



2009 LOUISIANA STATE BAR ASSOCIATION ANNUAL REPORT



Supplement to the *Louisiana Bar Journal*

Building on 2009 Initiatives, Moving Forward in 2010



by Kim M. Boyle

When I assumed the Louisiana State Bar Association (LSBA) presidency in June 2009, my goals were to continue and enhance successful initiatives begun by my predecessors and to branch out and set in motion plans to address new priorities. I'd like to update members on some of these projects and activities.

Member Outreach

One of my primary initiatives was member outreach. The number one goal under the LSBA Strategic Plan is to keep the LSBA relevant and meaningful to its members. Some members have raised questions about the relevancy of our association and about the involvement of the LSBA in various geographic regions. We began a member outreach tour during my tenure as president-elect, traveling through the state, meeting with bar associations, members and the courts, talking about the LSBA and its mission, and seeking more input and involvement from members statewide.

Over the past 18 months, we have met with judges of all five Louisiana circuit courts and judges of several trial courts, including judges in Lake Charles, Opelousas, St. Tammany Parish, Jefferson Parish and East Baton Rouge Parish. Our outreach efforts include meetings with leaders of local and specialty bars throughout the state and we have participated in programs and luncheons hosted by these groups, including Louis A. Martinet Legal Society, Inc. galas in New Orleans and Lafayette, a Martinet "meet and greet" in Lake Charles, and Martinet and Association of Women Attorneys luncheon programs in Baton Rouge. To continue relaying information to our members about the great work of the LSBA and, in turn, to receive relevant input, we have initiated luncheons with managing partners of law firms in New Orleans, Baton Rouge and Lafayette and will schedule additional luncheons in Lake Charles and Shreveport this spring. All of these outreach efforts will continue throughout 2010. We want our Bar members to not only know the president and officers, but also to have a strong relationship with their Board of Governors representatives. We strongly encourage this two-way interaction.

Access to Justice Issues

We are continuing to focus on the work of our Access to Justice Committee. With the current economic climate, more people in Louisiana have lost jobs or have had full-time jobs turn into part-time jobs. Individuals who did not previously need or qualify for legal service assistance now need this help to address issues such as evictions, custody disputes and family matters. We have met with the state's legal services directors to ensure that the LSBA continues to have a meaningful role in the provision of quality civil legal services regardless of income. The committee has been restructured with the specific intent of directly impacting client access for those in our community who need it, consistent with our mission and goals. The committee will continue to promote and support a broad-based justice

community through collaborative efforts between the LSBA, the Louisiana Bar Foundation, law schools in Louisiana, private practitioners, the judiciary, local bar associations, pro bono programs and legal aid providers.

Spotlight on Committees, Members

In 2009, we began spotlighting the important work of our Bar committees in the *Louisiana Bar Journal*. We will continue this effort in 2010, as well as publicizing the good work that our members accomplish both within the association and outside in their respective communities.

Diversity Issues

In the past few years, we have made huge strides to foster more discussion about diversity in the legal profession through our conclaves, our panels and our CLEs. But diversity is an issue that we need to work on every day. The LSBA Diversity Committee, under the leadership of former LSBA President Wayne Lee and Judge Ricky Wicker of Louisiana's 5th Circuit Court of Appeal, is doing phenomenal work. In 2009, the LSBA Diversity Committee "took the show on the road" and conducted mini-conclaves in Lafayette and Baton Rouge, in addition to coordinating the annual conclave in New Orleans every March. We continue to encourage attorneys, law firms, law programs, government entities and others to sign on to the Board of Governors-approved Statement of Diversity Principles. This Diversity Statement, which dovetails with our overall LSBA Mission Statement, "recognizes that achieving diversity in the legal profession is an evolutionary process that requires the Association's continued effort and commitment." We will continue to raise the hard issues concerning diversity in 2010 and promote difficult and challenging discussions about diversity, what it means, and how best to implement it.

Legislative Issues

In the 2010 Louisiana legislative session, the LSBA's Legislation Committee will continue to represent our association on important issues that impact the legal profession and the public. In the 2009 Regular Session, the LSBA was a tireless advocate to support funding for the Louisiana Public Defender Board and the Louisiana Legal Services Corporations statewide and to support legislation that provides for the establishment and maintenance of juvenile justice programs and services.

I want to reiterate that this is the association of ALL members. We want every single member of the Bar to participate in OUR association to the level they are able, based on individual practice and personal responsibilities. We are members of a truly noble profession and, as members of the LSBA, we have an obligation to be a powerful voice to address issues in our profession and our greater community.



by Melanie Mabile
Mulcahy

What's Happening in the YLS in 2009-10

The Louisiana State Bar Association's (LSBA) Young Lawyers Section (YLS) Council has been hard at work to provide valuable public service and member service programming this year. I would like to take the opportunity to update members on what is happening in the YLS this Bar year.

The YLS Council has been diligently working to implement two of its newest projects: Wills for Heroes and Barristers for Boards. Both of these programs are positively impacting communities throughout the state.

Wills for Heroes provides free wills and other estate planning documents to Louisiana first responders, including firefighters and police officers. Since June 2009, Wills for Heroes, through its committee co-chairs Eve Sarco Reardon and Claude (T-Claude) Devall, Jr., has provided 36 wills to first responders in Baton Rouge and New Orleans. On March 27, Wills for Heroes will return to Lake Charles, where its first event was held.

Barristers for Boards, chaired by Kyle Ferachi, places young lawyer volunteers on non-profit boards and committees throughout the state. This program offers the non-profits the invaluable asset of including a young lawyer on its board or committee and gives the young lawyer the opportunity to serve his or her community in a substantive area of interest. This Bar year, 17 placements have been made. On Feb. 22, Barristers for Boards teamed up with the United Way for the Greater New Orleans Area to provide free training on the responsibilities of non-profit board service to interested young lawyer volunteers.

One of the YLS' goals has always been to serve the needs of its local affiliates. The Local Affiliates Outreach and Law-Related Education committees of the YLS Council have been working diligently to develop initiatives to benefit the local young lawyers groups throughout the state. This year, through the efforts of Allison Becknell and Brad Gegenheimer, the YLS is gauging interest in holding a symposium of local young lawyers groups, where local leaders will meet to share programming, organizational and fundraising ideas, and where the YLS Council will share useful LSBA and American Bar Association resources with local bar leaders.

In this year's High School Essay Contest, chaired by Chris Jones, Louisiana high school students were asked to select one Louisiana law that should be changed and explain why. The YLS received extremely creative responses from Louisiana high school students, including 60 written essays and 11 YouTube video essays.

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 were pleased to increase the number of participants in this year's program. This year's chair, Maggie Simar, did an excellent job with the program; 169 participants joined us for the Jan. 22 seminar.

In our third annual Diversity Luncheon, chaired by Franchesca Hamilton-Acker, we sought to encourage discourse about diversity in our legal profession. LSBA President Kim M. Boyle and Kelly-Ann Clarke, chair of the American Bar Association Young Lawyers Division, served as our keynote speakers. The luncheon also included a panel of attorneys who led diversity discussions.

Our State High School Mock Trial Competition in Alexandria on March 20 is expected to be as successful as in prior years. Karelia Stewart and Barbara Bell Melton have been working tirelessly to produce another high-quality competition.

Our Law School Outreach Committee, chaired by Justin Chopin, 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 on March 12, and it proved to be a huge success. For the first time this year, the ResuMay program will be held in conjunction with the Solo and Small Firm Conference in an effort to offer more opportunities to connect smaller firms with law school students seeking employment.

The YLS Closet Project, which solicits new and gently used prom dresses for high school students, held its first event in Lafayette on Feb. 27. We extend our most sincere appreciation to the Lafayette young lawyers for their assistance with this program.

The YLS 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.

I am honored to serve as the YLS Chair. The council members have given tremendous time and energy into carrying out these programs, and I am inspired by their efforts.

2008-09: Achieving Quality in LSBA Programs



by Loretta
Larsen, CAE

“Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives.”

—Author Unknown

Thanks to the outstanding efforts of the Louisiana State Bar Association’s (LSBA) dedicated volunteers and staff, I believe we often not only aspire to but *achieve* quality: in our programs, in our publications and in our decisions. The 2008-09 Bar year was not always easy but, as “they” say, anyone can do our jobs on the easy days; it’s the difficult ones where we earn our keep. Among the obstacles to success were the financial crisis which began in the fall of 2008, the challenges to the lawyer advertising rules, and the discontinuation of Legal Services Corp. funding by the Louisiana Legislature (to name a few).

But, there was still much to celebrate, not the least of which was the lifetime of service of retiring Louisiana Supreme Court Chief Justice Pascal F. Calogero, Jr. and the historic induction of the Honorable Catherine D. Kimball as the first woman to lead Louisiana’s high court. Justice Calogero’s retirement came after 36 years of service on the Supreme Court (making him the longest serving justice in Louisiana’s history), 18 of those years as chief justice. Chief Justice Kimball assumed her new role after 16 years of service on the high court and 11 years on the district bench. The 2008-09 LSBA President Elizabeth Erny Foote masterfully represented the association and its 21,000 lawyers as she gave remarks at functions commemorating both events.

I am always pleased (but not surprised) when I accompany our volunteer leaders to national meetings and they discover that the LSBA is at the forefront of so many initiatives being undertaken by bar associations across the country. One such effort is the Committee on the Profession’s Bar Admissions Education Initiative. Honored in 2009 with the American Bar Association’s prestigious Smythe Gambrell award, this program is specifically designed to help focus 1L students on the absolute importance of guarding their ethical and professional character and reputation. Launched in 2008, the program was expanded in the spring of 2009 to reach more than 650 law students in the state’s four law schools. The success of this program is attributable to the leadership of President Beth Foote and Committee on the Profession Chair Barry Grodsky. The fact that many bar associations across the country have either implemented or are considering similar programs in their jurisdictions is a testament to these leaders and the LSBA. The committee is continuing these programs and other law school initiatives.

President Beth Foote’s passion for the Committee on the

Profession and its myriad endeavors was equaled only by her focus on and determination for the overall success of the LSBA. As the association poised itself for the 2008-09 year, she shared with members her commitment to facilitate continuity and assure the achievement of long-term goals. Looking back, she did just that. As was her stated intent, she “advanced the ball” on a host of issues: improving the image of the profession to the public; increasing diversity within the profession; promoting public appreciation of the rule of law; addressing the issue of lawyers in transition (those leaving the profession either voluntarily or involuntarily); and augmenting communication among lawyers, and between the LSBA and lawyers.

The LSBA’s Member Outreach and Diversity Department, created in early 2007, continued to expand outreach and promote diversity within the profession. The House of Delegates’ January 2008 adoption of the LSBA’s Diversity Statement set the tone for the second annual Conclave on Diversity in the Legal Profession, a program addressing challenges unique to women and minorities in the profession; the April/May 2009 diversity-themed issue of the *Louisiana Bar Journal*; revival of the Minority Job Fair (a project of the Minority Involvement Section); sponsorship of the inaugural Minority Internship Job Fair; assistance with the revitalization of long dormant minority bar associations; co-sponsorship of events with those and other local/specialty bar associations; expansion of the association’s diversity Web page, www.lsba.org/diversity; and sponsorship of networking events for law students, pipeline programs for middle/high school students, and outreach to lawyers, judges and bar associations throughout the state.

In addition to its work with the Committee on the Profession, the Professional Programs Department facilitated the LSBA’s CLE offerings, including seven free all-day CLE programs co-sponsored with the Louisiana Attorney Disciplinary Board. Another important initiative was the creation of the Lawyers in Transition Committee. This group was charged with developing recommendations regarding amendments of the Rules of Professional Conduct to protect clients and lawyers in situations where lawyers are no longer able to practice as a result of death, disability or disbarment. The committee continues to work on this project.

The new lawyer advertising rules adopted by the Louisiana Supreme Court vest with the association (through its Rules of Professional Conduct Committee) the responsibility for evaluating all advertisements for compliance with the Rules and

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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, 2009, and the related statements of activities and the statements of cash flows for the year ended June 30, 2009. 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 2008 financial statements and, in our report dated November 17, 2008, 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, 2009, 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, 2008, from which the summarized information was derived.

Laporte, Sehrt, Romig & Hand
A Professional Accounting Corporation

November 19, 2009

LOUISIANA STATE BAR ASSOCIATION
 Statements of Financial Position
 June 30, 2009
 (With Comparative Totals for June 30, 2008)

	Unrestricted	Restricted	Totals 2009	Totals 2008
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 1,487,013	\$ 865,274	\$ 2,352,287	\$ 2,114,311
Investments	3,321,558	452,109	3,773,667	4,190,798
Receivables	120,810	-	120,810	26,639
Accrued Interest Receivable	18,006	-	18,006	18,006
Prepaid Expenses	24,090	-	24,090	45,205
Total Current Assets	4,971,477	1,317,383	6,288,860	6,394,959
Property and Equipment				
Furniture, Equipment and Improvements	1,302,539	4,063	1,306,602	1,218,582
Bar Center	1,881,646	-	1,881,646	1,881,646
	3,184,185	4,063	3,188,248	3,100,228
Less: Accumulated Depreciation	1,092,504	4,063	1,096,567	942,612
Net Property and Equipment	2,091,681	-	2,091,681	2,157,616
	\$ 7,063,158	\$ 1,317,383	\$ 8,380,541	\$ 8,552,575
Liabilities and Net Assets				
Current Liabilities				
Unearned Revenue	\$ 1,585,626	\$ -	\$ 1,585,626	\$ 1,405,835
Accounts Payable and Accrued Expenses	228,533	-	228,533	214,071
Total Current Liabilities	1,814,159	-	1,814,159	1,619,906
Other Liabilities				
Deferred Rent	-	-	-	142,049
Total Liabilities	1,814,159	-	1,814,159	1,761,955
Net Assets				
Unrestricted	5,248,999	-	5,248,999	5,481,865
Temporarily Restricted	-	1,317,383	1,317,383	1,308,755
Total Net Assets	5,248,999	1,317,383	6,566,382	6,790,620
	\$ 7,063,158	\$ 1,317,383	\$ 8,380,541	\$ 8,552,575

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

LOUISIANA STATE BAR ASSOCIATION
 Statements of Activities
 For the Year Ended June 30, 2009
 (With Comparative Totals for the Year Ended June 30, 2008)

	Unrestricted	Temporarily Restricted	2009 Totals	2008 Totals
Support, Revenue, Gains and Reclassifications				
Membership Dues	\$ 3,707,150	\$ 177,709	\$3,884,859	\$3,837,882
Penalties	18,000	8,775	26,775	29,775
Seminars, Conferences, Programs and Meetings	967,166	42,343	1,009,509	957,873
Lawyer Advertising Filing Fees	47,425	-	47,425	-
Royalties	340,983	-	340,983	352,013
Contributions	-	120,750	120,750	109,950
Annual Meeting	166,058	-	166,058	170,070
Advertising	239,156	-	239,156	204,042
Interest	144,904	16,273	161,177	212,378
Loss on Investments, Net	(711,986)	-	(711,986)	(217,835)
Sublease Income	76,318	-	76,318	80,799
Disciplinary Assessment Processing	61,430	-	61,430	55,805
Sales of Membership Labels	23,182	-	23,182	41,865
Sales of Brochures and Books	3,735	-	3,735	9,334
Examination, Accreditation and Reinstatement Fees	-	6,950	6,950	8,950
Loss on Disposal of Property and Equipment	(2,032)	-	(2,032)	(906)
Gain on Termination of Lease	84,340	-	84,340	-
Miscellaneous Income	39,756	19,976	59,731	58,223
Net Assets Released from Restrictions	602,997	(602,997)	-	-
Reclassifications	(218,849)	218,849	-	-
Total Support, Revenue, Gains and Reclassifications	5,589,733	8,628	5,598,360	5,910,218

	Unrestricted	Temporarily Restricted	2009 Totals	2008 Totals
Expenses				
For Officials, Sections, Committees, and Services				
Staff Compensation and Benefits	1,953,867	-	1,953,867	968,847
Professional Programs	155,197	-	155,197	110,821
Seminars, Conferences, Programs and Meetings	538,561	-	538,561	484,901
Travel and Per Diem	307,539	-	307,539	286,673
Annual Meeting	174,896	-	174,896	169,567
Stationery, Printing and Postage	288,745	-	288,745	243,314
Louisiana Bar Journal, Bar Briefs and LSBA.org	205,366	-	205,366	189,241
Computer Assisted Legal Program	136,644	-	136,644	138,117
Supplies, Awards and Gifts	234,622	-	234,622	235,632
Miscellaneous	77,848	-	77,848	81,739
Contributions	5,000	-	5,000	26,925
Telephone	26,112	-	26,112	25,733
Bar Admission Ceremonies	933	-	933	566
Administering Exams	452	-	452	350
Total Officials, Sections, Committees, and Services	4,105,782	-	4,105,782	2,962,426

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, 2009
 (With Comparative Totals for the Year Ended June 30, 2008)

	Unrestricted	Temporarily Restricted	2009 Totals	2008 Totals
Expenses				
General Expense				
Staff Compensation and Benefits	734,847	-	734,847	1,013,017
Professional Services	189,128	-	189,128	91,224
Retirement	-	-	-	53,593
Insurance	72,407	-	72,407	145,617
Equipment and Computer Rental and Maintenance	133,279	-	133,279	155,018
Office Supplies	50,272	-	50,272	84,099
Payroll Taxes	-	-	-	77,784
Stationery, Printing and Postage	8,059	-	8,059	63,600
Property Management	221,513	-	221,513	216,084
Telephone	50,718	-	50,718	53,109
Travel and Per Diem and Meetings	24,514	-	24,514	35,765
Staff Parking	-	-	-	28,528
Depreciation	158,408	-	158,408	122,590
In-kind Rent Contribution	12,284	-	12,284	18,056
Business Income and Proxy Taxes	13,305	-	13,305	20,333
Royalties	137	-	137	863
Lobbying	36,000	-	36,000	36,000
Miscellaneous	11,946	-	11,946	12,186
Total General Expense	1,716,817	-	1,716,817	2,227,466
Total Expenses	5,822,598	-	5,822,598	5,189,892
Change in Net Assets	(232,867)	8,628	(224,238)	720,326
Net Assets				
Beginning of Year	5,481,865	1,308,755	6,790,620	6,070,294
End of Year	\$ 5,248,999	\$ 1,317,383	\$ 6,566,382	\$ 6,790,620

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, 2009
 (With Comparative Totals For the Year Ended June 30, 2008)

	Unrestricted	Temporarily Restricted	2009 Totals	2008 Totals
Cash Flows from Operating Activities				
Change in Net Assets	\$ (232,867)	\$ 8,628	\$ (224,239)	\$ 720,326
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities				
Depreciation	158,408	-	158,408	122,590
Loss (Gain) on Investments	711,986	(4,476)	707,510	217,835
Loss on Disposal of Property and Equipment	2,032	-	2,032	906
(Increase) Decrease in Receivables	(94,171)	-	(94,171)	55,513
Increase in Accrued Interest	-	-	-	(6,012)
Decrease in Prepaid Expenses	21,115	-	21,115	5,697
Increase in Unearned Revenue	179,791	-	179,791	1,050,431
Decrease in Deferred Rent	(142,049)	-	(142,049)	(15,268)
Increase in Accounts Payable and Accrued Expenses	14,462	-	14,462	30,035
Net Cash Provided by Operating Activities	618,708	4,152	622,859	2,182,053
Cash Flows from Investing Activities				
Purchase of Investments	(1,530,516)	(91,000)	(1,621,516)	(2,531,637)
Proceeds from Sale of Investments	1,331,138	-	1,331,138	1,558,355
Purchases of Property and Equipment	(94,506)	-	(94,506)	(317,896)
Net Cash Used in Investing Activities	(293,884)	(91,000)	(384,884)	(1,291,178)
Net Increase (Decrease) in Cash and Cash Equivalents	324,824	(86,848)	237,976	890,875
Cash and Cash Equivalents				
Beginning of Year	1,162,189	952,122	2,114,311	1,223,436
End of Year	\$ 1,487,013	\$ 865,274	\$ 2,352,287	\$ 2,114,311
Supplemental Disclosure of Non-Cash Investing Activities				
Rental Income	\$ 24,993	\$ -	\$ 24,993	\$ 33,325
Lease Buyout	45,000	-	45,000	-
Gain on Termination of Lease	84,340	-	84,340	-
In-kind Contribution	(12,284)	-	(12,284)	(18,056)
Reduction in Deferred Rent Liability	\$ 142,049	\$ -	\$ 142,049	\$ 15,269

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 purpose and objectives of the 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.

Fair Values of Financial Instruments

In 2008, the Association adopted the provisions of SFAS No. 157, *Fair Value Measurements*. Under SFAS No. 157, fair value is defined as 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.

SFAS No. 157 establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available under the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date,

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The Association's measurements of fair value are made on a recurring basis. The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. See Note 7 for further details.

LOUISIANA STATE BAR ASSOCIATION

Notes to Financial Statements

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.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* - an interpretation of FASB Statement 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return including positions that the organization is exempt from income taxes or not subject to income taxes on unrelated business income.

If there are changes in net assets as a result of the application of FIN 48 these will be accounted for as an adjustment to the opening balance of retained earnings. Additional disclosures about the amounts of such liabilities would be required also.

The Association presently recognizes income tax positions based on management's estimate of whether it is reasonably possible that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, *Accounting for Contingencies*.

The Association has elected to defer the application of Interpretation 48 in accordance with FASB Staff Position (FSP) FIN 48-3. This FSP defers the effective date of Interpretation 48 for nonpublic enterprises, such as the Association, included within its scope, to fiscal years beginning after December 15, 2008. The Association will be required to adopt FIN 48 in its 2010 annual financial statements. To date, Management has not assessed the impact of FIN 48 on its financial position and results of operations and has not determined if the adoption of FIN 48 will have a material effect on its financial statements.

Donated Services

A portion of the Association's functions, including educational activities and publications, is conducted by volunteers. The value of their 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 financial information shown for fiscal year 2008 in the accompanying financial statements is included to provide a basis for comparison with fiscal year 2009 and presents summarized totals only.

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

LOUISIANA STATE BAR ASSOCIATION

Notes to Financial Statements

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 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.

Temporarily restricted net assets consisted of the following at June 30, 2009 and 2008:

	2009	2008
Access to Justice Program - Project Grants	\$ 15,625	\$ 18,339
Legal Malpractice Insurance Trust	309,109	298,779
Legal Specialization Fund	241,970	243,111
Young Lawyers Section - Grant Fund	638	781
Young Lawyers Section - Bridging the Gap	17,040	17,114
Sections:		
Administrative Law	5,525	4,810
Alternative Dispute Resolution	35,654	36,945
Animal Law	1,265	541
Antitrust and Trade Regulation Law	9,519	8,950
Appellate	3,429	2,189
Art, Entertainment and Sports Law Section	380	406
Bankruptcy Law	16,313	16,713
Bench and Bar	6,976	7,410
Bill of Rights	2,677	2,432
Civil Law and Litigation	72,884	69,824
Class Action, Mass Tort and Complex Litigation Law	2,412	-
Consumer Protection Law	6,800	6,435
Corporate and Business Law	102,507	100,517
Criminal Law	8,057	13,970
Environmental Law	23,636	24,237
Family Law	43,747	47,770
Fidelity, Surety, and Construction Law	28,369	26,163
Francophone	727	289
Government and Public Law	54,443	55,491
Health Law	25,605	23,672

LOUISIANA STATE BAR ASSOCIATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Temporarily Restricted Net Assets (Continued)

	2009	2008
Insurance, Tort, Workers' Compensation and Admiralty Law	27,835	27,705
Intellectual Property	19,328	20,263
International Law	7,524	6,849
Labor and Employment Law	14,481	14,551
Mineral Law	50,473	48,960
Minority Involvement	6,192	8,967
Public Utility	21,376	21,703
Solo and Small Firm	3,695	4,740
Taxation	41,687	43,194
Trusts, Estate, Probate and Immovable Property Law	89,485	84,935
Total	\$ 1,317,383	\$ 1,308,755

Permanently Restricted Net Assets

The Association does not have any permanently restricted net assets.

Reclassifications

Certain items in the financial statements for 2008 have been reclassified to conform with the current years presentation. Such reclassification has no effect on net income.

Note 3. Concentration of Credit Risk

The Association periodically maintains cash 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.

Note 4. Investments

Investments are summarized as follows at June 30, 2009 and 2008:

	2009		2008	
	Cost	Market	Cost	Market
Federal Mortgage Obligations	\$ 229,443	\$ 228,816	\$ 439,214	\$ 450,012
Certificates of Deposit	270,000	270,000	180,000	180,000
Common Stock	2,534,722	2,067,470	2,275,654	2,381,283
Corporate Bonds	1,009,059	1,025,272	1,018,758	1,002,870
Fixed Annuity	182,109	182,109	176,633	176,633
Totals	\$ 4,225,333	\$ 3,773,667	\$ 4,090,259	\$ 4,190,798

LOUISIANA STATE BAR ASSOCIATION

Notes to Financial Statements

Note 4. Investments (Continued)

Presented below is a summary of realized and unrealized gains and losses on investments for the years ended June 30, 2009 and 2008:

<u>June 30, 2009</u>	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Over Cost</u>
Balance at June 30, 2009	\$ 4,225,333	\$ 3,773,667	\$ (451,666)
Balance at June 30, 2008	\$ 4,090,259	\$ 4,190,798	\$ (100,539)
Unrealized Loss on Investments			(552,205)
Realized Loss for the Year			<u>(159,781)</u>
Net Loss for the Year Ended June 30, 2009			<u>\$ (711,986)</u>
<u>June 30, 2008</u>	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Over Cost</u>
Balance at June 30, 2008	\$ 4,090,259	\$ 4,190,798	\$ 100,539
Balance at June 30, 2007	\$ 3,152,404	\$ 3,435,351	\$ (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>

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 provided the Foundation 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 liability was recognized using a discount rate of 12% over the life of the lease. This lease agreement was cancelled effective February 28, 2009.

From July 1, 2008 through February 28, 2009, the Association realized rental income of \$24,994, offset by an in-kind contribution of \$12,284. As a result of the terminated lease, the Association recognized a gain of \$84,340. For the year ended June 30, 2008, the Association realized rental income of \$33,325 and a reduction of the deferred rent by \$15,269. The remaining liability at June 30, 2009, is \$-0-.

Currently, there are tenants occupying the 3rd floor of the Bar Center building rent-free. A formal agreement had not been finalized as of June 30, 2009.

Office space not used by the Association is leased to the Judiciary Commission of Louisiana at \$4,277 per month through June 30, 2009. Rental income from the Judiciary Commission totaled \$51,324 and \$47,474 for the years ended June 30, 2009 and 2008, 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, 2009 and 2008, totaled \$125,609 and \$113,228, respectively.

LOUISIANA STATE BAR ASSOCIATION

Notes to Financial Statements

Note 7. Fair Value of Financial Instruments

The Association's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with SFAS 157. See Note 2 for a description of the Association's policies and valuation procedures.

The valuation of the Association's assets and liabilities measured at fair value on a recurring basis at June 30, 2009 are as follows:

	Total	Level 1	Level 2	Level 3
Federal Mortgage Obligations	\$ 228,816	\$ -	\$ 228,816	\$ -
Certificates of Deposit	270,000	-	270,000	-
Common Stock	2,067,470	2,067,470	-	-
Corporate Bonds	1,025,272	-	1,025,272	-
Fixed Annuity	182,109	-	182,109	-
Total	\$ 3,773,667	\$ 2,067,470	\$ 1,706,197	\$ -

Note 8. Commitments

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. The 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 \$112,644 under this agreement.

Note 9. Subsequent Events

Management has evaluated events through the date that the financial statements were available to be issued, November 19, 2009, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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providing written advisory opinions concerning such compliance. In the fall of 2008, the LSBA sponsored three symposia to introduce members to the new rules and filing procedures. LSBA Ethics Counsel Richard Lemmler also spoke at more than 30 additional CLE programs to ensure member awareness of the new rules and procedures. In addition to completing in excess of 250 evaluations during FY 2008/2009, the staff fielded more than 300 telephone inquiries. These numbers have increased significantly since the rules became effective in the fall of 2009.

Since the LSBA's re-entry into the legislative arena in 2004, leaders have worked diligently to tweak the process to ensure maximum effectiveness. With the approval of the House of Delegates, the Legislation Committee was expanded to include a total of 15 members elected by the House and 10 appointed members (each president has either three or four appointments to this committee). These members are responsible for developing for the Board of Governors recommendations on specific pieces of legislation. In conjunction with the 2009 Midyear Meeting, the Legislation Committee and Board held their first joint retreat

to review committee procedures and existing policies of the association and to generally prepare for the 2009 session.

The achievements under the leadership of 2008-09 President Beth Foote, President-Elect Kim Boyle and the entire Board of Governors are too numerous to list here. From the Solo and Small Firm Conference to the expansion of the Leadership LSBA Program, from the Pro Bono Summit to the Access to Justice video, the LSBA is working each day to fulfill its obligations to its members and the citizens of this state.

I could not be more pleased with the talented professionals who provide support and assistance to the amazing volunteers who lead the association. With almost 250 years of combined service to the association, our 40-member staff is experienced and committed to the success of the LSBA. The staff is lead by Associate Executive Director Cheri Cotogno Grodsky, Director of Administration Denise Tingstrom, Access to Justice Director Monte Mollere, Communications Director Kelly Ponder, Director of Information Technology Tony LaVerde and Director of Member Outreach and Diversity Kelly McNeil Legier. They are nothing less than a dream team.



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