



2015 LOUISIANA STATE BAR ASSOCIATION ANNUAL REPORT



Louisiana
State Bar
Association

Serving the Public. Serving the Profession.

Supplement to the *Louisiana Bar Journal*



By Joseph L. (Larry) Shea, Jr.

From ATJ and Outreach to TIP and JLAP: It Was a Very Productive, Important Year

I am pleased to report that, during my term as Louisiana State Bar Association (LSBA) President, the LSBA continued its mission of providing service to the public and the profession. The Board of Governors' Strategic Plan, which sets forth guidance and direction to the LSBA in the programs and activities it undertakes, was revised during my term, recognizing that many objectives in the 2011 Strategic Plan were achieved and highlighting new innovative programs that the Bar leadership considered important in furtherance of the LSBA's mission. Below and on the following pages are some of the many Bar activities during my term (June 2014-May 2015).

Access to Justice Crisis

Unfortunately, Louisiana is confronted with an access to justice crisis. There are simply not enough funds to provide defense to those accused of crimes, much less funds to cover the costs of representation in civil matters for people who cannot afford such representation. The lack of funding in the criminal defense arena came to a head during my term when many of the district public defenders' offices began invoking "restricted status" which resulted in those offices declining representation of a large number of people charged with crimes who could not afford counsel. The LSBA worked (and continues to work) diligently with the Louisiana Supreme Court, the Louisiana Public Defenders Board and District Attorneys to produce legislation and other changes to address this problem.

In the civil area, statistics show that approximately 80 percent of the civil legal needs of those who cannot afford representation go unmet. In 2015, the LSBA lobbied in Washington, D.C., for increased funding to the Louisiana legal services corporations and secured some funding increases, though still woefully inadequate. The LSBA undertook numerous programs to encourage increased pro bono contribution by its members. These programs ranged from education concerning the use of limited scope representation to the expansion of the Legal Innovators for Tomorrow (LIFT) program to the organization and sponsoring of the 30th Annual Pro Bono Awards Ceremony in May 2015 where attorneys statewide were recognized for their exceptional pro bono work. There was a substantial expansion of the LSBA's Self-Represented Litigation program with the establishment of additional self-help websites and desks in various district courts throughout the state. In October 2014, a Day of Service to the public was conducted in conjunction with the LSBA's "Lawyers in Libraries" initiative. On that day, there were attorneys in libraries in all 64 parishes of Louisiana conducting "Ask-a-Lawyer" or public education events. This was part of the newly created Legal

Education & Assistance Program (LEAP), a cooperative venture with the Louisiana Library Association designed to provide legal information and resources to the public. These efforts culminated in my year with a House of Delegates' resolution supporting the creation of the Louisiana Access to Justice Commission. At the March Access to Justice Summit in Baton Rouge, the LSBA's ATJ Program was described as having "made Louisiana into a national leader when it comes to providing services and resources to those without the means to hire counsel."

Outreach and Diversity

The Outreach Committee was formed at the beginning of my term and has since been designated a Bar standing committee. Its purpose was, and is, to develop programs that increase participation in LSBA bar governance and committees by members throughout the state. An important objective of the committee is encouraging utilization of technology now available to the Bar that reduces the costs in time and money to those participating from areas of the state outside of New Orleans where the LSBA offices are located. Great strides were made in furthering that objective. In addition, Regional Panels were created for each Board district headed by the elected Board members who assisted the Bar in its activities, including selection of Citizen Lawyer Award recipients.

The LSBA continued its commitment to removing barriers that restrict people of diverse backgrounds from participating in the profession and seeking to achieve greater inclusion. The LSBA's efforts in this regard were highlighted by the eighth annual Conclave on Diversity in New Orleans in March 2015. The featured speaker was one of the original Freedom Riders and "The Freedom Riders" traveling exhibition was displayed at the Conclave and the Bar Center during March. Several other programs were coordinated by the Diversity Committee, including a three-part CLE series on disabilities-related legal issues.

Transition Into Practice Program (TIP)

After years of hard work and preparation, the TIP pilot mentoring program for newly admitted lawyers began its inaugural year in January 2015. Newly admitted lawyers in New Orleans, Baton Rouge and Shreveport were paired with practicing attorney volunteers in a year-long process of mentoring structured to provide the new lawyers with important experience and knowledge relating to the actual practice of law. All participants received a detailed handbook,

Continued next page

developed specifically by the LSBA for the program, and a calendar of activities. Those participating reported to the LSBA on the progress of the mentoring process for each new lawyer throughout the year.

Judges and Lawyers Assistance Program (JLAP)

The Lawyers Assistance Program, Inc. (LAP) was created decades ago to provide confidential help to attorneys suffering from alcohol and drug abuse. Over the years, the responsibilities of LAP have been expanded to include treatment of depression and other mental health issues, confidential counseling and treatment for judges, the referral of attorneys to LAP by the disciplinary system and, more recently, the referral to LAP of law students who confront admission issues. In recognition of the expanded and increasingly significant role of LAP, the LSBA substantially increased funding

for LAP's activities and reorganized the LAP Board to better define its members to include LSBA leadership and representation from the judges while still maintaining confidentiality. In April 2015, the Louisiana Legislature passed a bill that officially expanded the program to include judges.

Thanks

These items are just a few of the numerous accomplishments of the LSBA during my term. I take great pride in what was done, but it would not have been possible without the substantial efforts of the hardworking LSBA staff and the many attorney volunteers who offered assistance. I want to thank *you* for allowing me the privilege of serving as President. It was a rewarding journey, indeed.

LSBA YEAR IN REVIEW / JUNE 2014 – JUNE 2015

LSBA BY THE NUMBERS



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.

June 2014

► 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 (LSBA) by Louisiana Supreme Court Chief Justice Bernette Joshua Johnson.

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► J. Lee Hoffoss, Jr., a partner in the Lake Charles firm of Hoffoss Devall, L.L.C., was installed as the 2014-15 Young Lawyers Division chair by 14th Judicial District Court Judge David A. Ritchie.

► The 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.

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► The House of Delegates approved eight resolutions at its June 5 meeting, including a resolution creating the Immigration Law Section and another to support legislation reducing crimes involving the classification of simple possession of marijuana and its chemical derivatives from a felony to a misdemeanor with appropriate incremental penalties for habitual offenders. www.lsba.org/BarGovernance/HouseofDelegates.aspx.

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► The Leadership LSBA 2014-15 Class included 16 members.

July 2014

► The 4th Judicial District Court, in conjunction with the LSBA, launched a self-help website for Ouachita and Morehouse parishes. www.4thjdcselfhelp.com.

August 2014

► The LSBA launched a free app for iPad, iPhone and Android users offering quick access to popular sections of the main website.

► More than 160 attorneys and judges volunteered for the Committee on the Profession's four law school professionalism orientations.

LSBA YEAR IN REVIEW / JUNE 2014 – JUNE 2015

LSBA BY THE NUMBERS

September 2014

► Members of the LSBA leadership participated in the ALS Ice Bucket Challenge, an event raising awareness and funds for the neurological disease amyotrophic lateral sclerosis (Lou Gehrig's Disease). <https://www.facebook.com/louisiana.bar>.

October 2014

► Darrel J. Papillion of Baton Rouge and Alainna R. Mire of Alexandria were certified elected for 2015-16 LSBA president-elect and 2015-17 LSBA secretary, respectively. Scotty E. Chabert, Jr. of Baton Rouge and Bradley J. Tate of Baton Rouge were certified elected for 2015-16 Young Lawyers Division chair-elect and secretary, respectively.

► The LSBA conducted its annual Memorial Exercises on Oct. 6, recognizing 123 deceased members of the Bench and Bar.

► The 11th annual Louisiana Justice Community Conference on Oct. 16-17 focused on the theme "Preserving Civil Legal Aid" in collaboration with the Louisiana Bar Foundation's statewide campaign.

► LSBA President Joseph L. (Larry) Shea, Jr. encouraged lawyers to recognize Oct. 23 as a "Day of Service" to the public by volunteering for the LSBA's "Lawyers in Libraries" initiative. Attorneys volunteered in all 64 parishes.

► A total of 459 new admittees were sworn into the practice of law on Oct. 30.

► Southeast Louisiana Legal Services, in conjunction with the 22nd Judicial District Court, and the 24th Judicial District Court, in conjunction with the LSBA and the Louisiana Civil Justice Center, launched self-help desks.

November 2014

► The Diversity Committee's Pipeline Subcommittee and the Legal Services for Persons with Disabilities Committee partnered in a three-part CLE series on disabilities-related legal issues.

► The LSBA launched its video series, "Bar 101," available online. www.lsba.org/Members/bar101.aspx.

December 2014

► Ten authors contributed features for the December 2014-January 2015 *Louisiana Bar Journal*, themed "Mindfulness, Mental Health and Lawyers Assistance."

► The 19th annual Secret Santa Project, coordinated by the Community Action Committee, assisted 691 children.

January 2015

► The LSBA's Transition Into Practice pilot mentoring program for newly admitted Louisiana lawyers began Jan. 1 in the Baton Rouge, Shreveport and greater New Orleans areas. www.lsba.org/mentoring.

► The House of Delegates approved nine resolutions at its Jan. 17 meeting, including a resolution eliminating the law student membership category and another to endorse legislation providing certain parties with standing to enjoin the unauthorized practice of law or pursue a civil action for damages in connection with the unauthorized practice of law. www.lsba.org/BarGovernance/HouseofDelegates.aspx

► A total of 153 LSBA members who reached half a century and beyond in their legal practices were honored at the 50-60-70-Year Member Reception.

February 2015

► The "Dazzling Disney!" multi-topic CLE was Feb. 16-18 in Florida.

March 2015

► On March 3, the "Louisiana Bar Today" e-newsletter became "Inside the LSBA," distributed on the first three Tuesdays of each month in targeted packages (CLE, Headlines and Member Benefits).

► The eighth annual Conclave on Diversity in the Legal Profession was March 6, with the theme "Celebrating 50 Years of Civil Rights: Moving the Pendulum Forward." Featured speaker was Henry (Hank) James Thomas, one of the original 13 Freedom Riders.

► The eighth annual Solo and Small Firm Conference was March 19-20 and featured 50 national and regional speakers.

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LSBA YEAR IN REVIEW / JUNE 2014 – JUNE 2015

LSBA BY THE NUMBERS

▶ The Leadership LSBA class partnered with the *ABA Journal* to present the state’s first legal aid hackathon, “Hackcess to Justice Louisiana,” on March 21-22. Participants used their legal, entrepreneurial, coding and other skills to create technology-enabled solutions for challenges faced by citizens who cannot afford lawyers.

▶ Amendments to the LSBA’s Plan of Legal Specialization and the Louisiana Board of Legal Specialization’s Rules and Regulations establish and regulate an “inactive” and “senior” specialization certification designation for LBL board-certified specialists.

April 2015

▶ The LSBA supported six bills and opposed 19 bills in the 2015 legislative session. Bills supported (and passed) were HB 197 which provided for the expansion of the LSBA’s Lawyers Assistance Program and HB 801 which concerned funding for the expenses of the Louisiana judiciary. www.legis.la.gov/legis/home.aspx.

May 2015

▶ The LSBA utilized electronic billing for the collection of LSBA dues and Louisiana Attorney Disciplinary Board assessments. Members had the option of downloading their Attorney Registration Statements and mailing checks for the payment of fees.

▶ Effective May 1, every lawyer who does pro bono work can earn up to three hours of CLE credit each year. www.lasc.org/rules/orders/2015/RULE_XXX_Rule_3_Regulation_3_21.pdf.

▶ A total of 163 new admittees were sworn into the practice of law on May 7.

▶ Legal professionals were recognized for exceptional pro bono work at the 30th Annual Pro Bono Awards Ceremony on May 19.

June 2015

▶ Mark A. Cunningham, a senior partner in the New Orleans office of Jones Walker LLP, was installed June 11 as the 75th president of the Louisiana State Bar Association by Louisiana Supreme Court Chief Justice Bernette Joshua Johnson.

▶ Erin O. Braud, an attorney in the New Orleans office of GuideOne Insurance Co., was installed as the 2015-16 Young Lawyers Division chair by 1st Judicial District Court Judge Karelia R. Stewart.

▶ The 74th LSBA Annual Meeting and LSBA/Louisiana Judicial College Joint Summer School in Destin, Fla., featured the theme “Louisiana Rising: Lessons in Leadership, Innovation and Balance.”

▶ The House of Delegates approved eight resolutions at its June 11 meeting, including a resolution creating the Louisiana Access to Justice Commission and another stating the LSBA’s objection to compelling attorneys to provide uncompensated professional services for the benefit of the State and urging the Louisiana Legislature to authorize sufficient funding to provide effective assistance of counsel for indigent defendants in state criminal proceedings. www.lsba.org/BarGovernance/HouseofDelegates.aspx.

▶ The Suit Up for the Future High School Summer Legal Institute and Internship Program began June 15 with 17 student interns (11th and 12th graders).

▶ The Louisiana Board of Legal Specialization is developing a Labor Law specialty and an Employment Law specialty.

▶ The Leadership LSBA 2015-16 Class included 18 members.



June 2015 / Mark A. Cunningham is sworn in as the 75th LSBA president by Louisiana Supreme Court Chief Justice Bernette Joshua Johnson during the 2015 Annual Meeting. Photo by Matthew Hinton Photography.



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The Board of Governors

Louisiana State Bar Association

We have audited the accompanying consolidated financial statements of the Louisiana State Bar Association and its affiliates (the Association), which comprise the consolidated statement of financial position as of June 30, 2015, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the consolidated financial statements referred on the previous page present fairly, in all material respects, the financial position of Louisiana State Bar Association and affiliates as of June 30, 2015, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The consolidated financial statements of the Association as of and for the year ended June 30, 2014, were audited by other auditors whose report dated January 27, 2015, expressed an unmodified opinion on those statements.

Postlethwaite + Netterville

Metairie, Louisiana
March 21, 2016

LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents, unrestricted	\$ 2,572,350	\$ 2,836,543
Cash and cash equivalents, restricted	1,181,875	1,168,370
Receivables	61,361	41,636
Accrued interest receivable	27,278	30,487
Prepaid expenses	41,499	49,687
Total current assets	<u>3,884,363</u>	<u>4,126,723</u>
Investments, unrestricted	7,513,198	6,877,938
Investments, restricted	1,095,641	817,133
Property and equipment, net	2,409,281	2,526,931
Deposits	<u>2,250</u>	<u>-</u>
Total assets	<u>\$ 14,904,733</u>	<u>\$ 14,348,725</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Unearned revenue	\$ 2,620,550	\$ 2,574,812
Accounts payable and accrued expenses	415,034	452,782
Total current liabilities	<u>3,035,584</u>	<u>3,027,594</u>
Net assets:		
Unrestricted	9,591,633	9,321,764
Temporarily restricted	2,251,196	1,973,397
Permanently restricted	26,320	25,970
Total net assets	<u>11,869,149</u>	<u>11,321,131</u>
Total liabilities and net assets	<u>\$ 14,904,733</u>	<u>\$ 14,348,725</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATES**

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015			2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, Revenue, Gains, and Reclassifications:								
Membership dues	\$ 3,988,928	\$ 183,737	\$ -	\$ 4,172,665	\$ 3,952,260	\$ 181,062	\$ -	\$ 4,133,322
Seminars, conferences, programs, and luncheons	997,930	45,525	-	1,043,455	971,454	58,306	-	1,029,760
Royalties	304,554	-	-	304,554	319,408	-	-	319,408
Contributions and grants	218,647	421,645	-	640,292	88,115	383,226	-	471,341
Advertising	217,816	-	-	217,816	221,325	-	-	221,325
Annual meeting	475,505	-	-	475,505	501,725	-	-	501,725
Lawyer advertising filing fees	148,775	-	-	148,775	172,025	-	-	172,025
Disciplinary assessment processing	24,617	-	-	24,617	77,791	-	-	77,791
Gain (loss) on investments, net	52,305	-	350	52,655	501,921	(201)	-	501,720
Interest	191,346	7,135	-	198,481	200,289	8,119	-	208,408
Rental income	51,324	-	-	51,324	51,324	-	-	51,324
Sales of membership labels	22,745	-	-	22,745	19,489	-	-	19,489
Penalties	13,325	3,575	-	16,900	15,750	8,450	-	24,200
Sales of brochures and books	-	-	-	-	786	-	-	786
Miscellaneous income	83,060	4,197	-	87,257	42,045	3,050	-	45,095
Transfer of LAP's net assets (see note 10)	397,155	-	-	397,155	-	-	-	-
	7,188,032	665,814	350	7,854,196	7,135,707	642,012	-	7,777,719
Net assets released from restrictions	388,015	(388,015)	-	-	373,134	(373,134)	-	-
Total support, revenue, gains, and reclassifications	7,576,047	277,799	350	7,854,196	7,508,841	268,878	-	7,777,719
Expenses:								
For officials, sections, committees, and services:								
Staff compensation and benefits	2,956,043	-	-	2,956,043	2,548,869	-	-	2,548,869
Professional programs	222,889	-	-	222,889	296,215	-	-	296,215
Seminars, conferences, programs, and meetings	621,823	-	-	621,823	574,976	-	-	574,976
Travel and per diem	361,821	-	-	361,821	288,155	-	-	288,155
Annual meeting	413,655	-	-	413,655	344,584	-	-	344,584
Stationery, printing, and postage	135,131	-	-	135,131	152,077	-	-	152,077
Louisiana Bar Journal, Bar Briefs, and LSBA.org	175,276	-	-	175,276	168,194	-	-	168,194
Computer assisted legal program	124,644	-	-	124,644	125,157	-	-	125,157
Supplies, awards, and gifts	211,734	-	-	211,734	215,282	-	-	215,282
Medical consultant	9,600	-	-	9,600	-	-	-	-
Miscellaneous	102,489	-	-	102,489	45,529	-	-	45,529
Contributions	36,000	-	-	36,000	33,000	-	-	33,000
Rent	23,065	-	-	23,065	-	-	-	-
Telephone	20,815	-	-	20,815	21,656	-	-	21,656
Bar admission ceremonies	817	-	-	817	271	-	-	271
Total officials, sections, committees, and services	5,415,802	-	-	5,415,802	4,813,965	-	-	4,813,965

LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES (continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General expenses:								
Staff compensation and benefits	1,008,730	-	-	1,008,730	889,759	-	-	889,759
Professional services	108,252	-	-	108,252	73,238	-	-	73,238
Insurance	82,463	-	-	82,463	67,249	-	-	67,249
Equipment and computer rental and maintenance	136,742	-	-	136,742	81,218	-	-	81,218
Office supplies	59,597	-	-	59,597	55,645	-	-	55,645
Stationery, printing, and postage	245	-	-	245	5,152	-	-	5,152
Property management	123,073	-	-	123,073	97,326	-	-	97,326
Telephone	46,685	-	-	46,685	40,314	-	-	40,314
Travel and per diem and meetings	23,114	-	-	23,114	23,362	-	-	23,362
Depreciation	200,539	-	-	200,539	195,311	-	-	195,311
Education materials	427	-	-	427	-	-	-	-
Business income and proxy taxes	11,123	-	-	11,123	3,148	-	-	3,148
Lobbying	48,000	-	-	48,000	48,000	-	-	48,000
Advertising	2,931	-	-	2,931	-	-	-	-
Rent	4,070	-	-	4,070	-	-	-	-
Repairs and maintenance	165	-	-	165	-	-	-	-
Miscellaneous	34,220	-	-	34,220	19,032	-	-	19,032
Total general expenses	1,890,376	-	-	1,890,376	1,598,754	-	-	1,598,754
Total expenses	7,306,178	-	-	7,306,178	6,412,719	-	-	6,412,719
Change in Net Assets	269,869	277,799	350	548,018	1,096,122	268,878	-	1,365,000
Net assets at beginning of year	9,321,764	1,973,397	25,970	11,321,131	8,225,642	1,704,519	25,970	9,956,131
Net assets at end of year	\$ 9,591,633	\$ 2,251,196	\$ 26,320	\$ 11,869,149	\$ 9,321,764	\$ 1,973,397	\$ 25,970	\$ 11,321,131

See accompanying notes to consolidated financial statements.

LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flows provided by operating activities:		
Change in net assets	\$ 548,018	\$ 1,365,000
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	200,539	195,311
Gain (loss) on investments	(52,655)	(501,720)
Changes in assets and liabilities:		
(Increase) decrease in receivables	(19,725)	2,080
(Increase) decrease in accrued interest	3,209	(1,214)
(Increase) decrease in prepaid expenses	8,188	(1,292)
Increase in deposits	(2,250)	-
Increase in unearned revenue	45,738	437,995
Decrease in due to broker	-	(517,845)
(Decrease) increase in accounts payable and accrued expenses	(37,748)	70,272
	693,314	1,048,587
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of investments	(3,900,828)	(2,837,547)
Proceeds from sale of investments	3,039,715	2,633,570
Purchase of property and equipment	(82,889)	(33,875)
	(944,002)	(237,852)
Net cash used in investing activities		
Net increase (decrease) in cash and cash equivalents	(250,688)	810,735
Cash and cash equivalents at beginning of year	4,004,913	3,194,178
Cash and cash equivalents at end of year	\$ 3,754,225	\$ 4,004,913
Supplemental disclosure of cash flow information		
Cash paid during the year for unrelated business income taxes	\$ 11,123	\$ 3,148
Reconciliation to consolidated financial statements		
Cash and cash equivalents, unrestricted	\$ 2,572,350	\$ 2,836,543
Cash and cash equivalents, restricted	1,181,875	1,168,370
	\$ 3,754,225	\$ 4,004,913

See accompanying notes to consolidated financial statements.

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of Significant Accounting Policies

History and Organization

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, licensed to practice in the State of Louisiana.

Basis of Presentation

The Association prepares its financial statements on the accrual basis of accounting.

Consolidation Policy

The consolidated financial statements as of and for the year ended June 30, 2015 include the accounts of the Association, Lawyers' Assistance Program, Inc. (LAP) and Louisiana Center for Law and Civic Education, Inc. (LCLCE). Effective September 29, 2014, LAP amended and restated its bylaws which gave the Association more control, and therefore, resulted in its consolidation in the Association as of and for the year ended June 30, 2015. The consolidated financial statements as of and for the year ended June 30, 2014 included the accounts of the Association and LCLCE only. On June 7, 2010, the Association and LCLCE entered into an agreement through which the Association committed to provide funding to LCLCE and which gave the Association's Board of Governors the power to appoint the Board of Directors of LCLCE. Both LAP and LCLCE are consolidated due to the Association having both an economic interest in LAP and LCLCE and control of LAP and LCLCE through a majority voting interest in its governing board. All material intra-entity transactions have been eliminated.

Financial Statement Presentation

The Association's net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time. The Association receives membership dues, conference fees, and other revenues which are to be expended and accounted for by the following specific accounts: Access to Justice Program – Project Grants; Access to Justice Program – Legal Services and Louisiana Bar Foundation Grants; Legal Malpractice Insurance Fund; Legal Specialization; Young Lawyers 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 - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Association pursuant to those stipulations. The permanently restricted net assets at year end are held by LCLCE as a permanently restricted endowment.

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 could affect reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results and the results of future periods could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments to be cash equivalents purchased with maturities of three months or less.

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

LSBA uses the allowance method to determine uncollectible accounts receivable. Management periodically reviews the status of all accounts receivable balance for collectability. Based on past experience and analysis of receivable collectability, management has determined that no allowance for doubtful accounts is necessary.

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 4 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 for these particular programs.

Property and Equipment

Property and equipment of the Association are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets on the straight-line method. The useful life of furniture and equipment is 3 to 10 years; useful life of building improvements is 10 to 15 years; and the useful life of buildings is 39 years. Additions and major improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

Unearned Revenue and 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. Unearned dues revenue is recognized as revenue over the related membership period and unearned registration fees are recognized when the seminars commence. All other sources of revenue are recognized when received.

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.

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Association and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2015.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATES
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2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Unrestricted cash and cash equivalents:		
LSBA	\$ 2,136,738	\$ 2,743,574
LCLCE	35,857	92,969
LAP	399,755	-
	<u>2,572,350</u>	<u>2,836,543</u>
Temporarily restricted cash and cash equivalents:		
LSBA Sections	1,105,340	1,150,599
LCLCE	76,535	17,771
LAP	-	-
	<u>1,181,875</u>	<u>1,168,370</u>
Totals	<u>\$ 3,754,225</u>	<u>\$ 4,004,913</u>

3. Investments

Investments held as of June 30, 2015 and 2014 are summarized as follows:

	<u>2015</u>			<u>2014</u>		
	Cost	Fair value	Unrealized gain (loss)	Cost	Fair value	Unrealized gain (loss)
LSBA:						
Unrestricted:						
Common stock	\$ 2,564,061	\$ 4,067,776	\$ 1,503,715	\$ 2,404,541	\$ 3,807,044	\$ 1,402,503
Corporate debt	3,355,504	3,341,181	(14,323)	2,953,650	2,966,041	12,391
Municipal bond	100,025	100,001	(24)	100,025	100,628	603
Temporarily restricted:						
Brokered certificates of deposit	-	-	-	480,000	479,808	(192)
Mutual fund	688,174	688,174	-	-	-	-
Variable annuity contract	381,059	381,059	-	311,349	311,349	-
Total - LSBA	<u>7,088,823</u>	<u>8,578,191</u>	<u>1,489,368</u>	<u>6,249,565</u>	<u>7,664,870</u>	<u>1,415,305</u>
LCLCE:						
Unrestricted:						
Bank certificate of deposit	4,240	4,240	-	4,225	4,225	-
Temporarily restricted:						
Cash and certificate of deposit	88	88	-	6	6	-
Permanently restricted:						
Cash	11,204	11,204	-	11,200	11,200	-
Bank certificate of deposit	15,116	15,116	-	14,770	14,770	-
Total - LCLCE	<u>30,648</u>	<u>30,648</u>	<u>-</u>	<u>30,201</u>	<u>30,201</u>	<u>-</u>
Totals	<u>\$ 7,119,471</u>	<u>\$ 8,608,839</u>	<u>\$ 1,489,368</u>	<u>\$ 6,279,766</u>	<u>\$ 7,695,071</u>	<u>\$ 1,415,305</u>

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015

3. Investments (continued)

Presented below is a summary of realized and unrealized gains and losses on investments for the years ended June 30, 2015 and 2014:

	June 30, 2015	June 30, 2014
	Excess of Fair Value Over Cost	Excess of Fair Value Over Cost
Unrealized gain on investments	\$ 61,786	\$ 535,839
Realized loss for the year	(9,121)	(34,119)
Gain on investments, net	\$ 52,665	\$ 501,720

Interest earned on investments for the years ended June 30, 2015 and 2014 of \$198,481 and \$208,408, respectively, is presented net of investment expense of \$36,647 and \$17,143, respectively,

4. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under the framework 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 or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

- *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*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015

4. Fair Value Measurements (continued)

- *Municipal bond*: Valued using pricing models maximizing the use of observable inputs for similar securities.
- *Money market account / Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.
- *Variable annuity contract*: Valued at cash redemption value as reported to the Association by MassMutual Financial Group.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with 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 table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2015 and 2014:

	<u>Assets at Fair Value as of June 30, 2015</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Common stock:				
Information technology	\$ 742,950	\$ -	\$ -	\$ 742,950
Health care	576,307	-	-	576,307
Consumer staples	721,549	-	-	721,549
Financials	634,079	-	-	634,079
Energy	46,280	-	-	46,280
Industrials	122,023	-	-	122,023
Services	827,812	-	-	827,812
Materials	396,776	-	-	396,776
Mutual fund/money market	688,174	-	-	688,174
LCLCE Investments	30,648	-	-	30,648
Corporate bonds:				
Credit rating:				
A	-	605,036	-	605,036
A-	-	210,925	-	210,925
BB+	-	100,000	-	100,000
BBB+	-	1,065,211	-	1,065,211
BBB	-	806,360	-	806,360
BBB-	-	553,649	-	553,649
Municipal bonds:				
Credit rating:				
A-	-	100,001	-	100,001
Variable annuity contract	-	381,059	-	381,059
Total Assets at Fair Value	<u>\$ 4,786,598</u>	<u>\$ 3,822,241</u>	<u>\$ -</u>	<u>\$ 8,608,839</u>

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATES
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JUNE 30, 2015

4. Fair Value Measurements (continued)

	<u>Assets at Fair Value as of June 30, 2014</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
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
LCLCE Investments	30,201	-	-	30,201
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
Total Assets at Fair Value	<u>\$ 3,837,245</u>	<u>\$ 3,857,826</u>	<u>\$ -</u>	<u>\$ 7,695,071</u>

5. 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.

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015

6. Property and Equipment

Major classes of property and equipment as of June 30, 2015 and 2014 are summarized as follows:

	<u>2015</u>	<u>2014</u>
LSBA		
Louisiana Bar Center		
Building	\$ 1,881,646	\$ 1,881,646
Construction in progress	34,507	9,823
Building improvements	1,607,578	1,592,509
Furniture and equipment	965,848	949,781
	<u>4,489,579</u>	<u>4,433,759</u>
Less accumulated depreciation	<u>(2,102,841)</u>	<u>(1,907,914)</u>
	<u>2,386,738</u>	<u>2,525,845</u>
LCLCE		
Library	30,133	30,133
Furniture and equipment	2,199	2,199
	<u>32,332</u>	<u>32,332</u>
Less accumulated depreciation	<u>(31,529)</u>	<u>(31,246)</u>
	<u>803</u>	<u>1,086</u>
LAP		
Furniture and equipment	36,076	-
	<u>36,076</u>	<u>-</u>
Less accumulated depreciation	<u>(14,336)</u>	<u>-</u>
	<u>21,740</u>	<u>-</u>
Property and equipment, net	<u>\$ 2,409,281</u>	<u>\$ 2,526,931</u>

Depreciation expense for the years ended June 30, 2015 and 2014 totaled \$200,539 and \$195,311, respectively.

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATES
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7. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of June 30, 2015 and 2014:

	2015	2014
Access to Justice Program - Project Grants	\$ 56,567	\$ 55,484
Legal Malpractice Insurance Fund	848,126	663,844
Legal Specialization Fund	421,347	388,997
Young Lawyers Section - Grant Fund	4,272	2,300
Young Lawyers Section - Bridging the Gap	16,353	16,407
Sections:		
Administrative Law	8,530	8,915
Alternative Dispute Resolution	55,076	47,836
Animal Law	7,497	4,602
Antitrust and Trade Regulation Law	7,598	8,785
Appellate	11,058	9,668
Art, Entertainment and Sports Law Section	6,171	5,238
Bankruptcy Law	22,839	19,832
Bench and Bar	10,187	11,032
Bill of Rights	2,450	2,735
Civil Law and Litigation	71,144	69,346
Class Action, Mass Tort and Complex Litigation	9,562	8,925
Consumer Protection Law	8,240	8,015
Corporate and Business Law	102,823	105,423
Criminal Law	2,900	2,880
Environmental Law	14,916	17,061
Family Law	28,354	40,674
Fidelity, Surety, and Construction Law	35,360	34,932
Francophone	7,091	8,876
Government and Public Law	37,008	40,453
Health Law	28,269	31,075
Insurance, Tort, Workers' Compensation and Admiralty Law	19,354	18,545
Intellectual Property	23,804	25,715
International Law	10,731	10,696
Labor and Employment Law	16,109	15,222
Mineral Law	57,314	57,019
Minority Involvement	12,581	8,409
Public Utility	25,493	22,814
Solo and Small Firm	20,888	18,335
Taxation	56,663	53,196
Trusts, Estate, Probate and Immovable Property Law	107,898	104,834
Total temporarily restricted net assets - LSBA	<u>2,174,573</u>	<u>1,948,120</u>
Temporarily restricted net assets - LCLCE	76,623	25,277
Total temporarily restricted net assets	<u>\$ 2,251,196</u>	<u>\$ 1,973,397</u>

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015

8. 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 expired on June 30, 2015. Rental income for the years ended June 30, 2015 and 2014 totaled \$51,324.

9. 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, 2015 and 2014 totaled \$237,562 and \$230,018, respectively.

10. Consolidated Affiliates

As discussed in Note 1, 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 \$198,722 and \$136,205 have been included in the consolidated statement of financial position as of June 30, 2015 and 2014, respectively. Effective September 29, 2014, LAP amended and restated its bylaws which gave the Association more control, and therefore, resulted in its consolidation by the Association as of June 30, 2015. Net assets of LAP totaling \$397,155 at June 30, 2014 are reported as a transfer of LAP's net assets on the consolidated statement of activities of LSBA for the year ended June 30, 2015. Net assets of LAP totaling \$456,222 have been included in the consolidated statement of financial position as of June 30, 2015.

11. 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 2015.

12. 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 on an annual basis until the time that either party elects to terminate the agreement. The Association pays an annual fee of \$124,644 under this agreement.

13. 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 management does not believe that significant credit risk exists as a result of this practice.

14. Subsequent Event

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 21, 2016, and determined the following events occurred that required disclosure.

On November 6, 2015, LSBA's Board of Governors voted to establish a board designated Capital Reserve of \$1 million.

Effective December 2, 2015, LAP changed its name to Judges' and Lawyers' Assistance Program, Inc. pursuant to Revised Statute Title 37 Professions and Occupations RS 37:221 Bar Committee on Alcohol and Drug Abuse; Privilege, Confidentiality, and Immunity.



Louisiana
State Bar
Association

Serving the Public. Serving the Profession.

Louisiana State Bar Association

601 St. Charles Ave.

New Orleans, LA 70130-3404

(800)421-5722, (504)566-1600

www.lsba.org