



# 2022

# LOUISIANA STATE BAR ASSOCIATION

# ANNUAL REPORT



Louisiana  
State Bar  
Association

*Serving the Public. Serving the Profession.*

Supplement to the Louisiana Bar Journal

Board of Governors,  
Louisiana State Bar Association,  
New Orleans, Louisiana

## Opinion

We have audited the consolidated financial statements of Louisiana State Bar Association and Affiliates (the "Association") (non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2022, and the changes in its net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited the Association's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Bourgeois Bennett, L.L.C.*  
Certified Public Accountants

New Orleans, Louisiana  
June 12, 2023

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATES**

**Consolidated Statement of Financial Position**

June 30, 2022  
(with comparative totals for 2021)

	Without Restrictions	With Restrictions	Totals	
			2022	2021
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 2,091,522	\$ 2,729,823	\$ 4,821,345	\$ 5,999,625
Intra-organization receivables, net	11,483	(11,483)	-	-
Accounts receivable	57,077	4,525	61,602	39,424
Other receivables	10,319	-	10,319	16,528
Receivable from LCJC	53,153	-	53,153	53,153
Contribution receivable, net	-	241,779	241,779	37,500
Accrued interest receivable	54,258	-	54,258	24,222
Investments	12,349,843	1,656,159	14,006,002	12,952,707
Prepaid expenses	97,451	6,741	104,192	102,112
Property and equipment, net	1,417,116	1,556	1,418,672	1,562,566
Deposits	-	2,250	2,250	2,250
Total assets	<u>\$ 16,142,222</u>	<u>\$ 4,631,350</u>	<u>\$ 20,773,572</u>	<u>\$ 20,790,087</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Deferred revenue	\$ 2,859,655	\$ -	\$ 2,859,655	\$ 2,740,773
Accounts payable and accrued expenses	996,310	40,691	1,037,001	871,396
Total liabilities	<u>3,855,965</u>	<u>40,691</u>	<u>3,896,656</u>	<u>3,612,169</u>
<b>Net Assets</b>				
Without restrictions	12,286,257	-	12,286,257	12,802,702
With restrictions	-	4,590,659	4,590,659	4,375,216
Total net assets	<u>12,286,257</u>	<u>4,590,659</u>	<u>16,876,916</u>	<u>17,177,918</u>
Totals	<u>\$ 16,142,222</u>	<u>\$ 4,631,350</u>	<u>\$ 20,773,572</u>	<u>\$ 20,790,087</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATES**

**Consolidated Statement of Activities**

For the year ended June 30, 2022  
(with comparative totals for 2021)

	Without	With	Totals	
	Restrictions	Restrictions	2022	2021
<b>Support, Revenue, Gains, and Reclassifications</b>				
Membership dues	\$ 4,094,326	\$ 196,034	\$ 4,290,360	\$ 4,288,577
Mandatory continuing legal education	777,605	-	777,605	735,025
Seminars, conferences, programs, and luncheons	787,875	103,609	891,484	752,664
Royalties	440,321	-	440,321	446,713
Contributions and grants	-	656,219	656,219	364,276
Advertising	265,104	-	265,104	261,376
Annual meeting	360,659	-	360,659	398,991
Lawyer advertising filing fees	232,500	-	232,500	167,540
Disciplinary assessment processing	43,376	-	43,376	38,600
Gain (loss) on investments, net	(1,011,051)	(133,197)	(1,144,248)	2,229,826
Interest and dividends, net	239,535	42,232	281,767	223,934
Rental income	51,324	-	51,324	51,274
Sales of membership labels	2,495	-	2,495	1,398
Penalties	12,100	2,475	14,575	17,250
Miscellaneous income	35,910	-	35,910	26,191
Net assets released from restrictions	651,929	(651,929)	-	-
 Total support, revenue, gains, and reclassifications	 <u>6,984,008</u>	 <u>215,443</u>	 <u>7,199,451</u>	 <u>10,003,635</u>

	Without Restrictions	With Restrictions	Totals	
			2022	2021
<b>Expenses</b>				
Program services:				
Governance	816,305	-	816,305	814,605
Communications and publications	630,926	-	630,926	596,029
Member outreach and diversity	415,103	-	415,103	328,956
Membership services and meetings	507,879	-	507,879	483,821
Governmental relations	-	-	-	80,541
Access to Justice	618,576	-	618,576	552,880
Practice management and assistance	1,681,663	-	1,681,663	1,476,222
Information technology	557,151	-	557,151	480,005
Mandatory CLE	330,083	-	330,083	333,697
Membership and finance	456,457	-	456,457	470,634
Judges and Lawyers Assistance Program	459,123	-	459,123	359,312
Louisiana Center for Law and Civic Education	114,938	-	114,938	101,139
Sections	181,884	-	181,884	92,463
Legal Specialization Fund	121,631	-	121,631	119,745
Total program services	6,891,719	-	6,891,719	6,290,049
Supporting services:				
General operations	608,734	-	608,734	645,917
Total expenses	7,500,453	-	7,500,453	6,935,966
<b>Change in Net Assets</b>	(516,445)	215,443	(301,002)	3,067,669
<b>Net Assets</b>				
Beginning of year	12,802,702	4,375,216	17,177,918	14,110,249
End of year	<u>\$12,286,257</u>	<u>\$4,590,659</u>	<u>\$16,876,916</u>	<u>\$ 17,177,918</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATES**

Exhibit C

**Consolidated Statement of Functional Expenses**

For the year ended June 30, 2022  
(with comparative totals for 2021)

	Program Services						
	Governance	Communications and Publications	Member Outreach and Diversity	Membership Services and Meetings	Access To Justice	Practice Management and Assistance	Information Technology
<b>Expenses</b>							
Committees	\$ 22,384	\$ -	\$ -	\$ 3,312	\$ 220	\$ 20,354	\$ -
Computer assisted legal research	-	-	-	-	-	124,644	-
Conferences	-	-	-	-	11,867	4,887	-
Contributions and sponsorships	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Directors - expenses	12,578	3,049	-	-	-	-	3,377
Dues and subscriptions	-	675	1,355	-	3,250	-	-
Equipment and supplies	-	-	-	-	-	-	-
House of Delegates	18,725	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Intern stipends	-	-	-	-	9,000	-	-
Internet	-	-	-	-	-	-	14,290
IT support	-	-	-	-	-	-	5,729
Lobbying	-	-	-	-	-	-	-
Local bar outreach	-	-	30,210	-	-	-	-
Louisiana Bar Journal	-	176,327	-	-	-	-	-
Meetings and summer school	-	-	-	325,755	-	-	-
Nominations and elections	17,649	-	-	-	-	-	-
Officers and board	187,568	-	-	-	-	-	-
Other expenses	10,186	-	1,511	568	-	2,763	1,549
Printing and postage	-	-	384	-	452	4,533	-
Professional services	-	-	-	-	-	-	-
Projects	-	-	22,952	-	9,501	-	2,392
Property management	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-
Salaries and benefits	429,290	429,965	297,588	176,511	555,887	1,287,213	364,816
Seminars and programs	-	-	51,914	-	13,686	214,836	-
Software and upgrades	-	-	-	-	-	-	161,818
Supplies, awards, and gifts	1,981	1,097	1,127	258	823	8,794	216
Telephone	1,328	1,313	1,963	1,475	2,291	5,680	2,964
Travel and training	-	-	6,099	-	11,599	7,959	-
Unrelated business income tax	-	18,500	-	-	-	-	-
Young Lawyers Division	114,616	-	-	-	-	-	-
<b>Total functional expenses</b>	<b>\$816,305</b>	<b>\$630,926</b>	<b>\$415,103</b>	<b>\$507,879</b>	<b>\$618,576</b>	<b>\$1,681,663</b>	<b>\$557,151</b>

See accompanying notes to consolidated financial statements.

Mandatory CLE	Membership and Finance	Program Services				Legal Specialization Fund	Total Program Expenses	Supporting	Total Expenses	
		JLAP	LCLCE	Sections	General Operations			2022	2021	
\$ 959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,229	\$ -	\$ 47,229	\$ 35,529	
-	-	-	-	-	-	124,644	-	124,644	124,644	
-	-	-	-	-	-	16,754	-	16,754	23,645	
-	-	-	-	46,000	-	46,000	-	46,000	36,000	
-	-	-	-	-	-	-	143,894	143,894	152,733	
-	-	-	-	-	-	19,004	-	19,004	19,865	
-	-	-	-	-	-	5,280	-	5,280	8,843	
-	-	7,342	1,443	-	-	8,785	20,137	28,922	32,356	
-	-	-	-	-	-	18,725	-	18,725	10,456	
-	-	3,149	2,117	-	-	5,266	99,191	104,457	73,174	
-	-	-	-	-	-	9,000	-	9,000	6,000	
-	-	-	-	-	-	14,290	-	14,290	13,973	
-	-	-	-	-	-	5,729	-	5,729	3,010	
-	-	-	-	-	-	-	-	-	48,000	
-	-	-	-	-	-	30,210	-	30,210	13,416	
-	-	-	-	-	-	176,327	-	176,327	155,962	
-	-	-	-	-	-	325,755	-	325,755	304,002	
-	-	-	-	-	-	17,649	-	17,649	18,468	
-	-	-	-	-	-	187,568	-	187,568	210,579	
13,061	-	1,358	1,601	12,042	11,630	56,269	3,088	59,357	40,703	
2,282	37,234	-	717	110	2,268	47,980	-	47,980	66,963	
-	41,398	23,224	8,720	-	-	73,342	4,587	77,929	58,404	
-	-	-	-	-	-	34,845	-	34,845	29,489	
-	-	11,668	-	-	-	11,668	105,676	117,344	138,833	
-	-	28,397	4,666	-	3,000	36,063	-	36,063	35,227	
309,365	372,093	351,012	74,854	47,738	99,415	4,795,747	201,254	4,997,001	4,797,108	
-	-	25,857	2,143	73,794	3,151	385,381	-	385,381	123,557	
-	-	-	-	-	-	161,818	-	161,818	100,133	
3,033	4,915	7,116	3,350	-	1,465	34,175	-	34,175	34,051	
783	817	-	-	-	610	19,224	21,869	41,093	47,895	
600	-	-	15,327	2,200	92	43,876	9,038	52,914	30,003	
-	-	-	-	-	-	18,500	-	18,500	24,001	
-	-	-	-	-	-	114,616	-	114,616	118,944	
<u>\$330,083</u>	<u>\$456,457</u>	<u>\$459,123</u>	<u>\$114,938</u>	<u>\$181,884</u>	<u>\$121,631</u>	<u>\$6,891,719</u>	<u>\$608,734</u>	<u>\$7,500,453</u>	<u>\$6,935,966</u>	



**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATES**

**Consolidated Statement of Cash Flows**

For the year ended June 30, 2022  
(with comparative totals for 2021)

	2022	2021
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (301,002)	\$ 3,067,669
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	143,894	152,733
Loss on disposal of property and equipment	-	428
Loss (gain) on investments	1,144,248	(2,229,826)
Decrease (increase) in accounts receivable	(22,178)	38,317
Decrease in other receivables	6,209	24,829
Increase in contribution receivable	(204,279)	-
Increase in accrued interest receivable	(30,036)	(5,651)
Increase in prepaid expenses	(2,080)	(2,241)
Increase in unearned revenue	118,882	1,152,213
Increase in accounts payable and accrued expenses	165,605	128,194
Net cash provided by operating activities	1,019,263	2,326,665
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(5,915,041)	(3,908,349)
Proceeds from sale of investments	3,717,498	3,418,384
Purchases of property and equipment	-	(6,197)
Net cash used in investing activities	(2,197,543)	(496,162)
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(1,178,280)	1,830,503
<b>Cash and Cash Equivalents</b>		
Beginning of year	5,999,625	4,169,122
End of year	\$ 4,821,345	\$ 5,999,625
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for unrelated business income taxes	\$ 18,500	\$ 24,001

See accompanying notes to consolidated financial statements.

# LOUISIANA STATE BAR ASSOCIATION AND AFFILIATE

Notes to Consolidated Financial Statements  
June 30, 2022

## Note 1 — ORGANIZATION AND NATURE OF ACTIVITIES

The Louisiana State Bar Association (LSBA) is a nonprofit corporation organized under the laws of the State of Louisiana (R.S.37:211). The objects and purposes of LSBA are to regulate the practice of law, advance the science of jurisprudence, promote the administration of justice, uphold the honor of the Courts and the profession of law, encourage cordial intercourse among its members, and generally, to promote the welfare of the profession in the State of Louisiana. LSBA is self-governing, and its membership is comprised of all persons who are now, or may hereafter be, licensed to practice in the State of Louisiana.

## Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Accounting

The consolidated financial statements of the Association are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### b. Consolidation Policy

The consolidated financial statements of Louisiana State Bar Association and Affiliates (the "Association") as of and for the year ended June 30, 2022 include the accounts of LSBA; Judges and Lawyers Assistance Program, Inc. (JLAP); and Louisiana Center for Law and Civic Education, Inc. (LCLCE). JLAP and LCLCE are exempt organizations under Section 501(c)(3) of the Internal Revenue Code. LSBA is the sole member of JLAP. LSBA and LCLCE entered into an agreement through which LSBA committed to provide funding to LCLCE and which gave LSBA's Board of Governors the power to appoint the Board of Directors of LCLCE. Both JLAP and LCLCE are consolidated due to LSBA having both an economic interest in and control of the organizations. All material intra-entity transactions have been eliminated.

### c. Financial Statement Presentation

The Association's net assets, support and revenues, and expenses are classified based on the existence or absence of restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

**Net Assets without Restrictions** - Net assets that are not subject to restrictions and may be expended for any purpose in performing the primary objectives of the Association. Certain unrestricted net assets have been designated by the Board of Governors for capital expenditures related to the Bar Center building.

**Net Assets with Restrictions** - Net assets subject to stipulations that may or will be met either by actions of the Association or its affiliates and/or the passage of time, or net assets that are maintained in perpetuity. The Association receives membership dues, conference fees, and other revenues which are to be expended and accounted for by the following specific accounts: Access to Justice Program - Project Grants; Access to Justice Program - Legal Services and Louisiana Bar Foundation Grants; Legal Malpractice Insurance Fund; Legal Specialization; Young Lawyers Division - Grant Fund; Young Lawyers Division - Bridging the Gap; and each of the other Section accounts created by the House of Delegates. These revenues are to be expended for the purposes of the related programs and Sections and are reported as net assets with restrictions until expended. During the year ended June 30, 2020, the Louisiana Supreme Court transferred \$1,281,466 in funds from its administration of the Mandatory Continuing Legal Education (MCLE) program to the Association. Fifty percent of the funds were restricted for funding JLAP, and fifty percent of the funds were restricted for initiatives benefiting the education of new attorneys, including providing continuing legal education programs at no cost. The net assets of JLAP and LCLCE are restricted for use by those entities and, therefore, are presented as net assets with restrictions in the consolidated financial statements.

**d. Comparative Financial Information**

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's consolidated financial statements as of and for the year ended June 30, 2021, from which the summarized information was derived.

**e. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**f. Cash and Cash Equivalents**

For purposes of the Consolidated Statement of Cash Flows, the Association considers all highly liquid investments in money market funds, other than endowment assets included in investments, to be cash equivalents.

**g. Contributions Receivable**

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The discount will be recognized as contribution revenue in future fiscal years as the discount is amortized over the duration of the contributions.

Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional. As of June 30, 2022 and 2021, there were no outstanding conditional promises to give.

**h. Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for a discussion of fair value measurements.

Unrealized gains and losses on investments are included in the Consolidated Statement of Activities as increases or decreases in net assets without restriction unless their use is restricted. Investment income and realized and unrealized gains and losses from the investment accounts referred to as the Core Investments are without restrictions. Investment income on the Legal Malpractice Insurance Fund, Legal Specialization Fund, LCLCE, and other Section accounts is restricted for use for those specific purposes.

**i. Property and Equipment**

Property and equipment acquisitions are recorded at cost. Depreciation is recorded over the estimated useful lives of the respective assets using the straight-line method. The useful lives range from 3 to 10 years for furniture and equipment, from 10 to 15 years for building improvements, and is 39 years for the building. Additions and major improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

**j. Unearned Revenue**

Unearned revenue consists of dues received in advance for the following year and registration fees received as of year-end for seminars to be held in the following year.

**k. Revenue Recognition**

Contributions and grants are recognized when cash, securities, or other assets, and unconditional promises to give, or notification of a beneficial interest is received. Conditional promises to give are recognized when the conditions on which they depend have been substantially met.

Revenue from exchange transactions is recognized when the related performance obligation has been met. The Association has the following exchange transactions:

*Membership dues:* Membership dues are recognized as LSBA's performance obligation is satisfied over the annual membership period by the provision of member benefits.

*Mandatory continuing legal education; Seminars, conferences, programs, and luncheons; and Annual meeting:* The Association conducts several educational events and meetings for members throughout the year for which fees are charged. The related performance obligation is satisfied, and revenue is recognized when the event has occurred.

*Advertising:* LSBA accepts advertising in the Louisiana Bar Journal, Bar Briefs, and on its website. The performance obligation related to the sale of advertising space is satisfied, and the related revenue is recognized, when the advertising is published.

*Lawyer advertising filing fees:* LSBA offers advertisement review and filing services to members for a predetermined fee. This obligation is satisfied, and revenue is recognized, when the member's advertisement is reviewed and filed.

*Disciplinary assessment processing:* Fees for performing this service are recognized when the related assessments are processed.

*Rental Income:* Rental income is recognized over the period to which it pertains.

#### **I. Contributed Services**

A portion of the Association's functions, including educational activities and publications, is conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying consolidated financial statements since the volunteers' time does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

#### **m. Functional Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimates of time and effort. Utilities, which are included in property management expense in the Consolidated Statement of Functional Expenses, are allocated based on estimated usage by department. All other expenses are directly charged to the applicable program.

#### **n. Recently Issued Accounting Standards**

##### **Contributed Non-Financial Assets**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase transparency of recorded gifts-in-kind. The ASU adds presentation and disclosure requirements for contributed nonfinancial assets, such as in-kind contributions, and additional disclosure requirements for recognized contributed services. The ASU is effective for fiscal years beginning after June 15, 2021. The adoption of this standard during its year ended June 30, 2022 and its retrospective application had no effect on the Association's consolidated financial statements for the years ended June 30, 2022 and 2021.

##### **Leases**

In February 2016, the FASB issued ASU 2016- 02, *Leases (Topic 842)*. ASU 2016- 02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded in the Statement of Financial Position for all leases other than short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the reporting of lease transactions in the Consolidated Statements of Activities and the Consolidated Statements of Cash Flows will be substantially unchanged from the existing lease accounting guidance. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The Association is currently evaluating the full effect that the adoption of this standard will have on its consolidated financial statements.

##### **Lease Discount Rate**

In November 2021, the FASB issued ASU 2021-09, *Leases (Topic 842) Lease Discount Rate for Leases That Are Not Public Business Entities* which upon adoption provides nonpublic business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate by class of underlying asset. ASU 2021-09 requires the use of the rate implicit in the lease when readily determinable, regardless of the election to otherwise use a risk-free rate of return. Entities that have not yet adopted ASU 2016-02 are required to adopt ASU 2021-09 at the same time that they adopt ASU 2016-02. The Association is currently evaluating the full effect that the adoption of this standard will have on its consolidated financial statements.

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o. Reclassification**

Certain prior period amounts have been reclassified to conform to the current year presentation. The reclassification of these prior period amounts had no impact on net assets or change in net assets in the 2021 consolidated financial statements.

**p. Subsequent Events**

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through June 12, 2023, which is the date that the consolidated financial statements were available to be issued.

**Note 3 — CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following as of June 30, 2022 and 2021:

	2022	2021
Without restrictions:		
LSBA	\$2,091,522	\$3,306,091
With restrictions:		
LSBA	1,704,150	1,942,970
LCLCE	447,248	284,062
JLAP	578,425	466,502
	2,729,823	2,693,534
Totals	\$4,821,345	\$5,999,625

**Note 4 — CONCENTRATIONS**

The Association periodically maintains cash and cash equivalents in bank accounts in excess of insured limits. The Association has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. As of June 30, 2022, the Association had cash and cash equivalents of approximately \$2.3 million in excess of insured limits.

Membership dues are a substantial portion of LSBA's revenue. Membership in LSBA is mandatory for attorneys practicing in Louisiana.

**Note 5 — CONTRIBUTION RECEIVABLE**

Unconditional promises by donors to make contributions to JLAP are included in the consolidated financial statements at the present value of expected future cash flows discounted at 2.25%. Contributions receivable as of June 30, 2022 and 2021 consists of the following:

	2022	2021
Unconditional promises to give	\$250,000	\$37,500
Less unamortized discount	(8,221)	-
Contributions receivable, net	\$241,779	\$37,500
Amounts due in:		
Less than one year	\$100,000	\$37,500
One to five years	150,000	-
Totals	\$250,000	\$37,500

No allowance for uncollectible contributions was considered necessary as of June 30, 2022 and June 30, 2021.

**Note 6 — INVESTMENTS**

Investments held as of June 30, 2022 and 2021 are summarized as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
LSBA:				
Without restrictions:				
Common stock	\$ 3,365,170	\$ 6,149,188	\$3,197,906	\$ 7,095,293
Corporate bonds	4,368,521	4,131,212	3,748,019	3,786,473
U.S. treasury bonds	1,681,596	1,682,923	-	-
Municipal bonds	407,448	386,520	407,448	406,320
With restrictions:				
Common stock	585,484	744,846	561,960	830,417
Corporate bonds	530,337	492,624	429,291	429,725
Variable annuity contract	376,494	376,494	364,552	364,552
Total - LSBA	11,315,050	13,963,807	8,709,176	12,912,780
LCLCE:				
With restrictions:				
Money market	20,187	20,187	13,053	13,053
Certificate of deposit	-	-	13,319	13,319
Exchange traded funds	21,448	22,008	10,074	13,555
Total - LCLCE	41,635	42,195	36,446	39,927
Totals	\$11,356,685	\$14,006,002	\$8,745,622	\$12,952,707

Presented below is a summary of realized and unrealized gains and losses on investments as of and for the years ended June 30, 2022 and 2021:

	2022		
	Cost	Fair Value	Excess of Fair Value Over Cost
Balances as of June 30, 2022	\$ 11,356,685	\$ 14,006,002	\$ 2,649,317
Balances as of June 30, 2021	\$ 8,745,622	\$ 12,952,707	4,207,085
Unrealized loss on investments			(1,557,768)
Realized gain on investments, net			413,520
Loss on investments			\$ (1,144,248)
	2021		
	Cost	Fair Value	Excess of Fair Value Over Cost
Balances as of June 30, 2021	\$ 8,745,622	\$ 12,952,707	\$ 4,207,085
Balances as of June 30, 2020	\$ 8,033,127	\$ 10,232,916	2,199,789
Unrealized gain on investments			2,007,296
Realized gain on investments, net			222,530
Gain on investments			\$ 2,229,826

Interest and dividends earned on investments for the years ended June 30, 2022 and 2021 were \$281,767 and \$223,934, respectively, net of investment expenses of \$51,631 and \$45,667, respectively.

**Note 7 — ASSETS MEASURED AT FAIR VALUE**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2022 and 2021.

- *Common stock, U.S. treasury bonds, and exchange traded fund (ETF).* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Corporate and municipal bonds.* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value of yields currently available on comparable securities of issuers with similar credit ratings.
- *Money market funds.* Valued at the daily closing price as reported by the fund. Money market funds held by the Association are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.
- *Variable annuity contract.* Valued at cash redemption value as reported to the Association by MassMutual Financial Group.
- *Certificate of deposit.* Valued at the amount reported by the issuing bank.

These methodologies may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes these valuation methodologies are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 7 — ASSETS MEASURED AT FAIR VALUE (Continued)**

The following tables set forth by level within the fair value hierarchy, the Association's assets at fair value as of June 30, 2022 and 2021:

Description <u>June 30, 2022</u>	Total Assets Measured At Fair Value	Based on:		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Investments:</b>				
Common stock:				
Information technology	\$ 1,742,936	\$ 1,742,936	\$ -	\$ -
Health care	1,148,686	1,148,686	-	-
Consumer staples	1,049,575	1,049,575	-	-
Financials	932,764	932,764	-	-
Energy	347,683	347,683	-	-
Industrials	665,296	665,296	-	-
Consumer discretionary	530,873	530,873	-	-
Materials	8,897	8,897	-	-
Communication services	467,323	467,323	-	-
Corporate bonds:				
Credit rating:				
A	188,967	-	188,967	-
A-	189,182	-	189,182	-
AA-	197,731	-	197,731	-
BBB+	1,237,027	-	1,237,027	-
BBB	2,213,077	-	2,213,077	-
BBB-	547,817	-	547,817	-
Not rated	50,036	-	50,036	-
U.S. treasury bonds	1,682,923	1,682,923	-	-
Municipal bonds	386,520	-	386,520	-
Variable annuity contract	376,494	-	376,494	-
Exchange traded fund	22,008	22,008	-	-
Money market fund	20,187	20,187	-	-
Totals - investments	14,006,002	8,619,151	5,386,851	-
Money market funds included in cash and cash equivalents				
	1,825,467	1,825,467	-	-
Totals	<u>\$15,831,469</u>	<u>\$ 10,444,618</u>	<u>\$5,386,851</u>	<u>\$ -</u>



Note 7 — ASSETS MEASURED AT FAIR VALUE (Continued)

Description June 30, 2021	Total Assets Measured At Fair Value	Based on:		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Common stock:				
Information technology	\$ 1,843,793	\$ 1,843,793	\$ -	\$ -
Health care	1,201,202	1,201,202	-	-
Consumer staples	1,027,942	1,027,942	-	-
Financials	1,311,586	1,311,586	-	-
Energy	323,374	323,374	-	-
Industrials	733,441	733,441	-	-
Consumer discretionary	775,577	775,577	-	-
Materials	11,677	11,677	-	-
Communication services	697,117	697,117	-	-
Corporate bonds:				
Credit rating:				
A	210,122	-	210,122	-
A-	414,429	-	414,429	-
AA-	210,250	-	210,250	-
BB+	200,355	-	200,355	-
BBB+	1,335,973	-	1,335,973	-
BBB	694,901	-	694,901	-
BBB-	1,096,817	-	1,096,817	-
Not rated	53,352	-	53,352	-
Municipal bond	406,320	-	406,320	-
Variable annuity contract	364,552	-	364,552	-
Exchange traded fund	13,555	13,555	-	-
Certificate of deposit	13,319	-	13,319	-
Money market fund	13,053	13,053	-	-
Totals - investments	12,952,707	7,952,317	5,000,390	-
Money market funds included in cash and cash equivalents	670,866	670,866	-	-
Totals	\$ 13,623,573	\$ 8,623,183	\$ 5,000,390	\$ -

Note 8 — RISKS AND UNCERTAINTIES

The Association invests in various investments including stocks and fixed income obligations. Investment securities, in general, are subject to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments could occur in the near term and that such change could materially affect amounts reported on the consolidated financial statements.

**Note 9 — PROPERTY AND EQUIPMENT**

Major classes of property and equipment as of June 30, 2022 and 2021 are summarized as follows:

	2022	2021
LSBA		
Louisiana Bar Center:		
Building	\$ 1,881,646	\$ 1,881,646
Improvements	1,840,219	1,840,219
Furniture and equipment	662,509	985,984
	4,384,374	4,707,849
Less accumulated depreciation	(2,965,702)	(3,145,283)
	1,418,672	1,562,566
JLAP		
Furniture and equipment	30,219	30,219
Less accumulated depreciation	(30,219)	(30,219)
	-	-
Property and equipment, net	\$ 1,418,672	\$ 1,562,566

Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$143,894 and \$152,733, respectively.

**Note 10 — NET ASSETS WITH RESTRICTIONS**

Net assets with restrictions consist of the following as of June 30, 2022 and 2021:

	2022	2021
Access to Justice Program - Project Grants	\$ 8,468	\$ 8,468
Fund for JLAP	437,718	540,733
Legal Malpractice Insurance Trust	1,262,224	1,361,865
Legal Specialization Fund	376,236	391,532
New Attorney Initiative	640,733	640,733
Young Lawyers Section - Grant Fund	47	47
Young Lawyers Section - Bridging the Gap	16,353	16,353
Sections:		
Administrative Law	6,224	5,940
Alternative Dispute Resolution	29,540	37,683
Animal Law	7,194	4,859
Antitrust and Trade Regulation Law	4,112	3,940
Appellate Section	12,489	13,609
Art, Entertainment, and Sports Law Section	2,259	3,278
Bankruptcy Law	11,544	13,833
Bench and Bar	8,715	8,373
Civil Law and Litigation	44,365	39,806
Class Action, Mass Tort, and Complex Litigation Law	13,260	10,815
Consumer Protection Law	6,485	6,360
Corporate and Business Law	20,476	56,333
Criminal Law	5,875	6,355
Environmental Law	12,081	10,679
Family Law	32,871	33,397
Fidelity, Surety, and Construction Law	35,658	35,467
Francophone	3,384	4,831
Government and Public Law	8,129	6,819
Health Law	13,454	25,867
Immigration Law	2,152	1,802
Insurance, Tort, Workers' Compensation, and Admiralty Law	20,114	20,055
Intellectual Property	9,368	8,069
International Law	4,282	4,639
Labor and Employment Law	25,787	22,795
Mineral Law	42,585	42,571
Minority Involvement	11,009	11,279
Public Utility	19,667	17,588
Solo and Small Firm	15,570	13,909
Taxation	42,976	44,865
Trusts, Estate, Probate, and Immovable Property Law	80,898	84,930
Total net assets with purpose restrictions - LSBA	3,294,302	3,560,477
	2022	2021
Net assets with time or purpose restrictions - JLAP	823,177	499,592
Net assets with purpose restrictions - LCLCE	437,048	279,015
Net assets restricted in perpetuity - LCLCE	36,132	36,132
Total net assets with restrictions	\$ 4,590,659	\$ 4,375,216

**Note 10 — NET ASSETS WITH RESTRICTIONS (Continued)**

Net assets restricted in perpetuity represents original gifts to LCLCE’s endowment. Based on LCLCE’s interpretation of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the fair value of gifts to the endowment are being maintained in perpetuity, unless there are donor stipulations to the contrary. As of June 30, 2022 and 2021, there were no such donor stipulations. Accumulations to the endowment are maintained in accordance with donor stipulations. Amounts not retained in perpetuity are subject to prudent expenditure. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). LCLCE has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. As of June 30, 2022 and 2021, the fair value of the endowment funds is in excess of original gift values.

As of June 30, 2022 and 2021, the endowment fund consisted solely of donor-restricted net assets with a carrying value of \$42,195 and \$44,587, respectively. For the years ended June 30, 2022 and 2021, investment return was (\$2,392) and \$2,662, respectively. The endowment net assets consist of a brokerage account and cash held and administered by the Louisiana Bar Foundation. No distributions may be made from the endowment assets administered by the Louisiana Bar Foundation until the fund reaches a threshold of \$100,000.

**Note 11 — GOVERNING BOARD DESIGNATIONS**

The Association’s Board of Governors has chosen to designate certain net assets for capital expenditures related to the Bar Center. Net assets without restrictions consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Undesignated - available for operations	\$11,273,056	\$11,828,697
Designated - capital reserves	1,013,201	974,005
Total net assets without restrictions	\$12,286,257	\$12,802,702

**Note 12 — REVENUE FROM CONTRACTS WITH CUSTOMERS**

The following table provides information about significant changes in deferred revenue for the years ended June 30, 2022 and 2021.

	2022	2021
Deferred membership dues, beginning of year	\$2,740,773	\$1,588,560
Revenue recognized that was included in deferred membership dues at the beginning of the year	(2,740,773)	(1,588,560)
Increase in deferred revenue due to cash received during the year	2,859,655	2,740,773
Deferred membership dues, end of year	\$2,859,655	\$2,740,773

Accounts receivable from contracts with customers were as follows:

	2022	2021
Accounts receivable, beginning of year	\$ 39,424	\$ 77,742
Accounts receivable, end of year	\$ 61,602	\$ 39,424

**Note 13 — RENTAL INCOME**

A portion of the Louisiana Bar Center building not currently needed for the Association's operations is rented to the Judiciary Commission of Louisiana under a month-to-month lease which commenced on July 1, 2016. Rental income for the years ended June 30, 2022 and 2021 totaled \$51,324 and \$51,274, respectively.

**Note 14 — RETIREMENT PLAN**

The Association has a defined contribution plan covering substantially all employees who meet certain eligibility requirements. The plan is a profit-sharing plan with a cash or deferred arrangement. The contributions during the years ended June 30, 2022 and 2021 totaled \$349,851 and \$336,040, respectively.

**Note 15 — CONSOLIDATED AFFILIATES**

As discussed in Note 2b, the Association entered into an agreement with LCLCE which gave it an economic interest in and control of LCLCE, effective June 7, 2010. The Association committed to provide annual funding to LCLCE annually for an initial term of five years with automatic renewals in one-year increments unless either party elects to terminate the agreement. During the years ended June 30, 2022 and 2021, funding totaled \$63,000 per year. Net assets of the consolidated affiliate totaling \$473,180 and \$315,147 have been included in the Consolidated Statements of Financial Position as of June 30, 2022 and 2021, respectively.

Effective September 29, 2014, JLAP amended and restated its bylaws, making LSBA its sole member. The Association has committed to providing annual funding to JLAP in an amount to be determined annually. Net assets of JLAP totaling \$823,177 and \$499,592 have been included in the Consolidated Statements of Financial Position as of June 30, 2022 and 2021, respectively.

**Note 16 — RELATED PARTIES**

The Association and the Louisiana Civil Justice Center (LCJC) are separate functioning organizations sharing a common mission. The Association's Board of Governors appoints the LCJC Board of Governors. LCJC is currently inactive, but in prior years, LSBA processed payroll for LCJC. As of June 30, 2022 and 2021, payroll funds receivable from LCJC totaled \$53,153.

The Association and the Louisiana Client Assistance Foundation (LCAF) are separately functioning organizations sharing a common mission. The Association's Board of Governors appoints the LCAF Board of Governors. There were no transactions between the Association and LCAF during the years ended June 30, 2022 and 2021.

**Note 17 — INCOME TAXES**

The Association is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. It is exempt from state income taxes under Section 121(6) of Title 47 of the Louisiana Revised Statutes of 1950. Net operating profits from unrelated business income, if any, are subject to federal income tax. The Association had taxable unrelated business income for the years ended June 30, 2022 and 2021 of approximately \$45,000 and \$67,000, respectively.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability (or asset) if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other taxing authorities. Management has analyzed the tax positions taken by the Association, and has concluded that as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**Note 18 — AVAILABILITY OF FINANCIAL ASSETS**

The Association is substantially supported by membership dues, seminar and conference fees, and investment income. Certain programs of the Association are also supported by contributions, which typically are restricted by the donor for use in that program. Because a restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year. As part of the Association’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Association has established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

The following reflects the Association’s financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use due to restrictions.

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 4,821,345	\$ 5,999,625
Accounts receivable	61,602	39,424
Other receivables	10,319	16,528
Receivable from LCJC	53,153	53,153
Contributions receivable, net	241,779	37,500
Accrued interest receivable	54,258	24,222
Investments	14,006,002	12,952,707
Total financial assets	19,248,458	19,123,159
Less amounts unavailable for general expenditures within one year, due to:		
Assets with restrictions:		
Restricted for specified periods or purposes	(4,554,527)	(4,339,084)
Restricted in perpetuity	(36,132)	(36,132)
Financial assets available to meet cash needs for general expenditures within one year before governing board designations	14,657,799	14,747,943
Less: governing board designations	(1,013,201)	(974,005)
Financial assets available to meet cash needs for general expenditures within one year	\$13,644,598	\$13,773,938

**Note 19 — COMMITMENT**

Since 2005, the Association has had an agreement with Fastcase.com, Inc. (“Fastcase”), to provide members of the Association with unlimited access to the Fastcase legal research system. Effective in June 2018, the agreement was extended for an additional five-year term. At the end of the term, the agreement will automatically renew in one-year increments until such time either party elects to terminate the agreement. Fees under this agreement totaled \$125,242 for each of the years ended June 30, 2022 and 2021. Fees remaining under the agreement will be \$125,242 for the year ending June 30, 2023.



**Louisiana**  
**State Bar**  
Association

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**Louisiana State Bar Association**

601 St. Charles Ave.  
New Orleans, LA 70130-3404  
(800)421-5722, (504)566-1600  
[www.lsba.org](http://www.lsba.org)