



THE STATE BAR OF CALIFORNIA

OFFICE OF FINANCE

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MEMORANDUM

DATE: November 2, 2015
TO: Members, Planning and Budget Committee
Members, Board of Trustees
FROM: Christine Wong, Finance Director
SUBJECT: Financial Statements for the Third Quarter Ended September 30, 2015

Attached for your review are the 2015 third quarter financial statements for the State Bar of California. The statements include:

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

Statement of Assets, Liabilities & Net Assets – All Funds:

This statement reports the Bar's assets, liabilities and net assets. For the quarter ended September 30, 2015, the Bar's total assets are \$202.2 million, liabilities are \$29.2 million, and net assets are \$173.0 million.

Assets - Compared to the same reporting period in 2014, the Bar's total assets are up by \$10.5 million or 6.0%. The increase is due to a combination of 1) a \$6.2 million net increase in cash and investment; 2) a \$8.1 million net increase in other assets; and 3) partially offset by a \$3.8 million decrease in capital assets due to normal depreciation.

Cash and investments 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 quarter ended September 30, 2015, the combined cash and investment balance is \$85 million, a \$6.2 million or 7.9% increase from \$78.8 million in 2014. The higher cash balance in 2015 is due to increase of operating revenues resulting from two settlement grants received from Bank of America and CitiGroup for IOLTA organizations. In addition, the cash balance in 2014 was lower than other normal years due primarily to the capital spending on the new facility in Los Angeles.

The State Bar's capital assets consist of land, buildings, building improvements, office equipment, furniture and fixtures, net of accumulated depreciation. Net capital assets balance as of September 30, 2015 is \$98.7 million, a \$3.8 million decrease compared to \$102.5 million last year due to normal depreciation.

Other assets consisted of interest receivable, prepayments, grant receivable, other receivables, and the Other Postemployment Benefits Obligation (OPEB) asset. The combined balance of other assets for the reporting quarter is \$18.5 million, a \$8.0 million or 76% increase compared to \$10.5 million last year. The increase is due primarily to the annual contribution made to the OPEB asset in 2014 and 2015 and due to recording of EAF grant receivable.

Liabilities - The Bar's total liabilities consist of accounts payable to vendor accounts, grants payable, loans payable, and employee vacation and sick leave accruals. As of September 30, 2015, State Bar's total liabilities are \$29.2 million, down slightly by \$2.4 million or 7.6% compared to \$31.6 million in 2014. The decrease is largely due to scheduled mortgage loan payments for the Los Angeles building.

Net Assets - The Bar's net assets/net positions consist of restricted net position, net investments in capital assets, and unrestricted net position. As of September 30, 2015, the Bar's net assets are \$ 173.0 million, up by \$12.8 million or 8.0% compared to \$ 160.2 million in 2014. Increases in net assets represents the excess of revenues over expenses from various programs. All program funds maintain positive net positions except for the State Bar Access and Education Foundation. This Foundation will be closed by end of the fiscal year.

Statement of Assets, Liabilities & Net Assets – General Fund

The General Fund, the Bar's largest operating fund, has assets of \$79 million, liabilities of \$56.4 million and net assets of \$22.6 million as of September 30, 2015. The General Fund's total assets are up by \$5 million compared to last year, due largely to the increase in cash and investments as a result of the two settlement grants received per explanation above. The General Fund's combined cash and investment balance for the reporting quarter is \$78.7 million, up by \$5.6 million compared to \$73.1 million in 2014. The cash balance in 2014 was lower than average due largely to capital spending on the new facility in Los Angeles.

General Fund total liabilities are up by \$4.8 million compared to last year due to the increase in inter-fund payables. Inter-fund payables represent the amounts the General Fund holds on behalf of each individual restricted fund. These balances are eliminated during the consolidation process and they do not impose any fiscal impacts to the State Bar's financial statements.

General Fund net assets for the reporting quarter are \$22.6 million. Surplus for the reporting quarter is \$20 million. It should be noted, however, that this surplus results from the fact that virtually all of the Bar's membership fee revenue is received in the first half of the year while expenditures are incurred throughout the year.

Statement of Revenue, Expenses and Changes in Net Assets – All Funds

This statement reports the Bar's revenues, expenses, excess/(deficit) of revenues over expenses and changes in net assets. For the third quarter ended September 30, 2015, the Bar's total revenues (operating and non-operating) are \$138.4 million, and expenses are \$109.9 million, and the excess of revenues over expenditures for the reported quarter is \$28.6 million.

Total operating revenues for all programs for the quarter ended are \$ 143.2 million, up by \$ 16.9 million compared to \$126.3 million in 2014. The increase is due to a combination of 1) a \$2.8 million increase in membership revenues as a result of the \$10 increase in the optional contribution to legal services and normal growth in the membership due to new admittees; 2) a 6.4 million increase in EAF grant revenue due to change of grant year in 2014; 3) a \$ 1.6 million increase in other programs due to increases in application fees and seminar workshop revenues; and 4) a \$6.1 million increase in other revenue related to two IOLTA settlement grants received from Bank of America and CitiGroup as explained above. Pursuant to the terms of its settlement with the US Department of Justice, the Legal Services Trust Fund Program (as the administrator of IOLTA funds in California) was granted the sum of \$6.1 million for re-granting to IOLTA organizations for two allowable grant purposes: 1) foreclosure prevention legal assistance; and, 2) community redevelopment legal assistance. In response to request for proposals, the LSTF Commission is currently reviewing all submitted applications and the selection process will begin in December. Awards will be announced and funds released for grants that will incept January 2016.

The Bar's total operating expenses for all programs are \$109.9 million, up by \$11.2 million or 11.4% compared to \$98.7 million in 2014. The increase is due to a combination of 1) a \$11 million increase in grant expenses due to a modification of the IOLTA grant year to align the grant year with the calendar year in 2014; 2) a \$2.9 million increase in general operation due to higher operating expenses and personnel costs as a result of step increases and cost of living adjustment; and 3) these increase are partially offset by a \$2.7 million decrease in Client Security Fund (CSF) application payouts. The CSF application payout in 2014 was higher than a normal year as a result of the Board's decision in 2013 to devote additional financial resources to mitigate the pending application waiting time. The CSF application payout in 2015 has resumed to normal operating level after the extraordinarily high payout levels in 2013 and 2014.

Budget to Actual Comparison - General Fund

Each quarter, a budget to actual comparison report for the General Fund is prepared. This statement is designed to provide the Board with information about how the actual performance of the General Fund's revenues and expenses compares with prior year and the anticipated

(budgeted) results. The report includes a quarterly budget comparison as well as year to date and prior year comparison.

Compared to 2014, the General Fund's total operating revenues for the reported quarter are \$68.6 million, up by \$1.1 million, or 1.7% compared to \$67.5 million in 2014. The increase is due to an increase in membership dues revenue from normal membership growth. The General Fund's total operating expenses for the quarter ended are \$48.6 million, slightly up by \$0.4 million or 0.9% compared to \$48.2 million in 2014.

Compared to the budget, the General Fund's total revenues for the reported quarter are \$68.6 million, reflecting an insignificant favorable variance of \$1.1 million or 1.6% compared to the year-to-date budget of \$67.5 million. The variance is due largely to higher late payment penalties received in 2015. There were more members paid on time in 2014 than 2015.

The General Fund's total expenditures for the reported quarter are \$48.6 million with a \$6.6 million favorable variance compared to the year-to-date budget of \$55.2 million. Personnel savings and related benefit costs are the primary reasons expenses are below budget.

In 2015, indirect costs to programs are allocated at cost center level rather than fund level as previously presented in 2014. The purpose of this change is to provide a greater level of transparency to report the true functional costs with both direct and indirect costs in the General Fund. As a result of this change, transitory variances occurred at the functional level. This situation will self-correct in 2016.

Implementation of New Accounting Standards:

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for fiscal years beginning after June 15, 2014. For 2015 year-end financial statements, staff will implement this new accounting standard and recognize the pension liability as required under GASB. Staff is currently evaluating the net pension liability and potential impacts to the financial statement of the State Bar. The final result will be reported to the Board in early 2016. Staff expects that GASB No. 68 will have a significant impact on recorded pension liability compared to the current standard.

New Fund Structure:

On October 11, 2015, the Board adopted a new fund structure as a result of an independent assessment of the Bar's existing fund structure. This quarterly financial statements are presented under the previous quarter's format. Staff will implement the new fund structure for financial reporting in next quarter.

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

The State Bar of California
Statement of Assets, Liabilities and Net Assets - All Funds
As of September 30, 2015

Attachment 1

	General Fund	Restricted Funds	Fixed Asset Fund	Interfund Elimination	YTD Total All Fund September 2015	YTD Total All Fund September 2014	Change
ASSETS							
Cash	38,464,584	6,285,191	-	-	44,749,775	30,056,202	14,693,573
Investments	40,209,077	-	-	-	40,209,077	48,714,896	(8,505,819)
Accounts Receivable (net of allowances)	49,663	8,264,169	-	-	8,313,832	2,412,355	5,901,477
Interfund Receivable	-	60,051,131	-	(60,051,131)	-	-	-
Capital Assets (net of depreciation)	-	73,859,347	24,879,942	-	98,739,289	102,522,156	(3,782,867)
OPEB Investment	-	9,028,727	-	-	9,028,727	6,244,160	2,784,567
Other Assets	249,258	930,900	-	-	1,180,158	1,804,400	(624,242)
TOTAL ASSETS	78,972,582	158,419,465	24,879,942	(60,051,131)	202,220,858	191,754,169	10,466,689
LIABILITIES AND NET ASSETS							
Accounts Payable and Accrued Liabilities	4,998,261	2,404,579	-	-	7,402,840	8,279,442	(876,602)
Interfund Payable	51,363,134	8,687,997	-	(60,051,131)	-	-	-
Unearned Income	-	80,753	-	-	80,753	251,978	(171,225)
Grants Payable	-	16,753	-	-	16,753	16,753	-
Obligations under Debt Agreements	-	21,707,752	-	-	21,707,752	23,053,368	(1,345,616)
TOTAL LIABILITIES	56,361,395	32,897,834	-	(60,051,131)	29,208,098	31,601,541	(2,393,443)
NET ASSETS							
Net Assets at Beginning of Year	2,605,394	109,348,213	26,094,583	-	138,048,190	130,876,975	7,171,215
Current Operating Excess/(Deficit)	20,005,793	16,173,418	(1,214,641)	-	34,964,570	29,275,653	5,688,917
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-
TOTAL NET ASSETS	22,611,187	125,521,631	24,879,942	-	173,012,760	160,152,628	12,860,132
TOTAL LIABILITIES & NET ASSETS	78,972,582	158,419,465	24,879,942	-	202,220,858	191,754,169	10,466,689

The State Bar of California
Statement of Assets, Liabilities and Net Assets - General Fund
As of September 30, 2015

Attachment 2

	<u>Year to Date Total September 2015</u>	<u>Year to Date Total September 2014</u>	<u>Change</u>
ASSETS			
Cash	38,464,584	24,335,487	14,129,097
Accounts Receivable (net of allowances)	49,663	191,915	(142,252)
Investments	40,209,077	48,714,896	(8,505,819)
Other Assets	249,258	798,760	(549,502)
TOTAL ASSETS	<u><u>78,972,582</u></u>	<u><u>74,041,058</u></u>	<u><u>4,931,524</u></u>
 LIABILITIES AND NET ASSETS			
Accounts Payable and Accrued Liabilities	4,998,261	5,925,224	(926,963)
Interfund Payable	51,363,134	45,658,222	5,704,912
TOTAL LIABILITIES	<u><u>56,361,395</u></u>	<u><u>51,583,446</u></u>	<u><u>4,777,949</u></u>
 NET ASSETS			
Net Assets at Beginning of Year	2,605,394	2,587,381	18,013
Current Operating Excess/(Deficit)	20,005,793	19,870,231	135,562
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-
TOTAL NET ASSETS	<u><u>22,611,187</u></u>	<u><u>22,457,612</u></u>	<u><u>153,575</u></u>
 TOTAL LIABILITIES & NET ASSETS	<u><u>78,972,582</u></u>	<u><u>74,041,058</u></u>	<u><u>4,931,524</u></u>

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of September 30, 2015

Attachment 3
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	Admissions	Annual Meeting	Benefit Reserve	Building	Client Security	Elimination of Bias	Equal Access	Grants	Info Tech Special Assess	Justice Gap	Lawyers Assistance Program	Total A-L
ASSETS												
Cash	50	-	781,036	49,905	-	-	-	-	-	-	-	830,991
Accounts Receivable (net of allowances)	-	-	-	11,771	-	-	7,732,895	-	-	-	-	7,744,666
Interfund Receivable	6,331,529	274,088	-	4,372,550	4,618,508	894,662	-	391,122	1,215,250	913,170	2,730,909	21,741,788
Capital Assets (net of depreciation)	-	-	-	2,716,758	-	-	-	-	-	-	-	2,716,758
OPEB Assets	-	-	9,028,727	-	-	-	-	-	-	-	-	9,028,727
Other Assets	212,976	-	-	-	-	-	-	-	-	-	-	212,976
TOTAL ASSETS	6,544,555	274,088	9,809,763	7,150,984	4,618,508	894,662	7,732,895	391,122	1,215,250	913,170	2,730,909	42,275,906
LIABILITIES AND NET ASSETS												
Accounts Payable and Accrued Liabilities	287,968	24,785	-	157,764	106,350	41,322	-	-	-	-	52,558	670,747
Interfund Payable	-	-	921,527	-	-	-	3,794,201	-	-	-	-	4,715,728
Unearned Income	50	-	-	80,703	-	-	-	-	-	-	-	80,753
Grants Payable	-	-	-	-	-	-	-	-	-	-	-	-
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	288,018	24,785	921,527	238,467	106,350	41,322	3,794,201	-	-	-	52,558	5,467,228
NET ASSETS												
Net Assets at Beginning of Year	3,622,560	109,636	8,887,169	7,506,396	2,208,555	847,549	3,738,934	488,541	1,211,409	308,837	1,833,833	30,763,419
Current Operating Excess/(Deficit)	2,633,977	139,667	1,067	(593,879)	2,303,603	5,791	199,760	(97,419)	3,841	604,333	844,518	6,045,259
TOTAL NET ASSETS/(DEFICITS)	6,256,537	249,303	8,888,236	6,912,517	4,512,158	853,340	3,938,694	391,122	1,215,250	913,170	2,678,351	36,808,678
TOTAL LIABILITIES & NET ASSETS	6,544,555	274,088	9,809,763	7,150,984	4,618,508	894,662	7,732,895	391,122	1,215,250	913,170	2,730,909	42,275,906

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of September 30, 2015

Attachment 3
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	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	LA Facility	Public Protection	SB Access & Education	Sections	Support & Administration	Technology improvement	Total L-T	Total A-L	All Restricted Funds
ASSETS													
Cash	-	-	-	-	-	4,610,000	7,319	-	836,881	-	5,454,200	830,991	6,285,191
Accounts Receivable (net of allowances)	-	519,503	-	-	-	-	-	-	-	-	519,503	7,744,666	8,264,169
Interfund Receivable	4,941,581	10,102,848	6,055,866	765,061	-	1,891,632	-	10,449,388	-	4,102,967	38,309,343	21,741,788	60,051,131
Capital Assets (net of depreciation)	-	-	-	-	71,142,589	-	-	-	-	-	71,142,589	2,716,758	73,859,347
OPEB Investments	-	-	-	-	-	-	-	-	-	-	-	9,028,727	9,028,727
Other Assets	-	-	-	-	-	-	-	(49,765)	767,689	-	717,924	212,976	930,900
TOTAL ASSETS	4,941,581	10,622,351	6,055,866	765,061	71,142,589	6,501,632	7,319	10,399,623	1,604,570	4,102,967	116,143,559	42,275,906	158,419,465
LIABILITIES AND NET ASSETS													
Accounts Payable and Accrued Liabilities	11,215	70,844	30,401	45,469	196,612	-	-	143,334	1,235,957	-	1,733,832	670,747	2,404,579
Interfund Payable	-	-	-	-	3,581,594	-	22,062	-	368,613	-	3,972,269	4,715,728	8,687,997
Unearned Income	-	-	-	-	-	-	-	-	-	-	-	80,753	80,753
Grants Payable	-	16,753	-	-	-	-	-	-	-	-	16,753	-	16,753
Obligations under Debt Agreements	-	-	-	-	21,707,752	-	-	-	-	-	21,707,752	-	21,707,752
TOTAL LIABILITIES	11,215	87,597	30,401	45,469	25,485,958	-	22,062	143,334	1,604,570	-	27,430,606	5,467,228	32,897,834
NET ASSETS													
Net Assets at Beginning of Year	4,588,061	4,606,052	4,478,500	454,193	45,748,829	6,498,022	(14,211)	7,629,998	-	4,595,350	78,584,794	30,763,419	109,348,213
Current Operating Excess/(Deficit)	342,305	5,928,702	1,546,965	265,399	(92,198)	3,610	(532)	2,626,291	-	(492,383)	10,128,159	6,045,259	16,173,418
TOTAL NET ASSETS/(DEFICITS)	4,930,366	10,534,754	6,025,465	719,592	45,656,631	6,501,632	(14,743)	10,256,289	-	4,102,967	88,712,953	36,808,678	125,521,631
TOTAL LIABILITIES & NET ASSETS	4,941,581	10,622,351	6,055,866	765,061	71,142,589	6,501,632	7,319	10,399,623	1,604,570	4,102,967	116,143,559	42,275,906	158,419,465

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - All Funds
For the Nine Months Ending September 30, 2015

Attachment 4

	General Fund	Restricted Funds	Fixed Asset Funds	Interfund Elimination	Total All Funds Year to Date September-15	Total All Funds Year to Date September-14	Change	Percentage Change
OPERATING REVENUES								
Membership Fees, Voluntary Contributions	65,591,289	18,416,710	-	-	84,007,999	81,213,379	2,794,620	3.44%
Convention Income	-	931,591	-	-	931,591	1,002,061	(70,470)	-7.03%
Law Corporation Registration Fees	824,859	-	-	-	824,859	794,568	30,291	3.81%
Continuing Legal Education Fees	1,083,743	149,116	-	-	1,232,859	1,337,905	(105,046)	-7.85%
Law Practices Sections Fees	-	5,865,220	-	-	5,865,220	5,366,089	499,131	9.30%
Grant Revenue	15,000	10,493,700	-	-	10,508,700	6,025,399	4,483,301	74.41%
Trust Account Revenue	-	4,090,285	-	-	4,090,285	3,927,270	163,015	4.15%
EAF AB 145 Filing Fee Revenue	-	4,194,488	-	-	4,194,488	2,500,505	1,693,983	67.75%
MJP Fees	509,505	-	-	-	509,505	586,300	(76,795)	-13.10%
Examination Application Fees	-	18,164,136	-	-	18,164,136	17,370,741	793,395	4.57%
Legal Specialization Fees	-	2,433,359	-	-	2,433,359	1,941,125	492,234	25.36%
Seminar/Workshop Revenue	20,740	1,264,226	-	-	1,284,966	751,352	533,614	71.02%
CalBar Journal Revenue	103,352	47,722	-	-	151,074	136,205	14,869	10.92%
Other Revenue	397,991	8,647,462	-	-	9,045,453	3,323,042	5,722,411	172.20%
Total Operating Revenue	68,546,479	74,698,015	-	-	143,244,494	126,275,941	16,968,553	13.44%
OPERATING EXPENSES								
Discipline and Adjudication	40,044,419	-	-	-	40,044,419	28,449,083	11,595,336	40.76%
Grant Expenses	-	24,569,344	-	-	24,569,344	13,576,261	10,993,083	80.97%
Administration of Justice	578,238	-	-	-	578,238	485,049	93,189	19.21%
Governance	1,162,874	-	-	-	1,162,874	1,672,424	(509,550)	-30.47%
Administration of the Profession	2,355,116	-	-	-	2,355,116	1,773,742	581,374	32.78%
Program Development	1,626,821	-	-	-	1,626,821	1,022,611	604,210	59.09%
Communications	1,347,810	-	-	-	1,347,810	1,195,847	151,963	12.71%
Examination costs and administration	-	16,203,801	-	-	16,203,801	14,399,785	1,804,016	12.53%
Claims (net of reimbursements)	-	3,580,552	-	-	3,580,552	6,329,252	(2,748,700)	-43.43%
Law Practices (Sections)	-	5,624,677	-	-	5,624,677	5,275,227	349,450	6.62%
General and Administrative costs	-	9,341,954	1,214,641	-	10,556,595	11,417,486	(860,891)	-7.54%
Interest Expense on Loan	-	715,283	-	-	715,283	671,700	43,583	6.49%
Indirect Costs - Support & Admin	1,503,956	-	-	-	1,503,956	12,409,844	(10,905,888)	-87.88%
Total Operating Expenses	48,619,234	60,035,611	1,214,641	-	109,869,486	98,678,311	11,191,175	11.34%
OPERATING INCOME/(LOSS)	19,927,245	14,662,404	(1,214,641)	-	33,375,008	27,597,630	5,777,378	20.93%
NON-OPERATING REVENUE								
Investment Income	81,160	123,615	-	-	204,775	195,097	9,678	4.96%
Rental Income	-	1,384,787	-	-	1,384,787	1,482,926	(98,139)	-6.62%
Total Non-Operating Revenue	81,160	1,508,402	-	-	1,589,562	1,678,023	(88,461)	-5.27%
INCOME/(LOSS) BEFORE TRANSFERS	20,008,405	16,170,806	(1,214,641)	-	34,964,570	29,275,653	5,688,917	19.43%
Transfer in From Legal Edu & Dev.	-	-	-	400,000	-	-	-	0.00%
Transfer Out To LSTF	-	-	-	(400,000)	-	-	-	0.00%
Interfund Transaction - Revenue	47,601	35,347	-	82,948	-	-	-	0.00%
Interfund Transaction - Expense	(50,213)	(32,735)	-	(82,948)	-	-	-	0.00%
Change in Net Position	20,005,793	16,173,418	(1,214,641)	-	34,964,570	29,275,653	5,688,917	19.43%
CHANGES IN NET ASSETS								
Net Assets at beginning of year	2,605,394	109,348,213	26,094,583	-	138,048,190	130,876,975	7,171,215	5.48%
Transfer of Fixed Assets to Fixed Asset Fund	-	-	-	-	-	-	-	0.00%
NET ASSETS AS OF SEPTEMBER 30, 2015	22,611,187	125,521,631	24,879,942	-	173,012,760	160,152,628	12,860,132	8.03%

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - General Fund
For the Nine Months Ending September 30, 2015

Attachment 5

	Year to Date September 2015	Year to Date September 2014	Change
OPERATING REVENUES			
Membership Fee, Voluntary Contributions and Attorney Applications	65,591,289	64,469,024	1,122,265
Law Corporation Registration Fees	824,859	794,568	30,291
Continuing Legal Education Fees	1,083,743	1,174,650	(90,907)
Seminar/Workshop Revenue	20,740	8,870	11,870
CalBar Journal Revenue	103,352	101,026	2,326
MJP Fees	509,505	473,700	35,805
Grant Revenue	15,000	-	15,000
Other Revenue	397,991	433,370	(35,379)
Total Operating Revenue	68,546,479	67,455,208	1,091,271
OPERATING EXPENSES			
Discipline	40,044,419	28,449,083	11,595,336
Administration of Justice	578,238	485,049	93,189
Governance	1,162,874	1,672,424	(509,550)
Administration of the Profession	2,355,116	1,773,742	581,374
Program Development	1,626,821	1,022,611	604,210
Communications	1,347,810	1,195,847	151,963
Indirect Costs - Support & Admin	1,503,956	13,562,713	(12,058,757)
Total Operating Expenses	48,619,234	48,161,469	457,765
OPERATING INCOME/(LOSS)	19,927,245	19,293,739	633,506
NON-OPERATING REVENUE			
Investment Income	81,160	82,690	(1,530)
Total Non-Operating Revenue	81,160	82,690	(1,530)
INCOME/(LOSS) BEFORE TRANSFERS	20,008,405	19,376,429	631,976
Transfer In From A&I Fund	-	500,000	(500,000)
Interfund Transaction - Revenue	47,601	49,580	(1,979)
Interfund Transaction - Expense	(50,213)	(55,778)	5,565
Change in Net Position	20,005,793	19,870,231	135,562
NET ASSETS			
Net Assets at beginning of year	2,605,394	2,587,381	18,013
NET ASSETS AS OF SEPTEMBER 30, 2015	22,611,187	22,457,612	153,575

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Nine Months Ending September 30, 2015

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	Admissions	Annual Meeting	Benefit Reserve	Building	Client Security	Elimination of Bias	Equal Access	Grants	Info Tech Special Assess	Justice Gap	Lawyers Assistance Program	Total A-L
REVENUE												
Membership Fees & Voluntary Dues	119,352	-	-	4,668	7,682,028	779,400	-	-	1,523	613,505	2,020,210	11,220,686
Investment Income	19,885	4,185	1,067	9,824	13,289	1,875	1,079	-	2,318	1,536	5,857	60,915
Convention Income	-	528,945	-	-	-	-	-	-	-	-	-	528,945
Continuing Legal Education Fees	136,136	-	-	-	-	-	-	-	-	-	-	136,136
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Rental Income	-	-	-	1,005,786	-	-	-	-	-	-	-	1,005,786
Grant Revenue	-	-	-	-	-	4,000	10,392,000	87,700	-	-	-	10,483,700
Trust Account Revenue	-	-	-	-	-	-	-	-	-	-	-	-
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	4,194,488	-	-	-	-	4,194,488
Exam Application & Moral Character Fees	18,164,136	-	-	-	-	-	-	-	-	-	-	18,164,136
Legal Specialization Fees	-	-	-	-	-	-	-	-	-	-	-	-
Seminar/Workshop Revenue	-	-	-	-	-	3,045	-	-	-	-	-	3,045
Advertising Revenue	-	4,000	-	-	-	-	-	-	-	-	-	4,000
Other Revenue	399,499	29,927	-	-	11,348	-	243,457	-	-	-	-	684,231
TOTAL REVENUE	18,839,008	567,057	1,067	1,020,278	7,706,665	788,320	14,831,024	87,700	3,841	615,041	2,026,067	46,486,068
EXPENSES												
Grants	-	-	-	-	-	-	14,315,056	180,000	-	-	-	14,495,056
Examination Costs and Administration	16,203,801	-	-	-	-	-	-	-	-	-	-	16,203,801
CSF Application (net of reimbursement)	-	-	-	-	3,580,552	-	-	-	-	-	-	3,580,552
Law Practices (Sections)	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense on Loan	-	-	-	-	-	-	-	-	-	-	-	-
General and Administrative	-	455,667	-	1,614,157	1,825,445	781,934	316,208	5,119	-	10,708	1,181,124	6,190,362
TOTAL EXPENSES	16,203,801	455,667	-	1,614,157	5,405,997	781,934	14,631,264	185,119	-	10,708	1,181,124	40,469,771
INCOME/(LOSS) BEFORE TRANSFERS	2,635,207	111,390	1,067	(593,879)	2,300,668	6,386	199,760	(97,419)	3,841	604,333	844,943	6,016,297
Transfer in From Legal Edu & Dev.	-	-	-	-	-	-	-	-	-	-	-	-
Transfer Out To LSTF	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Transaction - Revenue	-	28,277	-	-	4,120	-	-	-	-	-	1,050	33,447
Interfund Transaction - Expense	(1,230)	-	-	-	(1,185)	(595)	-	-	-	-	(1,475)	(4,485)
Change in Net Position	2,633,977	139,667	1,067	(593,879)	2,303,603	5,791	199,760	(97,419)	3,841	604,333	844,518	6,045,259
CHANGES IN NET ASSETS												
Net Assets at beginning of year	3,622,560	109,636	8,887,169	7,506,396	2,208,555	847,549	3,738,934	488,541	1,211,409	308,837	1,833,833	30,763,419
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS AS OF SEPTEMBER 30, 2015	6,256,537	249,303	8,888,236	6,912,517	4,512,158	853,340	3,938,694	391,122	1,215,250	913,170	2,678,351	36,808,678

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Nine Months Ending September 30, 2015

Attachment 6
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	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	LA Facility	Public Protection	SB Access & Education	Sections	Support & Administration	Technology Improvement	Total L-T	Total A-L	All Restricted Funds
REVENUE													
Membership Fees & Voluntary Dues	-	6,437,164	-	758,860	-	-	-	-	-	-	7,196,024	11,220,686	18,416,710
Investment Income	7,921	15,071	9,809	1,727	(5,054)	3,610	-	21,934	(774)	8,456	62,700	60,915	123,615
Convention Income	-	-	-	-	-	-	-	402,646	-	-	402,646	528,945	931,591
Continuing Legal Education Revenue	-	-	12,980	-	-	-	-	-	-	-	12,980	136,136	149,116
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	5,865,220	-	-	5,865,220	-	5,865,220
Rental Income	-	-	-	-	379,001	-	-	-	-	-	379,001	1,005,786	1,384,787
Grant Revenue	-	-	-	-	-	-	10,000	-	-	-	10,000	10,483,700	10,493,700
LSTF Trust Account Revenue	-	4,090,285	-	-	-	-	-	-	-	-	4,090,285	-	4,090,285
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	4,194,488	4,194,488
Exam Application & Moral Character Fees	-	-	-	-	-	-	-	-	-	-	-	18,164,136	18,164,136
Legal Specialization Fees	-	-	2,433,359	-	-	-	-	-	-	-	2,433,359	-	2,433,359
Seminar/Workshop Revenue	-	-	-	-	-	-	-	1,261,181	-	-	1,261,181	3,045	1,264,226
Advertising Revenue	-	-	-	-	-	-	-	43,722	-	-	43,722	4,000	47,722
Other Revenue	1,210,899	6,085,197	1,714	-	-	-	-	661,565	3,856	-	7,963,231	684,231	8,647,462
TOTAL REVENUE	1,218,820	16,627,717	2,457,862	760,587	373,947	3,610	10,000	8,256,268	3,082	8,456	29,720,349	46,486,068	76,206,417
EXPENSES													
Grants	-	10,064,288	-	-	-	-	10,000	-	-	-	10,074,288	14,495,056	24,569,344
Examination costs and Administration	-	-	-	-	-	-	-	-	-	-	-	16,203,801	16,203,801
Claims (net of reimbursement)	-	-	-	-	-	-	-	-	-	-	-	3,580,552	3,580,552
Law Practices (Sections)	-	-	-	-	-	-	-	5,624,677	-	-	5,624,677	-	5,624,677
Interest Expense on Loan	-	-	-	-	715,283	-	-	-	-	-	715,283	-	715,283
General and Administrative	461,515	1,034,622	910,642	494,808	(249,138)	-	532	-	(2,228)	500,839	3,151,592	6,190,362	9,341,954
TOTAL EXPENSES	461,515	11,098,910	910,642	494,808	466,145	-	10,532	5,624,677	(2,228)	500,839	19,565,840	40,469,771	60,035,611
INCOME/(LOSS) BEFORE TRANSFERS	757,305	5,528,807	1,547,220	265,779	(92,198)	3,610	(532)	2,631,591	5,310	(492,383)	10,154,509	6,016,297	16,170,806
Transfer in From Legal Edu & Dev.	-	400,000	-	-	-	-	-	-	-	-	400,000	-	400,000
Transfer Out To LSTF	(400,000)	-	-	-	-	-	-	-	-	-	(400,000)	-	(400,000)
Interfund Transaction - Revenue	-	-	1,800	-	-	-	-	100	-	-	1,900	33,447	35,347
Interfund Transaction - Expense	(15,000)	(105)	(2,055)	(380)	-	-	-	(5,400)	(5,310)	-	(28,250)	(4,485)	(32,735)
Change in Net Position	342,305	5,928,702	1,546,965	265,399	(92,198)	3,610	(532)	2,626,291	-	(492,383)	10,128,159	6,045,259	16,173,418
CHANGES IN NET ASSETS													
Net Assets at beginning of year	4,588,061	4,606,052	4,478,500	454,193	45,748,829	6,498,022	(14,211)	7,629,998	-	4,595,350	78,584,794	30,763,419	109,348,213
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS AS OF SEPTEMBER 30, 2015	4,930,366	10,534,754	6,025,465	719,592	45,656,631	6,501,632	(14,743)	10,256,289	-	4,102,967	88,712,953	36,808,678	125,521,631

The State Bar of California
Budget to Actual Comparison - General Fund
For the Nine Months Ending September 30, 2015

Attachment 7

	Sept 2015 Year to Date Actual	Sept 2015 Year to Date Budget	Variance Favorable (Unfavorable)	Sept 2014 Prior Year to Date Actual	Inc./ (Dec.) From Prior Year	2015 Annual Budget
REVENUE						
Membership Fees	65,591,289	65,152,244	439,045	64,469,024	1,122,265	65,653,000
Investment Income	81,160	45,000	36,160	82,690	(1,530)	60,000
Law Corp Registration Fees	824,859	588,735	236,124	794,568	30,291	785,000
CalBar Journal Revenue	103,352	86,247	17,105	101,026	2,326	115,000
Continuing Legal Education	1,083,743	888,345	195,398	1,174,650	(90,907)	1,184,500
Seminar/Workshop Revenue	20,740	5,994	14,746	8,870	11,870	8,000
MJP Fees	509,505	344,997	164,508	473,700	35,805	460,000
Grant Revenue	15,000	-	15,000	-	15,000	-
Other Revenue	397,991	373,095	24,896	433,370	(35,379)	497,500
TOTAL REVENUE	68,627,639	67,484,657	1,142,982	67,537,898	1,089,741	68,763,000
EXPENSES						
Discipline	40,044,419	46,497,731	6,453,312	28,449,083	11,595,336	60,953,445
Administration of Justice	578,238	714,514	136,276	485,049	93,189	942,094
Governance	1,162,874	2,304,321	1,141,447	1,672,424	(509,550)	3,031,610
Administration of the Profession	2,355,116	2,631,074	275,958	1,773,742	581,374	3,458,577
Program Development	1,626,821	1,569,434	(57,387)	1,022,611	604,210	2,058,817
Communications	1,347,810	1,606,352	258,542	1,195,847	151,963	2,111,417
Indirect Costs - Support & Admin	1,503,956	(142,533)	(1,646,489)	13,562,713	(12,058,757)	(190,184)
TOTAL EXPENSES	48,619,234	55,180,893	6,561,659	48,161,469	457,765	72,365,776
INCOME/(LOSS) BEFORE TRANSFERS	20,008,405	12,303,764	7,704,641	19,376,429	631,976	(3,602,776)
Transfer in From A&I Fund	-	-	-	500,000	(500,000)	-
Transfer in From Grants Fund	-	100,000	(100,000)	-	-	100,000
Interfund Transaction - Revenue	47,601	37,494	10,107	49,580	(1,979)	50,000
Interfund Transaction - Expense	(50,213)	(55,035)	4,822	(55,778)	5,565	(73,518)
NET OPERATING SURPLUS/(DEFICIT)	20,005,793	12,386,223	7,619,570	19,870,231	135,562	(3,526,294)

The State Bar of California
Budget To Actual Comparison - General Fund
Expenses by Function
For the Nine Months Ending September 30, 2015

Attachment 8

	Sept 2015 Year to Date Actual	Sept 2015 Year to Date Budget	Variance Favorable (Unfavorable)	Sept 2014 Prior Year to Date Actual	Inc./ (Dec.) From Prior Year	2015 Annual Budget
EXPENSES BY FUNCTION						
Enforcement	28,123,979	33,402,727	5,278,748	20,580,396	7,543,583	43,751,284
Probation	975,275	1,117,724	142,449	730,381	244,894	1,466,501
State Bar Court	8,613,522	9,321,859	708,337	5,433,475	3,180,047	12,252,405
Mandatory Fee Arbitration	594,954	731,541	136,587	463,779	131,175	961,570
Professional Competence	1,736,689	1,923,880	187,191	1,241,052	495,637	2,521,685
TOTAL DISCIPLINE	40,044,419	46,497,731	6,453,312	28,449,083	11,595,336	60,953,445
Administration of Justice	578,238	714,514	136,276	485,049	93,189	942,094
Governance	1,162,874	2,304,321	1,141,447	1,672,424	(509,550)	3,031,610
Administration of the Profession	2,355,116	2,631,074	275,958	1,773,742	581,374	3,458,577
Program Development	1,626,821	1,569,434	(57,387)	1,022,611	604,210	2,058,817
Communications	1,347,810	1,606,352	258,542	1,195,847	151,963	2,111,417
Indirect Costs - Support & Admin	1,503,956	(142,533)	(1,646,489)	13,562,713	(12,058,757)	(190,184)
TOTAL NON DISCIPLINE	8,574,815	8,683,162	108,347	19,712,386	(11,137,571)	11,412,331
Interfund Transaction - Expense	50,213	55,035	4,822	55,778	(5,565)	73,518
TOTAL INTERFUND TRANSFERS	50,213	55,035	4,822	55,778	(5,565)	73,518
TOTAL GENERAL FUND EXPENSE BY FUNCTION	48,669,447	55,235,928	6,566,481	48,217,247	452,200	72,439,294