



THE STATE BAR OF CALIFORNIA

OFFICE OF FINANCE

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M E M O R A N D U M

DATE: November 17, 2016
TO: Members, Planning and Budget Committee
Members, Board of Trustees
FROM: Christine Wong, Chief Financial Officer
SUBJECT: Financial Statements for the Third Quarter Ended September 30, 2016

Attached for your review are the 2016 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 – Consolidated General Fund, Special Revenue Fund Group & Restricted Fund Group
- 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 Fund Group and Restricted Fund Group
- Attachment 5 – Budget To Actual Comparison – Revenue, Expenses and Net Operating Surplus - Unconsolidated General Fund

Financial Highlights:

Attachments 1 & 2: Statement of Assets, Liabilities & Net Assets

This statement reports the Bar's assets, liabilities and net assets. For the third quarter ended September 30, 2016, the Bar's total assets are \$274.9 million, liabilities are \$88.1 million, and net assets are \$186.8 million.

Assets – As of September 30, 2016, the State Bar’s total assets were \$274.9 million, up by \$70.7 million or 34.6% compared to \$204.2 million last year. The increase is due to a combination of 1) a \$13.6 million increase in deferred outflows of resources due to implementation of GASB 68 {see Notes “A”}; 2) a \$61.9 million increase in cash & investment; 3) a \$1.5 million increase in the Other Postemployment Benefits Obligation (“OPEB”) Plan asset from 2015 contributions; partially offset by 4) a \$2.1 million decrease in accounts receivable and 5) a \$4.2 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 September 30, 2016, the combined cash and investment balance was \$146.8 million, up by \$61.9 million or 72.8% compared to \$85.0 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 \$3.6 million IOLTA settlement grant received from CitiGroup; 3) a \$10.0 million loan obtained for tenant improvement projects; and 4) approximately \$3.6 million increase due to changes in accounts receivable and accounts payable compare to last year.

As mentioned in the last quarter, the \$44.7 million LSTF settlement fund is the 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. The LSTFP Commission will fund seven community redevelopment and six foreclosure prevention projects, totaling nearly \$3 million. The Commission also allocated another \$4 million for 2017 grants, and for supporting grantee participation in thoughtful planning to ensure the most effective use of the remainder of the funds over the next several years.

As to the \$10 million tenant improvement loan, the Bar obtained this loan to finance a tenant improvement project at its San Francisco location; there are currently three unoccupied floors in that building. This investment is needed to renovate the space to appropriate rental quality. The loan is expected to be paid off in less than six years. Once fully leased, the space should generate an additional \$2.5 to \$3 million in new revenue annually. The loan is however secured by a debt service reserve fund totaling approximately \$2.5 million. Taken together with the Los Angeles building debt service reserve, over \$7.1 million is currently encumbered as a capital obligation security.

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 September 30, 2016, was \$94.6 million, a \$4.2 million decrease compared to \$98.7 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 September 30, 2016, State Bar’s total liabilities were \$88.1 million, up by \$21.1 million or 31.5% compared to \$67 million last year. The increase is due to a \$11.5 million net increase in pension liabilities and changes in deferred inflows of resources from GASB 68 adjustments {see Note “A”}, a \$8.3 million increase in loans payable and a net \$1.3 million increase in other accrued liabilities due to timing of payments to vendors and grantees.

Net Position – The net position as of September 30, 2016, was \$186.8 million, up by \$49.6 million or 36.1% compared to \$137.2 million in 2015. The increase represents the excess of revenues over expenditures from various programs in 2015 and GASB 68 pension liability adjustments.

Attachments 3 & 4: Statement of Revenue, Expenses and Changes in Net Assets

This statement reports the Bar’s revenues, expenses, excess/(deficit) of revenues over expenses and changes in net assets. For the third quarter ended September 30, 2016, the Bar’s total revenues (operating and non-operating) are \$182.5 million, and expenses are \$106.9 million, and the excess of revenues over expenditures for the reported quarter is \$75.6 million. Total operating revenues for all programs for the quarter ended are \$180.5 million, up by \$37.3 million compared to \$143.2 million in 2015. The increase is due largely to the \$42.2 million LSTF settlement fund received in 2016 as mentioned above and increases in member dues revenues from normal membership growth. In January 2016, the State Bar’s membership had reached 256,500 compared to 252,000 in January 2015. This reflects steady membership growth of approximately 1.8%.

The Bar’s total operating expenses for all programs are \$106.9 million, down by \$3.0 million or 2.7% compared to \$109.9 million in 2015. The lower operating expenses in 2016 is due largely to personnel and related benefit cost savings as a result of protracted vacancy hiring process.

For the reporting quarter, the Client Security Fund (CSF) application payout increased by \$1.4 million compare to last year. This is a result of the additional resources devoted to this fund from two inter-fund transfers. In order to mitigate the pending CSF application waiting time and be in compliance with the Bar’s reserve policy to spend down the reserve balances in certain Funds that have balances in excess of the 30% reserve ceiling, in March, the Board of Trustees approved two inter-fund transfers from the Lawyer Assistance Program and Legislative Activity fund for a total of \$2.02 million to the CSF Fund (MAR_702). All the required budget adjustments related to this transaction were included in the 2016 Proposed Mid-Year Budget Amendment presenting to the Board in July (JUL_143).

Attachment 5: Budget to Actual Comparison – Unconsolidated General Fund Operating Results

In this report, staff compared the year-to-date budget and actual of the Unconsolidated General Fund’s operating results. This report is designed to provide the Board with information about how the year-to-date actual performance of the Unconsolidated General Fund comparing with

prior year and the anticipated (budgeted) results. As of September 30, 2016, the Unconsolidated General Fund surplus is \$18.5 million, reflecting a favorable variance of \$1.6 million or 9.5% over budget.

The Unconsolidated General Fund's total operating revenues for the third quarter ended September 30, 2016 are \$69.3 million, up by \$0.7 million, or 1.03% compared to \$68.6 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 September 30, 2016 are in line with the budget. Staff expects that the General Fund operating revenues for the fiscal year will stay within the budget without significant variances.

The Unconsolidated General Fund's total operating expenses for the quarter ended are \$50.8 million, up slightly by \$2.2 million compared to \$48.6 million in 2015. Compared to the year-to-date budget of \$52.5 million, it reflected a \$1.6 million favorable variance. Personnel related cost savings from vacant positions is the primary reason expenses are below budget.

Notes (A): Implementation of New Accounting Standards – GASB 68 in 2015:

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 net pension liabilities of \$31.2 million and \$18.9 million as of 12/31/2015 and 12/31/2014, respectively. 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. Staff had a discussion with auditors from Moss Adams and determined that the net pension liability and deferred inflows/outflows of resources are 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.

The State Bar of California
Statement of Assets, Liabilities and Net Assets - All Funds
As of September 30, 2016

Attachment 1

	Consolidated General Fund	Special Revenue Fund Group	Restrict Fund Group	Interfund Elimination	YTD Total All Fund September 2016	YTD Total All Fund September 2015	Change
ASSETS							
Cash	72,170,388	50	-	-	72,170,438	44,749,775	27,420,663
Investments	74,640,744	-	-	-	74,640,744	40,209,077	34,431,667
Accounts Receivable (net of allowances)	-	539	6,124,716	-	6,125,255	8,313,832	(2,188,577)
Interfund Receivable	25,726,933	19,246,278	70,770,910	115,744,121	-	-	-
Capital Assets (net of depreciation)	94,564,885	-	-	-	94,564,885	98,739,289	(4,174,404)
OPEB Investment	10,542,271	-	-	-	10,542,271	9,028,727	1,513,544
Other Assets	917,439	340,087	-	-	1,257,526	1,180,158	77,368
GASB 68 - Deferred Outflows of Resources	15,671,481	-	-	-	15,671,481	2,060,055	13,611,426
TOTAL ASSETS	294,234,141	19,586,954	76,895,626	115,744,121	274,972,600	204,280,913	70,691,687
LIABILITIES AND NET ASSETS							
Accounts Payable and Accrued Liabilities	4,496,633	460,991	3,779,905	-	8,737,529	7,402,840	1,334,689
Interfund Payable	115,337,606	-	406,515	(115,744,121)	-	-	-
Unearned Income	80,703	-	-	-	80,703	80,753	(50)
Grants Payable	-	-	16,753	-	16,753	16,753	-
Obligations under Debt Agreements	29,975,154	-	-	-	29,975,154	21,707,752	8,267,402
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)
TOTAL LIABILITIES	199,224,053	460,991	4,203,173	(115,744,121)	88,144,096	67,005,503	21,138,593
NET ASSETS							
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)	22,091,892	6,250,777	47,288,066	-	75,630,735	34,964,570	40,666,165
TOTAL NET ASSETS	95,010,088	19,125,963	72,692,453	-	186,828,504	137,275,410	49,553,094
TOTAL LIABILITIES & NET ASSETS	294,234,141	19,586,954	76,895,626	-	274,972,600	204,280,913	70,691,687

The State Bar of California
Statement of Assets, Liabilities and Net Assets - General Funds
As of September 30, 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	62,979,094	59,224	-	-	4,610,000	1,246,034	-	-	781,036	2,495,000	72,170,388
Interfund Receivable	-	4,112,697	7,004,676	-	1,898,763	2,274,300	3,556,343	-	-	6,880,154	25,726,933
Investments	74,640,744	-	-	-	-	-	-	-	-	-	74,640,744
Capital Assets (net of depreciation)	-	1,878,898	-	69,173,162	-	-	-	23,388,075	-	124,750	94,564,885
OPEB Assets	-	-	-	-	-	-	-	-	10,542,271	-	10,542,271
Other Assets	207,873	-	-	-	-	709,566	-	-	-	-	917,439
GASB 68 - Deferred Outflows of Resources	15,671,481	-	-	-	-	-	-	-	-	-	15,671,481
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	153,499,192	6,050,819	7,004,676	69,173,162	6,508,763	4,229,900	3,556,343	23,388,075	11,323,307	9,499,904	294,234,141
LIABILITIES AND NET ASSETS											
Accounts Payable and Accrued Liabilities	3,358,807	215,386	1,689	205,459	-	715,292	-	-	-	-	4,496,633
Interfund Payable	110,352,190	-	-	3,542,631	-	-	-	-	1,442,785	-	115,337,606
Unearned Income	-	80,703	-	-	-	-	-	-	-	-	80,703
Obligations under Debt Agreements	-	-	-	20,303,677	-	-	-	-	-	9,671,477	29,975,154
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	163,044,954	296,089	1,689	24,051,767	-	715,292	-	-	1,442,785	9,671,477	199,224,053
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
Current Operating Excess/(Deficit)	18,511,529	676,324	1,060,424	(323,321)	7,468	3,514,608	(86,023)	(1,093,331)	(4,213)	(171,573)	22,091,892
TOTAL NET ASSETS/(DEFICITS)	(9,545,762)	5,754,730	7,002,987	45,121,395	6,508,763	3,514,608	3,556,343	23,388,075	9,880,522	(171,573)	95,010,088
TOTAL LIABILITIES & NET ASSETS	153,499,192	6,050,819	7,004,676	69,173,162	6,508,763	4,229,900	3,556,343	23,388,075	11,323,307	9,499,904	294,234,141

** The State Bar's loan agreement contains a covenant that requires the maintenance of a \$4,610,000 deposit with Bank of America as a debt service reserve fund. This deposit is classified as restricted cash in the State Bar's Balance Sheet.

*** In April 2016, an additional covenant was added when the State Bar obtained a \$10 M loan for tenant improvement projects in the San Francisco facility. This loan covenant requires the maintenance of a \$2,495,000 deposit with Bank of America as a debt service reserve fund. This deposit is classified as restricted cash in the State Bar's financial statement.

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Special Revenue Funds
As of September 30, 2016

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	Special Revenue Fund Group				
	Admissions	Annual Meeting	Grants	Sections	Total Special Revenue Fund
ASSETS					
Cash	50	-	-	-	50
Accounts Receivable (net of allowances)	539	-	-	-	539
Interfund Receivable	6,823,147	257,448	465,389	11,700,294	19,246,278
Other Assets	337,039	-	-	3,048	340,087
TOTAL ASSETS	7,160,775	257,448	465,389	11,703,342	19,586,954
LIABILITIES AND NET ASSETS					
Accounts Payable and Accrued Liabilities	292,655	23,214	-	145,122	460,991
Interfund Payable	-	-	-	-	-
TOTAL LIABILITIES	292,655	23,214	-	145,122	460,991
NET ASSETS					
Net Assets at Beginning of Year	3,977,413	(69,918)	374,532	8,593,159	12,875,186
Current Operating Excess/(Deficit)	2,890,707	304,152	90,857	2,965,061	6,250,777
TOTAL NET ASSETS/(DEFICITS)	6,868,120	234,234	465,389	11,558,220	19,125,963
TOTAL LIABILITIES & NET ASSETS	7,160,775	257,448	465,389	11,703,342	19,586,954

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of September 30, 2016

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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
ASSETS											
Cash	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable (net of allowances)	-	-	5,553,200	-	-	-	-	571,516	-	-	6,124,716
Interfund Receivable	5,611,992	665,116	-	1,216,766	1,096,768	1,560,784	596,416	9,323,786	6,514,215	44,185,067	70,770,910
Investments	-	-	-	-	-	-	-	-	-	-	-
Capital Assets (net of depreciation)	-	-	-	-	-	-	-	-	-	-	-
OPEB Investments	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	5,611,992	665,116	5,553,200	1,216,766	1,096,768	1,560,784	596,416	9,895,302	6,514,215	44,185,067	76,895,626
LIABILITIES AND NET ASSETS											
Accounts Payable and Accrued Liabilities	98,934	44,028	3,443,137	-	-	55,286	35,591	63,764	39,165	-	3,779,905
Interfund Payable	-	-	406,515	-	-	-	-	-	-	-	406,515
Unearned Income	-	-	-	-	-	-	-	-	-	-	-
Grants Payable	-	-	-	-	-	-	-	16,753	-	-	16,753
TOTAL LIABILITIES	98,934	44,028	3,849,652	-	-	55,286	35,591	80,517	39,165	-	4,203,173
NET ASSETS											
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)	3,312,618	22,515	1,542,615	5,573	584,267	(727,522)	(153,524)	(2,544,940)	1,061,397	44,185,067	47,288,066
TOTAL NET ASSETS/(DEFICITS)	5,513,058	621,088	1,703,548	1,216,766	1,096,768	1,505,498	560,825	9,814,785	6,475,050	44,185,067	72,692,453
											-
TOTAL LIABILITIES & NET ASSETS	5,611,992	665,116	5,553,200	1,216,766	1,096,768	1,560,784	596,416	9,895,302	6,514,215	44,185,067	76,895,626

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - All Funds
For the Nine Months Ending September 30, 2016

Attachment 3

	Consolidated General Fund	Special Revenue Fund Group	Restricted Fund Group	Interfund Elimination	Total All Funds Year to Date September 2016	Total All Funds Year to Date September 2015	Change	Percentage Change
OPERATING REVENUES								
Membership Fees and Donations	66,255,706	-	18,343,678	-	84,599,384	84,007,999	591,385	0.70%
MJP Fees	553,910	142,185	-	-	696,095	509,505	186,590	36.62%
Examination Application Fees	-	18,062,626	-	-	18,062,626	18,164,136	(101,510)	-0.56%
Trust Account Revenue	-	-	4,693,910	-	4,693,910	4,090,285	603,625	14.76%
Law Practices Sections Fees	-	6,062,352	-	-	6,062,352	5,865,220	197,132	3.36%
Seminar/Workshop Revenue	10,550	940,403	4,432	-	955,385	1,284,966	(329,581)	-25.65%
Advertising Revenue	78,442	49,130	-	-	127,572	151,074	(23,502)	-15.56%
Convention Income	-	1,029,422	-	-	1,029,422	931,591	97,831	10.50%
Legal Specialization Fees	-	-	2,019,285	-	2,019,285	2,433,359	(414,074)	-17.02%
Law Corporation Registration Fees	1,301,745	-	-	-	1,301,745	1,329,614	(27,869)	-2.10%
Continuing Legal Education Fees	543,510	140,135	10,350	-	693,995	728,104	(34,109)	-4.68%
Grant Revenue	-	122,800	9,183,800	-	9,306,600	10,508,700	(1,202,100)	-11.44%
EAF AB 145 Filing Fee Revenue	-	-	2,945,000	-	2,945,000	4,194,488	(1,249,488)	-29.79%
Settlement Grants	-	-	44,728,659	-	44,728,659	6,085,197	38,643,462	100.00%
Affinity Insurance Revenue	1,315,831	-	-	-	1,315,831	1,210,899	104,932	8.67%
Other Revenue	404,344	1,331,291	241,566	-	1,977,201	1,749,357	227,844	13.02%
Total Operating Revenue	70,464,038	27,880,344	82,170,680	-	180,515,062	143,244,494	37,270,568	26.02%
OPERATING EXPENSES								
Discipline	27,892,146	-	-	-	27,892,146	28,838,094	(945,948)	-3.28%
Examination costs and administration	-	12,093,081	-	-	12,093,081	13,229,574	(1,136,493)	-8.59%
Grant Expenses	-	10,000	23,857,401	-	23,867,401	24,569,344	(701,943)	-2.86%
Law Practices (Sections)	-	4,127,130	-	-	4,127,130	4,659,211	(532,081)	-11.42%
CSF application payments	-	-	4,960,747	-	4,960,747	3,580,552	1,380,195	38.55%
Communications	760,136	-	-	-	760,136	1,084,727	(324,591)	-29.92%
Administration of Justice	571,710	-	-	-	571,710	471,669	100,041	21.21%
Governance	2,511,741	-	-	-	2,511,741	1,104,418	1,407,323	127.43%
Administration of the Profession	1,949,027	-	-	-	1,949,027	1,796,442	152,585	8.49%
Program Development	1,009,114	-	-	-	1,009,114	1,120,098	(110,984)	-9.91%
General and Administrative costs	21,827,130	304,362	4,164,687	-	26,296,179	28,700,074	(2,403,895)	-8.38%
Interest Expense on Loan	863,934	-	-	-	863,934	715,283	148,651	20.78%
Indirect Costs - Non Departmental	(7,355,743)	5,200,672	2,155,071	-	-	-	-	0.00%
Total Operating Expenses	50,029,195	21,735,245	35,137,906	-	106,902,346	109,869,486	(2,967,140)	-2.70%
OPERATING INCOME/(LOSS)	20,434,843	6,145,099	47,032,774	-	73,612,716	33,375,008	40,237,708	120.56%
NON-OPERATING REVENUE								
Investment Income	269,680	90,907	253,627	-	614,214	204,775	409,439	199.95%
Rental Income	1,403,805	-	-	-	1,403,805	1,384,787	19,018	1.37%
Total Non-Operating Revenue	1,673,485	90,907	253,627	-	2,018,019	1,589,562	428,457	26.95%
INCOME/(LOSS) BEFORE TRANSFERS	22,108,328	6,236,006	47,286,401	-	75,630,735	34,964,570	40,666,165	116.31%
Transfer in From LAP to CSF	-	-	1,600,000	1,600,000	-	-	-	0.00%
Transfer in From Leg. Activity Fund to CSF	-	-	420,000	420,000	-	-	-	0.00%
Transfer Out To CSF	-	-	(2,020,000)	(2,020,000)	-	-	-	0.00%
Interfund Transaction - Revenue	37,155	51,168	5,750	94,073	-	-	-	0.00%
Interfund Transaction - Expense	(53,591)	(36,397)	(4,085)	(94,073)	-	-	-	0.00%
Change in Net Position	22,091,892	6,250,777	47,288,066	-	75,630,735	34,964,570	40,666,165	116.31%
CHANGES IN NET ASSETS								
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%
NET ASSETS AS OF SEPTEMBER 30, 2016	95,010,088	19,125,963	72,692,453	-	186,828,504	137,275,410	49,553,094	36.10%

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - General Funds
For the Nine Months Ending September 30, 2016

Attachment 4
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Consolidated General Fund											
	General Fund	Building	Legal Education & Development	LA Facility	Public Protection*	Support & Administration	Technology Improvement	Fixed Asset Funds	Benefit Reserve	SF Tenant Improvement	Total General Fund
REVENUE											
Membership Fees and Donations	66,252,726	2,980	-	-	-	-	-	-	-	-	66,255,706
Investment Income	204,353	16,194	24,698	(16,031)	7,468	2,149	14,068	-	(4,213)	20,994	269,680
Continuing Legal Education Fees	543,510	-	-	-	-	-	-	-	-	-	543,510
Law Corporation Registration Fees	1,301,745	-	-	-	-	-	-	-	-	-	1,301,745
Rental Income	-	1,104,754	-	299,051	-	-	-	-	-	-	1,403,805
MJP Fees	553,910	-	-	-	-	-	-	-	-	-	553,910
Seminar/Workshop Revenue	10,550	-	-	-	-	-	-	-	-	-	10,550
Advertising Revenue	78,442	-	-	-	-	-	-	-	-	-	78,442
Affinity Insurance Revenue	-	-	1,315,831	-	-	-	-	-	-	-	1,315,831
Other Revenue	395,320	-	1,442	-	-	7,582	-	-	-	-	404,344
TOTAL REVENUE	69,340,556	1,123,928	1,341,971	283,020	7,468	9,731	14,068	-	(4,213)	20,994	72,137,523
EXPENSES											
Discipline	27,892,146	-	-	-	-	-	-	-	-	-	27,892,146
Administration of Justice	571,710	-	-	-	-	-	-	-	-	-	571,710
Governance	2,511,741	-	-	-	-	-	-	-	-	-	2,511,741
Administration of the Profession	1,949,027	-	-	-	-	-	-	-	-	-	1,949,027
Program Development	1,009,114	-	-	-	-	-	-	-	-	-	1,009,114
Communications	760,136	-	-	-	-	-	-	-	-	-	760,136
Interest Expense on Loan	-	-	-	671,367	-	-	-	-	-	192,567	863,934
General and Administrative	153,948	2,447,853	179,678	1,659,977	-	16,192,252	100,091	1,093,331	-	-	21,827,130
Indirect Costs - Non Departmental	15,977,102	(2,000,249)	94,379	(1,725,003)	-	(19,701,972)	-	-	-	-	(7,355,743)
TOTAL EXPENSES	50,824,924	447,604	274,057	606,341	-	(3,509,720)	100,091	1,093,331	-	192,567	50,029,195
INCOME/(LOSS) BEFORE TRANSFERS	18,515,632	676,324	1,067,914	(323,321)	7,468	3,519,451	(86,023)	(1,093,331)	(4,213)	(171,573)	22,108,328
Interfund Transaction - Revenue	37,155	-	-	-	-	-	-	-	-	-	37,155
Interfund Transaction - Expense	(41,258)	-	(7,490)	-	-	(4,843)	-	-	-	-	(53,591)
Change in Net Position	18,511,529	676,324	1,060,424	(323,321)	7,468	3,514,608	(86,023)	(1,093,331)	(4,213)	(171,573)	22,091,892
CHANGES IN 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
NET ASSETS AS OF SEPTEMBER 30, 2016	(9,545,762)	5,754,730	7,002,987	45,121,395	6,508,763	3,514,608	3,556,343	23,388,075	9,880,522	(171,573)	95,010,088

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Special Revenue Funds
For the Nine Months Ending September 30, 2016

Attachment 4
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	Special Revenue Fund Group				
	Admissions	Annual Meeting	Grants	Sections	Total Special Revenue Fund
REVENUE					
Investment Income	41,309	341	-	49,257	90,907
Convention Income	-	569,136	-	460,286	1,029,422
Continuing Legal Education Fees	140,135	-	-	-	140,135
Law Practices (Sections) Revenue	-	-	-	6,062,352	6,062,352
Grant Revenue	-	-	112,800	10,000	122,800
MJP Fees	142,185	-	-	-	142,185
Exam Application & Moral Character Fees	18,062,626	-	-	-	18,062,626
Seminar/Workshop Revenue	-	-	-	940,403	940,403
Advertising Revenue	-	21,825	-	27,305	49,130
Other Revenue	509,592	32,876	-	788,823	1,331,291
TOTAL REVENUE	18,895,847	624,178	112,800	8,338,426	27,971,251
EXPENSES					
Grants	-	-	10,000	-	10,000
Examination Costs and Administration	12,093,081	-	-	-	12,093,081
CSF application payments	-	-	-	-	-
Law Practices (Sections)	-	-	-	4,127,130	4,127,130
Interest Expense on Loan	-	-	-	-	-
General and Administrative	-	292,419	11,943	-	304,362
Indirect Costs - Non Departmental	3,910,919	38,853	-	1,250,900	5,200,672
TOTAL EXPENSES	16,004,000	331,272	21,943	5,378,030	21,735,245
INCOME/(LOSS) BEFORE TRANSFERS	2,891,847	292,906	90,857	2,960,396	6,236,006
Interfund Transaction - Revenue	-	11,246	-	39,922	51,168
Interfund Transaction - Expense	(1,140)	-	-	(35,257)	(36,397)
Change in Net Position	2,890,707	304,152	90,857	2,965,061	6,250,777
CHANGES IN NET ASSETS					
Net Assets at beginning of year	3,977,413	(69,918)	374,532	8,593,159	12,875,186
NET ASSETS AS OF SEPTEMBER 30, 2016	6,868,120	234,234	465,389	11,558,220	19,125,963

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Nine Months Ending September 30, 2016

Attachment 4
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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
REVENUE											
Membership Fees and Donations	7,772,562	797,560	-	790	581,479	2,042,807	777,370	6,371,110	-	-	18,343,678
Investment Income	26,512	3,811	2,715	4,783	2,788	9,549	3,490	46,813	26,283	126,883	253,627
Continuing Legal Education Revenue	-	-	-	-	-	-	-	-	10,350	-	10,350
Grant Revenue	-	5,000	9,178,800	-	-	-	-	-	-	-	9,183,800
LSTF Trust Account Revenue	-	-	-	-	-	-	-	4,693,910	-	-	4,693,910
EAF AB145 Filing Fee Revenue	-	-	2,945,000	-	-	-	-	-	-	-	2,945,000
Legal Specialization Fees	-	-	-	-	-	-	-	-	2,019,285	-	2,019,285
Seminar/Workshop Revenue	-	4,432	-	-	-	-	-	-	-	-	4,432
Settlement Grants	-	-	-	-	-	-	-	-	-	44,728,659	44,728,659
Other Revenue	11,275	-	227,500	-	-	-	-	-	2,791	-	241,566
TOTAL REVENUE	7,810,349	810,803	12,354,015	5,573	584,267	2,052,356	780,860	11,111,833	2,058,709	44,855,542	82,424,307
EXPENSES											
Grants	-	-	10,738,544	-	-	-	-	12,448,857	-	670,000	23,857,401
CSF application payments	4,960,747	-	-	-	-	-	-	-	-	-	4,960,747
General and Administrative	945,460	521,738	72,856	-	-	779,784	380,242	819,080	645,052	475	4,164,687
Indirect Costs - Non Departmental	614,619	266,445	-	-	-	401,204	133,462	388,836	350,505	-	2,155,071
TOTAL EXPENSES	6,520,826	788,183	10,811,400	-	-	1,180,988	513,704	13,656,773	995,557	670,475	35,137,906
INCOME/(LOSS) BEFORE TRANSFERS	1,289,523	22,620	1,542,615	5,573	584,267	871,368	267,156	(2,544,940)	1,063,152	44,185,067	47,286,401
Transfer in From LAP	1,600,000	-	-	-	-	-	-	-	-	-	1,600,000
Transfer in From Leg. Activity Fund	420,000	-	-	-	-	-	-	-	-	-	420,000
Transfer Out To CSF	-	-	-	-	-	(1,600,000)	(420,000)	-	-	-	(2,020,000)
Interfund Transaction - Revenue	4,340	-	-	-	-	1,110	-	-	300	-	5,750
Interfund Transaction - Expense	(1,245)	(105)	-	-	-	-	(680)	-	(2,055)	-	(4,085)
Change in Net Position	3,312,618	22,515	1,542,615	5,573	584,267	(727,522)	(153,524)	(2,544,940)	1,061,397	44,185,067	47,288,066
CHANGES IN NET ASSETS											
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
NET ASSETS AS OF SEPTEMBER 30, 2016	5,513,058	621,088	1,703,548	1,216,766	1,096,768	1,505,498	560,825	9,814,785	6,475,050	44,185,067	72,692,453

The State Bar of California
Budget to Actual Comparison - Unconsolidated General Fund
For the Nine Months Ending September 30, 2016

Attachment 5

	September 2016 Year to Date Actual	September 2016 Year to Date Budget	Variance Favorable (Unfavorable)	September 2015 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2016 Annual Budget
REVENUE						
Membership Fees	66,252,726	66,545,997	(293,271)	65,591,289	661,437	66,605,996
Investment Income	204,353	87,670	116,683	81,160	123,193	105,204
Law Corp Registration Fees	1,301,745	1,275,997	25,748	1,329,614	(27,869)	1,443,000
CalBar Journal Revenue	78,442	87,678	(9,236)	103,352	(24,910)	116,904
Continuing Legal Education	543,510	525,559	17,951	578,988	(35,478)	593,412
Seminar/Workshop Revenue	10,550	15,597	(5,047)	20,740	(10,190)	20,796
MJP Fees	553,910	507,501	46,409	509,505	44,405	510,000
Grant Revenue	-	-	-	15,000	(15,000)	-
Other Revenue	395,320	324,297	71,023	397,991	(2,671)	432,396
TOTAL REVENUE	69,340,556	69,370,296	(29,740)	68,627,639	712,917	69,827,708
EXPENSES						
Discipline	27,892,146	30,084,316	2,192,170	28,838,094	(945,948)	41,111,720
Administration of Justice	571,710	500,430	(71,280)	471,669	100,041	678,714
Governance	2,511,741	1,919,966	(591,775)	1,104,418	1,407,323	2,612,548
Administration of the Profession	1,949,027	1,873,292	(75,735)	1,796,442	152,585	2,546,476
Program Development	1,009,114	1,047,193	38,079	1,120,098	(110,984)	1,428,092
Communications	760,136	896,165	136,029	1,084,727	(324,591)	1,217,728
General and Administrative	153,948	158,983	5,035	350,281	(196,333)	211,992
Indirect Costs - Non Departmental	15,977,102	15,977,102	-	13,853,510	2,123,592	21,302,790
TOTAL EXPENSES	50,824,924	52,457,447	1,632,523	48,619,239	2,205,685	71,110,060
INCOME/(LOSS) BEFORE TRANSFERS	18,515,632	16,912,849	1,602,783	20,008,400	(1,492,768)	(1,282,352)
Interfund Transaction - Revenue	37,155	-	37,155	47,601	(10,446)	-
Interfund Transaction - Expense	(41,258)	-	(41,258)	(50,213)	8,955	-
NET OPERATING SURPLUS/(DEFICIT)	18,511,529	16,912,849	1,598,680	20,005,788	(1,494,259)	(1,282,352)