



# 2013 LOUISIANA STATE BAR ASSOCIATION ANNUAL REPORT



Louisiana  
State Bar  
Association

*Serving the Public. Serving the Profession.*

Supplement to the *Louisiana Bar Journal*

# Consistently Moving Forward in Meeting Strategic Plan Goals



By Richard K. Leefer

It is the obligation of the Louisiana State Bar Association's (LSBA) President to report to the membership concerning where we stand as an Association and the status of the programs started and/or continued during my term.

The LSBA continued to provide solid service to its members this year and took steps to improve the practice and service to our community. The Board of Governor's Strategic Plan was adopted on Aug. 27, 2011, and was intended to be an aspirational guide for the next five years. This year, the LSBA has moved forward and provides the following highlights.

## Meeting and Maintaining Competency

The Bar offered several continuing legal education programs statewide this year. CLE programming has been a major focus for the LSBA in providing needed programs to members and it continues to be a wonderful success for the association.

The LSBA has continued to utilize up-to-date technology such as Flipbooks for manuals, meetings and CLE seminars. We have a presence on Facebook, LinkedIn and Twitter and we are increasing our use of social media to advise members of current events. We have a Lending Library and are finishing our new website that will allow expansion of myriad services to members and the public. Fastcase, the online legal research tool, continues to be offered to LSBA members without charge.

Last year, the LSBA installed a video-conferencing system with the capability of connecting to 26 locations for any conference. It's available to us 24/7. Meeting rooms at the Bar Center have been equipped with large flat-screen TVs to accommodate video-conferencing and we have used this system successfully for many meetings. This system brings the northern and southern areas of the state closer together and allows greater participation in LSBA activities.

## Maintaining High Ethical Standards

The Committee on the Profession has continued to present programs in our law schools under the able leadership of committee Chair Barry Grodsky. The Mentoring Program proposed by this committee was approved by the Louisiana Supreme Court as a pilot program for New Orleans, Baton Rouge and Shreveport. The program will begin in January 2015 for 2014 admittees. The committee has been actively coordinating the program and has developed a manual for mentors. The Supreme Court will honor the mentors for their service and the committee is in the process of reviewing requests from qualified LSBA members to serve as mentors. We hope you apply to be a mentor.

## Promote a Collegial Community

The Lawyers Assistance Program (LAP) continues to be an emphasis for the LSBA and the Board of Governors. This important program is designed to confidentially help attorneys and judges with issues such as drug and alcohol addiction and depression. We are looking for ways to increase LAP's budget without seeking additional dues or assessments from members. The *Louisiana Bar Journal* continues to provide information on how to get help from LAP, and LAP Executive Director Buddy Stockwell can be reached at (866)354-9334, day or night. Use the confidential program to help yourself or help a friend.

The LSBA continues to emphasize the benefits to the profession of diversity and inclusion by offering various programs. We seek to increase the diversity of the LSBA in terms of geography, race, religion, gender, etc. Our new video-conferencing system is helping shrink distances and gives us more access to diversity.

Again this year, the Conclave on Diversity, now in its seventh year, was a

resounding success and continues to grow in attendance. Former Member Outreach and Diversity Director Kelly Legier has left the LSBA to advance her career. We thank her for her years of great service. She was truly an asset to the Bar. We welcome new Diversity Director Tricia Pierre. She has hit the ground running.

## Equal Access to Justice

It is sad recognition that we as a Bar and judiciary, in Louisiana and nationally, simply do not meet the ideal of "justice for all." We are struggling to meet the constitutional obligation to provide counsel to criminal defendants facing potential incarceration. According to the American Bar Association, we nationally fail to meet the needs of 80 percent of those who need representation in civil matters. That staggering number is an embarrassment to the profession.

The LSBA has created the position of Self-Represented Litigation (SRL) Counsel in our Access to Justice Department. This staff member works with bench and bar volunteers to develop Self-Help Resource Centers around the state. In October 2013, the LSBA declared a "Month of Service" and asked practitioners to volunteer their time to man SRL stands at districts around the state. It is wonderful to report that this was a great success and many of our members volunteered. This service led several districts to develop permanent SRL stands.

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

## Good and Efficient Management

We continue, as always, to be strict and efficient stewards of our Bar funds. We continue to have annual audits, which are

Continued next page

# 2013-14 Young Lawyers Division Programming Covers the State



By Kyle A. Ferachi

The Louisiana State Bar Association (LSBA) Young Lawyers Division (YLD) Council is constantly striving to further improve and grow our programming so it continues to benefit our Bar and our community. The 2013-14 year began with a challenge to council members to bring YLD programming to all parts of the state and to improve our diversity initiatives.

This year, the **High School Mock Trial Competition** was held on March 29 in Shreveport. Bringing the competition to north Louisiana was the idea of Co-Committee Chairs Sara Rodrigue and Lynsay Fontenot. The committee put together a group of young lawyers to help with the project and had a very successful event.

The **Professional Development Seminar** in January overcame freezing conditions to offer young lawyers 4 hours of CLE credit, including ethics and professionalism. Seminar Chair Scotty Chabert, Jr. prepared an agenda containing diverse CLE topics of interest to all who attended.

**Law School Outreach** Committee Chairs James Courtenay and Jason Baer, in addition to preparing for the **Law School Mock Trial Competition**, hosted networking events in New Orleans and Baton Rouge. The goals of these events were to place practitioners together with law students to discuss legal careers and develop lasting relationships. The events were successful

and will be continued.

**Local Affiliate Outreach** Committee Chair Jennifer Rosenbach is preparing for the fifth annual Local Affiliate Outreach Symposium in Lafayette on a date to be decided soon. Guest speakers will discuss how the LSBA and the YLD can assist our local affiliates around the state.

Another project that allows the YLD to partner with local affiliates is **Wills for Heroes**. This year, the committee served first responders in Lake Charles, Lafayette, Shreveport, Alexandria and Baton Rouge. Co-Chairs Dylan Thriffley and Bradley Tate are currently planning additional events around the state.

The public service project **Barristers for Boards** is in its sixth year of implementation. Through Barristers for Boards, young lawyers have been placed on their chosen non-profit boards throughout the state. The committee is an ingenious, and effective, affiliate member service project that increases young lawyer participation in a variety of charities. The Committee Chairs are Sarah Stogner and Jerry Edwards.

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

Chair Jennifer Johnson.

The **Law-Related Education** Committee focuses on educating elementary and high school children about the legal profession. Committee Chair Christie Wood selected wonderful programming around the annual Law Day celebrations for participants statewide.

In addition to public service projects, the YLD began a new dialogue about diversity within the legal profession by hosting joint events with local Louis A. Martinet legal societies in Alexandria and Baton Rouge. These informal events allowed diverse members of the Bar to mingle and discuss various legal and community issues. **Diversity/Minority Involvement** Committee Chair Kellen Mathews worked with the Diversity Committee in planning the event.

Our Bridging the Gap Committee continues its success. This year, in addition to the annual fall event focused on July bar participants, an event will be held in May for those who passed the bar in February. Committee Chair Cristin Fitzgerald can be contacted for further information.

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

## Richard K. Leefe continued from previous page

always received with an unqualified opinion. We are finishing the complete reworking of our website which will include many new features and enhancements for our members and the public.

We expanded the combined LSBA Annual Meeting and LSBA/Louisiana Judicial College Summer School in June by having them run simultaneously with many combined programs attended by both lawyers and judges. This year's Annual Meeting

features dual themes of 50 years since the Beatles came to the United States and 50 years since the passing of the Civil Rights Act of 1964. Among the impressive speakers are Ruby Bridges and Robert Grey. In 2013, emphasizing friendship and camaraderie, we held the first Beach Bash (with music and food) on the Destin sand. It was such a success that it is now a permanent part of the meeting, named after my wife Barat who first suggested the beach party as the "Barat

Beach Bash."

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

This is only a sample of the many projects, programs, issues and incentives the LSBA addressed this year. It's been a wonderful year and I thank each of you for the opportunity to be your President.



By John H. Musser IV

# Maintaining Competency and High Ethical Standards

This past year, the Louisiana State Bar Association (LSBA) continued to make progress in several areas.

## Meeting and Maintaining Competency

This year saw an increase in the continuing legal education opportunities available to members of the Bar. Although we have parted ways with the Disciplinary Board on programs, we continue to offer many programs, many of which are free. Tech Tuesdays continue and most of our programs are taped for later viewing.

The Mentoring Program continues to advance with pilot programs being planned and scheduled to launch Jan. 1, 2015, in Baton Rouge, Shreveport and the Greater New Orleans area (Orleans, Jefferson and St. Tammany parishes). These programs are being organized to help new members of the Bar achieve painless competency.

Our video conferencing system is now in full operation, allowing more widespread participation in Bar governance and committee meetings by members outside of the New Orleans metro area.

## Maintaining High Ethical Standards

Our Committee on the Profession continues to offer 16 programs to law students. We continue to offer a track at the Solo and Small Firm Conference on how to go solo safely and ethically. The Practice Assistance and Improvement Program offers Ethics Schools, Trust Accounting Schools and Lawyer Advertising Schools.

## Promoting a Collegial Community

Our effort to help the profession on health issues continues, with special emphasis on depression concerns, issues particularly discussed at the Solo and Small Firm Conference. More money has been provided to the Lawyers Assistance Program (LAP). All are

encouraged to make use of this confidential program. We likewise emphasize and promote diversity in the workplace and work to encourage geographical diversity in Bar governance and programming. We have continued to develop our fine working relationship with our new Louisiana Supreme Court Chief Justice Bernette Joshua Johnson.

## Equal Access to Justice

In a time of reduced funding for civil and criminal assistance to the poorer members of our community, we strive to create programs designed to help this segment of our community. We have created and fund a Self-Represented Litigation Counsel to help those who can't afford traditional representation. Pro bono efforts continue and are increased every year.

## Good and Efficient Management

I am happy to report that we continue to be strict and efficient stewards of your funds. We continue to be blessed with an outstanding staff, led by our spectacular Executive Director Loretta Larsen. We continue to be recognized nationally for the quality of our programs and planning. This only happens when you have a staff such as ours.

In conclusion, I again thank the members of the Bar for a very special time in my life and for the opportunity to serve you, my fellow lawyers. It has been a very special three-year journey that could not have been accomplished without the help of very many friends and Bar leaders. Most of all, I offer special thanks to Loretta and my very patient best friend, my wife, Stephanie. It was truly a joint journey. Thank you one and all.

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

We have audited the accompanying consolidated financial statements of the Louisiana State Bar Association and affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Bar Association and affiliate as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

We have previously audited the Louisiana State Bar Association and affiliate's 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

New Orleans, Louisiana  
February 11, 2014

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATE**

**Consolidated Statement of Financial Position**

June 30, 2013  
(with comparative totals for June 30, 2012)

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
<b>Current Assets</b>					
Cash and cash equivalents	\$ 1,976,502	\$ 1,217,676	\$ -	\$ 3,194,178	\$ 2,611,236
Receivables	36,216	7,500	-	43,716	49,124
Accrued interest receivable	28,951	322	-	29,273	27,474
Prepaid expenses	46,174	2,221	-	48,395	64,891
Total current assets	2,087,843	1,227,719	-	3,315,562	2,752,725
<b>Investments</b>	6,488,444	474,960	25,970	6,989,374	5,528,257
<b>Property and Equipment, net</b>	2,686,527	1,840	-	2,688,367	2,873,530
<b>Totals</b>	<u>\$ 11,262,814</u>	<u>\$ 1,704,519</u>	<u>\$ 25,970</u>	<u>\$ 12,993,303</u>	<u>\$ 11,154,512</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>Current Liabilities</b>					
Unearned revenue	\$ 2,136,817	\$ -	\$ -	\$ 2,136,817	\$ 1,932,046
Due to broker	517,845	-	-	517,845	-
Accounts payable and accrued expenses	382,510	-	-	382,510	357,781
Total current liabilities	3,037,172	-	-	3,037,172	2,289,827
<b>Net Assets</b>					
Unrestricted	8,225,642	-	-	8,225,642	7,381,703
Temporarily restricted	-	1,704,519	-	1,704,519	1,468,462
Permanently restricted	-	-	25,970	25,970	14,520
Total net assets	8,225,642	1,704,519	25,970	9,956,131	8,864,685
<b>Totals</b>	<u>\$ 11,262,814</u>	<u>\$ 1,704,519</u>	<u>\$ 25,970</u>	<u>\$ 12,993,303</u>	<u>\$ 11,154,512</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATE**

**Consolidated Statement of Activities**

For the year ended June 30, 2013  
(with comparative totals for the year ended June 30, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
<b>Support, Revenue, Gains and Reclassifications</b>					
Membership dues	\$ 3,905,600	\$ 178,655	\$ -	\$ 4,084,255	\$ 4,040,902
Seminars, conferences, programs, and luncheons	944,033	58,908	-	1,002,941	1,129,163
Royalties	325,299	-	-	325,299	310,073
Contributions and grants	87,455	283,728	11,450	382,633	231,178
Advertising	214,720	-	-	214,720	220,327
Annual meeting	474,559	-	-	474,559	141,093
Lawyer advertising filing fees	170,550	-	-	170,550	167,225
Disciplinary assessment processing	86,138	-	-	86,138	79,118
Gain (loss) on investments, net	398,720	(129)	-	398,591	(46,131)
Interest	161,883	7,064	-	168,947	159,953
Rental income	51,324	-	-	51,324	51,324
Sales of membership labels	25,892	-	-	25,892	18,560
Penalties	12,950	4,625	-	17,575	18,100
Sales of brochures and books	2,226	-	-	2,226	1,129
Examination, accreditation, and reinstatement fees	-	-	-	-	5,490
Miscellaneous income	36,063	4,600	-	40,663	47,855
Net assets released from restrictions	634,527	(634,527)	-	-	-
Reclassifications	(333,133)	333,133	-	-	-
	<u>7,198,806</u>	<u>236,057</u>	<u>11,450</u>	<u>7,446,313</u>	<u>6,575,359</u>
Total support, revenue, gains, and reclassifications					

**Exhibit B  
(Continued)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Totals	2012 Totals
<b>Expenses</b>					
For officials, sections, committees, and services:					
Staff compensation and benefits	2,472,715	-	-	2,472,715	2,382,628
Professional programs	317,376	-	-	317,376	194,578
Seminars, conferences, programs, and meetings	576,794	-	-	576,794	573,911
Travel and per diem	311,373	-	-	311,373	324,112
Annual meeting	333,013	-	-	333,013	165,411
Stationery, printing, and postage	171,151	-	-	171,151	203,589
Louisiana Bar Journal, Bar Briefs, and LSBA.org	190,186	-	-	190,186	167,599
Computer assisted legal program	125,693	-	-	125,693	125,696
Supplies, awards, and gifts	163,171	-	-	163,171	205,840
Miscellaneous	10,206	-	-	10,206	24,493
Contributions	17,275	-	-	17,275	29,407
Telephone	19,678	-	-	19,678	24,785
Bar admission ceremonies	317	-	-	317	348
	<u>4,708,948</u>	<u>-</u>	<u>-</u>	<u>4,708,948</u>	<u>4,422,397</u>
Total officials, sections, committees, and services					
General expenses:					
Staff compensation and benefits	893,800	-	-	893,800	873,023
Professional services	63,590	-	-	63,590	67,954
Insurance	67,864	-	-	67,864	62,501
Equipment and computer rental and maintenance	100,436	-	-	100,436	112,737
Office supplies	67,669	-	-	67,669	74,745
Stationery, printing, and postage	(2,350)	-	-	(2,350)	6,286
Property management	95,112	-	-	95,112	100,741
Telephone	40,878	-	-	40,878	44,859
Travel and per diem and meetings	24,368	-	-	24,368	21,329
Depreciation	212,445	-	-	212,445	224,318
Business income and proxy taxes	10,680	-	-	10,680	29,778
Lobbying	48,000	-	-	48,000	36,000
Miscellaneous	23,427	-	-	23,427	19,943
	<u>1,645,919</u>	<u>-</u>	<u>-</u>	<u>1,645,919</u>	<u>1,674,214</u>
Total general expenses					
Total expenses	<u>6,354,867</u>	<u>-</u>	<u>-</u>	<u>6,354,867</u>	<u>6,096,611</u>
<b>Change in Net Assets</b>	843,939	236,057	11,450	1,091,446	478,748
<b>Net Assets</b>					
Beginning of year	<u>7,381,703</u>	<u>1,468,462</u>	<u>14,520</u>	<u>8,864,685</u>	<u>8,385,937</u>
End of year	<u>\$ 8,225,642</u>	<u>\$ 1,704,519</u>	<u>\$ 25,970</u>	<u>\$ 9,956,131</u>	<u>\$ 8,864,685</u>

See accompanying notes to consolidated financial statements.

**LOUISIANA STATE BAR ASSOCIATION  
AND AFFILIATE**

**Consolidated Statement of Cash Flows**

For the year ended June 30, 2013  
(with comparative totals for the year ended June 30, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Totals	2012 Totals
<b>Cash Flows From Operating Activities</b>					
Change in net assets	\$ 843,939	\$ 236,057	\$ 11,450	\$ 1,091,446	\$ 478,748
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Contributions to LCLCE endowment	-	-	(11,450)	(11,450)	(1,200)
Depreciation	212,445	-	-	212,445	224,318
Loss (gain) on investments	(398,720)	129	-	(398,591)	46,131
Decrease (increase) in receivables	5,408	-	-	5,408	6,241
Decrease (increase) in accrued interest	(2,024)	225	-	(1,799)	3,941
Decrease (increase) in prepaid expenses	16,156	340	-	16,496	(10,306)
Increase (decrease) in unearned revenue	204,771	-	-	204,771	25,573
Increase in due to broker	517,845	-	-	517,845	-
Increase (decrease) in accounts payable and accrued expenses	24,729	-	-	24,729	(5,911)
Net cash provided by operating activities	<u>1,424,549</u>	<u>236,751</u>	<u>-</u>	<u>1,661,300</u>	<u>767,535</u>
<b>Cash Flows From Investing Activities</b>					
Purchase of investments	(2,885,282)	(276,165)	(11,450)	(3,172,897)	(2,104,377)
Proceeds from sale of investments	1,840,371	270,000	-	2,110,371	2,196,179
Purchases of property and equipment	(27,282)	-	-	(27,282)	(158,495)
Net cash provided by (used in) investing activities	<u>(1,072,193)</u>	<u>(6,165)</u>	<u>(11,450)</u>	<u>(1,089,808)</u>	<u>(66,693)</u>
<b>Cash Flows From Financing Activities</b>					
Contributions to LCLCE endowment	-	-	11,450	11,450	1,200
<b>Net Increase In Cash and Cash Equivalents</b>	352,356	230,586	-	582,942	702,042
<b>Cash and Cash Equivalents</b>					
Beginning of year	<u>1,624,146</u>	<u>987,090</u>	<u>-</u>	<u>2,611,236</u>	<u>1,909,194</u>
End of year	<u>\$ 1,976,502</u>	<u>\$ 1,217,676</u>	<u>\$ -</u>	<u>\$ 3,194,178</u>	<u>\$ 2,611,236</u>
<b>Supplemental Disclosure of Cash Flow Information</b>					
Cash paid during the year for unrelated business income taxes	<u>\$ 10,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,680</u>	<u>\$ 13,552</u>

See accompanying notes to consolidated financial statements.

## LOUISIANA STATE BAR ASSOCIATION AND AFFILIATE

Notes to Consolidated Financial Statements  
June 30, 2013

### Note 1 — ORGANIZATION AND NATURE OF ACTIVITIES

The Louisiana State Bar Association (the “Association” or “LSBA”) is a nonprofit corporation organized under the laws of the State of Louisiana (R.S.37:211). The objects and purposes of the Association are to regulate the practice of law, advance the science of jurisprudence, promote the administration of justice, uphold the honor of the Courts and the profession of law, encourage cordial intercourse among its members, and generally, to promote the welfare of the profession in the State of Louisiana. The Association is self-governing and its membership is comprised of all persons who are now, or may hereafter be, licensed to practice in the State of Louisiana.

### Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of Accounting

The financial statements of the Association are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

#### b. Consolidation Policy

The consolidated financial statements as of and for the years ended June 30, 2013 and 2012 include the accounts of the Association and Louisiana Center for Law and Civic Education, Inc. (“LCLCE”). On June 7, 2010, the Association and LCLCE entered into an agreement through which the Association committed to provide funding to LCLCE and which gave the Association’s Board of Governors the power to appoint the Board of Directors of LCLCE. LCLCE is consolidated due to the Association having both an economic interest in LCLCE and control of LCLCE through a majority voting interest in its governing board. All material intra-entity transactions have been eliminated.

#### c. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Association maintains its accounting records using separate funds to account for specific assets, liabilities, and transactions as follows:

**Unrestricted Net Assets** - The Association receives membership dues and other revenues and expends funds for its general operation. This fund accounts for all activities other than those specifically authorized to be conducted from the various temporarily restricted funds.

**Temporarily Restricted Net Assets** - The Association receives membership dues, conference fees, and other revenues which are to be expended and accounted for by the following specific accounts: Access to Justice Program - Project Grants; Access to Justice Program - Legal Services and Louisiana Bar Foundation Grants; Legal Malpractice Insurance Trust; Legal Specialization; Young Lawyers Section - Grant Fund; Young Lawyers Section - Bridging the Gap; and each of the other Section accounts created by the House of Delegates. LCLCE receives contributions and grants which may be restricted as to time or use.

**Permanently Restricted Net Assets** - Permanently restricted net assets are those with stipulations that they be maintained indefinitely. The Association does not have any permanently restricted net assets. LCLCE has a permanently restricted endowment.

**d. Comparative Financial Information**

The consolidated statement of activities includes certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's consolidated financial statements for the year ended June 30, 2012, from which the summarized information was derived.

**e. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**f. Cash and Cash Equivalents**

For purposes of the consolidated statement of cash flows, the Association considers all highly liquid investments in money market funds to be cash equivalents.

**g. Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for a discussion of fair value measurements.

Unrealized gains and losses on investments are included in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted. Investment income and realized gains and losses from the investment accounts referred to as the Core Investments/Reserves and Operating are unrestricted. Investment income on the Legal Malpractice Insurance Trust and Legal Specialization Fund is temporarily restricted.

**h. Property and Equipment**

The Association records all property and equipment acquisitions at cost. Depreciation is determined using the straight-line method and is intended to allocate the cost of the assets over their estimated useful lives. Additions and major improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

**i. Unearned Revenue**

Unearned revenue consists of dues received in advance for the following year and registration fees received as of year end for seminars to be held in the following year.

**j. Donated Services**

A portion of the Association's functions, including educational activities and publications, is conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying consolidated financial statements since the volunteers' time does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

**k. New Accounting Pronouncement**

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which amends FASB Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurement. The amendments change the wording used to describe many of the requirements in U.S. generally accepted accounting principles ("GAAP") for measuring fair value and for disclosing information about fair value measurements, as well as clarify the application of existing fair value measurement requirements. ASU 2011-04 expands certain qualitative and quantitative disclosure requirements under ASC 820, particularly for Level 3 inputs. The Association's adoption of ASU 2011-04 during the year ended June 30, 2013 did not impact its Consolidated Statement of Financial Position or Consolidated Statement of Activities.

**l. 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 February 11, 2014, 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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Unrestricted cash and cash equivalents:		
LSBA	\$ 1,900,530	\$ 1,565,374
LCLCE	<u>75,972</u>	<u>58,772</u>
	<u>1,976,502</u>	<u>1,624,146</u>
Temporarily restricted cash and cash equivalents:		
LSBA Sections	1,197,208	966,622
LCLCE	<u>20,468</u>	<u>20,468</u>
	<u>1,217,676</u>	<u>987,090</u>
Totals	<u>\$ 3,194,178</u>	<u>\$ 2,611,236</u>

**Note 4 — CONCENTRATION OF CREDIT RISK**

The Association periodically maintains cash and cash equivalents in bank accounts in excess of insured limits. The Association has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. As of June 30, 2013, the Association had cash and cash equivalents of approximately \$2.9 million in excess of insured limits.

**Note 5 — INVESTMENTS**

Investments held as of June 30, 2013 and 2012 are summarized as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
LSBA:				
Unrestricted:				
Common stock	\$ 2,332,114	\$ 3,208,658	\$ 2,363,009	\$ 2,749,908
Corporate debt	3,071,177	3,075,803	2,056,441	2,089,050
Federal mortgage obligations	-	-	99,725	100,759
Municipal bond	201,365	199,790	101,340	100,956
Temporarily restricted:				
Brokered certificates of deposit	270,006	269,877	270,006	269,815
Variable annuity contract	<u>205,083</u>	<u>205,083</u>	<u>199,109</u>	<u>199,109</u>
Total - LSBA	<u>6,079,745</u>	<u>6,959,211</u>	<u>5,089,630</u>	<u>5,509,597</u>
LCLCE:				
Unrestricted:				
Bank certificate of deposit	4,193	4,193	4,140	4,140
Permanently restricted:				
Cash	11,200	11,200	1,200	1,200
Bank certificate of deposit	<u>14,770</u>	<u>14,770</u>	<u>13,320</u>	<u>13,320</u>
Total - LCLCE	<u>30,163</u>	<u>30,163</u>	<u>18,660</u>	<u>18,660</u>
Totals	<u>\$ 6,109,908</u>	<u>\$ 6,989,374</u>	<u>\$ 5,108,290</u>	<u>\$ 5,528,257</u>

**Note 5 — INVESTMENTS (Continued)**

Presented below is a summary of realized and unrealized gains and losses on investments for the years ended June 30, 2013 and 2012:

	June 30, 2013		
	Cost	Fair Value	Excess of Fair Value Over Cost
Balances as of June 30, 2013	<u>\$ 6,109,908</u>	<u>\$ 6,989,374</u>	\$ 879,466
Balances as of June 30, 2012	<u>\$ 5,108,290</u>	<u>\$ 5,528,257</u>	419,967
Unrealized gain on investments			459,499
Realized loss for the year			<u>(60,908)</u>
Gain on investments, net			<u>\$ 398,591</u>
	June 30, 2012		
	Cost	Fair Value	Excess of Fair Value Over Cost
Balances as of June 30, 2012	<u>\$ 5,108,290</u>	<u>\$ 5,528,257</u>	\$ 419,967
Balances as of June 30, 2011	<u>\$ 5,178,360</u>	<u>\$ 5,666,190</u>	487,830
Unrealized loss on investments			(67,863)
Realized gain for the year			<u>21,732</u>
Loss on investments, net			<u>\$ (46,131)</u>

Interest earned on investments for the years ended June 30, 2013 and 2012 of \$168,947 and \$159,953, respectively, is presented net of investment expense of \$17,134 and \$17,341, respectively.

## Note 6 — ASSETS MEASURED AT FAIR VALUE

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

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

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2013 and 2012.

- ▶ *Common stocks*. Valued at the closing price reported on the active market on which the individual securities are traded.
- ▶ *Brokered certificates of deposits*. Valued based on amounts reported by Interactive Data Corporation which uses modeling techniques which integrate observed transactions data, credit quality, perceived market movements, and other relevant information.
- ▶ *Corporate bonds and convertible notes*. Valued based on amounts reported by Thomson Reuters which uses modeling techniques which integrate observed transactions data, credit quality, perceived market movements, and other relevant information.
- ▶ *U.S. government agency obligations*. Valued based on amounts reported by Thomson Reuters which uses modeling techniques which incorporate LIBOR/SWAP forward curve, credit spreads, and interest rate volatilities.
- ▶ *Municipal bond*. Valued based on amounts reported by Standard & Poors which uses modeling techniques which incorporate trade quotes and benchmark curves, including Treasury benchmarks and LIBOR/SWAP curves.
- ▶ *Variable annuity contract*. Valued at cash redemption value as reported to the Association by MassMutual Financial Group.

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

**Note 6 — ASSETS MEASURED AT FAIR VALUE (Continued)**

The following tables set forth by level within the fair value hierarchy, the Association's assets at fair value as of June 30, 2013 and 2012:

Description June 30, 2013	Total Assets Measured At Fair Value	Based on:		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Common stock:				
Information technology	\$ 498,890	\$ 498,890	\$ -	\$ -
Health care	439,770	439,770	-	-
Consumer staples	512,358	512,358	-	-
Financials	443,632	443,632	-	-
Energy	319,977	319,977	-	-
Industrials	459,210	459,210	-	-
Consumer discretionary	312,205	312,205	-	-
Materials	116,902	116,902	-	-
Telecommunication	105,714	105,714	-	-
Corporate bonds:				
Credit rating:				
AA+	101,987	-	101,987	-
A+	103,409	-	103,409	-
A	307,407	-	307,407	-
A-	566,783	-	566,783	-
B+	202,924	-	202,924	-
BBB+	1,222,402	-	1,222,402	-
BBB	467,130	-	467,130	-
BBB-	103,761	-	103,761	-
Municipal bonds:				
Credit rating:				
A	100,417	-	100,417	-
A-	99,373	-	99,373	-
Brokered certificates of deposit				
	269,877	-	269,877	-
Variable annuity contract				
	205,083	-	205,083	-
Totals - LSBA	<u>\$ 6,959,211</u>	<u>\$ 3,208,658</u>	<u>\$ 3,750,553</u>	<u>\$ -</u>

Note 6 - 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)
<u>June 30, 2012</u>				
Common stock:				
Information technology	\$ 512,348	\$ 512,348	\$ -	\$ -
Health care	419,082	419,082	-	-
Consumer staples	373,245	373,245	-	-
Financials	354,470	354,470	-	-
Energy	317,064	317,064	-	-
Industrials	309,183	309,183	-	-
Consumer discretionary	249,652	249,652	-	-
Materials	121,540	121,540	-	-
Telecommunication	93,324	93,324	-	-
Corporate bonds:				
Credit rating:				
AA+	102,339	-	102,339	-
A+	106,247	-	106,247	-
A	208,176	-	208,176	-
A-	619,113	-	619,113	-
BBB+	429,275	-	429,275	-
BBB	521,173	-	521,173	-
BBB-	102,727	-	102,727	-
Federal mortgage obligations	100,759	-	100,759	-
Municipal bond:				
Credit rating: BBB	100,956	-	100,956	-
Brokered certificates				
of deposit	269,815	-	269,815	-
Variable annuity contract	199,109	-	199,109	-
Totals - LSBA	<u>\$ 5,509,597</u>	<u>\$ 2,749,908</u>	<u>\$ 2,759,689</u>	<u>\$ -</u>

**Note 7 - RISKS AND UNCERTAINTIES**

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

**Note 8 - PROPERTY AND EQUIPMENT**

Major classes of property and equipment as of June 30, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>
LSBA		
Louisiana Bar Center		
Building	\$ 1,881,646	\$ 1,881,646
Construction in progress	11,964	-
Improvements	1,578,504	1,578,504
Furniture and equipment	<u>977,418</u>	<u>986,794</u>
	4,449,532	4,446,944
Less accumulated depreciation	<u>(1,762,535)</u>	<u>(1,573,454)</u>
	<u>2,686,997</u>	<u>2,873,490</u>
LCLCE		
Library	30,133	30,133
Furniture and equipment	<u>4,690</u>	<u>3,271</u>
	34,823	33,404
Less accumulated depreciation	<u>(33,453)</u>	<u>(33,364)</u>
	<u>1,370</u>	<u>40</u>
Property and equipment, net	<u><u>\$ 2,688,367</u></u>	<u><u>\$ 2,873,530</u></u>

Depreciation expense for the years ended June 30, 2013 and 2012 totaled \$212,445 and \$224,318, respectively.

**Note 9 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following as of June 30, 2013 and 2012:

	2013	2012
Access to Justice Program - Project Grants	\$ 11,925	\$ 14,706
Legal Malpractice Insurance Trust	481,361	314,448
Legal Specialization Fund	364,455	329,423
Young Lawyers Section - Grant Fund	2,500	3,208
Young Lawyers Section - Bridging the Gap	16,536	16,665
Sections:		
Administrative Law	8,330	7,630
Alternative Dispute Resolution	39,461	26,961
Animal Law	3,593	4,094
Antitrust and Trade Regulation Law	9,940	9,544
Appellate Section	8,579	7,084
Art, Entertainment, and Sports Law Section	5,704	4,711
Bankruptcy Law	18,047	16,089
Bench and Bar	10,146	9,211
Bill of Rights	2,660	2,916
Civil Law and Litigation	70,765	74,701
Class Action, Mass Tort, and Complex Litigation Law	6,115	3,430
Consumer Protection Law	7,845	7,600
Corporate and Business Law	108,831	106,683
Criminal Law	7,595	10,878
Environmental Law	19,695	18,479
Family Law	39,981	39,282
Fidelity, Surety, and Construction Law	34,400	32,927
Francophone	1,798	395
Government and Public Law	42,711	44,263
Health Law	29,479	27,726
Insurance, Tort, Workers' Compensation, and Admiralty Law	18,046	21,918
Intellectual Property	25,540	23,904
International Law	10,089	9,296
Labor and Employment Law	12,598	9,927
Mineral Law	56,111	54,882
Minority Involvement	8,866	7,781
Public Utility	19,895	17,861
Solo and Small Firm	14,915	9,905
Taxation	55,094	53,084
Trusts, Estate, Probate, and Immovable Property Law	102,945	98,882
Total temporarily restricted net assets - LSBA	<u>1,676,551</u>	<u>1,440,494</u>
Temporarily restricted net assets - LCLCE	<u>27,968</u>	<u>27,968</u>
Total temporarily restricted net assets	<u>\$ 1,704,519</u>	<u>\$ 1,468,462</u>

#### Note 10 — RENTAL INCOME

A portion of the Louisiana Bar Center building not currently needed for the Association's operations is rented to the Judiciary Commission of Louisiana under a one year lease which expires on June 30, 2014. Future minimum rentals to be received under the lease as of June 30, 2013 total \$51,324.

#### Note 11 — RETIREMENT PLAN

The Association has a defined contribution plan covering substantially all employees who meet certain eligibility requirements. The plan is a profit-sharing plan with a cash or deferred arrangement. The contributions during the years ended June 30, 2013 and 2012, totaled \$217,912 and \$198,190, respectively.

#### Note 12 — CONSOLIDATED AFFILIATE

As discussed in Note 2b, effective June 7, 2010, the Association entered into an agreement with LCLCE which gave it an economic interest in and control of LCLCE. The Association has committed to provide annual funding to LCLCE in the amount of \$50,000 annually for an initial term of five years. Thereafter, the agreement will automatically renew in one-year increments unless either party elects to terminate the agreement. Net assets of the consolidated affiliate totaling \$135,409 and \$106,889 have been included in the consolidated statement of financial position as of June 30, 2013 and 2012, respectively.

#### Note 13 — RELATED PARTY

The Association and the Louisiana Civil Justice Center ("LCJC") are separate functioning organizations sharing a common mission. Effective August 2009, the Association's Board of Governors appoints the LCJC Board of Governors. There are no monetary transactions between the Association and LCJC. Currently, the LCJC occupies space on the third floor of the Bar Center building rent free. A formal agreement had not been finalized as of June 30, 2013.

#### Note 14 — INCOME TAXES

The Association is exempt from taxes under Section 501(c)(6) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Net operating profits from unrelated business income, if any, are subject to federal income tax. The Association had taxable unrelated business income for the years ended June 30, 2013 and 2012 of approximately \$38,000 and \$49,000, respectively.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability (or asset) if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other taxing authorities. Management has analyzed the tax positions taken by the Association, and has concluded that as of June 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years ending prior to June 30, 2010.

#### Note 15 — COMMITMENT

In 2005, the Association entered into an agreement with Fastcase.com, Inc. (Fastcase), to provide members of the Association with unlimited access to the Fastcase legal research system. Effective in June 2010, this agreement was amended. The amended agreement has a term of five years that automatically renews until the time that either party elects to terminate the agreement. The Association pays an annual fee of \$124,644 under this agreement.



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