



# 2010 LOUISIANA STATE BAR ASSOCIATION ANNUAL REPORT



Louisiana  
State Bar  
Association

*Serving the Public. Serving the Profession.*

Supplement to the *Louisiana Bar Journal*

## Building on Current Projects on the Way to a New Strategic Action Plan



By Michael A. Patterson

The timing of this report is a little odd, coming only about two-thirds of the way through my year of service as Louisiana State Bar Association (LSBA) president. Although this report may be incomplete, I will focus on what is going on in our association and what is in the works for the future.

On the day that I received the nomination for the position of president-elect in August 2008, I made this observation: "I am in the great position of following two of the most capable and talented people I know, Beth Foote and Kim Boyle." The truth of that statement was demonstrated by the many wonderful and innovative programs that came to life under their leadership.

One project that began under Beth Foote's leadership was the Lawyer in Transition Committee which was charged with studying the issues of an aging lawyer population. The committee submitted a resolution to the House of Delegates to endorse the requirement that all attorneys must designate another member of the bar in their annual registration statement who will become a caretaker of the attorney's practice in the event the attorney is unable to continue in his practice. This resolution was passed by the House at its Annual Meeting and is now before the Louisiana Supreme Court for action. This requirement will provide much needed protection to clients.

On a related topic, a special committee, Senior Lawyers, was appointed to study the best ways to keep our older lawyers involved and active in the works of our profession. This committee will be presenting recommendations to the House of Delegates in the near future.

At the other end of the spectrum, a special committee was appointed to study the involvement of young lawyers and to make recommendations on how to increase their involvement. A survey of young members was conducted and the findings were given to the committee for its use.

Our Legislation Committee is preparing for another challenging year in representing our association in efforts to obtain adequate funding for legal services for the poor, the Public Defender program and to provide legislators with the LSBA's position on pending legislation. The economic climate of our state makes this effort all the more challenging.

Diversity in our profession continues to be a work in progress. The Diversity Committee continues to provide excellent programs and initiatives to encourage a more diverse profession. The LSBA will continue to lead with the continuation of the Conclave on Diversity in the Legal Profession and the mini conclaves throughout the state.

The Public Access and Consumer Protection Committee has been especially busy with complex issues involving unauthorized practice activities. Because the issue of unauthorized practice is important to our members, the LSBA will continue to be actively involved in protecting the public from those activities.

The Committee on the Profession continues its excellent award-winning programs of professionalism in all the law schools, making sure that we are bringing that message to our future members at a very early stage in their legal careers. The recent approval of law student membership will help the LSBA reinforce the message of service and professionalism brought by the Committee on the Profession.

The Rules of Professional Conduct Committee has had the issue of lawyer advertising on its agenda for several years now. The advertising rules have been in effect for just over a year now and the committee has monitored their application.

A program of meetings with the managing partners of firms in various parts of the state was started by President Kim Boyle and we are continuing this initiative to partner with firm leadership in encouraging bar participation.

In 2008, the Board of Governors adopted a strategic action plan. The goals of that action plan have all been realized. Recently, the LSBA conducted another member survey which will help in the formulation of the next strategic plan. The Board is working on development of this new plan this year. This new plan will be the road map for the actions of the association for the next several years.

Last but not least, the Annual Meeting in 2011 is returning to Las Vegas at the Wynn Resort. The meeting dates will allow our lawyer legislator members to attend. I encourage you to look at the link on the LSBA website for information about the meeting. Go to: [www.lsba.org/AnnualMeeting](http://www.lsba.org/AnnualMeeting).

The work of the LSBA is never complete. In a matter of months, I will pass the gavel to President-Elect Jimmy Davidson and President-Elect-Designee John Musser. I am confident that they will continue the work on behalf of the public and our 21,000+ members. *Serving the Public. Serving the Profession.*



By Alainna R. Mire

## YLS Committees Expanding the Outreach of Programming

The Louisiana State Bar Association (LSBA) Young Lawyers Section (YLS) Council is off to a fantastic start for the 2010-11 bar year, thanks to the YLS committee chairs.

In continuing our goals of providing superb member services and public service to the community, we have expanded the outreach of most of our programming. The **Professional Development Seminar** held at the LSBA's Midyear Meeting once again was a success due to the attendance of 162 young lawyers. The free seminar provides young lawyers with 4 hours of CLE credit, including ethics and professionalism. Seminar Chair Eve Reardon prepared an agenda containing diverse CLE topics of interest to all who attended.

The Law School Division is a new division within the LSBA. The YLS is very excited about the Law School Division as a new undertaking for the council. The YLS formed the **Law School Division** Committee this year to spearhead the membership drive within the law schools. Committee Co-Chairs Justin Chopin and Chris Jones have engaged in presentations at all Louisiana law schools and are actively recruiting members.

**Law School Outreach** Committee Chair Chauntis Jenkins, in addition to preparing for the **Law School Mock Trial Competition** and the **Law School Essay Contest** this spring, hosted the networking event, **ResuMay**, at the Solo and Small Firm Conference in New Orleans. ResuMay's goal is to bring solo or small firm practitioners together with law students interested in small firm or solo practice. It is also timed to fit the hiring schedules of small and solo firms.

**Local Affiliate Outreach** Committee Chair Allison Becknell is preparing for the second annual Local Affiliate Outreach Symposium on March 26 in Lake Charles. The guest speaker is Texas Young Lawyers Association President-Elect Natalie Cobb Koehler. A project that allows the YLS to partner with local affiliates is **Wills for Heroes**. The committee has served first responders in Baton Rouge, Lake Charles and Lafayette this bar year. Co-Chairs T-Claude Devall and Kyle Ferachi are currently planning additional events around the state.

The public service project **Barristers for Boards** is in its third year of implementation and is off to a fantastic start, thanks to Committee Chair Maggie Simar. Through Barristers for Boards, 78 young lawyers have been placed on their chosen non-profit boards throughout the state. The committee is an ingenious, and effective, affiliate member service project that increases young lawyer participation in a variety of charities.

The YLS is also currently soliciting nominations from the LSBA membership for the Michaelle Pitard Wynne Professionalism Award, the Outstanding Young Lawyer Award, the Service to the Public Award, the Service to the Bar Award and the YLS Pro Bono Award. If there are any questions, contact **Awards Committee Chair** Barbara Bell Melton.

The **High School Mock Trial** competition will be held on March 19 at the 24th Judicial District Court in Jefferson Parish. Committee Chair Erin Braud has put together a group of young lawyers to help with the event and, as a new member of the YLS Council, embraced the complexity of chairing such a longstanding committee.

Another committee focused on high school students is the **Cinderella Project**. Committee Chair Franchesca Hamilton-Acker has scheduled the second round of donations for this spring in Lafayette. The YLS has partnered with the Greater Lafayette Chapter of the Louis A. Martinet Legal Society, Inc. The goal of the Cinderella Project is to provide high school students with dresses and accessories for their proms or homecoming, free of charge. Every student should be able to attend a high school formal event without the additional financial stress.

The **Law-Related Education** Committee focuses on educating elementary and high school children about the legal profession. Committee Chair Jennifer Johnson selected a wonderful program on the Separation of Powers, which includes a "pocket" Constitution for the participants.

In addition to public service projects, the YLS four years ago spearheaded the dialogue about diversity within the legal profession by hosting the Diversity Luncheon at the LSBA's Midyear Meeting. Since that time, the LSBA has engaged in a number of diversity conclaves around the state. This year, the YLS is partnering with the LSBA to co-sponsor the fourth annual Conclave on Diversity in the Legal Profession in New Orleans on March 18. **Diversity/Minority Involvement Committee** Co-Chairs Franchesca Hamilton-Acker and Karelia Stewart have been working with the Diversity Committee in planning the event. The committee co-chairs also are involved in dialogue with law students to start the diversity conversation before they become licensed attorneys.

Personally, I would like to thank all 6,043 young lawyers for their dedication to the profession and each other. I am proud to be a Louisiana young lawyer — *Serving the Public. Serving the Profession.*

# LSBA Initiatives Achieve Success Through 2010...and Beyond



By Kim M. Boyle

I am pleased to report that several Louisiana State Bar Association (LSBA) initiatives that were begun, or continued, during my term as president are consistently aiming higher and achieving even more success.

## Member Outreach

One of my primary initiatives was member outreach, mirroring the number one goal under the LSBA Strategic Plan of keeping the LSBA relevant and meaningful to its members. The member outreach tour begun during my tenure as president-elect is continuing throughout the state. Members of the Bar leadership are meeting with bar associations, members and the courts, talking about the LSBA and its mission, and seeking more input and involvement from members statewide. The outreach efforts also include meetings with the leaders of various local and specialty bars throughout the state, as well as with managing partners of law firms in New Orleans, Baton Rouge, Lafayette, Lake Charles, Shreveport and other parts of the state. The LSBA wants members to know the president and officers and to have a strong relationship with their own district representatives.

## Access to Justice

The LSBA is continuing to focus on the work of the Access to Justice Committee. Based on the current economic climate, many more people in Louisiana and nationwide have lost jobs and have had full-time jobs turn into part-time jobs. Individuals who did not previously need or qualify for legal service assistance now need this assistance to address issues such as evictions, custody disputes and family matters. The LSBA is continuing meetings with the state's legal services directors to ensure that the Bar continues to have a meaningful role in the provision of quality civil legal services regardless of income. The committee has been restructured with the specific intent of directly impacting client access for those in our community who need it, consistent with our mission and goals. The committee continuing to promote and support a broad-based justice community through collaborative efforts between the LSBA, the Louisiana Bar Foundation, law schools in Louisiana, private practitioners, local bar associations, pro bono programs and legal aid providers. The committee also will strengthen ties between the private bar, the judiciary and public interest attorneys.

## Diversity Issues

In the past few years, the LSBA has made huge strides to foster more discussion about diversity in the legal profession through our conclaves, our mini-conclaves, our panels and our CLEs. But diversity is an issue that we need to work on every day. The LSBA Diversity Committee continues to do phenomenal work. In 2009, the LSBA Diversity Committee "took the show on the road" and began its first series of mini-diversity conclaves throughout the state, in addition to coordinating the annual conclave in New Orleans every March. The LSBA continues to encourage attorneys, law firms, law programs, government entities and others to sign on to the Board of Governors-approved Statement of Diversity Principles. This Diversity Statement, which dovetails with our overall LSBA Mission Statement, "recognizes that achieving diversity in the legal profession is an evolutionary process that requires the Association's continued effort and commitment." I have no doubt that the LSBA will continue to raise the hard issues concerning diversity in the coming years.

## Legislative Issues

As the next Louisiana legislative session is soon upon us, the LSBA's Legislation Committee will continue to represent our association on important issues that impact the legal profession and the public. In the 2009 Regular Session, the LSBA was a tireless advocate to support funding for the Louisiana Public Defender Board and the Louisiana Legal Services Corporations statewide and to support legislation that provides for the establishment and maintenance of juvenile justice programs and services. The work of the committee will be even more important this year.

I want to reiterate that this is the association of ALL members. We want every single member of the Bar to participate in OUR association to the level they are able, based on individual practice and personal responsibilities. We as members of a truly noble profession and, as members of the LSBA, we have an obligation to be a powerful voice to address issues in our profession and our greater community.

**Bourgeois Bennett**CPAs | Consultants  
A Limited Liability Company**Independent Auditor's Report**To the Board of Governors  
Louisiana State Bar Association  
New Orleans, LA

We have audited the accompanying consolidated statement of financial position of the Louisiana State Bar Association and affiliate as of June 30, 2010, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Louisiana State Bar Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Louisiana State Bar Association's 2009 financial statements (not consolidated), which were audited by other auditors whose report dated November 19, 2009, expressed an unqualified opinion on those statements.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our 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 affiliate as of June 30, 2010, 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.

The statement of activities includes 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 Louisiana State Bar Association's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, Louisiana  
December 13, 2010

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATE**

**Consolidated Statements of Financial Position**

June 30, 2010  
(with comparative totals for June 30, 2009)

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Totals</u>	<u>2009 Totals</u>
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2,157,197	\$ 950,432	\$ -	\$ 3,107,629	\$ 2,352,287
Receivables	39,821	-	-	39,821	120,810
Accrued interest receivable	22,475	-	-	22,475	18,006
Prepaid expenses	55,019	-	-	55,019	24,090
Total current assets	2,274,512	950,432	-	3,224,944	2,515,193
<b>Investments</b>	4,002,067	459,527	13,319	4,474,913	3,773,667
<b>Property and Equipment, net</b>	2,111,083	1,840	-	2,112,923	2,091,681
Totals	<u>\$ 8,387,662</u>	<u>\$ 1,411,799</u>	<u>\$ 13,319</u>	<u>\$ 9,812,780</u>	<u>\$ 8,380,541</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>Current Liabilities</b>					
Unearned revenue	\$ 1,917,696	\$ -	\$ -	\$ 1,917,696	\$ 1,585,626
Accounts payable and accrued expenses	348,770	-	-	348,770	228,533
Total current liabilities	2,266,466	-	-	2,266,466	1,814,159
<b>Net Assets</b>					
Unrestricted	6,121,196	-	-	6,121,196	5,248,999
Temporarily restricted	-	1,411,799	-	1,411,799	1,317,383
Permanently restricted	-	-	13,319	13,319	-
Total net assets	6,121,196	1,411,799	13,319	7,546,314	6,566,382
Totals	<u>\$ 8,387,662</u>	<u>\$ 1,411,799</u>	<u>\$ 13,319</u>	<u>\$ 9,812,780</u>	<u>\$ 8,380,541</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATE**

**Consolidated Statement of Activities**

For the year ended June 30, 2010  
(with comparative totals for the year ended June 30, 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Totals	2009 Totals
<b>Support, Revenue, Gains and Reclassifications</b>					
Membership dues	\$ 3,760,150	\$ 174,393	\$ -	\$ 3,934,543	\$ 3,884,859
Penalties	19,650	4,725	-	24,375	26,775
Seminars, conferences, programs, and luncheons	1,075,494	33,508	-	1,109,002	1,009,509
Lawyer advertising filing fees	250,075	-	-	250,075	47,425
Royalties	334,430	-	-	334,430	340,983
Contributions	-	118,500	-	118,500	120,750
Annual meeting	146,793	-	-	146,793	166,058
Advertising	213,455	-	-	213,455	239,156
Interest	129,260	8,337	-	137,597	161,177
Gain (loss) on investments, net	195,847	-	-	195,847	(711,986)
Rental income	51,324	-	-	51,324	76,318
Disciplinary assessment processing	78,807	-	-	78,807	61,430
Sales of membership labels	14,087	-	-	14,087	23,182
Sales of brochures and books	1,263	-	-	1,263	3,735
Examination, accreditation and reinstatement fees	-	4,600	-	4,600	6,950
Loss on disposal of property and equipment	-	-	-	-	(2,032)
Gain on termination of lease	-	-	-	-	84,340
Miscellaneous income	42,075	35,959	-	78,034	59,731
Net assets released from restrictions	603,291	(603,291)	-	-	-
Reclassifications	(249,639)	249,639	-	-	-
<b>Total support, revenue, gains and reclassifications</b>	<b>6,666,362</b>	<b>26,370</b>	<b>-</b>	<b>6,692,732</b>	<b>5,598,360</b>

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Totals	2009 Totals
<b>Expenses</b>					
For officials, sections, committees, and services:					
Staff compensation and benefits	2,103,967	-	-	2,103,967	1,953,867
Professional programs	182,543	-	-	182,543	155,197
Seminars, conferences, programs, and meetings	580,890	-	-	580,890	538,561
Travel and per diem	282,152	-	-	282,152	307,539
Annual meeting	167,971	-	-	167,971	174,896
Stationery, printing and postage	212,633	-	-	212,633	288,745
Louisiana Bar Journal, Bar Briefs and LSBA.org	177,796	-	-	177,796	205,366
Computer assisted legal program	124,644	-	-	124,644	136,644
Supplies, awards, and gifts	223,496	-	-	223,496	234,622
Miscellaneous	-	-	-	-	77,848
Contributions	30,000	-	-	30,000	5,000
Telephone	29,351	-	-	29,351	26,112
Bar admission ceremonies	756	-	-	756	933
Administering exams	-	-	-	-	452
<b>Total officials, sections, committees, and services</b>	<b>4,116,199</b>	<b>-</b>	<b>-</b>	<b>4,116,199</b>	<b>4,105,782</b>
General expense:					
Staff compensation and benefits	786,959	-	-	786,959	734,847
Professional services	198,249	-	-	198,249	189,128
Insurance	60,373	-	-	60,373	72,407
Equipment and computer rental and maintenance	113,986	-	-	113,986	133,279
Office supplies	50,495	-	-	50,495	50,272
Stationery, printing and postage	9,494	-	-	9,494	8,059
Property management	188,028	-	-	188,028	221,513
Telephone	51,636	-	-	51,636	50,718
Travel and per diem and meetings	30,693	-	-	30,693	24,514
Depreciation	159,814	-	-	159,814	158,408
In-kind rent contribution	-	-	-	-	12,284
Business income and proxy taxes	12,950	-	-	12,950	13,305
Royalties	-	-	-	-	137
Lobbying	36,093	-	-	36,093	36,000
Miscellaneous	51,363	-	-	51,363	11,945
<b>Total general expense</b>	<b>1,750,133</b>	<b>-</b>	<b>-</b>	<b>1,750,133</b>	<b>1,716,816</b>
<b>Total expense</b>	<b>5,866,332</b>	<b>-</b>	<b>-</b>	<b>5,866,332</b>	<b>5,822,598</b>
<b>Change in Net Assets</b>	<b>800,030</b>	<b>26,370</b>	<b>-</b>	<b>826,400</b>	<b>(224,238)</b>
<b>Net Assets</b>					
Beginning of year	5,248,999	1,317,383	-	6,566,382	6,790,620
Beginning net assets of consolidated affiliate	72,167	68,046	13,319	153,532	-
<b>End of year</b>	<b>\$ 6,121,196</b>	<b>\$ 1,411,799</b>	<b>\$ 13,319</b>	<b>\$ 7,546,314</b>	<b>\$ 6,566,382</b>

See accompanying notes to consolidated financial statements.



**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATE**

**Consolidated Statements of Cash Flows**

For the year ended June 30, 2010  
(with comparative totals for the year ended June 30, 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Totals	2009 Totals
<b>Cash Flows From Operating Activities</b>					
Change in net assets	\$ 800,030	\$ 26,370	\$ -	\$ 826,400	\$ (224,238)
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	159,814	-	-	159,814	158,408
Loss (gain) on investments	(195,847)	-	-	(195,847)	707,510
Loss on disposal of property and equipment	-	-	-	-	2,032
Decrease (increase) in receivables	80,989	-	-	80,989	(94,171)
Increase in accrued interest	(4,469)	-	-	(4,469)	-
Decrease (increase) in prepaid expenses	(30,929)	-	-	(30,929)	21,115
Increase in unearned revenue	332,070	-	-	332,070	179,791
Decrease in deferred rent	-	-	-	-	(142,049)
Increase in accounts payable and accrued expenses	120,237	-	-	120,237	14,462
Net cash provided by operating activities	1,261,895	26,370	-	1,288,265	622,860
<b>Cash Flows From Investing Activities</b>					
Purchase of investments	(2,585,380)	(7,421)	-	(2,592,801)	(1,621,516)
Proceeds from sale of investments	2,100,717	-	-	2,100,717	1,331,138
Purchases of property and equipment	(178,550)	(1,837)	-	(180,387)	(94,506)
Net cash used in investing activities	(663,213)	(9,258)	-	(672,471)	(384,884)
<b>Net Increase In Cash and Cash Equivalents</b>	598,682	17,112	-	615,794	237,976
<b>Cash and Cash Equivalents</b>					
Beginning of year	1,487,013	865,274	-	2,352,287	2,114,311
Beginning cash of consolidated affiliate	71,502	68,046	-	139,548	-
End of year	\$ 2,157,197	\$ 950,432	\$ -	\$ 3,107,629	\$ 2,352,287
<b>Supplemental Disclosure of Non-cash Investing Activities</b>					
Rental income	\$ -	\$ -	\$ -	\$ -	\$ 24,993
Lease buyout	-	-	-	-	45,000
Gain on termination of lease	-	-	-	-	84,340
In-kind contribution	-	-	-	-	(12,284)
Reduction in deferred rent liability	\$ -	\$ -	\$ -	\$ -	\$ 142,049

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATE**

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

**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 and, accordingly, reflect all significant receivables, payables, and other liabilities.

**b) Consolidation Policy**

The consolidated financial statements as of and for the year ended June 30, 2010 include the accounts of the Association and Louisiana Center for Law and Civic Education, Inc. ("LCLCE"). 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. LCLCE is consolidated due to the Association having both an economic interest in LCLCE and control of LCLCE through a majority voting interest in its governing board. All material intra-entity transactions have been eliminated.

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

**c) Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Association maintains its accounting records using separate funds to account for specific assets, liabilities, and transactions as follows:

**Unrestricted Net Assets** - The Association receives membership dues and other revenues and expends funds for its general operation. This fund accounts for all activities other than those specifically authorized to be conducted from the various temporarily restricted funds.

**Temporarily Restricted Net Assets** - 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 Trust; Legal Specialization; Young Lawyers Section - Grant Fund; Young Lawyers Section - Bridging the Gap; and each of the other Section accounts created by the House of Delegates.

**Permanently Restricted Net Assets** - Permanently restricted net assets are those with stipulations that they be maintained indefinitely. The Association does not have any permanently restricted net assets. LCLCE has a permanently restricted endowment.

**d) Comparative Financial Information**

The statement of activities includes 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 financial statements for the year ended June 30, 2009, from which the summarized information was derived.

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

**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 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 statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted. Investment income and realized gains and losses from the investment accounts referred to as the Core Investments/Reserves and Operating are unrestricted. Investment income on the Legal Malpractice Insurance Trust and Legal Specialization Fund is temporarily restricted.

**h) Property and Equipment**

The Association records all property and equipment acquisitions at cost. Depreciation is determined using the straight-line method and is intended to allocate the cost of the assets over their estimated useful lives. 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**j) Donated 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 financial statements since the volunteers' time does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

**k) Reclassifications**

Certain reclassifications were made to the 2009 financial statement presentation in order to conform to the 2010 financial statement presentation.

**l) New Accounting Pronouncements**

In June 2009, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 168, *The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles*. SFAS No. 168, which is incorporated into FASB ASC 105, *Generally Accepted Accounting Principles*, established the FASB ASC, as the sole source of authoritative generally accepted accounting principles ("GAAP"). Pursuant to the provisions of FASB ASC 105, the Association has updated references to GAAP in its financial statements issued for the years ended June 30, 2010 and 2009.

FASB ASC 740-10 provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The July 1, 2009 adoption of the requirements of this standard related to uncertain tax positions did not have a material effect on the Association's net assets, changes in net assets, or cash flows.

**m) Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 13, 2010, which is the date that the 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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Unrestricted cash and cash equivalents:		
LSBA	\$ 2,085,695	\$ 1,487,013
LCLCE	71,502	-
	<u>2,157,197</u>	<u>1,487,013</u>
Temporarily restricted cash and cash equivalents:		
LSBA Sections	882,386	865,274
LCLCE	68,046	-
	<u>950,432</u>	<u>865,274</u>
Totals	<u>\$ 3,107,629</u>	<u>\$ 2,352,287</u>

**Note 4 - CONCENTRATION OF CREDIT RISK**

The Association periodically maintains cash 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.

Note 5 - INVESTMENTS

Investments held as of June 30, 2010 and 2009 are summarized as follows:

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
LSBA:				
Unrestricted:				
Common stock	\$ 2,511,183	\$ 2,287,501	\$ 2,534,722	\$ 2,067,470
Corporate debt	1,667,923	1,714,566	1,009,059	1,025,272
Federal mortgage obligations	-	-	229,443	228,816
Temporarily restricted:				
Certificates of deposit	271,863	271,863	270,000	270,000
Variable annuity contract	187,664	187,664	182,109	182,109
Total - LSBA	4,638,633	4,461,594	4,225,333	3,773,667
LCLCE:				
Permanently restricted:				
Certificate of deposit	13,319	13,319	-	-
Totals	\$ 4,651,952	\$ 4,474,913	\$ 4,225,333	\$ 3,773,667

**Note 5 - INVESTMENTS (Continued)**

Presented below is a summary of realized and unrealized gains and losses on investments for the years ended June 30, 2010 and 2009.

	June 30, 2010		Excess of Fair Value Over Cost (Cost Over Fair Value)
	Cost	Fair Value	
Balances at June 30, 2010	<u>\$ 4,651,952</u>	<u>\$ 4,474,913</u>	\$ (177,039)
Balances at June 30, 2009	<u>\$ 4,225,333</u>	<u>\$ 3,773,667</u>	(451,666)
Unrealized gain on investments			274,627
Realized loss for the year			<u>(78,780)</u>
Gain on investments, net			<u>\$ 195,847</u>
	June 30, 2009		Excess of Fair Value Over Cost (Cost Over Fair Value)
	Cost	Fair Value	
Balances at June 30, 2009	<u>\$ 4,225,333</u>	<u>\$ 3,773,667</u>	\$ (451,666)
Balances at June 30, 2008	<u>\$ 4,090,259</u>	<u>\$ 4,190,798</u>	100,539
Unrealized loss on investments			(552,205)
Realized loss for the year			<u>(159,781)</u>
Loss on investments, net			<u>\$ (711,986)</u>

Interest earned on investments for the year ended June 30, 2010 of \$137,597 is presented net of investment expense of \$16,792.



## Note 6 - ASSETS MEASURED AT FAIR VALUE

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments. FASB ASC 820 establishes a fair value hierarchy which has three levels based on the reliability of the inputs used to determine fair value. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets and liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

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 at June 30, 2010 and June 30, 2009.

- *Common stocks.* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Certificates of deposits.* Valued based on amounts reported by Interactive Data Corporation which uses modeling techniques which integrate observed transactions data, credit quality, perceived market movements, and other relevant information.
- *Corporate bonds and convertible notes.* Valued based on amounts reported by Thomson Reuters which uses modeling techniques which integrate observed transactions data, credit quality, perceived market movements, and other relevant information.
- *Variable annuity contract.* Valued at cash redemption value as reported to the Association by MassMutual Financial Group.

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

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

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, 2010 and 2009:

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, 2010</u>				
Common stock:				
Industrials	\$ 391,930	\$ 391,930	\$ -	\$ -
Information technology	368,010	368,010	-	-
Health care	346,748	346,748	-	-
Consumer staples	319,088	319,088	-	-
Financials	235,841	235,841	-	-
Energy	231,711	231,711	-	-
Materials	208,243	208,243	-	-
Consumer discretionary	127,088	127,088	-	-
Telecommunication	58,842	58,842	-	-
Corporate bonds:				
Credit rating:				
AA+	101,201	-	101,201	-
AA	203,668	-	203,668	-
AA-	100,944	-	100,944	-
A	686,304	-	686,304	-
A-	212,449	-	212,449	-
BBB+	105,585	-	105,585	-
BBB	105,211	-	105,211	-
Convertible notes:				
AA-	199,204	-	199,204	-
Certificates of deposit	285,182	-	285,182	-
Variable annuity contract	187,664	-	187,664	-
Totals	<u>\$ 4,474,913</u>	<u>\$ 2,287,501</u>	<u>\$ 2,187,412</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, 2009</u>				
Common stock	\$ 2,067,470	\$ 2,067,470	\$ -	\$ -
Corporate bonds	1,025,272	-	1,025,272	-
Certificates of deposit	270,000	-	270,000	-
Federal mortgage obligations	228,816	-	228,816	-
Variable annuity contract	182,109	-	182,109	-
Totals	<u>\$ 3,773,667</u>	<u>\$ 2,067,470</u>	<u>\$ 1,706,197</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 financial statements.

**Note 8 - PROPERTY AND EQUIPMENT**

Major classes of property and equipment as of June 30, 2010 and 2009 are summarized as follows:

	<u>2010</u>	<u>2009</u>
LSBA		
Louisiana Bar Center		
Building	\$ 1,881,646	\$ 1,881,646
Improvements	393,286	230,636
Furniture and equipment	<u>1,013,208</u>	<u>1,075,966</u>
	3,288,140	3,188,248
Less accumulated depreciation	<u>(1,175,882)</u>	<u>(1,096,567)</u>
	<u>2,112,258</u>	<u>\$ 2,091,681</u>
LCLCE		
Library	30,133	
Furniture and equipment	<u>4,170</u>	
	34,303	
Less accumulated depreciation	<u>(33,638)</u>	
	<u>665</u>	
Property and equipment, net	<u>\$ 2,112,923</u>	

Depreciation expense for the years ended June 30, 2010 and 2009 totaled \$159,814 and \$158,408, respectively.

**Note 9 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following as of June 30, 2010 and 2009:

**Exhibit D  
(Continued)**

**Note 9 - TEMPORARILY RESTRICTED NET ASSETS (Continued)**

	2010	2009
Access to Justice Program - Project Grants	\$ 15,625	\$ 15,625
Legal Malpractice Insurance Trust	313,158	309,109
Legal Specialization Fund	254,472	241,970
Young Lawyers Section - Grant Fund	682	638
Young Lawyers Section - Bridging the Gap	16,925	17,040
Sections:		
Administrative Law	6,120	5,525
Alternative Dispute Resolution	31,885	35,654
Animal Law	1,273	1,265
Antitrust and Trade Regulation Law	9,907	9,519
Appellate	4,514	3,429
Art, Entertainment and Sports Law Section	801	380
Bankruptcy Law	9,135	16,313
Bench and Bar	7,694	6,976
Bill of Rights	2,812	2,677
Civil Law and Litigation	77,280	72,884
Class Action, Mass Tort and Complex Litigation Law	4,951	2,412
Consumer Protection Law	7,095	6,800
Corporate and Business Law	104,475	102,507
Criminal Law	8,952	8,057
Environmental Law	22,423	23,636
Family Law	45,465	43,747
Fidelity, Surety, and Construction Law	30,052	28,369
Francophone	6,577	727
Government and Public Law	52,341	54,443
Health Law	27,175	25,605
Insurance, Tort, Workers' Compensation and Admiralty Law	22,083	27,835
Intellectual Property	20,920	19,328
International Law	8,049	7,524
Labor and Employment Law	13,477	14,481
Mineral Law	51,771	50,473
Minority Involvement	2,016	6,192
Public Utility	23,013	21,376
Solo and Small Firm	4,441	3,695
Taxation	43,986	41,687
Trusts, Estate, Probate and Immovable Property Law	92,208	89,485
Total temporarily restricted net assets - LSBA	1,343,753	1,317,383
Temporarily restricted net assets - LCLCE	68,046	-
Total temporarily restricted net assets	\$ 1,411,799	\$ 1,317,383

**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 three year lease. Future minimum rentals to be received under the lease as of December 31, 2010 are as follows:

2011	\$ 51,324
2012	<u>51,324</u>
Total	<u>\$ 102,648</u>

**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, 2010 and 2009, totaled \$145,801 and \$125,609, 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 has committed to provide annual funding to LCLCE in the amount of \$50,000 annually for an initial term of five years. Thereafter, the agreement will automatically renew in one-year increments unless either party elects to terminate the agreement. Net assets of the consolidated affiliate totaling \$153,532 have been included in the consolidated statement of financial position as of June 30, 2010.

**Note 13 - RELATED PARTY**

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. There are no monetary transactions between the Association and LCJC. Currently, the LCJC occupies space on the third floor of the Bar Center building rent free. A formal agreement had not been finalized as of June 30, 2010.

**Note 14 - INCOME TAXES**

The Association is exempt from 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. Net operating profits from unrelated business income, if any, are subject to federal income tax. The Association had no taxable unrelated business income for the year ended June 30, 2010. Returns filed with the Internal Revenue Service for tax years ended June 30, 2007 and later remain subject to examination by the taxing authorities.

**Note 15 - COMMITMENTS**

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 has a term of five years that automatically renews until the time that either party elects to terminate the agreement. The Association pays an annual fee of \$144,000 under this agreement.

In June 2010, the Association committed to a HVAC replacement project. The project is expected to cost approximately \$1,000,000.



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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)