

**EISNERAMPER**

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

**FINANCIAL STATEMENTS**

**APRIL 30, 2020 and 2019**



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

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Association of the Bar of the City of New York Fund, Inc.

### 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, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

The 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP  
New York, New York  
September 15, 2020



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

**Statements of Financial Position**

	<b>April 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,459,595	\$ 3,892,108
Pledges and grants receivable, net	3,617,757	4,413,219
Investments	5,957,652	6,570,205
Other receivables and prepaid expenses	401,554	129,074
Property and equipment, net	<u>39,889</u>	<u>68,956</u>
	<b><u>\$ 14,476,447</u></b>	<b><u>\$ 15,073,562</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 355,284	\$ 264,291
Deferred revenue	<u>527,000</u>	<u>351,675</u>
Total liabilities	<u>882,284</u>	<u>615,966</u>
Net assets:		
Net assets without donor restrictions	<u>4,593,070</u>	<u>5,946,535</u>
With donor restrictions:		
Time restricted	6,304,742	5,619,993
Purpose restricted	1,994,250	2,188,967
Perpetual in nature	<u>702,101</u>	<u>702,101</u>
Total net assets with donor restrictions	<u>9,001,093</u>	<u>8,511,061</u>
Total net assets	<u>13,594,163</u>	<u>14,457,596</u>
	<b><u>\$ 14,476,447</u></b>	<b><u>\$ 15,073,562</u></b>

See notes to financial statements.

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

## Statements of Activities

	Year Ended April 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:						
Contributions and grants	\$ 257,903	\$ 4,925,317	\$ 5,183,220	\$ 326,944	\$ 7,898,982	\$ 8,225,926
Donated services	190,950	-	190,950	330,375	-	330,375
Net investment (losses) income	(190,220)	(82,969)	(273,189)	266,015	82,990	349,005
Other income: lectures and other programs	109,403	-	109,403	96,403	-	96,403
Special events revenue (net of direct benefits to donors of \$102,978 in 2019)	-	524,000	524,000	979,401	-	979,401
Total revenues and other support before net assets released from restrictions	<u>368,036</u>	<u>5,366,348</u>	<u>5,734,384</u>	<u>1,999,138</u>	<u>7,981,972</u>	<u>9,981,110</u>
Net assets released from restrictions:						
Satisfaction of donors' restrictions:						
Time restricted	2,526,401	(2,526,401)	-	2,353,599	(2,353,599)	-
Purpose restricted	<u>2,349,915</u>	<u>(2,349,915)</u>	-	<u>1,744,017</u>	<u>(1,744,017)</u>	-
Total net assets released from Restrictions	<u>4,876,316</u>	<u>(4,876,316)</u>	-	<u>4,097,616</u>	<u>(4,097,616)</u>	-
Total revenues and other support	<u>5,244,352</u>	<u>490,032</u>	<u>5,734,384</u>	<u>6,096,754</u>	<u>3,884,356</u>	<u>9,981,110</u>
Expenses:						
Program activities:						
Education and research	2,356,486	-	2,356,486	1,678,189	-	1,678,189
Community outreach and services	<u>3,450,735</u>	-	<u>3,450,735</u>	<u>3,501,187</u>	-	<u>3,501,187</u>
Total program activities	5,807,221	-	5,807,221	5,179,376	-	5,179,376
General and administrative	542,623	-	542,623	382,910	-	382,910
Fundraising	<u>247,973</u>	-	<u>247,973</u>	<u>350,947</u>	-	<u>350,947</u>
Total expenses	<u>6,597,817</u>	-	<u>6,597,817</u>	<u>5,913,233</u>	-	<u>5,913,233</u>
<b>Change in net assets</b>	<b>(1,353,465)</b>	<b>490,032</b>	<b>(863,433)</b>	<b>183,521</b>	<b>3,884,356</b>	<b>4,067,877</b>
Net assets - beginning of year	<u>5,946,535</u>	<u>8,511,061</u>	<u>14,457,596</u>	<u>5,763,014</u>	<u>4,626,705</u>	<u>10,389,719</u>
<b>Net assets - end of year</b>	<b><u>\$ 4,593,070</u></b>	<b><u>\$ 9,001,093</u></b>	<b><u>\$ 13,594,163</u></b>	<b><u>\$ 5,946,535</u></b>	<b><u>\$ 8,511,061</u></b>	<b><u>\$ 14,457,596</u></b>

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, 2020 (with summarized information for 2019)

	Program Services			Supportive Services			Total	
	Education and Research	Community Outreach and Services	Total	General and Administrative	Fundraising	Total	2020	2019
Salaries	\$ 1,112,528	\$ 2,100,308	\$ 3,212,836	\$ 372,079	\$ 182,658	\$ 554,737	\$ 3,767,573	\$ 3,491,479
Employee benefits	<u>245,067</u>	<u>551,695</u>	<u>796,762</u>	<u>114,691</u>	<u>32,932</u>	<u>147,623</u>	<u>944,385</u>	<u>817,666</u>
Total salaries and related expenses	1,357,595	2,652,003	4,009,598	486,770	215,590	702,360	4,711,958	4,309,145
Occupancy	88,449	258,747	347,196	13,176	13,871	27,047	374,243	352,956
Contributions to the Association	456,835	-	456,835	-	-	-	456,835	-
Grants	76,760	193,750	270,510	-	-	-	270,510	45,000
Donated legal services	-	190,950	190,950	-	-	-	190,950	330,375
Professional services	90,185	3,074	93,259	587	618	1,205	94,464	201,624
Conference, conventions and meetings	143,610	16,597	160,207	2,473	3,217	5,690	165,897	191,427
Travel	74,779	3,027	77,806	219	230	449	78,255	108,373
Catering expenses	-	-	-	-	-	-	-	102,978
Office expenses	30,374	45,902	76,276	1,108	6,820	7,928	84,204	86,915
Audio and visual technical services	-	-	-	-	-	-	-	45,200
Insurance	4,754	33,277	38,031	-	-	-	38,031	37,727
Membership and publications	9,426	13,892	23,318	1,842	2,443	4,285	27,603	36,339
Portrait expenses	-	-	-	-	-	-	-	34,956
Depreciation and amortization	-	21,504	21,504	7,563	-	7,563	29,067	32,496
Accounting fees	-	-	-	26,669	-	26,669	26,669	24,822
Taxes	-	-	-	-	-	-	-	12,606
Bank and credit card fees	4,654	105	4,759	-	3,926	3,926	8,685	12,463
Miscellaneous expenses	<u>19,065</u>	<u>17,907</u>	<u>36,972</u>	<u>2,216</u>	<u>1,258</u>	<u>3,474</u>	<u>40,446</u>	<u>50,809</u>
Total expenses	2,356,486	3,450,735	5,807,221	542,623	247,973	790,596	6,597,817	6,016,211
Less:								
Special event expenses - direct benefit	-	-	-	-	-	-	-	(102,978)
Total expenses per statements of activities	<u>\$ 2,356,486</u>	<u>\$ 3,450,735</u>	<u>\$ 5,807,221</u>	<u>\$ 542,623</u>	<u>\$ 247,973</u>	<u>\$ 790,596</u>	<u>\$ 6,597,817</u>	<u>\$ 5,913,233</u>

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**

	Program Services			Supportive Services			Total Expense
	Education and Research	Community Outreach and Services	Total	General and Administrative	Fundraising	Total	
Salaries	\$ 906,927	\$ 2,180,582	\$ 3,087,509	\$ 254,001	\$ 149,969	\$ 403,970	\$ 3,491,479
Employee benefits	191,364	542,456	733,820	50,895	32,951	83,846	817,666
Total salaries and related expenses	1,098,291	2,723,038	3,821,329	304,896	182,920	487,816	4,309,145
Occupancy	63,214	259,425	322,639	22,871	7,446	30,317	352,956
Donated legal services	-	330,375	330,375	-	-	-	330,375
Professional services	124,602	1,789	126,391	4,396	70,837	75,233	201,624
Conference, conventions and meetings	172,166	14,302	186,468	3,741	1,218	4,959	191,427
Travel	95,902	9,315	105,217	2,381	775	3,156	108,373
Catering expenses	-	-	-	-	102,978	102,978	102,978
Office expenses	17,855	47,246	65,101	1,176	20,638	21,814	86,915
Audio and visual technical services	-	-	-	-	45,200	45,200	45,200
Insurance	5,589	32,138	37,727	-	-	-	37,727
Membership and publications	8,556	21,306	29,862	3,341	3,136	6,477	36,339
Portrait expenses	34,956	-	34,956	-	-	-	34,956
Depreciation and amortization	-	21,445	21,445	11,051	-	11,051	32,496
Grants	20,000	25,000	45,000	-	-	-	45,000
Accounting fees	-	-	-	24,822	-	24,822	24,822
Taxes	2,164	8,585	10,749	1,076	781	1,857	12,606
Bank and credit card fees	4,267	134	4,401	-	8,062	8,062	12,463
Miscellaneous expenses	30,627	7,089	37,716	3,159	9,934	13,093	50,809
Total expenses	1,678,189	3,501,187	5,179,376	382,910	453,925	836,835	6,016,211
Less:							
Special event expenses - direct benefit	-	-	-	-	(102,978)	(102,978)	(102,978)
Total expenses per statements of activities	<u>\$ 1,678,189</u>	<u>\$ 3,501,187</u>	<u>\$ 5,179,376</u>	<u>\$ 382,910</u>	<u>\$ 350,947</u>	<u>\$ 733,857</u>	<u>\$ 5,913,233</u>

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

**Statements of Cash Flows**

	<u>Year Ended April 30,</u>	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (863,433)	\$ 4,067,877
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	29,067	32,496
Net realized and unrealized losses (gains) on investments	434,947	(208,129)
Proceeds from donated securities	30,504	114,651
Donated securities	(30,504)	(114,651)
Changes in:		
Pledges and grants receivable, net	795,462	(1,883,730)
Other receivables and prepaid expenses	(272,480)	8,348
Accounts payable and accrued expenses	90,993	(11,878)
Deferred revenue	<u>175,325</u>	<u>8,480</u>
Net cash provided by operating activities	<u>389,881</u>	<u>2,013,464</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	1,344,252	2,830,889
Purchases of investments	<u>(1,166,646)</u>	<u>(2,664,141)</u>
Net cash provided by investing activities	<u>177,606</u>	<u>166,748</u>
<b>Net increase in cash and cash equivalents</b>	<b>567,487</b>	<b>2,180,212</b>
Cash and cash equivalents - beginning of year	<u>3,892,108</u>	<u>1,711,896</u>
Cash and cash equivalents - end of year	<u>\$ 4,459,595</u>	<u>\$ 3,892,108</u>
<b>Supplementary information:</b>		
Donated services	\$ 190,950	\$ 330,375
Taxes paid	\$ 13,304	\$ 3,106



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

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

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### [1] Organization:

The Association of the Bar of the City of New York 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, 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, 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 within the investment portfolio.

#### [5] Investments:

Investments in corporate stocks and mutual funds, consisting of equity and fixed income, are reported at their published fair values as of each fiscal year-end. Short-term investments consist of money market funds. The fair value of the limited liability 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, 2020 and 2019

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

Investment expenses include the services of investment advisors. The balances of investment advisory fees disclosed in Note C are those specific fees charged by the 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 and amortization. The City Bar Fund capitalizes assets over \$5,000. Depreciation and amortization 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. The City Bar Fund stores the library books and works of art in a restricted area of the library that has a fire control system to protect the collection. Proceeds from the sale of library materials would be used to purchase additional library materials. 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, 2020 and 2019, the accrued vacation obligation was \$72,574 and \$59,025, respectively, and is included as part of the accounts payable and accrued expenses in the accompanying statements of financial position.

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

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

### 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 and are therefore available for general operations that include the ongoing activities and working capital needs of the City Bar Fund.

(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 periods 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 the donors. 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions." It is the policy of the City Bar Fund that donations, the restriction of which are satisfied in the year of donation, appear in the category of net assets without donor restrictions.

#### [10] Revenue recognition:

(i) *Contributions and grants:*

Contributions are recorded as revenue upon the receipt of cash, other assets, or unconditional pledges. Contributions are considered without donor restrictions 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. The City Bar Fund periodically assesses collectability of its contributions and receivables using management's judgment of potential defaults, which considers factors such as prior collection history, type of contribution, and the nature of fundraising activity and provides allowances for anticipated losses, if any, when necessary.

(ii) *Special events:*

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

As of April 30, 2020 and 2019, deferred revenue of \$527,000 and \$351,675, 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, 2020 and 2019

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

#### [10] Revenue recognition: (continued)

##### (iii) *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; (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 \$190,950 and \$330,375 for fiscal-years 2020 and 2019, 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 2020 and 2019. 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.

##### (iv) *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 by their functional and natural classifications in the statements of functional expenses. Accordingly, certain costs that are directly attributable to a specific functional area of the 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 and amortization.

#### [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. 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.

#### [13] Subsequent events:

The City Bar Fund evaluated subsequent events through September 15, 2020, the date on which 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, 2020 and 2019

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

#### [14] Adoption of accounting principles:

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

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

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

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

#### [15] Upcoming accounting pronouncement:

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

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

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

#### NOTE B - PLEDGES AND GRANTS RECEIVABLE

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

	April 30,	
	2020	2019
Less than one year	\$ 2,697,071	\$ 3,158,113
One to five years	<u>924,451</u>	<u>1,316,500</u>
	3,621,522	4,474,613
Reduction of contributions due to excess of one year to present value at a discount rate ranging from 2%- 2.27%	<u>(3,765)</u>	<u>(61,394)</u>
	<u>\$ 3,617,757</u>	<u>\$ 4,413,219</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 uncollectable amounts has been provided.

#### NOTE C - INVESTMENTS

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

	April 30,	
	2020	2019
Money-market funds	\$ 13,389	\$ 52,276
Corporate stocks	278,351	283,779
Mutual funds:		
Equity funds	3,801,358	4,249,459
Fixed-income funds	1,392,906	1,422,252
Limited liability company (a)	<u>471,648</u>	<u>562,439</u>
	<u>\$ 5,957,652</u>	<u>\$ 6,570,205</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 2020 and 2019. 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.

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

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

### NOTE C - INVESTMENTS (CONTINUED)

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>April 30, 2020:</b>			
Dividends and interest	\$ 129,859	\$ 49,428	\$ 179,287
Net realized gains	21,257	9,594	30,851
Net unrealized losses	<u>(329,306)</u>	<u>(136,492)</u>	<u>(465,798)</u>
	(178,190)	(77,470)	(255,660)
Investment fees	<u>(12,030)</u>	<u>(5,499)</u>	<u>(17,529)</u>
Net investment losses	<u>\$ (190,220)</u>	<u>\$ (82,969)</u>	<u>\$ (273,189)</u>
<b>April 30, 2019:</b>			
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>

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 has an investment that is valued using the NAV per share as a practical expedient of fair value. The use of the practical expedient 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.

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

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

**NOTE C - INVESTMENTS (CONTINUED)**

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

<b>April 30, 2020</b>			
	<b>Amounts within Fair- Value Hierarchy</b>	<b>Valued at</b>	<b>Total</b>
	<b>Level 1</b>	<b>NAV</b>	<b>Investments</b>
Money-market funds	\$ 13,389	\$ -	\$ 13,389
Corporate stocks	278,351	-	278,351
Mutual funds	5,194,264	-	5,194,264
Limited liability company	-	471,648	471,648
	<u>\$ 5,486,004</u>	<u>\$ 471,648</u>	<u>\$ 5,957,652</u>

<b>April 30, 2019</b>			
	<b>Amounts within Fair- Value Hierarchy</b>	<b>Valued at</b>	<b>Total</b>
	<b>Level 1</b>	<b>NAV</b>	<b>Investments</b>
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>

At April 30, 2020, 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:

	<b>April 30,</b>	
	<b>2020</b>	<b>2019</b>
Computers and software	\$ 195,208	\$ 195,208
Accumulated depreciation and amortization	<u>(155,319)</u>	<u>(126,252)</u>
	<u>\$ 39,889</u>	<u>\$ 68,956</u>



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

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

### 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 2020 and 2019 was \$80,278 and \$78,289, respectively. In April 2020, the City Bar Fund suspended its 3% matching contribution due to the coronavirus ("COVID-19") pandemic.

### NOTE F - 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, 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 2020 and 2019 was \$374,243 and \$352,956, respectively. During fiscal-year 2020, the City Bar Fund contributed \$456,835 to the Association.

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

### NOTE G - SIGNIFICANT SOURCE OF REVENUE

The City Bar Fund received grants from an unrelated party in fiscal-year 2020 totaling \$341,888. The City Bar Fund received grants from an unrelated party in fiscal-year 2019 totaling \$1,818,129. Such grants represented approximately 7% and 22% of total contribution revenue in fiscal-years 2020 and 2019, 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 nine individual funds established for a variety of purposes including education, lectures and library renovations.

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

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

**NOTE I - ENDOWMENT (CONTINUED)**

**[2] Interpretation of relevant law:**

NYPMIFA is applicable to the City Bar Fund's endowment funds. The Board of Directors will continue to adhere to NYPMIFA's requirements.

**[3] Return objectives and risk parameters:**

The Board of Directors of 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. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity. 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"). Actual returns in any given year may vary from this amount.

**[4] Strategies employed for achieving objectives:**

To satisfy its long-term rate-of-return objectives, the 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.

**[5] Spending policy and related objectives:**

For both fiscal-years 2020 and 2019, the Board of Directors of the City Bar Fund approved a policy of appropriating for distribution, and did appropriate 4.75% of its endowment fund's average fair value over the prior 12 quarters, through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Board considered the long-term expected return on its endowment. Accordingly, over the long term, the Board 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.

**[6] Policy on underwater funds spending:**

It is the policy of the Board of Directors 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.

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

	<b>April 30, 2020</b>		
	<b>Amounts Subject to Appropriation</b>	<b>Amounts Held In Perpetuity</b>	<b>Total</b>
Endowment funds – with donor restrictions	<u>\$ 613,287</u>	<u>\$ 702,101</u>	<u>\$ 1,315,388</u>
	<b>April 30, 2019</b>		
	<b>Amounts Subject to Appropriation</b>	<b>Amounts Held In Perpetuity</b>	<b>Total</b>
Endowment funds – with donor restrictions	<u>\$ 771,879</u>	<u>\$ 702,101</u>	<u>\$ 1,473,980</u>

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

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

**NOTE I- ENDOWMENT (CONTINUED)**

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

	<b>Year Ended April 30, 2020</b>			
	<b>Without Donor Restrictions</b>	<b>Amounts Subject to Appropriation</b>	<b>Amounts Held in Perpetuity</b>	<b>Total</b>
Endowment net assets and the earnings thereon, beginning of year	<u>\$ -</u>	<u>\$ 771,879</u>	<u>\$ 702,101</u>	<u>\$ 1,473,980</u>
Investment return:				
Investment income, net	-	11,601	-	11,601
Net depreciation (realized and unrealized)	<u>-</u>	<u>(139,292)</u>	<u>-</u>	<u>(139,292)</u>
Total investment return	<u>-</u>	<u>(127,691)</u>	<u>-</u>	<u>(127,691)</u>
Other changes:				
Appropriation of endowment assets for expenditures	<u>-</u>	<u>(30,901)</u>	<u>-</u>	<u>(30,901)</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ -</u>	<u>\$ 613,287</u>	<u>\$ 702,101</u>	<u>\$ 1,315,388</u>
	<b>Year Ended April 30, 2019</b>			
	<b>Without Donor Restrictions</b>	<b>Amounts Subject to Appropriation</b>	<b>Amounts Held in Perpetuity</b>	<b>Total</b>
Endowment net assets and the earnings thereon, beginning of year	<u>\$ 2,968,400</u>	<u>\$ 730,726</u>	<u>\$ 702,101</u>	<u>\$ 4,401,227</u>
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>-</u>	<u>192,905</u>
Total investment return	<u>164,035</u>	<u>75,547</u>	<u>-</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>-</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>

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

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

**NOTE I- ENDOWMENT (CONTINUED)**

**[9] 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 2020 or 2019.

**NOTE J - NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>Year Ended April 30,</u>	
	<u>2020</u>	<u>2019</u>
Time restricted	<b>\$ 6,304,742</b>	\$ 5,619,993
Purpose restricted:		
Education and research	<b>952,194</b>	818,233
Community outreach and services	<b>428,769</b>	598,855
Amounts subject to appropriation	<b><u>613,287</u></b>	<u>771,879</u>
	<b><u>1,994,250</u></b>	<u>2,188,967</u>
Perpetual in nature:		
Education and research	<b>175,719</b>	175,719
Operations	<b><u>526,382</u></b>	<u>526,382</u>
	<b><u>702,101</u></b>	<u>702,101</u>
	<b><u>\$ 9,001,093</u></b>	<u>\$ 8,511,061</u>

During each fiscal year, net assets released from restrictions were as follows:

	<u>Year Ended April 30,</u>	
	<u>2020</u>	<u>2019</u>
Time restricted	<b>\$ 2,526,401</b>	\$ 2,353,599
Purpose restrictions satisfied:		
Education and research	<b>1,830,301</b>	1,262,803
Community outreach and services	<b><u>519,614</u></b>	<u>481,214</u>
	<b><u>2,349,915</u></b>	<u>1,744,017</u>
	<b><u>\$ 4,876,316</u></b>	<u>\$ 4,097,616</u>

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

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

#### NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the City Bar Fund's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year of April 30, 2020 and 2019 because of donor imposed restrictions.

	<u>April 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,459,595	\$ 3,892,108
Pledges and grants receivable, net	3,617,757	4,413,219
Investments	5,957,652	6,570,205
Other receivables	<u>303,056</u>	<u>97,476</u>
Total financial assets available within one year	<u>14,338,060</u>	<u>14,973,008</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors that are:		
Time restricted	(6,304,742)	(5,619,993)
Purpose restricted	(1,994,250)	(2,188,967)
Perpetual in nature	<u>(702,101)</u>	<u>(702,101)</u>
Total amounts unavailable for general expenditure within one year	<u>(9,001,093)</u>	<u>(8,511,061)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,336,967</u>	<u>\$ 6,461,947</u>

#### 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 appreciated earnings on 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.

#### NOTE L - COVID-19

The extent of the impact of the COVID-19 outbreak on the operational and financial performance of the City Bar Fund's services will depend on the continued future developments, including the duration and spread of the outbreak, related travel advisories and restrictions, and the impact of COVID-19 on the overall availability of contributions towards the City Bar Fund's programs and services, all of which are highly uncertain and cannot be predicted. In response to the shelter-in-place State mandated order in New York due to COVID-19 in March 2020, the City Bar Fund closed its office maintaining very limited access to ensure the continuation of critical operations. The office of the City Bar Fund has partially reopened for appointments on a limited basis as of the issuance of these financial statements. Wherever possible, the City Bar Fund has continued to provide services remotely. If demand for the City Bar Fund's programs and services, as well as receipt of contributions and grants, are impacted for an extended period, results of operations may be materially adversely affected.

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

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

**NOTE L - COVID-19 (CONTINUED)**

In April 2020, the City Bar Fund completed an application for a loan totaling \$740,785, administered by the Small Business Association, for the Paycheck Protection Program. Subsequent to fiscal year-end, the City Bar Fund received the loan in its entirety. Under this program, an organization may apply for forgiveness of the loan and, accordingly, the City Bar Fund intends to submit an application for the full amount of the loan to be forgiven.