

2017 ANNUAL MEETING REMARKS

Damian Schaible, Treasurer, New York City Bar Association - Treasurer's Report

I am Damian Schaible, Treasurer of the City Bar.

For our April 30, 2017, year-end, the Association's, revenue was \$13,609,000 and expenses were \$14,694,000, resulting in a deficit of \$1,085,000. Revenue has fallen short of budget by \$1,392,000 (approximately \$700,000 of that was from CLE alone, \$500,000 was from LRS and \$250,000 from Membership) offset by a savings on expenses of \$380,000. Although revenue has fallen short of budget, it was an aggressive budget, and some of our departments have posted better revenue results than last year. They include Meeting Services and Small Law Firm Programs (including the Virtual Law Firm).

The 2017-18 Budget is projecting a modest deficit of \$248,000. The City Bar staff will seek to achieve this goal through a variety of ways including strengthening growth in membership, the recently enacted membership dues increase, the collection of funds from resolution or settlement of pending LRS cases, continued efforts to increase CLE sponsorships and firm passports and increased utilization of our space through rentals to outside groups when the space is not being used by committees or City Bar events. The move to Flik as the manager of Meeting Services has resulted in an increase in revenue, increased interest from external customers in renting space (there are two weddings scheduled for later this year) and higher utilization of our historic landmark building from our various committees and programs. In addition, staff will continue to strive for efficiencies through cost containment.

Critical to our financial well-being has been the mix of revenue streams that support the Association. Revenue from Membership dues is supplemented by revenue from CLE, our Meeting Services Department, our Legal Referral Service, sponsorships and royalties.

Almost half of the Association's revenue comes from membership dues. The membership, excluding students and LLMS, is 23,030. Total membership is 24,363 as of April 30, 2017. Following an increase in membership over the past few years, contradicting the trend at bar associations generally, we experienced a dip in membership late last fiscal year and through much of this fiscal year. The membership trends for the last three months have been positive and we are optimistic heading into the new fiscal year.

Our capital expenses last year, as in recent years, were focused on maintaining our beautiful landmark House and keeping pace with technological changes. We replaced the freight elevator with funds from the Oscar M. Ruebhausen Capital Improvement Fund held by the City Bar Fund, and made various software and equipment upgrades throughout the building.

The Association's investment portfolio increased by \$447,000 over the past year, from \$13,577,000 to \$14,024,000. This increase factors in our withdrawal of 4.75% of a rolling average value of the portfolio, which was in the amount of \$685,000. As in prior years, we used that withdrawal for Association operations, which is a common practice in the not-for-profit world. Just to give you some sense of our investment portfolio, it consists of managed accounts as well as the investment in the purchase of the 2nd Floor condominium of the Bar Building, which is valued at depreciated cost. The Association's managed investments include funds invested in a diversified mix of assets, which are actively monitored by the Association's investment consultant, Colonial Consulting, and by the Committee on Investment of Funds, chaired by John Baumgardner.

The assets of the Association have decreased minimally due partly to the increase in the market value of the investments and offset by the depreciation of existing fixed assets including the condominium. The preliminary balance sheet of the Association as of April 30, 2017 shows assets of approximately \$25,370,000 and total liabilities of \$9,418,000 as compared to

\$26,383,000 and \$8,383,000 last year, resulting in net assets being lower than last year. The increase in liabilities is primarily the use of the line of credit for cash flow needs.

Any member who wishes can obtain a copy of the Association's audited financial statements from the office of the Chief Administrative Officer. The audited financials will also be available on the Association's website.

The Executive Committee and City Bar staff will continue to monitor income, expenses and cash to assure that the Association can maintain its critical work for our members, the profession and the public.