



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

FINANCIAL STATEMENTS

APRIL 30, 2017 and 2016

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, 2017 and 2016, 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 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.

Auditors' 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, 2017 and 2016, 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.



New York, New York
July 17, 2017

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

Statements of Financial Position

	April 30,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,448,692	\$ 1,249,926
Investments	6,124,347	5,656,349
Pledges and grants receivable, net	3,008,863	1,928,465
Other receivables and prepaid expenses	109,494	229,057
Property and equipment, net	134,232	167,290
Library books and works of art (Note A[8])	<u>1</u>	<u>1</u>
Total assets	<u>\$10,825,629</u>	<u>\$ 9,231,088</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 222,259	\$ 199,882
Deferred revenue	<u>276,947</u>	<u>148,800</u>
	<u>499,206</u>	<u>348,682</u>
Commitment (Note J)		
Net assets:		
Unrestricted:		
Undesignated, available for general operations	2,734,130	2,518,218
Board-designated endowment fund	<u>2,788,261</u>	<u>2,560,385</u>
	<u>5,522,391</u>	<u>5,078,603</u>
Temporarily restricted:		
Education and research	817,456	754,916
Community outreach and related services	2,700,555	1,902,294
Cumulative gains from permanently restricted endowment	<u>583,920</u>	<u>444,492</u>
	<u>4,101,931</u>	<u>3,101,702</u>
Permanently restricted	<u>702,101</u>	<u>702,101</u>
Total net assets	<u>10,326,423</u>	<u>8,882,406</u>
Total liabilities and net assets	<u>\$10,825,629</u>	<u>\$ 9,231,088</u>

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

Statements of Activities

	Year Ended April 30,							
	2017				2016			
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total Funds	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total Funds
Revenues and other support:								
Contributions and grants	\$ 354,392	\$ 4,752,989	-	\$ 5,107,381	\$ 260,060	\$ 4,773,170	-	\$ 5,033,230
Donated services	314,845	-	-	314,845	238,077	-	-	238,077
Net investment income (loss)	527,152	205,842	-	732,994	(116,079)	(75,706)	-	(191,785)
Other income: lectures and other programs	74,209	-	-	74,209	70,260	-	-	70,260
Special events revenue (net of direct benefits to donors of \$92,446 in 2017 and \$94,886 in 2016)	968,254	-	-	968,254	919,414	-	-	919,414
Total revenues and other support before net assets released from restrictions	<u>2,238,852</u>	<u>4,958,831</u>	<u>-</u>	<u>7,197,683</u>	<u>1,371,732</u>	<u>4,697,464</u>	<u>-</u>	<u>6,069,196</u>
Net assets released from restrictions:								
Satisfaction of program restrictions:								
Education and research	1,359,363	(1,359,363)	-	-	1,144,862	(1,144,862)	-	-
Community outreach and services	2,599,239	(2,599,239)	-	-	2,817,357	(2,817,357)	-	-
Total net assets released from restrictions	<u>3,958,602</u>	<u>(3,958,602)</u>	<u>-</u>	<u>-</u>	<u>3,962,219</u>	<u>(3,962,219)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>6,197,454</u>	<u>1,000,229</u>	<u>-</u>	<u>7,197,683</u>	<u>5,333,951</u>	<u>735,245</u>	<u>-</u>	<u>6,069,196</u>
Expenses:								
Program activities:								
Education and research	1,442,569	-	-	1,442,569	1,153,611	-	-	1,153,611
Community outreach and services	3,664,492	-	-	3,664,492	3,824,794	-	-	3,824,794
Total program activities	5,107,061	-	-	5,107,061	4,978,405	-	-	4,978,405
Fund-raising	438,696	-	-	438,696	396,244	-	-	396,244
General and administrative	207,909	-	-	207,909	134,285	-	-	134,285
Total expenses	<u>5,753,666</u>	<u>-</u>	<u>-</u>	<u>5,753,666</u>	<u>5,508,934</u>	<u>-</u>	<u>-</u>	<u>5,508,934</u>
Change in net assets	443,788	1,000,229	-	1,444,017	(174,983)	735,245	-	560,262
Net assets - beginning of year	<u>5,078,603</u>	<u>3,101,702</u>	<u>\$ 702,101</u>	<u>8,882,406</u>	<u>5,253,586</u>	<u>2,366,457</u>	<u>\$ 702,101</u>	<u>8,322,144</u>
Net assets - end of year	<u>\$ 5,522,391</u>	<u>\$ 4,101,931</u>	<u>\$ 702,101</u>	<u>\$ 10,326,423</u>	<u>\$ 5,078,603</u>	<u>\$ 3,101,702</u>	<u>\$ 702,101</u>	<u>\$ 8,882,406</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,	
	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 1,444,017	\$ 560,262
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	33,058	16,100
Net realized and unrealized (gains) losses on investments	(637,228)	289,272
Changes in:		
Pledges and grants receivable, net	(1,080,398)	(1,226,035)
Other receivables and prepaid expenses	119,563	64,216
Accounts payable and accrued expenses	22,377	(114,105)
Deferred revenue	128,147	76,300
Net cash provided by (used in) operating activities	<u>29,536</u>	<u>(333,990)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	922,104	504,104
Purchases of investments	(752,874)	(281,297)
Purchases of fixed assets		<u>(143,805)</u>
Net cash provided by investing activities	<u>169,230</u>	<u>79,002</u>
Net change in cash and cash equivalents	198,766	(254,988)
Cash and cash equivalents - beginning of year	<u>1,249,926</u>	<u>1,504,914</u>
Cash and cash equivalents - end of year	<u>\$ 1,448,692</u>	<u>\$ 1,249,926</u>
Supplementary information:		
Noncash donations of services	<u>\$ 314,845</u>	<u>\$ 238,077</u>

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

Notes to Financial Statements April 30, 2017 and 2016

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 accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations.

[3] Functional allocation of expenses:

The costs of providing the City Bar Fund's various program and supporting services have been summarized on a functional basis in the accompanying 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, with the exception of rent which has been allocated based on square footage.

[4] Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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.

[5] Cash and cash equivalents:

For purposes of the accompanying statements of cash flows, 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 part of the investment portfolio.

[6] 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 investment in a limited liability company is carried at its original cost basis at date of purchase and adjusted to fair value at fiscal year-end, based upon the valuation of the underlying assets as provided by the related investment manager. The City Bar Fund's management reviews and evaluates the value provided by the related investment manager for the limited liability company and believes it is reported at a reasonable estimate of its fair value. The estimated value may differ significantly from the value that would have been used had a ready market for this instrument existed.

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

Notes to Financial Statements April 30, 2017 and 2016

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

[6] Investments: (continued)

Net realized and unrealized gains or losses on investments, respectively, are determined by comparison of the specific costs at acquisition to the proceeds at the time of disposal, or to the fair values of the investments at the date of the financial statements.

[7] Property and equipment:

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

[8] Library books and works of art:

Library books and works of art that have been donated to the City Bar Fund have been recorded at the nominal value of one dollar. Library books and works of art that have been purchased have been expensed as incurred. For insurance purposes, the value of the collection (owned in part by the Association) that the Association and the City Bar Fund would seek to replace in the event of damage would not exceed the insurance limit.

[9] 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, 2017 and 2016, the accrued vacation obligation was \$41,416 and \$46,137, respectively.

[10] Net assets:

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

(i) *Unrestricted:*

Unrestricted net assets 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.

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

Notes to Financial Statements April 30, 2017 and 2016

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

[10] Net assets: (continued)

(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 for specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Directors, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

(iii) *Permanently restricted:*

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

[11] Endowment:

The City Bar Fund is subject to NYPMIFA, as well as the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 958, which provides guidance on the net asset classification of board-designated and donor-restricted endowment funds for a not-for-profit organization (see Note I).

[12] Revenue recognition:

Contributions and grants:

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. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. It is the City Bar Fund's policy to sell donated investments upon receipt.

Special events:

The City Bar Fund conducts special events whereby a portion of the gross proceeds paid by the attendees represents payment for the direct cost of the benefits received by the attendees at the event. In the absence of a verifiable objective means to demonstrate otherwise, the fair value of catering provided at these special events is measured at the actual cost to the City Bar Fund. Such special-event income is reported net of the direct costs of the event that are attributable to the benefit that the donors receive.

As of April 30, 2017 and 2016, deferred revenue of \$276,947 and \$148,800, 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.

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

Notes to Financial Statements April 30, 2017 and 2016

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

[12] Revenue recognition: (continued)

Donated services:

Contributions of services are recognized by the City Bar Fund 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. The value of contributed legal services recognized in the accompanying statements of activities was \$314,845 and \$238,077 for fiscal-years 2017 and 2016, respectively. These services are different from the services mentioned in Note A [13], as they directly benefit the City Bar Fund.

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 accompanying statements of activities.

[13] Volunteer services:

The City Bar Fund directs professional services contributed at no fee by lawyers and other volunteers largely to indigent persons who need legal assistance. During fiscal-years 2017 and 2016, the City Bar Justice Center (the "Justice Center") coordinated approximately \$16,139,000 and \$16,264,000 in volunteer services, respectively. Because the Justice Center coordinates and supervises these services and is not the recipient of these services, these services are not reported in the accompanying financial statements.

[14] Income tax uncertainties:

The City Bar Fund is subject to the provisions of the FASB ASC Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the City Bar Fund's general tax-exempt status, management believes that ASC Topic 740 has not had, and is not anticipated to have, a material impact on the City Bar Fund's financial statements.

[15] Reclassification:

Certain information in the prior year's notes to the financial statements has been reclassified to conform to the current year's presentation.

[16] Subsequent events:

The City Bar Fund considers all accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after April 30, 2017 through July 17, 2017, the date the financial statements were available to be issued.

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

**Notes to Financial Statements
April 30, 2017 and 2016**

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

[17] New 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 City Bar Fund will adopt the new pronouncement when it becomes effective.

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>2017</u>	<u>2016</u>
Less than one year	\$ 2,618,910	\$ 1,928,465
One to five years	<u>400,000</u>	<u>-</u>
	3,018,910	1,928,465
Reduction of contributions due to excess of one year to present value at a discount rate of 1.28%	<u>(10,047)</u>	<u>-</u>
Total	<u>\$ 3,008,863</u>	<u>\$ 1,928,465</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.

NOTE C - INVESTMENTS

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

	<u>April 30,</u>	
	<u>2017</u>	<u>2016</u>
Managed investments:		
Money-market funds	\$ 62,750	\$ 39,892
Corporate stocks	425,627	368,339
Mutual funds:		
Equity funds	4,211,076	3,862,560
Fixed-income funds	1,024,152	1,051,900
Limited liability company	<u>400,742</u>	<u>333,658</u>
Total	<u>\$ 6,124,347</u>	<u>\$ 5,656,349</u>

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

Notes to Financial Statements April 30, 2017 and 2016

NOTE C - INVESTMENTS (CONTINUED)

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 4.75% spending rate was used for each fiscal year.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
April 30, 2017:			
Dividends and interest	\$ 89,030	\$ 23,143	\$ 112,173
Net realized gains	45,277	21,206	66,483
Net unrealized gains	<u>404,027</u>	<u>166,718</u>	<u>570,745</u>
	538,334	211,067	749,401
Investment fees	<u>(11,182)</u>	<u>(5,225)</u>	<u>(16,407)</u>
Net investment gain	<u>\$ 527,152</u>	<u>\$ 205,842</u>	<u>\$ 732,994</u>
April 30, 2016:			
Dividends and interest	\$ 90,849	\$ 22,852	\$ 113,701
Net realized losses	(19,277)	(9,130)	(28,407)
Net unrealized losses	<u>(176,516)</u>	<u>(84,349)</u>	<u>(260,865)</u>
	(104,944)	(70,627)	(175,571)
Investment fees	<u>(11,135)</u>	<u>(5,079)</u>	<u>(16,214)</u>
Net investment loss	<u>\$ (116,079)</u>	<u>\$ (75,706)</u>	<u>\$ (191,785)</u>

The FASB's ASC Topic 820, *Fair Value Measurements and Disclosures*, 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, or similar investments, at the reporting date.

Level 2 - Valuations are based on (i) quoted prices for similar assets or liabilities in active markets, or (ii) quoted prices for those 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 currently 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 currently has no Level 3 investments.

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

**Notes to Financial Statements
April 30, 2017 and 2016**

NOTE C - INVESTMENTS (CONTINUED)

The City Bar Fund is subject to FASB’s ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its equivalent)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (“NAV”) per share as a practical expedient. Accordingly, these investments are not categorized within the fair value hierarchy and certain related tables have been properly excluded from the financial statements.

The City Bar Fund uses the NAV per share or its equivalent as a practical expedient to measure the fair value of the limited liability company. The use of the practical expedient is applicable for investments which (a) do not have a readily determinable fair value and (b) the financial statements of which were prepared by the respective investment managers, consistent with the measurement principles of an investment company or that have the attributes of an investment company.

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 2017 and 2016, 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, 2017		
	Amounts within Fair- Value Hierarchy	Valued at NAV	Total Investments
	Level 1		
Money-market funds	\$ 62,750	\$ -	\$ 62,750
Corporate stocks	425,627	-	425,627
Mutual funds:			
Equity funds	4,211,076	-	4,211,076
Fixed-income funds	1,024,152	-	1,024,152
Limited liability company	<u> </u>	<u>400,742</u>	<u>400,742</u>
Total investments	<u>\$ 5,723,605</u>	<u>\$ 400,742</u>	<u>\$ 6,124,347</u>

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

**Notes to Financial Statements
April 30, 2017 and 2016**

NOTE C - INVESTMENTS (CONTINUED)

	<u>April 30, 2016</u>		
	<u>Amounts within Fair-Value Hierarchy</u>	<u>Valued at</u>	<u>Total</u>
	<u>Level 1</u>	<u>NAV</u>	<u>Investments</u>
Money-market funds	\$ 39,892	\$ -	\$ 39,892
Corporate stocks	368,339	-	368,339
Mutual funds:			
Equity funds	3,862,560	-	3,862,560
Fixed-income funds	1,051,900	-	1,051,900
Limited liability company	-	<u>333,658</u>	<u>333,658</u>
Total investments	<u>\$ 5,322,691</u>	<u>\$ 333,658</u>	<u>\$ 5,656,349</u>

At April 30, 2017, the City Bar Fund had no unfunded commitments for its investment in a limited liability company, and it can redeem its interest in this investment 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:

	<u>April 30,</u>	
	<u>2017</u>	<u>2016</u>
Computers and software	\$ 195,207	\$ 195,207
Accumulated depreciation	<u>(60,975)</u>	<u>(27,917)</u>
	<u>\$ 134,232</u>	<u>\$ 167,290</u>

During the year ended April 30, 2016, fully-depreciated computers and software with original cost basis of \$39,920 were written off.

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.

[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. On January 1, 2012, up to a 3% matching contribution was reinstated for all eligible employees. The 3% match contributed by the City Bar Fund in fiscal-years 2017 and 2016 was \$75,612 and \$80,383, respectively.

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

Notes to Financial Statements April 30, 2017 and 2016

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 2017 and 2016 was \$317,246 and \$320,857, respectively.

NOTE G - SIGNIFICANT SOURCE OF REVENUE

The City Bar Fund received grants from two unrelated governmental entities in fiscal-year 2017 totaling \$2,125,428. The City Bar Fund received grants from an unrelated party in fiscal year 2016 totaling \$1,516,458. Such grants represented approximately 42% of total contribution revenue in fiscal-year 2017 and 30% of total contribution revenue in fiscal-year 2016.

NOTE H - CONCENTRATION OF CREDIT RISK

The City Bar Fund maintains its cash in bank accounts 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 the City Bar Fund is not exposed to any significant risk of loss due to the failure of the depository banks.

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 an 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.

[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.

[4] Spending policy and related objectives:

For both fiscal-years 2017 and 2016, 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.

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

**Notes to Financial Statements
April 30, 2017 and 2016**

NOTE I - ENDOWMENT (CONTINUED)

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

	April 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 583,920	\$ 702,101	\$ 1,286,021
Board-designated endowment funds	<u>2,788,261</u>	<u>-</u>	<u>-</u>	<u>2,788,261</u>
Total funds	<u>\$ 2,788,261</u>	<u>\$ 583,920</u>	<u>\$ 702,101</u>	<u>\$ 4,074,282</u>

	April 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 444,492	\$ 702,101	\$ 1,146,593
Board-designated endowment funds	<u>2,560,385</u>	<u>-</u>	<u>-</u>	<u>2,560,385</u>
Total funds	<u>\$ 2,560,385</u>	<u>\$ 444,492</u>	<u>\$ 702,101</u>	<u>\$ 3,706,978</u>

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

	Year Ended April 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets and the earnings thereon, beginning of year	<u>\$ 2,560,385</u>	<u>\$ 444,492</u>	<u>\$ 702,101</u>	<u>\$ 3,706,978</u>
Investment return:				
Investment income, net	25,199	11,412	-	36,611
Net appreciation (realized and unrealized)	<u>410,959</u>	<u>157,872</u>	<u>-</u>	<u>568,831</u>
Total investment return	<u>436,158</u>	<u>169,284</u>	<u>-</u>	<u>605,442</u>
Other changes:				
Appropriation of endowment assets for expenditures	<u>(208,282)</u>	<u>(29,856)</u>	<u>-</u>	<u>(238,138)</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ 2,788,261</u>	<u>\$ 583,920</u>	<u>\$ 702,101</u>	<u>\$ 4,074,282</u>

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

**Notes to Financial Statements
April 30, 2017 and 2016**

NOTE I - ENDOWMENT (CONTINUED)

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

	<u>Year Ended April 30, 2016</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets and the earnings thereon, beginning of year	<u>\$ 2,835,076</u>	<u>\$ 590,416</u>	<u>\$ 702,101</u>	<u>\$ 4,127,593</u>
Investment return:				
Investment income, net	25,631	11,608	-	37,239
Net depreciation (realized and unrealized)	<u>(178,252)</u>	<u>(79,694)</u>	-	<u>(257,946)</u>
Total investment return	<u>(152,621)</u>	<u>(68,086)</u>	-	<u>(220,707)</u>
Other changes:				
Appropriation of endowment assets for expenditures	<u>(122,070)</u>	<u>(77,838)</u>	-	<u>(199,908)</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ 2,560,385</u>	<u>\$ 444,492</u>	<u>\$ 702,101</u>	<u>\$ 3,706,978</u>

[7] 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 2017 or 2016.

NOTE J - COMMITMENT

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