



# THE STATE BAR OF CALIFORNIA

OFFICE OF FINANCE

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180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

## MEMORANDUM

**DATE:** April 27, 2016  
**TO:** Members, Planning and Budget Committee  
Members, Board of Trustees  
**FROM:** Christine Wong, Finance Director  
**SUBJECT:** Financial Statements for the First Quarter Ended March 31, 2016

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Attached for your review are the 2016 first 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 – Consolidated General Fund, Special Revenue Funds & Restricted Funds
- Attachment 3 – Revenue, Expenses and Changes in Net Assets – All Funds
- Attachment 4 – Revenue, Expenses and Changes in Net Assets – Consolidated General Fund, Special Revenue Funds and Restricted Funds
- Attachment 5 – Budget to Actual Comparison – Unconsolidated General Fund Revenue
- Attachment 6 – Budget To Actual Comparison – Unconsolidated General Fund Expenses by Function

### Financial Highlights:

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

For the quarter ended March 31, 2016, the Bar's total assets are \$316.7 million, liabilities are \$90.1 million, and net assets are \$226.6 million.

**Assets** – As of March 31, 2016, the State Bar’s total assets were \$316.7 million, up by \$76.7 million or 31.9% compared to \$239.9 million last year. The increase is due to a combination of 1) a \$13.7 million increase in deferred outflows of resources due to implementation of GASB 68; 2) a \$63.2 million increase in cash and investment; 3) a \$3.3 million increase in the Other Postemployment Benefits Obligation (“OPEB”) Plan asset from 2015 contributions; 4) a \$0.8 million net increase in other prepayments and grant receivable; partially offset by 5) a \$4.3 million decrease in capital assets due to normal depreciation and amortization of tenant improvement costs.

Cash and investments consisted of balances in demand deposit accounts, money market accounts, the State Bar’s share of California’s Local Agency Investment Fund, and investment securities. For the quarter ended March 31, 2016, the combined cash and investment balance was \$189.0 million, up by \$63.2 million or 50.3% compared to \$125.8 million last year. The higher cash balance in 2016 is due to a combination of 1) a \$44.7 million settlement fund awarded to the Legal Service Trust Fund (LSTF) Program; 2) a \$6.1 million IOLTA settlement grant received from Bank of America and CitiGroup; 3) a \$10.0 million loan obtained for tenant improvement projects; and 4) other \$2.4 million increase in various incomes and revenues.

The \$44.7 million LSTF settlement fund is a result of a settlement between the U.S. Department of Justice and Bank of America. Bank of America awarded the LSTF Program for administration of grants to legal services organizations to provide foreclosure prevention legal assistance and community redevelopment legal assistance.

Slightly over \$7 million of Bar of the State Bar’s total assets are being used to secure two capital loans; \$4.6 million is funding the Los Angeles building debt service reserve fund, and \$2.5 million a new debt service reserve established for a \$10 million tenant improvement loan for the Howard Street location. The latter loan is expected to be paid off in less than six years. Once fully leased, the improved space should generate an additional \$2.5 to \$3 million in new revenue annually.

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 March 31, 2016, was \$96.2 million, a \$4.2 million decrease compared to \$100.5 million last year. The decrease is due to normal depreciation and amortization of tenant improvement costs.

**Liabilities** – The State Bar’s total liabilities consisted of accounts payable to vendor accounts, unearned fees collected in advance, grants payable, net pension liabilities, the deferred inflows of resources due to implementation of GASB 68, loans payable, and employee vacation and sick leave accruals. As of March 31, 2016, State Bar’s total liabilities were \$90.1 million, up by \$20.8 million or 30.0% compared to \$69.2 million last year. The increase is a result of a \$11.6 million net increase in pension liabilities and changes in deferred inflows of resources from GASB 68 adjustments, a \$8.6 million increase in loan payable and a net \$0.6 million net increase in other accrued liabilities and unearned income.

**Net Position** – The net position as of March 31, 2016, was \$226.5 million, up by \$55.8 million or 32.73% compared to \$170.6 million in 2015. The increase represents the excess of revenues over expenditures from various programs in 2015, as well as GASB adjustments.

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. In the 2015 year-end financial statements, staff has implemented this new accounting standard and recognized a net pension liability of \$31.2 million as of 12/31/2015. The net position for 2014 was also restated to reflect the GASB 68 implementation adjustment. In addition, staff also restated the deferred inflows and outflows of resources based on the GASB 68 valuation reports provided by CalPERS as of 6/30/2014 and 6/30/2015. Based on advice from the State Bar's external auditors, staff determined that the net pension liability and deferred inflows/outflows of resources should be classified as long-term assets/liabilities. As a result, the GASB 68 implementation will not affect the calculation of working capital and reserve level for budget purposes in future years.

### **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 first quarter ended March 31, 2016, the Bar's total revenues (operating and non-operating) are \$153.3 million, and expenses are \$37.9 million, and the excess of revenues over expenditures for the reported quarter is \$115.3 million. Total operating revenues for all programs for the quarter ended are \$152.6 million, up by \$45.4 million compared to \$107.2 million in 2015. The increase is due to largely to the LSTF settlement fund received in 2016 as mentioned above. Revenues collected as of March 31, 2016 were at a similar level to prior year.

The Bar's total operating expenses for all programs are \$37.9 million, down by \$1.4 million or 3.5% compared to \$39.3 million in 2015.

### **Budget to Actual Comparison – Unconsolidated General Fund**

In this report, a budget to actual comparison for the Unconsolidated General Fund is prepared. This statement is designed to provide the Board with information about how the actual performance of the Unconsolidated 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.

The Unconsolidated General Fund's total operating revenues for the first quarter ended March 31, 2016 are \$63.9 million, up by \$0.9 million, or 1.45% compared to \$63.0 million in 2015. The increase is due to increase in membership dues revenue from normal membership growth. Compared to the budget, the Unconsolidated General Fund's total revenues for the quarter ended March 31, 2016 are \$63.9 million, in line with the budget, with an insignificant favorable variance of \$0.7 million or 1.0% compared to the year-to-date budget of \$63.2 million. Staff expected that the General Fund revenues will be in line with the budget towards the end of the fiscal year.

The Unconsolidated General Fund's total operating expenses for the quarter ended are \$15.6 million, down by \$1.0 million or 5.9% compared to \$16.6 million in 2015. Compared to the year-to-date budget of \$16.6 million, it reflected a \$1.0 million favorable variance.

**The State Bar of California**  
**Statement of Assets, Liabilities and Net Assets - All Funds**  
**As of March 31, 2016**

**Attachment 1**

	Consolidated General Fund	Special Revenue Fund Group	Restrict Fund Group	Interfund Elimination	YTD Total All Fund March 2016	YTD Total All Fund March 2015	Change
<b>ASSETS</b>							
Cash	140,017,584	50	-	-	140,017,634	86,764,647	53,252,987
Investments	49,024,803	-	-	-	49,024,803	38,955,556	10,069,247
Accounts Receivable (net of allowances)	-	-	4,822,551	-	4,822,551	3,737,883	1,084,668
Interfund Receivable	25,508,008	26,606,327	78,299,465	130,413,800	-	-	-
Capital Assets (net of depreciation)	96,229,923	-	-	-	96,229,923	100,528,963	(4,299,040)
OPEB Investment	10,042,270	-	-	-	10,042,270	6,778,727	3,263,543
Other Assets	687,899	184,804	-	-	872,703	1,144,692	(271,989)
GASB 68 - Deferred Outflows of Resources	15,671,481	-	-	-	15,671,481	2,060,055	13,611,426
<b>TOTAL ASSETS</b>	<b>337,181,968</b>	<b>26,791,181</b>	<b>83,122,016</b>	<b>130,413,800</b>	<b>316,681,365</b>	<b>239,970,523</b>	<b>76,710,842</b>
<b>LIABILITIES AND NET ASSETS</b>							
Accounts Payable and Accrued Liabilities	5,458,773	434,430	3,789,432	-	9,682,635	8,838,307	844,328
Interfund Payable	129,768,434	645,366	-	(130,413,800)	-	-	-
Unearned Income	80,702	-	-	-	80,702	241,931	(161,229)
Grants Payable	-	-	16,753	-	16,753	16,753	-
Obligations under Debt Agreements	31,010,641	-	-	-	31,010,641	22,385,281	8,625,360
GASB 68 - Net Pension Liabilities	31,156,962	-	-	-	31,156,962	18,880,140	12,276,822
GASB 68 - Deferred Inflows of Resources	18,176,995	-	-	-	18,176,995	18,917,265	(740,270)
<b>TOTAL LIABILITIES</b>	<b>215,652,507</b>	<b>1,079,796</b>	<b>3,806,185</b>	<b>(130,413,800)</b>	<b>90,124,688</b>	<b>69,279,677</b>	<b>20,845,011</b>
<b>NET ASSETS</b>							
Net Assets at Beginning of Year	72,918,196	12,875,186	25,404,387	-	111,197,769	102,310,840	8,886,929
Current Operating Excess/(Deficit)	48,611,265	12,836,199	53,911,444	-	115,358,908	68,380,006	46,978,902
<b>TOTAL NET ASSETS</b>	<b>121,529,461</b>	<b>25,711,385</b>	<b>79,315,831</b>	<b>-</b>	<b>226,556,677</b>	<b>170,690,846</b>	<b>55,865,831</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>337,181,968</b>	<b>26,791,181</b>	<b>83,122,016</b>	<b>-</b>	<b>316,681,365</b>	<b>239,970,523</b>	<b>76,710,842</b>

**The State Bar of California**  
**Statement of Assets, Liabilities and Net Assets - General Funds**  
**As of March 31, 2016**

**Attachment 2**  
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Consolidated General Fund											
	General Fund	Building	Legal Education & Development	LA Facility	** Public Protection	Support & Administration	Technology improvement	Fixed Asset	Benefit Reserve	*** SF Tenant Improvement	Total GF
ASSETS											
Cash	133,972,972	73,733	-	-	4,610,000	579,843	-	-	781,036	-	140,017,584
Accounts Receivable (net of allowances)	-	-	-	-	-	-	-	-	-	-	-
Interfund Receivable	-	3,904,573	5,910,660	-	1,893,392	458,901	3,433,852	-	-	9,906,630	25,508,008
Investments	49,024,803	-	-	-	-	-	-	-	-	-	49,024,803
Capital Assets (net of depreciation)	-	1,873,899	-	70,158,217	-	-	-	24,104,437	-	93,370	96,229,923
OPEB Assets	-	-	-	-	-	-	-	-	10,042,270	-	10,042,270
Other Assets	62,804	-	-	-	-	625,095	-	-	-	-	687,899
GASB 68 - Deferred Outflows of Resources	15,671,481	-	-	-	-	-	-	-	-	-	15,671,481
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	198,732,060	5,852,205	5,910,660	70,158,217	6,503,392	1,663,839	3,433,852	24,104,437	10,823,306	10,000,000	337,181,968
LIABILITIES AND NET ASSETS											
Accounts Payable and Accrued Liabilities	3,985,815	371,824	2,814	205,459	-	892,861	-	-	-	-	5,458,773
Interfund Payable	125,180,908	-	-	3,648,191	-	-	-	-	939,335	-	129,768,434
Unearned Income	-	80,702	-	-	-	-	-	-	-	-	80,702
Grants Payable	-	-	-	-	-	-	-	-	-	-	-
Obligations under Debt Agreements	-	-	-	21,010,641	-	-	-	-	-	10,000,000	31,010,641
GASB 68 - Net Pension Liabilities	31,156,962	-	-	-	-	-	-	-	-	-	31,156,962
GASB 68 - Deferred Inflows of Resources	18,176,995	-	-	-	-	-	-	-	-	-	18,176,995
TOTAL LIAB. & DEFERRED INFLOWS OF RESOURCES	178,500,680	452,526	2,814	24,864,291	-	892,861	-	-	939,335	10,000,000	215,652,507
NET ASSETS											
Net Assets at Beginning of Year	(28,057,291)	5,078,406	5,942,563	45,444,716	6,501,295	-	3,642,366	24,481,406	9,884,735	-	72,918,196
Restatement due to GASB 68 Implementation	-	-	-	-	-	-	-	-	-	-	-
Current Operating Excess/(Deficit)	48,288,671	321,273	(34,717)	(150,790)	2,097	770,978	(208,514)	(376,969)	(764)	-	48,611,265
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS/(DEFICITS)	20,231,380	5,399,679	5,907,846	45,293,926	6,503,392	770,978	3,433,852	24,104,437	9,883,971	-	121,529,461
TOTAL LIABILITIES & NET ASSETS	198,732,060	5,852,205	5,910,660	70,158,217	6,503,392	1,663,839	3,433,852	24,104,437	10,823,306	10,000,000	337,181,968

\*\* The State Bar's loan agreement contains certain covenants that include the maintenance of a \$4,610,000 deposit with Bank of America as a debt service reserve fund, which is classified as restricted cash for the LA loan.

\*\*\* In April 2016, an additional covenant was added which includes the maintenance of a \$2,495,000 deposit with Bank of America as a debt service reserve fund, which will be classified as restricted cash in Q2 for SF Tenant Improvement.

**The State Bar of California**  
**Statement of Assets, Liabilities and Net Assets - Special Revenue Funds**  
**As of March 31, 2016**

**Attachment 2**  
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	<b>Special Revenue Fund Group</b>				
	<b>Admissions</b>	<b>Annual Meeting</b>	<b>Grants</b>	<b>Sections</b>	<b>Total Special Revenue Fund</b>
<b>ASSETS</b>					
Cash	50	-	-	-	50
Accounts Receivable (net of allowances)	-	-	-	-	-
Interfund Receivable	11,629,615	-	418,609	14,558,103	26,606,327
Other Assets	182,315	-	-	2,489	184,804
<b>TOTAL ASSETS</b>	<b>11,811,980</b>	<b>-</b>	<b>418,609</b>	<b>14,560,592</b>	<b>26,791,181</b>
<b>LIABILITIES AND NET ASSETS</b>					
Accounts Payable and Accrued Liabilities	267,013	24,946	-	142,471	434,430
Interfund Payable	-	108,978	-	536,388	645,366
Unearned Income	-	-	-	-	-
Grants Payable	-	-	-	-	-
Pension Liability	-	-	-	-	-
Obligations under Debt Agreements	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>267,013</b>	<b>133,924</b>	<b>-</b>	<b>678,859</b>	<b>1,079,796</b>
<b>NET ASSETS</b>					
Net Assets at Beginning of Year	3,977,413	(69,918)	374,532	8,593,159	12,875,186
Current Operating Excess/(Deficit)	7,567,554	(64,006)	44,077	5,288,574	12,836,199
<b>TOTAL NET ASSETS/(DEFICITS)</b>	<b>11,544,967</b>	<b>(133,924)</b>	<b>418,609</b>	<b>13,881,733</b>	<b>25,711,385</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>11,811,980</b>	<b>-</b>	<b>418,609</b>	<b>14,560,592</b>	<b>26,791,181</b>

**The State Bar of California**  
**Statement of Assets, Liabilities and Net Assets - Restricted Funds**  
**As of March 31, 2016**

**Attachment 2**  
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	Restricted Fund Group										
	Client Security	Elimination of Bias	Equal Access	Info Tech Special Assess	Justice Gap	Lawyers Assistance Program	Legislative Activities	Legal Services Trust	Legal Specialization	Bank Settlement	Total Restricted Fund
<b>ASSETS</b>											
Cash	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable (net of allowances)	-	-	4,251,035	-	-	-	-	571,516	-	-	4,822,551
Interfund Receivable	7,006,752	1,139,830	394,735	1,212,536	1,030,854	3,871,121	1,292,957	10,688,427	6,933,594	44,728,659	78,299,465
<b>TOTAL ASSETS</b>	<u>7,006,752</u>	<u>1,139,830</u>	<u>4,645,770</u>	<u>1,212,536</u>	<u>1,030,854</u>	<u>3,871,121</u>	<u>1,292,957</u>	<u>11,259,943</u>	<u>6,933,594</u>	<u>44,728,659</u>	<u>83,122,016</u>
<b>LIABILITIES AND NET ASSETS</b>											
Accounts Payable and Accrued Liabilities	103,686	41,284	3,443,137	-	-	56,388	43,735	61,649	39,553	-	3,789,432
Interfund Payable	-	-	-	-	-	-	-	-	-	-	-
Unearned Income	-	-	-	-	-	-	-	-	-	-	-
Grants Payable	-	-	-	-	-	-	-	16,753	-	-	16,753
Pension Liability	-	-	-	-	-	-	-	-	-	-	-
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>103,686</u>	<u>41,284</u>	<u>3,443,137</u>	<u>-</u>	<u>-</u>	<u>56,388</u>	<u>43,735</u>	<u>78,402</u>	<u>39,553</u>	<u>-</u>	<u>3,806,185</u>
<b>NET ASSETS</b>											-
Net Assets at Beginning of Year	2,200,440	598,573	160,933	1,211,193	512,501	2,233,020	714,349	12,359,725	5,413,653	-	25,404,387
Current Operating Excess/(Deficit)	4,702,626	499,973	1,041,700	1,343	518,353	1,581,713	534,873	(1,178,184)	1,480,388	44,728,659	53,911,444
<b>TOTAL NET ASSETS/(DEFICITS)</b>	<u>6,903,066</u>	<u>1,098,546</u>	<u>1,202,633</u>	<u>1,212,536</u>	<u>1,030,854</u>	<u>3,814,733</u>	<u>1,249,222</u>	<u>11,181,541</u>	<u>6,894,041</u>	<u>44,728,659</u>	<u>79,315,831</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>7,006,752</u>	<u>1,139,830</u>	<u>4,645,770</u>	<u>1,212,536</u>	<u>1,030,854</u>	<u>3,871,121</u>	<u>1,292,957</u>	<u>11,259,943</u>	<u>6,933,594</u>	<u>44,728,659</u>	<u>83,122,016</u>

**The State Bar of California**  
**Statement of Revenue, Expenses and Changes in Net Assets - All Funds**  
**For the Three Months Ending March 31, 2016**

**Attachment 3**

	Consolidated General Fund	Special Revenue Fund Group	Restricted Fund Group	Interfund Elimination	Total All Funds Year to Date March 2016	Total All Funds Year to Date March 2015	Change	Percentage Change
<b>OPERATING REVENUES</b>								
Membership Fees, Voluntary Contributions	62,465,617	40,095	17,331,331	-	79,837,043	79,113,362	723,681	0.91%
MJP Fees	493,385	-	-	-	493,385	458,390	34,995	7.63%
Examination Application Fees	-	12,120,448	-	-	12,120,448	12,166,467	(46,019)	-0.38%
Trust Account Revenue	-	-	1,513,274	-	1,513,274	1,336,385	176,889	13.24%
Law Practices Sections Fees	-	5,830,397	-	-	5,830,397	5,600,350	230,047	4.11%
Seminar/Workshop Revenue	4,660	261,764	-	-	266,424	431,464	(165,040)	-38.25%
Advertising Revenue	31,495	11,675	-	-	43,170	37,620	5,550	14.75%
Convention Income	-	196,527	-	-	196,527	158,825	37,702	23.74%
Legal Specialization Fees	-	-	1,743,775	-	1,743,775	1,724,515	19,260	1.12%
Law Corporation Registration Fees	505,041	-	-	-	505,041	405,286	99,755	24.61%
Continuing Legal Education Fees	215,955	62,610	5,705	-	284,270	302,945	(18,675)	-6.16%
Grant Revenue	-	56,550	3,377,400	-	3,433,950	3,430,100	3,850	0.11%
EAF AB 145 Filing Fee Revenue	-	-	855,000	-	855,000	1,016,381	(161,381)	-15.88%
Settlement Grants	-	-	44,728,659	-	44,728,659	-	44,728,659	100.00%
Affinity Insurance Revenue	65,384	-	-	-	65,384	415,605	(350,221)	-84.27%
Other Revenue	145,161	582,063	3,765	-	730,989	643,138	87,851	13.66%
<b>Total Operating Revenue</b>	<b>63,926,698</b>	<b>19,162,129</b>	<b>69,558,909</b>	<b>-</b>	<b>152,647,736</b>	<b>107,240,833</b>	<b>45,406,903</b>	<b>42.34%</b>
<b>OPERATING EXPENSES</b>								
Discipline and Adjudication	8,730,558	-	-	-	8,730,558	13,312,260	(4,581,702)	-34.42%
Examination costs and administration	-	3,627,266	-	-	3,627,266	4,519,755	(892,489)	-19.75%
Grant Expenses	-	-	11,578,336	-	11,578,336	11,386,457	191,879	1.69%
Law Practices (Sections)	-	1,106,263	-	-	1,106,263	1,337,186	(230,923)	-17.27%
CSF application payments	-	-	2,146,010	-	2,146,010	839,499	1,306,511	155.63%
Communications	180,034	-	-	-	180,034	428,285	(248,251)	-57.96%
Administration of Justice	148,676	-	-	-	148,676	184,390	(35,714)	-19.37%
Governance	625,451	-	-	-	625,451	532,071	93,380	17.55%
Administration of the Profession	709,431	-	-	-	709,431	926,504	(217,073)	-23.43%
Program Development	326,203	-	-	-	326,203	565,230	(239,027)	-42.29%
General and Administrative costs	27,488	1,614,638	1,968,021	-	3,610,147	4,373,646	(763,499)	-17.46%
Interest Expense on Loan	227,520	-	-	-	227,520	242,004	(14,484)	-5.99%
Indirect Costs - Non Departmental	4,935,269	-	-	-	4,935,269	698,399	4,236,870	606.65%
<b>Total Operating Expenses</b>	<b>15,910,630</b>	<b>6,348,167</b>	<b>15,692,367</b>	<b>-</b>	<b>37,951,164</b>	<b>39,345,686</b>	<b>(1,394,522)</b>	<b>-3.54%</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>48,016,068</b>	<b>12,813,962</b>	<b>53,866,542</b>	<b>-</b>	<b>114,696,572</b>	<b>67,895,147</b>	<b>46,801,425</b>	<b>68.93%</b>
<b>NON-OPERATING REVENUE</b>								
Investment Income	102,227	22,627	41,562	-	166,416	59,161	107,255	181.29%
Rental Income	495,920	-	-	-	495,920	425,698	70,222	16.50%
<b>Total Non-Operating Revenue</b>	<b>598,147</b>	<b>22,627</b>	<b>41,562</b>	<b>-</b>	<b>662,336</b>	<b>484,859</b>	<b>177,477</b>	<b>36.60%</b>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<b>48,614,215</b>	<b>12,836,589</b>	<b>53,908,104</b>	<b>-</b>	<b>115,358,908</b>	<b>68,380,006</b>	<b>46,978,902</b>	<b>68.70%</b>
Interfund Transaction - Revenue	36,125	1,150	5,750	43,025	-	-	-	0.00%
Interfund Transaction - Expense	(39,075)	(1,540)	(2,410)	(43,025)	-	-	-	0.00%
Change in Net Position	48,611,265	12,836,199	53,911,444	-	115,358,908	68,380,006	46,978,902	68.70%
<b>CHANGES IN NET ASSETS</b>								
Net Assets at beginning of year	72,918,196	12,875,186	25,404,387	-	111,197,769	102,310,840	8,886,929	8.69%
<b>NET ASSETS AS OF MARCH 31, 2016</b>	<b>121,529,461</b>	<b>25,711,385</b>	<b>79,315,831</b>	<b>-</b>	<b>226,556,677</b>	<b>170,690,846</b>	<b>55,865,831</b>	<b>32.73%</b>



**The State Bar of California**  
**Statement of Revenue, Expenses and Changes in Net Assets - General Funds**  
**For the Three Months Ending March 31, 2016**

**Attachment 4**  
**Page 1 of 3**

<b>Consolidated General Fund</b>											
	<b>General Fund</b>	<b>Building</b>	<b>Legal Education &amp; Development</b>	<b>LA Facility</b>	<b>Public Protection*</b>	<b>Support &amp; Administration</b>	<b>Technology Improvement</b>	<b>Fixed Asset Funds</b>	<b>Benefit Reserve</b>	<b>SF Tenant Improvement</b>	<b>Total General Fund</b>
<b>REVENUE</b>											
Membership Fees & Voluntary Dues	62,463,487	1,645	-	-	-	-	485	-	-	-	62,465,617
Investment Income	90,331	4,244	6,632	(3,987)	2,097	(299)	3,973	-	(764)	-	102,227
Continuing Legal Education Fees	215,955	-	-	-	-	-	-	-	-	-	215,955
Law Corporation Registration Fees	505,041	-	-	-	-	-	-	-	-	-	505,041
Rental Income	-	358,336	-	137,584	-	-	-	-	-	-	495,920
MJP Fees	493,385	-	-	-	-	-	-	-	-	-	493,385
Seminar/Workshop Revenue	4,660	-	-	-	-	-	-	-	-	-	4,660
Advertising Revenue	31,495	-	-	-	-	-	-	-	-	-	31,495
Affinity Insurance Revenue	-	-	65,384	-	-	-	-	-	-	-	65,384
Other Revenue	137,579	-	-	-	-	7,582	-	-	-	-	145,161
<b>TOTAL REVENUE</b>	<b>63,941,933</b>	<b>364,225</b>	<b>72,016</b>	<b>133,597</b>	<b>2,097</b>	<b>7,283</b>	<b>4,458</b>	<b>-</b>	<b>(764)</b>	<b>-</b>	<b>64,524,845</b>
<b>EXPENSES</b>											
Discipline and Adjudication	8,730,558	-	-	-	-	-	-	-	-	-	8,730,558
Administration of Justice	148,676	-	-	-	-	-	-	-	-	-	148,676
Governance	625,451	-	-	-	-	-	-	-	-	-	625,451
Administration of the Profession	709,431	-	-	-	-	-	-	-	-	-	709,431
Program Development	326,203	-	-	-	-	-	-	-	-	-	326,203
Communications	180,034	-	-	-	-	-	-	-	-	-	180,034
Interest Expense on Loan	-	-	-	227,520	-	-	-	-	-	-	227,520
General and Administrative	-	42,952	105,983	56,867	-	(768,255)	212,972	376,969	-	-	27,488
Indirect Costs - Non Departmental	4,935,269	-	-	-	-	-	-	-	-	-	4,935,269
<b>TOTAL EXPENSES</b>	<b>15,655,622</b>	<b>42,952</b>	<b>105,983</b>	<b>284,387</b>	<b>-</b>	<b>(768,255)</b>	<b>212,972</b>	<b>376,969</b>	<b>-</b>	<b>-</b>	<b>15,910,630</b>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<b>48,286,311</b>	<b>321,273</b>	<b>(33,967)</b>	<b>(150,790)</b>	<b>2,097</b>	<b>775,538</b>	<b>(208,514)</b>	<b>(376,969)</b>	<b>(764)</b>	<b>-</b>	<b>48,614,215</b>
Interfund Transaction - Revenue	36,125	-	-	-	-	-	-	-	-	-	36,125
Interfund Transaction - Expense	(33,765)	-	(750)	-	-	(4,560)	-	-	-	-	(39,075)
Change in Net Position	<b>48,288,671</b>	<b>321,273</b>	<b>(34,717)</b>	<b>(150,790)</b>	<b>2,097</b>	<b>770,978</b>	<b>(208,514)</b>	<b>(376,969)</b>	<b>(764)</b>	<b>-</b>	<b>48,611,265</b>
<b>CHANGES IN NET ASSETS</b>											
Net Assets at beginning of year	(28,057,291)	5,078,406	5,942,563	45,444,716	6,501,295	-	3,642,366	24,481,406	9,884,735	-	72,918,196
<b>NET ASSETS AS OF MARCH 31, 2016</b>	<b>20,231,380</b>	<b>5,399,679</b>	<b>5,907,846</b>	<b>45,293,926</b>	<b>6,503,392</b>	<b>770,978</b>	<b>3,433,852</b>	<b>24,104,437</b>	<b>9,883,971</b>	<b>-</b>	<b>121,529,461</b>

**The State Bar of California**  
**Statement of Revenue, Expenses and Changes in Net Assets - Special Revenue Funds**  
**For the Three Months Ending March 31, 2016**

**Attachment 4**  
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	<b>Special Revenue Fund Group</b>				
	<b>Admissions</b>	<b>Annual Meeting</b>	<b>Grants</b>	<b>Sections</b>	<b>Total Special Revenue Fund</b>
<b>REVENUE</b>					
Membership Fees & Voluntary Dues	40,095	-	-	-	40,095
Investment Income	9,627	(69)	-	13,069	22,627
Convention Income	-	10,950	-	185,577	196,527
Continuing Legal Education Fees	62,610	-	-	-	62,610
Law Practices (Sections) Revenue	-	-	-	5,830,397	5,830,397
Grant Revenue	-	-	46,550	10,000	56,550
Exam Application & Moral Character Fees	12,120,448	-	-	-	12,120,448
Seminar/Workshop Revenue	-	-	-	261,764	261,764
Advertising Revenue	-	-	-	11,675	11,675
Other Revenue	135,754	-	-	446,309	582,063
<b>TOTAL REVENUE</b>	<b>12,368,534</b>	<b>10,881</b>	<b>46,550</b>	<b>6,758,791</b>	<b>19,184,756</b>
<b>EXPENSES</b>					
Examination Costs and Administration	3,627,266	-	-	-	3,627,266
Law Practices (Sections)	-	-	-	1,106,263	1,106,263
General and Administrative	1,172,574	74,887	2,473	364,704	1,614,638
<b>TOTAL EXPENSES</b>	<b>4,799,840</b>	<b>74,887</b>	<b>2,473</b>	<b>1,470,967</b>	<b>6,348,167</b>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<b>7,568,694</b>	<b>(64,006)</b>	<b>44,077</b>	<b>5,287,824</b>	<b>12,836,589</b>
Interfund Transaction - Revenue	-	-	-	1,150	1,150
Interfund Transaction - Expense	(1,140)	-	-	(400)	(1,540)
Change in Net Position	7,567,554	(64,006)	44,077	5,288,574	12,836,199
<b>CHANGES IN NET ASSETS</b>					
Net Assets at beginning of year	3,977,413	(69,918)	374,532	8,593,159	12,875,186
<b>NET ASSETS AS OF MARCH 31, 2016</b>	<b>11,544,967</b>	<b>(133,924)</b>	<b>418,609</b>	<b>13,881,733</b>	<b>25,711,385</b>

**The State Bar of California**  
**Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds**  
**For the Three Months Ending March 31, 2016**

**Attachment 4**  
**Page 3 of 3**

**Restricted Fund Group**

	<b>Client Security</b>	<b>Elimination of Bias</b>	<b>Equal Access</b>	<b>Info Tech Special Assess</b>	<b>Justice Gap</b>	<b>Lawyers Assistance Program</b>	<b>Legislative Activities</b>	<b>Legal Services Trust</b>	<b>Legal Specialization</b>	<b>Bank Settlement</b>	<b>Total Restricted Fund</b>
<b>REVENUE</b>											
Membership Fees & Voluntary Dues	7,409,940	727,575	-	-	517,552	1,945,480	707,960	6,022,824	-	-	17,331,331
Investment Income	6,334	1,119	2,603	1,343	801	3,631	1,254	17,392	7,085	-	41,562
Continuing Legal Education Revenue	-	-	-	-	-	-	-	-	5,705	-	5,705
Grant Revenue	-	-	3,377,400	-	-	-	-	-	-	-	3,377,400
LSTF Trust Account Revenue	-	-	-	-	-	-	-	1,513,274	-	-	1,513,274
EAF AB145 Filing Fee Revenue	-	-	855,000	-	-	-	-	-	-	-	855,000
Exam Application & Moral Character Fees	-	-	-	-	-	-	-	-	-	-	-
Legal Specialization Fees	-	-	-	-	-	-	-	-	1,743,775	-	1,743,775
Settlement Grants	-	-	-	-	-	-	-	-	-	44,728,659	44,728,659
Affinity Insurance Revenue	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	2,050	-	-	-	-	-	-	-	1,715	-	3,765
<b>TOTAL REVENUE</b>	<b>7,418,324</b>	<b>728,694</b>	<b>4,235,003</b>	<b>1,343</b>	<b>518,353</b>	<b>1,949,111</b>	<b>709,214</b>	<b>7,553,490</b>	<b>1,758,280</b>	<b>44,728,659</b>	<b>69,600,471</b>
<b>EXPENSES</b>											
Grants	-	-	3,193,250	-	-	-	-	8,385,086	-	-	11,578,336
CSF application payments	2,146,010	-	-	-	-	-	-	-	-	-	2,146,010
General and Administrative	572,783	228,616	53	-	-	368,508	173,661	346,588	277,812	-	1,968,021
<b>TOTAL EXPENSES</b>	<b>2,718,793</b>	<b>228,616</b>	<b>3,193,303</b>	<b>-</b>	<b>-</b>	<b>368,508</b>	<b>173,661</b>	<b>8,731,674</b>	<b>277,812</b>	<b>-</b>	<b>15,692,367</b>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<b>4,699,531</b>	<b>500,078</b>	<b>1,041,700</b>	<b>1,343</b>	<b>518,353</b>	<b>1,580,603</b>	<b>535,553</b>	<b>(1,178,184)</b>	<b>1,480,468</b>	<b>44,728,659</b>	<b>53,908,104</b>
Interfund Transaction - Revenue	4,340	-	-	-	-	1,110	-	-	300	-	5,750
Interfund Transaction - Expense	(1,245)	(105)	-	-	-	-	(680)	-	(380)	-	(2,410)
Change in Net Position	4,702,626	499,973	1,041,700	1,343	518,353	1,581,713	534,873	(1,178,184)	1,480,388	44,728,659	53,911,444
<b>CHANGES IN NET ASSETS</b>											
Net Assets at beginning of year	2,200,440	598,573	160,933	1,211,193	512,501	2,233,020	714,349	12,359,725	5,413,653	-	25,404,387
<b>NET ASSETS AS OF MARCH 31, 2016</b>	<b>6,903,066</b>	<b>1,098,546</b>	<b>1,202,633</b>	<b>1,212,536</b>	<b>1,030,854</b>	<b>3,814,733</b>	<b>1,249,222</b>	<b>11,181,541</b>	<b>6,894,041</b>	<b>44,728,659</b>	<b>79,315,831</b>

**The State Bar of California**  
**Budget to Actual Comparison - Unconsolidated General Fund**  
**For the Three Months Ending March 31, 2016**

**Attachment 5**

	March 2016 Year to Date Actual	March 2016 Year to Date Budget	Variance Favorable (Unfavorable)	March 2015 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2016 Annual Budget
<b>REVENUE</b>						
Membership Fees	62,463,487	62,424,299	39,188	61,728,086	735,401	66,605,996
Investment Income	90,331	26,301	64,030	29,918	60,413	105,204
Law Corp Registration Fees	505,041	360,750	144,291	405,286	99,755	1,443,000
CalBar Journal Revenue	31,495	29,226	2,269	29,188	2,307	116,904
Continuing Legal Education	215,955	148,353	67,602	236,045	(20,090)	593,412
Seminar/Workshop Revenue	4,660	5,199	(539)	1,550	3,110	20,796
MJP Fees	493,385	127,500	365,885	458,390	34,995	510,000
Grant Revenue	-	-	-	15,000	(15,000)	-
Other Revenue	137,579	108,099	29,480	121,482	16,097	432,396
<b>TOTAL REVENUE</b>	<b>63,941,933</b>	<b>63,229,727</b>	<b>712,206</b>	<b>63,024,945</b>	<b>916,988</b>	<b>69,827,708</b>
<b>EXPENSES</b>						
Discipline	8,730,558	9,528,456	797,898	13,312,259	(4,581,701)	41,111,720
Administration of Justice	148,676	161,073	12,397	184,390	(35,714)	678,714
Governance	625,451	613,692	(11,759)	532,071	93,380	2,612,548
Administration of the Profession	709,431	600,054	(109,377)	926,504	(217,073)	2,546,476
Program Development	326,203	333,147	6,944	565,230	(239,027)	1,428,092
Communications	180,034	287,301	107,267	428,285	(248,251)	1,217,728
Indirect Costs - Non Departmental	4,935,269	4,966,623	31,354	698,399	4,236,870	19,866,492
<b>TOTAL EXPENSES</b>	<b>15,655,622</b>	<b>16,490,346</b>	<b>834,724</b>	<b>16,647,138</b>	<b>(991,516)</b>	<b>69,461,770</b>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<b>48,286,311</b>	<b>46,739,381</b>	<b>1,546,930</b>	<b>46,377,807</b>	<b>1,908,504</b>	<b>365,938</b>
Interfund Transaction - Revenue	36,125	-	36,125	34,380	1,745	-
Interfund Transaction - Expense	(33,765)	-	(33,765)	(34,150)	385	-
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>48,288,671</b>	<b>46,739,381</b>	<b>1,549,290</b>	<b>46,378,037</b>	<b>1,910,634</b>	<b>365,938</b>

**The State Bar of California**  
**Budget To Actual Comparison - Unconsolidated General Fund**  
**Expenses by Function**  
**For the Three Months Ending March 31, 2016**

**Attachment 6**

	<b>March 2016 Year to Date Actual</b>	<b>March 2016 Year to Date Budget</b>	<b>Variance Favorable (Unfavorable)</b>	<b>March 2015 Prior Year to Date Actual</b>	<b>Inc./ (Dec.) From Prior Year</b>	<b>2016 Annual Budget</b>
<b>EXPENSES BY FUNCTION</b>						
Enforcement	6,268,839	6,958,374	689,535	9,406,658	(3,137,819)	30,063,132
Probation	216,771	217,695	924	333,284	(116,513)	939,880
State Bar Court	1,717,239	1,759,056	41,817	2,805,111	(1,087,872)	7,571,902
Mandatory Fee Arbitration	139,088	158,907	19,819	201,913	(62,825)	679,382
Professional Competence	388,621	434,424	45,803	565,293	(176,672)	1,857,424
<b>TOTAL DISCIPLINE</b>	<b>8,730,558</b>	<b>9,528,456</b>	<b>797,898</b>	<b>13,312,259</b>	<b>(4,581,701)</b>	<b>41,111,720</b>
Administration of Justice	148,676	161,073	12,397	184,390	(35,714)	678,714
Governance	625,451	613,692	(11,759)	532,071	93,380	2,612,548
Administration of the Profession	709,431	600,054	(109,377)	926,504	(217,073)	2,546,476
Program Development	326,203	333,147	6,944	565,230	(239,027)	1,428,092
Communications	180,034	287,301	107,267	428,285	(248,251)	1,217,728
Indirect Costs - Non Departmental	4,935,269	4,966,623	31,354	698,399	4,236,870	19,866,492
<b>TOTAL NON DISCIPLINE</b>	<b>6,925,064</b>	<b>6,961,890</b>	<b>36,826</b>	<b>3,334,879</b>	<b>3,590,185</b>	<b>28,350,050</b>
Interfund Transaction - Expense	33,765	-	(33,765)	34,150	(385)	-
<b>TOTAL INTERFUND TRANSFERS</b>	<b>33,765</b>	<b>-</b>	<b>(33,765)</b>	<b>34,150</b>	<b>(385)</b>	<b>-</b>
<b>TOTAL GENERAL FUND EXPENSE BY FUNCTION</b>	<b>15,689,387</b>	<b>16,490,346</b>	<b>800,959</b>	<b>16,681,288</b>	<b>(991,901)</b>	<b>69,461,770</b>