



2008 LOUISIANA STATE BAR ASSOCIATION ANNUAL REPORT



Supplement to the *Louisiana Bar Journal*

2007-08: It was a Pretty Good Year



S. Guy deLaup

Serving as the 2007-08 president of the Louisiana State Bar Association (LSBA) was the highest privilege and honor I could receive as an attorney in Louisiana. During my term, I met many skilled attorneys, dedicated judges, community leaders and volunteers who make up our profession, and I was fully able to appreciate the dedication and outstanding service of our hardworking staff. I met attorneys from around the state who give their time, talents and energies to the various Bar committees. It was comforting to learn, after comparing notes with other Bar presidents, that the LSBA's programs and member services are as comprehensive and successful as those of most other state Bar Associations.

I would like to acknowledge and thank Bill Leary, director of the Lawyers Assistance Program, for his decades-long, confidential service to Bar members dealing with various types of addictions, for his work post-Katrina/Rita in helping Bar members secure mental health services and for his continued assistance to the Office of Disciplinary Counsel in investigating character and fitness issues prior to Bar admission.

I would like to acknowledge and thank two other groups of attorneys. Attorneys who grade bar exams for the Committee on Bar Admissions and attorneys who volunteer their time to the Louisiana Attorney Disciplinary Board and its committees perform two important functions for our profession. They do so every year, without much notice or appreciation.

During 2007-08, the Board of Governors completed a long-range planning process. Ideas were exchanged and opinions were voiced about many issues facing the legal profession and the role our Bar Association can play in addressing those issues. Developed from that process was a list of six goals, and specific strategies and activities to accomplish those goals in furtherance of the LSBA's mission. Increased technology and Fastcase training and law office management services are among the targeted strategies. The goals were adopted by the Board of Governors at its meeting on April 5, 2008, and were published in the *Louisiana Bar Journal*.

The work of the leadership, the Board of Governors and the staff enabled us to accomplish many other things in 2007-08. After significant study, the Board of Governors established an Institute for the Profession to develop a strategic plan for promoting our profession to the public. Included in the plan is a proposal for coordinating public outreach efforts, such as lobbying and public messaging, and partnering with the Louisiana Center for Law and Civic Education to promote civic education in Louisiana schools.

The LSBA sponsored its first-ever Conclave on Diversity in the Legal Profession in March 2008, where a distinguished

panel of speakers discussed broadening diversity in the profession. Discussions ranged from diversity initiatives within law firms to the impact that clients can have on promoting diversity in private law firms. More than 100 attendees participated, representing lawyers from large firms, small firms, government and corporations. The March 2009 conclave is expected to build on the progress made at the first conclave, further broadening the topics and goals. With the assistance of the Diversity Committee, the LSBA was one of the first states in the country to adopt a Diversity Statement to encourage lawyers to embrace diversity in their practice and to promote diverse participation within the Bar.

A Rule of Law Conference was held on May 1, 2008, the 50th anniversary of Law Day. Representatives of the legal and medical professions, members of the media, teachers, educators and business leaders discussed what the Rule of Law means to our society and how we might better advance and adhere to the Rule of Law to make life better for all citizens.

A Lawyers in Transition Committee was established to develop policies and procedures to protect clients in the event of the death or disability of their lawyer and to sponsor retirement planning seminars, health screenings and other assistance for the aging attorney population in Louisiana.

We are continuing to formalize our relationship with the local Bars. Initiatives include a yearly meeting with local Bar presidents and executive directors, as well as a partnership with local Bars to schedule low-cost CLE programs around the state. At the June 2008 Annual Meeting President's Reception, we saluted the presidents of the local and specialty Bars in Louisiana.

The Committee on the Profession expanded the professionalism programs of first- and third-year students in Louisiana's four law schools. It also began a program to educate first-year law students about the nature of the legal profession and the much stricter scrutiny concerning character and fitness as a possible obstacle to admission to the Bar. All of these programs were well received by the law schools and their students.

The LSBA's Information Technology department was expanded to improve security and services. Video conferencing for committee and House of Delegates meetings as well as online networking are all ideas under consideration.

All of these initiatives would not have been accomplished without the hard work of the Board of Governors, our staff and the other leadership positions, all of whom I thank for their contributions. I am proud of our Association and grateful to have had an opportunity to be involved.



Elizabeth Erny Foote

What Has the LSBA Done for Me Lately?

To set the agenda for the 2008-09 Bar year, the Louisiana State Bar Association's (LSBA) Board of Governors and staff sat down with the written strategic plan and the operational survey, both developed under the leadership of S. Guy DeLaup in 2007-08. The membership had entrusted leadership with a dues increase and we knew we had to spend your money both frugally and productively. Our goal was to take action that would have an effect on how lawyers practice every day.

We also examined the most recent membership survey. The goal of the survey was to learn: what keeps Louisiana lawyers up at night? The results were not what we expected. The most pressing problem for lawyers was not paying the kids' tuition or finding health insurance. Instead, you identified the most pressing issue as how the public viewed the legal profession.

Lawyers in Louisiana take their profession very seriously. The survey asked members to rate issues by importance, with the top five categories being "very important" or "somewhat important." Seventy-two percent of members said that how the public viewed the profession of law was very important and 89 percent of members said it was either very important or somewhat important. This was the most overwhelming response of any of the answers in the survey. When asked to rate the importance of the regulation of lawyer advertising, 55 percent said it was very important and 83 percent said it was important or somewhat important.

When asked how important it was to provide members with information and training to promote professionalism in their law practices, 55 percent said it was important and 85 percent said it was very important or somewhat important. However, when asked about the level of current satisfaction with the choice of becoming a lawyer, less than 50 percent said they were very satisfied.

Our members defined the LSBA agenda for 2008-09. Our main goal was to promote and encourage the highest standards of integrity and professionalism in our lawyers. We have employed the following strategies in furtherance of this goal:

- ▶ The Committee on the Profession has expanded its professionalism programs in the law schools with a program for first-year students providing guidance on the pitfalls of the multi-page bar admission application. Lawyer vol-

unteers experienced in representing bar applicants make themselves available for consultation. The LSBA Web site provides more guidance with a Web-based manual.

The Committee on the Profession continues to upgrade the quality of professionalism programs statewide with the use of professionally produced video vignettes encouraging discussion on issues important to our profession. Want a good professionalism program for your local bar? Contact the committee.


Not all problems that lawyers encounter can be solved with a new video or program. The Committee on the Profession also launched an effort to identify overall systemic problems in Louisiana and to identify strategies to address those problems. The definition of professionalism includes more than civility — it includes a lawyer's role in the justice system and the community. How can that role be enhanced?

- ▶ The Lawyers in Transition Committee has produced a first draft of new rules to protect the clients of lawyers who die or become disabled as a result of age, mental or physical health issues, or who are disbarred. The committee expects to submit its draft to the Rules Committee before the end of the Bar year.

- ▶ Our member survey also told us that you do not want the Bar to be a club for big law firms in big cities. In response, we have increased our outreach to local bars with a full-time employee whose job is to work with lawyers in more rural areas and with local and specialty bars. LSBA President-Elect Kim M. Boyle has embarked on a tour of all five circuits in the state speaking to the state court appellate judges, local bars and specialty bars. Her message is simple: the association needs you and you need the association to raise the level of our profession.

- ▶ The Committee on Diversity in the Profession is sponsoring a second diversity conclave in March to continue the dialogue begun last year and to make a business case for diversity.

Continued next page



► The Committee on Diversity also got creative. In cooperation with the Louisiana Center for Law and Civic Education, the committee sponsored a Voting Rights Act program to educate high school students about the importance of registering to vote. The program featured hip-hop music. Plans are underway to continue this “Edutainment” outreach for Law Day 2009. There will be more information on our diversity efforts in the April/May 2009 *Louisiana Bar Journal*, which will be dedicated to diversity.

► The LSBA needs a leadership pipeline. We expanded the Leadership LSBA program to include 10 young lawyers from across the state. These lawyers will serve as hosts for the 2009 Annual Meeting.

► The new rules on lawyer advertising (now with an effective date of Oct. 1, 2009) assign to the LSBA both gate-keeping and clerk-of-court functions. The Committee on the Rules of Professional Conduct has geared up for the implementation of these rules. Available on the LSBA Web site is a handbook authored by a special subcommittee which included lawyers who rely on advertising.

► The Access to Justice Committee has worked to fill the unmet needs of the pro bono justice system and to coordinate free legal services throughout Louisiana. A statewide meeting of pro bono providers was held in Alexandria this year with the goal of determining what the LSBA can do for pro bono programs. Hearings on the availability of legal services will be held in three locations this spring. The committee also has produced a video to be shown at all LSBA-sponsored CLE programs about the needs of the pro bono community. Roll-out is expected shortly.

► The newly formed Children’s Law Committee coordinates the provision of juvenile services and elevates the status of lawyers involved in this practice.

► Improving the quality of life and the work/life balance for lawyers remains a need. The LSBA seeks to expand services to address mental health issues before those issues manifest themselves in drugs, alcohol or disciplinary complaints.

► The *Louisiana Bar Journal*, under the leadership of LSBA Secretary Mark A. Cunningham, raised enough money in advertising revenue to produce the magazine in full color, beginning with the August/September 2008 issue. Congratulations to Mark and the Editorial Board for this effort.

► Let’s not forget that the Board of Governors is charged with the financial health of the organization. The LSBA received a clean audit for 2007-08. In light of the current financial crisis, the board, under the direction of our treasurer Jack K. Whitehead, Jr. has monitored our investments. As of the end of 2008, the total value of the LSBA surplus had decreased by 14.5 percent, a better result than most of us saw in our own retirement accounts. Leadership, with the advice of our investment professionals and in compliance with our written investment guidelines, will continue to serve as prudent fiduciaries in these tough times.

The next few years will present challenges to our profession and our clients. The LSBA stands with you to meet those challenges.



Valerie Briggs
Bargas

2008-09: A Productive Year

The Louisiana State Bar Association's Young Lawyers Section Council has had a productive year and has further set the tone for making its programs more accessible to its constituency and members of the community at large. This year, the council incorporated and developed a "YouTube" component to its annual High School Essay Contest. Karelia Stewart, the High School Essay Committee chair, was definitely challenged to incorporate rules and standards for a technology-based endeavor. In keeping up with the times, the council sought to encourage more creative responses to the chosen topic.

The council is also encouraging young lawyers and leaders throughout the state to nominate online those young lawyers and programs that have made a real difference in the legal profession and/or local communities. We are pleased to make the nominating process smoother and more accessible by allowing online submissions.

Our Professional Development Seminar, as in years past, continues to be a great service to our young lawyer constituents who receive necessary CLE at no cost. As a result of the program's success, we are increasing the number of young lawyers who can participate in the 2010 program.

The two newest projects of the Young Lawyers Section Council — Barristers for Boards and Wills for Heroes — have seen great success in their first year of implementation. Barristers for Boards has placed five young lawyers on their chosen non-profit boards. Wills for Heroes, through its Committee Co-Chairs Shayna Sonnier and Eve Sarco, has served first responders in Lake Charles, Baton Rouge and New Orleans.

In our second annual Diversity Luncheon, chaired by Tricia Pierre, we sought to encourage discourse about diversity in our legal profession. Shannan Hicks, our roundtable moderator, encouraged participants to speak about uncomfortable topics that require our attention.

Our State High School Mock Trial Competition, to be held in Monroe on March 21, 2009, is expected to be as successful as in prior years. This is a very difficult committee to chair. I am appreciative of the tremendous efforts of committee Chair Jeff Joyce and our problem writers, Ashley Burch and Jill Futch.

Finally, our Law School Outreach Committee, chaired by Kyle Ferachi and Carla Courtney, has sought to strengthen our relationship with our future lawyers by providing programs and services law school students need. All four law schools participated in the Law School Mock Trial Competition and it proved to be a huge success. The committee also has instituted a Law School Essay Contest with cash prizes and the committee will host a second annual ResuMay in May 2009 to partner smaller firms with law school students still seeking employment after the mid-year, on-campus, hiring rush.

On a personal note, I am constantly reminded of the good lawyers do by witnessing the hard work of the members of the Young Lawyers Section Council. I feel I am a better person and a better lawyer for knowing these tremendous men and women and I am grateful they allowed me to be their leader this year.

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Board of Governors
Louisiana State Bar Association

We have audited the accompanying statements of financial position of the Louisiana State Bar Association (the Association) as of June 30, 2008, and the related statements of activities and the statements of cash flows for the year ended June 30, 2008. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2007 financial statements and, in our report dated December 10, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Bar Association as of June 30, 2008, the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The 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 financial statements for the year ended June 30, 2007, from which the summarized information was derived.

A Professional Accounting Corporation

November 17, 2008

LOUISIANA STATE BAR ASSOCIATION
 Statements of Financial Position
 June 30, 2008
 (With Comparative Totals for June 30, 2007)

	Unrestricted	Restricted	Totals 2008	Totals 2007
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 1,162,189	\$ 952,122	\$ 2,114,311	\$ 1,223,436
Investments	3,834,165	356,633	4,190,798	3,435,351
Receivables	26,639	-	26,639	82,152
Accrued Interest Receivable	18,006	-	18,006	11,994
Prepaid Expenses	45,205	-	45,205	50,902
Total Current Assets	5,086,204	1,308,755	6,394,959	4,803,835
Property and Equipment				
Furniture and Equipment	1,214,519	4,063	1,218,582	977,394
Bar Center	1,881,646	-	1,881,646	1,881,646
	3,096,165	4,063	3,100,228	2,859,040
Less: Accumulated Depreciation	938,549	4,063	942,612	895,825
Net Property and Equipment	2,157,616	-	2,157,616	1,963,215
	\$ 7,243,820	\$ 1,308,755	\$ 8,552,575	\$ 6,767,050
Liabilities and Net Assets				
Current Liabilities				
Unearned Revenue	\$ 1,405,835	\$ -	\$ 1,405,835	\$ 355,404
Accounts Payable and Accrued Expenses	214,071	-	214,071	184,035
Total Current Liabilities	1,619,906	-	1,619,906	539,439
Other Liabilities				
Deferred Rent	142,049	-	142,049	157,317
Total Liabilities	1,761,955	-	1,761,955	696,756
Net Assets				
Unrestricted	5,481,865	-	5,481,865	4,792,188
Temporarily Restricted	-	1,308,755	1,308,755	1,278,106
Total Net Assets	5,481,865	1,308,755	6,790,620	6,070,294
	\$ 7,243,820	\$ 1,308,755	\$ 8,552,575	\$ 6,767,050

The accompanying notes are an integral part of these financial statements.

LOUISIANA STATE BAR ASSOCIATION
Supplementary Schedule of Temporarily Restricted Net Assets
June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008	2007
Access to Justice Program - Project Grants	\$ 18,339	\$ 18,339
Legal Malpractice Insurance Trust	298,779	283,720
Legal Specialization Fund	243,111	250,088
Young Lawyers Section - Grant Fund	781	200
Young Lawyers Section - Bridging the Gap	17,114	17,188
Sections:		
Administrative Law	4,810	4,170
Alternative Dispute Resolution	36,945	39,480
Animal Law	541	-
Antitrust and Trade Regulation Law	8,950	8,221
Appellate	2,189	1,037
Art, Entertainment & Sports Law Section	406	1,390
Bankruptcy Law	16,713	18,764
Bench and Bar	7,410	6,633
Bill of Rights	2,432	2,088
Civil Law and Litigation	69,824	63,054
Consumer Protection Law	6,435	6,051
Corporate and Business Law	100,517	95,094
Criminal Law	13,970	18,160
Environmental Law	24,237	23,959
Family Law	47,770	45,051
Fidelity, Surety, and Construction Law	26,163	23,727
Francophone	289	14,458
Government and Public Law	55,491	53,372
Health Law	23,672	21,378
Insurance, Negligence, Compensation and Admiralty Law	27,705	23,960
Intellectual Property	20,263	22,567
International Law	6,849	6,062
Labor and Employment Law	14,551	15,224
Mineral Law	48,960	46,454
Minority Involvement	8,967	4,948
Public Utility	21,703	18,471
Solo and Small Firm	4,740	10,487
Taxation	43,194	35,337
Trusts, Estate, Probate and Immovable Property Law	84,935	78,974
Total	\$ 1,308,755	\$ 1,278,106

The accompanying notes are an integral part of these financial statements.

LOUISIANA STATE BAR ASSOCIATION
 Statements of Activities
 For the Year Ended June 30, 2008
 (With Comparative Totals for the Year Ended June 30, 2007)

	Unrestricted	Temporarily Restricted	2008 Totals	2007 Totals
Support, Revenue, Gains and Reclassifications				
Membership Dues	\$ 3,653,500	\$ 184,382	\$3,837,882	\$2,033,353
Penalties	22,450	7,325	29,775	27,600
Seminars, Conferences and Luncheons	925,160	32,713	957,873	947,509
Royalties	352,013	-	352,013	364,933
Contributions	-	109,950	109,950	108,319
Annual Meetings	170,070	-	170,070	174,246
Advertising	204,042	-	204,042	177,491
Interest	176,051	36,327	212,378	168,840
(Loss) Gain on Investments, Net	(217,835)	-	(217,835)	251,005
Sublease Income	80,799	-	80,799	75,409
Disciplinary Assessment Processing	55,805	-	55,805	62,509
Sales of Membership Labels	41,865	-	41,865	34,074
Sales of Brochures and Books	9,334	-	9,334	14,473
Examination, Accreditation and Reinstatement Fees	-	8,950	8,950	8,350
Loss on Disposal of Property and Equipment	(906)	-	(906)	-
Miscellaneous Income	42,325	15,898	58,223	79,278
Net Assets Released from Restrictions	562,166	(562,166)	-	-
Reclassifications	(197,270)	197,270	-	-
Total Support, Revenue, Gains and Reclassifications	5,879,569	30,649	5,910,218	4,527,389

	Unrestricted	Temporarily Restricted	2008 Totals	2007 Totals
Expenses				
For Officials, Sections, Committees, and Services				
Professional Programs	757,157	-	757,157	686,998
Seminars, Conferences and Luncheons	484,901	-	484,901	390,620
Travel and Per Diem	286,673	-	286,673	249,967
Annual Meetings	169,567	-	169,567	183,586
Stationery, Printing and Postage	243,314	-	243,314	269,809
Louisiana Bar Journal, Bar Briefs and LSBA.org	189,241	-	189,241	201,000
Computer Assisted Legal Program	138,117	-	138,117	136,644
Supplies, Awards and Gifts	235,632	-	235,632	188,085
Miscellaneous	81,739	-	81,739	114,588
Contributions	26,925	-	26,925	31,300
Telephone	25,733	-	25,733	18,969
Bar Admission Ceremonies	566	-	566	5,303
Administering Exams	350	-	350	895
Total Officials, Sections, Committees, and Services	2,639,915	-	2,639,915	2,477,764

The accompanying notes are an integral part of these financial statements.

LOUISIANA STATE BAR ASSOCIATION
 Statements of Activities (Continued)
 For the Year Ended June 30, 2008
 (With Comparative Totals for the Year Ended June 30, 2007)

	Unrestricted	Temporarily Restricted	2008 Totals	2007 Totals
Expenses				
General Expense				
Staff Compensation	1,335,528	-	1,335,528	1,014,553
Professional Services	91,224	-	91,224	50,949
Retirement	53,593	-	53,593	54,577
Insurance	145,617	-	145,617	89,821
Equipment and Computer Rental and Maintenance	155,018	-	155,018	92,683
Office Supplies	84,099	-	84,099	21,905
Payroll Taxes	77,784	-	77,784	52,006
Stationery, Printing and Postage	63,600	-	63,600	42,622
Property Management	216,084	-	216,084	248,502
Telephone	53,109	-	53,109	45,135
Travel and Per Diem and Meetings	35,765	-	35,765	13,674
Staff Parking	28,528	-	28,528	20,068
Depreciation	122,590	-	122,590	107,226
In-kind Rent Contribution	18,056	-	18,056	19,775
Business Income and Proxy Taxes	20,333	-	20,333	22,311
Royalties	863	-	863	900
Lobbying	36,000	-	36,000	39,000
Miscellaneous	12,186	-	12,186	8,164
Total General Expense	2,549,977	-	2,549,977	1,943,871
Total Expenses	5,189,892	-	5,189,892	4,421,635
Change in Net Assets	689,677	30,649	720,326	105,754
Net Assets				
Beginning of Year	4,792,188	1,278,106	6,070,294	5,964,540
End of Year	\$ 5,481,865	\$ 1,308,755	\$ 6,790,620	\$ 6,070,294

The accompanying notes are an integral part of these financial statements.

LOUISIANA STATE BAR ASSOCIATION
Statements of Cash Flows
For the Year Ended June 30, 2008
(With Comparative Totals For the Year Ended June 30, 2007)

	Unrestricted	Temporarily Restricted	2008 Totals	2007 Totals
Cash Flows from Operating Activities				
Change in Net Assets	\$ 689,677	\$ 30,649	\$ 720,326	\$ 105,754
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities				
Depreciation	122,590	-	122,590	107,226
Loss (Gain) on Investments	217,835	-	217,835	(251,005)
Loss on Disposal of Property and Equipment	906	-	906	-
Decrease in Receivables	55,513	-	55,513	5,448
(Increase) Decrease in Accrued Interest	(6,012)	-	(6,012)	5,674
Decrease (Increase) in Prepaid Expenses	5,697	-	5,697	(9,211)
Increase (Decrease) in Unearned Revenue	1,050,431	-	1,050,431	(434,416)
Decrease in Deferred Rent	(15,268)	-	(15,268)	(13,550)
Increase (Decrease) in Accounts Payable and Accrued Expenses	30,035	-	30,035	(43)
Net Cash Provided by (Used in) Operating Activities	2,151,404	30,649	2,182,053	(484,123)
Cash Flows from Investing Activities				
Purchase of Investments	(2,526,417)	(5,220)	(2,531,637)	(948,665)
Proceeds from Sale of Investments	1,558,355	-	1,558,355	1,103,837
Purchases of Property and Equipment	(317,896)	-	(317,896)	(12,638)
Net Cash (Used in) Provided by Investing Activities	(1,285,958)	(5,220)	(1,291,178)	142,534
Net Increase (Decrease) in Cash and Cash Equivalents	865,446	25,429	890,875	(341,589)
Cash and Cash Equivalents Beginning of Year	296,743	926,693	1,223,436	1,565,025
End of Year	\$ 1,162,189	\$ 952,122	\$ 2,114,311	\$ 1,223,436
Supplemental Disclosure of Non-Cash Investing Activities				
Rental Income	\$ 33,325	\$ -	\$ 33,325	\$ 33,325
In-kind Contribution	(18,056)	-	(18,056)	(19,775)
Reduction in Deferred Rent Liability	\$ 15,269	\$ -	\$ 15,269	\$ 13,550

The accompanying notes are an integral part of these financial statements.

LOUISIANA STATE BAR ASSOCIATION

Notes to Financial Statements

Note 1. Nature of Activities

The objectives and purposes of Louisiana State Bar Association (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

Organization and Income Taxes

The Association is a non-profit corporation organized under the laws of the State of Louisiana (R.S.37:211). The Association is exempt from Federal income tax 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 Code. Net operating profits from unrelated business income are subject to Federal income tax.

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.

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.

Investments

Investments are carried at fair market value, based on quoted market prices.

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.

Unearned Revenue

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

Cash and Cash Equivalents

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

LOUISIANA STATE BAR ASSOCIATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (con't)

Donated Services

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, 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:

The financial information shown for fiscal year 2007 in the accompanying financial statements is included to provide a basis for comparison with fiscal year 2008 and presents summarized totals only.

Unrestricted Net Assets

Receives membership dues and other revenues and expends funds for the general operation of the Association. This fund accounts for all activities other than those specifically authorized to be conducted from the various temporarily restricted funds.

Temporarily Restricted Net Assets

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 State 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.

Permanently Restricted Net Assets

The Association does not have any permanently restricted net assets.

Note 3. Concentration of Credit Risk

The Association maintains its cash balances and certificates of deposits at several financial institutions located in New Orleans, Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. As of June 30, 2008, the Association maintained cash balances in a financial institution in excess of the federally insured limits. As of June 30, 2008, uninsured balances totaled approximately \$1,720,000. The Association continually monitors its position with, and the credit quality of, the financial institutions it invests with.

LOUISIANA STATE BAR ASSOCIATION

Notes to Financial Statements

Note 4. Investments

Investments are summarized as follows at June 30, 2008 and 2007:

	2008		2007	
	Cost	Market	Cost	Market
Federal Mortgage Obligations	\$ 439,214	\$ 450,012	\$ 549,284	\$ 551,320
Certificates of Deposit	180,000	180,000	180,000	180,000
Common Stock	2,275,654	2,381,283	1,628,538	1,935,339
Corporate Bonds	1,018,758	1,002,870	518,241	497,323
Municipal Bonds	-	-	104,928	99,956
Fixed Annuity	176,633	176,633	171,413	171,413
Totals	\$ 4,090,259	\$ 4,190,798	\$ 3,152,404	\$ 3,435,351

Presented below is a summary of realized and unrealized gains and losses on investments for the years ended June 30, 2008 and 2007.

June 30, 2008	Cost	Market Value	Excess of Market Over Cost
Balance at June 30, 2008	<u>\$ 4,090,259</u>	<u>\$ 4,190,798</u>	\$ 100,539
Balance at June 30, 2007	<u>\$ 3,152,404</u>	<u>\$ 3,435,351</u>	\$ 282,947
Unrealized Loss on Investments			(182,408)
Realized Loss for the Year			<u>(35,427)</u>
Net Loss for the Year Ended June 30, 2008			<u>\$ (217,835)</u>
June 30, 2007	Cost	Market Value	Excess of Market Over Cost
Balance at June 30, 2007	<u>\$ 3,152,404</u>	<u>\$ 3,435,351</u>	\$ 282,947
Balance at June 30, 2006	<u>\$ 3,318,726</u>	<u>\$ 3,339,518</u>	\$ 20,792
Unrealized Gain on Investments			262,155
Realized Loss for the Year			<u>(11,150)</u>
Net Gain for the Year Ended June 30, 2007			<u>\$ 251,005</u>

LOUISIANA STATE BAR ASSOCIATION

Notes to Financial Statements

Note 5. Louisiana Bar Center

On June 23, 2004, the Association purchased the Bar Center from the Louisiana Bar Foundation (the Foundation). As part of the sale transaction, the Association entered into a lease agreement with the Foundation that provides the Foundation's rent-free use of a portion of the third floor office space for a 10 year period ending June 22, 2014. As a result of this transaction, the Association recognized a deferred rent liability in the amount of \$193,564. This rent will be recognized using a discount rate of 12% over the life of the lease. During the year ended June 30, 2008, the Association realized rental income of \$33,325, offset by an in-kind contribution of \$18,056 to the Foundation and a reduction of the deferral of \$15,269. For the year ended June 30, 2007, the Association realized rental income of \$33,325 and a reduction of the deferred rent by \$13,550. The remaining liability at June 30, 2008, is \$142,049.

Office space not used by the Association was leased to the Judiciary Commission of Louisiana at \$3,507 per month through June 30, 2006. The lease was amended, effective December 1, 2007. This amendment increased the lease payment to \$4,277 per month through June 30, 2009. Rental income from the Judiciary Commission totaled \$47,474 and \$42,084 for the years ended June 30, 2006 and 2007, respectively.

Note 6. 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, 2008 and 2007, totaled \$53,593 and \$54,577, respectively.



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