



THE STATE BAR OF CALIFORNIA

FINANCE

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MEMORANDUM

DATE: November 2, 2009
TO: Board of Governors
FROM: Peggy Van Horn, Chief Financial Officer
SUBJECT: 2nd Quarter 2009 Financial Statements – Financial Highlights

Attached for your review are the 2009 second quarter financial statements for the State Bar of California. The statements include:

- Attachment 1 – Assets, Liabilities & Net Assets – All Funds
- Attachment 2 – Assets, Liabilities & Net Assets – General Fund
- Attachment 3 – Assets, Liabilities & Net Assets – Restricted Funds
- Attachment 4 – Revenue, Expenses and Changes in Net Assets – All Funds
- Attachment 5 – Revenue, Expenses and Changes in Net Assets – General Fund
- Attachment 6 – Revenue, Expenses and Changes in Net Assets – Restricted Funds
- Attachment 7 – Budget to Actual Comparison – General Fund
- Attachment 8 – Budget to Actual Comparison – General Fund Expenses by Function

HIGHLIGHTS:

Several changes in the State Bar's financial reporting were implemented in 2009 and due to these changes, you will notice variances in the 2009 year-to-date actual results versus the 2008 actual results for the same reporting period. To assist you in understanding these changes, a brief description of each is included below:

Implementation of New Accounting Standards:

On January 1, 2008, the Bar adopted the provisions of GASB Statement No. 45 which reset the Bar's Executive Staff Retirement Health Benefit (OPEB) liability to zero at the beginning of the initial year of implementation. As a result, the Bar's 2008 accrued liability for postretirement benefits was eliminated, and the beginning net assets were restated and increased by \$9.1

million to reflect this change in accounting principle. The impact of this change is discussed in more detail in the discussion of the Statement of Assets, Liabilities & Net Assets below.

Revenue Recognition Change

For many years, the Bar's membership fee revenue for the General Fund was recognized and reported internally using an approach in which member revenue was recognized using an amortization methodology that reported member revenue as earned throughout the year rather than when actually received. The theory behind this accounting treatment is that revenue is deferred until services provided by the State Bar are actually performed. You will see this deferral for 2008 reported on the line entitled "Unearned Fees Collected in Advance" on Attachment 1 under the Liabilities and Net Assets section.

Beginning January 1, 2009, membership fee revenue is recognized when received, primarily in the first quarter. Both of these revenue recognition options are acceptable; however, staff believes that recognizing membership fee revenue when received is more meaningful than the methodology used in previous years. The result of this change is that membership revenue reported as of June 2009 (based on actual revenue received) is significantly higher than revenue reported for June 2008 (based on amortized revenue). You will see this variation on Attachment 5. The most significant thing to call to your attention is that member dues revenue received through the 2nd quarter of 2009 of \$57.8 million exceeds the total amount budgeted for 2009 of \$56.5 million, resulting in a positive variance of \$1.3 million. This information is contained on Attachment 7.

Statement of Assets, Liabilities & Net Assets:

This statement reports the Bar's assets, liabilities and net assets. For the quarter ended June 30, 2009, the Bar's total assets are \$166.9 million, liabilities are \$12.9 million and net assets are \$154 million. The Bar's total assets decreased by \$0.7 million compared to fiscal quarter ended June 30, 2008. The decrease of total assets is attributable to the decrease of cash and investment balances due to the pre-funding of the Executive Staff Retirement Health Benefit (OPEB) obligation; a decrease of capital assets due to normal depreciation; and the decrease of accounts receivable due to the change of membership fee revenue recognition as discussed above. These decreases are partially offset by the addition of Net OPEB Asset of \$6.9 million due to the implementation of GASB Statement No. 45 at the fiscal year ended December 31, 2008.

The Bar's total liabilities decreased by \$37 million compared to fiscal quarter ended June 30, 2008. The decrease of liabilities is attributable to the elimination of accrued postretirement benefits of \$9.1 million due to the implementation of GASB Statement No. 45; a decrease of unearned fees collected in advance of \$29.2 million resulted from a change of membership fee revenue recognition methodology as explained above; and the decreases are partially offset by the increase of accounts payable and accrued liabilities of \$1.3 million.

The General Fund, the Bar's largest operating fund, has assets of \$43.2 million, liabilities of \$5.3 million and net assets of \$37.9 million. The General Fund's total assets decreased by \$10.7

million compared to fiscal quarter ended June 30, 2008. The decrease is primarily due to the decrease of cash and investment balances resulted from the pre-funding of the OPEB obligation, and the elimination of accounts receivable resulting from a change of membership fee revenue recognition.

The General Fund's total liabilities decreased by \$37.5 million due to the elimination of accrued postretirement benefits after the implementation of GASB Statement No. 45, and the elimination of unearned fees collected in advance resulted from a change of membership fee revenue recognition methodology as explained above.

Individual statements for the General Fund and the restricted funds are included for your reference.

Statement of Revenue, Expenses and Changes in Net Assets

This statement reports the Bar's revenues, expenses, excess/(deficit) of revenues over expenses and changes in net assets. For the quarter ended June 30, 2009, the Bar's total revenues (operating and non-operating) are \$104.7 million, and expenses are \$56 million, resulting in a surplus of \$48.7 million.

The General Fund's total operating revenues recognized for the second quarter in 2009 are \$27.2 million higher than the \$31.9 million recognized for the fiscal quarter ended June 30, 2008. The increase of revenue is due primarily to the increase of membership fee revenue, which reflects a change in presentation for the State Bar's internal reporting for 2009 as stated above.

Budget to Actual Comparison – General Fund

Each quarter, a budget to actual comparison report for the General Fund is prepared. This statement is designed to provide the Board with information about how the actual performance of the General Fund's revenues and expenses compares with anticipated (budgeted) results. The report includes a quarterly budget comparison as well as year to date and prior year comparison.

Year to date, the General Fund's total revenues reflect a favorable variance of \$0.9 million. As discussed above, this variance in year-to-date membership fee revenue for 2009 over 2008 is due to a change in the Bar's internal method of recognizing earned membership revenue.

Total General Fund Budget to Actual expenses through the second quarter show a favorable variance of \$2 million, which reflects a decrease of expenses primarily in discipline functional area.

The General Fund Budget to Actual Comparison Expenses by Function report reflects the expense variance by functional area, and variances at the total program level are insignificant.

The State Bar of California
Statement of Assets, Liabilities and Net Assets - All Funds
As of June 30, 2009

Attachment 1

	General Fund	Restricted Funds	Fixed Asset Fund	YTD Total All Funds June-09	YTD Total All Funds June-08	Change
ASSETS						
Cash	20,861,681	50	-	20,861,731	21,892,283	(1,030,552)
Accounts Receivable (net of allowances)	-	1,473,697	-	1,473,697	4,857,167	(3,383,470)
Interfund Receivable/Payable	(81,125,708)	81,125,708	-	-	-	-
Capital Assets (net of depreciation)	-	14,633,724	19,452,168	34,085,892	35,769,972	(1,684,080)
Investments	102,693,596	-	-	102,693,596	104,031,121	(1,337,525)
Other Assets	739,137	7,004,518	-	7,743,655	1,029,095	6,714,560
TOTAL ASSETS	43,168,706	104,237,697	19,452,168	166,858,571	167,579,638	(721,067)
LIABILITIES AND NET ASSETS						
Accounts Payable and Accrued Liabilities	4,507,200	7,594,906	-	12,102,106	10,716,735	1,385,371
Unearned Fees Collected in Advance	-	9,521	-	9,521	29,223,541	(29,214,020)
Grants Payable	-	6,660	-	6,660	-	6,660
Accrued Postretirement Benefits	774,681	-	-	774,681	9,932,878	(9,158,197)
Obligations under Debt Agreements	-	-	-	-	54,167	(54,167)
TOTAL LIABILITIES	5,281,881	7,611,087	-	12,892,968	49,927,321	(37,034,353)
NET ASSETS						
Net Assets at Beginning of Year	9,009,533	76,209,335	20,015,030	105,233,898	86,188,532	19,045,366
Current Operating Excess/(Deficit)	28,877,292	20,450,728	(596,315)	48,731,705	31,463,785	17,267,920
Transfer of Fixed Assets to Fixed Assets Fund	-	(33,453)	33,453	-	-	-
TOTAL NET ASSETS	37,886,825	96,626,610	19,452,168	153,965,603	117,652,317	36,313,286
TOTAL LIABILITIES & NET ASSETS	43,168,706	104,237,697	19,452,168	166,858,571	167,579,638	(721,067)

The State Bar of California
Statement of Assets, Liabilities and Net Assets - General Fund
As of June 30, 2009

Attachment 2

	<u>Year to Date Total June-09</u>	<u>Year to Date Total June-08</u>	<u>Change</u>
ASSETS			
Cash	20,861,681	21,892,233	(1,030,552)
Accounts Receivable (net of allowances)	-	2,823,037	(2,823,037)
Interfund Receivable/Payable	(81,125,708)	(75,607,344)	(5,518,364)
Investments	102,693,596	104,031,121	(1,337,525)
Other Assets	739,137	750,649	(11,512)
TOTAL ASSETS	<u>43,168,706</u>	<u>53,889,696</u>	<u>(10,720,990)</u>
 LIABILITIES AND NET ASSETS			
Accounts Payable and Accrued Liabilities	4,507,200	3,664,769	842,431
Unearned Fees Collected in Advance	-	29,194,720	(29,194,720)
Accrued Postretirement Benefits	774,681	9,932,878	(9,158,197)
TOTAL LIABILITIES	<u>5,281,881</u>	<u>42,792,367</u>	<u>(37,510,486)</u>
 NET ASSETS			
Net Assets at Beginning of Year	9,009,533	9,852,083	(842,550)
Current Operating Excess/(Deficit)	28,877,292	1,245,246	27,632,046
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-
TOTAL NET ASSETS	<u>37,886,825</u>	<u>11,097,329</u>	<u>26,789,496</u>
 TOTAL LIABILITIES & NET ASSETS	 <u>43,168,706</u>	 <u>53,889,696</u>	 <u>(10,720,990)</u>

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of June 30, 2009

	Admissions	Annual Meeting	Benefit Reserve	Building	Building Special Assessment	Certification Activity	Client Security	Discipline	Education Foundation	Elimination of Bias	Equal Access	Grants	Info Tech Special Assess	Total A-I
ASSETS														
Cash	50	-	-	-	-	-	-	-	-	-	-	-	-	50
Accounts Receivable (net of allowances)	1,086	-	-	-	-	-	-	-	-	-	250,000	63,611	-	314,697
Interfund Receivable/Payable	9,038,011	273,042	1,762,461	852,918	1,974,128	4,101,427	14,163,697	1,144,772	(356,081)	1,373,846	2,050,391	70,545	2,176,102	38,625,259
Capital Assets (net of depreciation)	-	-	-	14,633,724	-	-	-	-	-	-	-	-	-	14,633,724
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	112,003	-	6,874,247	-	-	-	-	-	-	-	-	-	-	6,986,250
TOTAL ASSETS	9,151,150	273,042	8,636,708	15,486,642	1,974,128	4,101,427	14,163,697	1,144,772	(356,081)	1,373,846	2,300,391	134,156	2,176,102	60,559,980
LIABILITIES AND NET ASSETS														
Accounts Payable and Accrued Liabilities	296,250	19,429	-	67,512	-	48,968	6,140,154	-	-	14,272	-	-	-	6,586,585
Unearned Fees Collected in Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Postretirement Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	296,250	19,429	-	67,512	-	48,968	6,140,154	-	-	14,272	-	-	-	6,586,585
NET ASSETS														
Net Assets at Beginning of Year	3,000,864	326,659	8,626,213	15,711,077	-	3,630,392	4,304,519	1,137,977	-	947,813	3,736,125	79,875	558,378	42,059,892
Current Operating Excess/(Deficit)	5,854,036	(73,046)	10,495	(258,494)	1,974,128	422,067	3,719,024	6,795	(356,081)	411,761	(1,435,734)	54,281	1,617,724	11,946,956
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	(33,453)	-	-	-	-	-	-	-	-	-	(33,453)
TOTAL NET ASSETS	8,854,900	253,613	8,636,708	15,419,130	1,974,128	4,052,459	8,023,543	1,144,772	(356,081)	1,359,574	2,300,391	134,156	2,176,102	53,973,395
TOTAL LIABILITIES & NET ASSETS	9,151,150	273,042	8,636,708	15,486,642	1,974,128	4,101,427	14,163,697	1,144,772	(356,081)	1,373,846	2,300,391	134,156	2,176,102	60,559,980

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of June 30, 2009

Attachment 3
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	Justice Gap	Lawyers Assistance Program	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	Public Protection	Sections	Support & Administration	Technology Improvement	Total J-T	Total A-I	All Restricted Funds
ASSETS													
Cash	-	-	-	-	-	-	-	-	-	-	-	50	50
Accounts Receivable (net of allowances)	-	-	-	1,159,000	-	-	-	-	-	-	1,159,000	314,697	1,473,697
Interfund Receivable/Payable	1,857,100	1,976,305	1,763,323	16,585,625	2,398,686	1,314,608	6,388,354	9,664,402	761,141	(209,095)	42,500,449	38,625,259	81,125,708
Capital Assets (net of depreciation)	-	-	-	-	-	-	-	-	-	-	-	14,633,724	14,633,724
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	9,102	-	-	-	-	-	9,166	-	18,268	6,986,250	7,004,518
TOTAL ASSETS	1,857,100	1,976,305	1,772,425	17,744,625	2,398,686	1,314,608	6,388,354	9,664,402	770,307	(209,095)	43,677,717	60,559,980	104,237,697
LIABILITIES AND NET ASSETS													
Accounts Payable and Accrued Liabilities	-	43,788	542	58,848	7,404	30,236	-	110,097	757,406	-	1,008,321	6,586,585	7,594,906
Unearned Fees Collected in Advance	-	-	-	-	-	-	-	9,521	-	-	9,521	-	9,521
Grants Payable	-	-	-	6,660	-	-	-	-	-	-	6,660	-	6,660
Accrued Postretirement Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	43,788	542	65,508	7,404	30,236	-	119,618	757,406	-	1,024,502	6,586,585	7,611,087
NET ASSETS													
Net Assets at Beginning of Year	1,307,895	1,362,435	1,090,197	14,740,488	1,838,109	897,105	6,350,437	6,369,850	-	192,927	34,149,443	42,059,892	76,209,335
Current Operating Excess/(Deficit)	549,205	570,082	681,686	2,938,629	553,173	387,267	37,917	3,174,934	12,901	(402,022)	8,503,772	11,946,956	20,450,728
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	-	-	-	(33,453)	(33,453)
TOTAL NET ASSETS	1,857,100	1,932,517	1,771,883	17,679,117	2,391,282	1,284,372	6,388,354	9,544,784	12,901	(209,095)	42,653,215	53,973,395	96,626,610
TOTAL LIABILITIES & NET ASSETS	1,857,100	1,976,305	1,772,425	17,744,625	2,398,686	1,314,608	6,388,354	9,664,402	770,307	(209,095)	43,677,717	60,559,980	104,237,697

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - All Funds
For the Six Months Ending June 30, 2009

Attachment 4

	General Fund	Restricted Funds	Fixed Asset Fund	Total All Funds Year to Date Jun-09	Total All Funds Year to Date Jun-08	Change	Percentage Change
OPERATING REVENUES:							
Membership Fees, Voluntary Contributions	57,771,892	14,255,744	-	72,027,636	42,552,256	29,475,380	69.27%
Convention Income	-	172,984	-	172,984	300,197	(127,213)	-42.38%
Law Corporation Registration Fees	-	625,199	-	625,199	608,670	16,529	2.72%
Continuing Legal Education Fees	543,320	148,650	-	691,970	717,679	(25,709)	-3.58%
Law Practices Sections Fees	-	4,702,461	-	4,702,461	4,638,902	63,559	1.37%
Grant Revenue	-	2,523,772	-	2,523,772	5,084,641	(2,560,869)	-50.36%
Trust Account Revenue	-	3,474,474	-	3,474,474	11,289,055	(7,814,581)	-69.22%
EAF AB 145 Filing Fee Revenue	-	1,049,453	-	1,049,453	1,181,836	(132,383)	-11.20%
Examination Application Fees	-	13,595,226	-	13,595,226	13,950,966	(355,740)	-2.55%
Legal Specialization Fees	-	1,021,010	-	1,021,010	859,360	161,650	18.81%
Seminar/Workshop Revenue	7,528	617,579	-	625,107	932,365	(307,258)	-32.95%
Advertising Revenue	423,918	65,000	-	488,918	470,688	18,230	3.87%
Other Revenue	345,951	1,929,208	-	2,275,159	2,749,032	(473,873)	-17.24%
Interfund Transaction-Revenue	35,790	26,993	-	62,783	-	62,783	100.00%
Total Operating Revenue	59,128,399	44,207,753	-	103,336,152	85,335,647	18,000,505	21.09%
OPERATING EXPENSES:							
Discipline and Adjudication	24,948,446	-	-	24,948,446	26,040,383	(1,091,937)	-4.19%
Grant Expenses	-	4,676,271	-	4,676,271	5,368,734	(692,463)	-12.90%
Administration of Justice	425,167	-	-	425,167	514,159	(88,992)	-17.31%
Governance	1,607,292	-	-	1,607,292	1,582,920	24,372	1.54%
Administration of the Profession	1,485,127	524,115	-	2,009,242	1,828,345	180,897	9.89%
Program Development	718,431	-	-	718,431	922,318	(203,887)	-22.11%
Communications	1,401,340	-	-	1,401,340	1,571,527	(170,187)	-10.83%
Examination costs and administration	-	7,989,504	-	7,989,504	8,216,011	(226,507)	-2.76%
Claims (net of reimbursements)	-	2,264,374	-	2,264,374	2,055,466	208,908	10.16%
Law Practices (Sections)	-	2,109,036	-	2,109,036	2,041,622	67,414	3.30%
General and Administrative costs	-	7,258,065	596,315	7,854,380	6,541,969	1,312,411	20.06%
Non Departmental	(75,751)	-	-	(75,751)	(108,728)	32,977	-30.33%
Estimated Salary Savings	-	-	-	-	-	-	0.00%
Interfund Transaction-Expense	27,913	34,870	-	62,783	-	62,783	100.00%
Total Operating Expenses	30,537,965	24,856,235	596,315	55,990,515	56,574,726	(584,211)	-1.03%
OPERATING INCOME/(LOSS)	28,590,434	19,351,518	(596,315)	47,345,637	28,760,921	18,584,716	64.62%
NON-OPERATING REVENUE:							
Investment Income	286,858	489,858	-	776,716	2,099,885	(1,323,169)	-63.01%
Rental Income	-	609,352	-	609,352	602,979	6,373	1.06%
Total Non-Operating Revenue	286,858	1,099,210	-	1,386,068	2,702,864	(1,316,796)	-48.72%
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES	28,877,292	20,450,728	(596,315)	48,731,705	31,463,785	17,267,920	54.88%
CHANGES IN NET ASSETS:							
Net Assets at beginning of year	9,009,533	76,209,335	20,015,030	105,233,898	86,188,532	19,045,366	22.10%
Transfers of Fixed Assets to Fixed Asset Fund	-	(33,453)	33,453	-	-	-	0.00%
NET ASSETS AS OF JUNE 30, 2009	37,886,825	96,626,610	19,452,168	153,965,603	117,652,317	36,313,286	30.86%

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - General Fund
For the Six Months Ending June 30, 2009

Attachment 5

	<u>Year to Date June-09</u>	<u>Year to Date June-08</u>	<u>Change</u>
OPERATING REVENUES			
Membership Fee, Voluntary Contributions and Attorney Applications	57,771,892	30,413,896	27,357,996
Convention Income	-	450	(450)
Continuing Legal Education Fees	543,320	633,844	(90,524)
Seminar/Workshop Revenue	7,528	59,551	(52,023)
CalBar Journal Revenue	423,918	470,688	(46,770)
Other Revenue	345,951	343,297	2,654
Interfund Transaction-Revenue	35,790	-	35,790
Total Operating Revenue	<u>59,128,399</u>	<u>31,921,726</u>	<u>27,206,673</u>
OPERATING EXPENSES:			
Discipline & Adjudication	24,948,446	26,040,383	(1,091,937)
Administration of Justice	425,167	514,159	(88,992)
Governance	1,607,292	1,582,920	24,372
Administration of the Profession	1,485,127	1,029,032	456,095
Program Development	718,431	922,318	(203,887)
Communications	1,401,340	1,571,527	(170,187)
Non Departmental	(75,751)	(108,728)	32,977
Estimated Salary Savings	-	-	-
Interfund Transaction-Expense	27,913	-	27,913
Total Operating Expenses	<u>30,537,965</u>	<u>31,551,611</u>	<u>(1,013,646)</u>
OPERATING INCOME/(LOSS)	28,590,434	370,115	28,220,319
NON-OPERATING REVENUE			
Investment Income	286,858	875,131	(588,273)
Total Non-Operating Revenue	<u>286,858</u>	<u>875,131</u>	<u>(588,273)</u>
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES	<u>28,877,292</u>	<u>1,245,246</u>	<u>27,632,046</u>
NET ASSETS			
Net Assets at beginning of year	9,009,533	9,852,083	(842,550)
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-
NET ASSETS AS OF JUNE 30, 2009	<u>37,886,825</u>	<u>11,097,329</u>	<u>26,789,496</u>

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Six Months Ending June 30, 2009

Attachment 6
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	Admissions	Annual Meeting	Benefit Reserve	Building	Building Special Assessment	Certification Activities	Client Security	Discipline	Education Foundation	Elimination of Bias	Equal Access	Grants	Info Tech Special Assess	Total A-I
REVENUE														
Membership Fees & Voluntary Dues	-	-	-	4,090	1,962,920	-	6,788,046	-	-	776,770	-	-	1,605,202	11,137,028
Investment Income	48,046	2,074	10,495	5,229	11,208	23,758	89,589	6,795	(834)	8,965	9,192	-	12,522	227,039
Convention Income	-	99,597	-	-	-	-	-	-	60,374	-	-	-	-	159,971
Law Corporation Registration Fees	-	-	-	-	-	625,199	-	-	-	-	-	-	-	625,199
Continuing Legal Education Fees	-	-	-	-	-	132,950	-	-	-	-	-	-	-	132,950
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Income	-	-	-	609,352	-	-	-	-	-	-	-	-	-	609,352
Grant Revenue	-	-	-	-	-	-	-	-	-	-	2,361,270	162,502	-	2,523,772
Trust Account Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	-	-	-	-	1,049,453	-	-	1,049,453
Application Fees	13,595,226	-	-	-	-	-	-	-	-	-	-	-	-	13,595,226
Legal Specialization Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seminar/Workshop Revenue	-	-	-	-	-	-	-	-	571,645	-	-	-	-	571,645
Advertising Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	200,358	23,085	-	-	-	164,455	-	-	156,890	-	5,866	-	-	550,654
Interfund Transaction-Revenue	-	3,150	-	-	-	-	-	-	21,845	-	-	-	-	24,995
TOTAL REVENUE	13,843,630	127,906	10,495	618,671	1,974,128	946,362	6,877,635	6,795	809,920	785,735	3,425,781	162,502	1,617,724	31,207,284
EXPENSES														
Grants	-	-	-	-	-	-	-	-	-	-	4,676,271	-	-	4,676,271
Administration of the Profession	-	-	-	-	-	524,115	-	-	-	-	-	-	-	524,115
Examination Costs and Administration	7,989,504	-	-	-	-	-	-	-	-	-	-	-	-	7,989,504
Claims (net of reimbursement)	-	-	-	-	-	-	2,264,374	-	-	-	-	-	-	2,264,374
Law Practices (Sections)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General and Administrative	-	200,952	-	877,165	-	-	894,237	-	1,166,001	373,959	185,244	108,221	-	3,805,779
Interfund Transaction-Expense	90	-	-	-	-	180	-	-	-	15	-	-	-	285
TOTAL EXPENSES	7,989,594	200,952	-	877,165	-	524,295	3,158,611	-	1,166,001	373,974	4,861,515	108,221	-	19,260,328
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES	5,854,036	(73,046)	10,495	(258,494)	1,974,128	422,067	3,719,024	6,795	(356,081)	411,761	(1,435,734)	54,281	1,617,724	11,946,956
CHANGES IN NET ASSETS														
Net Assets at beginning of year	3,000,864	326,659	8,626,213	15,711,077	-	3,630,392	4,304,519	1,137,977	-	947,813	3,736,125	79,875	558,378	42,059,892
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-	(33,453)	-	-	-	-	-	-	-	-	-	(33,453)
NET ASSETS AS OF JUNE 30, 2009	8,854,900	253,613	8,636,708	15,419,130	1,974,128	4,052,459	8,023,543	1,144,772	(356,081)	1,359,574	2,300,391	134,156	2,176,102	53,973,395

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Six Months Ending June 30, 2009

	Justice Gap	Lawyer Assistance	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	Public Protection	Sections	Support & Administration	Technology Improvement	Total J-T	Total A-I	Total Restricted Funds
REVENUE													
Membership Fees & Voluntary Dues	538,353	1,816,093	-	-	-	764,270	-	-	-	-	3,118,716	11,137,028	14,255,744
Investment Income	10,852	14,714	7,057	98,347	14,489	8,650	37,917	61,731	9,417	(355)	262,819	227,039	489,858
Convention Income	-	-	-	-	-	-	-	13,013	-	-	13,013	159,971	172,984
Law Corporation Registration Fees	-	-	-	-	-	-	-	-	-	-	-	625,199	625,199
Continuing Legal Education Revenue	-	-	-	-	15,700	-	-	-	-	-	15,700	132,950	148,650
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	4,702,461	-	-	4,702,461	-	4,702,461
Rental Income	-	-	-	-	-	-	-	-	-	-	-	609,352	609,352
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	2,523,772	2,523,772
Trust Account Revenue	-	-	-	3,474,474	-	-	-	-	-	-	3,474,474	-	3,474,474
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	1,049,453	1,049,453
Application Fees	-	-	-	-	-	-	-	-	-	-	-	13,595,226	13,595,226
Legal Specialization Fees	-	-	-	-	1,021,010	-	-	-	-	-	1,021,010	-	1,021,010
Seminar/Workshop Revenue	-	-	-	-	-	-	-	45,934	-	-	45,934	571,645	617,579
Advertising Revenue	-	-	65,000	-	-	-	-	-	-	-	65,000	-	65,000
Other Revenue	-	2,942	892,842	5,750	1,028	-	-	472,508	3,484	-	1,378,554	550,654	1,929,208
Interfund Transaction-Revenue	-	-	-	-	1,800	-	-	198	-	-	1,998	24,995	26,993
TOTAL REVENUE	549,205	1,833,749	964,899	3,578,571	1,054,027	772,920	37,917	5,295,845	12,901	(355)	14,099,679	31,207,284	45,306,963
EXPENSES													
Grants	-	-	-	-	-	-	-	-	-	-	-	4,676,271	4,676,271
Administration of the Profession	-	-	-	-	-	-	-	-	-	-	-	524,115	524,115
Examination costs and Administration	-	-	-	-	-	-	-	-	-	-	-	7,989,504	7,989,504
Claims (net of reimbursement)	-	-	-	-	-	-	-	-	-	-	-	2,264,374	2,264,374
Law Practices (Sections)	-	-	-	-	-	-	-	2,109,036	-	-	2,109,036	-	2,109,036
General and Administrative	-	1,262,267	263,213	639,942	500,854	385,653	-	-	(1,310)	401,667	3,452,286	3,805,779	7,258,065
Interfund Transaction-Expense	-	1,400	20,000	-	-	-	-	11,875	1,310	-	34,585	285	34,870
TOTAL EXPENSES	-	1,263,667	283,213	639,942	500,854	385,653	-	2,120,911	-	401,667	5,595,907	19,260,328	24,856,235
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES													
	549,205	570,082	681,686	2,938,629	553,173	387,267	37,917	3,174,934	12,901	(402,022)	8,503,772	11,946,956	20,450,728
CHANGES IN NET ASSETS													
Net Assets at beginning of year	1,307,895	1,362,435	1,090,197	14,740,488	1,838,109	897,105	6,350,437	6,369,850	-	192,927	34,149,443	42,059,892	76,209,335
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	-	-	-	(33,453)	(33,453)
NET ASSETS AS OF JUNE 30, 2009	1,857,100	1,932,517	1,771,883	17,679,117	2,391,282	1,284,372	6,388,354	9,544,784	12,901	(209,095)	42,653,215	53,973,395	96,626,610

The State Bar of California
Budget to Actual Comparison-General Fund
For the Six Months Ending June 30, 2009

Attachment 7

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Jun-09 Year to Date Actual	Jun-09 Year to Date Budget	Variance Favorable (Unfavorable)	Jun-08 Prior Year to Date Actual	Inc./ (Dec.) From Prior Year	2009 Annual Budget
REVENUE									
Membership Fees	2,491,027	1,300,000	1,191,027	57,771,892	56,512,750	1,259,142	30,413,896	27,357,996	56,920,360
Investment Income	211,217	375,000	(163,783)	286,858	750,000	(463,142)	875,131	(588,273)	1,500,000
Convention Income	-	-	-	-	-	-	450	(450)	-
CalBar Journal Revenue	206,389	296,562	(90,173)	423,918	593,124	(169,206)	470,688	(46,770)	1,186,268
Continuing Legal Education	259,540	166,254	93,286	543,320	332,508	210,812	633,844	(90,524)	665,044
Seminar/Workshop Revenue	7,528	1,998	5,530	7,528	3,996	3,532	59,551	(52,023)	8,000
MJP Late Fees	-	924	(924)	-	1,848	(1,848)	-	-	3,700
Other Revenue	174,929	183,420	(8,491)	345,951	366,840	(20,889)	343,297	2,654	733,788
Interfund Transaction-Revenue	5,100	-	5,100	35,790	-	35,790	-	35,790	-
TOTAL REVENUE	3,355,730	2,324,158	1,031,572	59,415,257	58,561,066	854,191	32,796,857	26,618,400	61,017,160
EXPENSES									
Discipline	12,994,620	14,496,772	1,502,152	24,948,446	27,245,398	2,296,952	26,040,383	(1,091,937)	54,631,944
Administration of Justice	200,958	241,840	40,882	425,167	464,745	39,578	514,159	(88,992)	933,386
Governance	562,754	1,073,897	511,143	1,607,292	2,058,435	451,143	1,582,920	24,372	4,120,892
Administration of the Profession	651,460	793,397	141,937	1,485,127	1,493,128	8,001	1,029,032	456,095	3,006,518
Program Development	375,543	573,850	198,307	718,431	1,079,756	361,325	922,318	(203,887)	2,170,270
Communications	720,515	773,901	53,386	1,401,340	1,503,466	102,126	1,571,527	(170,187)	3,012,700
Non Departmental	(39,109)	92,253	131,362	(75,751)	184,506	260,257	(108,728)	32,977	369,030
Estimated Salary Savings	-	(745,905)	(745,905)	-	(1,491,810)	(1,491,810)	-	-	(2,983,622)
Interfund Transaction-Expense	4,728	-	(4,728)	27,913	-	(27,913)	-	27,913	-
TOTAL EXPENSES	15,471,469	17,300,005	1,828,536	30,537,965	32,537,624	1,999,659	31,551,611	(1,013,646)	65,261,118
NET OPERATING SURPLUS/(DEFICIT)	(12,115,739)	(14,975,847)	2,860,108	28,877,292	26,023,442	2,853,850	1,245,246	27,632,046	(4,243,958)

The State Bar of California
Budget to Actual Comparison - General Fund
Expenses by Function
For the Six Months Ending June 30, 2009

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Jun-09 Year to Date Actual	Jun-09 Year to Date Budget	Variance Favorable (Unfavorable)	Jun-08 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2009 Annual Budget
EXPENSES BY FUNCTION									
Enforcement									
Trial Counsel - Administration	(255,865)	296,320	552,185	300,392	540,317	239,925	5,984,771	(5,684,379)	1,070,725
Trial Unit - San Francisco	2,070,327	2,161,943	91,616	3,821,345	4,064,093	242,748	2,744,991	1,076,354	8,157,049
Trial Unit - Los Angeles	4,355,953	4,586,125	230,172	8,027,059	8,616,194	589,135	6,523,660	1,503,399	17,285,358
Intake	1,315,784	1,218,157	(97,627)	2,421,887	2,287,009	(134,878)	1,763,110	658,777	4,583,989
Central Administration Unit	1,777,538	2,042,768	265,230	3,234,664	3,855,983	621,319	2,172,608	1,062,056	7,759,724
Abandoned Cases/UPL	341,496	400,410	58,914	648,477	743,344	94,867	-	648,477	1,492,176
Probation Unit	229,383	249,134	19,751	437,341	469,793	32,452	426,280	11,061	940,807
Total Enforcement	9,834,616	10,954,857	1,120,241	18,891,165	20,576,733	1,685,568	19,615,420	(724,255)	41,289,828
State Bar Court									
Presiding & Review Judges	182,058	193,996	11,938	350,313	363,169	12,856	361,283	(10,970)	720,734
Hearing Judges	384,918	393,569	8,651	729,836	737,465	7,629	649,344	80,492	1,456,840
Judicial Transitions	100	4,998	4,898	101	9,996	9,895	25,972	(25,871)	20,000
SBC Executive Committee	-	-	-	4	-	(4)	-	4	-
SBC - Sr. Executive	347,954	329,540	(18,414)	667,026	637,380	(29,646)	1,638,547	(971,521)	1,274,412
SBC - Sr. Executive Projects	-	16,563	16,563	344	33,126	32,782	-	344	66,267
Hearing/Administration - San Francisco	329,611	416,841	87,230	649,583	782,102	132,519	430,048	219,535	1,576,893
Hearing Counsel - LA/SF	397,775	420,075	22,300	761,923	786,553	24,630	598,180	163,743	1,572,974
Review Counsel/Clerk	326,006	334,178	8,172	627,741	622,029	(5,712)	464,196	163,545	1,243,554
SBC Reporter	10,574	15,030	4,456	13,021	30,060	17,039	3,234	9,787	60,175
Hearing/Effectuation/Administration	471,332	521,819	50,487	922,633	980,748	58,115	623,454	299,179	1,966,508
Total State Bar Court	2,450,328	2,646,609	196,281	4,722,525	4,982,628	260,103	4,794,258	(71,733)	9,958,357
Mandatory Fee Arbitration									
Mandatory Fee Arbitration	166,794	209,402	42,608	320,834	391,314	70,480	401,733	(80,899)	788,553
Mandatory Fee Arbitration Committee	4,330	7,119	2,789	6,811	14,238	7,427	-	6,811	28,495
Agreement with Local Bar Associations	14,400	17,499	3,099	26,640	34,998	8,358	25,308	1,332	70,000
Total Mandatory Fee Arbitration	185,524	234,020	48,496	354,285	440,550	86,265	427,041	(72,756)	887,048
Professional Competence									
Disc. Cost Recovery	1,331	37,512	36,181	7,716	75,024	67,308	38,309	(30,593)	150,107
Lawyers' Personal Assistance	-	-	-	-	-	-	134,974	(134,974)	-
Publication 250	1,575	4,803	3,228	2,912	9,606	6,694	1,832	1,080	19,256
Professional Responsibility and Conduct	478,584	575,906	97,322	896,319	1,074,727	178,408	955,137	(58,818)	2,154,916
COPRAC - Publications	18,134	12,237	(5,897)	25,647	24,474	(1,173)	16,977	8,670	49,008
Committee on Professional Responsibility	130	3,897	3,767	524	7,794	7,270	2,848	(2,324)	15,624
Rules Revision Committee	24,398	26,931	2,533	47,353	53,862	6,509	53,587	(6,234)	107,800
Total Professional Competence	524,152	661,286	137,134	980,471	1,245,487	265,016	1,203,664	(223,193)	2,496,711
TOTAL DISCIPLINE	12,994,620	14,496,772	1,502,152	24,948,446	27,245,398	2,296,952	26,040,383	(1,091,937)	54,631,944

The State Bar of California
Budget to Actual Comparison - General Fund
Expenses by Function
For the Six Months Ending June 30, 2009

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Jun-09 Year to Date Actual	Jun-09 Year to Date Budget	Variance Favorable (Unfavorable)	Jun-08 Prior Year to Date Actual	Inc./ (Dec.) From Prior Year	2009 Annual Budget
EXPENSES BY FUNCTION									
Administration of Justice									
Commission on Judicial Nomination Evaluations	200,958	240,979	40,021	425,167	463,023	37,856	513,719	(88,552)	929,919
Attorney Civility Task Force	-	861	861	-	1,722	1,722	142	(142)	3,467
Sustainability Task Force	-	-	-	-	-	-	298	(298)	-
Total Administration of Justice	200,958	241,840	40,882	425,167	464,745	39,578	514,159	(88,992)	933,386
Governance									
Executive Director	(24,959)	95,278	120,237	71,208	179,293	108,085	88,429	(17,221)	355,532
Deputy Executive Director	38,084	137,811	99,727	168,844	257,403	88,559	138,216	30,628	515,088
Board of Governors	541,630	800,536	258,906	1,332,559	1,544,402	211,843	1,339,510	(6,951)	3,095,158
Elections	13,442	14,226	784	25,810	27,900	2,090	13,967	11,843	56,139
Appointments Administration	(5,443)	26,046	31,489	8,871	49,437	40,566	2,798	6,073	98,975
Total Governance	562,754	1,073,897	511,143	1,607,292	2,058,435	451,143	1,582,920	24,372	4,120,892
Administration of the Profession									
Member Records & Certification	(32)	-	32	802	-	(802)	245,607	(244,805)	-
Member Services-Senior Executive	95,068	102,522	7,454	187,183	190,788	3,605	194,795	(7,612)	383,149
Member Services Center	522,417	633,897	111,480	1,234,156	1,194,960	(39,196)	526,336	707,820	2,407,116
Child and Family Support	3,884	5,308	1,424	6,289	9,978	3,689	196	6,093	20,020
Multijurisdictional Practice	30,123	51,670	21,547	56,697	97,402	40,705	62,098	(5,401)	196,233
Total Administration of the Profession	651,460	793,397	141,937	1,485,127	1,493,128	8,001	1,029,032	456,095	3,006,518
Program Development									
Program Development	192,740	333,006	140,266	365,864	623,391	257,527	654,181	(288,317)	1,254,127
California Young Lawyers Association	34,613	46,854	12,241	65,615	88,274	22,659	26,615	39,000	177,409
Program Development Project	9	21,978	21,969	64	43,956	43,892	22,208	(22,144)	87,996
Access to Justice	142,334	166,153	23,819	277,287	312,417	35,130	210,587	66,700	627,259
Committee on Delivery of Legal Services	5,847	5,859	12	9,601	11,718	2,117	8,727	874	23,479
Total Program Development	375,543	573,850	198,307	718,431	1,079,756	361,325	922,318	(203,887)	2,170,270
COMMUNICATIONS									
Media & Information Services	266,962	286,031	19,069	474,486	543,600	69,114	634,504	(160,018)	1,089,462
Bar Journal	453,553	487,870	34,317	926,854	959,866	33,012	937,023	(10,169)	1,923,238
Total Communications	720,515	773,901	53,386	1,401,340	1,503,466	102,126	1,571,527	(170,187)	3,012,700
NON DEPARTMENTAL	(39,109)	92,253	131,362	(75,751)	184,506	260,257	(108,728)	32,977	369,030
ESTIMATED SALARY SAVINGS	-	(745,905)	(745,905)	-	(1,491,810)	(1,491,810)	-	-	(2,983,622)
INTERFUND TRANSACTION - EXPENSE	4,728	-	(4,728)	27,913	-	(27,913)	-	27,913	-
SUBTOTAL THIS PAGE	2,476,849	2,803,233	326,384	5,589,519	5,292,226	(297,293)	5,511,228	78,291	10,629,174
TOTAL DISCIPLINE FROM PAGE 1	12,994,620	14,496,772	1,502,152	24,948,446	27,245,398	2,296,952	26,040,383	(1,091,937)	54,631,944
TOTAL GENERAL FUND EXPENSE BY FUNCTION	15,471,469	17,300,005	1,828,536	30,537,965	32,537,624	1,999,659	31,551,611	(1,013,646)	65,261,118