



THE STATE BAR OF CALIFORNIA

FINANCE

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

MEMORANDUM

DATE: March 04, 2015
TO: Members, Planning & Budget Committee
Members, Board of Trustees
FROM: Christine Wong, Finance Director
SUBJECT: 2014 Fourth Quarter Financial Statements – Financial Highlights

Attached for your review are the 2014 fourth 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

Statement of Assets, Liabilities & Net Assets:

This statement reports the Bar's assets, liabilities and net assets. For the year ended December 31, 2014, the Bar's total assets are \$194.7 million, liabilities are \$56.6 million, and net assets are \$138 million.

Compared to 2013, the Bar's total assets are slightly down by \$3.3 million or 1.6% from \$197.9 million in 2013 to \$194.7 million in 2014. The decrease is due to a combination of 1) a \$7.4 million decrease in cash & investment; 2) a \$0.8 million decrease in capital assets; partially offset by 3) a \$4.4 million net increase in prepayments and accounts receivables; and 4) a \$0.5 million net increase in OPEB assets.

Cash and investments consisted of balances in demand deposit accounts, money market accounts, the State Bar's share of California's Local Agency Investment Fund, and investment securities. For the year ended December 31, 2014, the combined cash and investment balance was \$78 million, a \$7.5 million or a 8.7% decrease from \$85.5 million last year. The lower cash balance is due primarily to increase in grant prepayments and a \$1.5 million contribution made to the State Bar's OPEB plan.

The State Bar's capital assets consisted of land, buildings, tenant improvement, building improvements, office equipment, furniture and fixtures, net of accumulated depreciation. Net capital assets balance as of December 31, 2014 is \$101.4 million, a \$0.8 million decrease compared to \$102.2 million last year. The decrease is due to normal depreciation of \$3.6 million, partially offset by \$2.8 million capital expenditures incurred in 2014.

Other assets consisted of interest receivable, prepayments, grant receivable, other receivables, and the Other Postemployment Benefits Obligation (OPEB) asset. The combined balance of accounts receivable and other assets for the year end 2014 is \$15.2 million, up by \$5.1 million compared to \$10.1 million in 2013. The increase is due to a \$0.5 million net increase in the OPEB plan asset and a higher prepayment balance due to the 2015 first quarter grant payments for Legal Service Trust Fund and Equal Access Fund that were distributed at the end of 2014.

The Bar's total liabilities consisted of accounts payable to vendor accounts, unearned fees collected in advance, grants payable, loans payable, and employee vacation and sick leave accruals. As of December 31, 2014, State Bar's total liabilities are \$56.6 million, down by \$10.4 million or 15.5% compared to \$67 million last year. The decrease is a result of a \$1.3 million reduction in the loan payable from the repayment of Los Angeles building mortgage, and a \$9.1 million decrease in IOLTA grant and accounts payable. The higher accounts payable balance in 2013 is due to the timing of payments for the L.A. building construction costs at year end. The decrease in grants payable in 2014 is due to the restructuring of the IOLTA grant program. In March, 2014, the Board adopted a resolution to align the IOLTA grant year to a calendar year. As a result, all of the 2014 grant distributions were processed in 2014 and there was not a grants payable balance as of December 31, 2014.

Statement of Assets, Liabilities & Net Assets – General Fund:

The General Fund, the Bar's largest operating fund, has assets of \$73 million, liabilities of \$70.4 million and net assets of \$2.6 million as of December 31, 2014. The General Fund's total assets are down by \$6.5 million compared to \$79.5 million last year, due largely to the decrease in cash and investments. The General Fund's combined cash and investment balance for the year end December 31, 2014 is \$71.9 million, down by \$7.1 million or 8.9% compared to \$79 million in 2013. The lower cash balance is due largely to the grant prepayments at December 2014 for the 2015 first quarter Legal Service Trust Fund and Equal Access Fund grant disbursements.

General Fund total liabilities are \$70.4 million, down by \$6.5 million compared to \$76.9 million last year due largely to decreases in accounts payable and inter-fund payables. The higher accounts payable balance in 2013 is due to the timing of payments for the L.A. building

construction costs. For the inter-fund balance, all investments and cash are recorded in the General Fund which serves as treasurer for all the State Bar's funds. The General Fund interfund payable balance represents the amount the General Fund holds on behalf on each individual restricted fund, which will be eliminated in the consolidated financial statement.

Statement of Revenue, Expenses and Changes in Net Assets – Comparison to Year Ended December 31, 2014 Actual Results:

This statement reports the Bar's revenues, expenses, excess/(deficit) of revenues over expenses and changes in net assets. For the year ended December 31, 2014, the Bar's total revenues (operating and non-operating) are \$140 million, and expenses are \$132.8 million, and the excess of revenues over expenditures for the year is \$7.2 million.

Total operating revenues for all programs for the year ended are \$137.8 million, up by \$1.7 million or 1.3% compared to \$136.1 million in 2013. The increase is due to a \$3.4 million increase in membership revenue, partially offset by a \$1.8 million decrease in the AB145 filing fees in the Equal Access Fund program. The increase in membership revenue is due largely to higher membership revenues received as a result of the \$10 increase in the optional contribution to legal services and overall growth in the membership due to new admittees.

The Bar's total operating expenses for all programs are \$132.8 million, slightly down by \$8.7 million or 6.1% compared to \$141.5 million in 2013. The decrease is due to a decline of \$9 million in IOLTA grant distribution as a result of the program restructuring explained above and a \$2.2 million decrease in the Client Security Fund application payouts. These decreases are partially offset by the higher operating costs from the new L.A. facility and higher personnel costs from the Bar's implementation of the 2014 MOU.

Year-To-Date Actual Comparison – General Fund

The General Fund's total operating revenues 2014 are \$67.9 million, up by \$5.5 million, or 8.8% as compared to \$62.4 million in 2013. The increase is a result of a \$20 restoration in membership dues allocated to the General Fund in 2014 and overall growth in the membership due to new admittees.

The General Fund's total operating expenses before inter-fund transfers for the year ended are \$65.5 million, slightly increased by \$2.7 million or 4.3% compared to \$62.8 million last year. The increase is due primarily to higher indirect cost allocated from the new L.A. facility and personnel costs resulting from the Bar's implementation of the 2014 MOU.

General Fund net income for 2014 before inter-fund transfers is \$2.5 million. In 2014, General Fund received a \$0.5 million transfer in from the Affinity & Insurance Fund. By following the current reserve policy which specifies that an amount equal to two weeks' operating expenditures or approximately \$2.6 million should be retained in the General fund for working capital purposes, amounts above this level are allocated to support the Bar's major capital assets: two-

thirds to facilities maintenance and improvement projects and one-third to technology assets. For the 2014 year end close, a \$1 million and a \$2 million are transferred out to the IT Special Assessment Fund and 180 Howard Building Fund, respectively. General Fund net income for 2014 after these inter-fund transfers is \$24,382.

In 2014, the indirect costs to programs are allocated at cost center level instead of fund level in 2013. This change is to allow greater transparency in reflecting the total functional costs in the General Fund.

Budget to Actual Comparison for General Fund

The General Fund's total revenues for 2014 are \$68.0 million, with an insignificant favorable variance of \$1.2 million compared to the annual budget of \$66.8 million.

The General Fund's total expenditures for 2014 are \$65.5 million, resulting in a \$1.9 million favorable variance compared to the annual budget of \$67.3 million due primarily to saving from vacant positions.

If you have any questions or would like additional information, please contact Christine Wong at christine.wong@calbar.ca.gov.

The State Bar of California
Statement of Assets, Liabilities and
Net Assets - All Funds
As of December 31, 2014
(Unaudited)

Attachment 1

	<u>General Fund</u>	<u>Restricted Funds</u>	<u>Fixed Asset Fund</u>	<u>Interfund Elimination</u>	<u>YTD Total All Fund December-14</u>	<u>YTD Total All Fund December-13</u>	<u>Change</u>
ASSETS							
Cash	26,262,852	6,112,162	-	-	32,375,014	34,865,915	(2,490,901)
Investments	45,697,574	-	-	-	45,697,574	50,665,143	(4,967,569)
Accounts Receivable (net of allowances)	-	2,890,700	-	-	2,890,700	2,520,975	369,725
Interfund Receivable	-	50,981,335	-	(50,981,335)	-	-	-
Capital Assets (net of depreciation)	-	75,332,160	26,094,582	-	101,426,742	102,255,224	(828,482)
OPEB Investment	-	6,778,727	-	-	6,778,727	6,244,160	534,567
Other Assets	1,082,063	4,436,516	-	-	5,518,579	1,399,660	4,118,919
TOTAL ASSETS	73,042,489	146,531,600	26,094,582	(50,981,335)	194,687,336	197,951,077	(3,263,741)
LIABILITIES AND NET ASSETS							
Accounts Payable and Accrued Liabilities	5,643,493	5,159,984	-	-	10,803,477	14,345,790	(3,542,313)
Interfund Payable	50,959,273	22,062	-	(50,981,335)	-	-	-
Unearned Income	13,834,329	9,265,906	-	-	23,100,235	22,631,187	469,048
Grants Payable	-	16,753	-	-	16,753	6,074,914	(6,058,161)
Obligations under Debt Agreements	-	22,718,682	-	-	22,718,682	24,022,211	(1,303,529)
TOTAL LIABILITIES	70,437,095	37,183,387	-	(50,981,335)	56,639,147	67,074,102	(10,434,955)
NET ASSETS							
Net Assets at Beginning of Year	2,587,381	113,083,281	15,206,313	-	130,876,975	134,962,069	(4,085,094)
Current Operating Excess/(Deficit)	24,382	8,286,140	(1,139,308)	-	7,171,214	(4,085,094)	11,256,308
Transfer of Fixed Assets to Fixed Assets Fund	(6,369)	(12,021,208)	12,027,577	-	-	-	-
TOTAL NET ASSETS	2,605,394	109,348,213	26,094,582	-	138,048,189	130,876,975	7,171,214
TOTAL LIABILITIES & NET ASSETS	73,042,489	146,531,600	26,094,582	-	194,687,336	197,951,077	(3,263,741)

The State Bar of California
Statement of Assets, Liabilities and Net
Assets - General Fund
As of December 31, 2014
(Unaudited)

Attachment 2

	<u>Year to Date Total</u> <u>December-2014</u>	<u>Year to Date Total</u> <u>December 2013</u>	<u>Change</u>
ASSETS			
Cash	26,262,852	28,354,916	(2,092,064)
Investments	45,697,574	50,708,271	(5,010,697)
Other Assets	1,082,063	441,557	640,506
TOTAL ASSETS	<u>73,042,489</u>	<u>79,504,744</u>	<u>(6,462,255)</u>
 LIABILITIES AND NET ASSETS			
Accounts Payable and Accrued Liabilities	5,643,493	9,474,864	(3,831,371)
Unearned Fees Collected in Advance	13,834,329	13,204,269	630,060
Interfund Payable	50,959,273	54,238,227	(3,278,954)
TOTAL LIABILITIES	<u>70,437,095</u>	<u>76,917,360</u>	<u>(6,480,265)</u>
 NET ASSETS			
Net Assets at Beginning of Year	2,587,381	3,733,819	(1,146,438)
Current Operating Excess/(Deficit)	24,382	(1,146,435)	1,170,817
Transfer of Fixed Assets to Fixed Assets Fund	(6,369)	-	(6,369)
TOTAL NET ASSETS	<u>2,605,394</u>	<u>2,587,384</u>	<u>18,010</u>
 TOTAL LIABILITIES & NET ASSETS	<u>73,042,489</u>	<u>79,504,744</u>	<u>(6,462,255)</u>

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted
Funds
As of December 31, 2014
(Unaudited)

Attachment 3
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ASSETS	<u>Admissions</u>	<u>Annual Meeting</u>	<u>Benefit Reserve</u>	<u>Building</u>	<u>Building Special Assessment</u>	<u>Client Security</u>	<u>Elimination of Bias</u>	<u>Equal Access</u>	<u>Grants</u>	<u>Info Tech Special Assess</u>	<u>Justice Gap</u>	<u>Lawyers Assistance Program</u>	<u>Total A-L</u>
Cash	50	-	781,036	109,177	-	-	-	-	-	-	-	-	890,263
Accounts Receivable (net of allowances)	-	-	-	90,446	-	-	-	2,276,220	-	-	-	-	2,366,666
Interfund Receivable	8,254,010	146,060	1,327,406	7,294,041	-	3,921,130	298,851	1,188,163	488,541	1,211,409	308,837	2,311,761	26,750,209
Capital Assets (net of depreciation)	-	-	-	2,712,501	-	-	-	-	-	-	-	-	2,712,501
OPEB Assets	-	-	6,778,727	-	-	-	-	-	-	-	-	-	6,778,727
Other Assets	409,416	-	-	-	-	-	-	1,763,615	-	-	-	-	2,173,031
TOTAL ASSETS	8,663,476	146,060	8,887,169	10,206,165	-	3,921,130	298,851	5,227,998	488,541	1,211,409	308,837	2,311,761	41,671,397
LIABILITIES AND NET ASSETS													
Accounts Payable and Accrued Liabilities	307,399	36,424	-	139,064	-	112,586	43,050	1,489,064	-	-	-	51,020	2,178,607
Interfund Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned Income	4,733,517	-	-	80,703	-	1,599,990	190,205	-	-	-	-	426,908	7,031,323
Grants Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	5,040,916	36,424	-	219,767	-	1,712,576	233,255	1,489,064	-	-	-	477,928	9,209,930
NET ASSETS													
Net Assets at Beginning of Year	3,707,619	(15,197)	8,843,776	19,881,438	-	5,575,541	306,602	416,176	230,006	3,699,667	407,397	1,401,099	44,454,124
Current Operating Excess/(Deficit)	(85,059)	124,833	43,393	1,725,745	-	(3,366,987)	(241,006)	3,322,758	258,535	(2,488,258)	(98,560)	432,734	(371,872)
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	(11,620,785)	-	-	-	-	-	-	-	-	(11,620,785)
TOTAL NET ASSETS/(DEFICITS)	3,622,560	109,636	8,887,169	9,986,398	-	2,208,554	65,596	3,738,934	488,541	1,211,409	308,837	1,833,833	32,461,467
TOTAL LIABILITIES & NET ASSETS	8,663,476	146,060	8,887,169	10,206,165	-	3,921,130	298,851	5,227,998	488,541	1,211,409	308,837	2,311,761	41,671,397

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of December 31, 2014
(Unaudited)

Attachment 3
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	<u>Legal Education & Development</u>	<u>Legal Services Trust</u>	<u>Legal Specialization</u>	<u>Legislative Activities</u>	<u>LA Facility</u>	<u>Public Protection</u>	<u>SB Access & Education</u>	<u>Sections</u>	<u>Support & Administration</u>	<u>Technology improvement</u>	<u>Total L-T</u>	<u>Total A-L</u>	<u>All Restricted Funds</u>
ASSETS													
Cash	-	-	-	-	-	4,610,000	7,851	-	604,048	-	5,221,899	890,263	6,112,162
Accounts Receivable (net of allowances)	-	519,503	-	-	-	-	-	-	4,531	-	524,034	2,366,666	2,890,700
Interfund Receivable	1,150,911	4,349,095	2,504,804	632,463	365,611	1,888,022	-	9,148,418	(403,548)	4,595,350	24,231,126	26,750,209	50,981,335
Capital Assets (net of depreciation)	-	-	-	-	72,619,659	-	-	-	-	-	72,619,659	2,712,501	75,332,160
OPEB Investments	-	-	-	-	-	-	-	-	-	-	-	6,778,727	6,778,727
Other Assets	-	1,363,178	-	-	-	-	-	-	900,307	-	2,263,485	2,173,031	4,436,516
TOTAL ASSETS	1,150,911	6,231,776	2,504,804	632,463	72,985,270	6,498,022	7,851	9,148,418	1,105,338	4,595,350	104,860,203	41,671,397	146,531,600
LIABILITIES AND NET ASSETS													
Accounts Payable and Accrued Liabilities	12,342	74,798	22,709	43,102	234,513	-	-	1,488,575	1,105,338	-	2,981,377	2,178,607	5,159,984
Interfund Payable	-	-	-	-	-	-	22,062	-	-	-	22,062	-	22,062
Unearned Income	-	1,534,173	483,595	186,970	-	-	-	29,845	-	-	2,234,583	7,031,323	9,265,906
Grants Payable	-	16,753	-	-	-	-	-	-	-	-	16,753	-	16,753
Obligations under Debt Agreements	-	-	-	-	22,718,682	-	-	-	-	-	22,718,682	-	22,718,682
TOTAL LIABILITIES	12,342	1,625,724	506,304	230,072	22,953,195	-	22,062	1,518,420	1,105,338	-	27,973,457	9,209,930	37,183,387
NET ASSETS													
Net Assets at Beginning of Year	729,295	515,065	1,244,191	219,668	50,231,836	6,493,547	(18,759)	7,434,485	-	1,779,829	68,629,157	44,454,124	113,083,281
Current Operating Excess/(Deficit)	409,274	4,090,987	754,309	182,723	(199,761)	4,475	4,548	195,513	165,880	3,050,064	8,658,012	(371,872)	8,286,140
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	(165,880)	(234,543)	(400,423)	(11,620,785)	(12,021,208)
TOTAL NET ASSETS/(DEFICITS)	1,138,569	4,606,052	1,998,500	402,391	50,032,075	6,498,022	(14,211)	7,629,998	-	4,595,350	76,886,746	32,461,467	109,348,213
TOTAL LIABILITIES & NET ASSETS	1,150,911	6,231,776	2,504,804	632,463	72,985,270	6,498,022	7,851	9,148,418	1,105,338	4,595,350	104,860,203	41,671,397	146,531,600

The State Bar of California
Statement of Revenue, Expenses and Changes in
Net Assets - All Funds
For the Twelve Months Ending December 31, 2014
(Unaudited)

OPERATING REVENUES	<u>General Fund</u>	<u>Restricted Funds</u>	<u>Fixed Asset Funds</u>	<u>Interfund Elimination</u>	<u>Total All Funds Year to Date December-14</u>	<u>Total All Funds Year to Date December-13</u>	<u>Change</u>	<u>Percentage Change</u>
Membership Fees, Voluntary Contributions	64,596,006	17,164,222	-	-	81,760,228	78,324,645	3,435,583	4.39%
Convention Income	-	1,177,518	-	-	1,177,518	1,015,002	162,516	16.01%
Law Corporation Registration Fees	819,629	-	-	-	819,629	788,301	31,328	3.97%
Continuing Legal Education Fees	1,351,825	311,475	-	-	1,663,300	1,763,688	(100,388)	-5.69%
Law Practices Sections Fees	-	5,427,599	-	-	5,427,599	4,951,438	476,161	9.62%
Grant Revenue	-	10,710,799	-	-	10,710,799	10,546,373	164,426	1.56%
Trust Account Revenue	-	5,225,763	-	-	5,225,763	4,992,897	232,866	4.66%
EAF AB 145 Filing Fee Revenue	-	3,806,328	-	-	3,806,328	5,617,106	(1,810,778)	-32.24%
MJP Fees	480,945	145,050	-	-	625,995	546,028	79,967	14.65%
Examination Application Fees	-	18,577,436	-	-	18,577,436	19,045,923	(468,487)	-2.46%
Legal Specialization Fees	-	2,019,085	-	-	2,019,085	2,388,447	(369,362)	-15.46%
Seminar/Workshop Revenue	8,870	1,129,378	-	-	1,138,248	1,140,968	(2,720)	-0.24%
CalBar Journal Revenue	137,439	37,614	-	-	175,053	142,369	32,684	22.96%
Other Revenue	551,816	4,210,210	-	-	4,762,026	4,888,529	(126,503)	-2.59%
Total Operating Revenue	67,946,530	69,942,477	-	-	137,889,007	136,151,714	1,737,293	1.28%
OPERATING EXPENSES								
Discipline and Adjudication	53,454,610	-	-	-	53,454,610	37,022,960	16,431,650	44.38%
Grant Expenses	-	16,829,045	-	-	16,829,045	25,881,532	(9,052,487)	-34.98%
Administration of Justice	802,387	-	-	-	802,387	572,408	229,979	40.18%
Governance	2,008,274	-	-	-	2,008,274	1,994,998	13,276	0.67%
Administration of the Profession	3,074,742	-	-	-	3,074,742	2,153,613	921,129	42.77%
Program Development	2,045,192	-	-	-	2,045,192	1,226,847	818,345	66.70%
Communications	1,919,877	-	-	-	1,919,877	1,111,201	808,676	72.77%
Examination costs and administration	-	18,854,076	-	-	18,854,076	19,097,950	(243,874)	-1.28%
Claims (net of reimbursements)	-	8,552,567	-	-	8,552,567	10,714,529	(2,161,962)	-20.18%
Law Practices (Sections)	-	8,217,779	-	-	8,217,779	7,404,692	813,087	10.98%
General and Administrative costs	-	12,564,905	1,139,308	-	13,704,213	15,577,935	(1,873,722)	-12.03%
Indirect Costs - General	2,203,773	-	-	-	2,203,773	18,769,814	(16,566,041)	-88.26%
Indirect Cost - LA facility Fund	-	1,166,732	-	-	1,166,732	-	1,166,732	100.00%
Total Operating Expenses	65,508,855	66,185,104	1,139,308	-	132,833,267	141,528,479	(8,695,212)	-6.14%
OPERATING INCOME/(LOSS)	2,437,675	3,757,373	(1,139,308)	-	5,055,740	(5,376,765)	10,432,505	-194.03%
NON-OPERATING REVENUE								
Investment Income	93,405	135,323	-	-	228,728	257,438	(28,710)	-11.15%
Rental Income	-	1,886,746	-	-	1,886,746	1,034,233	852,513	82.43%
Total Non-Operating Revenue	93,405	2,022,069	-	-	2,115,474	1,291,671	823,803	63.78%
INCOME/(LOSS) BEFORE TRANSFERS	2,531,080	5,779,442	(1,139,308)	-	7,171,214	(4,085,094)	11,256,308	-275.55%
Transfer In:	549,720	7,882,985	-	8,432,705	-	-	-	0.00%
Transfer Out:	(3,056,418)	(5,376,287)	-	(8,432,705)	-	-	-	0.00%
Change in Net Position	24,382	8,286,140	(1,139,308)	-	7,171,214	(4,085,094)	11,256,308	-275.55%
CHANGES IN NET ASSETS								
Net Assets at beginning of year	2,587,381	113,083,281	15,206,313	-	130,876,975	134,962,069	(4,085,094)	-3.03%
Transfer of Fixed Assets to Fixed Asset Fund	(6,369)	(12,021,208)	12,027,577	-	-	-	-	0.00%
NET ASSETS AS OF DECEMBER 31, 2014	2,605,394	109,348,213	26,094,582	-	138,048,189	130,876,975	7,171,214	5.48%

The State Bar of California
Statement of Revenue, Expenses and Changes in
Net Assets - General Fund
For the Twelve Months Ending December 31, 2014
(Unaudited)

Attachment 5

	<u>Year to Date</u> <u>December-</u> <u>14</u>	<u>Year to Date</u> <u>December -</u> <u>13</u>	<u>Change</u>
OPERATING REVENUES			
Membership Fee, Voluntary Contributions and Attorney Applications	64,596,006	59,115,762	5,480,244
Law Corporation Registration Fees	819,629	788,301	31,328
Continuing Legal Education Fees	1,351,825	1,470,983	(119,158)
Seminar/Workshop Revenue	8,870	8,280	590
CalBar Journal Revenue	137,439	104,131	33,308
MJP Fees	480,945	427,128	53,817
Grant Revenue	-	19,500	(19,500)
Other Revenue	551,816	493,142	58,674
Total Operating Revenue	<u>67,946,530</u>	<u>62,427,227</u>	<u>5,519,303</u>
OPERATING EXPENSES			
Discipline	53,454,610	37,022,957	16,431,653
Administration of Justice	802,387	572,408	229,979
Governance	2,008,274	1,994,998	13,276
Administration of the Profession	3,074,742	2,153,613	921,129
Program Development	2,045,192	1,226,847	818,345
Communications	1,919,877	1,111,201	808,676
Indirect Costs	2,203,773	18,769,814	(16,566,041)
Total Operating Expenses	<u>65,508,855</u>	<u>62,851,838</u>	<u>2,657,017</u>
OPERATING INCOME/(LOSS)	2,437,675	(424,611)	2,862,286
NON-OPERATING REVENUE			
Investment Income	93,405	58,016	35,389
Total Non-Operating Revenue	<u>93,405</u>	<u>58,016</u>	<u>35,389</u>
INCOME/(LOSS) BEFORE TRANSFERS	2,531,080	(366,595)	2,897,675
Transfer In:	549,720	53,508	496,212
Transfer Out:	(3,056,418)	(833,351)	(2,223,067)
Change in Net Position	<u>24,382</u>	<u>(1,146,438)</u>	<u>1,170,820</u>
NET ASSETS			
Net Assets at beginning of year	2,587,381	3,733,819	(1,146,438)
Transfer of Fixed Assets to Fixed Assets Fund	(6,369)	-	(6,369)
NET ASSETS AS OF DECEMBER 31, 2014	<u><u>2,605,394</u></u>	<u><u>2,587,381</u></u>	<u><u>18,013</u></u>

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets -
Restricted Funds
For the Twelve Months Ending December 31, 2014
(Unaudited)

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REVENUE	<u>Admissions</u>	<u>Annual Meeting</u>	<u>Benefit Reserve</u>	<u>Building</u>	<u>Building Special Assessment</u>	<u>Client Security</u>	<u>Elimination of Bias</u>	<u>Equal Access</u>	<u>Grants</u>	<u>Info Tech Special Assess</u>	<u>Justice Gap</u>	<u>Lawyers Assistance Program</u>	<u>Total A-L</u>
Membership Fees & Voluntary Dues	-	-	-	1,781	8,600	7,581,531	799,680	-	-	4,887	969,523	1,994,314	11,360,316
Investment Income	23,569	7,842	4,321	14,293	15	18,418	1,646	(4,429)	-	6,855	2,236	6,006	80,772
Convention Income	-	663,514	-	-	-	-	535	-	-	-	-	-	664,049
Continuing Legal Education Fees	282,525	-	-	-	-	-	-	-	-	-	-	-	282,525
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Income	-	-	-	1,431,945	-	-	-	-	-	-	-	-	1,431,945
Grant Revenue	-	-	-	-	-	-	4,000	10,392,000	309,799	-	-	-	10,705,799
Trust Account Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	-	3,806,328	-	-	-	-	3,806,328
MJP Fees	145,050	-	-	-	-	-	-	-	-	-	-	-	145,050
Exam Application & Moral Character Fees	18,577,436	-	-	-	-	-	-	-	-	-	-	-	18,577,436
Legal Specialization Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Seminar/Workshop Revenue	-	-	-	-	-	-	7,815	-	475	-	-	-	8,290
Advertising Revenue	-	2,435	-	-	-	-	-	-	-	-	-	-	2,435
Other Revenue	574,644	104,473	18	(7,411)	-	10,281	-	498,910	-	-	-	-	1,180,915
TOTAL REVENUE	19,603,224	778,264	4,339	1,440,608	8,615	7,610,230	813,676	14,692,809	310,274	11,742	971,759	2,000,320	48,245,860
EXPENSES													
Grants	-	-	-	-	-	-	-	12,020,468	-	-	-	-	12,020,468
Examination Costs and Administration	18,854,076	-	-	-	-	-	-	-	-	-	-	-	18,854,076
CSF Application (net of reimbursement)	-	-	-	-	-	8,552,567	-	-	-	-	-	-	8,552,567
Law Practices (Sections)	-	-	-	-	-	-	-	-	-	-	-	-	-
General and Administrative	-	945,885	(39,054)	1,714,863	190	2,261,240	1,020,654	(650,417)	51,739	-	1,024	1,430,910	6,737,034
Indirect Cost - L A facility	832,973	-	-	-	-	166,595	33,433	-	-	-	-	133,731	1,166,732
TOTAL EXPENSES	19,687,049	945,885	(39,054)	1,714,863	190	10,980,402	1,054,087	11,370,051	51,739	-	1,024	1,564,641	47,330,877
INCOME/(LOSS) BEFORE TRANSFERS	(83,825)	(167,621)	43,393	(274,255)	8,425	(3,370,172)	(240,411)	3,322,758	258,535	11,742	970,735	435,679	914,983
Transfer In:	-	292,454	-	2,000,000	-	4,020	-	-	-	1,000,000	-	1,030	3,297,504
Transfer Out:	(1,234)	-	-	-	(8,425)	(835)	(595)	-	-	(3,500,000)	(1,069,295)	(3,975)	(4,584,359)
Change in Net Position	(85,059)	124,833	43,393	1,725,745	-	(3,366,987)	(241,006)	3,322,758	258,535	(2,488,258)	(98,560)	432,734	(371,872)
CHANGES IN NET ASSETS													
Net Assets at beginning of year	3,707,619	(15,197)	8,843,776	19,881,438	-	5,575,541	306,602	416,176	230,006	3,699,667	407,397	1,401,099	44,454,124
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-	(11,620,785)	-	-	-	-	-	-	-	-	(11,620,785)
NET ASSETS AS OF DECEMBER 31, 2014	3,622,560	109,636	8,887,169	9,986,398	-	2,208,554	65,596	3,738,934	488,541	1,211,409	308,837	1,833,833	32,461,467

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets -
Restricted Funds
For the Twelve Months Ending December 31, 2014
(Unaudited)

Attachment 6
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	<u>Legal Education & Development</u>	<u>Legal Services Trust</u>	<u>Legal Specialization</u>	<u>Legislative Activities</u>	<u>LA Facility</u>	<u>Public Protection</u>	<u>SB Access & Education</u>	<u>Sections</u>	<u>Support & Administration</u>	<u>Technology improvement</u>	<u>Total L-T</u>	<u>Total A-L</u>	<u>All Restricted Funds</u>
REVENUE													
Membership Fees & Voluntary Dues	-	5,021,641	-	782,265	-	-	-	-	-	-	5,803,906	11,360,316	17,164,222
Investment Income	2,359	11,358	5,552	1,556	(1,276)	4,475	-	25,120	(517)	5,924	54,551	80,772	135,323
Convention Income	-	-	-	-	-	-	-	513,469	-	-	513,469	664,049	1,177,518
Continuing Legal Education Revenue	-	-	28,950	-	-	-	-	-	-	-	28,950	282,525	311,475
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	5,427,599	-	-	5,427,599	-	5,427,599
Rental Income	-	-	-	-	454,801	-	-	-	-	-	454,801	1,431,945	1,886,746
Grant Revenue	-	-	-	-	-	-	5,000	-	-	-	5,000	10,705,799	10,710,799
LSTF Trust Account Revenue	-	5,225,763	-	-	-	-	-	-	-	-	5,225,763	-	5,225,763
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	3,806,328	3,806,328
MJP Fees	-	-	-	-	-	-	-	-	-	-	-	145,050	145,050
Exam Application & Moral Character Fees	-	-	-	-	-	-	-	-	-	-	-	18,577,436	18,577,436
Legal Specialization Fees	-	-	2,019,085	-	-	-	-	-	-	-	2,019,085	-	2,019,085
Seminar/Workshop Revenue	-	-	-	-	-	-	-	1,121,088	-	-	1,121,088	8,290	1,129,378
Advertising Revenue	-	-	-	-	-	-	-	35,179	-	-	35,179	2,435	37,614
Other Revenue	1,724,857	-	2,534	-	-	-	-	1,295,562	6,342	-	3,029,295	1,180,915	4,210,210
TOTAL REVENUE	1,727,216	10,258,762	2,056,121	783,821	453,525	4,475	5,000	8,418,017	5,825	5,924	23,718,686	48,245,860	71,964,546
EXPENSES													
Grants	-	4,808,577	-	-	-	-	-	-	-	-	4,808,577	12,020,468	16,829,045
Examination costs and Administration	-	-	-	-	-	-	-	-	-	-	-	18,854,076	18,854,076
Claims (net of reimbursement)	-	-	-	-	-	-	-	-	-	-	-	8,552,567	8,552,567
Law Practices (Sections)	-	-	-	-	-	-	-	8,217,779	-	-	8,217,779	-	8,217,779
General and Administrative	544,092	2,428,388	1,301,232	600,718	661,711	-	452	-	(164,582)	455,860	5,827,871	6,737,034	12,564,905
Indirect Cost - L A facility	-	-	-	-	-	-	-	-	-	-	-	1,166,732	1,166,732
TOTAL EXPENSES	544,092	7,236,965	1,301,232	600,718	661,711	-	452	8,217,779	(164,582)	455,860	18,854,227	47,330,877	66,185,104
INCOME/(LOSS) BEFORE TRANSFERS	1,183,124	3,021,797	754,889	183,103	(208,186)	4,475	4,548	200,238	170,407	(449,936)	4,864,459	914,983	5,779,442
Transfer In:	-	1,069,295	1,275	-	8,425	-	-	5,975	500	3,500,000	4,585,470	3,297,504	7,882,974
Transfer Out:	(773,850)	(105)	(1,855)	(380)	-	-	-	(10,700)	(5,027)	-	(791,917)	(4,584,359)	(5,376,276)
Change in Net Position	409,274	4,090,987	754,309	182,723	(199,761)	4,475	4,548	195,513	165,880	3,050,064	8,658,012	(371,872)	8,286,140
CHANGES IN NET ASSETS													
Net Assets at beginning of year	729,295	515,065	1,244,191	219,668	50,231,836	6,493,547	(18,759)	7,434,485	-	1,779,829	68,629,157	44,454,124	113,083,281
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	(165,880)	(234,543)	(400,423)	(11,620,785)	(12,021,208)
NET ASSETS AS OF DECEMBER 31, 2014	1,138,569	4,606,052	1,998,500	402,391	50,032,075	6,498,022	(14,211)	7,629,998	-	4,595,350	76,886,746	32,461,467	109,348,213

The State Bar of California
Budget to Actual Comparison - General Fund
For the Twelve Months Ending December 31, 2014
(Unaudited)

Attachment 7

	<u>Dec-14</u> <u>Year to</u> <u>Date Actual</u>	<u>Dec-14 Year</u> <u>to Date</u> <u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>Dec-13</u> <u>Prior Year</u> <u>to Date</u> <u>Actual</u>	<u>Inc./(Dec.)</u> <u>From Prior</u> <u>Year</u>	<u>2014 Annual</u> <u>Budget</u>
REVENUE						
Membership Fees	64,596,006	63,600,000	996,006	59,115,762	5,480,244	63,600,000
Investment Income	93,405	40,000	53,405	58,016	35,389	40,000
Law Corp Registration Fees	819,629	785,000	34,629	788,301	31,328	785,000
CalBar Journal Revenue	137,439	95,000	42,439	104,131	33,308	95,000
Continuing Legal Education	1,351,825	1,385,000	(33,175)	1,470,983	(119,158)	1,385,000
Seminar/Workshop Revenue	8,870	8,000	870	8,280	590	8,000
MJP Fees	480,945	415,000	65,945	427,128	53,817	415,000
Grant Revenue	-	-	-	19,500	(19,500)	-
Other Revenue	551,816	443,000	108,816	493,145	58,671	443,000
TOTAL REVENUE	68,039,935	66,771,000	1,268,935	62,485,246	5,554,689	66,771,000
EXPENSES						
Discipline	53,454,610	51,905,798	(1,548,812)	37,022,957	16,431,653	51,905,798
Administration of Justice	802,387	820,828	18,441	572,408	229,979	820,828
Governance	2,008,274	2,286,495	278,221	1,994,998	13,276	2,286,495
Administration of the Profession	3,074,742	3,159,734	84,992	2,153,613	921,129	3,159,734
Program Development	2,045,192	2,193,603	148,411	1,226,847	818,345	2,193,603
Communications	1,919,877	2,009,819	89,942	1,111,201	808,676	2,009,819
Indirect Costs	2,203,773	249,109	(1,954,664)	18,769,814	(16,566,041)	249,109
Indirect Costs - L A Facility	-	4,749,780	4,749,780	-	-	4,749,780
TOTAL EXPENSES	65,508,855	67,375,166	1,866,311	62,851,838	2,657,017	67,375,166
INCOME/(LOSS) BEFORE TRANSFERS	2,531,080	(604,166)	(597,376)	(366,592)	2,897,672	(604,166)
Transfer In:	549,720	550,000	(280)	53,508	496,212	550,000
Transfer Out:	(3,056,418)	(73,518)	(2,982,900)	(833,351)	(2,223,067)	(73,518)
NET OPERATING SURPLUS/(DEFICIT)	24,382	(127,684)	(3,580,556)	(1,146,435)	1,170,817	(127,684)

The State Bar of California
Budget To Actual Comparison - General Fund
Expenses by Function
For the Twelve Months Ending December 31, 2014
(Unaudited)

Attachment 8

	<u>Dec-14 Year to Date Actual</u>	<u>Dec-14 Year to Date Budget</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Dec-13 Prior Year to Date Actual</u>	<u>Inc./(Dec.) From Prior Year</u>	<u>2014 Annual Budget</u>
EXPENSES BY FUNCTION						
Enforcement	37,722,961	37,733,466	10,505	26,790,608	10,932,353	37,733,466
Probation	1,379,558	1,151,812	(227,746)	919,219	460,339	1,151,812
State Bar Court	11,275,062	9,653,434	(1,621,628)	7,108,017	4,167,045	9,653,434
Mandatory Fee Arbitration	821,917	906,536	84,619	603,477	218,440	906,536
Professional Competence	2,255,112	2,460,550	205,438	1,601,636	653,476	2,460,550
TOTAL DISCIPLINE	53,454,610	51,905,798	(1,548,812)	37,022,957	16,431,653	51,905,798
Administration of Justice	802,387	820,828	18,441	572,408	229,979	820,828
Governance	2,008,274	2,286,495	278,221	1,994,998	13,276	2,286,495
Administration of the Profession	3,074,742	3,159,734	84,992	2,153,613	921,129	3,159,734
Program Development	2,045,192	2,193,603	148,411	1,226,847	818,345	2,193,603
Communications	1,919,877	2,009,819	89,942	1,111,201	808,676	2,009,819
Indirect Costs	2,203,773	249,109	(1,954,664)	18,769,814	(16,566,041)	249,109
Indirect Costs - LA Facility	-	4,749,780	4,749,780	-	-	4,749,780
TOTAL NON DISCIPLINE	12,054,245	15,469,368	3,415,123	25,828,881	(13,774,636)	15,469,368
Transfer Out -IT Special Fund	1,000,000	-	(1,000,000)	258,635	741,365	-
Transfer Out - 180 Howard Bldg Fund	2,000,000	-	(2,000,000)	517,268	1,482,732	-
Interfund Transaction - Expense	56,418	73,518	17,100	57,448	(1,030)	73,518
TOTAL INTERFUND TRANSFERS	3,056,418	73,518	(2,982,900)	833,351	2,223,067	73,518
TOTAL GENERAL FUND EXPENSE BY FUNCTION	68,565,273	67,448,684	(1,116,589)	63,685,189	4,880,084	67,448,684