



2012 LOUISIANA STATE BAR ASSOCIATION ANNUAL REPORT



Louisiana
State Bar
Association

Serving the Public. Serving the Profession.

Supplement to the *Louisiana Bar Journal*



By John H. Musser IV

The Strategic Plan Progresses

Shortly I will turn over the responsibilities of the Louisiana State Bar Association (LSBA) to my successor, Richard K. Leefe. Therefore, I take the opportunity of this Annual Report to share with you, the membership, where we stand as an Association and the status of the programs started and/or continued during my term.

When I began as your president, I suggested that this year we recognize and highlight the role of the solo practitioner/small firm members. I believe we have done so, but in such a way as to benefit the entire Association as well.

The Board of Governor's Strategic Plan was adopted on Aug. 27, 2011, and was intended to be an aspirational guide for the next five years. This year, we have accomplished the following highlights.

Meeting and Maintaining Competency

This year, the Bar offered free continuing legal education programs in Monroe, Shreveport, Covington and Lake Charles. We provided speakers for Disciplinary Board programs and assisted local and specialty bars in finding speakers for their programs. We started the monthly "Tech Tuesdays" program in New Orleans to provide assistance to lawyers, particularly solos, on technology issues. We took a technology program to Alexandria and next year will offer it in other locations as well. We offered 31 free Fastcase webinars, complete with all the latest techniques on how to maximize your use of this member benefit.

We utilize up-to-date technology such as Flipbook for manuals, meetings and CLE seminars. We have a daily presence on Facebook, LinkedIn and Twitter and we use social media to advise members of current events that would be of interest. We also use LinkedIn, Google+ and Pinterest to convey news regarding law-related technology, practice tips and work/life balance. We have a Lending Library and are finishing our new website that will allow expansion of myriad services to members and the public. We have dedicated a section of every *Louisiana Bar Journal* to issues relating to solo practitioners.

Most importantly, we have installed a video-conferencing system that has the capability of connecting to any endpoint (IP system, computer, tablet, etc.) through the Blue Jeans Network via the Internet. The network limitation is 25 endpoints, including ours, for any conference. This is available to us 24/7, with the limitation that it can handle only one conference at a time (with Skype available as a back-up/alternative). Meeting rooms at the

Bar Center have been equipped with large flat-screen TVs to accommodate video-conferencing. This will bring north and south closer together and foster more participation and leadership roles for those of our profession north of I-10.

Maintaining High Ethical Standards

Our Committee on the Profession presented 16 programs in our law schools. We presented a track at the Solo and Small Firm Conference on "Hanging Out Your Shingle." Our Practice Assistance and Improvement Program presents Ethics Schools, Trust Accounting Schools and Advertising Schools. We continue to enhance our Committee on the Profession's offerings, with a Mentoring Program which the Supreme Court has approved as a pilot program to start in 2013-14.

Promote a Collegial Community

We are working to address the need of our profession for help with health issues, particularly depression. Because statistics suggest that 30 percent of attorneys deal with depression, we have committed \$100,000 in additional financial resources to the Lawyers Assistance Program (LAP) to assist in addressing this need. Every issue of the *Louisiana Bar Journal* provides information on how to get help, and LAP Executive Director Buddy Stockwell can be reached at (866)354-9334, day or night. Help yourself or help a friend! Integral to our efforts in this regard is the sponsorship of programs dealing with both wellness and depression. We presented a major program on depression with nationally recognized experts at our Solo and Small Firm Conference.

We continue to emphasize the benefits to the profession of diversity and inclusion by offering programs around the state designed to promote a greater interest in this benefit. Likewise, we seek to bridge our geographical diversity by having Bar leadership travel to all areas of the state and by making Bar programs available in north Louisiana. Our new video-conferencing system will further shrink distances. We also have periodic meetings with Bar leaders from all over the state. Our excellent working relationship with the Louisiana Supreme Court continues as we have said goodbye to Chief Justice Catherine D. (Kitty) Kimball and welcomed and participated in the inauguration of our new Chief Justice Bernette Joshua Johnson.

Equal Access to Justice

In order to meet the needs of litigants unable to afford legal counsel, we have created a position of Self-Represented Litigation Counsel in our Access to Justice Department. This staff member has worked with Bench and Bar volunteers to develop Self-Help Resource Centers in Orleans Parish, and at the 1st, 9th and 19th Judicial District Courts. We also have developed a dedicated website for this purpose for the 9th JDC and are working to do the same in a number of other jurisdictions.

We continue to emphasize Pro Bono participation and have facilitated meetings to try and find financial solutions for our indigent programs. Louisiana lawyers last year provided more than 130,000 hours of civil Pro Bono legal services. We continue to advocate for funding in the Legislature and in the Congress for help in addressing this need.

The Legislation Committee and the Board of Governors have continued to assist in the advancement of LSBA positions in the Louisiana Legislature by advocating for the profession and in the interest of the public we serve.

As part of the outreach, I have called on all segments of the Bar, individuals, local and specialty bars, everyone to participate in our May Month of Service by giving back to our communities in every way imaginable. We do this to show our communities our dedication to service in all ways.

Good and Efficient Management

We continue, as always, to be strict and efficient stewards of our Bar funds. We continue to have annual audits, which are always received with an unqualified opinion. We are finishing the complete reworking of our website which will include many new features and enhancements for the benefits of our members and the public.

Our data is stored at a host site in Dallas, which ensures uninterrupted service in the event of a disaster. Our Disaster Plan (developed by learning the hard way) is now a model which we have shared with our colleagues from other states as they deal with disasters of their own.

Our office staff continues to excel under the leadership of our long-time Executive Director Loretta Larsen, and we continue to be nationally recognized for our planning and programs.

As I said in my President's Message in this *Journal*, I sincerely thank you for the opportunity to serve as your president this year. I could not have been effective without the outstanding work of our Bar leaders on the Board of Governors, Sections and Committees, and the superb LSBA staff. Thank you one and all.



By Lawrence J.
Centola III

Having Fun While Serving the Bar and Community

The Louisiana State Bar Association (LSBA) Young Lawyers Division (YLD) Council continues to improve young lawyer outreach to the legal community and the community in general. The YLD members are doing wonderful things to promote our profession.

The YLD continues to work on having a flourishing Law Student Membership program. This year, the Law Student Membership fee was reduced from a \$40 annual fee to a one-time \$40 fee for the entire three-year law school career. Law student members still receive access to Fastcase, receive electronic access to the *Louisiana Bar Journal* and the Louisiana Bar Today biweekly emailed newsletter, and a variety of other services. The **Law Student Membership** Committee was chaired by Justin M. Chopin and Jason M. Baer.

The YLD implemented a new program for the law student members this year. "I Know What You Did Last Summer" was a program where the YLD members explained the do's and don'ts of a summer clerkship to the law students. The YLD presented two of these programs — one in New Orleans and one in Baton Rouge. The YLD looks forward to continuing this program and implementing new programs for the law student members.

Local Affiliate Outreach Committee Chair Sarah E. Stogner worked hard this year to get a Jefferson Bar Association Young Lawyers Division (JBA-YLD) up and running. She assisted the JBA officers in putting together a leadership team of JBA-YLD members. With the help of the LSBA-YLD, the JBA-YLD is preparing to present its first CLE. In addition to the work being done with the JBA-YLD, the Local Affiliate Outreach Committee will hold the fourth annual Local Affiliate Outreach Symposium on June 3, 2013, in conjunction with the LSBA Annual Meeting/Summer School. The Local Affiliate Outreach Symposium allows the local affiliates of the LSBA-YLD the opportunity to meet and mingle and transfer ideas of what is working in their locale. At the Local Affiliate Outreach Symposium, the LSBA-YLD will give the Local Affiliate Support Award, a \$500 award given to a local affiliate to help with its programming.

The YLD continued its work with the **Wills for Heroes** program. This year, the Wills for Heroes Committee, chaired by Dylan T. Thriffley, served first responders in Alexandria, Baton Rouge, Hammond and Ponchatoula. If you know of any first responder group interested in having the YLD draft wills for free, contact the YLD chair.

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

year of implementation. This year, committee Chairs Jennifer H. Johnson and Jerry Edwards, Jr. have been working on placing young lawyers on the boards of charter schools across the state. The YLD hopes to have placements on charter school boards completed by the beginning of the 2013-14 school year.

At the LSBA Annual Meeting/Summer School, the YLD will present awards 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 P. Devall, Jr.

The **High School Mock Trial Competition** was held on March 23 at the federal courthouse in Lafayette. Committee Chairs Laura Hart Bryan and Sara B. Rodrigue put together a group of young lawyers and local judges to help with the project and had a very successful event. The team from Zachary High School won the statewide competition, and the winning team is heading to the national finals in Indianapolis, Ind. The LSBA-YLD provided funding to the winning team to help defray some of the costs of sending the team to the national competition.

The **Law-Related Education** Committee chaired by Erin O. Braud, along with the American Bar Association Young Lawyers Division (ABA-YLD), is planning to implement the "American Voter" program at area schools at the end of this school year. Contact ABA-YLD Representative Cristin G. Fitzgerald or Braud for more information about how the LSBA-YLD can present the "American Voter" program at your local school.

This year, the YLD partnered with the LSBA to co-sponsor the sixth annual Conclave on Diversity in the Legal Profession in Baton Rouge on March 8. **Diversity/Minority Involvement** Committee Chair Kellen J. Mathews worked with the Diversity Committee in planning the event.

Mathews also chaired the **Law School Outreach** Committee which held a law school mock trial at Louisiana State University on March 27. Five teams participated in the successful 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 the bar and our community.

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



By James J. Davidson III

In my President's Report last year, 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. There are strong efforts that continue to be pursued to regain the respect desired for our profession.

Since August 2011, the Louisiana State Bar Association's (LSBA) Board of Governors has been working under a new Strategic Long-Range Plan to assist, protect and enhance our profession and its individual members in our most complex and intricate world. Since adoption of the Plan, several efforts have been made to fulfill those goals:

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.

▶ Meetings with the Louisiana Supreme Court, the deans of the law schools and the LSBA's Executive Committee have been conducted to discuss law school curriculum changes so graduate law students will have received practical knowledge of how to practice law when they graduate.

▶ Changes have been implemented in the Louisiana bar exam. 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.

3) Expansion of Access to Justice:

▶ Although budget cuts have limited this program to some extent, it is still 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 more than 130,000 hours of pro bono legal services last year.

▶ During my term as president, because of a dire need for indigent defense in Orleans Parish, a group of 17 New Orleans firms 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, the sixth annual statewide Diversity Conclave was held in March in Baton Rouge. 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.

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

▶ A Mentoring Program has been approved by the Louisiana Supreme Court as a pilot program.

▶ Discussion is underway to create a program for lawyers who have solo practices, in the event those practices need to be terminated or dissolved for some reason. The LSBA feels this is an important matter to protect clients and the integrity of the profession.

▶ The Senior Lawyers Division and the Young Lawyers Division will soon be collaborating on projects of benefit to both groups.

▶ Our Legislation Committee is, of course, always active and is currently reviewing bills submitted for the current legislative session.

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.*"

Bourgeois Bennett
CPAs | CONSULTANTS
A LIMITED LIABILITY COMPANY

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, 2012, 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 consolidated financial statements as of and for the year ended June 30, 2011, and in our report dated February 13, 2012, 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, 2012, 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, L.L.C.

Certified Public Accountants

New Orleans, Louisiana
March 26, 2013

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATE**

Consolidated Statement of Financial Position

June 30, 2012
(with comparative totals for June 30, 2011)

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Totals</u>	<u>2011 Totals</u>
Current Assets					
Cash and cash equivalents	\$ 1,624,146	\$ 987,090	\$ -	\$ 2,611,236	\$ 1,909,194
Receivables	41,624	7,500	-	49,124	55,365
Accrued interest receivable	26,927	547	-	27,474	31,415
Prepaid expenses	62,330	2,561	-	64,891	54,585
Total current assets	1,755,027	997,698	-	2,752,725	2,050,559
Investments	5,044,813	468,924	14,520	5,528,257	5,666,190
Property and Equipment, net	2,871,690	1,840	-	2,873,530	2,939,353
Totals	<u>\$ 9,671,530</u>	<u>\$ 1,468,462</u>	<u>\$ 14,520</u>	<u>\$ 11,154,512</u>	<u>\$ 10,656,102</u>
 <u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities					
Unearned revenue	\$ 1,932,046	\$ -	\$ -	\$ 1,932,046	\$ 1,906,473
Accounts payable and accrued expenses	357,781	-	-	357,781	363,692
Total current liabilities	2,289,827	-	-	2,289,827	2,270,165
Net Assets					
Unrestricted	7,381,703	-	-	7,381,703	6,960,123
Temporarily restricted	-	1,468,462	-	1,468,462	1,412,494
Permanently restricted	-	-	14,520	14,520	13,320
Total net assets	7,381,703	1,468,462	14,520	8,864,685	8,385,937
Totals	<u>\$ 9,671,530</u>	<u>1,468,462</u>	<u>\$14,520</u>	<u>\$ 11,154,512</u>	<u>\$ 10,656,102</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATE**

Consolidated Statement of Activities

For the year ended June 30, 2012
(with comparative totals for the year ended June 30, 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Totals</u>	<u>2011 Totals</u>
Support, Revenue, Gains and Reclassifications					
Membership dues	\$ 3,856,264	\$ 184,638	\$ -	\$ 4,040,902	\$ 3,980,875
Seminars, conferences, programs, and luncheons	1,080,962	48,201	-	1,129,163	1,184,152
Royalties	310,073	-	-	310,073	319,946
Contributions and grants	106,373	123,605	1,200	231,178	251,711
Advertising	220,327	-	-	220,327	208,617
Annual meeting	141,093	-	-	141,093	203,853
Lawyer advertising filing fee	167,225	-	-	167,225	191,275
Disciplinary assessment processing	79,118	-	-	79,118	87,859
Gain (loss) on investments, net	(45,943)	(188)	-	(46,131)	625,676
Interest	153,420	6,533	-	159,953	144,241
Rental income	51,324	-	-	51,324	51,324
Sales of membership labels	18,560	-	-	18,560	27,392
Penalties	15,800	2,300	-	18,100	19,375
Sales of brochures and books	1,129	-	-	1,129	973
Examination, accreditation and reinstatement fees	-	5,490	-	5,490	4,000
Miscellaneous income	37,450	10,405	-	47,855	47,892
Net assets released from restrictions	600,859	(600,859)	-	-	-
Reclassifications	(275,843)	275,843	-	-	-
	<u>6,518,191</u>	<u>55,968</u>	<u>1,200</u>	<u>6,575,359</u>	<u>7,349,161</u>
Total support, revenue, gains and reclassifications	<u>6,518,191</u>	<u>55,968</u>	<u>1,200</u>	<u>6,575,359</u>	<u>7,349,161</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Totals</u>	<u>2011 Totals</u>
Expenses					
For officials, sections, committees, and services:					
Staff compensation and benefits	2,382,628	-	-	2,382,628	2,298,613
Professional programs	194,578	-	-	194,578	196,720
Seminars, conferences, programs and meetings	573,911	-	-	573,911	660,626
Travel and per diem	324,112	-	-	324,112	295,539
Annual meeting	165,411	-	-	165,411	425,456
Stationery, printing and postage	203,589	-	-	203,589	236,307
Louisiana Bar Journal, Bar Briefs and LSBA.org	167,599	-	-	167,599	156,224
Computer assisted legal program	125,696	-	-	125,696	126,612
Supplies, awards, and gifts	205,840	-	-	205,840	222,946
Miscellaneous	24,493	-	-	24,493	18,834
Contributions	29,407	-	-	29,407	25,455
Telephone	24,785	-	-	24,785	26,438
Bar admission ceremonies	348	-	-	348	630
	<u>4,422,397</u>	<u>-</u>	<u>-</u>	<u>4,422,397</u>	<u>4,690,400</u>
Total officials, sections, committees, and services					
General expense:					
Staff compensation and benefits	873,023	-	-	873,023	869,319
Professional services	67,954	-	-	67,954	91,927
Insurance	62,501	-	-	62,501	56,436
Equipment and computer rental and maintenance	112,737	-	-	112,737	168,714
Office supplies	74,745	-	-	74,745	54,440
Stationery, printing and postage	6,286	-	-	6,286	4,436
Property management	100,741	-	-	100,741	185,922
Telephone	44,859	-	-	44,859	53,344
Travel and per diem and meetings	21,329	-	-	21,329	31,869
Depreciation	224,318	-	-	224,318	229,459
Business income and proxy taxes	29,778	-	-	29,778	19,275
Lobbying	36,000	-	-	36,000	36,000
Miscellaneous	19,943	-	-	19,943	17,997
	<u>1,674,214</u>	<u>-</u>	<u>-</u>	<u>1,674,214</u>	<u>1,819,138</u>
Total general expense					
Total expenses	<u>6,096,611</u>	<u>-</u>	<u>-</u>	<u>6,096,611</u>	<u>6,509,538</u>
Change in Net Assets	421,580	55,968	1,200	478,748	839,623
Net Assets					
Beginning 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>
End of year	<u>\$ 7,381,703</u>	<u>\$ 1,468,462</u>	<u>\$ 14,520</u>	<u>\$ 8,864,685</u>	<u>\$ 8,385,937</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, 2012
(with comparative totals for the year ended June 30, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Totals	2011 Totals
Cash Flows From Operating Activities					
Change in net assets	\$ 421,580	\$ 55,968	\$ 1,200	\$ 478,748	\$ 839,623
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Contributions to LCLCE endowment	-	-	(1,200)	(1,200)	-
Depreciation	224,318	-	-	224,318	229,459
Loss (gain) on investments	45,943	188	-	46,131	(625,676)
Decrease (increase) in receivables	(4,035)	10,276	-	6,241	(15,544)
Decrease (increase) in accrued interest	4,285	(344)	-	3,941	(8,940)
Decrease (increase) in prepaid expenses	(7,745)	(2,561)	-	(10,306)	434
Increase (decrease) in unearned revenue	25,573	-	-	25,573	(11,223)
Increase (decrease) in accounts payable and accrued expenses	(5,911)	-	-	(5,911)	14,922
Net cash provided by operating activities	704,008	63,527	-	767,535	423,055
Cash Flows From Investing Activities					
Purchase of investments	(1,692,359)	(410,818)	(1,200)	(2,104,377)	(2,720,799)
Proceeds from sale of investments	1,881,179	315,000	-	2,196,179	2,155,198
Purchases of property and equipment	(158,495)	-	-	(158,495)	(1,055,889)
Net cash provided by (used in) investing activities	30,325	(95,818)	(1,200)	(66,693)	(1,621,490)
Cash Flows From Financing Activities					
Contributions to LCLCE endowment	-	-	1,200	1,200	-
Net Increase (Decrease) In Cash and Cash Equivalents	734,333	(32,291)	-	702,042	(1,198,435)
Cash and Cash Equivalents					
Beginning of year	889,813	1,019,381	-	1,909,194	3,107,629
End of year	\$ 1,624,146	\$ 987,090	\$ -	\$ 2,611,236	\$ 1,909,194
Supplemental Disclosure of Cash Flow Information					
Cash paid during the year for unrelated business income taxes	\$ 13,552	\$ -	\$ -	\$ 13,552	\$ -

See accompanying notes to consolidated financial statements.

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATE

Notes to Consolidated Financial Statements
June 30, 2012

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, 2012 and 2011 include the accounts of the Association and the 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.

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 Division-Grant Fund; Young Lawyers Division-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 consolidated 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 consolidated financial statements for the year ended June 30, 2011, 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 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.

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. 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 March 26, 2013, 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Unrestricted cash and cash equivalents:		
LSBA	\$ 1,565,374	\$ 813,345
LCLCE	<u>58,772</u>	<u>76,468</u>
	<u>1,624,146</u>	<u>889,813</u>
Temporarily restricted cash and cash equivalents:		
LSBA Sections	966,622	1,001,947
LCLCE	<u>20,468</u>	<u>17,434</u>
	<u>987,090</u>	<u>1,019,381</u>
Totals	<u>\$ 2,611,236</u>	<u>\$ 1,909,194</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, 2012, the Association had cash and cash equivalents of approximately \$2.6 million in excess of insured limits.

Note 5 — INVESTMENTS

Investments held as of June 30, 2012 and 2011 are summarized as follows:

	<u>2012</u>		<u>2011</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
LSBA:				
Unrestricted:				
Common stock	\$ 2,363,009	\$ 2,749,908	\$ 2,396,939	\$ 2,841,832
Corporate debt	2,056,441	2,089,050	2,093,514	2,136,204
Federal mortgage obligations	99,725	100,759	199,950	200,728
Municipal bond	101,340	100,956	101,340	100,812
Temporarily restricted:				
Brokered certificates of deposit	270,006	269,815	180,003	180,000
Variable annuity contract	<u>199,109</u>	<u>199,109</u>	<u>193,294</u>	<u>193,294</u>
Total - LSBA	<u>5,089,630</u>	<u>5,509,597</u>	<u>5,165,040</u>	<u>5,652,870</u>
LCLCE:				
Unrestricted:				
Bank certificate of deposit	4,140	4,140	-	-
Permanently restricted:				
Cash	1,200	1,200	-	-
Bank certificate of deposit	<u>13,320</u>	<u>13,320</u>	<u>13,320</u>	<u>13,320</u>
Total - LCLCE	<u>18,660</u>	<u>18,660</u>	<u>13,320</u>	<u>13,320</u>
Totals	<u>\$ 5,108,290</u>	<u>\$ 5,528,257</u>	<u>\$ 5,178,360</u>	<u>\$ 5,666,190</u>

Note 5 — INVESTMENTS (Continued)

Presented below is a summary of realized and unrealized gains and losses on investments for the years ended June 30, 2012 and 2011:

	June 30, 2012		Excess of Fair Value Over Cost
	Cost	Fair Value	
Balances as of June 30, 2012	<u>\$ 5,108,290</u>	<u>\$ 5,528,257</u>	\$ 419,967
Balances as of June 30, 2011	<u>\$ 5,178,360</u>	<u>\$ 5,666,190</u>	487,830
Unrealized loss on investments			(67,863)
Realized gain for the year			<u>21,732</u>
Loss on investments, net			<u>\$ (46,131)</u>

	June 30, 2011		Excess of Fair Value Over Cost (Cost Over Fair Value)
	Cost	Fair Value	
Balances as of June 30, 2011	<u>\$ 5,178,360</u>	<u>\$ 5,666,190</u>	\$ 487,830
Balances as of June 30, 2010	<u>\$ 4,651,952</u>	<u>\$ 4,474,913</u>	(177,039)
Unrealized gain on investments			664,869
Realized loss for the year			<u>(39,193)</u>
Gain on investments, net			<u>\$ 625,676</u>

Interest earned on investments for the years ended June 30, 2012 and 2011 of \$159,953 and \$144,241, respectively, is presented net of investment expense of \$17,341 and \$17,049, 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, 2012 and 2011.

- ▶ *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 Thompson 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.

The following tables set forth by level within the fair value hierarchy, the Association's assets at fair value as of June 30, 2012 and 2011:

Description June 30, 2012	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:				
Information technology	\$ 512,348	\$ 512,348	\$ -	\$ -
Health care	419,082	419,082	-	-
Consumer staples	373,245	373,245	-	-
Financials	354,470	354,470	-	-
Energy	317,064	317,064	-	-
Industrials	309,183	309,183	-	-
Consumer discretionary	249,652	249,652	-	-
Materials	121,540	121,540	-	-
Telecommunication	93,324	93,324	-	-
Corporate bonds:				
Credit rating:				
AA+	102,339	-	102,339	-
A+	106,247	-	106,247	-
A	208,176	-	208,176	-
A-	619,113	-	619,113	-
BBB+	429,275	-	429,275	-
BBB	521,173	-	521,173	-
BBB-	102,727	-	102,727	-
Federal mortgage obligations	100,759	-	100,759	-
Municipal bond:				
Credit rating: BBB	100,956	-	100,956	-
Brokered certificates of deposit	269,815	-	269,815	-
Variable annuity contract	199,109	-	199,109	-
Totals - LSBA	<u>\$ 5,509,597</u>	<u>\$ 2,749,908</u>	<u>\$ 2,759,689</u>	<u>-</u>

Note 6 — ASSETS MEASURED AT FAIR VALUE (Continued)

Description June 30, 2011	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:				
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 - LSBA	\$ 5,652,870	\$ 2,841,832	\$ 2,811,038	-

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, 2012 and 2011 are summarized as follows:

	<u>2012</u>	<u>2011</u>
LSBA		
Louisiana Bar Center		
Building	\$ 1,881,646	\$ 1,881,646
Improvements	1,578,504	1,429,781
Furniture and equipment	<u>986,794</u>	<u>996,167</u>
	4,446,944	4,307,594
Less accumulated depreciation	<u>(1,573,454)</u>	<u>(1,368,381)</u>
	<u>2,873,490</u>	<u>2,939,213</u>
LCLCE		
Library	30,133	30,133
Furniture and equipment	<u>3,271</u>	<u>3,271</u>
	33,404	33,404
Less accumulated depreciation	<u>(33,364)</u>	<u>(33,264)</u>
	<u>40</u>	<u>140</u>
Property and equipment, net	<u>\$ 2,873,530</u>	<u>\$ 2,939,353</u>

Depreciation expense for the years ended June 30, 2012 and 2011 totaled \$224,318 and \$229,459, respectively.

Note 9 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Access to Justice Program - Project Grants	\$ 14,706	\$ 14,706
Legal Malpractice Insurance Trust	314,448	313,821
Legal Specialization Fund	329,423	292,038
Young Lawyers Division - Grant Fund	3,208	887
Young Lawyers Division - Bridging the Gap	16,665	16,795
Sections:		
Administrative Law	7,630	6,790
Alternative Dispute Resolution	26,961	28,000
Animal Law	4,094	1,735
Antitrust and Trade Regulation Law	9,544	10,230
Appellate	7,084	5,754
Art, Entertainment and Sports Law Section	4,711	3,276
Bankruptcy Law	16,089	13,874
Bench and Bar	9,211	8,511
Bill of Rights	2,916	3,032
Civil Law and Litigation	74,701	74,514
Class Action, Mass Tort and Complex Litigation Law	3,430	8,162
Consumer Protection Law	7,600	7,340
Corporate and Business Law	106,683	105,159
Criminal Law	10,878	9,988
Environmental Law	18,479	19,664
Family Law	39,282	40,072
Fidelity, Surety, and Construction Law	32,927	31,497
Francophone	395	935
Government and Public Law	44,263	46,910
Health Law	27,726	28,466
Insurance, Tort, Workers' Compensation and Admiralty Law	21,918	19,933
Intellectual Property	23,904	22,215
International Law	9,296	8,579
Labor and Employment Law	9,927	9,251
Mineral Law	54,882	53,189
Minority Involvement	7,781	4,303
Public Utility	17,861	19,479
Solo and Small Firm	9,905	7,868
Taxation	53,084	44,817
Trusts, Estate, Probate and Immovable Property Law	<u>98,882</u>	<u>95,495</u>
Total temporarily restricted net assets - LSBA	1,440,494	1,377,285
Temporarily restricted net assets - LCLCE	<u>27,968</u>	<u>35,209</u>
Total temporarily restricted net assets	<u>\$ 1,468,462</u>	<u>\$ 1,412,494</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 one-year lease which expires on June 30, 2013. Future minimum rentals to be received under the lease as of December 31, 2012 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, 2012 and 2011, totaled \$198,190 and \$164,868, 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 \$106,889 and \$108,681 have been included in the consolidated statement of financial position as of June 30, 2012 and 2011, 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, 2012.

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 for the years ended June 30, 2012 and 2011 of approximately \$49,000 and \$36,000, 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, 2012, 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, 2009.

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 \$124,644 under this agreement.



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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