

2023

LOUISIANA STATE BAR ASSOCIATION

ANNUAL REPORT



Louisiana
State Bar
Association[®]

Serving the Public. Serving the Profession.

Supplement to the Louisiana Bar Journal

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

Opinion

We have audited the consolidated financial statements of Louisiana State Bar Association and Affiliates (the "Association") (non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2023, and the changes in its net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Association's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Bourgeois Bennett, LLC.
Certified Public Accountants

New Orleans, Louisiana
September 4, 2024

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATES**

Consolidated Statement of Financial Position

June 30, 2023
(with comparative totals for 2022)

	Operating	Affiliates, Sections, Funds, and Grant Funds	Totals	
			2023	2022
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,081,004	\$2,776,305	\$ 4,857,309	\$ 4,821,345
Accounts receivable	27,833	31,121	58,954	61,602
Other receivables	19,755	-	19,755	10,319
Receivable from LCJC	53,153	-	53,153	53,153
Contribution receivable, net	5,000	146,687	151,687	241,779
Accrued interest receivable	50,101	-	50,101	54,258
Investments	14,296,193	1,647,955	15,944,148	14,006,002
Prepaid expenses	109,308	6,676	115,984	104,192
Operating lease right of use asset	-	74,645	74,645	-
Property and equipment, net	1,303,248	1,556	1,304,804	1,418,672
Deposits	-	2,250	2,250	2,250
Total assets	<u>\$17,945,595</u>	<u>\$4,687,195</u>	<u>\$22,632,790</u>	<u>\$20,773,572</u>
<u>LIABILITIES AND NET ASSETS</u>				
Deferred revenue	\$ 2,946,892	\$ -	\$ 2,946,892	\$ 2,859,655
Accounts payable and accrued expenses	878,499	50,310	928,809	1,037,001
Due to broker	499,998	-	499,998	-
Operating lease liability	-	74,645	74,645	-
Total liabilities	<u>4,325,389</u>	<u>124,955</u>	<u>4,450,344</u>	<u>3,896,656</u>
Net Assets				
Without donor restrictions	13,620,206	2,217,931	15,838,137	14,477,240
With donor restrictions	-	2,344,309	2,344,309	2,399,676
Total net assets	<u>13,620,206</u>	<u>4,562,240</u>	<u>18,182,446</u>	<u>16,876,916</u>
Totals	<u>\$17,945,595</u>	<u>\$4,687,195</u>	<u>\$22,632,790</u>	<u>\$20,773,572</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATES**

Consolidated Statement of Activities

For the year ended June 30, 2023
(with comparative totals for 2022)

	Without Donor Restrictions			With Donor Restrictions		
	Undesignated Operating	Designated For a Specific Purpose Sections and Funds	Total	Affiliates and Grant Funds	Totals	
					2023	2022
Support, Revenue, Gains, and Reclassifications						
Membership dues	\$ 4,093,750	\$ 181,133	\$ 4,274,883	\$ -	\$ 4,274,883	\$ 4,290,360
Mandatory continuing legal education	801,480	-	801,480	-	801,480	777,605
Seminars, conferences, programs, and luncheons	1,232,164	40,207	1,272,371	54,750	1,327,121	891,484
Royalties	426,433	-	426,433	-	426,433	440,321
Contributions and grants	126,709	-	126,709	374,565	501,274	656,219
Advertising	226,014	-	226,014	-	226,014	265,104
Annual meeting	315,901	-	315,901	-	315,901	360,659
Lawyer advertising filing fees	281,225	-	281,225	-	281,225	232,500
Disciplinary assessment processing	46,667	-	46,667	-	46,667	43,376
Gain (loss) on investments, net	716,356	84,335	800,691	1,145	801,836	(1,144,248)
Interest and dividends, net	317,453	41,911	359,364	745	360,109	281,767
Rental income	56,124	-	56,124	-	56,124	51,324
Sales of membership labels	5,551	-	5,551	-	5,551	2,495
Penalties	15,100	4,125	19,225	-	19,225	14,575
Other income	6,450	-	6,450	-	6,450	35,910
Net assets released from restrictions	486,572	-	486,572	(486,572)	-	-
Total support, revenue, gains, and reclassifications	9,153,949	351,711	9,505,660	(55,367)	9,450,293	7,199,451
Expenses						
Program services:						
Governance	849,020	-	849,020	-	849,020	816,305
Communications and publications	596,552	-	596,552	-	596,552	630,926
Member outreach and diversity	422,038	-	422,038	-	422,038	415,103
Membership services and meetings	513,577	-	513,577	-	513,577	507,879
Access to Justice	645,564	-	645,564	-	645,564	618,576
Practice management and assistance	2,121,737	-	2,121,737	-	2,121,737	1,681,663
Information technology	549,976	-	549,976	-	549,976	557,151
Mandatory CLE	345,498	-	345,498	-	345,498	330,083
Membership and finance	525,882	-	525,882	-	525,882	461,119
Judges and Lawyers Assistance Program	427,242	-	427,242	-	427,242	459,123
Louisiana Center for Law and Civic Education	171,375	-	171,375	-	171,375	110,276
Sections	-	191,747	191,747	-	191,747	181,884
Legal Specialization Fund	-	133,016	133,016	-	133,016	121,631
Total program services	7,168,461	324,763	7,493,224	-	7,493,224	6,891,719
Supporting services:						
General operations	651,539	-	651,539	-	651,539	608,734
Total expenses	7,820,000	324,763	8,144,763	-	8,144,763	7,500,453
Change in Net Assets	1,333,949	26,948	1,360,897	(55,367)	1,305,530	(301,002)
Net Assets						
Beginning of year	12,286,257	2,190,983	14,477,240	2,399,676	16,876,916	17,177,918
End of year	\$13,620,206	\$ 2,217,931	\$15,838,137	\$2,344,309	\$18,182,446	\$16,876,916

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATES**

Consolidated Statement of Functional Expenses

For the year ended June 30, 2023
(with comparative totals for 2022)

	Program Services					Practice Management and Assistance
	Governance	Communications and Publications	Member Outreach and Diversity	Membership Services and Meetings	Access To Justice	
Expenses						
Committees	\$ 29,158	\$ -	\$ -	\$ 1,445	\$ 639	\$ 22,664
Computer assisted legal research	-	-	-	-	-	124,644
Conferences	30	-	-	-	-	-
Contributions and sponsorships	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Directors - expenses	19,494	5,099	-	-	-	-
Dues and subscriptions	-	405	1,505	-	3,083	-
Equipment and supplies	-	-	-	-	-	-
House of Delegates	20,081	-	-	-	-	-
Insurance	-	-	-	-	-	-
Intern stipends	-	-	-	-	12,000	-
Internet	-	-	-	-	-	-
IT support	-	-	-	-	-	-
Local bar outreach	-	-	22,866	-	-	-
Louisiana Bar Journal	-	189,031	-	-	-	-
Meetings and summer school	-	-	-	330,104	-	-
Nominations and elections	13,549	-	-	-	-	-
Officers and board	201,025	-	-	-	-	-
Other expenses	186	-	-	-	6,328	32,086
Printing and postage	-	-	145	-	326	2,346
Professional services	-	-	-	-	-	-
Projects	-	-	39,178	-	11,864	-
Property management	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Salaries and benefits	435,997	399,418	278,223	180,311	549,910	1,322,597
Seminars and programs	-	-	66,346	-	46,462	584,398
Software and upgrades	-	-	-	-	-	-
Supplies, awards, and gifts	983	1,306	2,289	347	3,020	11,314
Telephone	1,384	1,293	1,892	1,370	1,960	4,930
Travel and training	-	-	9,594	-	9,972	16,758
Young Lawyers Division	127,133	-	-	-	-	-
Total functional expenses	<u>\$849,020</u>	<u>\$596,552</u>	<u>\$422,038</u>	<u>\$513,577</u>	<u>\$645,564</u>	<u>\$2,121,737</u>

See accompanying notes to consolidated financial statements.

LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATES

Consolidated Statement of Functional Expenses

For the year ended June 30, 2023
(with comparative totals for 2022)

	Program Services						Legal Specialization Fund
	Information Technology	Mandatory CLE	Membership and Finance	JLAP	LCLCE	Sections	
Expenses							
Committees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer assisted legal research	-	-	-	-	-	-	-
Conferences	-	-	-	11,916	-	-	-
Contributions and sponsorships	-	-	-	-	-	65,450	-
Depreciation	-	-	-	-	-	-	-
Directors - expenses	3,357	-	-	-	-	-	-
Dues and subscriptions	-	-	-	960	-	-	435
Equipment and supplies	20,583	-	-	997	1,666	-	-
House of Delegates	-	-	-	-	-	-	-
Insurance	-	-	-	3,258	2,149	-	-
Intern stipends	-	-	-	-	-	-	-
Internet	13,819	-	-	-	-	-	-
IT support	2,939	-	-	-	-	-	120
Local bar outreach	-	-	-	-	-	-	-
Louisiana Bar Journal	-	-	-	-	-	-	-
Meetings and summer school	-	-	-	-	-	-	-
Nominations and elections	-	-	-	-	-	-	-
Officers and board	-	-	-	-	-	-	-
Other expenses	2,985	14,998	-	7,104	1,522	1,861	863
Printing and postage	-	1,933	47,051	774	1,390	56	2,184
Professional services	-	-	37,832	21,549	9,441	-	-
Projects	1,850	-	-	-	-	-	-
Property management	-	-	-	3,940	-	-	-
Rent	-	-	-	30,621	6	-	3,000
Salaries and benefits	383,802	319,312	441,763	309,633	88,596	45,370	119,183
Seminars and programs	-	-	-	12,418	11,459	63,244	6,108
Software and upgrades	118,013	-	-	7,880	-	-	-
Supplies, awards, and gifts	367	3,878	(3,692)	7,446	13,818	4,108	516
Telephone	2,261	1,769	732	8,275	6	-	607
Travel and training	-	3,608	2,196	471	41,322	11,658	-
Young Lawyers Division	-	-	-	-	-	-	-
Total functional expenses	<u>\$549,976</u>	<u>\$345,498</u>	<u>\$525,882</u>	<u>\$427,242</u>	<u>\$171,375</u>	<u>\$191,747</u>	<u>\$133,016</u>

LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATES

Consolidated Statement of Functional Expenses

For the year ended June 30, 2023
(with comparative totals for 2022)

Expenses	Total Program Expenses	Supporting Services General Operations	Total Expenses	
			2023	2022
Committees	\$ 53,906	\$ -	\$ 53,906	\$ 47,229
Computer assisted legal research	124,644	-	124,644	124,644
Conferences	11,946	-	11,946	16,754
Contributions and sponsorships	65,450	-	65,450	46,000
Depreciation	-	137,298	137,298	143,894
Directors - expenses	27,950	-	27,950	19,004
Dues and subscriptions	6,388	-	6,388	5,280
Equipment and supplies	23,246	22,023	45,269	59,489
House of Delegates	20,081	-	20,081	18,725
Insurance	5,407	116,079	121,486	104,457
Intern stipends	12,000	-	12,000	9,000
Internet	13,819	-	13,819	14,290
IT support	3,059	-	3,059	5,729
Local bar outreach	22,866	-	22,866	30,210
Louisiana Bar Journal	189,031	-	189,031	176,327
Meetings and summer school	330,104	-	330,104	325,755
Nominations and elections	13,549	-	13,549	17,649
Officers and board	201,025	-	201,025	187,568
Other expenses	67,933	(37,097)	30,836	82,519
Printing and postage	56,205	6,123	62,328	47,980
Professional services	68,822	3,301	72,123	77,929
Projects	52,892	-	52,892	34,845
Property management	3,940	165,333	169,273	117,344
Rent	33,627	-	33,627	31,401
Salaries and benefits	4,874,115	214,871	5,088,986	4,997,001
Seminars and programs	790,435	-	790,435	385,381
Software and upgrades	125,893	-	125,893	131,251
Supplies, awards, and gifts	45,700	(5,444)	40,256	34,175
Telephone	26,479	20,909	47,388	41,093
Travel and training	95,579	8,143	103,722	52,914
Young Lawyers Division	127,133	-	127,133	114,616
Total functional expenses	<u>\$7,493,224</u>	<u>\$651,539</u>	<u>\$8,144,763</u>	<u>\$7,500,453</u>

**LOUISIANA STATE BAR ASSOCIATION
AND AFFILIATES**

Consolidated Statement of Cash Flows

For the year ended June 30, 2023
(with comparative totals for 2022)

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$1,305,530	\$ (301,002)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	137,298	143,894
Loss on disposal of property and equipment	3,006	-
Loss (gain) on investments	(801,836)	1,144,248
Decrease (increase) in accounts receivable	2,648	(22,178)
(Increase) decrease in other receivables	(9,436)	6,209
Decrease (increase) in contribution receivable	90,092	(204,279)
Decrease (increase) in accrued interest receivable	4,157	(30,036)
Increase in prepaid expenses	(11,792)	(2,080)
Increase in deferred revenue	87,237	118,882
Increase (decrease) in accounts payable and accrued expenses	(108,192)	165,605
Net cash provided by operating activities	698,712	1,019,263
Cash Flows From Investing Activities		
Purchase of investments	(5,688,313)	(5,915,041)
Proceeds from sale of investments	5,052,001	3,717,498
Purchases of property and equipment	(26,436)	-
Net cash used in investing activities	(662,748)	(2,197,543)
Net Increase (Decrease) In Cash and Cash Equivalents	35,964	(1,178,280)
Cash and Cash Equivalents		
Beginning of year	4,821,345	5,999,625
End of year	\$4,857,309	\$4,821,345
Noncash Investing and Financing Activities		
Addition of operating right-of-use asset	\$ 104,308	\$ -
Addition of operating lease liability	\$ 104,308	\$ -
Investment purchases pending settlement	\$ 500,000	\$ -
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for unrelated business income taxes	\$ -	\$ 18,500

See accompanying notes to consolidated financial statements.

LOUISIANA STATE BAR ASSOCIATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2023

Note 1 — ORGANIZATION AND NATURE OF ACTIVITIES

The Louisiana State Bar Association (LSBA) is a nonprofit corporation organized under the laws of the State of Louisiana (R.S.37:211). The objects and purposes of LSBA 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. LSBA 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 consolidated financial statements of the Louisiana State Bar Association and Affiliates (the "Association") are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

b. Consolidation Policy

The consolidated financial statements of the Association as of and for the year ended June 30, 2023 include the accounts of LSBA; Judges and Lawyers Assistance Program, Inc. (JLAP); and Louisiana Center for Law and Civic Education, Inc. (LCLCE). JLAP and LCLCE are exempt organizations under Section 501(c)(3) of the Internal Revenue Code. LSBA is the sole member of JLAP. LSBA and LCLCE entered into an agreement through which LSBA committed to provide funding to LCLCE and which gave LSBA's Board of Governors the power to appoint the Board of Directors of LCLCE. Since LSBA has both an economic interest in and control of each of these organizations, the financial positions and activity of JLAP and LCLCE are included in these consolidated financial statements. All material intra-entity transactions have been eliminated.

c. Financial Statement Presentation

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

- **Net Assets without Donor Restrictions** - Net assets that are not subject to donor or grantor restrictions and, unless subject to board designations to be used for a specific purpose, may be expended for any purpose in performing the primary objectives of the Association. The Association receives membership dues, conference fees, and other revenues which are designated for expenditure and accounted for by the Legal Malpractice Insurance Fund; Legal Specialization Fund; and each of the Section accounts created by the House of Delegates. Certain other net assets without restrictions have been designated by the Board of Governors for capital expenditures related to the Bar Center building.
- **Net Assets with Restrictions** - Net assets subject to donor or grantor stipulations that may or will be met either by actions of the Association or its affiliates and/or the passage of time, or net assets that are maintained in perpetuity. During the year ended June 30, 2020, the Louisiana Supreme Court transferred funds from its administration of the Mandatory Continuing Legal Education (MCLE) program to the Association. Fifty percent of the funds transferred were restricted for funding JLAP and fifty percent were restricted for initiatives benefiting the education of new attorneys, including providing continuing legal education programs at no cost. Net assets related to Access to Justice Program - Project Grants, Access to Justice Program - Legal Services, Young Lawyers Division - Grant Funds, Young Lawyers Division - Bridging the Gap, and are restricted for those purposes. The net assets of JLAP and LCLCE are restricted for use by those entities and, therefore, are presented as net assets with restrictions in the consolidated financial statements.

d. Comparative Financial Information

The consolidated financial statements include 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 as of and for the year ended June 30, 2022, 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, other than endowment assets included in investments, to be cash equivalents.

g. Accounts Receivable

Accounts receivable primarily represent amounts due for program services. Receivables are individually evaluated for collectability and an allowance is provided for any that are deemed by management to be uncollectible.

h. Contributions Receivable

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The discount will be recognized as contribution revenue in future fiscal years as the discount is amortized over the duration of the contributions.

Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional. As of June 30, 2023 and 2022, there were no outstanding conditional promises to give.

i. 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 7 for a discussion of fair value measurements.

Unrealized gains and losses on investments are included in the Consolidated Statement of Activities as increases or decreases in net assets without restriction unless their use is restricted. Investment income and realized and unrealized gains and losses from the investment accounts referred to as the Core and Operating Investments are without restrictions. Investment income on the Legal Malpractice Insurance Fund, Legal Specialization Fund, LCLCE, and Section accounts is restricted for use for those specific purposes.

j. Property and Equipment

Property and equipment acquisitions are recorded at cost if purchased or fair value if contributed. Depreciation is recorded over the estimated useful lives of the respective assets using the straight-line method. The useful lives range from 3 to 10 years for furniture and equipment, from 10 to 15 years for building improvements, and 39 years for the building. Additions and major improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

k. Leases

The Association determines whether an arrangement is a lease at its inception. Effective with the adoption of Accounting Standards Codification (ASC) 842, *Leases*, (ASC 842) on July 1, 2022, leases are classified as either operating leases or finance leases. Lease right-of-use assets and lease liabilities are recognized at the present value of the future lease payments, generally for the base noncancellable lease term, at the lease commencement date for each lease. The Association has elected to use the risk-free rate as a practical expedient to determine the present value of future lease payments when the interest rate implicit in the lease is not readily determinable. The right-of-use asset is amortized, and the lease liability is accreted over the lease term.

Prior to July 1, 2022, the Association accounted for leases in accordance with ASC 840. Rent expense for operating leases was recognized on a straight-line basis over the lease term.

The 2023 financial statements are presented in accordance with ASC 842. The statement of financial position as of June 30, 2023 includes an Affiliate's operating lease right-of-use asset and operating lease liability. Amortization of the right-of-use asset and accretion of the lease liability is included in office lease expenses in the statement of functional expenses for the year ended June 30, 2023. The financial statements as of and for the year ended June 30, 2022 are presented in accordance with ASC 840. The Association had no material finance or capital leases as of June 30, 2023 or June 30, 2022.

l. Deferred Revenue

Deferred 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.

m. Revenue Recognition

Contributions and grants are recognized when cash, securities, or other assets, and unconditional promises to give, or notification of a beneficial interest is received. Conditional promises to give are recognized when the conditions on which they depend have been substantially met.

Revenue from exchange transactions is recognized when the related performance obligation has been met. The Association has the following exchange transactions:

Membership dues: Membership dues are recognized as LSBA's performance obligation is satisfied over the annual membership period by the provision of member benefits.

Mandatory continuing legal education; Seminars, conferences, programs, and luncheons; and Annual meeting: The Association conducts several educational events and meetings for members throughout the year for which fees are charged. The related performance obligation is satisfied, and revenue is recognized when the event has occurred.

Advertising: LSBA accepts advertising in the Louisiana Bar Journal, Bar Briefs, and on its website. The performance obligation related to the sale of advertising space is satisfied, and the related revenue is recognized, when the advertising is published.

Lawyer advertising filing fees: LSBA offers advertisement review and filing services to members for a predetermined fee. This obligation is satisfied, and revenue is recognized when the member's advertisement is reviewed and filed.

Disciplinary assessment processing: Fees for performing this service are recognized when the related assessments are processed.

Rental Income: Rental income is recognized over the period to which it pertains.

n. Contributed 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.

o. Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimates of time and effort. Utilities, which are included in property management expense in the Consolidated Statement of Functional Expenses, are allocated based on estimated usage by department. All other expenses are directly charged to the applicable program.

Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Recently Adopted Accounting Guidance
Leases

The Association adopted Accounting Standards Codification (ASC) 842, Leases on July 1, 2022, and elected the optional transition method to apply the transition provisions from the effective date of adoption. This transition method requires reporting of the cumulative effect of the adoption of the standard on the date of adoption with no changes to the prior period balances. Pursuant to the practical expedients, the Association elected not to reassess: (1) whether expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases, or (iii) initial direct costs for any existing leases. The Association further elected to apply the short-term lease measurement and recognition exemption to its leases, where applicable. Additionally, as permitted by Accounting Standards Update 2021-09, *Leases* (Topic 842): Discount Rate for Leases That Are Not Public Business Entities adopted concurrently with ASC 842, the Association elected to use the risk-free rate of return as a practical expedient for determining the discount rate for valuing the right-of-use asset and lease liability when the rate implicit in the lease is not readily determinable.

Upon adoption of ASC 842, an operating right-of-use asset and operating lease liability for JLAP's office space lease was valued based on the present value of the future minimum rental payments. As of July 1, 2022, the Association recorded a cumulative-effect adjustment recognizing both an operating lease right-of-use asset and operating lease liability in the amount of \$104,308.

q. Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation. The reclassification of these prior period amounts had no impact on net assets or change in net assets in the 2022 consolidated financial statements.

r. 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 September 4, 2024, 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, 2023 and 2022:

	2023	2022
Without donor restrictions:		
LSBA	\$2,081,004	\$2,091,522
With donor restrictions:		
LSBA	1,616,864	1,704,150
LCLCE	405,896	447,248
JLAP	753,545	578,425
	<u>2,776,305</u>	<u>2,729,823</u>
Totals	<u>\$4,857,309</u>	<u>\$4,821,345</u>

Note 4 — CONCENTRATIONS

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, 2023, the Association had cash and cash equivalents of approximately \$2.25 million in excess of insured limits.

Membership dues are a substantial portion of LSBA's revenue. Membership in LSBA is mandatory for attorneys practicing in Louisiana.

Note 5 — CONTRIBUTION RECEIVABLE

Unconditional promises by donors to make contributions to JLAP are included in the consolidated financial statements at the present value of expected future cash flows discounted at 2.25%. Contributions receivable as of June 30, 2023 and 2022 consists of the following:

	2023	2022
Unconditional promises to give	\$155,000	\$250,000
Less unamortized discount	<u>(3,313)</u>	<u>(8,221)</u>
Contributions receivable, net	<u>\$151,687</u>	<u>\$241,779</u>
Amounts due in:		
Less than one year	\$105,000	\$100,000
One to five years	<u>50,000</u>	<u>150,000</u>
Totals	<u>\$155,000</u>	<u>\$250,000</u>

No allowance for uncollectible contributions was considered necessary as of June 30, 2023 and June 30, 2022.

Note 6 — INVESTMENTS

Investments held as of June 30, 2023 and 2022 are summarized as follows:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
LSBA:				
Without restrictions:				
Common stock	\$ 3,603,164	\$ 7,104,575	\$ 3,365,170	\$ 6,149,188
Corporate bonds	5,879,080	5,611,598	4,368,521	4,131,212
U.S. treasury bonds	1,384,700	1,396,344	1,681,596	1,682,923
Municipal bonds	200,015	183,676	407,448	386,520
With restrictions:				
Common stock	607,983	857,620	585,484	744,846
Corporate bonds	471,148	436,469	530,337	492,624
Variable annuity contract	<u>309,847</u>	<u>309,847</u>	<u>376,494</u>	<u>376,494</u>
Total - LSBA	<u>12,455,937</u>	<u>15,900,129</u>	<u>11,315,050</u>	<u>13,963,807</u>
LCLCE:				
With restrictions:				
Pooled asset fund	42,314	44,019	-	-
Money market	-	-	20,187	20,187
Exchange traded funds	<u>-</u>	<u>-</u>	<u>21,448</u>	<u>22,008</u>
Total - LCLCE	<u>42,314</u>	<u>44,019</u>	<u>41,635</u>	<u>42,195</u>
Totals	<u>\$12,498,251</u>	<u>\$15,944,148</u>	<u>\$11,356,685</u>	<u>\$14,006,002</u>

Note 6 — INVESTMENTS (Continued)

Presented below is a summary of realized and unrealized gains and losses on investments as of and for the years ended June 30, 2023 and 2022:

	2023		Excess of Fair Value Over Cost
	Cost	Fair Value	
Balances as of June 30, 2023	<u>\$12,498,251</u>	<u>\$15,944,148</u>	\$ 3,445,897
Balances as of June 30, 2022	<u>\$11,356,685</u>	<u>\$14,006,002</u>	2,649,317
Unrealized gain on investments			796,580
Realized gain on investments, net			<u>5,256</u>
Gain on investments			<u>\$ 801,836</u>

	2022		Excess of Fair Value Over Cost
	Cost	Fair Value	
Balances as of June 30, 2022	<u>\$11,356,685</u>	<u>\$14,006,002</u>	\$ 2,649,317
Balances as of June 30, 2021	<u>\$ 8,745,622</u>	<u>\$12,952,707</u>	4,207,085
Unrealized loss on investments			(1,557,768)
Realized gain on investments, net			<u>413,520</u>
Loss on investments			<u>\$(1,144,248)</u>

Interest and dividends earned on investments for the years ended June 30, 2023 and 2022 were \$360,109 and \$281,767, respectively, net of investment expenses of \$48,099 and \$51,631, respectively.

Note 7 — 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 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.

Note 7 — ASSETS MEASURED AT FAIR VALUE (Continued)

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The 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, 2023 and 2022.

- *Common stock, U.S. treasury bonds and bills, and exchange traded fund (ETF).* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Corporate and municipal bonds.* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value of yields currently available on comparable securities of issuers with similar credit ratings.
- *Money market funds.* Valued at the daily closing price as reported by the fund. Money market 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.
- *Pooled fund.* Certain investments are held in a pooled asset fund managed by the Louisiana Bar Foundation (LBF). These investments are reported at net asset value which approximates fair value and are included in Level 2 in the fair value hierarchy. The LBF pooled asset funds are diversified and include a mix of primarily equity and fixed income securities.

These methodologies may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes these valuation methodologies are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 7 — ASSETS MEASURED AT FAIR VALUE (Continued)

The following tables set forth by level within the fair value hierarchy, the Association's assets at fair value as of June 30, 2023 and 2022:

Description	Total Assets Measured At Fair Value	Based on:		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2023				
Investments:				
Common stock:				
Information technology	\$ 2,071,227	\$ 2,071,227	\$ -	\$ -
Financials	1,825,873	1,825,873		-
Health care	1,257,307	1,257,307		-
Consumer staples	1,220,252	1,220,252		-
Industrials	926,183	926,183		-
Consumer discretionary	705,337	705,337		-
Communication services	681,200	681,200		-
Energy	358,471	358,471		-
Real estate	299,961	299,961		-
Utilities	198,115	198,115		-
Materials	10,350	10,350		-
Corporate bonds:				
Credit rating:				
A	184,429	-	184,429	-
AA-	194,369	-	194,369	-
BBB+	1,394,877	-	1,394,877	-
BBB	2,200,872	-	2,200,872	-
BBB-	481,438	-	481,438	-
U.S. treasury bills	1,396,344	1,396,344	-	-
Municipal bonds	183,676	-	183,676	-
Variable annuity contract	309,848	-	309,848	-
Pooled asset fund	44,019	-	44,019	-
Totals - investments	15,944,148	10,950,620	4,993,528	-
Money market funds included in cash and cash equivalents				
	1,147,664	1,147,664	-	-
Totals	\$17,091,812	\$12,098,284	\$4,993,528	\$ -

Note 7 — ASSETS MEASURED AT FAIR VALUE (Continued)

Description	Total Assets Measured At Fair Value	Based on:		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2022				
Investments:				
Common stock:				
Information technology	\$ 1,742,936	\$ 1,742,936	\$ -	\$ -
Health care	1,148,686	1,148,686	-	-
Consumer staples	1,049,575	1,049,575	-	-
Financials	932,764	932,764	-	-
Industrials	665,296	665,296	-	-
Consumer discretionary	530,873	530,873	-	-
Communication services	467,323	467,323	-	-
Energy	347,683	347,683	-	-
Materials	8,897	8,897	-	-
Corporate bonds:				
Credit rating:				
A	188,967	-	188,967	-
A-	189,182	-	189,182	-
AA-	197,731	-	197,731	-
BBB+	1,237,027	-	1,237,027	-
BBB	2,213,077	-	2,213,077	-
BBB-	547,817	-	547,817	-
Not rated	50,036	-	50,036	-
U.S. treasury bonds	1,682,923	1,682,923	-	-
Municipal bonds	386,520	-	386,520	-
Variable annuity contract	376,494	-	376,494	-
Exchange traded fund	22,008	22,008	-	-
Money market fund	20,187	20,187	-	-
Totals - investments	14,006,002	8,619,151	5,386,851	-
Money market funds included in cash and cash equivalents				
	1,825,467	1,825,467	-	-
Totals	\$15,831,469	\$10,444,618	\$5,386,851	\$ -

Note 8 — 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 9 — PROPERTY AND EQUIPMENT

Major classes of property and equipment as of June 30, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
LSBA		
Louisiana Bar Center:		
Building	\$1,881,646	\$1,881,646
Improvements	1,860,401	1,840,219
Furniture and equipment	<u>582,756</u>	<u>662,509</u>
	4,324,803	4,384,374
Less accumulated depreciation	<u>(3,019,999)</u>	<u>(2,965,702)</u>
	<u>1,304,804</u>	<u>1,418,672</u>
JLAP		
Furniture and equipment	30,219	30,219
Less accumulated depreciation	<u>(30,219)</u>	<u>(30,219)</u>
	<u>-</u>	<u>-</u>
Property and equipment, net	<u><u>\$1,304,804</u></u>	<u><u>\$1,418,672</u></u>

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$137,298 and \$143,894, respectively.

Note 10 — NET ASSETS

Net assets consist of the following as of June 30, 2023 and 2022:

	2023	2022
Net assets with donor restrictions:		
Net assets with purpose restrictions - LSBA		
New Attorney Initiative	\$ 619,289	\$ 640,733
Fund for JLAP	337,718	437,718
Young Lawyers Division - Bridging the Gap	16,353	16,353
Young Lawyers Division - Grant Fund	5,000	47
Access to Justice Program - Project Grants	2,140	8,468
Total net assets with purpose restrictions - LSBA	980,500	1,103,319
Net assets with time or purpose restrictions - JLAP	920,428	823,177
Net assets with purpose restrictions - LCLCE	399,362	430,985
Net assets restricted in perpetuity - LCLCE	44,019	42,195
Total net assets with donor restrictions	2,344,309	2,399,676
Net assets without donor restrictions - LSBA:		
Board-designated net assets:		
Legal Malpractice Insurance Fund	1,377,987	1,262,224
Capital Reserves	1,020,112	1,013,201
Legal Specialization Fund	339,874	376,236
Sections:		
Administrative Law	6,419	6,224
Alternative Dispute Resolution	34,797	29,540
Animal Law	6,804	7,194
Antitrust and Trade Regulation Law	4,217	4,112
Appellate Section	8,069	12,489
Art, Entertainment, and Sports Law Section	2,704	2,259
Bankruptcy Law	2,127	11,544
Bench and Bar	8,803	8,715
Civil Law and Litigation	33,639	44,365
Class Action, Mass Tort, and Complex Litigation Law	11,715	13,260
Consumer Protection Law	6,590	6,485
Corporate and Business Law	9,868	20,476
Criminal Law	821	5,875
Environmental Law	13,343	12,081
Family Law	28,407	32,871
Fidelity, Surety, and Construction Law	36,823	35,658
Francophone	1,502	3,384
Government and Public Law	5,229	8,129
Health Law	13,548	13,454
Immigration Law	2,522	2,152
Insurance, Tort, Workers' Compensation, and Admiralty Law	19,561	20,114
Intellectual Property	6,679	9,368
International Law	4,038	4,282
Labor Relations and Employment Law	28,359	25,787
Mineral Law	42,599	42,585
Minority Involvement	10,079	11,009
Public Utility	21,945	19,667
Solo and Small Firm	10,035	15,570
Taxation	43,197	42,976
Trusts, Estate, Probate, and Immovable Property Law	75,631	80,898
Total - Sections	500,070	552,523
Total board-designated net assets - LSBA	3,238,043	3,204,184
Undesignated net assets - available for operations - LSBA	12,600,094	11,273,056
Total net assets without donor restrictions	15,838,137	14,477,240
Total net assets	\$18,182,446	\$16,876,916

Note 10 — NET ASSETS (Continued)

Net assets restricted in perpetuity represent gifts to LCLCE's endowment. Based on LCLCE's interpretation of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the fair value of gifts to the endowment are being maintained in perpetuity, unless there are donor stipulations to the contrary. As of June 30, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, LCLCE retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by LCLCE in a manner consistent with the standard of prudence prescribed in UPMIFA.

As of June 30, 2023 and 2022, the endowment fund consisted solely of donor-restricted net assets with a carrying value of \$44,019 and \$42,195, respectively. For the years ended June 30, 2023 and 2022, the change in the endowment fund balance was comprised of investment return of \$1,824 and (\$2,392), respectively. The endowment net assets consist of cash held and administered by the Louisiana Bar Foundation. Investment earnings on the endowment funds is reported in donor-restricted net assets. No distributions may be made from the endowment assets administered by the Louisiana Bar Foundation until the fund reaches a threshold of \$100,000.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). LCLCE has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. As of June 30, 2023 and 2022, the fair value of the endowment funds is in excess of original gift values.

Note 11 — RESTATEMENT

As of June 30, 2023, management of the Association reassessed the classification of net assets of the Legal Malpractice Fund, the Legal Specialization Fund, and the Sections and concluded that the net assets would be more properly presented as designated, rather than restricted. Therefore, net assets as of June 30, 2022 have been restated to reflect this change, as follows:

	Net Assets without Restrictions	Net Assets with Restrictions	Total Net Assets
Net assets as of June 30, 2022	\$12,286,257	\$4,590,659	\$16,876,916
Restatement:			
Legal Malpractice Insurance Fund	1,262,224	(1,262,224)	-
Legal Specialization Fund	376,236	(376,236)	-
Sections	552,523	(552,523)	-
Net assets as of June 30, 2022, as restated	<u>\$14,477,240</u>	<u>\$2,399,676</u>	<u>\$16,876,916</u>

Note 12 — REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in deferred revenue for the years ended June 30, 2023 and 2022.

	2023	2022
Deferred membership dues, beginning of year	\$2,859,655	\$2,740,773
Revenue recognized that was included in deferred membership dues at the beginning of the year	(2,859,655)	(2,740,773)
Increase in deferred revenue due to cash received during the year	<u>2,946,892</u>	<u>2,859,655</u>
Deferred membership dues, end of year	<u>\$2,946,892</u>	<u>\$2,859,655</u>

Accounts receivable from contracts with customers were as follows:

	2023	2022
Accounts receivable, beginning of year	<u>\$61,602</u>	<u>\$39,424</u>
Accounts receivable, end of year	<u>\$58,954</u>	<u>\$61,602</u>

Note 13 — 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 month-to-month lease which commenced on July 1, 2016. Rental income for the years ended June 30, 2023 and 2022 totaled \$56,124 and \$51,324, respectively.

Note 14 — 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, 2023 and 2022 totaled \$348,917 and \$349,851, respectively.

Note 15 — CONSOLIDATED AFFILIATES

As discussed in Note 2b, the Association entered into an agreement with LCLCE which gave it an economic interest in and control of LCLCE, effective June 7, 2010. The Association committed to provide annual funding to LCLCE annually for an initial term of five years with automatic renewals in one-year increments unless either party elects to terminate the agreement. During the years ended June 30, 2023 and 2022, funding totaled \$63,000 per year. Net assets of the consolidated affiliate totaling \$443,381 and \$473,180 have been included in the Consolidated Statements of Financial Position as of June 30, 2023 and 2022, respectively.

Effective September 29, 2014, JLAP amended and restated its bylaws, making LSBA its sole member. The Association has committed to providing annual funding to JLAP in an amount to be determined annually. During the years ended June 30, 2023 and 2022, funding totaled \$218,864 and \$300,000, respectively. Net assets of JLAP totaling \$920,428 and \$823,177 have been included in the Consolidated Statements of Financial Position as of June 30, 2023 and 2022, respectively.

Note 16 — RELATED PARTIES

The Association and the Louisiana Civil Justice Center (LCJC) are separate functioning organizations sharing a common mission. The LSBA's Board of Governors appoints the LCJC Board of Governors. LCJC is currently inactive, but in prior years, LSBA processed payroll for LCJC. As of June 30, 2023 and 2022, payroll funds receivable from LCJC totaled \$53,153.

The Association and the Louisiana Client Assistance Foundation (LCAF) are separately functioning organizations sharing a common mission. The LSBA's Board of Governors appoints the LCAF Board of Governors. There were no transactions between the Association and LCAF during the years ended June 30, 2023 and 2022.

Note 17 — INCOME TAXES

The Association is exempt from federal income 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. It is exempt from state income taxes under Section 121(6) of Title 47 of the Louisiana Revised Statutes of 1950. Net operating profits from unrelated business income, if any, are subject to federal and state income tax. The Association had taxable unrelated business income from the sale of advertising in its publications for the years ended June 30, 2023 and 2022 of approximately \$11,500 and \$45,000, respectively. Unrelated business income tax totaled \$2,412 and \$9,338 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 18 — AVAILABILITY OF FINANCIAL ASSETS

The Association is substantially supported by membership dues, seminar and conference fees, and investment income. Certain programs of the Association are also supported by contributions, which typically are restricted by the donor for use in that program. Because a restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Association has established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

The following reflects the Association's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use due to restrictions.

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 4,857,309	\$ 4,821,345
Accounts receivable	58,954	61,602
Other receivables	19,755	10,319
Receivable from LCJC	53,153	53,153
Contributions receivable, net	151,687	241,779
Accrued interest receivable	50,101	54,258
Investments	<u>15,944,148</u>	<u>14,006,002</u>
Total financial assets	21,135,107	19,248,458
Less amounts unavailable for general expenditures within one year, due to:		
Assets with donor restrictions:		
Restricted for specified periods or purposes	(2,300,290)	(2,357,481)
Restricted in perpetuity	<u>(44,019)</u>	<u>(42,195)</u>
Financial assets available to meet cash needs for general expenditures within one year before governing board designations	18,790,798	16,848,782
Less: governing board designations	<u>(3,238,043)</u>	<u>(3,204,184)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$15,552,755</u>	<u>\$13,644,598</u>

Note 19 — LEASE

JLAP leases office space under a 60-month operating lease agreement which was to expire on November 30, 2022. Prior to that date, the lease agreement was renewed for an additional 36 months extending from December 1, 2022 through November 30, 2025 at a base rent of \$2,667 per month. Because the discount rate implicit in the lease is not readily determinable, JLAP utilized the 2.85% risk-free rate of return as of July 1, 2022, the date of adoption of ASC 842, as the discount rate in measuring the operating lease right-of-use asset and lease liability. For the years ended June 30, 2023 and 2022, rent expense under the lease totaled \$30,621 and \$28,397, respectively. As of June 30, 2023, the remaining lease term is 29 months. As of June 30, 2023, the operating right-of-use asset and operating lease liability totaled \$74,645.

Note 20 — COMMITMENT

Since 2005, the Association has had 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 2018, the agreement was extended for an additional five-year term. At the end of the term, the agreement will automatically renew in one-year increments until such a time either party elects to terminate the agreement. Fees under this agreement totaled \$124,644 for each of the years ended June 30, 2023 and 2022. Fees remaining under the agreement will be \$124,644 for the year ending June 30, 2024.



**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