



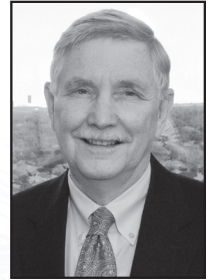
# 2014 LOUISIANA STATE BAR ASSOCIATION ANNUAL REPORT



Louisiana  
State Bar  
Association

*Serving the Public. Serving the Profession.*

Supplement to the *Louisiana Bar Journal*



By Richard K. Leefe

# Moving Forward to Meet Strategic Plan Goals: A Few Highlights

The Louisiana State Bar Association (LSBA) continued to provide solid service to its members during my year in office (June 2013-May 2014) and took encouraging steps to improve the practice and service to our community. Guidance is still being provided by the five-year Board of Governor's Strategic Plan, adopted in 2011. Some of the 2013-14 highlights are included below and on pages 3-5.

## Equal Access to Justice

It remains a sad recognition that our country, the Bar and judiciary, in Louisiana and nationally, do not meet the ideal of "equal access to justice for all." The legal profession continues to struggle to meet the constitutional obligation to provide counsel to criminal defendants. According to the American Bar Association, nationally, about 80 percent of the civil legal needs of the country's citizens go unmet.

The Louisiana Supreme Court has now issued an order to work toward the implementation of a program to hire otherwise unemployed new attorneys for a year to provide full-time representation for the indigent population of Louisiana. The Louisiana Supreme Court Attorney Intern Program (LaSCAIP) is in its organizational process.

The LSBA's Self-Represented Litigation (SRL) program, with a main component being the establishment of Self-Help Resource Centers around the state, is helping to improve the civil-legal-needs percentages. In October 2013, the LSBA declared a "Month of Service" and asked practitioners to volunteer to man SRL stands at districts around the state. It is wonderful to report that this was a great success and several courts have made the SRL desks permanent.

## Meeting and Maintaining Competency

The LSBA coordinated many CLE programs, both in-state and out-of-state (as well as one on the Danube River), to assist members in meeting annual CLE requirements.

The LSBA continues to utilize up-to-date technology such as Flipbooks for manuals, meetings and CLE seminars. Major cost savings were realized with digital noticing and dues assessment. Now with a presence on Facebook, LinkedIn and Twitter, an emphasis of 2014-15 LSBA President Joseph L. (Larry) Shea, Jr., the LSBA is increasing the use of social media to keep members up-to-date on news and opportunities. The redesigned website allows even more convenient access to information and services.

Fastcase, the online legal research tool, is paid for by the LSBA and continues to be offered to its members without charge.

The LSBA's video-conferencing system has the capability to connect 26 locations from anywhere in the world for any conference. It's available to members 24/7. Meeting rooms at the Bar Center are equipped with flat-screen TVs and video-conferencing systems have been installed in several local bar offices, including Baton Rouge, Lafayette and Shreveport. This system brings the northern and southern areas of the state closer together and allows greater participation in LSBA activities, while saving travel time and expenses.

## Maintaining High Ethical Standards

The Committee on the Profession continued to present programs in the law schools under the leadership of Chair Barry H. Grodsky. The Mentoring Program proposed by this committee was approved by the Louisiana Supreme Court as a pilot program for New Orleans, Baton Rouge and Shreveport. The program began in January 2015 for 2014 admittees. LSBA members are encouraged to become involved as mentors.

## Promote a Collegial Community

The Lawyers Assistance Program, Inc. (LAP) is very much at the forefront for the LSBA and the Board of Governors. This important program confidentially helps attorneys and judges with drug or alcohol addiction and depression. The LSBA increased LAP's budget without seeking additional dues or assessments. The *Louisiana Bar Journal* continues to provide information on how to get help from LAP and its Director Buddy Stockwell can be reached any time at (866)354-9334.

The LSBA continues to emphasize the benefits to the profession of diversity and inclusion. The seventh annual Conclave on Diversity in the Legal Profession in March 2014 was a resounding success and continues to grow in attendance.

## More to Come...

This message provides just a sampling of the many projects, programs, incentives and services offered by the LSBA that I am proud to have been a part of as president — many of these offerings will come to fruition under subsequent presidents. It was a wonderful year and experience. I thank each of you for the opportunity to serve as your President.

# LSBA YEAR IN REVIEW / JUNE 2013 – JUNE 2014

## LSBA BY THE NUMBERS



June 2013 / Richard K. Leefe is sworn in as the 73rd LSBA president by Louisiana Supreme Court Chief Justice Bernette Joshua Johnson in Destin, Florida, during the 2013 Annual Meeting. Photo by Matthew Hinton Photography.

### June 2013

**73** ▶ Richard K. Leefe, a senior partner in the Metairie law firm of Leefe Gibbs Sullivan & Dupré, L.L.C., was installed June 6 as the 73rd president of the Louisiana State Bar Association (LSBA) by Louisiana Supreme Court Chief Justice Bernette Joshua Johnson.

**4** ▶ The House of Delegates approved four resolutions at its June 6 meeting — to study criminal justice funding; to oppose the taxing of legal services in Louisiana; to support adequate funding for federal defender organizations; and to encourage support of an Orleans Parish Civil District Court stand-alone courthouse on the Duncan Plaza site in New Orleans. [www.lsba.org/BarGovernance/HouseofDelegates.aspx](http://www.lsba.org/BarGovernance/HouseofDelegates.aspx).

**7** ▶ The new video-conferencing system is fully operational at the Louisiana Bar Center, first used for a Budget Committee meeting in May, it was announced at the June 7 Board of Governors meeting. [www.lsba.org/BarGovernance/BoardofGovernors.aspx](http://www.lsba.org/BarGovernance/BoardofGovernors.aspx).

▶ The LSBA and the Louisiana District Judges Association distributed “SRL Toolkits” (Self-Represented Litigant) to judges at the Annual Meeting. The flash drives contained a statewide summary of SRL services, sample court forms and other resources.

**18** ▶ The Leadership LSBA 2013-14 Class included 18 members.

**15** ▶ By May 15 court order, the Louisiana Supreme Court created the Transition Into Practice (TIP) Voluntary Mentoring Program. The voluntary program applies to 2014 new admittees and begins in January 2015 in Shreveport, Baton Rouge and the greater New Orleans area.

### July 2013

**4** ▶ The Senior Lawyers Division launched its quarterly e-newsletter, *Seasoning*, this month. Future issues will be distributed to Division members via email in October, January and April.

### August 2013

**9** ▶ The “Suit Up for the Future” High School Summer Legal Institute and Internship Program, a joint project of the LSBA and the Just the Beginning Foundation, was one of three recipients of the 2013 American Bar Association Partnership Award, presented Aug. 9 by the American Bar Association’s Standing Committee on Bar Activities and Services.

**170** ▶ More than 170 attorneys and judges volunteered for the Committee on the Profession’s four law school professionalism orientations this month.

### September 2013

▶ The LSBA launched its newly redesigned website this month. The site offers members streamlined access to information on programs, projects and activities. A “Member Login” link is available at the top left of every page and there is a full site map at the bottom of each page. [www.lsba.org](http://www.lsba.org).

**25** ▶ The Minority Involvement Section redesigned its 25th annual Job Fair to increase focus on professional development of the students. The Sept. 14 event featured a new seminar, “Professional Development Symposium: Preparing Practice-Ready Attorneys.”

▶ A new online program for reserving the complimentary meeting rooms at the Louisiana Bar Center was activated. Access “Meeting Room Manager” by clicking “View Event Calendar” on the home page: [www.lsba.org](http://www.lsba.org).

# LSBA YEAR IN REVIEW / JUNE 2013 – JUNE 2014

## LSBA BY THE NUMBERS

### October 2013

**366** ▶ A total of 366 new admittees were sworn into the practice of law in October 2013.

**7** ▶ The LSBA conducted its annual Memorial Exercises on Oct. 7 at the Louisiana Supreme Court to honor deceased members of the Bench and Bar.

▶ LSBA President Richard K. Leefe designated October as Louisiana's "Month of Legal Service" for LSBA members. Recognizing the impact that help desks for self-represented litigants have had so far in Alexandria, Baton Rouge, New Orleans and Shreveport, President Leefe asked local bars and legal organizations to work with judges to conduct a help desk or Ask-A-Lawyer event during October. Many LSBA members answered the call to action.

**10** ▶ The 10th annual Louisiana Justice Community Conference (Oct. 10-11) presented substantive legal training to 139 legal service and public interest attorneys who provide legal services to the poor. The conference featured a keynote address from Donald W. North, former director of clinical programs at Southern University Law Center.

**4** ▶ The Louisiana Lawyers Assistance Program, Inc. (LAP) established free Depression Recovery Groups in Baton Rouge, New Orleans and Shreveport (to date).

**53** ▶ The 53rd annual Bridging the Gap CLE for new admittees was Oct. 22-23 in New Orleans.

### November 2013

▶ The Access to Justice Gap Assessment Subcommittee completed its Unmet Legal Need Survey.

**5<sup>th</sup>** ▶ Online-only voting began this month for several LSBA leadership positions, among them an additional Board of Governors Fifth District seat.

**8** ▶ LSBA President Richard K. Leefe briefed members about several ways to become involved in relief efforts following the Nov. 8 super Typhoon Haiyan that devastated the Philippines.

### December 2013

▶ Several members participated in the LSBA's Danube River Cruise CLE from Dec. 8-15.

**692** ▶ Thanks to the generosity of LSBA members participating in the 17th annual Secret Santa Project, a project coordinated by the LSBA/Louisiana Bar Foundation's Community Action Committee, 692 children (ages 12 and under) had a happier holiday.

**2** ▶ The Senior Lawyers Division and Young Lawyers Division joined forces to present their first joint CLE program on Dec. 2 in New Orleans.

▶ The Access to Justice Tech Summit focused on communication and social media tools.

### January 2014

**50  
60  
70** ▶ The LSBA's Midyear Meeting was Jan. 23-25 in Baton Rouge. A Friday night reception honored 50-, 60- and 70-year LSBA members. CLE programs included the Young Lawyers Division's annual Professional Development seminar; "The Complexity of Professionalism in a World of Difference;" and "A CLE on eDiscovery."

**6** ▶ The House of Delegates considered six resolutions at its Jan. 25 meeting in Baton Rouge, including supporting the Louisiana Bar Foundation's Louisiana Campaign to Preserve Civil Legal Aid. [www.lsba.org/BarGovernance/HouseofDelegates.aspx](http://www.lsba.org/BarGovernance/HouseofDelegates.aspx).

### February 2014

**24/7** ▶ The LSBA announced this month that, effective with the 2014/2015 fiscal year, it will move to an Internet-based model for the collection of LSBA dues and Louisiana Attorney Disciplinary Board assessments, as well as for filing the Attorney Registration Statement. This new collection method will allow payment of fees either by an ACH electronic check or credit card, enabling members to make filings 24/7, even when the Bar Center is closed or if mail service is disrupted due to inclement weather.

# LSBA YEAR IN REVIEW / JUNE 2013 – JUNE 2014

## LSBA BY THE NUMBERS

### March 2014

**29** ▶ Jesuit High School's Team A in New Orleans was the first place winner in the 2014 Richard N. Ware IV State High School Mock Trial Competition, annually coordinated by the LSBA's Young Lawyer Division. The March 29 competition was in Shreveport.

▶ The Legal Innovators for Tomorrow (LIFT) Fellowship Program, a project of the Louisiana Civil Justice Center, was established to provide fellowships for young lawyers seeking to develop an innovative, public interest-oriented solo or small firm practice.

**7<sup>th</sup>** ▶ The seventh annual Solo and Small Firm Conference was March 6-7 in New Orleans. The conference featured more than 50 national and regional speakers, four topic tracks and, new in 2014, "Solo Hot Spots."

▶ The Children's Law Committee produced a new film, "Who's Looking Out for Me? An Introduction to the Court System." [www.lsba.org/childrenslaw](http://www.lsba.org/childrenslaw).

**7<sup>th</sup>** ▶ The seventh annual Conclave on Diversity in the Legal Profession on March 21 has record attendance. The theme is "Inclusive Professionalism: Harnessing the Power of Our Differences."

**28** ▶ The LSBA partnered with Human Rights First to co-sponsor "Left Out in Louisiana: Addressing the Crisis in Immigration Representation" on March 28 at Loyola University College of Law. LSBA President Richard K. Leefe and LSBA President-Elect-Designate Mark A. Cunningham moderated panels. Hon. Jay C. Zainey, U.S. District Court, Eastern District of Louisiana, delivered the keynote address.

### April 2014

▶ The Board of Governors approved funding for the installation of the video-conferencing system at local Bar offices in Baton Rouge, Lafayette and Shreveport.

### May 2014

▶ The new online system for payment of 2014/2015 LSBA dues and Louisiana Attorney Disciplinary Board assessments,

as well as for filing Attorney Registration Statements, was activated on May 16. Prior to the activation, members received, by mail, a 4x6 postcard with instructions about the online procedures.

**176** ▶ A total of 176 new admittees were sworn into the practice of law in May 2014.

▶ The LSBA honored attorneys, public interest legal professionals and law students for pro bono services to Louisiana's indigent. The 29th annual Pro Bono Publico and Children's Law Awards Ceremony on May 20 was hosted by the Louisiana Supreme Court.

### June 2014

**74** ▶ Joseph L. (Larry) Shea, Jr., a member in the Shreveport office of Bradley Murchison Kelly & Shea, L.L.C., was installed June 5 as the 74th president of the Louisiana State Bar Association by Louisiana Supreme Court Chief Justice Bernette Joshua Johnson.

**50** ▶ The combined 73rd LSBA Annual Meeting and LSBA/Louisiana Judicial College Joint Summer School in Destin, Fla., celebrated the 50th anniversary of the Beatles' arrival in the United States and recognized the 50th anniversary of the Civil Rights Act of 1964.



June 2014 / Joseph L. (Larry) Shea, Jr. is sworn in as the 74th LSBA president by Louisiana Supreme Court Chief Justice Bernette Joshua Johnson in Destin, Florida, during the 2014 Annual Meeting. Photo by Matthew Hinton Photography.

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

We have audited the accompanying consolidated financial statements of the Louisiana State Bar Association and affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Bar Association and affiliate as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

We have previously audited the Louisiana State Bar Association and affiliate's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

New Orleans, Louisiana  
January 27, 2015

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATE**

**Consolidated Statement of Financial Position**

June 30, 2014  
(with comparative totals for June 30, 2013)

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Totals</u>	<u>2013 Totals</u>
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2,836,543	\$ 1,168,370	\$ -	\$ 4,004,913	\$ 3,194,178
Receivables	34,136	7,500	-	41,636	43,716
Accrued interest receivable	29,209	1,278	-	30,487	29,273
Prepaid expenses	46,441	3,246	-	49,687	48,395
Total current assets	2,946,329	1,180,394	-	4,126,723	3,315,562
<b>Investments</b>	6,877,938	791,163	25,970	7,695,071	6,989,374
<b>Property and Equipment, net</b>	2,525,091	1,840	-	2,526,931	2,688,367
Totals	<u>\$ 12,349,358</u>	<u>\$ 1,973,397</u>	<u>\$ 25,970</u>	<u>\$ 14,348,725</u>	<u>\$ 12,993,303</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>Current Liabilities</b>					
Unearned revenue	\$ 2,574,812	\$ -	\$ -	\$ 2,574,812	\$ 2,136,817
Due to broker	-	-	-	-	517,845
Accounts payable and accrued expenses	452,782	-	-	452,782	382,510
Total current liabilities	3,027,594	-	-	3,027,594	3,037,172
<b>Net Assets</b>					
Unrestricted	9,321,764	-	-	9,321,764	8,225,642
Temporarily restricted	-	1,973,397	-	1,973,397	1,704,519
Permanently restricted	-	-	25,970	25,970	25,970
Total net assets	9,321,764	1,973,397	25,970	11,321,131	9,956,131
Totals	<u>\$ 12,349,358</u>	<u>\$ 1,973,397</u>	<u>\$ 25,970</u>	<u>\$ 14,348,725</u>	<u>\$ 12,993,303</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATE**

**Consolidated Statement of Activities**

For the year ended June 30, 2014  
(with comparative totals for the year ended June 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Totals</u>	<u>2013 Totals</u>
<b>Support, Revenue, Gains, and Reclassifications</b>					
Membership dues	\$ 3,952,260	\$ 181,062	\$ -	\$ 4,133,322	\$ 4,084,255
Seminars, conferences, programs, and luncheons	971,454	58,306	-	1,029,760	1,002,941
Royalties	319,408	-	-	319,408	325,299
Contributions and grants	88,115	383,226	-	471,341	382,633
Advertising	221,325	-	-	221,325	214,720
Annual meeting	501,725	-	-	501,725	474,559
Lawyer advertising filing fees	172,025	-	-	172,025	170,550
Disciplinary assessment processing	77,791	-	-	77,791	86,138
Gain (loss) on investments, net	501,921	(201)	-	501,720	398,591
Interest	200,289	8,119	-	208,408	168,947
Rental income	51,324	-	-	51,324	51,324
Sales of membership labels	19,489	-	-	19,489	25,892
Penalties	15,750	8,450	-	24,200	17,575
Sales of brochures and books	786	-	-	786	2,226
Miscellaneous income	42,045	3,050	-	45,095	40,663
Net assets released from restrictions	715,868	(715,868)	-	-	-
Reclassifications	(342,734)	342,734	-	-	-
 Total support, revenue, gains, and reclassifications	 <u>7,508,841</u>	 <u>268,878</u>	 <u>-</u>	 <u>7,777,719</u>	 <u>7,446,313</u>



**Exhibit B  
(Continued)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals	2013 Totals
<b>Expenses</b>					
For officials, sections, committees, and services:					
Staff compensation and benefits	2,548,869	-	-	2,548,869	2,472,715
Professional programs	296,215	-	-	296,215	317,376
Seminars, conferences, programs, and meetings	574,976	-	-	574,976	576,794
Travel and per diem	288,155	-	-	288,155	311,373
Annual meeting	344,584	-	-	344,584	333,013
Stationery, printing, and postage	152,077	-	-	152,077	171,151
Louisiana Bar Journal, Bar Briefs, and LSBA.org	168,194	-	-	168,194	190,186
Computer assisted legal program	125,157	-	-	125,157	125,693
Supplies, awards, and gifts	215,282	-	-	215,282	163,171
Miscellaneous	45,529	-	-	45,529	10,206
Contributions	33,000	-	-	33,000	17,275
Telephone	21,656	-	-	21,656	19,678
Bar admission ceremonies	271	-	-	271	317
	<u>4,813,965</u>	<u>-</u>	<u>-</u>	<u>4,813,965</u>	<u>4,708,948</u>
Total officials, sections, committees, and services					
General expenses:					
Staff compensation and benefits	889,759	-	-	889,759	893,800
Professional services	73,238	-	-	73,238	63,590
Insurance	67,249	-	-	67,249	67,864
Equipment and computer rental and maintenance	81,218	-	-	81,218	100,436
Office supplies	55,645	-	-	55,645	67,669
Stationery, printing, and postage	5,152	-	-	5,152	(2,350)
Property management	97,326	-	-	97,326	95,112
Telephone	40,314	-	-	40,314	40,878
Travel and per diem and meetings	23,362	-	-	23,362	24,368
Depreciation	195,311	-	-	195,311	212,445
Business income and proxy taxes	3,148	-	-	3,148	10,680
Lobbying	48,000	-	-	48,000	48,000
Miscellaneous	19,032	-	-	19,032	23,427
	<u>1,598,754</u>	<u>-</u>	<u>-</u>	<u>1,598,754</u>	<u>1,645,919</u>
Total general expenses					
Total expenses	<u>6,412,719</u>	<u>-</u>	<u>-</u>	<u>6,412,719</u>	<u>6,354,867</u>
<b>Change in Net Assets</b>	1,096,122	268,878	-	1,365,000	1,091,446
<b>Net Assets</b>					
Beginning of year	8,225,642	1,704,519	25,970	9,956,131	8,864,685
End of year	<u>\$ 9,321,764</u>	<u>\$ 1,973,397</u>	<u>\$ 25,970</u>	<u>\$ 11,321,131</u>	<u>\$ 9,956,131</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, 2014  
(with comparative totals for the year ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals	2013 Totals
<b>Cash Flows From Operating Activities</b>					
Change in net assets	\$ 1,096,122	\$ 268,878	\$ -	\$ 1,365,000	\$ 1,091,446
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Contributions to LCLCE endowment	-	-	-	-	(11,450)
Depreciation	195,311	-	-	195,311	212,445
Gain (loss) on investments	(501,921)	201	-	(501,720)	(398,591)
Decrease in receivables	2,080	-	-	2,080	5,408
Increase in accrued interest	(258)	(956)	-	(1,214)	(1,799)
(Increase) decrease in prepaid expenses	(267)	(1,025)	-	(1,292)	16,496
Increase in unearned revenue	437,995	-	-	437,995	204,771
(Decrease) increase in due to broker	(517,845)	-	-	(517,845)	517,845
Increase in accounts payable and accrued expenses	70,272	-	-	70,272	24,729
Net cash provided by operating activities	<u>781,489</u>	<u>267,098</u>	<u>-</u>	<u>1,048,587</u>	<u>1,661,300</u>
<b>Cash Flows From Investing Activities</b>					
Purchase of investments	(2,041,143)	(796,404)	-	(2,837,547)	(3,172,897)
Proceeds from sale of investments	2,153,570	480,000	-	2,633,570	2,110,371
Purchases of property and equipment	(33,875)	-	-	(33,875)	(27,282)
Net cash provided by (used in) investing activities	<u>78,552</u>	<u>(316,404)</u>	<u>-</u>	<u>(237,852)</u>	<u>(1,089,808)</u>
<b>Cash Flows From Financing Activities</b>					
Contributions to LCLCE endowment	-	-	-	-	11,450
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	860,041	(49,306)	-	810,735	582,942
<b>Cash and Cash Equivalents</b>					
Beginning of year	<u>1,976,502</u>	<u>1,217,676</u>	<u>-</u>	<u>3,194,178</u>	<u>2,611,236</u>
End of year	<u>\$ 2,836,543</u>	<u>\$ 1,168,370</u>	<u>\$ -</u>	<u>\$ 4,004,913</u>	<u>\$ 3,194,178</u>
<b>Supplemental Disclosure of Cash Flow Information</b>					
Cash paid during the year for unrelated business income taxes	<u>\$ 3,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,148</u>	<u>\$ 10,680</u>

See accompanying notes to consolidated financial statements.

## LOUISIANA STATE BAR ASSOCIATION AND AFFILIATE

### Notes to Consolidated Financial Statements

June 30, 2014

#### 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, 2014 and 2013 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.

##### 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 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, 2013, 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 consolidated financial statements since the volunteers' time does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

**k. Subsequent Events**

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through January 27, 2015, which is the date that the consolidated financial statements were available to be issued.

**Note 3 — CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following as of June 30, 2014 and 2013:

	2014	2013
Unrestricted cash and cash equivalents:		
LSBA	\$ 2,743,574	\$ 1,900,530
LCLCE	<u>92,969</u>	<u>75,972</u>
	<u>2,836,543</u>	<u>1,976,502</u>
Temporarily restricted cash and cash equivalents:		
LSBA Sections	1,150,599	1,197,208
LCLCE	<u>17,771</u>	<u>20,468</u>
	<u>1,168,370</u>	<u>1,217,676</u>
Totals	<u>\$ 4,004,913</u>	<u>\$ 3,194,178</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, 2014, the Association had cash and cash equivalents of approximately \$3.4 million in excess of insured limits.

**Note 5 — INVESTMENTS**

Investments held as of June 30, 2014 and 2013 are summarized as follows:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
LSBA:				
Unrestricted:				
Common stock	\$ 2,404,541	\$ 3,807,044	\$ 2,332,114	\$ 3,208,658
Corporate debt	2,953,650	2,966,041	3,071,177	3,075,803
Municipal bond	100,025	100,628	201,365	199,790
Temporarily restricted:				
Brokered certificates of deposit	480,000	479,808	270,006	269,877
Variable annuity contract	<u>311,349</u>	<u>311,349</u>	<u>205,083</u>	<u>205,083</u>
Total - LSBA	<u>6,249,565</u>	<u>7,664,870</u>	<u>6,079,745</u>	<u>6,959,211</u>
LCLCE:				
Unrestricted:				
Bank certificate of deposit	4,225	4,225	4,193	4,193
Temporarily restricted:				
Cash and certificate of deposit	6	6	-	-
Permanently restricted:				
Cash	11,200	11,200	11,200	11,200
Bank certificate of deposit	<u>14,770</u>	<u>14,770</u>	<u>14,770</u>	<u>14,770</u>
Total - LCLCE	<u>30,201</u>	<u>30,201</u>	<u>30,163</u>	<u>30,163</u>
Totals	<u>\$ 6,279,766</u>	<u>\$ 7,695,071</u>	<u>\$ 6,109,908</u>	<u>\$ 6,989,374</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, 2014 and 2013:

	June 30, 2014		
	Cost	Fair Value	Excess of Fair Value Over Cost
Balances as of June 30, 2014	<u>\$ 6,279,766</u>	<u>\$ 7,695,071</u>	\$ 1,415,305
Balances as of June 30, 2013	<u>\$ 6,109,908</u>	<u>\$ 6,989,374</u>	879,466
Unrealized gain on investments			535,839
Realized loss for the year			<u>(34,119)</u>
Gain on investments, net			<u>\$ 501,720</u>
	June 30, 2013		
	Cost	Fair Value	Excess of Fair Value Over Cost
Balances as of June 30, 2013	<u>\$ 6,109,908</u>	<u>\$ 6,989,374</u>	\$ 879,466
Balances as of June 30, 2012	<u>\$ 5,108,290</u>	<u>\$ 5,528,257</u>	419,967
Unrealized gain on investments			459,499
Realized loss for the year			<u>(60,908)</u>
Gain on investments, net			<u>\$ 398,591</u>

Interest earned on investments for the years ended June 30, 2014 and 2013 of \$208,408 and \$168,947, respectively, is presented net of investment expense of \$17,253 and \$17,134, respectively.

**Note 6 — ASSETS MEASURED AT FAIR VALUE**

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

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

**Level 2** - Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2014 and 2013.

- ▶ *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 Mass Mutual 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, 2014 and 2013:

Description <u>June 30, 2014</u>	Total Assets Measured At Fair Value	Based on:		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Common stock:				
Information technology	\$ 676,553	\$ 676,553	\$ -	\$ -
Health care	438,069	438,069	-	-
Consumer staples	535,890	535,890	-	-
Financials	559,727	559,727	-	-
Energy	414,268	414,268	-	-
Industrials	550,583	550,583	-	-
Consumer discretionary	361,229	361,229	-	-
Materials	167,972	167,972	-	-
Telecommunication	102,753	102,753	-	-
Corporate bonds:				
Credit rating:				
AA+	100,991	-	100,991	-
A+	100,051	-	100,051	-
A	311,724	-	311,724	-
A-	203,580	-	203,580	-
B+	101,250	-	101,250	-
BBB+	823,400	-	823,400	-
BBB	714,795	-	714,795	-
BBB-	610,250	-	610,250	-
Municipal bonds:				
Credit rating:				
A-	100,628	-	100,628	-
Brokered certificates of deposit				
	479,808	-	479,808	-
Variable annuity contract				
	311,349	-	311,349	-
Totals - LSBA	<u>\$ 7,664,870</u>	<u>\$ 3,807,044</u>	<u>\$ 3,857,826</u>	<u>\$ -</u>

Note 6 — ASSETS MEASURED AT FAIR VALUE (Continued)

Description June 30, 2013	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	\$ 498,890	\$ 498,890	\$ -	\$ -
Health care	439,770	439,770	-	-
Consumer staples	512,358	512,358	-	-
Financials	443,632	443,632	-	-
Energy	319,977	319,977	-	-
Industrials	459,210	459,210	-	-
Consumer discretionary	312,205	312,205	-	-
Materials	116,902	116,902	-	-
Telecommunication	105,714	105,714	-	-
Corporate bonds:				
Credit rating:				
AA+	101,987	-	101,987	-
A+	103,409	-	103,409	-
A	307,407	-	307,407	-
A-	566,783	-	566,783	-
B+	202,924	-	202,924	-
BBB+	1,222,402	-	1,222,402	-
BBB	467,130	-	467,130	-
BBB-	103,761	-	103,761	-
Municipal bonds:				
Credit rating:				
A	100,417	-	100,417	-
A-	99,373	-	99,373	-
Brokered certificates of deposit				
	269,877	-	269,877	-
Variable annuity contract				
	<u>205,083</u>	<u>-</u>	<u>205,083</u>	<u>-</u>
Totals - LSBA	<u>\$ 6,959,211</u>	<u>\$ 3,208,658</u>	<u>\$ 3,750,553</u>	<u>\$ -</u>

Note 7 — RISKS AND UNCERTAINTIES

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



**Note 8 — PROPERTY AND EQUIPMENT**

Major classes of property and equipment as of June 30, 2014 and 2013 are summarized as follows:

	<u>2014</u>	<u>2013</u>
LSBA		
Louisiana Bar Center		
Building	\$ 1,881,646	\$ 1,881,646
Construction in progress	9,823	11,964
Improvements	1,592,509	1,578,504
Furniture and equipment	<u>949,781</u>	<u>977,418</u>
	4,433,759	4,449,532
Less accumulated depreciation	<u>(1,907,914)</u>	<u>(1,762,535)</u>
	<u>2,525,845</u>	<u>2,686,997</u>
LCLCE		
Library	30,133	30,133
Furniture and equipment	<u>2,199</u>	<u>4,690</u>
	32,332	34,823
Less accumulated depreciation	<u>(31,246)</u>	<u>(33,453)</u>
	<u>1,086</u>	<u>1,370</u>
Property and equipment, net	<u>\$ 2,526,931</u>	<u>\$ 2,688,367</u>

Depreciation expense for the years ended June 30, 2014 and 2013 totaled \$195,311 and \$212,445, respectively.

**Note 9 — TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following as of June 30, 2014 and 2013:

	2014	2013
Access to Justice Program - Project Grants	\$ 55,484	\$ 11,925
Legal Malpractice Insurance Trust	663,844	481,361
Legal Specialization Fund	388,997	364,455
Young Lawyers Section - Grant Fund	2,300	2,500
Young Lawyers Section - Bridging the Gap	16,407	16,536
Sections:		
Administrative Law	8,915	8,330
Alternative Dispute Resolution	47,836	39,461
Animal Law	4,602	3,593
Antitrust and Trade Regulation Law	8,785	9,940
Appellate Section	9,668	8,579
Art, Entertainment, and Sports Law Section	5,238	5,704
Bankruptcy Law	19,832	18,047
Bench and Bar	11,032	10,146
Bill of Rights	2,735	2,660
Civil Law and Litigation	69,346	70,765
Class Action, Mass Tort, and Complex Litigation Law	8,925	6,115
Consumer Protection Law	8,015	7,845
Corporate and Business Law	105,423	108,831
Criminal Law	2,880	7,595
Environmental Law	17,061	19,695
Family Law	40,674	39,981
Fidelity, Surety, and Construction Law	34,932	34,400
Francophone	8,876	1,798
Government and Public Law	40,453	42,711
Health Law	31,075	29,479
Insurance, Tort, Workers' Compensation, and Admiralty Law	18,545	18,046
Intellectual Property	25,715	25,540
International Law	10,696	10,089
Labor and Employment Law	15,222	12,598
Mineral Law	57,019	56,111
Minority Involvement	8,409	8,866
Public Utility	22,814	19,895
Solo and Small Firm	18,335	14,915
Taxation	53,196	55,094
Trusts, Estate, Probate, and Immovable Property Law	104,834	102,945
Total temporarily restricted net assets - LSBA	1,948,120	1,676,551
Temporarily restricted net assets - LCLCE	25,277	27,968
Total temporarily restricted net assets	\$ 1,973,397	\$ 1,704,519

#### **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, 2015. Future minimum rentals to be received under the lease as of June 30, 2014 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, 2014 and 2013 totaled \$230,018 and \$217,912, 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 \$136,205 and \$135,409 have been included in the consolidated statement of financial position as of June 30, 2014 and 2013, 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, 2014.

#### **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, 2014 and 2013 of approximately \$49,000 and \$38,000, 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, 2014, 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, 2011.

#### **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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