



# 2018

## LOUISIANA STATE BAR ASSOCIATION

# ANNUAL REPORT



Louisiana  
State Bar  
Association

*Serving the Public. Serving the Profession.*

Supplement to the Louisiana Bar Journal

# LSBA YEAR IN REVIEW / JUNE 2017 – JUNE 2018

# LSBA BY THE NUMBERS



June 2017 / Dona Kay Renegar is sworn in as the 77th LSBA president by Louisiana Supreme Court Justice John L. Weimer during the 2017 Annual Meeting. Photo by Matthew Hinton Photography.

## June 2017

▶ Dona Kay Renegar, a member in the Lafayette law firm of Veazey, Felder & Renegar, L.L.C., was installed as the 77th president of the Louisiana State Bar Association by Louisiana Supreme Court Justice John L. Weimer.

# 77<sup>th</sup>

▶ LSBA President Renegar established a hashtag, #yourLSBA, as a means “to promote our members — their dedication to the practice of law, the necessary role that they play in our justice system, and the time and resources they devote to their communities.”

▶ Bradley J. Tate, tax manager for the firm Carr, Riggs & Ingram, L.L.C., was installed as the 2017-18 Young Lawyers Division chair by 1st Judicial District Court Judge Karelia R. Stewart.

▶ The 76th LSBA Annual Meeting and LSBA/Louisiana Judicial College Joint Summer School featured the theme “Get in the Scene 2017.”

▶ A total of 16 awards were presented at the Annual Meeting for service to the legal profession and the community.

# 16

▶ The Leadership LSBA 2017-18 Class included 16 members.

▶ The LSBA, in partnership with the Louisiana Bar Foundation and the Just the Beginning Foundation, welcomed 12 high school students on June 12 for the start of the Suit Up for the Future High School Summer Legal Institute and Internship Program.

## July 2017

▶ The LSBA Pilot Mentoring Program expanded statewide.

▶ The LSBA Rules of Professional Conduct Committee opened a 60-day window to seek written comments on ABA Model Rule 8.4(g).

# 60

## August 2017

▶ 190+ attorneys and judges volunteered to participate in the LSBA Committee on the Profession’s Professionalism Orientations for 1L students at the state’s four law schools this month.

# 190+

## September 2017

▶ In response to Hurricane Harvey, the LSBA Disaster Response website was activated to help Bar members and the public.

▶ The Justice Reinvestment Reforms Practitioners’ Guide, offered as a resource by the Louisiana Department of Corrections, became available online.

▶ The Louisiana Supreme Court on Sept. 28 approved health law as a new specialty under the Louisiana Board of Legal Specialization.

## October 2017

▶ Robert A. Kutcher of Metairie and Shayna L. Sonnier of Lake Charles were certified elected for 2018-19 LSBA president-elect and 2018-20 LSBA treasurer, respectively.

▶ Scott L. Sternberg of New Orleans and Carrie L. Jones of Baton Rouge were certified elected for 2018-19 Young Lawyers Division chair-elect and secretary, respectively.

▶ With the infrastructure of the U.S. Virgin Islands heavily damaged by Hurricanes Irma and Maria, the American Bar Association reached out to the Louisiana Civil Justice Center to launch a mainland hotline for those needing legal assistance.

▶ The LSBA’s Memorial Exercises to honor deceased members of the Bench and Bar followed the Red Mass in New Orleans on Oct. 2. Lafayette attorney Melissa T. Theriot delivered the general eulogy.

▶ 142 attorneys volunteered for 76 events statewide during the LSBA’s “Lawyers in Libraries” week of service Oct. 23-28.

# 76

▶ The LSBA hosted the 14th annual Louisiana Justice Community Conference in Baton Rouge, focusing on “ATJ Heroes.”

▶ A total of 362 new admittees were sworn into the practice of law in October.

# 362

## November 2017

▶ The MCLE Committee sought comments on a CLE proposal requiring attorneys admitted to the practice of law in Louisiana for at least three, but not more than five, years to obtain six hours of CLE credits on legal writing.

# LSBA YEAR IN REVIEW / JUNE 2017 – JUNE 2018

## LSBA BY THE NUMBERS

▶ Southeast Louisiana Legal Services opened the year-long celebration observing its 50 years of service.

### December 2017

▶ 715 children, represented by 16 social service agencies in six Louisiana parishes, were “adopted” during the Secret Santa Project, coordinated by the LSBA/Louisiana Bar Foundation’s Community Action Committee.

715

### January 2018

▶ The Louisiana Supreme Court, in conjunction with the LSBA, announced that, as of Jan. 1, 2018, the Court’s Mandatory Continuing Legal Education Program will be administered by the LSBA.

▶ The LSBA Distinguished Access to Justice Pro Bono Fellows Program is launched.

▶ The LSBA’s House of Delegates approved several resolutions at its Jan. 20 meeting, including adoption of the new aspirational Code of Professionalism.

250

▶ More than 250 LSBA members who reached half a century and beyond in their legal practices were honored at the 50-60-70-Year Member Reception during the Midyear Meeting.

▶ The LSBA’s Young Lawyers Division presented its annual Professional Development Seminar and Louisiana64 Symposium on Jan. 19.

▶ Six Citizen Lawyer Awards were presented on Jan. 20 for community service.

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### February 2018

▶ The 11th annual Solo, Small Firm and Tech Conference was Feb. 15-16 in New Orleans.

11<sup>th</sup>

### March 2018

▶ Judy Perry Martinez, of counsel in the New Orleans firm of Simon, Peragine, Smith & Redfearn, L.L.P., was nominated as American Bar Association president-elect.

▶ The LSBA Access to Justice Commission launched the Modest Means Online Legal Directory.

▶ The 11th annual Conclave on Diversity in the Legal Profession was March 9 in New Orleans, with the theme “Diversity & Inclusion: From Rhetoric to Reality.”

11<sup>th</sup>

▶ The mock trial team from Jesuit High School in New Orleans was named the winner of the 2018 Richard N. Ware IV State High School Mock Trial Competition.

### April 2018

▶ The new Attorney Code of Professionalism was approved by the Louisiana Supreme Court on April 11.

▶ A special issue of the Louisiana Bar Journal focused on the city of New Orleans Tricentennial.

▶ The 2017-18 LSBA Leadership Class hosted two “Bar Relief: When Disaster Strikes, the Bar is Here” events in New Orleans and Lafayette to raise awareness of disaster relief volunteer opportunities.

### May 2018

▶ A total of 124 new admittees were sworn into the practice of law in May.

124

▶ 26 awards were presented for pro bono accomplishments at the Pro Bono Publico and Children’s Law Awards Ceremony on May 22.

▶ The Louisiana Center for Law and Civic Education organized 74 Law Day programs, reaching more than 3,900 students.

### June 2018

▶ Barry H. Grodsky, a partner in the New Orleans law firm of Taggart Morton, L.L.C., was installed as the 78th LSBA president by Louisiana Supreme Court Chief Justice Bernette Joshua Johnson.

78<sup>th</sup>

▶ Dylan T. Thriffley, assistant vice president of compliance and regulatory affairs for Ochsner Health System in New Orleans, was installed as the 2018-19 Young Lawyers Division chair by Louisiana Supreme Court Chief Justice Bernette Joshua Johnson.

▶ A total of 15 awards were presented to LSBA members and other legal professionals during the Annual Meeting.

15



June 2018 / Barry H. Grodsky is sworn in as the 78th LSBA president by Louisiana Supreme Court Chief Justice Bernette Joshua Johnson during the 2018 Annual Meeting. Photo by Matthew Hinton Photography.

To the Board of Governors  
Louisiana State Bar Association  
New Orleans, LA

We have audited the accompanying consolidated financial statements of the Louisiana State Bar Association and affiliates (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Bar Association and affiliates as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited 2017 consolidated financial statements from which it has been derived.

*Bourgeois Bennett, LLC.*  
Certified Public Accountants

New Orleans, Louisiana  
May 29, 2019

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATES**

**Consolidated Statement of Financial Position**

June 30, 2018  
(with comparative totals for 2017)

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Totals</u>	<u>2017 Totals</u>
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2,563,655	\$ 1,310,953	\$ 18,653	\$ 3,893,261	\$ 5,110,058
Receivable from LCJC	65,539			65,539	-
Other receivables	31,414	35,225	-	66,639	93,016
Accrued interest receivable	22,393	-	-	22,393	20,961
Prepaid expenses	91,101	11,061	-	102,162	70,229
Total current assets	2,774,102	1,357,239	18,653	4,149,994	5,294,264
<b>Investments</b>	8,080,144	1,362,242	13,319	9,455,705	7,857,794
<b>Property and Equipment, net</b>	1,911,287	6,460	-	1,917,747	2,080,283
<b>Deposits</b>	-	2,250	-	2,250	2,250
Totals	<u>\$ 12,765,533</u>	<u>\$ 2,728,191</u>	<u>\$ 31,972</u>	<u>\$ 15,525,696</u>	<u>\$ 15,234,591</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>Current Liabilities</b>					
Unearned revenue	\$ 2,805,096	\$ -	\$ -	\$ 2,805,096	\$ 2,602,050
Accounts payable and accrued expenses	498,856	39,486	-	538,342	468,236
Total current liabilities	3,303,952	39,486	-	3,343,438	3,070,286
<b>Net Assets</b>					
Unrestricted:					
Board designated capital reserve	975,952	-	-	975,952	1,000,000
Undesignated, as restated (Note 16)	8,485,629	-	-	8,485,629	8,401,206
Temporarily restricted, as restated (Note 16)	-	2,688,705	-	2,688,705	2,732,439
Permanently restricted	-	-	31,972	31,972	30,660
Total net assets	<u>9,461,581</u>	<u>2,688,705</u>	<u>31,972</u>	<u>12,182,258</u>	<u>12,164,305</u>
Totals	<u>\$ 12,765,533</u>	<u>\$ 2,728,191</u>	<u>\$ 31,972</u>	<u>\$ 15,525,696</u>	<u>\$ 15,234,591</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATES**

**Consolidated Statement of Activities**

For the year ended June 30, 2018  
(with comparative totals for 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Totals	2017 Totals
<b>Support, Revenue, Gains, and Reclassifications</b>					
Membership dues	\$ 4,077,465	\$ 173,951	\$ -	\$ 4,251,416	\$ 4,173,861
Mandatory continuing legal education	397,001	-	-	397,001	-
Seminars, conferences, programs, and luncheons	886,535	93,194	-	979,729	1,055,163
Royalties	493,170	-	-	493,170	500,319
Contributions and grants	-	373,475	1,312	374,787	439,029
Advertising	223,500	-	-	223,500	223,524
Annual meeting	429,490	-	-	429,490	432,436
Lawyer advertising filing fees	127,125	-	-	127,125	153,925
Disciplinary assessment processing	29,149	-	-	29,149	31,287
Gain (loss) on investments, net	124,619	(17,268)	-	107,351	430,183
Interest and dividends	199,178	30,183	-	229,361	219,772
Rental income	51,324	-	-	51,324	51,324
Sales of membership labels	14,404	-	-	14,404	15,985
Penalties	12,280	1,875	-	14,155	10,800
Sales of brochures and books	370	-	-	370	800
Miscellaneous income	105,769	10,242	-	116,011	71,356
Net assets released from restrictions	709,386	(709,386)	-	-	-
	<u>7,880,765</u>	<u>(43,734)</u>	<u>1,312</u>	<u>7,838,343</u>	<u>7,809,764</u>
Total support, revenue, gains, and reclassifications					
<b>Expenses</b>					
Program services:					
Staff compensation and benefits	3,332,545	-	-	3,332,545	3,048,322
Mandatory continuing legal education	180,976	-	-	180,976	-
Seminars, conferences, programs, and meetings	546,387	-	-	546,387	613,569
Travel and per diem	293,032	-	-	293,032	355,406
Annual meeting	339,365	-	-	339,365	327,817
Professional programs	280,249	-	-	280,249	308,157
Supplies, awards, and gifts	188,098	-	-	188,098	196,346
Louisiana Bar Journal, Bar Briefs, and LSBA.org	167,508	-	-	167,508	149,398
Stationery, printing, and postage	136,225	-	-	136,225	135,392
Computer assisted legal program	124,644	-	-	124,644	124,688
Miscellaneous	66,491	-	-	66,491	82,269
Contributions	64,830	-	-	64,830	84,250
Telephone	26,027	-	-	26,027	22,757
Rent	20,251	-	-	20,251	20,251
Educational materials	1,560	-	-	1,560	-
Bar admission ceremonies	569	-	-	569	430
	<u>5,768,757</u>	<u>-</u>	<u>-</u>	<u>5,768,757</u>	<u>5,469,052</u>
Total program services					

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Totals</u>	<u>2017 Totals</u>
<b>Expenses (Continued)</b>					
General expenses:					
Staff compensation and benefits	1,177,634	-	-	1,177,634	1,153,139
Depreciation	182,714	-	-	182,714	193,143
Property management	146,653	-	-	146,653	132,026
Professional services	99,486	-	-	99,486	112,108
Equipment and computer rental and maintenance	165,926	-	-	165,926	104,198
Office supplies	66,773	-	-	66,773	87,712
Insurance	57,644	-	-	57,644	59,567
Lobbying	48,000	-	-	48,000	48,000
Telephone	42,524	-	-	42,524	41,159
Travel and per diem and meetings	28,344	-	-	28,344	26,553
Advertising	10,107	-	-	10,107	11,937
Business income and proxy taxes	17,374	-	-	17,374	11,248
Rent	6,822	-	-	6,822	6,859
Miscellaneous	1,449	-	-	1,449	1,197
Stationery, printing, and postage	183	-	-	183	(2,314)
Total general expenses	<u>2,051,633</u>	<u>-</u>	<u>-</u>	<u>2,051,633</u>	<u>1,986,532</u>
Total expenses	<u>7,820,390</u>	<u>-</u>	<u>-</u>	<u>7,820,390</u>	<u>7,455,584</u>
<b>Change in Net Assets</b>	60,375	(43,734)	1,312	17,953	354,180
<b>Net Assets</b>					
Beginning of year, as restated (See Note 16)	9,401,206	2,732,439	30,660	12,164,305	11,731,025
Net transfer in from Louisiana Board of Legal Specialization	-	-	-	-	79,100
End of year	<u>\$ 9,461,581</u>	<u>\$ 2,688,705</u>	<u>\$ 31,972</u>	<u>\$ 12,182,258</u>	<u>\$ 12,164,305</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATES**

**Consolidated Statement of Cash Flows**

For the year ended June 30, 2018  
(with comparative totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Totals</u>	<u>2017 Totals</u>
<b>Cash Flows From Operating Activities</b>					
Change in net assets	\$ 60,375	\$ (43,734)	\$ 1,312	\$ 17,953	\$ 354,180
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Contributions to LCLCE endowment	-	-	(1,312)	(1,312)	(3,340)
Depreciation	181,123	5,462	-	186,585	197,454
Gain (loss) on investments	(124,619)	17,268	-	(107,351)	(430,183)
Increase in receivable from LCJC	(65,539)	-	-	(65,539)	-
Decrease (increase) in other receivables	18,823	7,554	-	26,377	(52,437)
(Increase) decrease in accrued interest	(1,432)	-	-	(1,432)	832
Increase in prepaid expenses	(23,560)	(8,373)	-	(31,933)	(19,523)
Increase in unearned revenue	203,046	-	-	203,046	96,953
Increase in accounts payable and accrued expenses	57,423	12,683	-	70,106	28,238
Net cash provided by (used in) operating activities	<u>305,640</u>	<u>(9,140)</u>	<u>-</u>	<u>296,500</u>	<u>172,174</u>
<b>Cash Flows From Investing Activities</b>					
Purchase of investments	(3,130,422)	(1,008,107)	-	(4,138,529)	(3,754,195)
Proceeds from sale of investments	2,630,121	12,007	5,840	2,647,968	4,117,379
Purchases of property and equipment	(24,048)	-	-	(24,048)	(16,853)
Net cash provided by (used in) investing activities	<u>(524,349)</u>	<u>(996,100)</u>	<u>5,840</u>	<u>(1,514,609)</u>	<u>346,331</u>
<b>Cash Flows From Financing Activities</b>					
Net transfer in from Louisiana Board of Legal Specialization	-	-	-	-	79,100
Collections of contributions to LCLCE endowment	-	-	1,312	1,312	3,340
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>1,312</u>	<u>1,312</u>	<u>82,440</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(218,709)	(1,005,240)	7,152	(1,216,797)	600,945
<b>Cash and Cash Equivalents</b>					
Beginning of year, as restated (Note 16)	<u>2,782,364</u>	<u>2,316,193</u>	<u>11,501</u>	<u>5,110,058</u>	<u>4,509,113</u>
End of year	<u><u>\$ 2,563,655</u></u>	<u><u>\$ 1,310,953</u></u>	<u><u>\$ 18,653</u></u>	<u><u>\$ 3,893,261</u></u>	<u><u>\$ 5,110,058</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>					
Cash paid during the year for unrelated business income taxes	<u><u>\$ 14,150</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,150</u></u>	<u><u>\$ 11,248</u></u>

See accompanying notes to consolidated financial statements.

# LOUISIANA STATE BAR ASSOCIATION AND AFFILIATE

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### Note 1 — ORGANIZATION AND NATURE OF ACTIVITIES

The Louisiana State Bar Association (the “Association” or LSBA) is a nonprofit corporation organized under the laws of the State of Louisiana (R.S.37:211). The objects and purposes of the Association 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. The Association 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 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 as of and for the years ended June 30, 2018 and 2017 include the accounts of the Association, Judges and Lawyers Assistance Program, Inc. (JLAP) and Louisiana Center for Law and Civic Education, Inc. (LCLCE), exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Effective September 29, 2014, JLAP amended and restated its bylaws, making the Association its sole member. On June 7, 2010, the Association and LCLCE entered into an agreement through which the Association committed to provide funding to LCLCE and which gave the Association’s Board of Governors the power to appoint the Board of Directors of LCLCE. Both JLAP and LCLCE are consolidated due to the Association 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 donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations. Certain unrestricted net assets have been designated by the Board of Governors for capital expenditures related to the Bar Center building.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time. 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 temporarily restricted until expended. The net assets of JLAP and LCLCE are restricted for use by those entities and, therefore, are presented as temporarily restricted net assets in the consolidated financial statements.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Association pursuant to those stipulations. The permanently restricted net assets as of June 30, 2018 and 2017 are held by LCLCE as a permanently restricted endowment.

**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, 2017, 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 to be cash equivalents.

**g. 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 6 for a discussion of fair value measurements.

Unrealized gains and losses on investments are included in the Consolidated Statements of Activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted. Investment income and realized and unrealized gains and losses from the investment accounts referred to as the Core Investments are unrestricted. Investment income on the Legal Malpractice Insurance Fund, Legal Specialization Fund, and other Section accounts is temporarily restricted. Interest income on LCLCE's permanently restricted accounts is temporarily restricted.

**h. 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.

**i. 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.

**j. Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restriction.

**k. 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.

**I. New Accounting Pronouncement**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU 2014-09, FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The new revenue standard is now effective for annual reporting periods beginning after December 15, 2018, with certain early adoption provisions available. Management is evaluating the impact of this new standard on the financial statements.

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The ASU decreases the number of net asset classes from three to two, requires both reporting of and an analysis of expenses by function and nature, enhances disclosure of underwater endowments, and requires the presentation of qualitative information on the management of liquid available resources and the risks to liquidity. The ASU is effective for fiscal years beginning after December 15, 2017, with early application permitted. The Association is currently considering the impact of this pronouncement on its financial statements.

**m. Reclassification**

Certain balances in the 2017 consolidated financial statements have been reclassified to conform to the 2018 consolidated financial statement presentation.

**n. 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 May 29, 2019, 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, 2018 and 2017:

	2018	2017 (As Restated)
Unrestricted cash and cash equivalents:		
LSBA	\$ 2,563,655	\$ 2,782,364
Temporarily restricted cash and cash equivalents:		
LSBA Sections	852,268	1,907,144
LCLCE	171,582	144,422
JLAP	287,103	264,627
	<u>1,310,953</u>	<u>2,316,193</u>
Permanently restricted cash and cash equivalents:		
LCLCE	18,653	11,501
Totals	<u>\$ 3,893,261</u>	<u>\$ 5,110,058</u>

**Note 4 — CONCENTRATION OF CREDIT RISK**

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, 2018, the Association had cash and cash equivalents of approximately \$4 million in excess of insured limits.

**Note 5 — INVESTMENTS**

**Exhibit D**  
(Continued)

Investments held as of June 30, 2018 and 2017 are summarized as follows:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
<b>LSBA:</b>				
Unrestricted:				
Common stock	\$ 2,659,538	\$ 4,782,909	\$ 2,609,399	\$ 4,410,409
Corporate bonds	3,384,453	3,297,235	3,075,753	3,044,815
Temporarily restricted:				
Common stock	512,091	507,648	-	-
Corporate bonds	464,583	459,680	-	-
Variable annuity contract	394,914	394,914	383,411	383,411
Total - LSBA	<u>7,415,579</u>	<u>9,442,386</u>	<u>6,068,563</u>	<u>7,838,635</u>
<b>LCLCE:</b>				
Permanently restricted:				
Bank certificate of deposit	13,319	13,319	19,159	19,159
Total - LCLCE	<u>13,319</u>	<u>13,319</u>	<u>19,159</u>	<u>19,159</u>
Totals	<u>\$ 7,428,898</u>	<u>\$ 9,455,705</u>	<u>\$ 6,087,722</u>	<u>\$ 7,857,794</u>

Presented below is a summary of realized and unrealized gains and losses on investments for the years ended June 30, 2018 and 2017:

	2018		Excess of Fair Value Over Cost
	Cost	Fair Value	
Balances as of June 30, 2018	<u>\$ 7,428,898</u>	<u>\$ 9,455,705</u>	\$ 2,026,807
Balances as of June 30, 2017	<u>\$ 6,087,722</u>	<u>\$ 7,857,794</u>	1,770,072
Unrealized gain on investments			256,735
Realized loss for the year			<u>(149,384)</u>
Gain on investments, net			<u>\$ 107,351</u>

	2017		
	Cost	Fair Value	Excess of Fair Value Over Cost
Balances as of June 30, 2017	\$ 6,087,722	\$ 7,857,794	\$ 1,770,072
Balances as of June 30, 2016	<u>\$ 6,081,422</u>	<u>\$ 7,790,795</u>	<u>1,709,373</u>
Unrealized gain on investments			60,699
Realized gain for the year			<u>369,484</u>
Gain on investments, net			<u>\$ 430,183</u>

Interest and dividends earned on investments for the years ended June 30, 2018 and 2017 were \$229,361 and \$219,772, respectively.

**Note 6 — 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 of 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, 2018 and 2017.

▶ *Common stocks.* Valued at the closing price reported on the active market on which the individual securities are traded.

▶ *Corporate 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.

**Note 6 — ASSETS MEASURED AT FAIR VALUE (Continued)**

► *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 carrying amount, which approximates fair value due to the short maturity for the instrument.

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.

The following tables set forth by level within the fair value hierarchy, the Association's assets at fair value as of June 30, 2018 and 2017:

Description	Total Assets Measured At Fair Value	Based on:		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2018				
Investments:				
Common stock:				
Information technology	\$ 1,261,635	\$ 1,261,635	\$ -	\$ -
Health care	927,878	927,878	-	-
Consumer staples	385,327	385,327	-	-
Financials	694,651	694,651	-	-
Energy	424,700	424,700	-	-
Industrials	673,452	673,452	-	-
Consumer discretionary	607,706	607,706	-	-
Materials	194,464	194,464	-	-
Telecommunication	120,744	120,744	-	-
Corporate bonds:				
Credit rating:				
A-	702,203	-	702,203	-
AA-	199,832	-	199,832	-
BBB+	797,976	-	797,976	-
BBB	1,149,513	-	1,149,513	-
BBB-	907,391	-	907,391	-
Variable annuity contract	394,914	-	394,914	-
Certificate of deposit	13,319	13,319	-	-
Totals - investments	9,455,705	5,303,876	4,151,829	-
Money market funds included in cash and cash equivalents				
	1,346,087	1,346,087	-	-
Totals	<u>\$ 10,801,792</u>	<u>\$ 6,649,963</u>	<u>\$ 4,151,829</u>	<u>\$ -</u>

**Note 6 — ASSETS MEASURED AT FAIR VALUE (Continued)**

Description	Total Assets Measured At Fair Value	Based on:		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>June 30, 2017</u>				
Investments:				
Common stock:				
Information technology	\$ 1,008,919	\$ 1,008,919	\$ -	\$ -
Health care	559,014	559,014	-	-
Consumer staples	502,417	502,417	-	-
Financials	591,850	591,850	-	-
Energy	411,755	411,755	-	-
Industrials	586,703	586,703	-	-
Consumer discretionary	485,676	485,676	-	-
Materials	170,289	170,289	-	-
Telecommunication	93,786	93,786	-	-
Corporate bonds:				
Credit rating:				
A-	723,408	-	723,408	-
AA-	203,639	-	203,639	-
BBB+	1,113,535	-	1,113,535	-
BBB	1,004,233	-	1,004,233	-
Variable annuity contract	383,411	-	383,411	-
Certificate of deposit	19,159	19,159	-	-
Totals - investments	7,857,794	4,429,568	3,428,226	-
Money market funds included in cash and cash equivalents	1,212,660	1,212,660	-	-
Totals	<u>\$ 9,070,454</u>	<u>\$ 5,642,228</u>	<u>\$ 3,428,226</u>	<u>\$ -</u>

**Note 7 — 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 8 — PROPERTY AND EQUIPMENT**

Major classes of property and equipment as of June 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
LSBA		
Louisiana Bar Center		
Building	\$ 1,881,646	\$ 1,881,646
Improvements	1,718,818	1,694,770
Furniture and equipment	<u>975,584</u>	<u>975,584</u>
	4,576,048	4,552,000
Less accumulated depreciation	<u>(2,663,205)</u>	<u>(2,482,082)</u>
	<u>1,912,843</u>	<u>2,069,918</u>
LCLCE		
Library	30,133	30,133
Furniture and equipment	<u>2,199</u>	<u>2,199</u>
	32,332	32,332
Less accumulated depreciation	<u>(32,332)</u>	<u>(32,097)</u>
	<u>-</u>	<u>235</u>
JLAP		
Furniture and equipment	32,532	32,532
Less accumulated depreciation	<u>(27,628)</u>	<u>(22,402)</u>
	<u>4,904</u>	<u>10,130</u>
Property and equipment, net	<u><u>\$ 1,917,747</u></u>	<u><u>\$ 2,080,283</u></u>

Depreciation expense for the years ended June 30, 2018 and 2017 totaled \$186,585 and \$197,454, respectively.

**Note 9 — TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following as of June 30, 2018 and 2017:

	2018	2017 (As Restated)
Access to Justice Program - Project Grants	\$ 18,818	\$ 36,802
Legal Malpractice Insurance Trust	1,025,042	1,032,431
Legal Specialization Fund	463,944	468,351
Young Lawyers Section - Grant Fund	47	47
Young Lawyers Section - Bridging the Gap	16,353	16,353
Sections:		
Administrative Law	8,684	9,560
Alternative Dispute Resolution	40,681	53,048
Animal Law	4,631	5,214
Antitrust and Trade Regulation Law	4,340	4,585
Appellate Section	10,388	9,108
Art, Entertainment, and Sports Law Section	4,061	5,798
Bankruptcy Law	20,508	23,123
Bench and Bar	8,010	7,798
Civil Law and Litigation	57,644	60,200
Class Action, Mass Tort, and Complex Litigation Law	7,987	8,138
Consumer Protection Law	7,055	7,435
Corporate and Business Law	81,341	85,774
Criminal Law	6,167	6,165
Environmental Law	3,403	2,865
Family Law	29,683	30,975
Fidelity, Surety, and Construction Law	34,409	34,780
Francophone	7,117	6,417
Government and Public Law	7,920	15,176
Health Law	22,606	21,605
Immigration Law	755	646
Insurance, Tort, Workers' Compensation, and Admiralty Law	9,883	8,361
Intellectual Property	11,704	19,579
International Law	5,636	6,561
Labor and Employment Law	19,302	18,218
Mineral Law	54,927	56,913
Minority Involvement	12,054	11,879
Public Utility	14,795	20,484
Solo and Small Firm	23,141	22,423
Taxation	62,044	62,979
Trusts, Estate, Probate, and Immovable Property Law	111,947	112,495
Total temporarily restricted net assets - LSBA	2,217,027	2,292,286
Temporarily restricted net assets - JLAP	318,655	289,967
Temporarily restricted net assets - LCLCE	153,023	150,186
Total temporarily restricted net assets	<u>\$ 2,688,705</u>	<u>\$ 2,732,439</u>

#### Note 10 — 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, 2018 and 2017 totaled \$51,324 per year.

#### Note 11 — 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, 2018 and 2017 totaled \$288,836 and \$268,718, respectively.

#### Note 12 — CONSOLIDATED AFFILIATE

As discussed in Note 2b, effective June 7, 2010, the Association entered into an agreement with LCLCE which gave it an economic interest in and control of LCLCE. The Association committed to provide annual funding to LCLCE in the amount of \$50,000 annually for an initial term of five years. Thereafter, the agreement automatically renews in one-year increments unless either party elects to terminate the agreement. Net assets of the consolidated affiliate totaling \$184,995 and \$189,242 have been included in the Consolidated Statements of Financial Position as of June 30, 2018 and 2017, respectively.

As discussed in Note 2b, 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 \$318,655 and \$289,967 have been included in the Consolidated Statements of Financial Position as of June 30, 2018 and 2017, respectively.

#### Note 13 — RELATED PARTIES

The Association and the Louisiana Civil Justice Center (LCJC) are separate functioning organizations sharing a common mission. Effective August 2009, the Association's Board of Governors appoints the LCJC Board of Governors. Amounts totaling \$10,000 and \$37,500 were provided by LSBA to LCJC during the years ended June 30, 2018 and 2017, respectively. During the years ended June 30, 2018 and 2017, the LCJC occupied space on the third floor of the Bar Center building rent free. Additionally, during the year ended June 30, 2018, LSBA began processing payroll for LCJC. As of June 30, 2018 payroll funds receivable from LCJC totaled \$65,539.

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. No financial support was provided by the Association to LCAF during the years ended June 30, 2018 and 2017.

#### Note 14 — 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, 2018 and 2017 of approximately \$76,000 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, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the 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 15 — COMMITMENT**

In 2005, the Association entered into 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 2010, this agreement was amended. The amended agreement had a term of five years and now automatically renews until such time either party elects to terminate the agreement. Fees under this agreement totaled \$124,644 for each of the years ended June 30, 2018 and 2017.

**Note 16 — PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2018, it was determined that net assets of the consolidated affiliates, unless permanently restricted, are more properly presented in the consolidated financial statements as temporarily restricted net assets, rather than as unrestricted net assets, since they are restricted for use by those affiliates. A prior period adjustment was made to reclassify net assets of JLAP and LCLCE previously reported as unrestricted and present them as temporarily restricted as of June 30, 2017, as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Net Assets:</b>				
Net assets, as previously reported	\$ 9,793,281	\$ 2,340,364	\$ 30,660	\$ 12,164,305
Reclassification	<u>(392,075)</u>	<u>392,075</u>	<u>-</u>	<u>-</u>
Net assets, as restated	<u>\$ 9,401,206</u>	<u>\$ 2,732,439</u>	<u>\$ 30,660</u>	<u>\$ 12,164,305</u>
<b>Cash and Cash Equivalents:</b>				
Beginning of year, as previously reported	\$ 3,162,835	\$ 1,935,722	\$ 11,501	\$ 5,110,058
Reclassification	<u>(380,471)</u>	<u>380,471</u>	<u>-</u>	<u>-</u>
Beginning of year, as restated	<u>\$ 2,782,364</u>	<u>\$ 2,316,193</u>	<u>\$ 11,501</u>	<u>\$ 5,110,058</u>



**Louisiana**  
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