



2011 LOUISIANA STATE BAR ASSOCIATION ANNUAL REPORT



Louisiana
State Bar
Association

Serving the Public. Serving the Profession.

Supplement to the *Louisiana Bar Journal*



By James J. Davidson III

Strategic Plan Guiding Bar's Efforts: Now and Into the Future

In June, I will turn over the responsibilities of the Louisiana State Bar Association (LSBA) presidency to John H. Musser IV. I, therefore, would like to take this opportunity to give our membership a current status of the programs and projects initiated and/or continued during my term as LSBA president.

At the outset of my tenure as president, I related that I felt INTEGRITY was the key to developing the strategy which would produce a permanent atmosphere of trust and respect for those in our profession. I believe that this report will reflect that there are strong efforts being pursued which will regain the respect desired for our profession.

On Aug. 27, 2011, after many months of work, the LSBA's Board of Governors adopted a new set of goals and enacted a new Strategic Plan to assist, protect and enhance our profession and its individual members in our most complex and intricate world.

Since adoption of this plan, strides have been made to fulfill those goals, including:

1) Efforts to ensure high standards of competency and technical skills of practicing attorneys have resulted in the following:

▶ Continuing legal education programs are continuously being upgraded and increased in number to accomplish the tasks of allowing our attorneys to maintain their competency and increase the technical skills necessary to effectively handle their practice areas.

▶ We have met with the Chief Justice of the Louisiana Supreme Court and have held one meeting, with more meetings scheduled, with the Louisiana Supreme Court, the deans of the law schools and the LSBA's Executive Committee to discuss law school curriculum changes so graduate law students will have received practical knowledge of how to practice law when they graduate.

▶ Changes also have been implemented in the Louisiana bar exam. The Supreme Court established a committee and, with assistance from experts, developed certain proposals. Those proposals were evaluated by the LSBA's committee established to study bar exam issues. That committee and its experts completed a study as well. Thereafter, joint discussions and deliberations were held between the two committees and, with input from the law schools, changes were made to the bar exam. The short-term changes are now in effect, and all parties seem to be comfortable with the changes. It should be pointed out that the changes maintain a strong emphasis on civil law courses.

2) In order to ensure the highest ethical conduct by lawyers, the following programs and projects are being implemented:

▶ Law school programs are being increased in the areas of ethics and professionalism. Character and fitness programs also are being

conducted in all of the law schools; these programs are organized by our association. The issues related to the character and fitness (ethics and professionalism) expected of lawyers are seriously discussed by representatives of the LSBA, the Committee on Bar Admissions, the Office of Disciplinary Counsel and the Lawyers Assistance Program.

▶ New admittee receptions are being held statewide to encourage exemplary conduct by the admittees and welcome them to the profession. This allows interaction with local bar members and judges at the outset of a young attorney's practice.

▶ Bar leader luncheons also are being held statewide to update local bar associations regarding the benefits available to them through the LSBA, and input is requested from those individuals and organizations to ensure proper conduct of lawyers.

3) Expansion of Access to Justice:

▶ Although budget cuts have limited this program to some extent, it is one of our most active programs and is one that is continuing to move forward to fulfill its necessary purpose of taking care of those who need legal assistance. The Pro Bono Programs are extremely active and growing. Louisiana lawyers provided nearly 130,000 hours of pro bono legal services last year.

▶ Due to a dire need for indigent defense in Orleans Parish and because of recent funding issues in the Orleans Public Defenders Office, a group of 17 New Orleans firms (organized by LSBA Treasurer Mark A. Cunningham) arranged for approximately 100 indigent defendant criminal cases to be handled pro bono. What a wonderful example of how our profession protects the public!

4) Expanding the Scope of Diversity:

▶ The LSBA is ever active in working to achieve a dialogue between its members to allow an understanding that will create cohesion among all bar members.

▶ In addition to local endeavors, an annual statewide Diversity Conclave was held in March in New Orleans. This is a focused meeting to create a dialogue which will hopefully reach a pinnacle of understanding among all members of the bar, irrespective of race or creed. It was extremely well attended and successful.

5) Mentoring Program, Attorneys in Transition, Senior and Young Lawyers Divisions, Legislation Committee:

▶ A Mentoring Program for new lawyers has been put in draft form and has been submitted to the Supreme Court for review and further action. Hopefully, this will move forward so it can be submitted to the House of Delegates in short order.

▶ Attempts are being made to create a program for lawyers who have solo practices, in the event those practices need to be

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By Shayna L. Sonnier

YOUNG LAWYERS DIVISION CHAIR'S REPORT

Improving and Growing YLD Programming to Benefit the Bar and Community

The Louisiana State Bar Association (LSBA) Young Lawyers Division (YLD) Council is constantly striving to further improve and grow our programming so it continues to benefit our bar and our community.

The **Professional Development Seminar** is one example of how we have expanded our programming. Previously, the seminar was only offered at the LSBA's Midyear Meeting in New Orleans; however, this year we are heading north to Shreveport where we will host another seminar on May 11. The free seminar provides young lawyers with 4 hours of CLE credit, including ethics and professionalism. Seminar Chair Jerry Edwards prepared an agenda containing diverse CLE topics of interest to all who attended.

The Law School Membership began last year and has continued to grow. The members of LSM pay a \$40 annual fee and receive access to Fastcase, the *Louisiana Bar Journal*, the Louisiana Bar Today biweekly emailed newsletter and a variety of other services. This committee is co-chaired by Justin Chopin and Allison Becknell.

Law School Outreach Committee Chair Chauntis Jenkins, in addition to preparing for the **Law School Mock Trial Competition**, 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 also is timed to fit the hiring schedules of small and solo firms.

Local Affiliate Outreach Committee Chair Steven Ramos is preparing for the third annual Local Affiliate Outreach Symposium on April 28 in Lafayette. The guest speaker is Monte Mollere with the LSBA's Access to Justice Department. A project that allows the YLD to partner with local affiliates is **Wills for Heroes**. The committee has served first responders in Lake Charles, Lafayette and New Orleans this bar year. Co-Chairs Derrick Earles and Kyle Ferachi are currently planning additional events around the state.

The public service project **Barristers for Boards** is in its

fourth year of implementation. Through Barristers for Boards, 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 committee chair is Eve Sarco Reardon.

The YLD also is currently combing through nominations from the LSBA membership for the Hon. Michaelle Pitard Wynne Professionalism Award, the Outstanding Young Lawyer Award, the Service to the Public Award, the Service to the Bar Award and the YLD Pro Bono Award. If there are any questions, contact **Awards Committee Chair Claude Devall**.

The **High School Mock Trial Competition** was held on March 17 at the 14th Judicial District Court in Calcasieu Parish. Committee Chairs Laura Hart Bryan and Erin Braud put together a group of young lawyers to help with the project and had a very successful event.

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 YLD 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 YLD partnered with the LSBA to co-sponsor the fifth annual Conclave on Diversity in the Legal Profession in New Orleans on March 2. **Diversity/Minority Involvement** Committee Chair Tamara Rahim worked with the Diversity Committee in planning the event.

I am proud to serve with such a wonderful and dedicated group of individuals, and I truly believe that it takes all Louisiana young lawyers, not just council members, to implement these programs for the betterment of bar and our community.



By Michael A. Patterson

Strategic Plan Set to Move Us into the Future

I am delighted to report that many of the activities that we worked on during my year as Louisiana State Bar Association president are now coming to fruition.

Senior Lawyers Division

A special committee chaired by Richard K. Leefe presented a resolution to the House of Delegates to start a Senior Lawyers Division. The House of Delegates approved the creation of the Division, and the membership subsequently approved its creation in the last election cycle. This Division will hopefully tap into the resources of those lawyers over 65, with years of experience who still want to stay active in a meaningful way.

Mentoring Program

Barry H. Grodsky's tireless efforts to develop a mentoring program are about to bear fruit. The plan is for two pilot programs — one in the New Orleans area and a second in Baton Rouge. These will be implemented in the very near future and, hopefully, will provide the template for a statewide program for all new lawyers. I fully expect the Senior Lawyers Division to be in the forefront of this mentoring effort, and I see that as a great opportunity for both groups to learn from each other.

Legislative Issues

Our association continues to struggle to find the correct balance of legislative efforts. Over the course of the past several months, a special committee chaired by President-Elect John H. Musser IV has been studying ways to improve our legislative process and to be more effective and less controversial in our efforts with the Legislature. I believe that the changes that will be implemented for this legislative year will be positive and allow our lobbyist and our officers to be more effective in their interaction with the Legislature.

Access to Justice

The current climate that we face in both the state and national legislative bodies has caused legal services to be in a crisis situation. Public defenders' offices throughout the state are underfunded and incapable of providing the representation mandated by the Constitution. Legal Service Corporations budgets have been cut by Congress yet again, causing additional strains on those organizations to provide adequate legal representation to those in need. It is critical that we lawyers step up our dedication to pro bono to help fill those gaps in these challenging economic times. The pro se programs will help with this effort.

Diversity

The issue of diversity in our profession continues to be important. The Diversity Committee's excellent programs provide an appropriate forum for open and candid discussions about these issues. We have come a long way but we are not there yet.

Committee on the Profession

The Committee on the Profession continues its excellent programming in the law schools, bringing the message of professionalism to law students from their first day.

Strategic Plan

As one of the last acts of my presidency, a new Strategic Plan was implemented. The current board is working hard to implement the goals of that plan.

As I have said before, the work of our association is never done. It is truly a work in progress with one's efforts being passed along to those who follow to continue the work. *Serving the Public. Serving the Profession.*

I N D E P E N D E N T A U D I T O R ' S R E P O R T



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, 2011, 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 financial statements as of and for the year ended June 30, 2010 and in our report dated December 13, 2010, we expressed an unqualified opinion on those financial 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, 2011, 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.

Bourgeois Bennett, LLC.

New Orleans, Louisiana
February 13, 2012

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATE**

Consolidated Statement of Financial Position

June 30, 2011
(with comparative totals for June 30, 2010)

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
Current Assets					
Cash and cash equivalents	\$ 889,813	\$ 1,019,381	\$ -	\$ 1,909,194	\$ 3,107,629
Receivables	37,589	17,776	-	55,365	39,821
Accrued interest receivable	31,212	203	-	31,415	22,475
Prepaid expenses	54,585	-	-	54,585	55,019
Total current assets	1,013,199	1,037,360	-	2,050,559	3,224,944
Investments	5,279,576	373,294	13,320	5,666,190	4,474,913
Property and Equipment, net	2,937,513	1,840	-	2,939,353	2,112,923
Totals	<u>\$ 9,230,288</u>	<u>\$ 1,412,494</u>	<u>\$ 13,320</u>	<u>\$ 10,656,102</u>	<u>\$ 9,812,780</u>
 <u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities					
Unearned revenue	\$ 1,906,473	\$ -	\$ -	\$ 1,906,473	\$ 1,917,696
Accounts payable and accrued expenses	363,692	-	-	363,692	348,770
Total current liabilities	2,270,165	-	-	2,270,165	2,266,466
Net Assets					
Unrestricted	6,960,123	-	-	6,960,123	6,121,195
Temporarily restricted	-	1,412,494	-	1,412,494	1,411,799
Permanently restricted	-	-	13,320	13,320	13,320
Total net assets	6,960,123	1,412,494	13,320	8,385,937	7,546,314
Totals	<u>\$ 9,230,288</u>	<u>\$ 1,412,494</u>	<u>\$ 13,320</u>	<u>\$ 10,656,102</u>	<u>\$ 9,812,780</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATE**

Consolidated Statement of Activities

For the year ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
Support, Revenue, Gains and Reclassifications					
Membership dues	\$ 3,797,391	\$ 183,484	\$ -	\$ 3,980,875	\$ 3,934,543
Seminars, conferences, programs, and luncheons	1,143,630	40,522	-	1,184,152	1,109,002
Royalties	319,946	-	-	319,946	334,430
Contributions and grants	119,871	131,840	-	251,711	118,500
Advertising	208,617	-	-	208,617	213,455
Annual meeting	203,853	-	-	203,853	146,793
Lawyer advertising filing fees	191,275	-	-	191,275	250,075
Disciplinary assessment processing	87,859	-	-	87,859	78,807
Gain (loss) on investments, net	625,679	(3)	-	625,676	195,847
Interest	136,333	7,908	-	144,241	137,597
Rental income	51,324	-	-	51,324	51,324
Sales of membership labels	27,392	-	-	27,392	14,087
Penalties	15,850	3,525	-	19,375	24,375
Sales of brochures and books	973	-	-	973	1,263
Examination, accreditation and reinstatement fees	-	4,000	-	4,000	4,600
Miscellaneous income	37,725	10,167	-	47,892	78,034
Net assets released from restrictions	633,355	(633,355)	-	-	-
Reclassifications	(252,607)	252,607	-	-	-
Total support, revenue, gains and reclassifications	<u>7,348,466</u>	<u>695</u>	<u>-</u>	<u>7,349,161</u>	<u>6,692,732</u>

**Exhibit B
(Continued)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
Expenses					
For officials, sections, committees, and services:					
Staff compensation and benefits	2,298,613	-	-	2,298,613	2,103,967
Professional programs	196,720	-	-	196,720	182,543
Seminars, conferences, programs, and meetings	660,626	-	-	660,626	580,890
Travel and per diem	295,539	-	-	295,539	282,152
Annual meeting	425,456	-	-	425,456	167,971
Stationery, printing and postage	236,307	-	-	236,307	212,633
Louisiana Bar Journal, Bar Briefs and LSBA.org	156,224	-	-	156,224	177,796
Computer assisted legal program	126,612	-	-	126,612	124,644
Supplies, awards, and gifts	222,946	-	-	222,946	223,496
Miscellaneous	18,834	-	-	18,834	-
Contributions	25,455	-	-	25,455	30,000
Telephone	26,438	-	-	26,438	29,351
Bar admission ceremonies	630	-	-	630	756
	<u>4,690,400</u>	<u>-</u>	<u>-</u>	<u>4,690,400</u>	<u>4,116,199</u>
Total officials, sections, committees, and services					
General expense:					
Staff compensation and benefits	869,319	-	-	869,319	786,959
Professional services	91,927	-	-	91,927	198,249
Insurance	56,436	-	-	56,436	60,373
Equipment and computer rental and maintenance	168,714	-	-	168,714	113,986
Office supplies	54,440	-	-	54,440	50,495
Stationery, printing and postage	4,436	-	-	4,436	9,494
Property management	185,922	-	-	185,922	188,028
Telephone	53,344	-	-	53,344	51,636
Travel and per diem and meetings	31,869	-	-	31,869	30,693
Depreciation	229,459	-	-	229,459	159,814
Business income and proxy taxes	19,275	-	-	19,275	12,950
Lobbying	36,000	-	-	36,000	36,093
Miscellaneous	17,997	-	-	17,997	51,363
	<u>1,819,138</u>	<u>-</u>	<u>-</u>	<u>1,819,138</u>	<u>1,750,133</u>
Total general expense					
Total expense	<u>6,509,538</u>	<u>-</u>	<u>-</u>	<u>6,509,538</u>	<u>5,866,332</u>
Change in Net Assets	838,928	695	-	839,623	826,400
Net Assets					
Beginning of year	6,121,195	1,411,799	13,320	7,546,314	6,566,382
Beginning net assets of consolidated affiliate	-	-	-	-	153,532
End of year	<u>\$ 6,960,123</u>	<u>\$ 1,412,494</u>	<u>\$ 13,320</u>	<u>\$ 8,385,937</u>	<u>\$ 7,546,314</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATE**

Consolidated Statement of Cash Flows

For the year ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Totals	2010 Totals
Cash Flows From Operating Activities					
Change in net assets	\$ 838,928	\$ 695	\$ -	\$ 839,623	\$ 826,400
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	229,459	-	-	229,459	159,814
Loss (gain) on investments	(625,679)	3	-	(625,676)	(195,847)
Decrease (increase) in receivables	2,232	(17,776)	-	(15,544)	80,989
Increase in accrued interest	(8,737)	(203)	-	(8,940)	(4,469)
Decrease (increase) in prepaid expenses	434	-	-	434	(30,929)
Increase (decrease) in unearned revenue	(11,223)	-	-	(11,223)	332,070
Increase in accounts payable and accrued expenses	14,922	-	-	14,922	120,237
Net cash provided by (used in) operating activities	440,336	(17,281)	-	423,055	1,288,265
Cash Flows From Investing Activities					
Purchase of investments	(2,535,166)	(185,633)	-	(2,720,799)	(2,592,801)
Proceeds from sale of investments	1,883,335	271,863	-	2,155,198	2,100,717
Purchases of property and equipment	(1,055,889)	-	-	(1,055,889)	(180,387)
Net cash provided by (used in) investing activities	(1,707,720)	86,230	-	(1,621,490)	(672,471)
Net Increase (Decrease) In Cash and Cash Equivalents	(1,267,384)	68,949	-	(1,198,435)	615,794
Cash and Cash Equivalents					
Beginning of year	2,157,197	950,432	-	3,107,629	2,352,287
Beginning cash of consolidated affiliate	-	-	-	-	139,548
End of year	\$ 889,813	\$ 1,019,381	\$ -	\$ 1,909,194	\$ 3,107,629

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATE****Notes to Consolidated Financial Statements**

June 30, 2011

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 years ended June 30, 2011 and 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. LCLCE receives contributions and grants which may be restricted as to time or use.

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, 2010, 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 2010 financial statement presentation in order to conform to the 2011 financial statement presentation.

l) New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, (ASU 2010-06). ASU 2010-06 clarifies certain existing fair value disclosures and requires entities to disclose additional information regarding the amounts of and reasons for significant transfers between levels of the fair value hierarchy effective for reporting periods beginning after December 15, 2009. Effective for fiscal years beginning after December 15, 2010, it will also require entities to present information regarding changes in Level 3 assets and liabilities on a gross basis. Since ASU 2010-06 affects only fair value measurement disclosures, its adoption by the Association has no 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 February 13, 2012, 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, 2011 and 2010:

	2011	2010
Unrestricted cash and cash equivalents:		
LSBA	\$ 813,345	\$ 2,085,695
LCLCE	76,468	71,502
	889,813	2,157,197
Temporarily restricted cash and cash equivalents:		
LSBA Sections	1,001,947	882,386
LCLCE	17,434	68,046
	1,019,381	950,432
Totals	\$ 1,909,194	\$ 3,107,629

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. As of June 30, 2011, the Association had cash of approximately \$1.2 million in excess of insured limits.

Note 5 - INVESTMENTS

Investments held as of June 30, 2011 and 2010 are summarized as follows:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
LSBA:				
Unrestricted:				
Common stock	\$ 2,396,939	\$ 2,841,832	\$ 2,511,183	\$ 2,287,501
Corporate debt	2,093,514	2,136,204	1,667,923	1,714,566
Federal mortgage obligations	199,950	200,728	-	-
Municipal bond	101,340	100,812	-	-
Temporarily restricted:				
Brokered certificates of deposit	180,003	180,000	271,863	271,863
Variable annuity contract	193,294	193,294	187,664	187,664
Total - LSBA	5,165,040	5,652,870	4,638,633	4,461,594
LCLCE:				
Permanently restricted:				
Bank certificate of deposit	13,320	13,320	13,319	13,319
Totals	\$ 5,178,360	\$ 5,666,190	\$ 4,651,952	\$ 4,474,913

Note 5 - INVESTMENTS (Continued)

Presented below is a summary of realized and unrealized gains and losses on investments for the years ended June 30, 2011 and 2010:

	June 30, 2011		
	Cost	Fair Value	Excess of Fair Value Over Cost (Cost Over Fair Value)
Balances at June 30, 2011	\$ 5,178,360	\$ 5,666,190	\$ 487,830
Balances at June 30, 2010	\$ 4,651,952	\$ 4,474,913	(177,039)
Unrealized gain on investments			664,869
Realized loss for the year			(39,193)
Gain on investments, net			\$ 625,676
	June 30, 2010		
	Cost	Fair Value	Excess of Fair Value Over Cost (Cost Over Fair Value)
Balances at June 30, 2010	\$ 4,651,952	\$ 4,474,913	\$ (177,039)
Balances at June 30, 2009	\$ 4,225,333	\$ 3,773,667	(451,666)
Unrealized gain on investments			274,627
Realized loss for the year			(78,780)
Gain on investments, net			\$ 195,847

Interest earned on investments for the years ended June 30, 2011 and 2010 of \$144,241 and \$137,597, respectively, is presented net of investment expense of \$17,049 and \$16,792, respectively.

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 as of June 30, 2011 and 2010.

- *Common stocks*. Valued at the closing price reported on the active market on which the individual securities are traded.
- *Brokered 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.
- *U.S. government agency obligations*. Valued based on amounts reported by Thomson Reuters which uses modeling techniques which incorporate LIBOR/SWAP forward curve, credit spreads, and interest rate volatilities.
- *Municipal bond*. Valued based on amounts reported by Standard & Poors which uses modeling techniques which incorporate trade quotes and benchmark curves, including Treasury benchmarks and LIBOR/SWAP curves.
- *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 value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 6 - 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, 2011 and 2010:

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, 2011</u>				
Common stock:				
Information technology	\$ 475,493	\$ 475,493	\$ -	\$ -
Health care	406,016	406,016	-	-
Industrials	405,174	405,174	-	-
Consumer staples	352,698	352,698	-	-
Financials	351,463	351,463	-	-
Materials	239,291	239,291	-	-
Energy	326,597	326,597	-	-
Consumer discretionary	206,917	206,917	-	-
Telecommunication	78,183	78,183	-	-
Corporate bonds:				
Credit rating:				
AA+	101,299	-	101,299	-
A	582,262	-	582,262	-
A-	829,130	-	829,130	-
BBB+	208,378	-	208,378	-
BBB	104,119	-	104,119	-
BBB-	311,016	-	311,016	-
Federal mortgage obligations	200,728	-	200,728	-
Municipal bond	100,812	-	100,812	-
Brokered certificates of deposit	180,000	-	180,000	-
Variable annuity contract	193,294	-	193,294	-
Totals	<u>\$ 5,652,870</u>	<u>\$ 2,841,832</u>	<u>\$ 2,811,038</u>	<u>\$ -</u>

Note 6 - ASSETS MEASURED AT FAIR VALUE (Continued)

Description June 30, 2010	Total Assets Measured At Fair Value	Based on:		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
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	271,863	-	271,863	-
Variable annuity contract	187,664	-	187,664	-
	<u>\$ 4,461,594</u>	<u>\$ 2,287,501</u>	<u>\$ 2,174,093</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, 2011 and 2010 are summarized as follows:

	2011	2010
LSBA		
Louisiana Bar Center		
Building	\$ 1,881,646	\$ 1,881,646
Improvements	1,429,781	393,286
Furniture and equipment	996,167	1,013,208
	4,307,594	3,288,140
Less accumulated depreciation	(1,368,381)	(1,175,882)
	2,939,213	2,112,258
 LCLCE		
Library	30,133	30,133
Furniture and equipment	3,271	4,170
	33,404	34,303
Less accumulated depreciation	(33,264)	(33,638)
	140	665
Property and equipment, net	\$ 2,939,353	\$ 2,112,923

Depreciation expense for the years ended June 30, 2011 and 2010 totaled \$229,459 and \$159,814, respectively.

Note 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30, 2011 and 2010:

	2011	2010
Access to Justice Program - Project Grants	\$ 14,706	\$ 15,625
Legal Malpractice Insurance Trust	313,821	313,158
Legal Specialization Fund	292,038	254,472
Young Lawyers Section - Grant Fund	887	682
Young Lawyers Section - Bridging the Gap	16,795	16,925
Sections:		
Administrative Law	6,790	6,120
Alternative Dispute Resolution	28,000	31,885
Animal Law	1,735	1,273
Antitrust and Trade Regulation Law	10,230	9,907
Appellate	5,754	4,514
Art, Entertainment and Sports Law Section	3,276	801
Bankruptcy Law	13,874	9,135
Bench and Bar	8,511	7,694
Bill of Rights	3,032	2,812
Civil Law and Litigation	74,514	77,280
Class Action, Mass Tort and Complex Litigation Law	8,162	4,951
Consumer Protection Law	7,340	7,095
Corporate and Business Law	105,159	104,475
Criminal Law	9,988	8,952
Environmental Law	19,664	22,423
Family Law	40,072	45,465
Fidelity, Surety, and Construction Law	31,497	30,052
Francophone	935	6,577
Government and Public Law	46,910	52,341
Health Law	28,466	27,175
Insurance, Tort, Workers' Compensation and Admiralty Law	19,933	22,083
Intellectual Property	22,215	20,920
International Law	8,579	8,049
Labor and Employment Law	9,251	13,477
Mineral Law	53,189	51,771
Minority Involvement	4,303	2,016
Public Utility	19,479	23,013
Solo and Small Firm	7,868	4,441
Taxation	44,817	43,986
Trusts, Estate, Probate and Immovable Property Law	95,495	92,208
Total temporarily restricted net assets - LSBA	1,377,285	1,343,753
Temporarily restricted net assets - LCLCE	35,209	68,046
Total temporarily restricted net assets	\$ 1,412,494	\$ 1,411,799

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 which expires in 2012. Future minimum rentals to be received under the lease as of December 31, 2011 total \$51,324.

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, 2011 and 2010, totaled \$164,868 and \$145,801, 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 \$108,681 and \$153,532 have been included in the consolidated statement of financial position as of June 30, 2011 and 2010, respectively.

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, 2011.

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 taxable unrelated business income of approximately \$36,000 for the year ended June 30, 2011. The Association had no taxable unrelated business income for the year ended June 30, 2010.

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, 2011, 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. The Association's management believes it is no longer subject to income tax examinations for years ending prior to June 30, 2008.

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 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.

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terminated or dissolved for some reason. The LSBA feels this is an important matter to protect clients and the integrity of the profession. We are hopeful this will move to some type of firm posture in the not too distant future.

► The Senior Lawyers Division has been established and the Young Lawyers Section is now the Young Lawyers Division. The Young Lawyers Division is fully active, and the Senior Lawyers Division is now in the process of setting up its governing and

operating procedures.

► Our Legislation Committee is, of course, always active. Because of various issues which have arisen concerning the association's position on certain legislation, an Ad Hoc Legislative Policy Committee was established and has been evaluating how the Legislation Committee will move forward in its scheduled activities. Based on the Ad Hoc Committee's work, the refinements necessary for the continued effectiveness of the Legislation Committee are under study.

Many more LSBA programs are available to our members. Review the LSBA's website, www.lsba.org, to discover all that is open to you as an LSBA member.

Our association has definitely taken large steps this year in raising the level of respect for our profession and those efforts have certainly put into focus our motto, "*Serving the Public. Serving the Profession.*"

I thank you for the opportunity to have served the LSBA during this past year.



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State Bar
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Serving the Public. Serving the Profession.

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