



The State Bar *of California*

OPEN SESSION

AGENDA ITEM

54-141 SEPTEMBER 2019

FINANCE AND PLANNING COMMITTEE III.A.

DATE: September 19, 2019

TO: Members, Finance and Planning Committee
Members, Board of Trustees

FROM: John Adams, Chief Financial Officer

SUBJECT: Q2 Financial Statement Report, Investment Report, and Client Security Fund Report

EXECUTIVE SUMMARY

In adherence with the Board Book, Section 5.2.1, the Office of Finance has prepared the accompanying financial reports (unaudited) for the 2nd quarter ended June 30, 2019 for the Board's review. For the 2nd quarter, the financial report consists of three separate reports: Financial Statements, Investment Report, and Client Security Fund Report.

BACKGROUND

To increase transparency and to ensure public confidence in the operations of the State Bar at all levels, the Office of Finance prepares timely quarterly statements that show the financial condition of the State Bar, investments held by the State Bar, and the activity occurring in the Client Security Fund. The Finance and Planning Committee is responsible for reviewing quarterly reports prepared by the Office of Finance.

DISCUSSION

The Financial Report for the 2nd quarter ended June 30, 2019 is composed of multiple attachments, including: the 2nd Quarter Financial Statements, the Investment Report ending as of June 30, 2019, and the 2nd Quarter Client Security Fund Report. This agenda item is also on the consent agenda for the Board's September 20, 2019 meeting.

FISCAL/PERSONNEL IMPACT

None

RULE AMENDMENTS

None

BOARD BOOK AMENDMENTS

None

STRATEGIC PLAN GOALS & OBJECTIVES

None - compliance

RECOMMENDATIONS

It is recommended that the Finance and Planning Committee and Board of Trustees approve the following resolution:

RESOLVED, that the Board of Trustees approve the 2019 2nd Quarter Financial Report in the form this day before the Board, for the three months ended June 30, 2019, as certified by the Chief Financial Officer, and on file with the San Francisco office of the State Bar.

ATTACHMENT(S) LIST

- A.** Financial Statements as of June 30, 2019
- B.** Investment Report for the First Quarter Ended June 30, 2019
- C.** Client Security Fund Report for the Quarter Ended June 30, 2019



The State Bar of California

OFFICE OF FINANCE

Date: September 19, 2019

To: Members, Finance and Planning Committee
Members, Board of Trustees

From: John Adams, Chief Financial Officer

Subject: 2nd Quarter 2019 Financial Statements

This memo outlines the State Bar's second quarter operating results and fiscal position as of June 30, 2019, with information and comparative analyses regarding revenue, expenses, net surplus, assets, liabilities, and net position.

FINANCIAL HIGHLIGHTS

The table below summarizes highlights of the financial statements:

Table 1. Financial Highlights for Year-to-Date Through June 30, 2019

ASSETS AND LIABILITIES: YEAR OVER YEAR COMPARISON					
Financial Statement Category	June 30, 2019 (in \$M)	June 30, 2018 (in \$M)	Changes (in \$M)	Changes (in %)	Refer to Attachment
Total Assets	\$293.8	\$292.9	\$0.9	0.3%	4&5
Cash & Investments	163.2	157.8	5.4	3.4%	4&5
Deferred Outflows of Resources	14.6	24.6	-10	-40.7%	4&5
Total Liabilities	106.8	107.3	-0.5	-0.5%	4&5
Deferred Inflows of Resources	10.9	2.3	8.6	373.9%	4&5
Net Pension Liabilities	59.4	73.5	-14.1	-19.3%	4&5
Loans Payable	23.6	26.0	-2.4	-9.5%	4&5
Net Position	187.1	185.6	1.5	0.8%	4&5

ASSETS

The State Bar's total assets consist of cash, investments, accounts receivable, capital assets, OPEB plan asset and deferred outflows of resources. Total assets increased by \$0.9 million, from \$292.9 million at June 30, 2018 to \$293.8 million at June 30, 2019. Net position (total assets minus total liabilities) at June 30, 2019 was \$187.1 million, an increase of \$1.5 million compared to \$185.6 million in the prior year.

LIABILITIES

The State Bar's total liabilities consist of accounts payable to vendors, unearned fees collected in advance, grants payable, net pension liabilities, the deferred inflows of resources related to pension, loans payable, and employee vacation and sick leave accruals. As of June 30, 2019, the State Bar's total liabilities were \$106.8 million, down by \$0.5 million compared to \$107.3 million at the second quarter of 2018. This decrease is due primarily to a decrease in pension liabilities and loans payable. Pension liabilities and deferred inflows of resources changed due to updated estimates of pension assets and liabilities from our actuaries.

NET POSITION

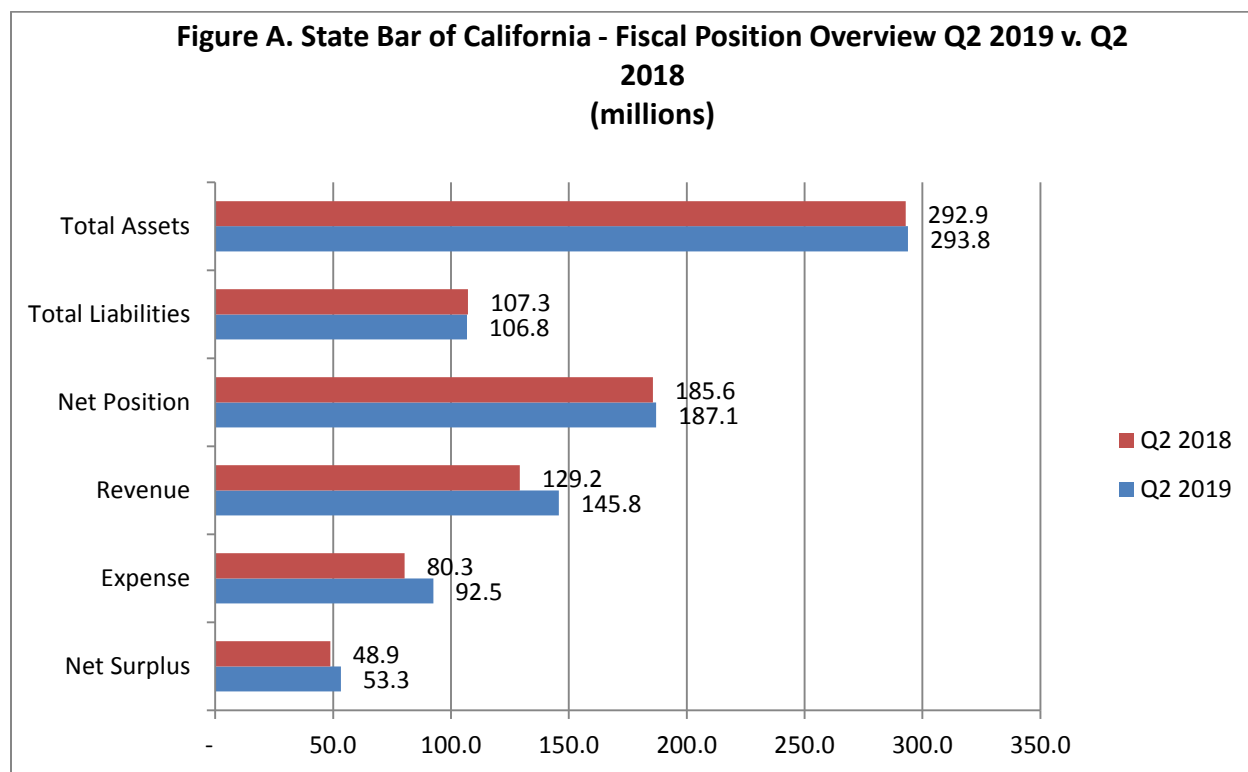
Net position consists of restricted and unrestricted net position and investment in capital assets. The State Bar's total net position (total assets – total liabilities) as of June 30, 2019 was \$187.1 million, up by \$1.5 million or 0.8 percent compared to \$185.6 million last year.

Year-to-date through June 30, 2019, total operating revenues were \$141.8 million, 6.5 percent better than the budget of \$133.1 million. Total operating expenses were \$92.0 million, at 93.8 percent of the \$98.1 million budget.

The table below provides budget to actual comparisons for select revenues and business units:

OPERATING REVENUE AND EXPENSES: ACTUAL TO BUDGET COMPARISON					
Financial Statement Category	2019 Q2 Actual (in \$M)	2019 Q2 Budget (in \$M)	Variance (in \$M)	Variance (in %)	Refer to Attachment
Operating Revenue	141.8	133.1	8.7	6.5%	1,2,3
Licensing Fees & Donations	83.6	85.3	-1.7	-2.1%	1,2,3
Operating Expenses	92.0	98.1	-6.1	-6.2%	1,2,3
General & Administrative	0.7	2.5	-1.8	-71.8%	1,2,3
Chief Trial Counsel	24.5	26.3	-1.8	-6.8%	1,2,3
Client Security Fund	4.6	4.6	0.0	0.0%	1,2,3
Admissions	9.6	10.9	-1.3	-11.3%	1,2,3
Grant Expenses	37.2	37.2	0.0	0.0%	1,2,3

Figure A. below summarizes the State Bar's financial position at the end of the second quarter of 2019, compared to the second quarter of 2018.



See attachments 1 and 2 for more detailed comparisons of the State Bar's financial position at June 30, 2018 versus June 30, 2019.¹

REVENUE

Figures B and C compare budget to actuals for operating revenue, with Figure B presenting at the fund level and Figure C by revenue category. Overall, operating revenue totaled \$141.8 million for the second quarter of 2019, \$8.7 million more than the budgeted \$133.1 million.

The primary reason for this variance is that the Legal Services Trust Fund is earning higher than anticipated interest rates on Trust Fund monies.

See attachment 3 for a comparison of actuals for both revenue and expenses in the 2019 second quarter versus 2018 second quarter.

¹ note that totals for Figures and Attachments may vary depending on revenue/expense items and level of detail displayed, in compliance with generally accepted accounting standards.

Figure B. Q2 2019 Operating Revenue by Fund compared to YTD Budget (\$ millions)

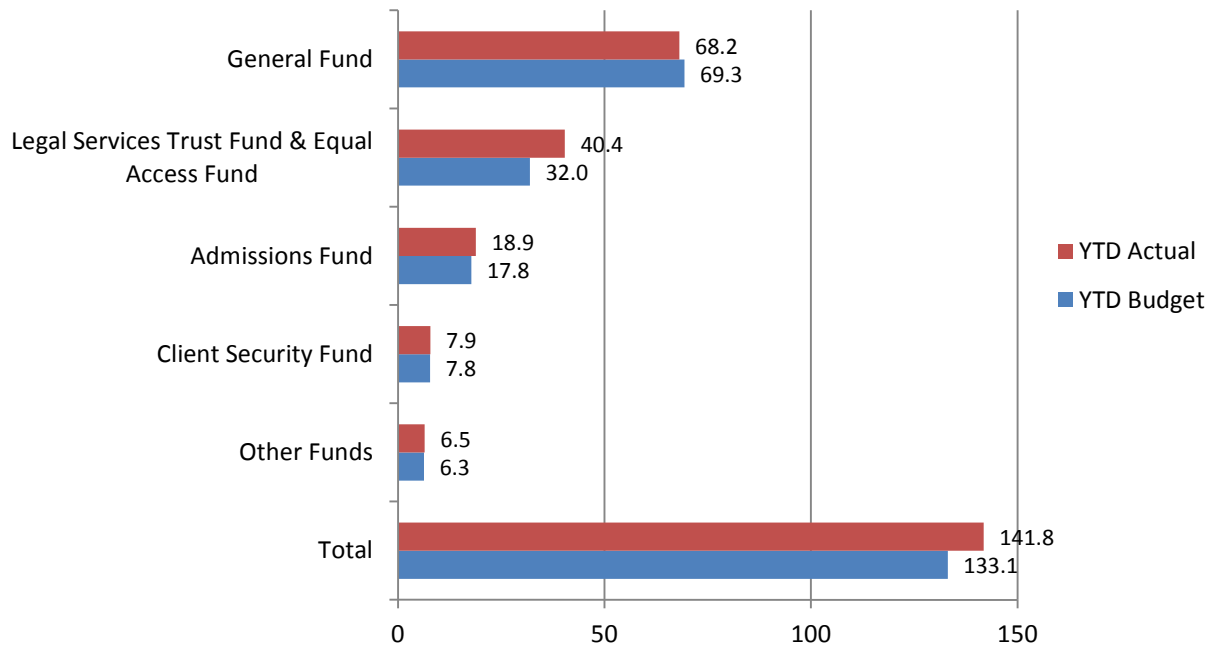
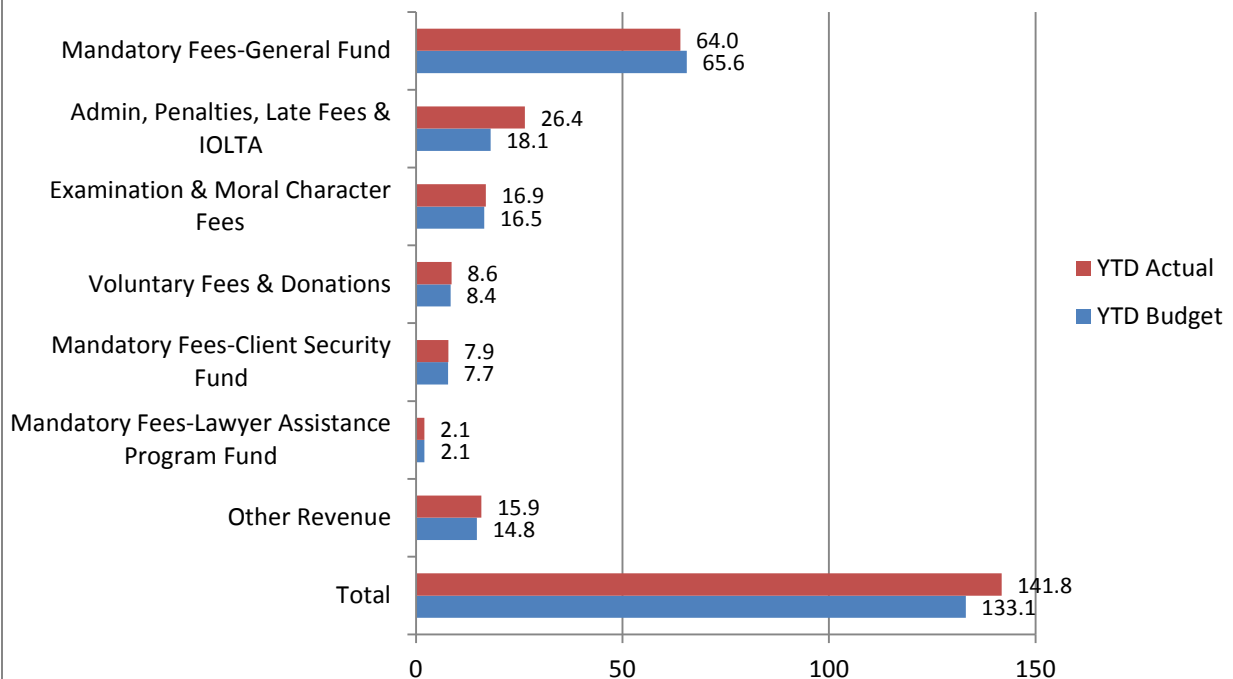


Figure C. Q2 2019 Operating Revenue by Category compared to YTD Budget (\$ millions)



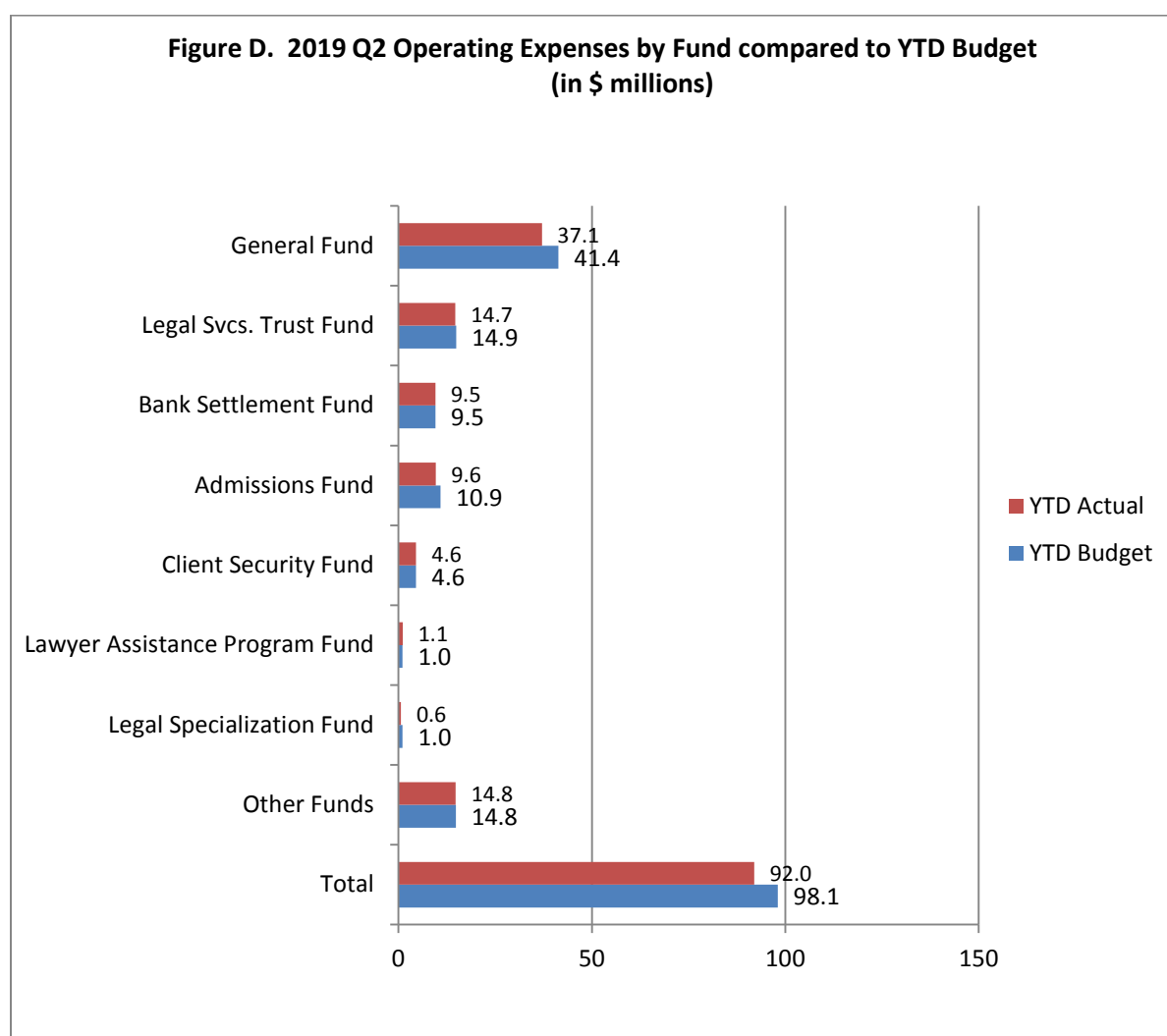
NONOPERATING REVENUE

Nonoperating revenue consists of investment income and rental income. Investment income for Q2 2019 is \$2.7 million, \$2.0 million over budget.

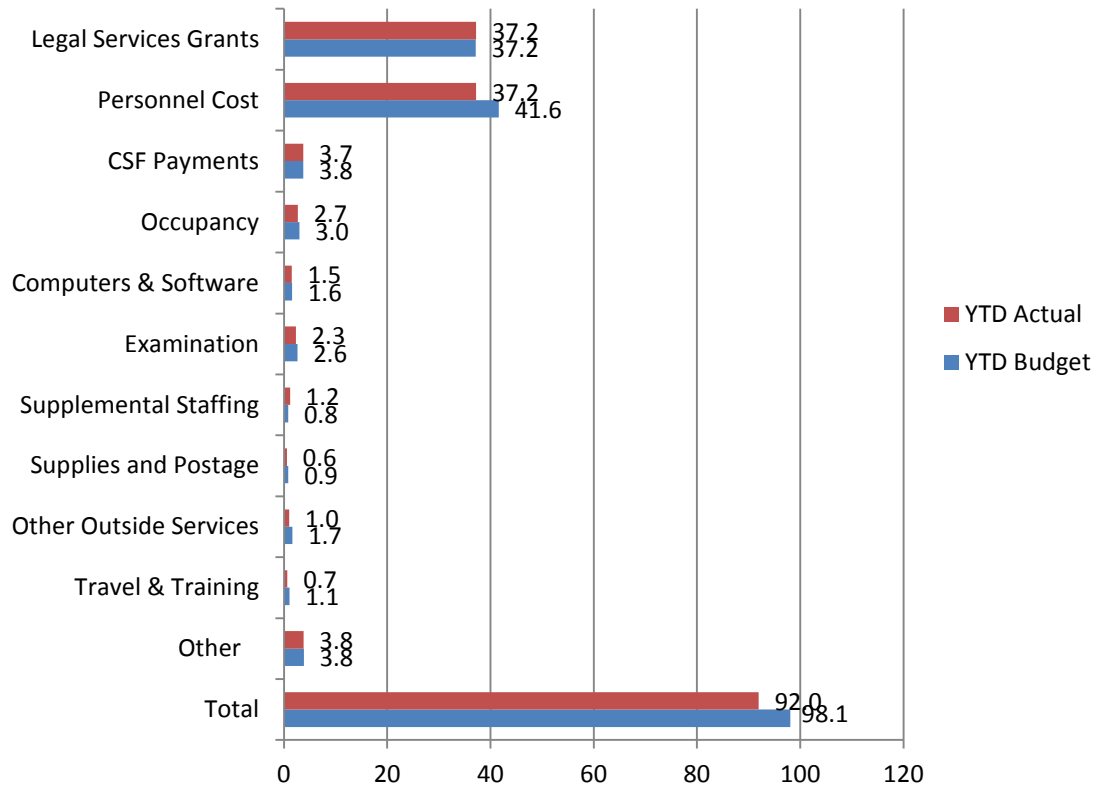
EXPENSES

The State Bar's second quarter 2019 operating expenses were \$92.0 million, compared to the budget of \$98.1 million. This variance includes \$1.8 million for Chief Trial Counsel, primarily due to vacancies. The 2019 budget for Chief Trial Counsel includes 256 positions, but the monthly average filled has been just 240 through the first six months.

Figures D and E summarize the State Bar's 2019 year-to-date operating expenses by fund, and by category, compared to the budget.



**Figure E. 2019 Q2 Operating Expenses by Category compared to YTD Budget
(in \$ millions)**



Attachments:

- Attachment 1 – Revenue, Expenses and Changes in Net Position (State Bar Wide)
- Attachment 2 – Revenue, Expenses and Changes in Net Position (Non General Funds)
- Attachment 3 – Variances Year-over-Year for Revenue, Expenses and Changes in Net Position (State Bar Wide)
- Attachment 4 – Assets, Liabilities & Net Position (State Bar-Wide)
- Attachment 5 – Assets, Liabilities & Net Position (Non-General Funds)

The State Bar of California Statement of Revenue, Expenses and Changes in Net Position - Bar Wide
For the Six Months Ending June 30, 2019

	General Fund	Other Funds	2019 Actual	2018 Actual	Variance- 2018 Actual vs 2019 Actual	2019 Budget	Variance-2019 Actual vs Budget
OPERATING REVENUES							
Licensing Fees and Donations	\$ 64,993,576	\$ 18,579,531	\$ 83,573,106	\$85,308,207	\$ (1,735,101)	\$ 85,370,100	\$ (1,796,994)
Multi-Jurisdictional Practice Fees	-	756,279	756,279	712,957	43,322	619,500	136,779
Exam Application & Moral Character Fees	-	17,306,639	17,306,639	17,708,003	(401,364)	16,857,775	448,864
Trust Account Revenue	-	20,100,371	20,100,371	4,559,443	15,540,928	11,939,500	8,160,871
Seminar/Workshop Revenue	37,551	-	37,551	36,021	1,530	31,200	6,351
Interfund Transaction - Revenue	6,179	-	6,179	-	6,179	-	6,179
Legal Specialization Fees	-	1,819,719	1,819,719	1,970,473	(150,754)	1,802,100	17,619
Law Corporation Registration Fees	714,472	-	714,472	706,528	7,944	804,500	(90,028)
Continuing Legal Education Fees	627,801	11,316	639,117	572,580	66,537	562,900	76,217
Grant Revenue	-	9,366,864	9,366,864	9,172,900	193,964	9,320,050	46,814
EAF AB 145 Filing Fee Revenue	-	4,559,824	4,559,824	3,304,748	1,255,076	4,562,200	(2,376)
Affinity Insurance Revenue	1,206,467	-	1,206,467	914,849	291,618	564,500	641,967
Other Revenue	583,638	1,132,455	1,716,092	1,562,588	153,504	670,600	1,045,492
Total Operating Revenues	\$ 68,169,684	\$ 73,632,997	\$ 141,802,680	\$ 126,529,297	\$ 15,273,383	\$ 133,104,925	\$ 8,697,755
OPERATING EXPENSES							
Chief Trial Counsel	\$ 24,504,801	\$ -	\$ 24,504,801	\$ 22,146,911	\$ 2,357,890	\$ 26,283,600	\$ (1,778,799)
State Bar Court	6,232,661	-	6,232,661	6,111,862	120,799	6,389,200	(156,539)
Attorney Regulation and Consumer Resources	2,754,785	-	2,754,785	2,461,568	293,217	3,057,700	(302,915)
Professional Competence	1,438,420	-	1,438,420	1,276,969	161,451	1,746,300	(307,880)
Probation	809,579	-	809,579	714,047	95,532	829,600	(20,021)
Mandatory Fee Arbitration	16,634	-	16,634	120,567	(103,933)	55,100	(38,466)
Judicial Evaluation	150,604	-	150,604	-	150,604	259,500	(108,896)
Commission on Access to Justice	2,066	-	2,066	6,939	(4,873)	9,600	(7,534)
Access & Inclusion	755,040	-	755,040	643,132	111,908	932,400	(177,360)
Communications	367,525	-	367,525	391,629	(24,104)	455,400	(87,875)
Governance	1,715,764	-	1,715,764	1,896,592	(180,828)	1,925,100	(209,336)
Lawyer Assistance Program	-	1,074,275	1,074,275	901,163	173,112	1,007,900	66,375
Client Security Fund	-	4,559,745	4,559,745	4,840,270	(280,525)	4,553,400	6,345
Admissions	-	9,644,808	9,644,808	8,800,733	844,075	10,875,900	(1,231,092)
Grant Expenses	-	37,220,882	37,220,882	25,622,682	11,598,200	37,160,200	60,682
General and Administrative	(1,653,407)	2,364,942	711,536	3,965,555	(3,254,019)	2,526,300	(1,814,764)
Total Operating Expenses	\$ 37,094,472	\$ 54,864,652	\$ 91,959,124	\$ 79,900,619	\$ 12,058,505	\$ 98,067,200	\$ (6,108,076)

The State Bar of California Statement of Revenue, Expenses and Changes in Net Position - Bar Wide
For the Six Months Ending June 30, 2019

	General Fund	Other Funds	2019 Actual	2018 Actual	Variance- 2018 Actual vs 2019 Actual	2019 Budget	Variance-2019 Actual vs Budget
OPERATING INCOME/(LOSS)	\$ 31,075,212	\$ 18,768,344	\$ 49,843,556	\$ 46,628,678	\$ 3,214,878	\$ 35,037,725	\$ 14,805,831
NON-OPERATING							
Investment Income	\$ 1,543,641	\$ 1,197,159	\$ 2,740,800	\$ 1,634,234	\$ 1,106,566	\$ 785,975	\$ 1,954,825
Rental Income	1,222,685	-	1,222,685	-	1,222,685	397,800	824,885
Interest Expense on Loan	(356,144)	(175,161)	(531,305)	(582,484)	51,179	(1,456,560)	925,255
Total Non-Operating	\$ 2,410,182	\$ 1,021,997	\$ 3,432,179	\$ 1,051,750	\$ 2,380,429	\$ (272,785)	\$ 3,704,964
INCOME/(LOSS) BEFORE TRANSFERS	\$ 33,485,394	\$ 19,790,342	\$ 53,275,736	\$ 47,680,428	\$ 5,595,308	\$ 34,764,940	\$ 18,510,796
Transfer in From LAP Fund	-	-	-	250,000	(250,000)	-	-
Transfer In From Sections Fund	-	-	-	-	-	-	-
Trsf In From Justice Gap Fund	-	(2,750,000)	(2,750,000)	-	(2,750,000)	-	(2,750,000)
Transfer Out to LTsf	-	2,750,000	2,750,000	-	2,750,000	-	2,750,000
Transfer Out To Tech Improvement Fund	-	-	-	-	-	-	-
Transfer Out to Client Security Fund	-	-	-	(250,000)	250,000	-	-
Interfund Transaction - Revenue	6,179	-	6,179	47,565	(41,386)	-	6,179
Interfund Transaction - Expenses	(6,179)	-	(6,179)	(47,565)	41,386	-	(6,179)
CHANGE IN NET POSITION	\$ 33,485,394	\$ 19,790,342	\$ 53,275,736	\$ 47,680,428	\$ 5,595,308	\$ 34,764,940	\$ 18,510,796
Net Position at beginning of year	60,851,487	72,927,260	133,778,747	137,089,685	(3,310,938)	133,778,747	
NET POSITION AT JUNE 30	\$ 94,336,881	\$ 92,717,602	\$ 187,054,483	\$ 184,770,113	\$ 2,284,370	\$ 168,543,687	

The State Bar of California Statement of Revenue, Expenses and Changes in Net Position - Non General Funds
For the Six Months Ending June 30, 2019

	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	Admissions	Grants	SF Tenant Improvement	Total Other Funds
REVENUES														
Continuing Legal Education Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,716	\$ -	\$ 600	\$ -	\$ -	\$ 11,316
EAF AB145 Filing Fee Revenue	-	-	4,559,824	-	-	-	-	-	-	-	-	-	-	4,559,824
Exam Application & Moral Character Fees	-	-	-	-	-	-	-	-	-	-	17,306,639	-	-	17,306,639
Grant Revenue	-	-	9,238,114	-	-	-	-	-	-	-	-	128,750	-	9,366,864
Legal Specialization Fees	-	-	-	-	-	-	-	-	1,819,719	-	-	-	-	1,819,719
Licensing Fees and Donations	7,872,507	310,040	-	-	1,406,699	2,066,325	723,685	6,200,275	-	-	-	-	-	18,579,531
Multi-Jurisdictional Practice	-	-	-	-	-	-	-	-	-	-	756,279	-	-	756,279
Other Revenue	1,575	2,554	186,420	-	-	-	-	133,943	11,560	-	796,403	-	-	1,132,455
Trust Account Revenue	-	-	-	-	-	-	-	20,100,371	-	-	-	-	-	20,100,371
Total Operating Revenues	7,874,082	312,594	13,984,358	-	1,406,699	2,066,325	723,685	26,434,589	1,841,994	-	18,859,920	128,750	-	73,632,997
EXPENSES														
Admissions	-	-	-	-	-	-	-	-	-	-	9,644,808	-	-	9,644,808
Client Security Fund	4,559,745	-	-	-	-	-	-	-	-	-	-	-	-	4,559,745
General and Administrative	-	58,299	144,862	-	3,400	-	308,666	952,967	618,183	78,052	-	200,513	-	2,364,942
Grant Expenses	-	-	14,036,550	-	-	-	-	13,731,543	-	9,452,789	-	-	-	37,220,882
Lawyer Assistance Program	-	-	-	-	-	1,074,275	-	-	-	-	-	-	-	1,074,275
Total Operating Expenses	4,559,745	58,299	14,181,412	-	3,400	1,074,275	308,666	14,684,511	618,183	9,530,841	9,644,808	200,513	-	54,864,652
NON-OPERATING REVENUE														
Investment Income	82,624	5,124	18,687	6,580	66,428	66,047	12,042	312,823	71,078	329,047	211,025	15,653	-	1,197,159
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	(175,161)	(175,161)
Total Non-Operating Revenue	82,624	5,124	18,687	6,580	66,428	66,047	12,042	312,823	71,078	329,047	211,025	15,653	(175,161)	1,021,997
INCOME/(LOSS) BEFORE TRANSFERS	3,396,961	259,420	(178,367)	6,580	1,469,726	1,058,097	427,060	12,062,901	1,294,890	(9,201,794)	9,426,138	(56,110)	(175,161)	19,790,342
CHANGE IN NET POSITION	3,688,061	259,420	(178,367)	6,580	1,469,726	1,058,097	427,060	12,062,901	1,294,890	(9,201,794)	9,426,138	(56,110)	(175,161)	19,790,342
Net Position at beginning of year	487,121	131,856	2,762,219	-	4,101,410	3,568,711	386,961	19,981,176	3,410,348	29,766,767	8,150,263	469,453	(289,665)	72,926,620
NET POSITION AT JUNE 30, 2019	\$ 4,175,182	\$ 391,276	\$ 2,583,852	\$ 6,580	\$ 5,571,136	\$ 4,626,808	\$ 814,021	\$ 32,044,077	\$ 4,705,238	\$ 20,564,973	\$ 17,576,401	\$ 413,343	\$ (464,826)	\$ 92,716,962

The State Bar of California Revenue, Expenses and Changes in Net Position - Bar Wide For the Six Months Ending June 30, 2019

	2019 Actual	2018 Actual	Variance (2019 v. 2018)	Percent Change	Note
OPERATING REVENUES					
Licensing Fees and Donations	\$ 83,573,106	\$ 85,308,207	\$ (1,735,101)	-2%	
Trust Account Revenue	20,100,371	4,559,443	15,540,928	341% (C)	
EAF AB 145 Filing Fee Revenue	4,559,824	3,304,748	1,255,076	38% (B)	
Grant Revenue	9,366,864	9,172,900	193,964	2% (A)	
Seminar/Workshop Revenue	37,551	36,021	1,530	4%	
Legal Specialization Fees	1,819,719	1,970,473	(150,754)	-8%	
Multi-Jurisdictional Practice Fees	756,279	712,957	43,322	6%	
Exam Application & Moral Character Fees	17,306,639	17,708,003	(401,364)	-2%	
Interfund Transaction - Revenue	6,179	-	6,179	0%	
Law Corporation Registration Fees	714,472	706,528	7,944	1%	
Continuing Legal Education Fees	639,117	572,580	66,537	12%	
Settlement Grants	-	-	-	0%	
Affinity Insurance Revenue	1,206,467	914,849	291,618	32%	
Other Revenue	1,716,092	1,562,588	153,504	10%	
Total Operating Revenues	<u>\$ 141,802,680</u>	<u>\$ 126,529,297</u>	<u>\$ 15,273,383</u>	<u>12%</u>	
OPERATING EXPENSES					
General and Administrative	\$ 711,536	\$ 3,965,555	\$ (3,254,019)	-82% (F)	
Grant Expenses	37,220,882	25,622,682	11,598,200	45% (E)	
Chief Trial Counsel	24,504,801	22,146,911	2,357,890	11%	
Client Security Fund	4,559,745	4,840,270	(280,525)	-6%	
Admissions	9,644,808	8,800,733	844,075	10%	
Communications	367,525	391,629	(24,104)	-6%	
Lawyer Assistance Program	1,074,275	901,163	173,112	19%	
Attorney Regulation and Consumer Resources	2,754,785	2,461,568	293,217	12%	
Mandatory Fee Arbitration	16,634	120,567	(103,933)	-86%	
State Bar Court	6,232,661	6,111,862	120,799	2%	
Professional Competence	1,438,420	1,276,969	161,451	13%	
Probation	809,579	714,047	95,532	13%	
Judicial Evaluation	150,604	-	150,604	0%	
Commission on Access to Justice	2,066	6,939	(4,873)	-70%	
Access & Inclusion	755,040	643,132	111,908	17%	
Governance	1,715,764	1,896,592	(180,828)	-10%	
Total Operating Expenses	<u>\$ 91,959,124</u>	<u>\$ 79,900,619</u>	<u>\$ 12,058,505</u>	<u>15%</u>	
OPERATING INCOME/(LOSS)	\$ 49,843,556	\$ 46,628,678	\$ 3,214,878	7%	
NON-OPERATING REVENUE					
Investment Income	2,740,800	1,634,234	1,106,566	68%	
Rental Income	1,222,685		1,222,685	0%	
Interest Expense on Loan	(531,305)	(582,484)	51,179	-9%	
Total Non-Operating Revenue	<u>\$ 3,432,179</u>	<u>\$ 1,051,750</u>	<u>\$ 2,380,429</u>	<u>226%</u>	
CHANGE IN NET POSITION	\$ 53,275,736	47,680,428	\$ 5,595,307		
Net Position at start of year	133,778,747	137,089,685	(3,310,938)		
NET POSITION AT JUNE 30	<u>\$ 187,054,483</u>	<u>\$ 184,770,113</u>	<u>\$ 2,284,369</u>	<u>1%</u>	

The State Bar of California
Statement of Assets, Liabilities and Net Position - Bar Wide
As of June 30th, 2019

	General Fund	Total Other Funds	June 2019 Balance	June 2018 Balance	Variance
ASSETS AND DEFERRED OUTFLOWS					
Cash	\$ 79,543,162	\$ 2,488,665	\$ 82,031,827	\$ 66,598,923	\$ 15,432,903
Investments	81,207,406	-	81,207,406	91,154,388	(9,946,982)
Accounts Receivable (net of allowances)	(297,361)	4,230,694	3,933,332	3,764,084	169,249
Interfund Rec(Pay)	(95,223,774)	95,223,774	-	-	0
Capital Assets (net of depreciation)	97,926,136	4,815,551	102,741,686	93,503,620	9,238,067
OPEB Investments	8,406,303	-	8,406,303	12,432,305	(4,026,002)
Other Assets	755,611	146,280	901,891	877,069	24,822
Deferred Outflows	14,602,756		14,602,756	24,566,049	(9,963,293)
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 186,920,239	\$ 106,904,963	\$ 293,825,202	\$ 292,896,438	\$ 928,764
LIABILITIES AND DEFERRED INFLOWS					
Accounts Payable and Accrued Liabilities	\$ 5,657,317	\$ 6,871,525	\$ 12,528,842	\$ 5,395,769	\$ 7,133,073
Unearned Income	425,752	-	425,752	-	425,752
Loan Payable	16,255,462	7,319,310	23,574,772	26,035,226	(2,460,454)
Pension Liability	59,363,071	-	59,363,071	73,531,695	(14,168,624)
Deferred Inflows	10,878,281	-	10,878,281	2,305,896	8,572,385
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 92,579,883	\$ 14,190,836	\$ 106,770,719	\$ 107,268,586	\$ (497,867)
NET POSITION					
Net Position at Beginning of Year	\$ 60,851,487	\$ 72,927,260	\$ 133,778,747	\$ 137,089,685	\$ (3,310,938)
Change in Net Position	33,488,869	19,786,867	53,275,736	48,538,167	4,737,568
TOTAL NET POSITION	\$ 94,340,356	\$ 92,714,127	\$ 187,054,483	\$ 185,627,852	\$ 1,426,631
TOTAL LIABILITIES & NET POSITION Total	\$ 186,920,239	\$ 106,904,963	\$ 293,825,202	\$ 292,896,438	\$ 928,764

The State Bar of California
Statement of Assets, Liabilities and Net Position - Non-General Funds
as of June 30th, 2019

	Client Security	Elimination of Bias	Equal Access	Info Tech Special Access	Justice Gap Fund	Lawyer Assist Program	Legislative Activities	Legal Services Trust	Legal Specialization	Bank Settlement	Admissions	Grants	SF Tenant Improvement	TOTAL
ASSETS AND DEFERRED OUTFLOWS														
Cash	-	-	-	-	-	-	-	-	-	-	-	-	\$2,495,000	\$2,495,000
Accounts Receivable (net of allowances)	-	-	2,707,044	-	-	-	-	1,523,649	-	-	-	-	-	4,230,694
Interfund Rec(Pay)	4,135,343	391,276	5,866,220	6,580	2,821,136	4,686,223	822,650	33,058,180	4,710,302	20,564,976	18,160,662	405,211	(410,501)	95,218,258
Capital Assets (net of depreciation)	-	-	-	-	-	-	-	-	-	-	-	-	4,815,551	4,815,551
Other Assets	-	-	-	-	-	14,967	-	-	-	-	130,494	-	-	145,461
TOTAL ASSETS Total	\$4,135,343	\$391,276	\$8,573,264	\$6,580	\$2,821,136	\$4,701,190	\$822,650	\$34,581,829	\$4,710,302	\$20,564,976	\$18,291,156	\$405,211	\$6,900,050	\$106,904,963
LIABILITIES & DEFERRED INFLOWS														
Accounts Payable and Accrued Liabilities	\$251,241	-	\$5,730,775	-	-	\$74,382	\$8,629	\$46,386	\$5,064	-	\$714,755	\$6,905	\$29,912	\$6,868,051
Loan Payable	-	-	-	-	-	-	-	-	-	-	-	-	7,319,310	7,319,310
TOTAL LIABILITIES & DEFERRED INFLOWS	\$251,241	\$0	\$5,730,775	\$0	\$0	\$74,382	\$8,629	\$46,386	\$5,064	\$0	\$714,755	\$6,905	\$7,349,223	\$14,187,361
NET POSITION														
Net Position at Beginning of Year	\$487,141	\$131,856	\$3,020,856	-	\$4,101,410	\$3,568,711	\$386,961	\$19,722,542	\$3,410,348	\$29,766,769	\$8,150,263	\$470,069	(\$289,665)	\$72,927,260
Change in Net Position	3,396,961	259,420	(178,367)	6,580	(1,280,274)	1,058,097	427,060	14,812,901	1,294,890	(9,201,794)	9,426,138	(71,763)	(159,508)	19,790,342
TOTAL NET POSITION	\$3,884,102	\$391,276	\$2,842,489	\$6,580	\$2,821,136	\$4,626,808	\$814,021	\$34,535,443	\$4,705,238	\$20,564,976	\$17,576,401	\$398,305	(\$449,173)	\$92,717,602
TOTAL LIABILITIES & NET POSITION	\$4,135,343	\$391,276	\$8,573,264	\$6,580	\$2,821,136	\$4,701,190	\$822,650	\$34,581,829	\$4,710,302	\$20,564,976	\$18,291,156	\$405,211	\$6,900,050	\$106,904,963



The State Bar *of California*

OFFICE OF FINANCE

Date: September 19, 2019

To: Members, Finance and Planning Committee
Members, Board of Trustees

From: John Adams, Chief Financial Officer

Subject: Investment Report for the 2nd Quarter Ended June 30, 2019

Attached is the quarterly Investment Report for the State Bar of California as of June 30, 2019. The report is presented in a format that conforms to the investment policy adopted by the Board of Trustees. The State Bar's investment portfolio consists of fixed income securities and deposits with Wells Fargo Bank and with the State Treasurer's Local Agency Investment Fund (LAIF). As of June 30, 2019, the market value of the investment portfolio was \$142.6 million compared to \$134.5 million as of June 30, 2018. This increase is due to the Q2 2019 replenishment of the LAIF account with funds collected during the most recent billing season, the purchase of additional investments and investments in the Fidelity Money Market Account. In addition, \$2.99 million in cash on deposit at Wells Fargo is also included. We also note the increase in interest rates during this period of time. For example, the quarterly interest rate on deposits in the Local Agency Investment Fund increased from 1.76 percent for the quarter ended June 30, 2018 to 2.44 percent for the quarter ended June 30, 2019.

The time-weighted average rate of return of the investment portfolio for the reported quarter is 2.31 percent compared to 2.16 percent in the comparable quarter of 2018. Actual investment earnings increased from \$1.08 million in 2018 to \$2.76 million in 2019.

The State Bar's investment strategy is to purchase bonds and hold them until maturity to realize the full value of the investment. Unrealized gains or losses in the portfolio would only be recognized if a security was sold before maturity. Temporary price changes or market value fluctuations in the portfolio of held-to-maturity securities are not recorded in the State Bar's quarterly financials.

**The State Bar of California
Investment Report Summary
June 30, 2019**

<u>Asset Group</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Portfolio Percentage</u>	<u>Weighted Average Yield</u>
Wells Fargo Custody Account:				
- Government Bonds	\$ 55,819,429	\$ 56,322,376	39.5%	2.47%
- Corporate Bonds	\$ 23,568,292	\$ 23,941,511	16.8%	2.52%
- Common Stock-Metlife Inc.	-	155,591	0.1%	n/a
Subtotal-Securities, Bonds and Notes	79,387,721	80,419,478	56.4%	
Interest Receivable	-	460,759	0.3%	n/a
Wells Fargo Treasury, Agency, & SSA	2,993,525	2,994,327	2.1%	n/a
Local Agency Investment Fund	52,706,781	52,706,781	37.0%	2.44%
Fidelity Money Market	5,974,986	5,974,986	4.2%	n/a
Total	\$ 141,063,013	\$ 142,556,330	100.0%	2.31%

Unrealized Gain/(Loss):

Market Value of Portfolio -Securities, Bonds and Notes	\$ 80,419,478
Original Cost of Portfolio -Securities, Bonds and Notes	79,387,721
Unrealized Gain/(Loss)	<u>\$ 1,031,756</u>

Investment Report - Wells Fargo Custody Account											
Balance as of June 30, 2019											
		S&P					Interest	Unrealized	Market	Purchase	Maturity
Issuer	CUSIP #	Rating	Type	Par Value	Cost	Mkt Value	Receivable	Gain/(Loss)	Yield	Date	Date
FREDDIE MAC (FHLMC)	3134G3A91	AA+	Government Agency	\$ 3,125,000	3,094,563	3,121,188	15,677	26,625	2.42%	02/28/18	08/22/19
FANNIE MAE (FNMA)	3135G0R39	AA+	Government Agency	\$ 3,125,000	3,068,959	3,113,469	5,816	44,509	2.45%	02/28/18	10/24/19
FED FARM CREDIT BANK	3133EJCN7	AA+	Government Agency	\$ 3,125,000	3,117,269	3,126,125	24,617	8,856	2.54%	02/28/18	02/14/20
FED HOME LN BANK	313383HU8	AA+	Government Agency	\$ 3,125,000	3,091,484	3,117,125	2,886	25,641	2.44%	02/28/18	06/12/20
FED HOME LN BANK	313370US5	AA+	Government Agency	\$ 3,125,000	3,171,513	3,159,500	27,452	(12,013)	2.44%	02/28/18	09/11/20
FREDDIE MAC (FHLMC)	3134GSCP8	AA+	Government Agency	\$ 3,125,000	3,120,313	3,127,875	8,247	7,563	2.60%	02/28/18	11/23/21
STATE OF CALIFORNIA	13063DAD0	AA-	Municipal Bond	\$ 3,035,000	2,993,269	3,070,085	17,960	76,816	2.39%	02/28/18	04/01/22
FREDDIE MAC (FHLMC)	3134GBC83	AA+	Government Agency	\$ 3,125,000	3,064,844	3,126,500	3,055	61,656	2.49%	02/28/18	06/14/22
FED HOME LN BK	313383VN8	AA+	Government Agency	\$ 3,000,000	2,994,696	2,998,350	18,000	3,654	2.48%	04/04/18	09/13/19
FED HOME LN BK	3130ADUY6	AA+	Government Agency	\$ 3,000,000	3,007,116	3,017,460	20,417	10,344	2.52%	04/04/18	09/21/20
FED HOME LN BK	3130ADXP2	AA+	Government Agency	\$ 3,000,000	3,005,430	3,018,630	16,742	13,200	2.53%	04/04/18	10/09/20
FED HOME LN MTG CORP	3134GBA69	AA+	Government Agency	\$ 3,000,000	2,978,490	3,056,520	28,104	78,030	2.41%	04/04/18	08/09/22
FED HOME LN BK	313383WD9	AA+	Government Agency	\$ 3,000,000	3,070,491	3,120,090	29,167	49,599	2.37%	04/04/18	09/09/22
FED HOME LN BK	313383WD9	AA+	Government Agency	\$ 3,500,000	3,580,420	3,640,105	34,028	59,686	2.37%	04/04/18	09/09/22
FED HOME LN BK	3130ADW32	AA+	Government Agency	\$ 3,500,000	3,506,636	3,520,965	22,152	14,329	2.51%	04/13/18	09/28/20
FED HOME LN BK	3130AFUV7	AA+	Government Agency	\$ 3,000,000	3,000,444	3,000,060	29,060	(384)	2.43%	02/14/19	07/05/19
FED HOME LN BK	3130AFVC8	AA+	Government Agency	\$ 3,000,000	3,000,594	3,007,110	29,167	6,516	2.57%	02/14/19	02/11/20
FED NATL MTG ASSN	313586RC5	AA	Government Agency	\$ 3,000,000	2,952,900	2,981,220	-	28,320	2.46%	02/22/19	10/09/19
	TOTAL GOVERNMENT BONDS AND NOTES:			55,910,000	55,819,429	56,322,376	332,546	502,947	2.47%		
MICROSOFT CORP	594918AH7	AAA	Corporate Bond	\$ 3,125,000	3,169,647	3,163,688	23,438	(5,959)	2.46%	02/28/18	10/01/20
APPLE INC	037833BS8	AA+	Corporate Bond	\$ 3,125,000	3,093,869	3,136,156	25,000	42,288	2.51%	02/28/18	02/23/21
CHEVRON CORP.	166764BG4	AA-	Corporate Bond	\$ 3,125,000	3,071,041	3,127,750	8,203	56,709	2.53%	02/28/18	05/16/21
MICROSOFT CORP	594918BP8	AAA	Corporate Bond	\$ 3,125,000	3,016,372	3,098,406	19,240	82,034	2.60%	02/28/18	08/08/21
APPLE INC	037833BF6	AA+	Corporate Bond	\$ 3,215,000	3,201,015	3,270,459	11,574	69,444	2.58%	02/28/18	05/13/22
TOYOTA MOTOR CREDIT CORP	89236TEC5	AA-	Corporate Bond	\$ 1,500,000	1,452,690	1,501,725	10,123	49,035	2.57%	02/28/18	09/08/22
TOYOTA MOTOR CREDIT CORP	89236TEL5	AA-	Corporate Bond	\$ 1,625,000	1,607,793	1,651,098	20,719	43,305	2.69%	02/28/18	01/11/23
TOYOTA MOTOR CREDIT CORP	89233HUH5	P-1	Commercial Paper	\$ 1,000,000	989,613	998,950	-	9,337	2.24%	02/14/19	07/17/19
MUFG Bank LTD NY BRAN CPDN	62479MUH4	P-1	Commercial Paper	\$ 1,000,000	989,233	998,950	-	9,717	2.30%	02/17/19	07/17/19
INTL BK RECON & DEVE	459058FK4	AAA	Corporate Bond	\$ 3,000,000	2,977,020	2,994,330	9,917	17,310	2.51%	02/22/19	08/15/19
	TOTAL CORPORATE BONDS :			23,840,000	23,568,292	23,941,511	128,213	373,219	2.52%		
BRIGHTHOUSE FINANCIAL INC	10922N103	N/A	Common Stock	-	-	9,760	-	9,760			
METLIFE INC	59156R108	N/A	Common Stock	-	-	145,831	-	145,831			
	TOTAL COMMON STOCKS:			-	-	155,591	-	155,591			
TOTAL INVESTMENT HELD BY WELLS FARGO:				79,750,000	79,387,721	80,419,478	460,759	1,031,756			
							-				



The State Bar *of California*

OFFICE OF FINANCE

Date: September 9, 2019

To: Members, Finance and Planning Committee
Members, Board of Trustees

From: John Adams, Chief Financial Officer

Subject: Client Security Fund Report for the 2nd Quarter Ended June 30, 2019

Attached for your review are a series of reports for the applications activity within the Client Security Fund (CSF) for the quarter ended June 30, 2019. These reports include:

- Status on Applications Activity for the quarter ended June 30, 2019
- Applications Aging Report
- Cumulative Applications Aging Report
- 24 Month Rolling Average of Applications Paid out Ratio
- Analysis of New Applications Paid, Rejected or Withdrawn

As of June 30, a total of 404 new applications in the amount of \$8.2 million were filed. The number of applications filed decreased by 30.7 percent compared to 583 applications filed last year. The application amount decreased by \$5.9 million, or 41.8 percent compared to \$14.1 million filed in 2018.

For the quarter ended June 30, 2019, total applications processed are 763 for approximately \$11.3 million. Total payouts for 2019 are \$3.8 million, decreased by \$0.1 million compared to \$3.9 million last year. Total applications pending for processing as of June 30, 2019 are 2,532 in the amount of \$48.8 million, and for the same period in 2018, there were 3,264 pending applications in the amount of \$54.4 million.

For this report, the Office of Finance estimated the application payout amount based on a rolling average of 24 month historical applications payout ratio, currently 38.96 percent. Total applications outstanding as of June 30, 2019 are 2,532 for \$48.8 million. Applying the rolling average applications payout ratio to the outstanding application amounts, the estimated application payout as of June 30, 2019 is \$19.0 million and there is a decrease of \$2.4 million or 11.2 percent compared to \$21.4 million last year. As of June 30, 2019, cash and investments available for applications reimbursement in the CSF are approximately \$3.9 million compared to \$6.3 million last year.

Key indicators for the CSF application process as of June 30, 2019 and 2018 are shown below:

Key Indicator Descriptions	2019 Q2	2018 Q2	Attachment
New Applications Received #/\$ (in million)	404/\$8.2	583/\$14.1	1
Total Applications Processed #/\$ (in million)	763/\$11.3	750/\$12.4	2
% of Paid Applications in # to total in process ¹	14.0%	10.0%	1
% of Paid Applications in \$ to total in process ²	6.3%	5.9%	1
Total Payouts \$ (in million)	\$3.8	\$3.9	2
Total Applications Pending for Processing #/\$ (in million)	2,532/\$48.8	3,264/\$54.4	2
24-month Rolling Average Payout Ratio	38.96%	39.40%	4
Estimated CSF Application Liabilities (in million)	\$19.0	\$21.4	2
Net Assets as of June 30 (in million)	\$3.9	\$6.3	3

¹ # of total in process represents pending application from prior year plus additional application filed in current fiscal year.

² \$ of total in process represents total application amount pending for processing from prior year plus additional applications filed in current fiscal year.

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
STATUS ON APPLICATIONS ACTIVITIES
JUNE 30, 2019
YEAR TO DATE ACTIVITIES**

Attachment 1

	<u>\$1 - 2,500</u>		<u>\$2,501 - 5,000</u>		<u>\$5,001 - 10,000</u>		<u>\$10,001 - 25,000</u>		<u>\$25,001 - 49,999</u>		<u>\$50,000</u>		<u>\$50,001 - 100,000</u>		<u>TOTAL</u>		(A)	(B)
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount		
Prior Years' Applications	482	838,122	947	3,590,219	549	4,054,779	406	6,881,789	145	5,121,010	38	1,641,175	324	29,756,684	2,891	51,883,778		
New Applications	102	163,073	85	333,167	75	566,031	58	1,002,657	25	872,889	5	250,000	54	4,965,652	404	8,153,469		
Paid Applications	(82)	(132,932)	(202)	(600,275)	(87)	(520,188)	(54)	(775,347)	(18)	(444,954)	(5)	(261,216)	(14)	(1,030,915)	(462)	(3,765,827)	14.0%	6.3%
Rejected Applications	(7)	(16,235)	(11)	(161,888)	(12)	(194,415)	(13)	(350,825)	(8)	(438,124)	(4)	(276,159)	(24)	(2,474,298)	(79)	(3,911,944)	2.4%	6.5%
Withdrawn Applications	(46)	(76,802)	(82)	(310,329)	(35)	(263,130)	(29)	(490,960)	(4)	(127,022)	-	-	(26)	(2,309,457)	(222)	(3,577,700)	6.7%	6.0%
Applications Outstanding	449	\$ 775,226	737	\$ 2,850,894	490	\$ 3,643,077	368	\$ 6,267,314	140	\$ 4,983,799	34	\$ 1,353,800	314	\$ 28,907,666	2,532	\$ 48,781,776		
New applications % to total	25.25%	2.00%	21.04%	4.09%	18.56%	6.94%	14.36%	12.30%	6.19%	10.71%	1.24%	3.07%	13.37%	60.90%	100.00%	100.00%		
Applications paid % to total	17.75%	3.53%	43.72%	15.94%	18.83%	13.81%	11.69%	20.59%	3.90%	11.82%	1.08%	6.94%	3.03%	27.38%	100.00%	100.00%		
Applications rejected or withdrawn % to total	17.61%	1.24%	30.90%	6.30%	15.61%	6.11%	13.95%	11.24%	3.99%	7.55%	1.33%	3.69%	16.61%	63.87%	100.00%	100.00%		
Applications outstanding % to total	17.73%	1.59%	29.11%	5.84%	19.35%	7.47%	14.53%	12.85%	5.53%	10.22%	1.34%	2.78%	12.40%	59.26%	100.00%	100.00%		

(A) % of # of paid applications, rejected applications and withdrawn applications to # of total applications in process in 2019 Q2.

(B) % of paid applications, rejected applications and withdrawn applications in \$ to the total applications \$ in process in 2019 Q2.

THE STATE BAR OF CALIFORNIA

Attachment 2

CLIENT SECURITY FUND

APPLICATIONS AGING REPORT

AS OF JUNE 30, 2019

<u>Year</u>	<u>Application</u>		<u>Gross Applications Prior Year</u>		<u>Current Year</u>		<u>Applications Paid</u>		<u>Applications Rejected or Withdrawn</u>		<u>Total Applications Processed</u>		<u>Applications Outstanding</u>	
<u>Filed</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>
2011	10	243,319					(1)	(100,000)	(6)	(111,369)	(7)	(211,369)	3	31,950
2012	32	466,106					-	-	(10)	(176,990)	(10)	(176,990)	22	289,116
2013	89	1,371,647					(6)	(312,629)	(25)	(249,845)	(31)	(562,474)	58	809,173
2014	290	2,864,478					(10)	(78,532)	(19)	(578,462)	(29)	(656,994)	261	2,207,484
2015	232	3,983,375					(53)	(644,915)	(61)	(2,001,479)	(114)	(2,646,394)	118	1,336,981
2016	809	12,199,273					(379)	(2,550,341)	(63)	(1,927,337)	(442)	(4,477,678)	367	7,721,595
2017	657	12,244,848					(4)	(12,006)	(8)	(166,766)	(12)	(178,772)	645	12,066,076
2018	772	18,510,732					(8)	(65,904)	(72)	(1,418,806)	(80)	(1,484,710)	692	17,026,022
2019			404	8,153,469			(1)	(1,500)	(37)	(858,590)	(38)	(860,090)	366	7,293,379
TOTAL	2,891	51,883,778	404	8,153,469	(462)	(3,765,827)	(301)	(7,489,644)	(763)	(11,255,471)	2,532	48,781,776		

Applications Outstanding	48,781,776
Estimated Application Payout Ratio	38.96%
Estimated Application Payouts	\$19,007,675

THE STATE BAR OF CALIFORNIA

Attachment 3

CLIENT SECURITY FUND

CUMULATIVE APPLICATIONS AGING REPORT

AS OF JUNE 30, 2019

<u>Year Application</u> <u>Filed</u>	<u>Gross Applications</u>		<u>Current Year</u>		<u>Applications Paid</u>		<u>Applications Rejected</u> <u>and Withdrawn</u>		<u>Total Applications</u> <u>Processed</u>		<u>Applications Outstanding</u>	
	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>
2010-2011	10	243,319			(1)	(100,000)	(6)	(111,369)	(7)	(211,369)	3	31,950
2010-2012	42	709,425			(1)	(100,000)	(16)	(288,359)	(17)	(388,359)	25	321,066
2010-2013	131	2,081,072			(7)	(412,629)	(41)	(538,204)	(48)	(950,833)	83	1,130,239
2010-2014	421	4,945,550			(17)	(491,161)	(60)	(1,116,666)	(77)	(1,607,827)	344	3,337,723
2010-2015	653	8,928,925			(70)	(1,136,076)	(121)	(3,118,145)	(191)	(4,254,221)	462	4,674,704
2010-2016	1,462	21,128,198			(449)	(3,686,417)	(184)	(5,045,482)	(633)	(8,731,899)	829	12,396,299
2010-2017	2,119	33,373,046			(453)	(3,698,423)	(192)	(5,212,248)	(645)	(8,910,671)	1,474	24,462,375
2010-2018	2,891	51,883,778			(461)	(3,764,327)	(264)	(6,631,054)	(725)	(10,395,381)	2,166	41,488,397
2010-2019			404	8,153,469	(462)	(3,765,827)	(301)	(7,489,644)	(763)	(11,255,471)	2,532	48,781,776
	2,891	51,883,778	404	8,153,469	(462)	(3,765,827)	(301)	(7,489,644)	(763)	(11,255,471)	2,532	48,781,776

Net Asset in Client Security Fund:

As of 6/30/2019 \$ 3,884,102

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
24 MONTH ROLLING AVERAGE APPLICATIONS PAIDOUT RATIO
JULY 2017 THROUGH JUNE 2019

Attachment 4

Month Covered	<u>PAID APPLICATIONS</u>		<u>REJECTED/ WITHDRAWN APPLICATIONS</u>	<u>PROCESSED</u>
	Amount	Monthly Average Payout Ratio	Amount	Amount
Jul17	177,823	39.77%	269,311	447,133
Aug17	1,186,834	58.35%	856,114	2,042,948
Sept17	432,036	30.12%	1,002,515	1,434,552
Oct17	964,259	40.61%	1,410,095	2,374,354
Nov17	1,663,556	74.56%	567,737	2,231,293
Dec17	3,000	0.93%	319,999	322,999
Jan18	779,798	55.03%	637,128	1,416,926
Feb18	730,370	33.45%	2,350,278	3,080,648
Mar18	307,896	15.34%	1,707,335	2,015,231
Apr18	486,908	30.10%	1,135,316	1,622,223
May18	555,611	21.38%	2,043,237	2,598,848
June18	1,084,605	65.34%	575,374	1,659,979
July18	233,352	15.31%	1,290,696	1,524,048
Aug18	843,046	35.92%	1,503,880	2,346,926
Sep18	651,994	41.59%	915,793	1,567,787
Oct18	1,822,797	58.99%	1,266,955	3,089,752
Nov18	989,509	40.05%	1,481,305	2,470,815
Dec18	674,954	65.13%	361,308	1,036,263
Jan19	502,309	25.50%	1,467,298	1,969,607
Feb19	502,898	32.61%	1,039,394	1,542,292
Mar19	746,987	43.70%	962,516	1,709,503
Apr19	813,969	36.35%	1,425,378	2,239,347
May19	619,336	22.52%	2,130,501	2,749,837
June19	580,329	55.54%	464,556	1,044,885
Total:	<u>17,354,176</u>		Total: <u>27,184,019</u>	<u>44,538,195</u>

24 Month Rolling Average PaidOut Ratio:

38.96%

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
ANALYSIS OF NEW APPLICATIONS PAID, REJECTED
OR WITHDRAWN, ESTIMATED
APPLICATIONS PAYOUTS PER ACTIVE ATTORNEY**

Attachment 5

JUNE 30, 2019

	<u>1ST QTR</u>	<u>2ND QTR</u>
Beginning Balance	2,891	2,779
Add: Reinstated Applications and New Applications	200	204
Less: Paid / Rejected or Withdrawn	312	451
TOTAL	2,779	2,532
 APPLICATIONS OUTSTANDING AMT.	 50,764,910	 48,781,776
# Of Active Attorneys	189,644	190,187
Cost Per Active Attorney	\$268	\$256
 ESTIMATED APPLICATIONS LIAB.		
Applications Payout Ratio	38.24%	38.96%
Estimated Application Amount *	\$19,412,502	\$19,005,380
# of Active Attorneys	189,644	190,187
Cost per Active Attorney	\$102	\$100
 APPLICATION ACTIVITIES IN %:		
 NEW APPLICATIONS - YTD		
1 - 2,500	1.60%	2.00%
2,501 - 5,000	3.99%	4.09%
5,001 - 10,000	6.93%	6.94%
10,001 - 25,000	11.54%	12.30%
25,001 - 49,999	10.84%	10.71%
50,000	1.18%	3.07%
50,001 - 100,000	63.91%	60.90%
 APPLICATIONS PAID - YTD		
1 - 2,500	3.81%	3.53%
2,501 - 5,000	11.63%	15.94%
5,001 - 10,000	10.93%	13.81%
10,001 - 25,000	18.18%	20.59%
25,001 - 49,999	16.24%	11.82%
50,000	10.15%	6.94%
50,001 - 100,000	29.07%	27.38%
 REJ./WDRAWN - YTD		
1 - 2,500	1.24%	1.24%
2,501 - 5,000	4.79%	6.30%
5,001 - 10,000	6.72%	6.11%
10,001 - 25,000	10.09%	11.24%
25,001 - 49,999	9.76%	7.55%
50,000	6.04%	3.69%
50,001 - 100,000	61.37%	63.87%
 APPLICATIONS O/S-CUM. - YTD		
1 - 2,500	1.57%	1.59%
2,501 - 5,000	6.68%	5.84%
5,001 - 10,000	7.72%	7.47%
10,001 - 25,000	13.17%	12.85%
25,001 - 49,999	9.76%	10.22%
50,000	2.57%	2.78%
50,001 - 100,000	58.54%	59.26%
 NET ASSET, END OF PERIOD	 \$ 6,117,221	 \$ 3,884,102
PROJECTED NET ASSETS	\$ (13,295,281)	\$ (15,121,278)

*Based upon 24 month rolling weighted average of applications payout ratio (See page 4)