THE STATE BAR OF CALIFORNIA

Financial Statements and
Report of Independent Auditors
For the Years Ended December 31, 2014 and 2013
and Supplementary Information
For the Year Ended December 31, 2014

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Page

REPORT OF INDEPENDENT AUDITORS 1

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) 3

FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013:

Business-Type Activity – Enterprise Fund

Statements of Net Position 10

Statements of Revenues, Expenses, and Changes in Net Position 11

Statements of Cash Flows 12

Fiduciary Fund – Trust for Post-Retirement Welfare Benefits Plan for Executive Staff Employees

Statements of Plan Net Position 13

Statements of Changes in Plan Net Position 14

Notes to the Financial Statements 15

REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013:

Schedule of Funding Progress – Pension (Unaudited) 30

Schedule of Funding Progress – Post-Retirement Welfare Benefits Trust (Unaudited) 30

Schedule of Employer Contributions – Post-Retirement Welfare Benefits Trust (Unaudited) 30

SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED
DECEMBER 31, 2014:

Program Fund Descriptions 31

Program Funds Schedule of Net Position 34

Program Funds Schedule of Revenues, Expenses, and Changes in Net Position 40

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REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
State Bar of California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activity and the Trust for Post-Retirement Welfare Benefits Plan for Executive Staff Employees of the State Bar of California ("State Bar") as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the State Bar's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the Trust for Post-Retirement Welfare Benefit Plan for Executive Staff Employees of the State Bar as of December 31, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress - pension, the schedule of funding progress – post-retirement welfare benefits trust, and the schedule of employer contributions – post-retirement welfare benefit trust, on pages 3 through 9 and 30, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State Bar's basic financial statements. The program fund descriptions, program funds schedule of net position, and program funds schedule of revenues, expenses, and changes in net position, presented as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The program fund descriptions, program funds schedule of net position, and program funds schedule of revenues, expenses, and changes in net position, presented as supplementary information, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Moss Adams LLP

San Francisco, California
April 29, 2015

THE STATE BAR OF CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS – Unaudited
YEARS ENDED DECEMBER 31, 2014 AND 2013

Introduction

Management's Discussion and Analysis ("MD&A") is presented as a supplement to the financial statements and is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. This discussion and analysis presents the highlights of financial activities and financial position for the State Bar of California ("State Bar"). The analysis is designed to provide readers with information that the State Bar's management believes to be necessary to obtain an understanding of its financial condition, changes in financial condition, and results of operations. It is intended to help readers see the State Bar through the eyes of management. It is further designed to provide context for the financial statements and information about the State Bar's operations and cash flows.

The State Bar of California

Created by the state legislature in 1927, the State Bar of California is a public corporation within the judicial branch of government, serving as an arm of the California Supreme Court. In 1960, California voters approved a ballot measure adding the State Bar as an entity in the State constitution. The primary purpose of the State Bar is to serve as an administrative adjunct to the California Supreme Court in all matters pertaining to the admission, discipline, and regulation of California lawyers. The State Bar Act and California court rules vest in the State Bar the duty to regulate the legal profession, formulate and elevate educational and professional standards, raise the quality of legal services, advance the science of jurisprudence, and aid in the improvement of the administration of justice.

The State Bar is a unified bar, meaning that membership is mandatory for all attorneys who are licensed to practice law in the State of California. The State Bar is governed by a Board of Trustees. The current board includes six elected lawyers from the State Bar Districts; two public members; five lawyer members appointed by the California Supreme Court; one lawyer member appointed by the Speaker of the Assembly; one lawyer member appointed by the Senate Rules Committee; one member appointed by the Governor, and the State Bar president, who is elected by the other board members. These members and three vacancies for other public members make up the twenty seats of the 2014-2015 board year.

Beginning in 2012, SB 163 (Stats. 2011, Ch. 417) changed the governance structure of the State Bar. The State Bar's governing board, formerly known as the Board of Governors, has been renamed to the Board of Trustees. Between January 1, 2012 and October 31, 2014, the board was gradually transitioned from twenty-three members to nineteen members. The nineteen members will include six lawyer members elected from new State Bar Districts based on California's six appellate court districts; five lawyer members appointed by the California Supreme Court; one lawyer member appointed by the Senate Committee on Rules; one lawyer member appointed by the Speaker of the Assembly; and six public members of whom four are appointed by California's Governor, one by the State Senate Committee on Rules and one by the Speaker of the Assembly.

The State Bar's programs are segregated into twenty-five separate program funds - the largest being the General Fund. The State Bar's programs are financed primarily by fees paid by attorneys and applicants to practice law. At the end of 2014, the State Bar had approximately 252,000 members, an increase of 2.4% compared to 246,000 members in 2013, making it the largest unified state bar in the country.

Membership fees for 2014 and 2013 were set by the State Legislature at $420 and $410, respectively, for active members and $145 and $125, respectively, for inactive members. The membership fees are allocated to the following funds:

	2014		2013	
	Active Fee	Inactive Fee	Active Fee	Inactive Fee
General Fund	$ 305	$ 65	$ 285	$ 45
General Fund-Discipline Activity	25	25	25	25
Legal Services Trust Fund *	30	30	20	20
Legislative Activity Fund *	5	5	5	5
Bar Relations and Elimination of Bias Fund *	5	5	5	5
Client Security Fund	40	10	40	10
Building Special Assessment Fund	-	-	10	10
IT Special Assessment Fund	-	-	10	-
Lawyers Assistance Program Fund	10	5	10	5
Total	$ 420	$ 145	$ 410	$ 125

* Optional fees; member may deduct from annual membership fee.

Financial Statement Overview

The State Bar's financial report consists of Management's Discussion and Analysis, the basic financial statements, the notes to the basic financial statements, and the required supplementary information. The basic financial statements provide information and understanding of the State Bar's Enterprise Fund and the Trust for the Post-Retirement Welfare Benefits Plan for Executive Staff Employees ("OPEB Trust"). The basic financial statements and related information are organized in this report as follows:

The Statements of Net Position—present the financial position of the State Bar at the end of the fiscal year. The statements report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the difference as net position. The net position section is displayed in three components – restricted; invested in capital assets; and unrestricted.

The Statements of Revenues, Expenses, and Changes in Net Position—disclose the sources of revenues, the various expenses, and the impact on net position for the State Bar.

The Statements of Cash Flows—reflect the sources and uses of cash for the State Bar using the direct method which includes a reconciliation of operating income to net cash provided by or used in operating activities.

Notes to the Financial Statements—provide integral information needed to explain the basis for the financial statement presentation and numbers used with the basic financial statements.

Required Supplementary Information—presents schedules of funding progress for the State Bar's pension, and the Other Postemployment Benefits Obligation (OPEB) Trust plans, and the schedule of employer contributions for the OPEB Trust plan.

Financial Highlights

Statements of Net Position

The following is a summary comparison of the State Bar's Statements of Net Position as of December 31, 2014, 2013, and 2012:

	2014	2013	2012*
Cash, cash equivalents, and investments	$ 74,275,634	$ 80,921,058	$ 105,036,639
Restricted cash	4,610,000	4,610,000	4,610,000
Other assets	15,320,188	10,164,796	10,775,169
Capital assets, net	101,426,742	102,255,224	75,741,178
Total assets	195,632,564	197,951,078	196,162,986
Current liabilities	$ 35,373,546	$ 43,761,042	$ 36,578,890
Noncurrent liabilities	22,210,828	23,313,061	24,622,027
Total liabilities	$ 57,584,374	$ 67,074,103	$ 61,200,917
Net position			
Restricted for:			
Enabling legislation	$ 25,671,871	$ 26,681,935	$ 56,786,678
Other restrictions	17,608,270	17,391,401	16,634,502
Net investments in capital assets	74,555,912	78,233,012	50,363,577
Unrestricted	20,212,137	8,570,627	11,177,312
Total net position	$ 138,048,190	$ 130,876,975	$ 134,962,069

*In 2012, the State Bar updated its legal analysis of CSF and the governing rules of the program and determined that no liability should be recorded in the financial statements because the State Bar did not have any outstanding obligations, as determined by final approved applications at year-end.
In addition, certain portion of cash and cash equivalents as of December 31, 2012 have been reclassified to restricted cash for comparative purposes.

Fiscal Year 2014 Compared to Fiscal Year 2013

Assets – As of December 31, 2014, the State Bar's total assets were $195.6 million, down slightly by $2.4 million, or 1.2% compared to $198.0 million last year. The decrease is due to a combination of 1) a $6.7 million decrease in cash & investment; 2) a $0.8 million net decrease in capital assets; partially offset by 3) a $4.6 million net increase in prepayments and accounts receivables; and 4) a $0.5 million net increase in OPEB assets.

Cash, investments, and restricted cash 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 $78.9 million, down by $6.6 million or 7.8% from $85.6 million last year. The lower cash balance is due primarily to grant prepayment made for 2015 and a $1.5 million contribution made to the State Bar's OPEB Plan.

Capital assets consisted of land, buildings, building and leasehold improvements, tenant improvement, office equipment, and furniture and fixtures, net of accumulated depreciation. Net capital assets balance as of December 31, 2014, was $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 additional capital expenditures incurred in 2014.

Other assets consisted of interest receivable, prepayments, grants receivable, other receivable, and the OPEB asset. The combined balance as of December 31, 2014, was $15.3 million, up by $5.1 million or 50.0% from $10.2 million in 2013. The increase is due to a $0.6 million net increase in the OPEB plan asset and a higher prepayment balance as a result of timing of payments of the Bar's two grant funds. The 2015 first quarter grant payments for the Legal Service Trust Fund and Equal Access Fund programs were prepaid in December 2014.

Liabilities – The State 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 were $57.6 million, down by $9.5 million or 14.2% compared to $67.1 million last year. The decrease is a result of a $1.3 million reduction in the loan payable from the repayment of the Los Angeles building mortgage, and a $8.2 million decrease in IOLTA grant and accounts payable. The higher accounts payable balance in 2013 was 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.

Net Position – This component of the statement of net position consists of restricted net position, net investments in capital assets, and unrestricted net position. The State Bar's net position as of December 31, 2014, was $138.0 million, up by $7.1 million or 5.4% compared to $130.9 million in 2013. ***Restricted Net Position*** – the part of net position that is subject to constraints imposed by grantors, or law through constitutional provisions or enabling legislation – decreased by $800,000 from $44.1 million at the end of 2013 to $43.3 million at the end of 2014. ***Net Investments in Capital Assets*** – the part of net position that consists of capital assets, net of accumulated depreciation, outstanding balances of mortgages or borrowings that are attributable to the acquisition, construction, and improvement of those assets – decreased by $3.6 million from $78.2 million in 2013 to $74.6 million in 2014. Changes in restricted net position off-set the changes in net investments in capital assets due largely to the fund transfers to finance the acquisition and construction of the new facility in Los Angeles. ***Unrestricted Net Position*** – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by $11.6 million from $8.6 million in 2013 to $20.2 million at the end of 2014. Changes in unrestricted net position represents the excess of revenues over expenses from various programs in 2014.

Fiscal Year 2013 Compared to Fiscal Year 2012

Following is a summary comparison of the State Bar's Statements of Net Assets as of December 31, 2013 and 2012:

Assets – As of December 31, 2013, the State Bar's total assets were $198.0 million, up slightly by $1.8 million, or 0.9% compared to $196.2 million in 2012.

Cash, investments, and restricted cash consist 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, 2013, the combined cash and investment balance was $85.5 million, down by $24.1 million or 22.0% from $109.6 million 2012. The lower cash balance is due primarily to the capital spending on the new facility in Los Angeles.

Other assets consist of interest receivable, prepayments, grants receivable, other receivable, and the OPEB asset. The combined balance as of December 31, 2013, was $10.2 million, down slightly by $0.6 million or 5.6% from $10.8 million in 2012. The decrease is due largely to the depletion of the OPEB net asset value.

Capital assets consisted of land, buildings, building and leasehold improvements, office equipment, and furniture and fixtures, net of accumulated depreciation. Net capital assets balance as of December 31, 2013, was $102.2 million, a $26.5 million increase compared to $75.7 million in 2012. The increase is due to additional capital expenditures for the new facility in Los Angeles, partially offset by normal depreciation.

Liabilities – The State 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, 2013, the State Bar's total liabilities were $67.1 million, up by $5.9 million, or 9.6% compared to $61.2 million 2012. The increase is due to a combination of (1) a $3.4 million increase in accounts payable to vendor due to the timing of payments for the Los Angeles building construction costs; (2) a $3.4 million increase in grants payable due to timing of grant disbursement; (3) a $0.4 million increase in unearned member dues collected in advance; partially offset by (4) a $1.4 million reduction in loans payable due to repayments made to the Los Angeles building mortgage loan obligation.

Net Position – This component of the statement of net position consists of restricted net position, net investments in capital assets, and unrestricted net position. The State Bar's net position as of December 31, 2013, was $130.9 million, slightly down by $4.1 million or 3.0% compared to $135.0 million in 2012. ***Restricted Net Position*** – the part of net position that is subject to constraints imposed by grantors or law through constitutional provisions or enabling legislation – decreased by $29.3 million from $73.4 million at the end of 2012 to $44.1 million at the end of 2013. ***Net Investments in Capital Assets*** – the part of net position that consists of capital assets, net of accumulated depreciation, outstanding balances of mortgages or borrowings that are attributable to the acquisition, construction, and improvement of those assets – increased by $27.8 million from $50.4 million in 2012 to $78.2 million in 2013. Changes in restricted net position off-set the changes in net investments in capital assets due largely to the fund transfers to finance the acquisition and construction of the new facility in Los Angeles. ***Unrestricted Net Position*** – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by $2.6 million from $11.2 million in 2012 to $8.6 million at the end of 2013. Changes in unrestricted net position represents the excess of expenditures over revenues from various programs in 2013.

Statements of Revenues and Expenses

Following is a summary comparison of the State Bar's statements of revenues and expenses for the years ended December 31, 2014, 2013, and 2012:

	2014	2013	2012
OPERATING REVENUES			
Program revenues	$ 133,126,981	$ 131,263,185	$ 127,623,294
Other	4,762,026	4,888,529	4,786,458
Total operating revenues	137,889,007	136,151,714	132,409,752
OPERATING EXPENSES			
Program expenses	115,759,128	107,180,728	101,554,896
General and administration	17,074,138	34,347,751	28,709,422
Total operating expenses	132,833,266	141,528,479	130,264,318
OPERATING INCOME/(LOSS)	5,055,741	(5,376,765)	2,145,434
NONOPERATING REVENUES	2,115,474	1,291,671	25,509,293
CHANGE IN NET POSITION	7,171,215	(4,085,094)	27,654,727
NET POSITION - beginning of year	130,876,975	134,962,069	107,307,342
NET POSITION - end of year	$ 138,048,190	$ 130,876,975	$ 134,962,069

Fiscal Year 2014 Compared to Fiscal Year 2013

Operating Revenues – For the fiscal year ended December 31, 2014, the State Bar's total operating and non-operating revenues were $140 million. Total operating revenues for all programs for 2014 were $137.9 million, up by $1.8 million or 1.3% compared to $136.2 million last year. The increase is due to a $3.5 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. Total non-operating revenues were $2.1 million, up by $0.8 million or 61.5% from $1.3 million last year.

Operating Expenses – For fiscal year 2014, the State Bar's total operating expenses were $132.8 million, down by $8.7 million or 6.1% compared to $141.5 million last year. The decrease is a 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 higher operating costs from the new L.A. facility and higher personnel costs from the Bar's implementation of the 2014 MOU.

Fiscal Year 2013 Compared to Fiscal Year 2012

Operating Revenues – For the fiscal year ended December 31, 2013, the State Bar's total operating and non-operating revenues were $137.5 million. Total operating revenues for all programs for 2013 were $136.2 million, up by $3.8 million or 2.9% compared to $132.4 million 2012. The increase is due to a combination of (1) a $2.1 million increase in membership revenues as a result of the expiration of the one-time rebate of $10 to members in 2012 and overall growth in the membership for new admittees; (2) a $0.9 million increase in examination and legal specialization fees due to increase of applicants; and (3) a $0.7 million net increase in other programs, including grant revenue, and seminar and workshop revenues. Total non-operating revenues were $1.3 million, down significantly by $24.2 million or 94.9% from last year. The non-operating revenues in 2012 consisted of a $25.5 million non-recurrent revenue generated from the gain on disposal of land.

Operating Expenses – For fiscal year 2013, the State Bar's total operating expenses were $141.5 million, up by $11.2 million or 8.6% compared to $130.3 million 2012. The increase is a due to a combination of (1) a $4.3 million increase in Client Security Fund application payouts as a result of a Board's decision to devote additional financial resources to mitigate the pending application waiting time; and (2) a $2.4 million increase in personnel costs due to the resumption of step and merit increases for existing staff, and filling of vacant positions; (3) a $1 million increase in examination costs due to increase of exam applicants; and (4) a $3.5 million increase in general and administration costs due largely to the San Francisco building repair and maintenance projects.

Additional information on the State Bar's capital assets and loans payable can be found in Notes 6 and 8, respectively, of this report.

Economic Factors Facing the State Bar

Each year, the California State Legislature approves a State Bar dues bill that authorizes the State Bar to charge the annual membership fee that is set by the Board of Trustees to pay for discipline and other State Bar functions.

Authority for the collection of 2015 dues was approved on August 27, 2014, under Assembly Bill 2746. This bill established the 2015 dues at $430 for active members and $155 for inactive members. Of these fees, $40 is to be allocated only to support nonprofit organizations that provide free legal services to persons of limited means, except to the extent that a member elects not to support those activities.

Financial Contact

The State Bar's financial statements are designed to present readers with a general overview of the State Bar's finances and to demonstrate the State Bar's accountability. If you have any questions about the report or need additional financial information, please contact the State Bar's Chief Financial Officer at 180 Howard Street, San Francisco, California 94105.

THE STATE BAR OF CALIFORNIA
BUSINESS-TYPE ACTIVITY – ENTERPRISE FUND
STATEMENTS OF NET POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 28,609,122	$ 30,255,915
Investments	45,666,512	50,665,143
Accounts and other receivables, net of allowance for uncollectible accounts of $1,803,811 in 2014 and $1,868,815 in 2013	2,921,762	2,520,975
Other current assets	5,619,699	1,399,661
Total current assets	82,817,095	84,841,694
Noncurrent assets		
Restricted cash	4,610,000	4,610,000
Other postemployment benefits assets	6,778,727	6,244,160
Capital assets		
Nondepreciable	19,537,615	75,758,296
Depreciable, net	81,889,127	26,496,928
Total noncurrent assets	112,815,469	113,109,384
Total assets	$ 195,632,564	$ 197,951,078
LIABILITIES		
Current liabilities		
Accounts payable and other liabilities	$ 9,609,309	$ 13,756,222
Unearned fees collected in advance	24,392,347	22,631,187
Loans payable	1,355,137	1,298,719
Grants payable	16,753	6,074,914
Total current liabilities	35,373,546	43,761,042
Noncurrent liabilities		
Loans payable	21,363,546	22,723,493
Compensated absences	847,282	589,568
Total noncurrent liabilities	22,210,828	23,313,061
Total liabilities	$ 57,584,374	$ 67,074,103
NET POSITION		
Restricted for:		
Enabling legislation	$ 25,671,871	$ 26,681,935
Other restrictions	17,608,270	17,391,401
Net investments in capital assets	74,555,912	78,233,012
Unrestricted	20,212,137	8,570,627
Total net position	$ 138,048,190	$ 130,876,975

See accompanying notes to the financial statements.

THE STATE BAR OF CALIFORNIA
BUSINESS-TYPE ACTIVITY – ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
OPERATING REVENUES		
Membership fees and donations	$ 82,386,223	$ 78,870,673
Examination application fees	18,577,436	19,045,923
Trust account revenue	5,225,763	4,992,897
Law practices (sections) fees	5,427,598	4,951,438
Seminar/workshop revenue	1,138,249	1,140,968
Advertising revenue	175,053	142,369
Convention income	1,177,518	1,015,002
Legal specialization fees	2,019,085	2,388,447
Law corporation registration fees	819,629	788,301
Continuing legal education fees	1,663,300	1,763,688
Grants	10,710,799	10,546,373
EAF AB145 filing fees	3,806,328	5,617,106
Other	4,762,026	4,888,529
Total operating revenue	137,889,007	136,151,714
OPERATING EXPENSES		
Discipline and adjudication	53,454,610	37,022,957
Examination costs and administration	18,854,076	19,097,950
Grants	16,829,045	25,881,532
Law practices (sections)	8,217,778	7,404,693
CSF application payments	8,552,566	10,714,529
Communications	1,919,877	1,111,201
Administration of justice	802,387	572,408
Governance	2,008,274	1,994,998
Administration of the profession	3,075,323	2,153,613
Program development	2,045,192	1,226,847
General and administration	17,074,138	34,347,751
Total operating expenses	132,833,266	141,528,479
OPERATING INCOME/(LOSS)	5,055,741	(5,376,765)
NONOPERATING REVENUES		
Investment income	228,728	257,438
Rental income	1,886,746	1,034,233
Total nonoperating revenues	2,115,474	1,291,671
CHANGE IN NET POSITION	7,171,215	(4,085,094)
NET POSITION—beginning of year	130,876,975	134,962,069
NET POSITION—end of year	$ 138,048,190	$ 130,876,975

See accompanying notes to the financial statements.

THE STATE BAR OF CALIFORNIA
BUSINESS-TYPE ACTIVITY – ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members, applicants, grants and other professionals	$ 139,249,380	$ 136,695,856
Payments to suppliers	(88,205,289)	(86,236,100)
Payments to employees	(55,693,259)	(51,050,991)
Net cash used in operating activities	(4,649,168)	(591,235)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity and sale of investments	20,002,763	34,444,611
Purchases of investments	(15,004,132)	(38,486,072)
Interest received from investments	228,728	257,438
Cash received from rental income	1,886,746	1,034,233
Net cash provided by (used in) investing activities	7,114,105	(2,749,790)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(2,808,201)	(23,460,628)
Payment of obligations under loan agreement	(1,303,529)	(1,355,389)
Net cash used in capital and related financing activities	(4,111,730)	(24,816,017)
DECREASE IN CASH AND CASH EQUIVALENTS	(1,646,793)	(28,157,042)
CASH AND CASH EQUIVALENTS—Beginning of year	34,865,915	63,022,957
CASH AND CASH EQUIVALENTS—End of year	$ 33,219,122	$ 34,865,915
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ 5,055,741	$ (5,376,765)
Adjustments to reconcile operating income (loss) to net cash used in operating activities		
Depreciation and amortization	3,636,683	1,673,145
Changes in assets and liabilities		
Accounts and other receivables	(400,787)	126,641
Other postemployment benefits assets	(534,567)	520,434
Other current assets	(4,220,038)	(36,702)
Accounts payable and other liabilities	(3,889,199)	(1,248,318)
Unearned fees collected in advance	1,761,160	417,501
Grants payable	(6,058,161)	3,332,829
Net cash used in operating activities	$ (4,649,168)	$ (591,235)
SUPPLEMENTAL DISCLOSURES OF CASH-FLOW INFORMATION:		
Cash paid during the year for:		
Interest on loan	$ 998,291	$ 1,052,552
NONCASH DISCLOSURES		
Purchase of capital assets financed through accounts payable	$ -	$ 4,726,562

See accompanying notes to the financial statements.

THE STATE BAR OF CALIFORNIA
FIDUCIARY FUND – TRUST FOR POST-RETIREMENT WELFARE BENEFITS PLAN FOR EXECUTIVE STAFF EMPLOYEES
STATEMENTS OF PLAN NET POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Interest receivable	$ -	$ 18
Total assets	-	18
NET POSITION HELD IN TRUST FOR POST-RETIREMENT WELFARE BENEFITS	$ -	$ 18

See accompanying notes to the financial statements.

THE STATE BAR OF CALIFORNIA
FIDUCIARY FUND – TRUST FOR POST-RETIREMENT WELFARE BENEFITS PLAN FOR EXECUTIVE STAFF EMPLOYEES
STATEMENTS OF CHANGES IN PLAN NET POSITION
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
ADDITIONS		
Employer contributions	$ -	$ 823,419
Investment income/(expense)		
Interest income	-	(3,307)
Net depreciation in the fair value of plan investments	-	7,800
Total additions	-	827,912
DEDUCTIONS		
Transfer to California Employers' Retiree Benefit Trust	18	11,400,401
Benefits payments	-	823,419
Bank processing fees	-	3,629
Total deductions	18	12,227,449
Change in trust net position	(18)	(11,399,537)
NET POSITION HELD IN TRUST FOR POST-RETIREMENT WELFARE BENEFITS		
Beginning of year	18	11,399,555
End of year	$ -	$ 18

See accompanying notes to the financial statements.

1. DESCRIPTION OF ENTITY

The State Bar of California ("State Bar") is a public corporation established by the California Legislature on July 29, 1927. In 1960, a constitutional amendment was approved, which added the State Bar as a constitutional agency in the judicial branch of government. Membership in the State Bar is required in order to practice law in the State of California ("State"). The State Bar's activities relate primarily to admission, discipline, and regulation of attorneys, and to other programs that enhance lawyer ethics and competence or improve the quality of legal service and the justice system. The State Bar has engaged in such functions as administering the bar examination, formulating rules of professional conduct, disciplining members for misconduct, administering mandated continuing legal education requirements, administering other regulatory provisions affecting the profession or the practice of law, conducting a variety of education programs for members and the public, studying and recommending changes in legislation, cooperating with the Judicial Council, and providing various member services.

The State Bar's reporting entity includes a blended component unit – the State Bar Access and Education Foundation (the "Foundation"), a nonprofit public benefit corporation, that conducts activities that are charitable and educational on behalf of the State Bar. The Foundation is governed by a Board of Directors that consists of the Executive Director, Deputy Executive Director and Assistant Secretary. The State Bar provides administrative services to the Foundation. Because its financial and operational relationship with the State Bar is closely integrated, the Foundation is included in the State Bar's financial statements as a blended component unit.

2. BASIS OF PRESENTATION

The basic financial statements, providing information of the State Bar's Enterprise Fund and the Trust for Post-Retirement Welfare Benefits Plan for Executive Staff employees ("OPEB Trust"), have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). The State Bar follows the "business-type" activities reporting requirements of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, that provides a comprehensive one-line look at the State Bar's financial activities.

Enterprise Fund—The Enterprise Fund is used to report all business-type activities. The State Bar maintains twenty-five individual program funds for internal reporting purposes. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of the related cash flows.

Fiduciary Fund—The State Bar uses the Fiduciary Fund to account for assets held in trust for the Post-Retirement Welfare Benefits Plan for Executive Staff Employees ("OPEB Plan"). The Fiduciary Fund is reported using the economic measurement focus and the accrual basis of accounting. The OPEB Plan does not issue a separate stand-alone financial statement. The State Bar created an irrevocable trust for the OPEB Plan in December 2008. Prior to December 2012, the OPEB plan asset was held by the State Bar as a trustee and administrator. Beginning in December 2012, the State Bar transferred the first $3 million of the OPEB plan asset to California Employers' Retiree Benefit Trust ("CERBT") managed by the California Public Employees' Retirement System ("CalPERS"), and the remaining OPEB assets balance of $11.4 million were transferred to CalPERS in 2013.

2. BASIS OF PRESENTATION (Continued)

The assets in this OPEB Plan are held by CalPERS as a trustee to pay health care premiums for retired executive employees, and the resources in this Plan are not available to support the State Bar's other programs. Contributions are recognized as additions when paid into the OPEB Trust. Benefits are recognized when due and payable under the provisions of the OPEB Plan. Administrative costs are paid by the State Bar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the State Bar conform to accounting principles generally accepted in the United States of America as applicable to government units. The following is a summary of the significant accounting policies:

Cash and Cash Equivalents include all cash and liquid investments with remaining maturity of three months or less at the date of purchase. At December 31, 2014 and 2013, cash equivalents consisted of demand deposit accounts, money market accounts and deposits in the California Local Agency Investment Fund ("LAIF").

Investments The State of California's statutes and the State Bar's investment policy authorize the State Bar to invest its cash surplus in U.S. Treasury obligations, obligations of U.S. agencies, bankers' acceptances, collateralized bank deposits, negotiable certificates of deposit, commercial paper, repurchase agreements secured by U.S. Treasury or agency obligations, reverse repurchase agreements, corporate bonds, medium term notes, and mortgage backed securities. The State Bar's Enterprise Fund and Fiduciary Fund are subject to the same investment policy. Investment transactions are recorded on the trade date, and all investments are reported at estimated fair value. The fair value represents the amount the State Bar could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. The fair value of investments is obtained by using quotations from independent published sources.

Restricted cash The State Bar's loan agreement contains certain covenants that include the maintenance of a $4.6 million deposit with Bank of America as a debt service reserve fund, which is classified as restricted cash.

Capital Assets are stated at cost, net of accumulated depreciation and amortization, determined using the straight-line method over the estimated useful lives of forty years for buildings, ten years for furniture and fixtures, and from four to seven years for equipment and software. Leasehold improvements and equipment acquired under capital leases are amortized over the shorter of the term of the lease or the useful life of the equipment. The State Bar's policy is to capitalize acquisitions of capital assets with a useful life greater than one year and a cost of $5,000 or more.

Revenue and Unearned Fees Collected in Advance are recognized as income when earned. Accordingly, fees are recorded as revenue in the year to which the fees apply. Fees received but not yet earned are recorded as unearned fees collected in advance in the accompanying statements of net position.

Operating Revenues and Expenses consist primarily of income earned or expenses incurred related to admission, discipline and regulation of attorneys, and other programs that enhance lawyer ethics and competence or improve the quality of legal services and the justice system. All other amounts are considered nonoperating. Expenses incurred for purposes for which restricted and unrestricted assets are available are first satisfied with restricted assets, to the extent available.

NonOperating Revenues consist of investment income, realized and unrealized gains or losses on investments, rental income, and loss on disposal of capital assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Legal Services Trust Fund Program administers three funds: Interest on Lawyers' Trust Accounts ("IOLTA"), the state Equal Access Fund ("EAF") and the Justice Gap Fund. These funds are granted to nonprofit organizations that provide free civil legal services to low-income Californians. The Legal Services Trust Fund receives interest on attorney-client trust accounts. Revenue is recognized as income when earned, and grant expense is recognized in the period in which the Legal Services Trust Fund Commission awards the grants. EAF receives grants from the State Judicial Council. Grant revenue and corresponding expense are recognized as income and expense in the year to which the grants apply, based on the grant contracts. The Justice Gap Fund receives contributions from members. Revenue is recognized as income when received.

Accounts Receivables and Other consists of rental income receivable and CalBar Journal display advertisement income receivable. Revenue is recognized as income when earned in the period to which the revenue applies.

Compensated Absences are reported for earned but unused vacation and sick leave benefits. State Bar employees have a vested interest in accrued compensated absences.

Defined Pension Benefits are reported in accordance with the provisions of GASB Statement No. 50, *Pension Disclosures – an amendment to GASB Statement No. 25 and No.* 27, and GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. See Note 8 for related disclosures.

Other Postemployment Benefits are reported in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. See Note 9 for related disclosures.

Restricted Net Position reflects the net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. Restricted net position was $42.4 million at December 31, 2014, of which $25.7 million was restricted by enabling legislation; and $44.1 million at December 31, 2013, of which $26.7 million was restricted by enabling legislation.

Net Investments in Capital Assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of mortgages, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted Net Position includes all resources for which management or the Board of Trustees holds discretion over their use in advancement of the State Bar's objectives.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications Certain amounts in the 2013 notes to the financial statements have been reclassified to conform to the 2014 presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of New Accounting Standards

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* to replace the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*. GASB Statement No. 68 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. GASB No. 68 is effective for fiscal years beginning after June 15, 2014. In addition, in November 2013, GASB issued GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB Statement No. 71 eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68. GASB Statement No. 71 is effective for fiscal years beginning after June 15, 2014, simultaneously with the provisions of GASB Statement 68. To comply with the new pronouncements, the State Bar is currently evaluating the potential impacts to the financial statements, and will discuss with CalPERS to implement the changes in 2015.

In January 2013, the GASB issued a new standard, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This provision guides accounting and reporting for state and local government mergers, acquisitions, and transfers or disposals of operations. The requirements of GASB Statement No. 69 are effective for government combinations and disposals of government operations occurring in fiscal years beginning after December 15, 2013. The State Bar has reviewed and evaluated this pronouncement and has determined no impact to the financial statements.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents—At December 31, 2014, cash equivalents consisted of demand deposit accounts, money market accounts and deposits in LAIF. At December 31, 2014, the carrying amount of the State Bar's deposits was $13,845,075 and the bank balance was $11,953,385. At December 31, 2013, the carrying amount of the State Bar's deposits was $14,910,005 and the bank balance was $10,174,755. The difference between the carrying amount and the bank balance represents outstanding checks and deposits in transit. The State Bar's deposits were insured up to $250,000 by the Federal Deposit Insurance Corporation and the balance in excess of $250,000 was fully collateralized.

The State Bar invests in the LAIF. LAIF is part of the State of California Pooled Money Investment Account ("PMIA"). The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. PMIA is not SEC-registered and is not rated, but is required to invest according to the California State Code. The Local Investment Advisory Board, which consists of five members designated by state statutes, has oversight responsibility for LAIF.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

At December 31, 2014, the PMIA balance was $60.3 billion, of which 98.7% is invested in nonderivative financial products with 1.3% in asset-backed securities. The total amount invested by all public agencies in LAIF was $19.5 billion, and the State Bar's investment in LAIF was $18.5 million. The average maturity of PMIA investments was 200 days as of December 31, 2014. At December 31, 2013, the PMIA balance was $57.7 billion, of which 97.8% is invested in nonderivative financial products with 2.2% in asset-backed securities. The total amount invested by all public agencies in LAIF was $19.9 billion, and the State Bar's investment in LAIF was $19.9 million. The average maturity of PMIA investments was 209 days as of December 31, 2013.

Investments—It is the investment policy of the State Bar to invest public funds in a manner which will provide the maximum security with best investment return, while meeting the daily cash flow demands of the State Bar, and conforming to all state of California statutes governing the investment of public funds and all resolutions of the Board of Trustees. The State Bar invests a substantial portion of its funds in fixed income securities, which limits the State Bar's exposure to most types of risk. Investment of funds is governed by the State Bar's investment policy, as discussed under Note 3.

Investments by type as of December 31, 2014 and 2013, are as follows:

	2014	2013
U.S. government agencies	$ 42,009,150	$ 47,018,350
Certificate of deposit	3,498,554	3,488,484
Equity securites	158,808	158,309
Total investments	$ 45,666,512	$ 50,665,143

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, interest rate risk, and credit risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

***Custodial Credit Risk*—**The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The California Government Code and the State Bar's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments; however, the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state laws (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Credit Risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the State Bar to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. The investment policy of the State Bar contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total State Bar's investments subject to concentration of credit risk are as follows:

Issuer	Investment Type	2014 Fair Value	2013 Fair Value
Federal Home Loan Bank	U.S. government agencies	$ 11,992,740	$ 15,006,720
Federal Farm Credit Bank	U.S. government agencies	$ 24,016,530	$ 27,009,210
Federal Home Loan Mortgage Corp	U.S. government agencies	$ 5,999,880	$ 5,002,420

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The terms of a debt investment may cause its fair value to be highly sensitive to changes in interest rates. Fixed income security investments subject to interest rate risk at December 31, 2014 and 2013, are as follows:

	Fair Value	Fair Value as a Percentage of Fixed Income Securities	Weighted Average Maturity (Years)
December 31, 2014			
U.S. government agencies	$ 42,009,150	100%	0.64
December 31, 2013			
U.S. government agencies	$ 47,018,350	100%	1.03

Credit Risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the State Bar's investment policy limit the State Bar's investment in commercial paper to the rating of P-1 or better by Moody's Investors Service, or A-1 or higher by Standard & Poor's; corporate bonds to the rating of A by Moody's Investors Service or Standards & Poor's; and mutual funds to institutions rated within the top two ratings of a nationally recognized rating service. No limits are placed on U.S. government agency securities.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Fixed income security investments that are subject to credit risk at December 31, 2014 and 2013, are as follows:

	2014		2013	
	Fair Value	Fair Value as a Percentage of Fixed Income Securities	Fair Value	Fair Value as a Percentage of Fixed Income Securities
S & P's rating				
AA+	$ 42,009,150	100.0%	$ 47,018,350	100.0%
Total fixed income securities	$ 42,009,150	100.0%	$ 47,018,350	100.0%

5. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2014 and 2013, are as follows:

	Balance January 1, 2014	Increases	Decreases	Reclassification	Balance December 31, 2014
Capital assets, not being depreciated:					
Land	$ 19,537,615	$ -	$ -	$ -	$ 19,537,615
Construction in progress	56,220,681	-	-	(56,220,681)	-
Total capital assets, not being depreciated	75,758,296	-	-	(56,220,681)	19,537,615
Capital assets, being depreciated:					
Buildings and leasehold improvements	39,238,486	2,362,391	(1,489,243)	51,202,799	91,314,433
Equipment and software	7,030,530	445,810	(34,392)	1,181,172	8,623,120
Furniture and fixtures	1,675,389	-	-	3,836,710	5,512,099
Total capital assets, being depreciated	47,944,405	2,808,201	(1,523,635)	56,220,681	105,449,652
Less accumulated depreciation for:					
Buildings and leasehold improvements	(14,932,312)	(2,331,018)	1,489,243	-	(15,774,087)
Equipment and software	(4,839,778)	(921,993)	-	-	(5,761,771)
Furniture and fixtures	(1,675,387)	(383,672)	34,392	-	(2,024,667)
Total accumulated depreciation	(21,447,477)	(3,636,683)	1,523,635	-	(23,560,525)
Total capital assets, being depreciated, net	26,496,928	(828,482)	-	56,220,681	81,889,127
Capital assets, net	$ 102,255,224	$ (828,482)	$ -	$ -	$ 101,426,742

	Balance January 1, 2013	Increases	Decreases	Reclassification	Balance December 31, 2013
Capital assets, not being depreciated:					
Land	$ 19,537,615	$ -	$ -	$ -	$ 19,537,615
Construction in progress	29,126,760	27,093,921	-	-	56,220,681
Total capital assets, not being depreciated	48,664,375	27,093,921	-	-	75,758,296
Capital assets, being depreciated:					
Buildings and leasehold improvements	38,888,379	350,107	-	-	39,238,486
Equipment and software	6,287,367	743,163	-	-	7,030,530
Furniture and fixtures	1,675,389	-	-	-	1,675,389
Total capital assets, being depreciated	46,851,135	1,093,270	-	-	47,944,405
Less accumulated depreciation for:					
Buildings and leasehold improvements	(13,783,477)	(1,148,835)	-	-	(14,932,312)
Equipment and software	(4,315,468)	(524,310)	-	-	(4,839,778)
Furniture and fixtures	(1,675,387)	-	-	-	(1,675,387)
Total accumulated depreciation	(19,774,332)	(1,673,145)	-	-	(21,447,477)
Total capital assets, being depreciated, net	27,076,803	(579,875)	-	-	26,496,928
Capital assets, net	$ 75,741,178	$ 26,514,046	$ -	$ -	$ 102,255,224

5. CAPITAL ASSETS (Continued)

Depreciation expense for the years ended December 31, 2014 and 2013, was $3,636,683 and $1,673,143, respectively.

Assembly Bill (AB) No. 3049 was signed into law in July 2008, and authorized a $10 special assessment fee in the State Bar's membership fee beginning in 2009 and ending by December 31, 2013. AB 3049 required that all fees collected under this provision from January 1, 2009, be accumulated and reserved in a special fund for the construction, purchase or lease of a facility in southern California upon the expiration of the State Bar's existing lease of a facility in Los Angeles in January 2014.

To meet the requirements of AB 3049, in November 2012, the State Bar purchased real property located at 845 South Figueroa Street in Los Angeles for $50 million. To finance this purchase, the State Bar sold its parking lot in Los Angeles for $29 million, and also entered into a 15-year loan agreement in the amount of $25.5 million with Bank of America, N.A. As of December 31, 2014, the construction on this property has been completed and depreciation has been calculated through year end.

6. ACCOUNTS PAYABLE AND OTHER LIABILITIES

At December 31, 2014 and 2013, current accounts payable and other liabilities consisted of the following:

	2014	2013
Accounts payable	$ 4,496,863	$ 6,710,653
Compensated absences	3,391,942	3,353,661
Other liabilities	1,720,504	3,691,908
Total accounts payable and other liabilities	$ 9,609,309	$ 13,756,222

Obligations that are due within a year are presented as current liabilities in the statements of net position. Compensated absences include noncurrent portions that are due beyond one year. The table below provides additional information for these balances:

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Amount Due within One Year
Compensated absences	$ 3,943,229	$ 4,447,072	$ (4,151,077)	$ 4,239,224	$ 3,391,942

	Balance January 1, 2013	Additions	Retirements	Balance December 31, 2013	Amount Due within One Year
Compensated absences	$ 3,737,933	$ 4,091,091	$ (3,885,795)	$ 3,943,229	$ 3,353,661

7. LOAN PAYABLE

On November 1, 2012, the State Bar entered into a Real Estate Loan Agreement in the amount of $25,500,000 with Bank of America, N.A. for the purpose of financing the costs of purchasing the real property located at 845 South Figueroa Street, Los Angeles, California 90017. The loan bears a tax-exempt fixed rate of 4.26% per year and is due on November 1, 2027, with a fiscal monthly payment of $191,802. The loan agreement contains certain covenants including the maintenance of a $4.6 million deposit with Bank of America as debt service reserve fund, and requirements to provide financial information and statements.

Loan balance:

Term loan - Bank of America, December 31, 2013	$	24,022,212
Repayments		(1,303,529)
Balance as of December 31, 2014	$	22,718,683

The annual repayment schedule as of December 31, 2014, is as follows:

Year Ending December 31,	Principal	Interest
2015	$ 1,355,137	$ 946,482
2016	1,414,007	887,613
2017	1,475,433	826,186
2018	1,539,529	762,091
2019	1,606,408	695,211
2020-2024	9,141,461	2,366,637
2025-2027	6,186,708	410,799
Total	$ 22,718,683	$ 6,895,019

8. PENSION PLAN

Plan Description—The State Bar's defined benefit plan, the Miscellaneous Plan of the State Bar of California ("Plan"), provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. The Plan is part of the Public Agency portion of CalPERS, an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating entities within the State of California. All full-time State Bar employees must participate in the Plan. Benefits vest after five years of service. State Bar employees who retire at age 50 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.426% of their highest 12 consecutive months of average salary for each year of credited service. The rate incrementally increases for each successive year before retirement to a maximum of 2.418% at age 63. These benefit provisions and all other requirements are established by state statute. The State Bar has contracted with CalPERS for employee retirement benefits since the 1950's. Amendments to the Plan are authorized by resolution of the Board of Trustees.

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for CalPERS. That report may be obtained from the CalPERS Executive Office at 400 Q Street, Sacramento, California, 95814.

8. PENSION PLAN (Continued)

Funding Policy—State Bar employees are required to contribute 7% of their annual covered salary (less allowable CalPERS deductions). The 7% required employee contribution had been paid by the State Bar on behalf of employees since 2004. Beginning 2014, following the mandates of the Public Employee Pension Reform Act, the State Bar employees picked up the 7% required contribution. State Bar employees paid a total of $3,270,044 for the required employee contributions in 2014. The State Bar paid the required employee contributions of $2,952,757 in 2013 on the employees' behalf based on contractual agreements with it employee groups**.** In addition, the State Bar is required to contribute the remaining amounts necessary to fund the benefits for its members.

The actuarial funding method used for the Plan is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percentage of pay in each year from the age of hire (entry age) to the assumed retirement age. The State Bar's required employer contributions were 8.798% for the period of July 1, 2014 to December 31, 2014, 8.97% for the period of July 1, 2013 to June 30, 2014, 9.897% for the period of July 1, 2012 to June 30, 2013, and 10.610% for the period of January 1, 2012 to June 30, 2012. The State Bar's annual pension cost for the years ended December 31, 2014, 2013 and 2012, were $3,839,769, $4,215,091, and $4,399,908, respectively. The contribution requirements of the Plan members are established by state statute, and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost—CalPERS performs annual actuarial valuations that establish contribution rates for fiscal periods from July 1 to June 30. The State Bar's required contributions for the years ended December 31, 2014 and 2013, were determined as part of the June 30, 2013, 2012, and 2011 actuarial valuations.

The three-year trend information for the Plan is as follows:

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	$ 3,839,769	100%	$ -
12/31/13	$ 4,215,091	100%	$ -
12/31/12	$ 4,399,908	100%	$ -

A summary of principal assumptions and methods used to determine the Annual Required Contribution (ARC) is shown below. The actuarial valuation assumptions are the same for all valuations unless otherwise noted.

Valuation Date	June 30, 2009, June 30, 2010, June 30, 2011, June 30, 2012, and June 30, 2013
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions	
Investment Rate of Return	7.50% (Net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

8. PENSION PLAN (Continued)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year.

In June 2009, the CalPERS Board adopted a 3-year temporary change to the asset smoothing method and the amortization of gains and losses in order to phase in the impact of the 24% investment loss experienced by CalPERS in fiscal year 2008-2009. The following changes were adopted:

- Increase the corridor limits for the actuarial value of assets from 80%-120% of market value to 60%-140% of market value on June 30, 2009
- Reduce the corridor limits for the actuarial value
- Return to the 80%-120% of market value corridor limits for the actuarial value of assets on June 30, 2011, and thereafter
- Isolate and amortize all gains and losses during fiscal year 2008-2009, 2009-2010 and 2010-2011 over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization)

Funded Status and Funding Progress—As of June 30, 2013, the most recent actuarial valuation date, the funded status of the Plan was as follows:

Actuarial accrued liability (AAL)	$ 266,175,297
Actuarial value of plan assets	238,894,187
Unfunded actuarial accrued liability (UAAL)	$ 27,281,110
Funded ratio (actuarial value of plan assets/AAL)	89.8%
Market value of assets (MVA)	$ 238,894,187
Unfunded liability (MVA basis)	$ 27,281,110
Funds ratio (MVA basis)	89.8%
Annual covered payroll (active plan members)	$ 42,022,285
UAAL as percentage of annual covered payroll	64.9%

The schedules presented as required supplementary information following the notes to the financial statements present multi-year trend information. The Schedule of Funding Progress - Pension presents information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

9. OTHER POSTEMPLOYMENT BENEFITS ("OPEB")

Plan Description—The State Bar administers a single-employer defined benefit Post-Retirement Welfare Benefits Plan for Executive Staff Employees ("OPEB Plan"). The OPEB Plan provides postretirement health care benefits for its eligible executive staff employees. Under the provisions of the OPEB Plan, a committee ("Committee") was established to operate and administer the OPEB Plan in accordance with the terms of the OPEB Plan. The Committee is composed of the Treasurer of the Board of Trustees, the President of the Board of Trustees, and the Executive Director, or their designees.

9. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") (Continued)

For executive staff employed as of August 19, 2006, eligibility requires fifteen years of services to the State Bar as a regular employee. For employees who become executive staff after August 19, 2006, eligibility requires fifteen years of service to the State Bar as a regular employee, with at least the last ten years of service preceding retirement as an executive staff employee. The employee must also elect to receive retirement benefits effective within one hundred twenty days of retirement from State Bar employment under CalPERS. Active executive employees who are not eligible for retirement benefits are assumed to have an equal portion of the present value of the benefits attributed to each year of service from date of hire to expected retirement age. The OPEB Plan included fifty-four and fifty-nine active executive staff employees as of December 31, 2014 and 2013, respectively, and sixty-two and eighty-two retirees and beneficiaries received benefits as of December 31, 2014 and 2013, respectively. The State Bar has the right to modify plan provisions prospectively at its discretion.

On December 15, 2008, the State Bar created an irrevocable trust for the OPEB Plan ("OPEB Trust") to set aside assets to fund the cost of retiree health care benefits to eligible executive employees. The OPEB Trust is administered by the State Bar and is presented as a fiduciary fund in the State Bar's financial statements. Separate financial statements are not prepared for the OPEB Trust. In December 2012, the State Bar began to transfer funds from the OPEB Trust managed by Wells Fargo Bank to a higher-yielding California Employers' Retiree Benefit Trust ("CERBT") managed by CalPERS and, on an ongoing basis, to make annual transfers to the CERBT to pay the State Bar's Annual Required Contribution (ARC), as determined by the State Bar's actuary. The first $3 million OPEB asset transfer to CalPERS was completed in December 2012, and the remaining OPEB assets balance of $11.4 million was transferred to CalPERS in 2013. In 2014, there were no assets in the OPEB Trust. The State Bar decided to leave the trust dormant rather than terminating it so that there is flexibility to reactivate it in the future if necessary. CalPERS issues a publicly available financial report consisting of financial statements and required supplementary information for CERBT in aggregate. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95814.

Funding Policy—Contributions to the OPEB Plan are made by the State Bar at the Committee's direction. Based on actuarial valuations of the OPEB Plan as of June 30, 2013, the annual required contributions for the years ended December 31, 2014 and 2013, were $1,660,946 and $1,328,641, respectively.

Annual OPEB Cost and Net OPEB Asset—The following table shows the calculation of the annual required contribution, annual OPEB cost, the amount contributed to the OPEB Plan, and changes in the State Bar's OPEB asset.

	2014	2013
Determination of Net OPEB Asset		
Annual required contribution (ARC)	$ 1,660,946	$ 1,328,641
Interest on prior year net OPEB asset	(374,650)	(442,919)
Adjustment to ARC	427,955	455,166
Annual OPEB cost	1,714,251	1,340,888
State Bar contributions made	2,248,818	820,454
Increase/(decrease) in net OPEB asset	534,567	(520,434)
Net OPEB asset - January 1	6,244,160	6,764,594
Net OPEB asset - December 31	$ 6,778,727	$ 6,244,160

9. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") (Continued)

The following table shows the annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB asset for the last three years.

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
12/31/14	$ 1,660,946	135.4%	$ 6,778,727
12/31/13	$ 1,328,641	61.8%	$ 6,244,160
12/31/12	$ 1,328,641	332.9%	$ 6,764,594

Funded Status and Funding Progress—As of June 30, 2013, the most recent actuarial valuation date, the plan was 55.1% funded. The actuarial accrued liability for the benefits was $25.8 million and the actuarial value of assets was $14.3 million, resulting in an unfunded accrued liability of $11.6 million.

Actuarial accrued liability (AAL)	$ 25,857,708
Actuarial value of plan assets (Valuation basis: Market)	14,251,590
Unfunded actuarial accrued liability (UAAL)	$ 11,606,118
Funded ratio (actuarial value of plan assets/AAL)	55.1%
Annual covered payroll (active plan members)	$ 8,433,008
UAAL as percentage of annual covered payroll	137.6%

Actuarial Cost Method and Assumptions—Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress – Post Retirement Welfare Benefits Trust, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Projections of benefits are based on the types of benefits provided under the substantive plan (the plan as understood by the employer and plan member) at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Accordingly, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Annual required contributions for the year ended December 31, 2014 and 2013, were based on the actuarial valuation as of June 30, 2012, and annual required contributions for the year ended December 31, 2012, was based on the actuarial valuation as of January 1, 2011. The actuarial methods and significant assumptions used in both actuarial valuations are the same unless otherwise specified. The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees. In determining the annual required contribution, the unfunded actuarial accrued liability is amortized on an open basis as a level dollar amount over 30 years.

9. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") (Continued)

The actuarial valuation as of June 30, 2013, assumed a 6.0% rate of return and an annual vision cost trend rate of 4%. The trend rate started at 7.25% in calendar year 2012, graded down by 0.25% per year to an ultimate rate of 4.75% in 2079 and beyond. The actuarial valuation as of January 1, 2010, assumed a 4.5% effective annual rate of return and an annual vision cost trend rate of 4%. The January 1, 2010, actuarial valuation also assumed a medical cost trend rate of 7% in calendar year 2010, graded down by 0.5% per year to an ultimate rate of 5.93% after ten years.

10. RISK MANAGEMENT

The State Bar is exposed to various risks of loss, including those related to property loss or damage, torts, errors and omissions, employee theft, and workers' compensation. The State Bar has purchased commercial insurance for these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The State Bar's Office of General Services and Office of General Counsel review risks to which the State Bar is exposed and ensure that sufficient insurance coverage is in place.

11. COMMITMENTS AND CONTINGENCIES

Litigation—The State Bar is a defendant in various lawsuits. It is management's opinion, based on the advice of legal counsel, that the outcome of many of these matters will not have a material adverse effect on the financial position and results of operations of the State Bar. However, the outcome of certain lawsuits and tort claims related to disciplinary actions against members, attorney malpractice, and employee wrongful termination and discrimination is considered indeterminable and the range of possible loss is uncertain. As such, no provision has been recorded in the financial statements as of December 31, 2014 and 2013.

Leases—The State Bar is obligated under a non-cancelable operating lease for office space. The lease term expires in January 2014. In addition, the State Bar leases certain office space at its primary facilities in San Francisco and Los Angeles, California, to tenants under various lease agreements. As of December 31, 2014, the carrying value of the San Francisco building was $41,324,243 less accumulated depreciation of $14,493,442, and the carrying value of the Los Angeles building was $69,527,797 less accumulated depreciation of $1,286,637. Future minimum lease obligations and future minimum revenue under these non-cancelable operating leases at December 31, 2014, are as follows:

	Future Minimum Revenue	
Year Ending December 31,	**San Francisco**	**Los Angeles**
2015	$ 1,224,116	$ 396,656
2016	1,206,560	396,656
2017	1,235,323	396,656
2018	1,231,045	396,656
2019	907,692	396,656
Thereafter	1,096,373	5,898,605
	$ 6,901,109	$ 7,881,885

Expenses under operating leases for the years ended December 31, 2014 and 2013, were $381,356 and $4,168,659, respectively.

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Schedule of Funding Progress – Pension

The schedule of funding progress presents a consolidated snapshot of the State Bar's ability to meet current and future liabilities with its plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the pension plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The table below presents three-year historical information about the funding status of the pension plan:

Valuation date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2013	$ 266,175,297	$ 238,894,187	$ 27,281,110	89.8%	$ 42,022,285	64.9%
June 30, 2012	$ 254,650,670	$ 255,290,875	$ (640,205)	100.3%	$ 40,833,961	-1.6%
June 30, 2011	$ 241,540,887	$ 241,475,651	$ 65,236	100.0%	$ 43,001,298	0.2%

Schedule of Funding Progress – Post-Retirement Welfare Benefits Trust

The following table shows a schedule of funding progress required under GASB Statement No. 45.

Valuation date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2013	$ 25,857,708	$ 14,251,590	$ 11,606,118	55.1%	$ 8,433,008	137.6%
June 30, 2011	$ 22,669,821	$ 15,376,544	$ 8,293,277	63.4%	$ 6,969,210	119.0%
January 1, 2010	$ 26,590,212	$ 8,376,982	$ 18,213,230	31.5%	$ 8,347,423	218.2%

Schedule of Employer Contributions – Post-Retirement Welfare Benefits Trust

The following table shows the annual required contributions (ARC) and the percentage of ARC contributed to the OPEB Plan for the last three years.

Year Ended	Annual Required Contribution	Percent Contributed
12/31/14	$ 1,660,946	135.4%
12/31/13	$ 1,328,641	61.8%
12/31/12	$ 1,328,641	332.9%

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PROGRAM FUND DESCRIPTIONS

General Fund—The General Fund accounts for membership fees and resources of the State Bar not related to other fund activities. The General Fund also accounts for the revenues and expenses of maintaining, operating, and supporting the attorney discipline system.

Admissions Fund—The Admissions Fund accounts for fees and expenses related to administering the bar examination and other requirements for the admission to the practice of law in the State of California.

Annual Meeting Fund—The Annual Meeting Fund accounts for Annual Meeting registration fees and expenses. The Annual Meeting Fund allocates its revenue and expenses among itself, the Conference of Delegates of California Bar Associations which operates as an independent entity, and the Sections Fund.

Benefit Reserve Fund—The Benefit Reserve Fund accounts for resources set aside by the State Bar to fund the future costs of post-employment benefits other than pensions. Resources in this fund are provided by other State Bar funds in proportion to their salary expenditures.

Building Fund—The Building Fund is used to account for the State Bar's physical facilities, including purchasing, constructing and equipping furnishings, land, and buildings. Its primary source of resources is provided through rental income from tenants under various lease agreements.

Building Special Assessment Fund—The State Bar fee bill for 2009, AB 3049, was approved in 2008 by the Assembly to add a $10 building assessment fee to the base fee with other assessments. This additional fee was authorized for five years and will fund the State Bar's facilities in southern California, either with new rental space or construction or purchase of a new building. To meet the requirements of AB 3049, in November 2012, the State Bar purchased real property located at 845 South Figueroa Street in Los Angeles. In 2014, the entire fund balance in the Building Special Assessment Fund was transferred to the LA Facility Fund to finance the building improvements.

Client Security Fund—The Client Security Fund maintains funds from which members' clients can be reimbursed for pecuniary losses resulting from dishonest conduct on the part of their attorneys. Such reimbursement is discretionary and, currently, is not to exceed $100,000 per application for reimbursement on any one transaction, as prescribed by the Board of Trustees. Obligations are accrued in the statement of net positions based on final approved applications by the Client Security Fund Commission. This fund is replenished through annual assessments of $40 per active member and $10 per inactive member.

Elimination of Bias and Bar Relations Fund—The Elimination of Bias and Bar Relations Fund supports certain programs similar to those once undertaken by the Legal Services, Program Development and Bar Relations Offices. This fund is supported by a fee of $5 and is part of the annual membership fee~~s~~; however, members have the option to not remit this fee.

Equal Access Fund—Since 1999, the California Budget Act has included funds to provide free legal services in civil matters for indigent Californians. The funds are in the budget of the State Judicial Council for grants to be administered by the State Bar's Legal Services Trust Fund Commission through the Equal Access fund. The Administrative Office of the Courts contracts with the State Bar for the administration of these funds, which currently consist of grants to approximately 100 nonprofit legal aid organizations, and reimburses the State Bar for its administrative expenses.

PROGRAM FUND DESCRIPTIONS (Continued)

In 2005, the Uniform Civil Fees and Standard Fee Schedule Act (AB 145) was approved by the Legislature and the Governor. The Act established a new distribution of $4.80 per filing to the Equal Access Fund. These revenues were collected by the trial courts starting in January 2006 to fund grants to nonprofit legal aid organizations for the grant year.

Grants Fund—The Grants Fund is used to account for the various grants received and special projects undertaken by the State Bar.

Information Technology Special Assessment Fund—The Information Technology Special Assessment Fund is used to upgrade the information technology system, including purchasing and maintenance costs of both computer hardware and software. This fund is supported by a special assessment fee of $10 and is part of annual membership fees to all active members, which sunsetted after December 31, 2013.

Justice Gap Fund—The Justice Gap Fund is used to help close the justice gap for needy Californians by voluntary donations to legal aid, pursuant to AB 2301. Members may contribute more or less than the recommended donation or elect to make no donation.

L.A. Facilities Fund—Assembly Bill 3049 set an additional $10 special assessment fee beginning with the 2009 billing cycle and sunsetting by December 31, 2013. Fees collected under this provision were used to finance the construction, purchase, or lease of a facility in southern California upon the expiration of the State Bar's existing lease of a facility in Los Angeles in January 2014. In November 2012, the State Bar purchased a real property located at 845 South Figueroa Street in Los Angeles. This L.A. Facilities Fund was set up to account for all the activities related to this property.

Lawyers Assistance Program Fund—The Lawyers Assistance Program Fund was established for the protection of the public, the courts and the legal profession by providing education, remedial, and rehabilitative programs to those members of the State Bar who are in need of assistance as a result of disability related to substance abuse or mental illness. This fund is replenished through annual assessments of $10 per active member and $5 per inactive member.

Legal Education and Development Fund—The Legal Education and Development Fund uses certain monies traditionally deposited in the Lawyers Education and Development Fund for competency based education programs whose major purpose shall be to reduce the severity and frequency of professional liability claims.

Legal Services Trust Fund—The Legal Services Trust Fund is used to expand the availability and improve the quality of existing free legal services in civil matters to indigent persons and to initiate new programs that would provide such services. Under this program, interest earned on certain client trust accounts held by California attorneys is legally required to be forwarded to the State Bar and, after deduction of the State Bar's administration costs, the remainder is to be distributed as grants.

In 2014, $30 of the membership dues authorized pursuant to Section 6140.03 of the State Bar Act is allocated to the Temporary Emergency Legal Services Voluntary Assistance Option. Under the legislation, members may elect to reduce their fees by this amount if they choose not to support the activities authorized under this bill. The funding associated with the $30 optional fee will be directed to the State Bar's Legal Services Trust Fund Program for distribution to nonprofit organizations that provide free civil legal services to low-income Californians.

PROGRAM FUND DESCRIPTIONS (Continued)

Grants payable at year end represent the unpaid balance of the grants approved by the Board of Trustees for the period July 1 through June 30 of the following year. Additional revenue to fund these grants is received during the period from January 1 through June 30 of the following year.

Legal Specialization Fund—The Legal Specialization Fund accounts for the certification of legal specialists in areas of family law; criminal law, taxation law, immigration and nationality law, workers' compensation law, personal and small business bankruptcy law, estate planning, trust and probate law, and appellate law. Resources are provided by application fees, certification fees, recertification fees and annual membership fees.

Legislative Activities Fund—The Legislative Activities Fund accounts for the consideration of measures that are deemed outside the parameters established in Keller vs. the State Bar, the purview determination and any litigation in support or defense of that lobbying. Such activities are funded by members electing to support these activities. This fee of $5 is part of the membership fees; however, members have the option to not remit this fee.

Public Protection Fund—The Public Protection Fund was established to assure continuity of the State Bar's disciplinary system and its other essential public protection programs. Fund balance at year end 2014 is approximately $6.4 million, includes $4.6 million restricted cash for a security pledged with Bank of America for the L.A. building mortgage loan issued in November 2012.

State Bar Access and Education Foundation Fund—The State Bar Access and Education Foundation (the Foundation), a nonprofit public benefit corporation, conducts activities that are charitable and educational on behalf of the State Bar. The Foundation is governed by a Board of Directors that consists of the Executive Director, Deputy Executive Director and Assistant Secretary. The State Bar provides administrative services to the Foundation. Because its financial and operational relationship with the State Bar is closely integrated, the Foundation is included in the State Bar's financial statements as a blended component unit.

Sections Fund—The Sections Fund accounts for the activities of sixteen sections, which consist of specific practice areas or areas of professional interest and provides members with a vehicle for communicating with each other, educating themselves, and commenting on relevant legislation. Resources are provided through assessments of the sections' membership and revenue from seminars and workshops.

Support and Administration Fund—The Support and Administration Fund was created to account for all indirect costs. Indirect costs are those expenses that benefit multiple programs or that cannot be matched with a single program, such as General Counsel, Finance, Human Resources, Real Property Operations and Information Technology.

Technology Improvements Fund—The Technology Improvements Fund was established to fund technology projects that the State Bar had previously funded through the General Fund.

Fixed Assets Fund—The Fixed Assets Fund accounts for all completed capital assets, except for buildings which are accounted for in the Building Fund. Capital assets financed by debt or capital leases remain in the fund carrying the related obligations. When the obligations are repaid, the net book value of the related capital assets is transferred to the Fixed Assets Fund.

THE STATE BAR OF CALIFORNIA
SUPPLEMENTARY INFORMATION
PROGRAM FUNDS SCHEDULE OF NET POSITION (Continued)
DECEMBER 31, 2014

	General Fund	Admissions	Annual Meeting	Benefit Reserve	Building	Building Special Assessment
ASSETS						
Current assets						
Cash and cash equivalents	$ 27,106,960	$ 50	$ -	$ 781,036	$ 109,177	$ -
Investments	45,666,512	-	-	-	-	-
Accounts and other receivables, net of allowance for uncollectible accounts of $1,803,811	31,062	-	-	-	90,446	-
Interfund receivable	-	8,254,010	146,060	1,327,406	4,814,041	-
Other current assets	1,183,181	409,416	-	-	-	-
Total current assets	73,987,715	8,663,476	146,060	2,108,442	5,013,664	-
Noncurrent assets						
Restricted cash	-	-	-	-	-	-
Other postemployment benefits assets	-	-	-	6,778,727	-	-
Capital assets						
Nondepreciable	-	-	-	-	-	-
Depreciable, net	-	-	-	-	2,712,500	-
Total noncurrent assets	-	-	-	6,778,727	2,712,500	-
Total assets	$ 73,987,715	$ 8,663,476	$ 146,060	$ 8,887,169	$ 7,726,164	$ -
LIABILITIES						
Current liabilities						
Accounts payable and other liabilities	$ 6,091,951	$ 247,224	$ 31,797	$ -	$ 139,065	$ -
Interfund payable	50,959,273	-	-	-	-	-
Unearned fees collected in advance	13,834,330	4,733,517	-	-	80,703	-
Loans payable	-	-	-	-	-	-
Grants payable	-	-	-	-	-	-
Total current liabilities	70,885,554	4,980,741	31,797	-	219,768	-
Noncurrent liabilities						
Loans payable	-	-	-	-	-	-
Compensated absences	496,767	60,175	4,627	-	-	-
Total noncurrent liabilities	496,767	60,175	4,627	-	-	-
Total liabilities	$ 71,382,321	$ 5,040,916	$ 36,424	$ -	$ 219,768	$ -
NET POSITION						
Restricted for:						
Enabling legislation	$ -	$ -	$ -	$ -	$ 4,793,896	$ -
Other restrictions	-	3,622,560	-	8,887,169	-	-
Net invested in capital assets, net of related debt	-	-	-	-	2,712,500	-
Unrestricted	2,605,394	-	109,636	-	-	-
Total net position	$ 2,605,394	$ 3,622,560	$ 109,636	$ 8,887,169	$ 7,506,396	$ -

THE STATE BAR OF CALIFORNIA
SUPPLEMENTARY INFORMATION
PROGRAM FUNDS SCHEDULE OF NET POSITION (Continued)
DECEMBER 31, 2014

Client Security	Elimination of Bias and Bar Relations	Equal Access	Grants	Information Technology Assessment	
					ASSETS
					Current assets
$ -	$ -	$ -	$ -	$ -	Cash and cash equivalents
-	-	-	-	-	Investments
-	-	2,276,220	-	-	Accounts and other receivables, net of allowance for uncollectible accounts of $1,803,811
3,921,130	1,080,803	1,188,163	488,541	1,211,409	Interfund receivable
-	-	1,763,615	-	-	Other current assets
3,921,130	1,080,803	5,227,998	488,541	1,211,409	Total current assets
					Noncurrent assets
-	-	-	-	-	Restricted cash
-	-	-	-	-	Other postemployment benefits assets
					Capital assets
-	-	-	-	-	Nondepreciable
-	-	-	-	-	Depreciable, net
-	-	-	-	-	Total noncurrent assets
$ 3,921,130	$ 1,080,803	$ 5,227,998	$ 488,541	$ 1,211,409	Total assets
					LIABILITIES
					Current liabilities
$ 89,212	$ 34,302	$ 1,489,064	$ -	$ -	Accounts payable and other liabilities
-	-	-	-	-	Interfund payable
1,599,990	190,205	-	-	-	Unearned fees collected in advance
-	-	-	-	-	Loans payable
-	-	-	-	-	Grants payable
1,689,202	224,507	1,489,064	-	-	Total current liabilities
					Noncurrent liabilities
-	-	-	-	-	Loans payable
23,373	8,747	-	-	-	Compensated absences
23,373	8,747	-	-	-	Total noncurrent liabilities
$ 1,712,575	$ 233,254	$ 1,489,064	$ -	$ -	Total liabilities
					NET POSITION
					Restricted for:
$ 2,208,555	$ 847,549	$ 3,738,934	$ -	$ 1,211,409	Enabling legislation
-	-	-	488,541	-	Other restrictions
-	-	-	-	-	Invested in capital assets, net of related debt
-	-	-	-	-	Unrestricted
$ 2,208,555	$ 847,549	$ 3,738,934	$ 488,541	$ 1,211,409	Total net position

THE STATE BAR OF CALIFORNIA
SUPPLEMENTARY INFORMATION
PROGRAM FUNDS SCHEDULE OF NET POSITION (Continued)
DECEMBER 31, 2014

	Justice Gap Fund	Lawyers Assistance Program	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	LA Facilities	Public Protection
ASSETS								
Current assets								
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments	-	-	-	-	-	-	-	-
Accounts and other receivables, net of allowance for uncollectible accounts of $1,803,811	-	-	-	519,503	-	-	-	-
Interfund receivable	308,837	2,311,761	4,600,403	4,349,095	4,984,804	684,265	-	1,888,022
Other current assets	-	-	-	1,363,180	-	-	-	-
Total current assets	308,837	2,311,761	4,600,403	6,231,778	4,984,804	684,265	-	1,888,022
Noncurrent assets								
Restricted cash	-	-	-	-	-	-	-	4,610,000
Other postemployment benefits assets	-	-	-	-	-	-	-	-
Capital assets								
Nondepreciable	-	-	-	-	-	-	18,325,000	-
Depreciable, net	-	-	-	-	-	-	54,294,659	-
Total noncurrent assets	-	-	-	-	-	-	72,619,659	4,610,000
Total assets	$ 308,837	$ 2,311,761	$ 4,600,403	$ 6,231,778	$ 4,984,804	$ 684,265	$ 72,619,659	$ 6,498,022
LIABILITIES								
Current liabilities								
Accounts payable and other liabilities	$ -	$ 41,580	$ 9,575	$ 61,088	$ 18,340	$ 34,344	$ 234,512	$ -
Interfund payable	-	-	-	-	-	-	3,917,635	-
Unearned fees collected in advance	-	426,908	-	1,534,174	483,595	186,970	-	-
Loans payable	-	-	-	-	-	-	1,355,137	-
Grants payable	-	-	-	16,753	-	-	-	-
Total current liabilities	-	468,488	9,575	1,612,015	501,935	221,314	5,507,284	-
Noncurrent liabilities								
Loans payable	-	-	-	-	-	-	21,363,546	-
Compensated absences	-	9,440	2,767	13,711	4,369	8,758	-	-
Total noncurrent liabilities	-	9,440	2,767	13,711	4,369	8,758	21,363,546	-
Total liabilities	$ -	$ 477,928	$ 12,342	$ 1,625,726	$ 506,304	$ 230,072	$ 26,870,830	$ -
NET POSITION								
Restricted for:								
Enabling legislation	$ 308,837	$ -	$ -	$ -	$ 4,478,500	$ 454,193	$ -	$ -
Other restrictions	-	-	-	-	-	-	-	4,610,000
Invested in capital assets, net of related debt	-	-	-	-	-	-	45,748,829	-
Unrestricted	-	1,833,833	4,588,061	4,606,052	-	-	-	1,888,022
Total net position	$ 308,837	$ 1,833,833	$ 4,588,061	$ 4,606,052	$ 4,478,500	$ 454,193	$ 45,748,829	$ 6,498,022

THE STATE BAR OF CALIFORNIA
SUPPLEMENTARY INFORMATION
PROGRAM FUNDS SCHEDULE OF NET POSITION (Continued)
DECEMBER 31, 2014

SB Access & Education	Sections	Support and Administration	Technology Improvements	Fixed Asset Fund	Interfund Elimination	Total	
							ASSETS
							Current assets
$ 7,851	$ -	$ 604,048	$ -	$ -	$ -	$ 28,609,122	Cash and cash equivalents
-	-	-	-	-	-	45,666,512	Investments
-	-	4,531	-	-	-	2,921,762	Accounts and other receivables, net of allowance for uncollectible accounts of $1,803,811
-	9,148,418	-	4,595,350	-	(55,302,518)	-	Interfund receivable
-	-	900,307	-	-	-	5,619,699	Other current assets
7,851	9,148,418	1,508,886	4,595,350	-	(55,302,518)	82,817,095	Total current assets
							Noncurrent assets
-	-	-	-	-	-	4,610,000	Restricted cash
-	-	-	-	-	-	6,778,727	Other postemployment benefits assets
							Capital assets
-	-	-	-	1,212,615	-	19,537,615	Nondepreciable
-	-	-	-	24,881,968	-	81,889,127	Depreciable, net
-	-	-	-	26,094,583	-	112,815,469	Total noncurrent assets
$ 7,851	$ 9,148,418	$ 1,508,886	$ 4,595,350	$ 26,094,583	$ (55,302,518)	$ 195,632,564	Total assets
							LIABILITIES
							Current liabilities
$ -	$ 170,247	$ 917,008	$ -	$ -	$ -	$ 9,609,309	Accounts payable and other liabilities
22,062	-	403,548	-	-	(55,302,518)	-	Interfund payable
-	1,321,955	-	-	-	-	24,392,347	Unearned fees collected in advance
-	-	-	-	-	-	1,355,137	Loans payable
-	-	-	-	-	-	16,753	Grants payable
22,062	1,492,202	1,320,556	-	-	(55,302,518)	35,373,546	Total current liabilities
							Noncurrent liabilities
-	-	-	-	-	-	21,363,546	Loans payable
-	26,218	188,330	-	-	-	847,282	Compensated absences
-	26,218	188,330	-	-	-	22,210,828	Total noncurrent liabilities
$ 22,062	$ 1,518,420	$ 1,508,886	$ -	$ -	$ (55,302,518)	$ 57,584,374	Total liabilities
							NET POSITION
							Restricted for:
$ -	$ 7,629,998	$ -	$ -	$ -	$ -	$ 25,671,871	Enabling legislation
-	-	-	-	-	-	17,608,270	Other restrictions
-	-	-	-	26,094,583	-	74,555,912	Net invested in capital assets, net of related debt
(14,211)	-	-	4,595,350	-	-	20,212,137	Unrestricted
$ (14,211)	$ 7,629,998	$ -	$ 4,595,350	$ 26,094,583	$ -	$ 138,048,190	Total net position

THE STATE BAR OF CALIFORNIA
SUPPLEMENTARY INFORMATION
PROGRAM FUNDS SCHEDULE OF NET POSITION (Continued)
DECEMBER 31, 2014

	General Fund	Admissions	Annual Meeting	Benefit Reserve	Building	Building Special Assessment
OPERATING REVENUES						
Membership fees and donations	$ 65,076,951	$ 145,050	$ -	$ -	$ 1,781	$ 8,600
Examination application fees	-	18,577,436	-	-	-	-
Trust account revenue	-	-	-	-	-	-
Law practices (sections) fees	-	-	-	-	-	-
Seminar/workshop revenue	8,870	-	-	-	-	-
Advertising revenue	137,439	-	2,435	-	-	-
Convention income	-	-	663,514	-	-	-
Legal specialization fees	-	-	-	-	-	-
Law corporation registration fees	819,629	-	-	-	-	-
Continuing legal education fees	1,351,825	282,525	-	-	-	-
Grants	-	-	-	-	-	-
EAF AB145 filing fee revenue	-	-	-	-	-	-
Other	551,816	574,644	104,473	18	(7,411)	-
Total operating revenues	67,946,530	19,579,655	770,422	18	(5,630)	8,600
OPERATING EXPENSES						
Discipline and adjudication	53,454,610	-	-	-	-	-
Examination costs and administration	-	18,854,076	-	-	-	-
Grants	-	-	-	-	-	-
Law practices (sections)	-	-	-	-	-	-
CSF application payments	-	-	-	-	-	-
Communications	1,919,877	-	-	-	-	-
Administration of justice	802,387	-	-	-	-	-
Governance	2,008,274	-	-	-	-	-
Administration of the profession	3,075,323	-	-	-	-	-
Program development	2,045,192	-	-	-	-	-
General and administration	2,203,192	832,973	945,885	(39,054)	1,714,864	190
Total operating expenses	65,508,855	19,687,049	945,885	(39,054)	1,714,864	190
OPERATING INCOME/(LOSS)	2,437,675	(107,394)	(175,463)	39,072	(1,720,494)	8,410
NONOPERATING REVENUES						
Investment income/(loss)	93,405	23,569	7,842	4,321	14,293	15
Gain on disposal of capital assets	-	-	-	-	-	-
Rental income	-	-	-	-	1,431,945	-
Interest expense on loan	-	-	-	-	-	-
Total nonoperating revenues	93,405	23,569	7,842	4,321	1,446,238	15
INCOME/(LOSS) BEFORE TRANSFERS	2,531,080	(83,825)	(167,621)	43,393	(274,256)	8,425
Transfers in	549,720	-	292,454	-	2,000,000	-
Transfers out	(3,062,787)	(1,234)	-	-	(14,100,786)	(8,425)
CHANGE IN NET POSITION	18,013	(85,059)	124,833	43,393	(12,375,042)	-
NET POSITION—beginning of year	2,587,381	3,707,619	(15,197)	8,843,776	19,881,438	-
NET POSITION—end of year	$ 2,605,394	$ 3,622,560	$ 109,636	$ 8,887,169	$ 7,506,396	$ -

THE STATE BAR OF CALIFORNIA
SUPPLEMENTARY INFORMATION
PROGRAM FUNDS SCHEDULE OF NET POSITION (Continued)
DECEMBER 31, 2014

Client Security	Elimination of Bias and Bar Relations	Equal Access	Grants	Information Technology Assessment	
					OPERATING REVENUES
$ 7,581,531	$ 799,680	$ -	$ -	$ 4,887	Membership fees and donations
-	-	-	-	-	Examination application fees
-	-	-	-	-	Trust account revenue
-	-	-	-	-	Law practices (sections) fees
-	7,816	-	475	-	Seminar/workshop revenue
-	-	-	-	-	Advertising revenue
-	535	-	-	-	Convention income
-	-	-	-	-	Legal specialization fees
-	-	-	-	-	Law corporation registration fees
-	-	-	-	-	Continuing legal education fees
-	4,000	10,392,000	309,799	-	Grants
-	-	3,806,328	-	-	EAF AB145 filing fee revenue
10,281	-	498,910	-	-	Other
7,591,812	812,031	14,697,238	310,274	4,887	Total operating revenues
					OPERATING EXPENSES
-	-	-	-	-	Discipline and adjudication
-	-	-	-	-	Examination costs and administration
-	-	12,020,468	-	-	Grants
-	-	-	-	-	Law practices (sections)
8,552,566	-	-	-	-	CSF application payments
-	-	-	-	-	Communications
-	-	-	-	-	Administration of justice
-	-	-	-	-	Governance
-	-	-	-	-	Administration of the profession
-	-	-	-	-	Program development
2,427,835	1,054,087	(650,417)	51,739	-	General and administration
10,980,401	1,054,087	11,370,051	51,739	-	Total operating expenses
(3,388,589)	(242,056)	3,327,187	258,535	4,887	OPERATING INCOME/(LOSS)
					NONOPERATING REVENUES
18,418	1,646	(4,429)	-	6,855	Investment income/(loss)
-	-	-	-	-	Gain on disposal of capital assets
-	-	-	-	-	Rental income
-	-	-	-	-	Interest expense on loan
18,418	1,646	(4,429)	-	6,855	Total nonoperating revenues
(3,370,171)	(240,410)	3,322,758	258,535	11,742	INCOME/(LOSS) BEFORE TRANSFERS
4,020	781,952	-	-	1,000,000	Transfers in
(835)	(595)	-	-	(3,500,000)	Transfers out
(3,366,986)	540,947	3,322,758	258,535	(2,488,258)	CHANGE IN NET POSITION
5,575,541	306,602	416,176	230,006	3,699,667	NET POSITION—beginning of year
$ 2,208,555	$ 847,549	$ 3,738,934	$ 488,541	$ 1,211,409	NET POSITION—end of year

THE STATE BAR OF CALIFORNIA
SUPPLEMENTARY INFORMATION
PROGRAM FUNDS SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
DECEMBER 31, 2014

	Justice Gap Fund	Lawyers Assistance Program	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	LA Facilities
OPERATING REVENUES							
Membership fees and donations	$ 969,523	$ 1,994,314	$ -	$ 5,021,641	$ -	$ 782,265	$ -
Examination application fees	-	-	-	-	-	-	-
Trust account revenue	-	-	-	5,225,763	-	-	-
Law practices (sections) fees	-	-	-	-	-	-	-
Seminar/workshop revenue	-	-	-	-	-	-	-
Advertising revenue	-	-	-	-	-	-	-
Convention income	-	-	-	-	-	-	-
Legal specialization fees	-	-	-	-	2,019,085	-	-
Law corporation registration fees	-	-	-	-	-	-	-
Continuing legal education fees	-	-	-	-	28,950	-	-
Grants	-	-	-	-	-	-	-
EAF AB145 filing fee revenue	-	-	-	-	-	-	-
Other	-	-	1,724,857	-	2,534	-	-
Total operating revenues	969,523	1,994,314	1,724,857	10,247,404	2,050,569	782,265	-
OPERATING EXPENSES							
Discipline and adjudication	-	-	-	-	-	-	-
Examination costs and administration	-	-	-	-	-	-	-
Grants	-	-	-	4,808,577	-	-	-
Law practices (sections)	-	-	-	-	-	-	-
CSF application payments	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-
Administration of justice	-	-	-	-	-	-	-
Governance	-	-	-	-	-	-	-
Administration of the profession	-	-	-	-	-	-	-
Program development	-	-	-	-	-	-	-
General and administration	1,024	1,564,641	544,092	2,428,388	1,301,232	600,718	661,711
Total operating expenses	1,024	1,564,641	544,092	7,236,965	1,301,232	600,718	661,711
OPERATING INCOME/(LOSS)	968,499	429,673	1,180,765	3,010,439	749,337	181,547	(661,711)
NONOPERATING REVENUES							
Investment income/(loss)	2,236	6,006	2,359	11,358	5,552	1,556	(1,276)
Gain on disposal of capital assets	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	454,801
Interest expense on loan	-	-	-	-	-	-	-
Total nonoperating revenues	2,236	6,006	2,359	11,358	5,552	1,556	453,525
INCOME/(LOSS) BEFORE TRANSFERS	970,735	435,679	1,183,124	3,021,797	754,889	183,103	(208,186)
Transfers in	-	1,030	3,449,492	1,069,295	2,481,275	51,802	8,425
Transfers out	(1,069,295)	(3,975)	(773,850)	(105)	(1,855)	(380)	(4,283,246)
CHANGE IN NET POSITION	(98,560)	432,734	3,858,766	4,090,987	3,234,309	234,525	(4,483,007)
NET POSITION—beginning of year	407,397	1,401,099	729,295	515,065	1,244,191	219,668	50,231,836
NET POSITION—end of year	$ 308,837	$ 1,833,833	$ 4,588,061	$ 4,606,052	$ 4,478,500	$ 454,193	$ 45,748,829

THE STATE BAR OF CALIFORNIA
SUPPLEMENTARY INFORMATION
PROGRAM FUNDS SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
DECEMBER 31, 2014

Public Protection	SB Access & Education	Sections	Support and Administration	Technology Improvements	Fixed Asset Fund	Interfund Elimination	Total	
								OPERATING REVENUES
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 82,386,223	Membership fees and donations
-	-	-	-	-	-	-	18,577,436	Examination application fees
-	-	-	-	-	-	-	5,225,763	Trust account revenue
-	-	5,427,598	-	-	-	-	5,427,598	Law practices (sections) fees
-	-	1,121,088	-	-	-	-	1,138,249	Seminar/workshop revenue
-	-	35,179	-	-	-	-	175,053	Advertising revenue
-	-	513,469	-	-	-	-	1,177,518	Convention income
-	-	-	-	-	-	-	2,019,085	Legal specialization fees
-	-	-	-	-	-	-	819,629	Law corporation registration fees
-	-	-	-	-	-	-	1,663,300	Continuing legal education fees
-	5,000	-	-	-	-	-	10,710,799	Grants
-	-	-	-	-	-	-	3,806,328	EAF AB145 filing fee revenue
-	-	1,295,562	6,342	-	-	-	4,762,026	Other
-	5,000	8,392,896	6,342	-	-	-	137,889,007	Total operating revenues
								OPERATING EXPENSES
-	-	-	-	-	-	-	53,454,610	Discipline and adjudication
-	-	-	-	-	-	-	18,854,076	Examination costs and administration
-	-	-	-	-	-	-	16,829,045	Grants
-	-	8,217,778		-	-	-	8,217,778	Law practices (sections)
-	-	-	-	-	-	-	8,552,566	CSF application payments
-	-	-	-	-	-	-	1,919,877	Communications
-	-	-	-	-	-	-	802,387	Administration of justice
-	-	-	-	-	-	-	2,008,274	Governance
-	-	-	-	-	-	-	3,075,323	Administration of the profession
-	-	-	-	-	-	-	2,045,192	Program development
-	452	-	(164,582)	455,860	1,139,308	-	17,074,138	General and administration
-	452	8,217,778	(164,582)	455,860	1,139,308	-	132,833,266	Total operating expenses
-	4,548	175,118	170,924	(455,860)	(1,139,308)	-	5,055,741	OPERATING INCOME/(LOSS)
								NONOPERATING REVENUES
4,475	-	25,120	(517)	5,924	-	-	228,728	Investment income/(loss)
-	-	-	-	-	-	-	-	Gain on disposal of capital assets
-	-	-	-	-	-	-	1,886,746	Rental income
-	-	-	-	-	-	-	-	Interest expense on loan
4,475	-	25,120	(517)	5,924	-	-	2,115,474	Total nonoperating revenues
4,475	4,548	200,238	170,407	(449,936)	(1,139,308)	-	7,171,215	INCOME/(LOSS) BEFORE TRANSFERS
-	-	5,975	500	3,500,000	12,027,578	27,223,518	54,447,036	Transfers in
-	-	(10,700)	(170,907)	(234,543)	-	(27,223,518)	(54,447,036)	Transfers out
4,475	4,548	195,513	-	2,815,521	10,888,270	-	7,171,215	CHANGE IN NET POSITION
6,493,547	(18,759)	7,434,485	-	1,779,829	15,206,313	-	130,876,975	NET POSITION—beginning of year
$ 6,498,022	$ (14,211)	$ 7,629,998	$ -	$ 4,595,350	$ 26,094,583	$ -	$ 138,048,190	NET POSITION—end of year

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