



**John A. Day**  
Treasurer  
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TO: Board of Regents and Past Presidents

FROM: Richard H. Deane, Jr., Treasurer

SUBJECT: Fiscal-Year Ending June 30, 2024

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The following are the highlights of the college's financial affairs as of June 30, 2024, the end of our current fiscal year.

This report will be more valuable to readers who are generally familiar with the College's financial affairs. For a comprehensive description of our finances and a copy of the current financial reports, readers may wish to review "Understanding the Finances of the American College of Trial Lawyers" (revised September 2024).

## **STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)**

The College's Statement of Financial Position is, in essence, a balance sheet for a not-for-profit organization.

Here are the highlights as of the draft June 30, 2024, report:

### Assets

- \$13,142,989, up \$1,503,870 from a year earlier (mainly due to the increase in our investment portfolio).
- Prepaid expenses include monies paid for planning future meetings and providing deposits, which are captured by the FY 2024-25 budget.

### Liabilities

- \$2,679,924, an increase of \$117,010 from a year earlier.

### Net Income

- \$1,386,096, up \$507,845 from a year earlier.

### Net Assets

- \$10,463,065, up \$1,503,105 from a year earlier. Once again, this is due to increases in our investment portfolio.



## **OPERATIONS (OTHER THAN NATIONAL MEETINGS)**

The College collects revenues from dues and other sources and expends monies in support of its mission. The Operations Budget is a report that shows the budgeted amount of anticipated revenues and expenditures for each month for the fiscal year and how actual revenues and expenditures compared with budgeted numbers.

Here are the highlights from operations for the fiscal year ending June 30, 2024:

### Operating Revenue for the Year

- \$3,560,688 (\$136,048 more than budgeted). Dues collection was 3% higher than budgeted. Interest income was over \$30,000 higher than budgeted.
- In one sense, the Operating Revenue figure is slightly misleading. The 2023-24 Budget and the revenue figure above assumes a transfer of \$225,342 (4%) from our investment portfolio to our operations account to cover revenue shortfalls projected by the Long-Range Financial Planning Committee ("LRFPC") in May 2017.<sup>1</sup> The cash flow from College operations in FY 23-24 was such that we did not need to draw any money from the investment account, and the planned withdrawal amount remains in the Investment account.

Thus, our actual operating revenue for the fiscal year was \$3,335,340.

### Operating Expenses

- Overall operating expenses were \$3,547,462 (\$324,873 less than budgeted).

#### Administrative Expenses

- \$1,450,704 (\$85,438 less than budgeted). Credit card fees were higher than budgeted, as were dues, subscriptions, postage, telephone and total rent expense. Money was saved on equipment rental and printing. Depreciation expense was lower than budgeted, "saving" \$31,067.

#### Membership Expenses

- \$351,702, (\$64,548 less than budgeted). Induction expense was \$52,361 lower than budgeted and the new format of the Roster resulted in a savings of \$12,142.

#### Committee Expenses

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<sup>1</sup> The LRFPC studied the financial affairs of the College, including membership trends, and recommended a plan to increase dues greater than necessary in the short run but required that the accumulated excess revenue be placed into an investment account. The plan contemplated that those "excess revenues" (and interest and dividends earned on monies in the investment account) would be used to meet the College's future financial needs given expected future revenue shortfalls secondary to the aging fellowship.



- \$297,988 (\$11,771 less than budgeted), with cost overruns for the National Trial Competition (40% over budget) and National Moot Court Competition (53% over budget). Money was saved on Honorary Fellowships (29% below budget).

#### Meeting Expenses

- \$355,295 (\$50,930 lower than budget). The Leadership Workshop in Washington, D.C. was 13% below budget.

#### Board of Regents and President's Expenses

- \$749,772 (\$107,582 below budget). Regent expenses were 30% below budget; the Annual and Spring Board Meeting expenses for the Board were 14.5% below budget.

#### Net Operations

- As indicated above, the financial reports show we budgeted for a loss of \$447,695 for the year but the actually incurred a surplus of \$13,226. The favorable result arose from an increase (\$136,048) over budgeted revenue and a decrease (\$324,873) in anticipated expenditures.

However, as noted previously in the Operating Revenue section, the amount of the surplus is slightly misleading because it assumes that we transferred \$225,348 in funds from our investment account. The College's cash flow did not require that transfer, so (a) our actual loss from operations was \$212,122, and (b) our investment account is \$225,348 higher than it would have been had we transferred the funds.

### **CAPITAL EXPENDITURES**

Our capital expenditures for the last fiscal year were very modest. However, the capital expenditure for FY 2024-25 will be more than \$250,000 because of database updates, a total revamp of our website, and computer/furniture replacements and upgrades.

### **SPRING AND ANNUAL MEETING REVENUE AND EXPENSES**

Our national meetings serve an essential part of our mission but are not included in our normal operations budget. Registration and other fees are set so that each national meeting will break even.

#### 2023 Annual Meeting – San Diego

- The meeting had the following numbers of attendees:
  - Full Pay – 364 attendees at \$1,250 per person
  - Spouse/Guest attendees – 244 attendees at \$750 per person
  - Judicial Fellows – 7 attendees at \$150 per person
  - Judicial Fellow Spouse/Guest – 5 attendees at \$150 per person



- Public Service Fellows – 19 attendees at \$150 per person
- Public Service Fellow Spouse/Guest – 12 attendees at \$150 per person
- Total revenues were \$880,395 (\$120,000 less than anticipated).
- Total expenses were \$861,320 (\$137,000 less than anticipated).
- Net income was \$19,075, which was \$17,664 more than anticipated.

#### 2024 Spring Meeting - Phoenix

- The meeting had the following numbers of attendees:
  - Full Pay – 390 attendees at \$1,500 per person
  - Spouse/Guest attendees – 293 at \$750 per person
  - Judicial Fellows – 22 attendees at \$175 per person
  - Judicial Fellow Spouse/Guest – 15 attendees at \$175
  - Public Service Fellows – 7 attendees at \$175 per person
  - Public Service Fellow Spouse/Guest – 5 attendees at \$175 per person
  - Honorary – 1 attendee at no charge
- Total revenues were \$1,080,510 (\$132,640 more than budgeted).
- Total expenses were \$1,058,133 (\$101,073 more than budgeted).
- Net income was \$2,377, an improvement over an anticipated loss of \$9,190.

#### Additional Comments

- To learn more about the economics of our Spring and Annual Meetings, please review the attached article appearing in the Fall, 2024 edition of *Journal*.

### **INVESTMENT ACCOUNT**

The College's investment portfolio status is stated as of as of August 31, 2024. The College did not deposit additional principal or withdraw funds from the account in FY 2023-24. Figures are net of fees.

#### Total Assets and Changes in Value:

- Balance: \$10,662,973
- Return Year to Date: + 14.52%
- Return Past Year: +21.03%
- Return Since Inception (04/20/2017): +9.27%

#### Asset Mix as of August 31, 2024

- Stock Mutual Funds (USA): 72.8%
- International ETFs: 3.4%
- Fixed Income Products: 21.3%
- Cash: 2.5%

#### Fees Charged by Investment Management Company

- \$20,765 (2023)



- Stated fees do not include fees charged by mutual fund companies held in our portfolio.

Transfers of Monies from Investment Account to Fund College Operations

- Excess revenues generated by the 2018 dues increase were placed in the investment account with the understanding that those monies will be available to help fund College operations in later years.
- Up to 4.0 % of the rolling five-year average of the balance of the investment account may be shifted to the College Operating Budget to fund current operations.
- The formula permitted the College to use \$225,342 to fund operations in FY 2023-24.
- The College's cash flow did not require it to use any of the available funds in FY 2023-24. (Indeed, it has never been necessary to access available funds.) Therefore, these monies remain in the investment account.
- The formula permits the College to use \$250,109 in investment account funds for operations in FY 2024-25, and the potential receipt of those funds is included in the budget for this year. The cash needs of the College will likely require an injection of funds from this account in late October or November 2024.

Sincerely,

John A. Day  
Treasurer