



The State Bar *of California*

OPEN SESSION AGENDA ITEM 54-141 MARCH 2020

DATE: March 12, 2020

TO: Members, Board of Trustees

FROM: John Adams, Chief Financial Officer

SUBJECT: Q4 Financial Statement Report, Investment Report, and Client Security Fund Report

EXECUTIVE SUMMARY

In adherence with the Board of Trustees Policy Manual, Section 5.2.1, the Office of Finance has prepared the accompanying financial reports (unaudited) for the 4th quarter ended December 31, 2019 for the Board's review. For the 4th 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 Committee is responsible for reviewing quarterly reports prepared by the Office of Finance.

DISCUSSION

The Financial Report for the 4th quarter ended December 31, 2019 is composed of multiple attachments, including: the 4th Quarter Financial Statements, the Investment Report ending as of December 31, 2019, and the 4th Quarter Client Security Fund Report.

The Financial Statements were reviewed and approved on March 4, 2020, by the Finance Committee. The Finance Committee adopted a resolution that recommends the Board of Trustees approve the Financial Statements that are attached to this report.

FISCAL/PERSONNEL IMPACT

None

RULE AMENDMENTS

None

BOARD OF TRUSTEES POLICY MANUAL AMENDMENTS

None

STRATEGIC PLAN GOALS & OBJECTIVES

Goal: None - compliance

RECOMMENDATIONS

Should the Board of Trustees concur in the proposed action, passage of the following resolution is recommended:

RESOLVED, that the Board of Trustees, upon recommendation of the Finance Committee approve the 2019 4th Quarter Financial Report in the form this day before the Board, for the period ending December 31, 2019, as certified by the Chief Financial Officer, approved by the Finance Committee, and on file with the San Francisco office of the State Bar.

ATTACHMENT(S) LIST

- A.** Financial Statements as of December 31, 2019
- B.** Investment Report for the 4th Quarter Ended December 31, 2019
- C.** Client Security Fund Report for the 4th Quarter Ended December 31, 2019



The State Bar of California

OFFICE OF FINANCE

Date: March 4, 2020

To: Members, Finance Committee

From: John Adams, Chief Financial Officer

Subject: 4th Quarter 2019 Financial Statements

This memo outlines the State Bar's 4th quarter operating results and fiscal position as of December 31, 2019, with information and comparative analysis 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 December 31, 2019

ASSETS AND LIABILITIES: YEAR OVER YEAR COMPARISON					
Financial Statement Category	December 31, 2019 (in \$M)	December 31, 2018 (in \$M)	Changes (in \$M)	Changes (in %)	Refer to Attachment
Total Assets	\$284.7	\$265.7	\$19.0	7.2%	4&5
Cash & Investments	154.9	125.2	29.7	23.7%	4&5
Deferred Outflows of Resources	14.6	14.6	0	0%	4&5
Total Liabilities	140.7	131.9	8.8	6.7%	4&5
Deferred Inflows of Resources	10.9	10.9	0	0%	4&5
Net Pension Liabilities	59.4	59.4	0	0%	4&5
Loans Payable	22.3	24.8	-2.5	-10.1%	4&5
Net Position	144	133.8	10.2	7.6%	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 \$19 million, from \$265.7 million at December 31, 2018 to \$284.7 million at December 31, 2019. Net position (total assets minus total liabilities) at December 31, 2019 was \$144 million, an increase of \$10.2 million compared to \$133.8 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 December 31, 2019, the State Bar's total liabilities were \$140.7 million, up by \$8.8 million compared to \$131.9 million at the 4th quarter of 2018. This increase is due primarily to an increase in unearned income due to the fee increase.

NET POSITION

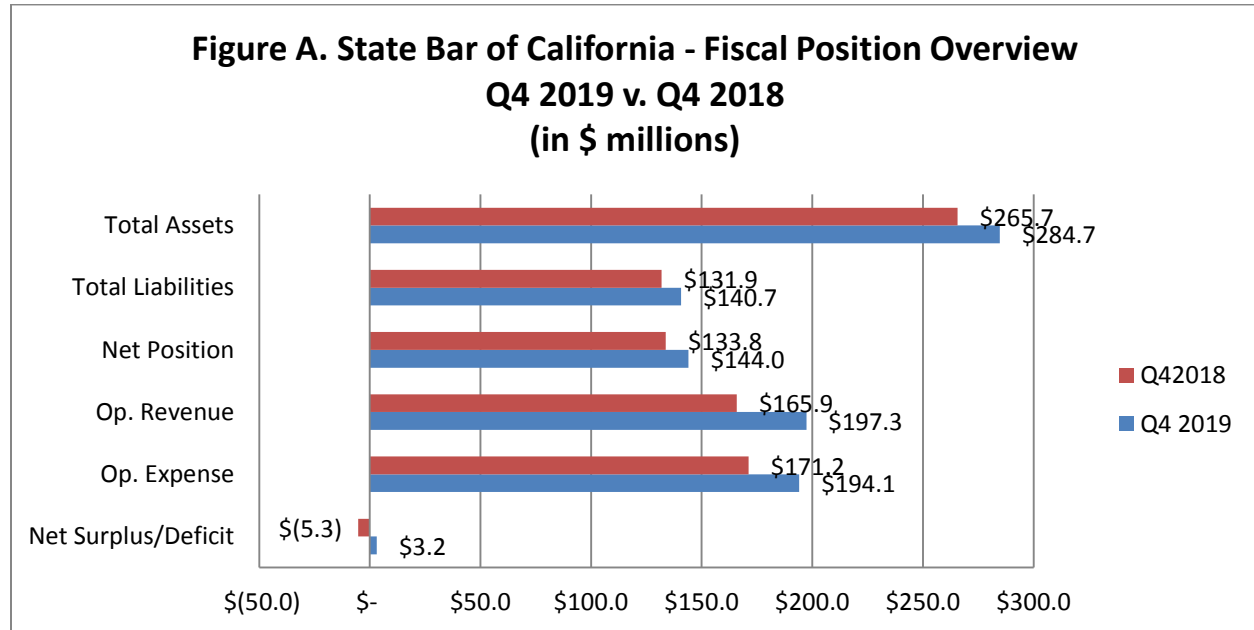
Net position consists of restricted and unrestricted net position and investment in capital assets. The State Bar's total net position (total assets – total liabilities) as of December 31, 2019 was \$144 million, up by \$10.2 million or 7.6 percent compared to \$133.8 million last year.

Year-to-date through December 31, 2019, operating revenues were \$197.3 million, 19.5 percent better than the budget of \$165.1 million. Total operating expenses were \$194.1 million, at 102.3 percent of the \$189.7 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 Q4 Actual (in \$M)	2019 Q4 Budget (in \$M)	Variance (in \$M)	Variance (in %)	Refer to Attachment
Operating Revenue	197.3	165.1	32.2	19.5%	1,2,3
Licensing Fees & Donations	85.7	86.9	-1.2	-1.4%	1,2,3
Operating Expenses	194.1	189.7	4.4	2.3%	1,2,3
General & Administrative	18.3	19.9	-1.6	-8.1%	1,2,3
Chief Trial Counsel	52.0	53.1	-1.1	-2.1%	1,2,3
Client Security Fund	8.7	8.5	0.2	2.0%	1,2,3
Admissions	21.2	21.8	-0.6	-2.8%	1,2,3
Grant Expenses	62.0	53.2	8.8	16.6%	1,2,3

Figure A below summarizes the State Bar's financial position at the end of the 4th quarter of 2019, compared to the 4th quarter of 2018.



See attachments 1 and 2 for more detailed comparisons of the State Bar's financial position at December 31, 2018 versus December 31, 2019.¹

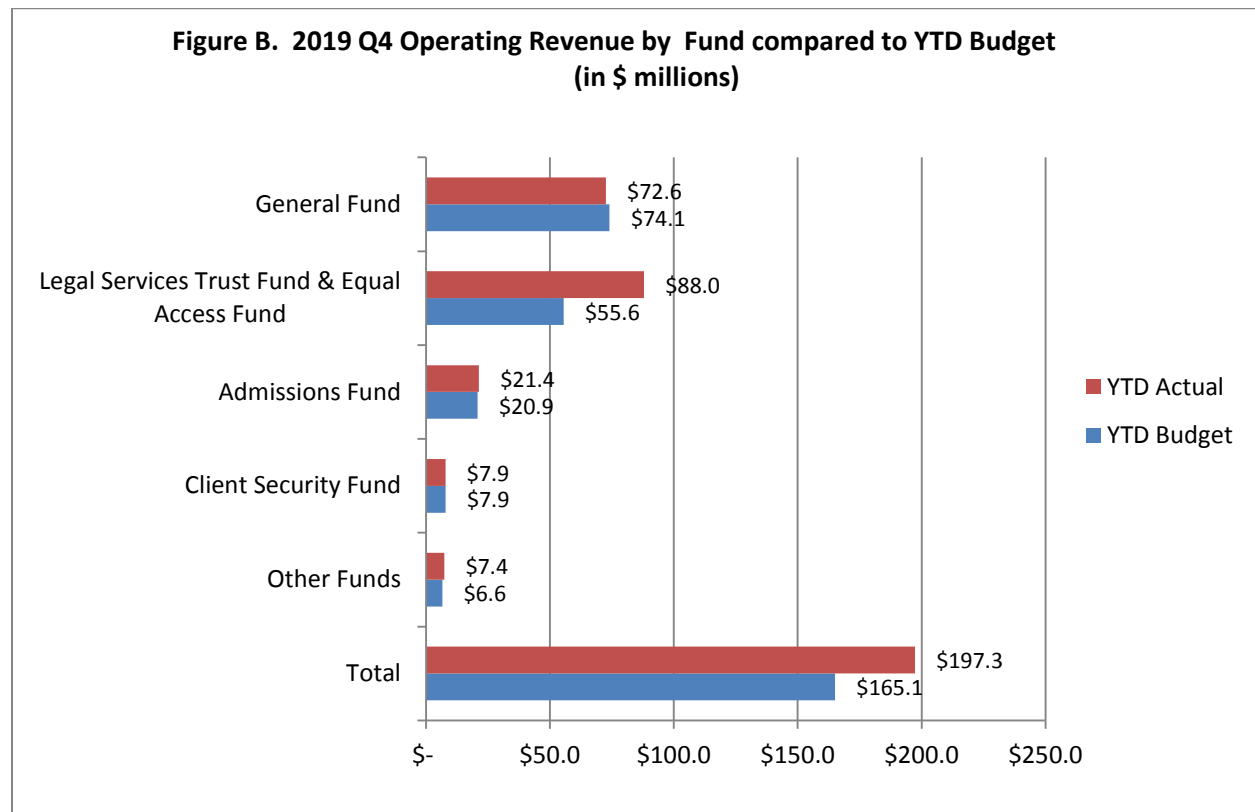
REVENUE

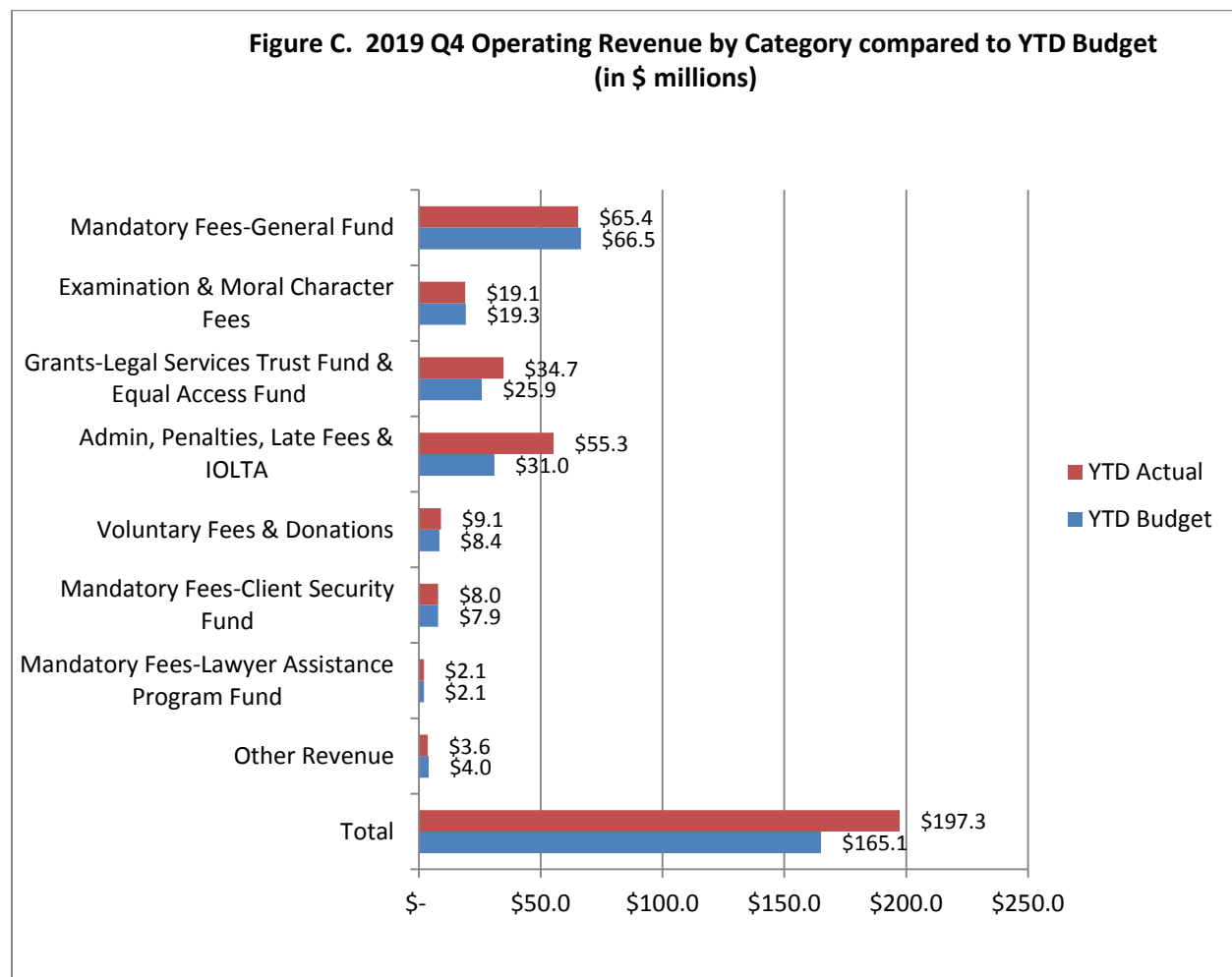
Figures B and C compare budget to actuals for operating revenue, with Figure B presenting at the fund level and Figure C by revenue category. Overall, operating revenue totaled \$197.3 million through the 4th quarter of 2019, \$32.2 million more than the budgeted operating revenue of \$165.1 million.

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 operating revenue and operating expenses through the 2019 4th quarter versus 2018 4th quarter.

¹ note that totals for Figures and Attachments may vary depending on whether total revenue/expense is displayed as opposed to operating revenues and expense. See attachment 1, which displays operating and nonoperating items, whereas Figure B below shows total revenue, to include both operating and non-operating.





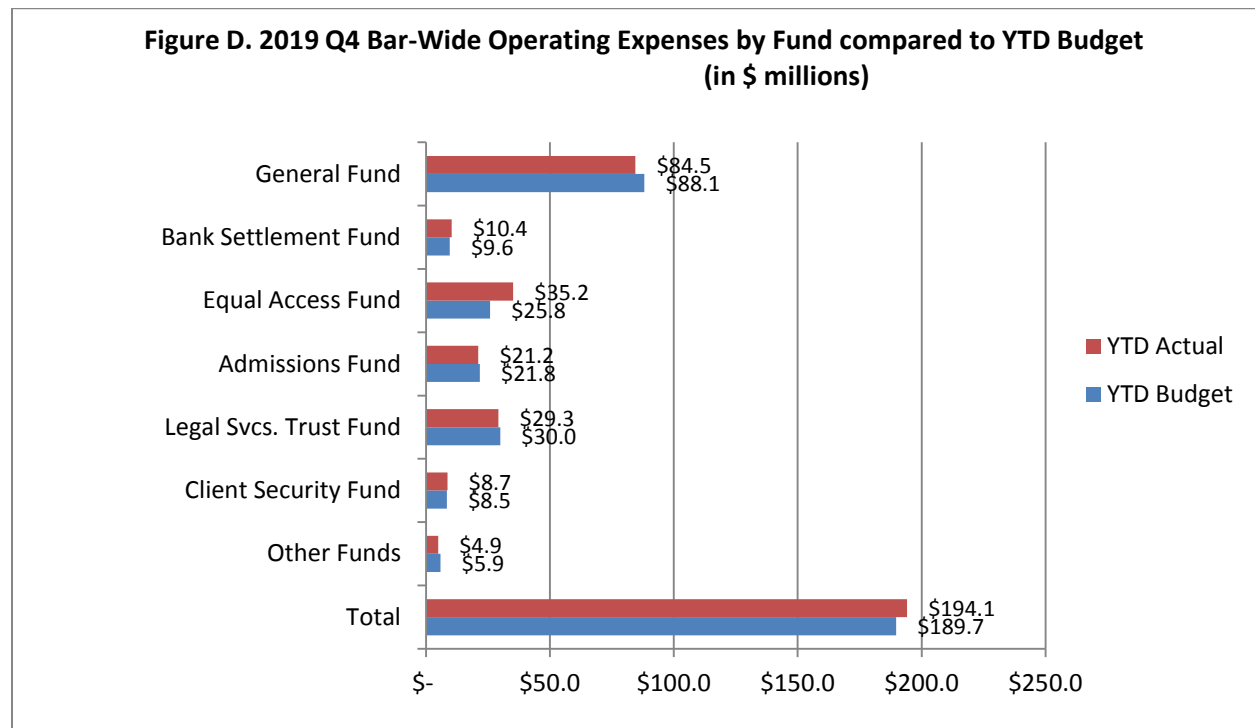
NONOPERATING REVENUE

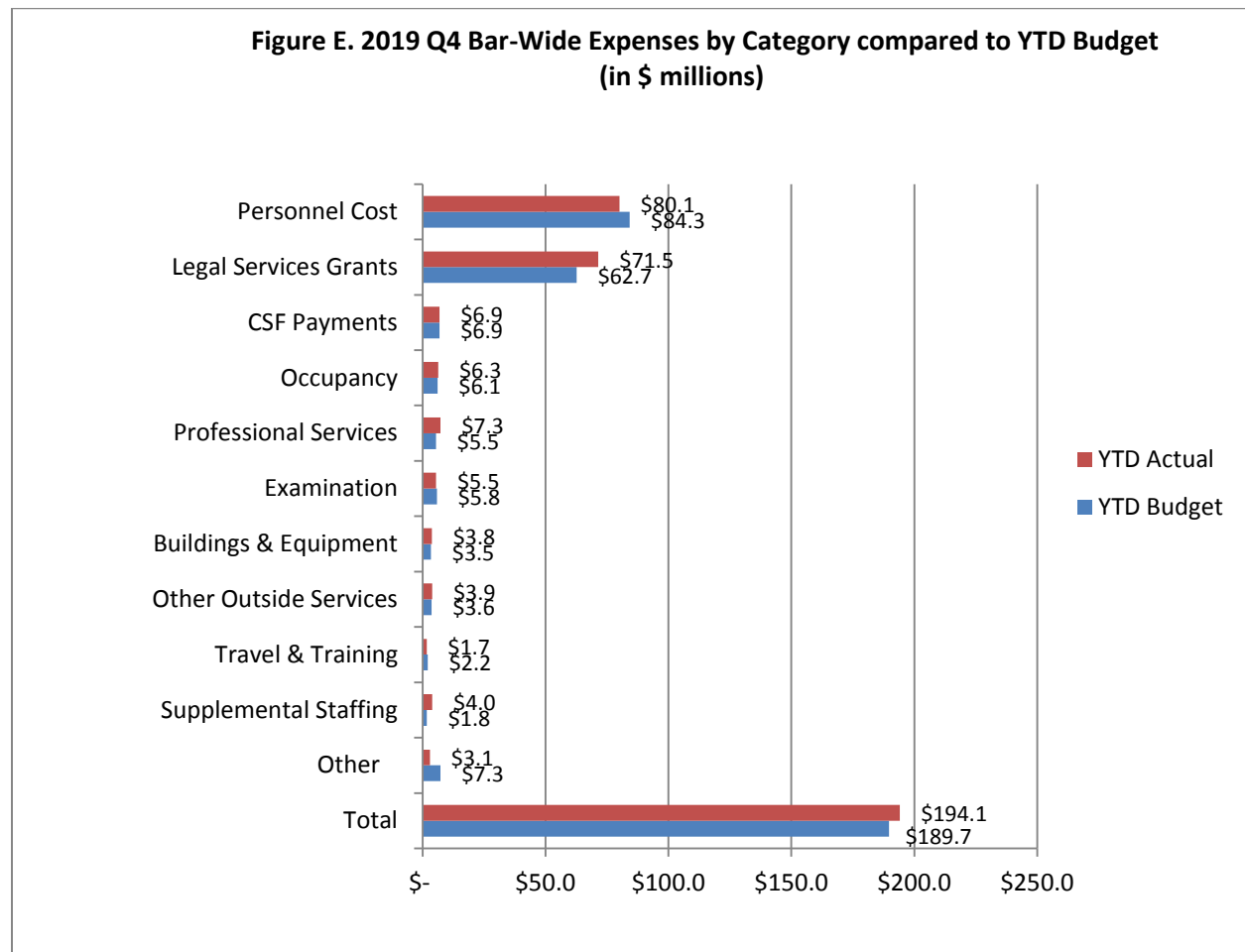
Nonoperating revenue consists of investment income, rental income and interest expense on loans. Investment income through Q4 2019 is \$4.7 million, \$3.3 million over budget.

EXPENSES

The State Bar's operating expenses through 4th quarter 2019 were \$194.1 million, compared to the budget of \$189.7 million. This variance includes \$4.2 million in personnel costs, primarily due to vacancies. Savings on regular salaries and benefits were \$5.5 million, offset by the COLA accrual of \$1.8 million. The 2019 budget staff Bar-wide includes 583 positions, with 256 of those in Chief Trial Counsel. The monthly average over twelve months was 538 and 245, respectively.

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





Attachments:

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

The State Bar of California Statement of Revenue, Expenses and Changes in Net Position - Bar Wide
For the Twelve Months Ending December 31, 2019

	General Fund	Other Funds	2019 Actual	2018 Actual	Variance- 2018 Actual vs 2019 Actual	2019 Budget	Variance-2019 Actual vs Budget
REVENUES							
Affinity Insurance Revenue	\$ 2,190,978	\$ -	\$ 2,190,978	\$ 2,020,326	\$ 170,652	\$ 1,851,500	\$ 339,478
Continuing Legal Education Fees	904,938	19,550	924,488	914,445	10,042	893,900	30,588
EAF AB 145 Filing Fee Revenue	-	10,319,802	10,319,802	6,965,873	3,353,930	7,247,100	3,072,702
Exam Application & Moral Character Fees	-	19,167,933	19,167,933	20,022,016	(854,083)	19,532,700	(364,767)
Grant Revenue	-	24,426,592	24,426,592	18,615,354	5,811,238	18,610,300	5,816,292
Law Corporation Registration Fees	2,035,492	-	2,035,492	1,415,111	620,381	1,490,000	545,492
Legal Specialization Fees	-	2,193,454	2,193,454	2,204,160	(10,706)	1,933,100	260,354
Licensing Fees and Donations	66,500,842	19,134,345	85,635,186	87,097,632	(1,462,446)	86,871,500	(1,236,314)
Multi-Jurisdictional Practice Fees	-	935,581	935,581	776,498	159,083	709,700	225,881
Other Revenue	915,558	2,102,125	3,017,684	4,853,377	(1,835,693)	3,065,800	(48,116)
Seminar/Workshop Revenue	45,055	2,554	47,609	61,450	(13,841)	68,100	(20,491)
Trust Account Revenue	-	46,454,116	46,454,116	20,910,030	25,544,086	22,850,000	23,604,116
Total Operating Revenue	\$ 72,592,861	\$ 124,756,052	\$ 197,348,913	\$ 165,856,272	\$ 31,492,641	\$ 165,123,700	\$ 32,225,213
EXPENSES							
Access & Inclusion	\$ 1,779,655	\$ -	\$ 1,779,655	\$ 1,303,134	\$ 476,521	\$ 1,863,400	\$ (83,745)
Admissions	-	21,155,448	21,155,448	19,108,916	2,046,532	21,761,600	(606,152)
Attorney Regulation and Consumer Resources	5,698,496	-	5,698,496	4,883,781	814,715	6,115,200	(416,704)
Chief Trial Counsel	51,983,023	-	51,983,023	44,895,235	7,087,788	53,074,400	(1,091,377)
Client Security Fund	-	8,680,764	8,680,764	10,904,200	(2,223,436)	8,507,700	173,064
Commission on Access to Justice	7,141	-	7,141	24,135	(16,994)	17,400	(10,259)
Communications	882,108	-	882,108	769,496	112,612	999,600	(117,492)
General and Administrative	2,691,489	15,648,882	18,340,371	27,526,935	(9,186,564)	19,953,700	(1,613,329)
Governance	3,271,830	-	3,271,830	3,769,838	(498,008)	3,394,800	(122,970)
Grant Expenses	-	62,030,382	62,030,382	39,527,433	22,502,949	53,217,900	8,812,482
Judicial Evaluation	391,814	-	391,814	721,208	(329,394)	517,500	(125,686)
Lawyer Assistance Program	-	2,054,170	2,054,170	1,830,535	223,635	2,016,900	37,270
Mandatory Fee Arbitration	80,938	-	80,938	182,408	(101,470)	109,500	(28,562)
Probation	1,674,842	-	1,674,842	1,396,083	278,759	1,655,000	19,842
Professional Competence	3,012,777	-	3,012,777	2,485,557	527,220	3,695,300	(682,523)
State Bar Court	13,039,299	-	13,039,299	11,893,784	1,145,515	12,777,800	261,499
Total Operating Expenses	\$ 84,513,414	\$ 109,569,646	\$ 194,083,060	\$ 171,222,679	\$ 22,860,381	\$ 189,677,700	\$ 4,405,360
							102.3%

The State Bar of California Statement of Revenue, Expenses and Changes in Net Position - Bar Wide
For the Twelve Months Ending December 31, 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)	\$ (11,920,552)	\$ 15,186,406	\$ 3,265,853	\$ (5,366,407)	\$ 8,632,260	\$ (24,554,000)	\$ 27,819,853
NON-OPERATING							
Investment Income	\$ 2,728,716	\$ 1,933,252	\$ 4,661,968	\$ 2,349,711	\$ 2,312,257	\$ 1,341,300	\$ 3,320,668
Rental Income	3,387,922	-	3,387,922	2,152,652	1,235,270	3,289,500	98,422
Interest Expense on Loan	(695,211)	(339,823)	(1,035,035)	(1,134,145)	99,110	(1,035,100)	65
Total Non-Operating	\$ 5,421,427	\$ 1,593,428	\$ 7,014,856	\$ 3,368,219	\$ 3,646,637	\$ 3,595,700	\$ 3,419,156
INCOME/(LOSS) BEFORE TRANSFERS	\$ (6,499,125)	\$ 16,779,834	\$ 10,280,709	\$ (1,998,188)	\$ 12,278,897	\$ (20,958,300)	\$ 31,239,009
Interfund Allocation - LA	-	-	-	-	-	-	-
Interfund Transactions Expenses	(56,886)	(3,426)	(60,312)	(49,460)	(10,852)	-	(60,312)
Trsf In From Justice Gap Fund	-	2,750,000	2,750,000	-	2,750,000	-	2,750,000
Transfers In - Other	1,023,534	100,000	1,123,534	3,610,789	(2,487,254)	100,000	1,023,534
Transfers Out - Other	(1,023,534)	(2,850,000)	(3,873,534)	(3,610,789)	(262,746)	(100,000)	(3,773,534)
Interfund Transaction-Revenue	54,495	6,120	60,615	49,460	11,156	-	60,615
CHANGE IN NET POSITION	\$ (6,501,516)	\$ 16,782,528	\$ 10,281,012	\$ (1,998,188)	\$ 12,279,201	\$ (20,958,300)	\$ 31,239,312
Net Position at beginning of year	60,851,487	72,927,260	133,778,747	145,389,713	(11,610,966)	133,778,747	
NET POSITION AT DECEMBER 31	\$ 54,349,971	\$ 89,709,788	\$ 144,059,760	\$ 143,391,525	\$ 668,235	\$ 112,820,447	

The State Bar of California Statement of Revenue, Expenses and Changes in Net Position - Non General Funds
For the Twelve Months Ending December 31, 2019

	Admissions	Bank Settlement	Client Security	Elimination of Bias	Equal Access	Grants	Info Tech Special Access	Justice Gap	Lawyers Assistance Program	Legal Services Trust	Legal Specialization	Legislative Activities	SF Tenant Improvement	Total Other Funds
REVENUES														
Continuing Legal Education Fees	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,950	\$ -	\$ -	\$ 19,550
EAF AB 145 Filing Fee Revenue	-	-	-	-	10,319,802	-	-	-	-	-	-	-	-	10,319,802
Exam Application & Moral Character Fees	19,167,933	-	-	-	-	-	-	-	-	-	-	-	-	19,167,933
Grant Revenue	-	601	-	-	24,160,991	265,000	-	-	-	-	-	-	-	24,426,592
Legal Specialization Fees	-	-	-	-	-	-	-	-	-	-	2,193,454	-	-	2,193,454
Licensing Fees and Donations	-	-	7,952,208	314,750	-	-	-	1,790,233	2,086,931	6,255,553	-	734,670	-	19,134,345
Multi-Jurisdictional Practice Fees	935,581	-	-	-	-	-	-	-	-	-	-	-	-	935,581
Other Revenue	1,308,460	-	10,150	-	593,540	-	-	-	-	177,141	12,834	-	-	2,102,125
Seminar/Workshop Revenue	-	-	-	2,554	-	-	-	-	-	-	-	-	-	2,554
Trust Account Revenue	-	-	-	-	-	-	-	-	-	46,454,116	-	-	-	46,454,116
Total Operating Revenues	21,412,573	601	7,962,358	317,304	35,074,333	265,000	-	1,790,233	2,086,931	52,886,810	2,225,238	734,670	-	124,756,052
EXPENSES														
Admissions	21,155,448	-	-	-	-	-	-	-	-	-	-	-	-	21,155,448
Client Security Fund	-	-	8,680,764	-	-	-	-	-	-	-	-	-	-	8,680,764
General and Administrative	-	10,393,242	-	163,911	602,812	566,733	-	7,000	-	1,806,887	1,465,372	642,926	-	15,648,882
Grant Expenses	-	-	-	-	34,567,326	-	-	-	-	27,463,056	-	-	-	62,030,382
Lawyer Assistance Program	-	-	-	-	-	-	-	-	2,054,170	-	-	-	-	2,054,170
Total Operating Expenses	21,155,448	10,393,242	8,680,764	163,911	35,170,137	566,733	-	7,000	2,054,170	29,269,943	1,465,372	642,926	-	109,569,646
NON-OPERATING REVENUE														
Investment Income	352,071	497,098	105,134	8,285	52,697	-	6,225	89,068	103,527	572,672	109,417	18,296	18,761	1,933,252
Interest Expense on Loan	-	-	-	-	-	-	-	-	-	-	-	-	(339,823)	(339,823)
Total Non-Operating Revenue	352,071	497,098	105,134	8,285	52,697	-	6,225	89,068	103,527	572,672	109,417	18,296	(321,063)	1,593,428
INCOME/(LOSS) BEFORE TRANSFERS	609,196	(9,895,542)	(613,271)	161,678	(43,107)	(301,733)	6,225	1,872,301	136,288	24,189,539	869,284	110,041	(321,063)	16,779,834
TRANSFERS IN/OUT	(101,451)	-	3,278	-	-	-	-	(2,750,000)	1,250	2,750,000	100,000	(383)	-	2,694
CHANGE IN NET POSITION	507,745	(9,895,542)	(609,993)	161,678	(43,107)	(301,733)	6,225	(877,699)	137,538	26,939,539	969,284	109,658	(321,063)	16,782,528
Net Position at beginning of year	8,150,263	29,766,767	487,121	131,856	2,762,219	469,453	-	4,101,410	3,568,711	19,981,176	3,410,988	386,961	(289,665)	72,927,260
NET POSITION AT DECEMBER 31, 2019	\$ 8,658,008	\$ 19,871,225	\$ (122,872)	\$ 293,534	\$ 2,719,112	\$ 167,720	\$ 6,225	\$ 3,223,711	\$ 3,706,249	\$ 46,920,715	\$ 4,380,272	\$ 496,619	\$ (610,728)	\$ 89,709,788

The State Bar of California Revenue, Expenses and Changes in Net Position - Bar Wide For the Twelve Months Ending December 31, 2019

	2019 Actual	2018 Actual	Variance (2019 v. 2018)	Percent Change
OPERATING REVENUES				
Affinity Insurance Revenue	\$ 2,190,978	\$ 2,020,326	\$ 170,652	8%
Continuing Legal Education Fees	924,488	914,445	10,042	1%
EAF AB 145 Filing Fee Revenue	10,319,802	6,965,873	3,353,930	48%
Exam Application & Moral Character Fees	19,167,933	20,022,016	(854,083)	-4%
Grant Revenue	24,426,592	18,615,354	5,811,238	31%
Law Corporation Registration Fees	2,035,492	1,415,111	620,381	44%
Legal Specialization Fees	2,193,454	2,204,160	(10,706)	0%
Licensing Fees and Donations	85,635,186	87,097,632	(1,462,446)	-2%
Multi-Jurisdictional Practice Fees	935,581	776,498	159,083	20%
Other Revenue	3,017,684	4,853,377	(1,835,693)	-38%
Seminar/Workshop Revenue	47,609	61,450	(13,841)	-23%
Trust Account Revenue	46,454,116	20,910,030	25,544,086	122%
Total Operating Revenues	<u>\$ 197,348,913</u>	<u>\$ 165,856,272</u>	<u>\$ 31,492,641</u>	<u>19%</u>
OPERATING EXPENSES				
Access & Inclusion	\$ 1,779,655	\$ 1,303,134	\$ 476,521	37%
Admissions	21,155,448	19,108,916	2,046,532	11%
Attorney Regulation and Consumer Resources	5,698,496	4,883,781	814,715	17%
Chief Trial Counsel	51,983,023	44,895,235	7,087,788	16%
Client Security Fund	8,680,764	10,904,200	(2,223,436)	-20%
Commission on Access to Justice	7,141	24,135	(16,994)	-70%
Communications	882,108	769,496	112,612	15%
General and Administrative	18,340,371	27,526,935	(9,186,564)	-33%
Governance	3,271,830	3,769,838	(498,008)	-13%
Grant Expenses	62,030,382	39,527,433	22,502,949	57%
Judicial Evaluation	391,814	721,208	(329,394)	-46%
Lawyer Assistance Program	2,054,170	1,830,535	223,635	12%
Mandatory Fee Arbitration	80,938	182,408	(101,470)	-56%
Probation	1,674,842	1,396,083	278,759	20%
Professional Competence	3,012,777	2,485,557	527,220	21%
State Bar Court	13,039,299	11,893,784	1,145,515	10%
Total Operating Expenses	<u>\$ 194,083,060</u>	<u>\$ 171,222,679</u>	<u>\$ 22,860,381</u>	<u>13%</u>
OPERATING INCOME/(LOSS)	\$ 3,265,853	\$ (5,366,407)	\$ 8,632,260	-161%
NON-OPERATING REVENUE				
Investment Income	4,661,968	2,349,711	2,312,257	98%
Rental Income	3,387,922	2,152,652	1,235,270	57%
Interest Expense on Loan	(1,035,035)	(1,134,145)	99,110	-9%
Total Non-Operating Revenue	<u>\$ 7,014,856</u>	<u>\$ 3,368,219</u>	<u>\$ 3,646,637</u>	<u>108%</u>
CHANGE IN NET POSITION	\$ 10,280,709	(1,998,188)	\$ 12,278,897	0%
Net Position at start of year	133,778,747	145,389,713	(11,610,966)	0%
NET POSITION AT DECEMBER 31	<u>\$ 144,059,456</u>	<u>\$ 143,391,525</u>	<u>\$ 667,931</u>	<u>0%</u>

The State Bar of California
Statement of Assets, Liabilities and Net Position - Bar Wide
As of December 31, 2019

	General Fund	Total Other Funds	December 2019 Balance	December 2018 Balance	Variance
ASSETS AND DEFERRED OUTFLOWS					
Cash	85,841,848	2,495,000	88,336,848	53,544,784	34,792,064
Investments	66,597,929	-	66,597,929	71,659,741	(5,061,812)
Accounts Receivable (net of allowances)	732,207	1,946,750	2,678,957	14,954,251	(12,275,294)
Interfund Rec(Pay)	(108,596,268)	108,596,268	-	-	-
Capital Assets (net of depreciation)	96,914,252	4,815,550	101,729,802	101,127,895	601,907
OPEB Investments	8,254,371	-	8,254,371	8,004,369	250,002
Other Assets	2,368,659	179,353	2,548,012	1,801,067	746,945
Deferred Outflows	14,602,756	-	14,602,756	14,602,756	0
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 166,715,754	\$ 118,032,921	\$ 284,748,675	\$ 265,694,863	\$ 19,053,812
LIABILITIES AND DEFERRED INFLOWS					
Accounts Payable and Accrued Liabilities	9,771,253	756,348	10,527,601	15,548,233	(5,020,632)
Unearned Income	16,909,459	20,711,593	37,621,052	21,334,358	16,286,694
Loan Payable	15,443,719	6,858,666	22,302,385	24,819,584	(2,517,199)
Pension Liability	59,363,071	-	59,363,071	59,363,071	-
Deferred Inflows	10,878,281	-	10,878,281	10,878,281	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	112,365,783	28,326,607	140,692,390	131,943,527	8,748,863
NET POSITION					
Net Position at Beginning of Year	60,851,487	72,927,260	133,778,747	145,389,713	(11,610,966)
Change in Net Position	(6,501,516)	16,779,054	10,277,538	(11,638,377)	21,915,915
TOTAL NET POSITION	54,349,971	89,706,314	144,056,285	133,751,336	10,304,949
TOTAL LIABILITIES & NET POSITION Total	\$ 166,715,754	\$ 118,032,921	\$ 284,748,675	\$ 265,694,863	\$ 19,053,812

The State Bar of California
Statement of Assets, Liabilities and Net Position - Non-General Funds
as of December 30, 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
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable (net of allowances)	-	-	\$ (1,754,520)	-	-	-	-	3,701,271	-	-	-	-	-	1,946,750
Interfund Rec(Pay)	\$ 3,274,241	\$ 366,158	14,420,637	\$ 210,942	\$ 3,443,487	\$ 3,758,720	\$ 676,833	44,440,047	4,900,460	19,871,227	14,093,200	173,015	(1,032,700)	108,596,268
Capital Assets (net of depreciation)	-	-	-	-	-	-	-	-	-	-	-	-	4,815,551	4,815,550
OPEB Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	27,788	-	-	-	-	151,565	-	-	179,353
Deferred Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS Total	\$3,274,241	\$366,158	\$12,666,116	\$210,942	\$3,443,487	\$3,786,508	\$676,833	48,141,318	4,900,460	19,871,227	14,244,765	173,015	6,277,851	\$118,032,921
LIABILITIES & DEFERRED INFLOWS														
Accounts Payable and Accrued Liabilities	\$145,130	-	\$100,168	-	-	\$45,392	\$7,889	34,847	5,858	-	382,472	4,680	29,912	\$756,348
Unearned Income	3,251,964	72,624	9,588,200	204,718	219,776	38,342	172,325	1,444,390	514,970	-	5,204,285	-	-	\$20,711,593
Loan Payable	-	-	-	-	-	-	-	-	-	-	-	-	6,858,666	6,858,666
Pension Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	\$0
Deferred Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-	\$0
TOTAL LIABILITIES & DEFERRED INFLOWS	3,397,094	72,624	9,688,368	204,718	219,776	83,734	180,214	1,479,237	520,828	-	5,586,757	4,680	6,888,578	\$28,326,607
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	(609,993)	161,678	(43,107)	6,225	(877,699)	134,063	109,658	26,939,539	969,284	(9,895,542)	507,745	(301,733)	(321,063)	16,779,054
TOTAL NET POSITION	(122,852)	293,534	2,977,748	6,225	3,223,711	3,702,774	496,619	46,662,080	4,379,632	19,871,227	8,658,008	168,336	(610,728)	89,706,314
TOTAL LIABILITIES & NET POSITION	\$3,274,241	\$366,158	\$12,666,116	\$210,942	\$3,443,487	\$3,786,508	\$676,833	48,141,318	4,900,460	19,871,227	14,244,765	173,015	6,277,851	\$118,032,921



The State Bar of California

OFFICE OF FINANCE

Date: March 4, 2020

To: Members, Finance Committee

From: John Adams, Chief Financial Officer

Subject: Investment Report for the 4th Quarter Ended December 31, 2019

Attached is the quarterly Investment Report for the State Bar of California as of December 31, 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 December 31, 2019, the market value of the investment portfolio was \$137.5 million compared to \$109.1 million as of December 31, 2018.

This increase is due to:

1. Trust Account (IOLTA) revenue exceeding expenses to date by \$19.6 million which is the result of increased interest rates paid on trust accounts.
2. Equal Access revenues are exceeding expenses by \$14.8 million as of December 31 which is just a timing difference for grant revenue and expenses.

The quarterly rate of return of the investment portfolio for this quarter is 2.25 percent. Interest rates are slightly lower in comparison to prior year, the quarterly interest rate on deposits in the LAIF decreased from 2.21 percent for the quarter ended December 31, 2018 to 2.11 percent for the quarter ended December 31, 2019. For the fiscal year, actual investment earnings increased from \$2.88 million in 2018 to \$3.22 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 recorded in the State Bar's quarterly financials.

The State Bar of California
Investment Report Summary
December 31, 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:				
- Commercial Paper	\$ 8,930,393	\$ 8,936,160	6.5%	N/A
- Government Bonds	37,772,071	38,105,789	27.7%	2.45%
- Corporate Bonds	18,612,425	19,022,938	13.8%	2.35%
- Common Stock-Metlife Inc.	-	160,083	0.1%	N/A
Subtotal-Securities, Bonds and Notes	65,314,889	66,224,970	48.2%	
Interest Receivable	-	313,840	0.2%	2.11%
Local Agency Investment Fund	64,910,523	64,910,523	47.2%	2.11%
Fidelity Money Market	6,035,826	6,035,826	4.4%	2.22%
Total	\$ 136,261,238	\$ 137,485,159	100.0%	2.25%

Unrealized Gain/(Loss):

Market Value of Portfolio -Securities, Bonds and Notes	\$ 66,224,970
Original Cost of Portfolio -Securities, Bonds and Notes	65,314,889
Unrealized Gain/(Loss)	<u>\$ 910,081</u>

Investment Month End Report - Wells Fargo Custody Account
Balance as of Dec 31, 2019

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Cost</u>	<u>Mkt Value</u>	<u>Interest Receivable</u>	<u>Unrealized Gain/(Loss)</u>	<u>Market Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>
EXXON MOBILE CORP CPDN	30229ADV8	A-1+	Commercial Paper Discount	\$ 3,000,000	2,981,227	2,982,690	-	1,463	-	12/23/19	04/29/20
MUFG BANK LTD NY BRAN CPDN	62479LEJ0	A-1	Commercial Paper Discount	\$ 3,000,000	2,977,073	2,979,570	-	2,497	-	08/23/19	05/18/20
MUFG BANK LTD NY BRAN CPDN	62479LFQ3	A-1	Commercial Paper Discount	\$ 3,000,000	2,972,093	2,973,900	-	1,808	-	10/28/19	06/24/20
TOTAL CASH EQUIVALENTS :				9,000,000	8,930,393	8,936,160	-	5,768	0.00%		
STATE OF CALIFORNIA	13063DAD0	AA-	Municipal Bond	\$ 3,035,000	2,993,269	3,077,520	17,960	84,252	2.367%	02/28/18	04/01/22
RIVERSIDE CA UNIF SCH DIST	769059A22	AA-	Municipal Bond	\$ 1,250,000	1,250,000	1,246,838	963	(3,163)	1.981%	12/17/19	02/01/24
TOTAL MUNICIPAL BONDS AND NOTES:				4,285,000	4,243,269	4,324,358	18,923	81,089	2.25%		
FED HOME LN BK	3130AFVC8	AA+	Government Agency	\$ 3,000,000	3,000,594	3,002,730	29,167	2,136	2.500%	02/14/19	02/11/20
FED FARM CREDIT BANK	3133EJCN7	AA+	Government Agency	\$ 3,125,000	3,117,269	3,127,469	24,617	10,200	2.070%	02/28/18	02/14/20
FED HOME LN BANK	313383HU8	AA+	Government Agency	\$ 3,125,000	3,091,484	3,125,875	2,886	34,391	1.750%	02/28/18	06/12/20
FED HOME LN BANK	313370US5	AA+	Government Agency	\$ 3,125,000	3,171,513	3,147,688	27,452	(23,825)	2.875%	02/28/18	09/11/20
FED HOME LN BK	3130ADUY6	AA+	Government Agency	\$ 3,000,000	3,007,116	3,017,310	20,417	10,194	2.450%	04/04/18	09/21/20
FED HOME LN BK	3130ADW32	AA+	Government Agency	\$ 3,500,000	3,506,636	3,521,280	22,152	14,644	2.450%	04/13/18	09/28/20
FED HOME LN BK	3130ADXP2	AA+	Government Agency	\$ 3,000,000	3,005,430	3,017,670	16,742	12,240	2.450%	04/04/18	10/09/20
FED HOME LN MTG CORP	3134GBA69	AA+	Government Agency	\$ 3,000,000	2,978,490	3,058,560	28,104	80,070	2.375%	04/04/18	08/09/22
FED HOME LN BK	313383WD9	AA+	Government Agency	\$ 6,500,000	6,650,911	6,759,870	63,194	108,960	3.125%	04/04/18	09/09/22
FED FARM CREDIT BK	3133ELEF7	AA+	Government Agency	\$ 2,000,000	1,999,360	2,002,980	1,008	3,620	1.650%	12/20/19	09/20/21
TOTAL FEDERAL BONDS AND NOTES:				33,375,000	33,528,802	33,781,431	235,740	252,629	2.47%		
MICROSOFT CORP	594918AH7	AAA	Corporate Bond	\$ 3,125,000	3,169,647	3,154,938	23,438	(14,709.38)	3.000%	02/28/18	10/01/20
APPLE INC	037833BS8	AA+	Corporate Bond	\$ 3,125,000	3,093,869	3,143,594	25,000	49,725.00	2.250%	02/28/18	02/23/21
CHEVRON CORP.	166764BG4	AA-	Corporate Bond	\$ 3,125,000	3,071,041	3,144,750	8,203	73,709.37	2.100%	02/28/18	05/16/21
MICROSOFT CORP	594918BP8	AAA	Corporate Bond	\$ 3,125,000	3,016,372	3,120,875	19,240	104,503.12	1.550%	02/28/18	08/08/21
APPLE INC	037833BF6	AA+	Corporate Bond	\$ 3,215,000	3,201,015	3,288,849	11,574	87,833.80	2.700%	02/28/18	05/13/22
TOYOTA MOTOR CREDIT CORP	89236TEC5	AA-	Corporate Bond	\$ 1,500,000	1,452,690	1,511,685	10,123	58,995.00	2.150%	02/28/18	09/08/22
TOYOTA MOTOR CREDIT CORP	89236TEL5	AA-	Corporate Bond	\$ 1,625,000	1,607,793	1,658,248	20,719	50,454.62	2.700%	02/28/18	01/11/23
TOTAL CORPORATE BONDS :				18,840,000	18,612,426	19,022,937	118,297	410,512	2.35%		
BRIGHTHOUSE FINANCIAL INC	10922N103	N/A	Common Stock	-	-	10,435	-	10,435			
METLIFE INC	59156R108	N/A	Common Stock	-	-	149,648	-	149,648			
TOTAL COMMON STOCKS:				-	-	160,083	-	160,083			
TOTAL INVESTMENT HELD BY WELLS FARGO:				65,500,000	65,314,889	66,224,970	372,959	910,080			



The State Bar of California

OFFICE OF FINANCE

Date: March 4, 2020

To: Members, Finance Committee

From: John Adams, Chief Financial Officer

Subject: Client Security Fund Report for the Year Ended December 31, 2019

Attached for your review are a series of reports for the applications activity within the Client Security Fund (CSF) for the quarter ended December 31, 2019. These reports include:

- Status on Applications Activity for the quarter ended December 31, 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 December 31, a total of 771 new applications in the amount of \$16.6 million were filed. The number of applications filed has decreased by 22.4 percent compared to 993 applications filed last year. The application amount decreased by \$7.5 million, or 31.1 percent compared to \$24.1 million filed in 2018.

For the year ended December 31, 2019, total applications processed are 1,281 for approximately \$21.0 million. Total payouts for 2019 are \$7.0 million, decreased by \$2.2 million compared to \$9.2 million last year. Total applications pending for processing as of December 31, 2019 are 2,381 in the amount of \$47.7 million, and for the same period in 2018, there were 2,891 pending applications in the amount of \$51.7 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 35.36 percent. Total applications outstanding as of December 31, 2019 are 2,381 for \$47.7 million. Applying the rolling average applications payout ratio to the outstanding application amounts, the estimated application payout as of December 31, 2019 is \$16.9 million and there is a decrease of \$2.8 million or 14.2 percent compared to \$19.7 million last year.

As of December 31, 2019, cash and investments available for applications reimbursement in the CSF are approximately \$0.3 million compared to \$0.4 million last year.

Key indicators for the CSF application process as of December 31, 2019 and 2018 are shown below:

Key Indicator Descriptions	2019 Q4	2018 Q4	Attachment
New Applications Received # / \$ (in million)	771/\$16.6	993/\$24.1	1
Total Applications Processed # / \$ (in million)	1,281/\$21.0	1,533/\$24.3	2
% of Paid Applications in # to total in process ¹	19.6%	19.8%	1
% of Paid Applications in \$ to total in process ²	10.1%	12.0%	1
Total Payouts \$ (in million)	\$ 7.0	\$ 9.2	2
Total Applications Pending for Processing # / \$ (in million)	2,381/\$47.7	2,891/\$51.7	2
24-month Rolling Average Payout Ratio	35.36%	38.18%	4
Estimated CSF Application Liabilities (in million)	\$16.9	\$19.7	2
Net Assets as of December 31 (in million)	\$0.3	\$0.4	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
December 31, 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	854,868	947	3,590,829	549	4,253,635	406	6,902,905	145	5,121,010	38	1,646,175	324	29,707,684	2,891	52,077,106		
New Applications	178	280,853	170	667,605	137	1,028,746	114	1,904,836	47	1,693,523	10	500,000	115	10,553,757	771	16,629,320		
Paid Applications	(117)	(214,460)	(264)	(804,537)	(150)	(1,107,440)	(113)	(1,528,996)	(22)	(573,319)	(9)	(463,721)	(42)	(2,227,310)	(717)	(6,919,783)	19.6%	10.1%
Rejected Applications	(10)	(23,453)	(16)	(214,585)	(16)	(303,227)	(17)	(577,287)	(8)	(447,929)	(6)	(378,654)	(27)	(4,292,303)	(100)	(6,237,438)	2.7%	9.1%
Withdrawn Applications	(99)	(154,898)	(147)	(564,352)	(84)	(634,193)	(57)	(955,440)	(23)	(755,394)	(3)	(150,000)	(51)	(4,674,411)	(464)	(7,888,688)	12.7%	11.5%
Applications Outstanding	434	\$ 742,910	690	\$ 2,674,960	436	\$ 3,237,521	333	\$ 5,746,018	139	\$ 5,037,891	30	\$ 1,153,800	319	\$ 29,067,417	2,381	\$ 47,660,517		
New applications % to total	23.09%	1.69%	22.05%	4.01%	17.77%	6.19%	14.79%	11.45%	6.10%	10.18%	1.30%	3.01%	14.92%	63.46%	100.00%	100.00%		
Applications paid % to total	16.32%	3.10%	36.82%	11.63%	20.92%	16.00%	15.76%	22.10%	3.07%	8.29%	1.26%	6.70%	5.86%	32.19%	100.00%	100.00%		
Applications rejected or withdrawn % to total	19.33%	1.26%	28.90%	5.51%	17.73%	6.64%	13.12%	10.85%	5.50%	8.52%	1.60%	3.74%	13.83%	63.48%	100.00%	100.00%		
Applications outstanding % to total	18.23%	1.56%	28.98%	5.61%	18.31%	6.79%	13.99%	12.06%	5.84%	10.57%	1.26%	2.42%	13.40%	60.99%	100.00%	100.00%		

(A) % of # of paid applications, rejected applications and withdrawn applications to # of total applications in process in 2019 Q4

(B) % of paid applications, rejected applications and withdrawn applications in \$ to the total applications \$ in process in 2019 Q4

THE STATE BAR OF CALIFORNIA

ATTACHMENT 2

CLIENT SECURITY FUND

APPLICATIONS AGING REPORT

AS OF DECEMBER 31, 2019

<u>Year</u> <u>Application</u> <u>Filed</u>	<u>Gross Applications Prior</u>		<u>Current Year</u>		<u>Applications Paid</u>		<u>Applications Rejected or</u> <u>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>
2011	10	243,319			(1)	(100,000)	(8)	(118,119)	(9)	(218,119)	1	25,200
2012	32	466,106			(4)	(67,215)	(14)	(263,073)	(18)	(330,288)	14	135,818
2013	89	1,371,647			(27)	(583,005)	(32)	(546,225)	(59)	(1,129,230)	30	242,417
2014	290	2,891,160			(21)	(555,933)	(23)	(990,767)	(44)	(1,546,700)	246	1,344,460
2015	232	3,983,375			(63)	(700,578)	(68)	(2,212,009)	(131)	(2,912,587)	101	1,070,788
2016	809	12,358,508			(500)	(4,046,765)	(125)	(3,038,768)	(625)	(7,085,533)	184	5,272,975
2017	657	12,252,258			(68)	(424,556)	(29)	(679,932)	(97)	(1,104,488)	560	11,147,770
2018	772	18,510,733			(17)	(166,957)	(134)	(2,731,205)	(151)	(2,898,162)	621	15,612,571
2019			771	16,629,317	(16)	(274,772)	(131)	(3,546,027)	(147)	(3,820,799)	624	12,808,518
TOTAL	2,891	52,077,106	771	16,629,317	(717)	(6,919,781)	(564)	(14,126,125)	(1,281)	(21,045,906)	2,381	47,660,517

Applications Outstanding **47,660,517**

Estimated Application Payout Ratio **35.36%**

Estimated Application Payouts **\$16,853,323**

THE STATE BAR OF CALIFORNIA

ATTACHMENT 3

CLIENT SECURITY FUND

CUMULATIVE APPLICATIONS AGING REPORT

AS OF DECEMBER 31, 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)	(8)	(118,119)	(9)	(218,119)	1	25,200
2010-2012	42	709,425			(5)	(167,215)	(22)	(381,192)	(27)	(548,407)	15	161,018
2010-2013	131	2,081,072			(32)	(750,220)	(54)	(927,417)	(86)	(1,677,637)	45	403,435
2010-2014	421	4,972,232			(53)	(1,306,153)	(77)	(1,918,184)	(130)	(3,224,337)	291	1,747,895
2010-2015	653	8,955,607			(116)	(2,006,731)	(145)	(4,130,193)	(261)	(6,136,924)	392	2,818,683
2010-2016	1,462	21,314,115			(616)	(6,053,496)	(270)	(7,168,961)	(886)	(13,222,457)	576	8,091,658
2010-2017	2,119	33,566,373			(684)	(6,478,052)	(299)	(7,848,893)	(983)	(14,326,945)	1,136	19,239,428
2010-2018	2,891	52,077,106			(701)	(6,645,009)	(433)	(10,580,098)	(1,134)	(17,225,107)	1,757	34,851,999
2010-2019			771	16,629,317	(717)	(6,919,781)	(564)	(14,126,125)	(1,281)	(21,045,906)	2,381	47,660,517
	2,891	52,077,106	-	-	(701)	(6,645,009)	(433)	(10,580,098)	(1,134)	(17,225,107)	2,381	47,660,517

Net Asset in Client Security Fund:

As of 12/31/2019 \$ 145,091

THE STATE BAR OF CALIFORNIA

CLIENT SECURITY FUND

ATTACHMENT 4

24 MONTH ROLLING AVERAGE APPLICATIONS PAIDOUT RATIO

JANUARY 2017 THROUGH DECEMBER 18

Month Covered	<u>PAID APPLICATIONS</u>		<u>REJECTED/ WITHDRAWN APPLICATIONS</u>	<u>PROCESSED</u>
	Amount	Monthly Average Payout Ratio	Amount	Amount
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	1,709,504
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
July19	942,256	34.23%	1,810,774	2,753,029
Aug19	818,478	61.82%	505,507	1,323,985
Sep19	334,251	30.61%	757,824	1,092,075
Oct19	357,579	51.16%	341,385	698,964
Nov19	618,018	17.23%	2,969,348	3,587,366
Dec19	83,374	24.89%	251,643	335,017
Total:	16,080,624		29,394,731	45,475,354

24 Month Rolling Average PaidOut Ratio:

35.36%

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

ATTACHMENT 5

December 31, 2019

	<u>1ST QTR</u>	<u>2ND QTR</u>	<u>3RD QTR</u>	<u>4th QTR</u>
Beginning Balance	2,891	2,779	2,532	2,475
Add: Reinstated Applications and New Applications	200	204	227	140
Less: Paid / Rejected or Withdrawn	312	451	284	234
TOTAL	2,779	2,532	2,475	2,381
 APPLICATIONS OUTSTANDING AMT.	 50,764,910	 48,781,776	 49,177,421	 47,660,517
# Of Active Attorneys	189,644	190,187	189,874	190,609
Cost Per Active Attorney	\$268	\$256	\$259	\$250
 ESTIMATED APPLICATIONS LIAB.				
Applications Payout Ratio	38.24%	38.96%	38.56%	35.36%
Estimated Application Amount *	\$19,412,502	\$19,005,380	\$18,961,392	\$16,853,322
# of Active Attorneys	189,644	190,187	189,874	190,609
Cost per Active Attorney	\$102	\$100	\$100	\$88
 APPLICATION ACTIVITIES IN %:				
 NEW APPLICATIONS - YTD				
1 - 2,500	1.60%	2.00%	1.83%	1.69%
2,501 - 5,000	3.99%	4.09%	3.89%	4.01%
5,001 - 10,000	6.93%	6.94%	6.50%	6.19%
10,001 - 25,000	11.54%	12.30%	10.45%	11.45%
25,001 - 49,999	10.84%	10.71%	10.16%	10.18%
50,000	1.18%	3.07%	2.97%	3.01%
50,001 - 100,000	63.91%	60.90%	64.20%	63.46%
 APPLICATIONS PAID - YTD				
1 - 2,500	3.81%	3.53%	3.25%	3.10%
2,501 - 5,000	11.63%	15.94%	11.89%	11.63%
5,001 - 10,000	10.93%	13.81%	15.32%	16.00%
10,001 - 25,000	18.18%	20.59%	21.88%	22.10%
25,001 - 49,999	16.24%	11.82%	9.78%	8.29%
50,000	10.15%	6.94%	7.91%	6.70%
50,001 - 100,000	29.07%	27.38%	29.96%	32.19%
 REJ./WDRAWN - YTD				
1 - 2,500	1.24%	1.24%	1.38%	1.26%
2,501 - 5,000	4.79%	6.30%	6.08%	5.51%
5,001 - 10,000	6.72%	6.11%	6.74%	6.64%
10,001 - 25,000	10.09%	11.24%	11.79%	10.85%
25,001 - 49,999	9.76%	7.55%	7.93%	8.52%
50,000	6.04%	3.69%	4.53%	3.74%
50,001 - 100,000	61.37%	63.87%	61.55%	63.48%
 APPLICATIONS O/S-CUM. - YTD				
1 - 2,500	1.57%	1.59%	1.56%	1.56%
2,501 - 5,000	6.68%	5.84%	5.65%	5.61%
5,001 - 10,000	7.72%	7.47%	7.15%	6.79%
10,001 - 25,000	13.17%	12.85%	11.75%	12.06%
25,001 - 49,999	9.76%	10.22%	10.33%	10.57%
50,000	2.57%	2.78%	2.24%	2.42%
50,001 - 100,000	58.54%	59.26%	61.32%	60.99%
 NET ASSET, END OF PERIOD	 \$ 6,117,221	 \$ 3,884,102	 \$ 1,448,528	 \$ 245,565
PROJECTED NET ASSETS	\$ (13,295,281)	\$ (15,121,278)	\$ (17,512,864)	\$ (16,607,757)

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

**State Bar of California
Client Security Fund
Ten Year Comparison
2010-2019**

	2010		2011		2012		2013	
	# of Applications	Amount	# of Applications	Amount	# of Applications	Amount	# of Applications	Amount
Applications outstanding, begin of year	2,997	22,124,850	6,112	34,513,647	7,345	45,327,104	7,801	55,518,550
Prior year's outstanding application adjustment	-	100,260	-	194,064	-	108,564		243,483
New Applications	3,875	23,231,936	3,411	26,086,578	2,767	25,112,748	2,228	22,825,372
TOTAL APPLICATIONS	6,872	45,457,046	9,523	60,794,289	10,112	70,548,416	10,029	78,587,404
Less: Processed Applications:								
Paid	267	3,331,124	1,534	7,819,854	1,466	6,870,643	1,999	11,054,352
Rejected	138	2,869,032	54	2,585,888	112	3,092,632	68	3,096,196
Withdrawn	355	4,743,243	590	5,061,443	733	5,066,591	1,620	13,907,920
TOTAL PROCESSED APPLICATIONS	760	10,943,399	2,178	15,467,185	2,311	15,029,866	3,687	28,058,468
Applications outstanding, end of year	6,112	34,513,647	7,345	45,327,104	7,801	55,518,550	6,342	50,528,936
Applications outstanding inc./(dec.) over beginning balance	3,115	12,388,797	1,233	10,813,457	456	10,191,446	(1,459)	(4,989,614)
Applications payout ratio		33.67%		42.22%		48.17%		41.60%
Est. applications payouts		\$11,620,745		\$19,137,103		\$26,743,285		\$21,020,037
Net Application (Liab) Assets, end of year		(9,298,430)		(7,215,281)		(15,638,262)		(15,444,495)
Net Assets per Financial Statement		\$2,322,315		11,921,822		11,105,023		5,575,542
Estimated Increase/(Decrease) in Application Payouts:		NA		7,516,358		7,606,182		(5,723,248)

**State Bar of California
Client Security Fund
Ten Year Comparison
2010-2019**

	2014		2015		2016		2017	
	# of Applications	Amount	# of Applications	Amount	# of Applications	Amount	# of Applications	Amount
Applications outstanding, begin of year	6,342	50,528,936	5,674	45,917,719	5,465	48,951,330	4,253	49,998,241
Prior year's outstanding application adjustment		596,474		1,002,816		239,189		220,308
New Applications	1,554	20,056,066	1,178	16,412,024	1,120	16,831,403	936	17,544,886
TOTAL APPLICATIONS	7,896	71,181,476	6,852	63,332,559	6,585	66,021,922	5,189	67,763,435
Less: Processed Applications:								
Paid	1,152	9,031,386	821	6,012,453	1,793	8,037,525	909	6,401,923
Rejected	116	4,575,621	74	2,929,880	76	2,627,266	86	3,038,795
Withdrawn	954	11,656,750	492	5,438,896	463	5,358,890	763	6,894,708
TOTAL PROCESSED APPLICATIONS	2,222	25,263,757	1,387	14,381,229	2,332	16,023,681	1,758	16,335,426
Applications outstanding, end of year	5,674	45,917,719	5,465	48,951,330	4,253	49,998,241	3,431	51,428,009
Applications outstanding inc./(dec.) over beginning balance	(668)	(4,611,217)	(209)	3,033,611	(1,212)	1,046,911	(822)	1,429,768
Applications payout ratio		37.68%		37.96%		46.22%		44.63%
Est. applications payouts		\$17,301,796		\$18,581,925		\$23,109,187		\$22,952,320
Net Application (Liab) Assets, end of year		(15,093,242)		(16,381,485)		(21,682,917)		(19,878,995)
Net Assets per Financial Statement		2,208,554		2,200,440		1,426,270		3,073,325
Estimated Increase/(Decrease) in Application Payouts:		(3,718,241)		1,280,128		4,527,262		(156,867)

**State Bar of California
Client Security Fund
Ten Year Comparison
2010-2019**

	2018		2019	
	# of Applications	Amount	# of Applications	Amount
Applications outstanding, begin of year	3,431	51,428,009	2,891	51,651,150
Prior year's outstanding application adjustment		462,926		425,957
New Applications	993	24,089,640	771	16,629,317
TOTAL APPLICATIONS	4,424	75,980,575	3,662	68,706,424
Less: Processed Applications:				
Paid	877	9,150,840	717	6,919,783
Rejected	78	4,022,024	100	6,237,437
Withdrawn	578	11,156,561	464	7,888,687
TOTAL PROCESSED APPLICATIONS	1,533	24,329,425	1,281	21,045,907
Applications outstanding, end of year	2,891	51,651,150	2,381	47,660,517
Applications outstanding inc./(dec.) over beginning balance	(540)	223,141	(510)	(3,990,633)
Applications payout ratio		38.18%		35.36%
Est. applications payouts		\$19,720,409		\$16,852,759
Net Application (Liab) Assets, end of year		(19,288,914)		(16,607,194)
Net Assets per Financial Statement		431,495		245,565
Estimated Increase/(Decrease) in Application Payouts:		(3,231,911)		(2,867,650)