018 and 2017, 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

EISNERAMPER LLP
New York, New York
August 14, 2018

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Statements of Financial Position

	April 30, 2018	April 30, 2017
ASSETS		
Cash and cash equivalents	$ 1,203,107	$ 744,035
Accounts receivable, net	833,964	746,513
Investments	10,623,962	10,171,208
Prepaid expenses	288,843	276,702
Property and equipment, net	9,195,525	9,571,642
Total assets	$ 22,145,401	$ 21,510,100
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 2,093,381	$ 1,643,218
Dues received in advance	1,237,100	1,180,349
Line-of-credit	1,311,000	850,000
Accrued pension cost	1,160,590	1,491,789
Total liabilities	5,802,071	5,165,356
Commitments (Note F)		
Unrestricted net assets:		
Operating funds	(3,939,935)	(3,151,433)
Committee dues funds	246,998	187,666
Apportionment of investment in land, property and library	6,690,639	6,921,656
Executive Committee - Designated Funds:		
Long-term investment	6,722,026	6,022,934
Funds treated as endowment	2,823,813	2,707,737
Capital and technology improvements	309,973	309,273
Cumulative gains from funds treated as endowment	1,043,462	984,464
Total unrestricted net assets	13,896,976	13,982,297
Temporarily restricted net assets:		
Spendable restricted funds	447,331	429,060
Cumulative gains from permanently restricted endowment	1,207,806	1,142,170
Total temporarily restricted net assets	1,655,137	1,571,230
Permanently restricted net assets	791,217	791,217
Total net assets	16,343,330	16,344,744
Total liabilities and net assets	$ 22,145,401	$ 21,510,100

See notes to financial statements.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Statements of Activities

	Year Ended April 30, 2018	Year Ended April 30, 2017
Operating revenues:		
Dues and admission fees	$ 6,495,764	$ 6,431,434
Investment earnings appropriated for current operations, net	584,193	602,355
Continuing legal education	2,321,187	2,311,206
Legal referral service	1,840,047	1,256,352
Catering services	1,593,901	1,429,833
Library services	64,682	93,465
Committee and legislative programs	179,417	190,569
Royalty income	144,242	154,590
Membership program income	53,753	66,154
Donated services	46,668	6,000
Small law firm program income	241,091	201,924
Contributions	322,251	190,970
Other income	84,102	86,567
Revenues before net assets released from restrictions	13,971,298	13,021,419
Net assets released from restrictions	98,979	111,875
Total operating revenues	14,070,277	13,133,294
Operating expenses:		
Program activities	12,072,306	11,221,018
General and administrative	2,603,056	3,204,056
Total operating expenses	14,675,362	14,425,074
Excess of expenses over revenue from operating activities	(605,085)	(1,291,780)
Non-operating activities:		
Net investment earnings in excess of amounts designated for current operations	558,807	575,301
Depreciation (portion deemed non-operating)	(644,003)	(637,879)
Other income	280,211	240,572
Consulting fees for pension and other projects	(6,450)	(454)
Change from actuarial valuation of pension cost	331,199	401,650
Decrease in unrestricted net assets	(85,321)	(712,590)
Changes in temporarily restricted net assets:		
Net investment earnings	140,332	126,742
Contributions	42,554	42,415
Net assets released from restrictions for current operations	(98,979)	(111,875)
Increase in temporarily restricted net assets	83,907	57,282
Decrease in net assets	(1,414)	(655,308)
Net assets - beginning of year	16,344,744	17,000,052
Net assets - end of year	$ 16,343,330	$ 16,344,744

See notes to financial statements.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Statements of Cash Flows

	Year Ended April 30, 2018	Year Ended April 30, 2017
Cash flows from operating activities:		
Decrease in net assets	$ (1,414)	$ (655,308)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	886,690	878,289
Net unrealized and realized gains on investments	(967,100)	(997,193)
Change in allowance for doubtful accounts	42,431	(72,088)
Changes in:		
Accounts receivable	(129,882)	72,181
Prepaid expenses	(12,141)	(48,859)
Accounts payable and accrued expenses	450,163	30,303
Dues received in advance	56,751	156,433
Accrued pension cost	(331,199)	(401,650)
Net cash used in operating activities	(5,701)	(1,037,892)
Cash flows from investing activities:		
Proceeds from sales of investments	4,904,812	1,363,116
Purchases of investments	(4,390,466)	(813,343)
Additions to building and equipment	(510,573)	(353,533)
Net cash provided by investing activities	3,773	196,240
Cash flows from financing activities:		
Drawdown on line-of-credit	1,061,000	1,200,000
Repayment of line-of-credit	(600,000)	(350,000)
Net cash provided by financing activities	461,000	850,000
Increase in cash and cash equivalents	459,072	8,348
Cash and cash equivalents - beginning of year	744,035	735,687
Cash and cash equivalents - end of year	$ 1,203,107	$ 744,035
Supplementary information:		
Excise and unrelated business income taxes paid	$ 12,903	$ 14,058
Interest paid	$ 38,012	$ 15,854
Donated services	$ 46,668	$ 6,000

See notes to financial statements.

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:

For purposes of the statements of cash flows, 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 in the investment portfolio.

[5] Investments:

Investments in corporate stocks are reported at their published fair values as of fiscal year-end. Investments in mutual funds consisting of commodities, bonds and fixed income securities, are reported at their fair values as determined by the related investment managers as of fiscal year-end. Short-term investments consist of money market funds. The investments in the limited liability companies are carried at their original cost basis at date of purchase and adjusted to fair value as of fiscal year-end, based upon the valuation of the underlying assets as provided by the related investment managers. 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.

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 unrestricted net assets unless their use is restricted on a temporary or permanent basis through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at time of acquisition to proceeds at the time of disposition. 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.

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

[5] Investments: (continued)

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 declines. 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. The Association capitalizes assets over $5,000 subject to Executive Committee approval. 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, 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.

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, 2018 and 2017 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 147 years ago. The Association's collection is 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 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 unrestricted net assets for the year in which the items were acquired or as decreases of temporarily restricted net assets 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 $450,119 and $457,579 for fiscal-years 2018 and 2017, 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, 2018 and 2017, the accrued vacation obligation was $100,668 and $96,568, respectively.

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

[9] Net assets:

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

(i) Unrestricted:

Unrestricted net assets represent those resources that are not subject to donor restrictions and are available for current operations. Within the category of unrestricted are Executive Committee designated funds which represent assets that the Committee has reserved for particular purposes, including long term investments and capital and technology improvements.

Additionally, the Executive Committee has established a quasi-endowment which remains unrestricted, subject to use at the discretion of the Committee.

(ii) Temporarily restricted:

Temporarily restricted net assets represent those resources that are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and those resources the use of which has been restricted by donors to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated restriction ends or a purpose restriction is accomplished (which consists primarily of scholarships, legal assistance, purchases of library books, and improvements to the library), or funds are appropriated through an action of the Executive Committee, temporarily restricted net assets are reclassified as unrestricted and reported in the statements of activities as net assets released from restrictions.

(iii) Permanently restricted:

Permanently restricted net assets represent those resources, the use of which has been permanently restricted by donors. Generally, the donors of these assets permit the Association to use all or part of the income and net capital appreciation earned on the related investments for general or specific purposes. Under the terms of NYPMIFA, those earnings are classified as temporarily restricted in the statements of activities, until formally appropriated by the Executive Committee.

[10] Endowment:

The Association is subject to NYPMIFA and reports all applicable disclosures to its board-designated and donor-restricted funds treated as endowment (see Note J).

[11] Revenue recognition:

Dues and admission fees:

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

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

[11] Revenue recognition: (continued)

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. Members have the opportunity to purchase a package of classes in advance, and the payments received for a future fiscal-year's class are deferred until that fiscal year.

Donated services:

Contributions of services are recognized by the Association as both revenues and expenses if the services (a) create or enhance assets and (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. At April 30, 2018 and 2017, the value of contributed legal services recognized in the statements of activities was $46,668 and $6,000, respectively. These services are different from the services mentioned in Note A[12], as they directly benefit the Association.

Contributions:

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

[12] Volunteer services:

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.

[13] Internal interest allocation:

For internal record-keeping purposes, the Association accounts for interest revenue and expense related to the financing of the second floor Bar building condominium from the investment portfolio. Accordingly, general and administrative expenses and net non-operating investment gains include an amount representing a transfer of internal interest from the operating category to the non-operating category in the statements of activities.

[14] Functional allocation of expenses:

The costs of providing the Association's various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, direct costs have been allocated among the various program and supporting-service categories based on the nature of the expense or time allocation. Indirect costs have been allocated on the basis of utilization by department. Depreciation has been further allocated between operating and non-operating activities based on the nature of the related asset. Management estimates that approximately 82% of expenses are related to programmatic activities, with the remaining expenses allocated between administrative and membership development costs. Fund-raising costs are de minimis and therefore are not reflected.

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

[15] Income tax uncertainties:

The Association follows 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. Since the Association has always accrued a liability for the excise tax related to its political activities and because of 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.

[16] 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.

[17] Subsequent events:

The Association evaluated subsequent events through August 14, 2018, the date on which the financial statements were available to be issued.

[18] Upcoming accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard will be effective for annual reporting periods beginning after December 15, 2017. The Association will adopt this pronouncement in fiscal-year 2019.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable are presented in the statements of financial position, net of an allowance for doubtful accounts of $465,156 and $405,726 at April 30, 2018 and 2017, respectively, and are due within the year.

NOTE C - INVESTMENTS

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

	April 30,	
	2018	2017
Managed investments:		
Money-market funds	$ 34,525	$ 162,257
Corporate stocks	708,279	617,188
Mutual funds:		
Equity funds	5,168,064	6,051,182
Fixed-income funds	3,250,129	1,653,777
Limited liability companies	1,462,965	1,686,804
	$ 10,623,962	$ 10,171,208

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 4.75% spending rate was used for both fiscal-years 2018 and 2017. 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.

In 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.

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

	Unrestricted	Temporarily Restricted	Total
April 30, 2018:			
Dividends and interest	$ 313,723	$ 39,943	$ 353,666
Net realized gains	930,340	112,623	1,042,963
Net unrealized losses	(67,671)	(8,192)	(75,863)
	1,176,392	144,374	1,320,766
Investment fees	(33,392)	(4,042)	(37,434)
Net investment income	$ 1,143,000	$ 140,332	$ 1,283,332
April 30, 2017:			
Dividends and interest	$ 310,425	$ 34,621	$ 345,046
Net realized gains	119,266	12,669	131,935
Net unrealized gains	782,171	83,087	865,258
	1,211,862	130,377	1,342,239
Investment fees	(34,206)	(3,635)	(37,841)
Net investment income	$ 1,177,656	$ 126,742	$ 1,304,398

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 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'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 Association has investments that are valued using the net asset value ("NAV") per share or its equivalent 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. Accordingly, these investments and certain related tables have been properly excluded from the financial statements.

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 2018 and 2017, there were no transfers among the fair-value hierarchy levels.

NOTE C - INVESTMENTS (CONTINUED)

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

	April 30, 2018		
	Amounts within Fair-Value Hierarchy		
	Level 1	Valued at NAV	Total Investments
Money-market funds	$ 34,525	$ -	$ 34,525
Corporate stocks	708,279	-	708,279
Mutual funds:			
Equity funds	5,168,064	-	5,168,064
Fixed-income funds	3,250,129	-	3,250,129
Limited liability companies	-	1,462,965	1,462,965
Total investments	$ 9,160,997	$ 1,462,965	$ 10,623,962

	April 30, 2017		
	Amounts within Fair-Value Hierarchy		
	Level 1	Valued at NAV	Total Investments
Money-market funds	$ 162,257	$ -	$ 162,257
Corporate stocks	617,188	-	617,188
Mutual funds:			
Equity funds	6,051,182	-	6,051,182
Fixed-income funds	1,653,777	-	1,653,777
Limited liability companies	-	1,686,804	1,686,804
Total investments	$ 8,484,404	$ 1,686,804	$ 10,171,208

At April 30, 2018, 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, 2018	April 30, 2017
Land	$ 204,125	$ 204,125
Building and building improvements (the House)	18,416,324	18,194,315
Second-floor condominium	4,355,820	4,355,820
Furniture and equipment	1,560,309	1,271,745
	24,536,578	24,026,005
Less accumulated depreciation	(15,341,053)	(14,454,363)
	$ 9,195,525	$ 9,571,642

NOTE E - RETIREMENT PLANS

[1] Defined-benefit pension plan:

The Association maintains a 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, 2018	Year Ended April 30, 2017
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 8,283,837	$ 8,613,571
Interest cost	308,462	311,194
Benefits paid - including annuity purchases	(457,464)	(456,217)
Actuarial gain - including changes in assumptions	(91,496)	(184,711)
Benefit obligation at the end of year	$ 8,043,339	$ 8,283,837
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 6,792,048	$ 6,720,132
Actual returns on plan assets	548,165	528,133
Benefits paid	(457,464)	(456,217)
Fair value of plan assets at end of year	$ 6,882,749	$ 6,792,048

NOTE E - RETIREMENT PLANS (CONTINUED)

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

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

	Year Ended April 30, 2018	Year Ended April 30, 2017
Actuarial present values of benefit obligations:		
Accumulated benefit obligation	$ (8,043,339)	$ (8,283,837)
Projected benefit obligation	$ (8,043,339)	$ (8,283,837)
Plan assets at fair value	6,882,749	6,792,048
Funded status (obligation in excess of assets)	$ (1,160,590)	$ (1,491,789)
Accrued pension cost recognized in statements of financial position	$ (1,160,590)	$ (1,491,789)

	April 30, 2018	April 30, 2017
Weighted-average assumptions:		
Discount rate used for benefit cost	3.84%	3.70%
Discount rate used for projected benefit obligation	3.90%	3.84%
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	7.75%	7.75%
Net periodic pension income	$ (71,329)	$ (26,068)
Benefits paid	457,464	456,217

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.

NOTE E - RETIREMENT PLANS (CONTINUED)

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

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:

	Target Allocation
Equity securities	59%
Cash	1%
Debt securities	40%
	100%

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

	April 30,	
	2018	2017
Equity securities	68%	61%
Cash	3%	1%
Debt securities	29%	38%
	100%	100%

The Association does not expect to contribute to the plan during fiscal-year 2019. The following table illustrates the expected benefit payments over future fiscal years.

Year Ending April 30,	Amount
2019	$ 513,817
2020	523,958
2021	524,021
2022	529,618
2023	537,681
2024 - 2028	2,694,177

During the fiscal-year ended April 30, 2016, the Association offered a lump-sum payment option to Plan participants who have left the Association's or the City Bar Fund's employment and who had not yet begun to collect their pension.

[2] 401(k) plan:

In July 2004, the Association established a 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 2018 and 2017 was $150,221 and $148,803, respectively.

NOTE F - COMMITMENTS

[1] Operating leases:

The Association leases certain equipment under various lease agreements which expire through April 2019. The future minimum annual rental payment under the leases through April 30, 2019 is $100,351.

[2] Union contracts:

Certain employees of the Association are members of local unions. During fiscal-year 2018, the Association had two union contracts in effect, which expire at December 31, 2019 and 2018, respectively.

[3] Other contracts:

In the normal course of business, the Association enters into various contracts for professional and other services which are typically renewable on a year-to-year basis.

NOTE G - LINE-OF-CREDIT

In November 2007, the Association opened a revolving credit line of $2,000,000 held with the BNY Mellon, N.A., with interest to be calculated at a rate of 2% above LIBOR. During fiscal-years 2018 and 2017, the Association drew down on the line-of-credit, leaving outstanding balances of $1,311,000 and $850,000, respectively, as of April 30, 2018 and 2017.

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 2018 and 2017 was $328,468 and $317,246, respectively. During fiscal-year 2018, the City Bar Fund contributed $322,251 to the Association for the Judge Kaye room and cooling tower replacement. During fiscal-year 2017, the City Bar Fund contributed $190,970 to the Association for renovation of the service elevator.

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.

NOTE J - ACCOUNTING AND REPORTING FOR ENDOWMENT

[1] The endowment:

The Association's endowment consists of individual funds established for a variety of purposes, consisting of donor-restricted funds and funds designated by the Executive Committee to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE J - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[2] Return objectives and risk parameters:

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, as well as Executive Committee-designated funds. 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"), 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 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.

[4] Spending policy and related objectives:

During fiscal-years 2018 and 2017, the Association 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 Association considered the long-term expected return on its endowment. Accordingly, over the long term, the Association 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.

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

	April 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	-	$ 1,207,806	$ 791,217	$ 1,999,023
Executive Committee-designated endowment funds	$ 2,823,813	-	-	2,823,813
Total funds	$ 2,823,813	$ 1,207,806	$ 791,217	$ 4,822,836

	April 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	-	$ 1,142,170	$ 791,217	$ 1,933,387
Executive Committee-designated endowment funds	$ 2,707,737	-	-	2,707,737
Total funds	$ 2,707,737	$ 1,142,170	$ 791,217	$ 4,641,124

NOTE J - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

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

	Year Ended April 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets and the earnings thereon, beginning of year	$ 2,707,737	$ 1,142,170	$ 791,217	$ 4,641,124
Investment return:				
Investment income, net	67,157	38,235	-	105,392
Net appreciation (realized and unrealized)	171,099	97,411	-	268,510
Total investment return	238,256	135,646	-	373,902
Other changes:				
Appropriation of endowment assets for expenditures	(122,180)	(70,010)	-	(192,190)
Endowment net assets and the earnings thereon, end of year	$ 2,823,813	$ 1,207,806	$ 791,217	$ 4,822,836

	Year Ended April 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets and the earnings thereon, beginning of year	$ 2,589,044	$ 1,092,612	$ 791,217	$ 4,472,873
Investment return:				
Investment income, net	66,412	33,155	-	99,567
Net appreciation (realized and unrealized)	178,292	89,014	-	267,306
Total investment return	244,704	122,169	-	366,873
Other changes:				
Appropriation of endowment assets for expenditures	(126,011)	(72,611)	-	(198,622)
Endowment net assets and the earnings thereon, end of year	$ 2,707,737	$ 1,142,170	$ 791,217	$ 4,641,124

[7] 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 2018 or 2017.

NOTE K - TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS

At each fiscal year-end, temporarily restricted net assets consisted of the following:

	Year Ended April 30,	
	2018	**2017**
Restricted for the following purposes:		
Spendable restricted funds:		
Scholarships for law students	$ 279,587	$ 236,494
Legal assistance to individuals	70,842	101,675
International and foreign law books	19,505	16,552
Improvement to library lounge	2,547	2,547
Other	74,850	71,792
	447,331	429,060
Cumulative gains from permanently restricted endowment	1,207,806	1,142,170
	$1,655,137	$1,571,230

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

	Year Ended April 30,	
	2018	**2017**
Program restrictions satisfied:		
Legal assistance to individuals	$ 60,000	$ 60,000
Purchase of books for law library	38,979	40,230
International and foreign law books	-	11,645
	$ 98,979	$ 111,875