



# The State Bar of California

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**OPEN SESSION  
AGENDA ITEM  
54-141 MARCH 2021  
FINANCE COMMITTEE III.C**

**DATE:** March 18, 2021

**TO:** Members, Finance Committee  
Members, Board of Trustees

**FROM:** Kevin Harper, Interim Chief Financial Officer

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

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## **EXECUTIVE SUMMARY**

In adherence with the Board of Trustees Policy Manual Section 5.2.1, the Office of Finance has prepared the accompanying unaudited financial reports for the fourth quarter ended December 31, 2020. The financial report consists of three separate reports: Financial Statements, Investment Report, and the Client Security Fund Report.

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## **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 fourth quarter ended December 31, 2020, is composed of multiple attachments, including the Q4 Financial Statements, the Investment Report as of December 31, 2020, and the Q4 Client Security Fund Report. This agenda item is also on the consent agenda for the March 19, 2021, Board meeting.

## **FISCAL/PERSONNEL IMPACT**

None

## **AMENDMENTS TO RULES OF THE STATE BAR**

None

## **AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL**

None

## **STRATEGIC PLAN GOALS & OBJECTIVES**

Goal: None - compliance

## **RECOMMENDATIONS**

**Should the Finance Committee concur in the proposed action, passage of the following resolution is recommended:**

**RESOLVED**, that the Finance Committee recommends that the Board of Trustees approves the 2020 Fourth Quarter Financial Report in the form presented this day before the Board, for the 12 months ended December 31, 2020, as certified by the Chief Financial Officer and filed with the San Francisco office of the State Bar.

**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, the Board of Trustees approves the 2020 Fourth Quarter Financial Report in the form presented this day before the Board, for the 12 months ended December 31, 2020, as certified by the Chief Financial Officer and filed with the San Francisco office of the State Bar.

## **ATTACHMENT(S) LIST**

- A.** Financial Statements for the Fourth Quarter Ended December 31, 2020
- B.** Investment Report for the Fourth Quarter Ended December 31, 2020
- C.** Client Security Fund Report for the Fourth Quarter Ended December 31, 2020



# The State Bar of California

Date: March 18, 2021

To: Members, Finance Committee  
Members, Board of Trustees

From: Kevin Harper, Interim Chief Financial Officer

Subject: Unaudited Financial Statements for the Fourth Quarter Ended December 31, 2020

This memo outlines the State Bar's fourth quarter operating results and fiscal position as of December 31, 2020, with information and comparative analysis regarding revenue, expenses, net surplus, assets, liabilities, and net position. This financial information is prepared before the State Bar's final accounting records are closed and before the annual financial audit. Accordingly, adjustments such as the results of actuarial valuations of our pension and retiree health plans will impact final 2020 results.

## FINANCIAL HIGHLIGHTS

The table below summarizes highlights of the statement of assets, liabilities, and net position:

**Table 1. Financial Highlights for Year-to-Date through December 31, 2020**

ASSETS AND LIABILITIES: YEAR OVER YEAR COMPARISON					
Financial Statement Category	Dec 31, 2020 (in \$M)	Dec 31, 2019 (in \$M)	Changes (in \$M)	Changes (in %)	Refer to Attachment
<b>Total Assets</b>	<b>\$249.3</b>	<b>\$291.1</b>	<b>(\$41.8)</b>	<b>(14.4%)</b>	<b>4&amp;5</b>
Cash & Investments	131.5	164.3	(32.8)	(20.0%)	4&5
Accounts Receivable	2.6	6.8	(4.2)	(61.8%)	4&5
<b>Total Liabilities</b>	<b>136.0</b>	<b>146.5</b>	<b>(\$10.5)</b>	<b>(7.2%)</b>	<b>4&amp;5</b>
Accounts Payable & Accrued Liabilities	41.0	49.2	(8.2)	(16.7%)	4&5
<b>Net Position</b>	<b>\$113.3</b>	<b>\$144.5</b>	<b>(\$31.2)</b>	<b>(21.6%)</b>	<b>4&amp;5</b>

## **ASSETS**

The State Bar's total assets consist of cash, investments, accounts receivable, capital assets, OPEB plan assets, and deferred outflows of resources. Total assets decreased by \$41.8 million, from \$291.1 million at December 31, 2019 to \$249.3 million at December 31, 2020. Cash and investments are \$32.8 million lower than last year due to planned spend-down of Legal Services grants; specifically, the 2020 budget for Legal Services Grant expenses was \$35.8 million greater than for 2019. The change in accounts receivable is due primarily to the elimination of our Wells Fargo sweep account (\$9.5 million).

## **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, 2020, the State Bar's total liabilities were \$136.0 million, down by \$10.5 million compared to \$146.5 million at the end of 2019. The decrease is due primarily to the timing of grant payments.

## **NET POSITION**

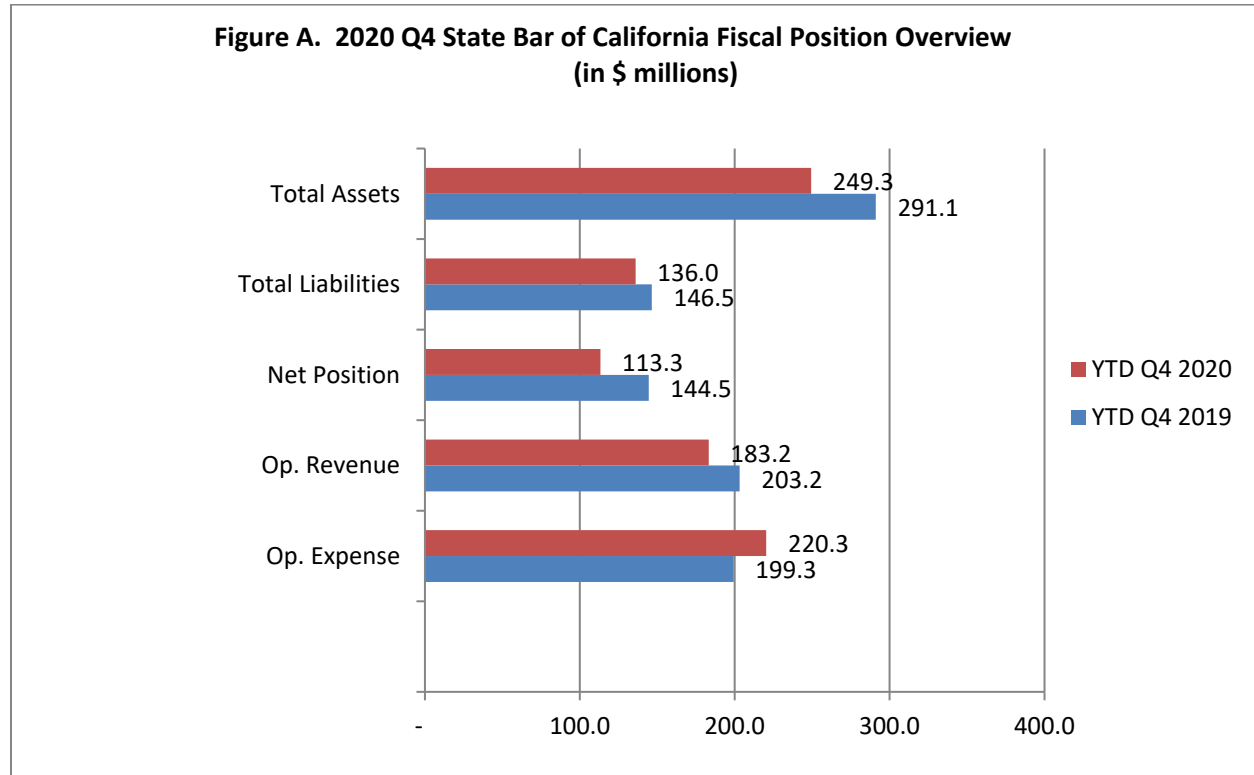
Net position consists of restricted and unrestricted net position and investment in capital assets. The State Bar's total net position (total assets minus total liabilities) as of December 31, 2020, was \$113.3 million, a decrease of \$31.2 million or 21.6 percent compared to \$144.5 million last year. The decrease includes a scheduled spend down of the Bank Settlement Funds (\$11.1 million).

Table 2 below provides budget to actual variance highlights for select revenues and expenses:

**Table 2. Budget to Actual Variance Analysis**

<b>OPERATING REVENUE AND EXPENSES: BUDGET TO ACTUAL VARIANCE</b>					
<b>Financial Statement Category</b>	<b>2020 Q4 Actual (in \$M)</b>	<b>2020 Q4 Budget (in \$M)</b>	<b>Variance (in \$M)</b>	<b>Variance (in %)</b>	<b>Refer to Attachment</b>
<b>Operating Revenue</b>	<b>\$183.2</b>	<b>\$204.4</b>	<b>\$(21.2)</b>	<b>(10.4%)</b>	<b>1,2,3</b>
Trust Account Revenue	24.1	40.4	(16.3)	(40.3%)	1,2,3
Licensing Fees & Donations	109.7	106.9	2.8	2.6%	1,2,3
<b>Operating Expenses</b>	<b>220.3</b>	<b>241.8</b>	<b>(21.5)</b>	<b>(8.9%)</b>	<b>1,2,3</b>
General & Administrative	(6.3)	0.4	(6.7)	(1,675.0%)	1,2,3
Chief Trial Counsel	61.0	63.3	(2.3)	(3.6%)	1,2,3
Client Security Fund	13.6	15.9	(2.3)	(14.5%)	1,2,3
Admissions	20.3	24.6	(4.3)	(17.5%)	1,2,3
Access & Inclusion	94.8	103.6	(8.8)	(8.5%)	1,2,3

Figure A below summarizes the State Bar's financial position and results at the end of 2020, compared to 2019.

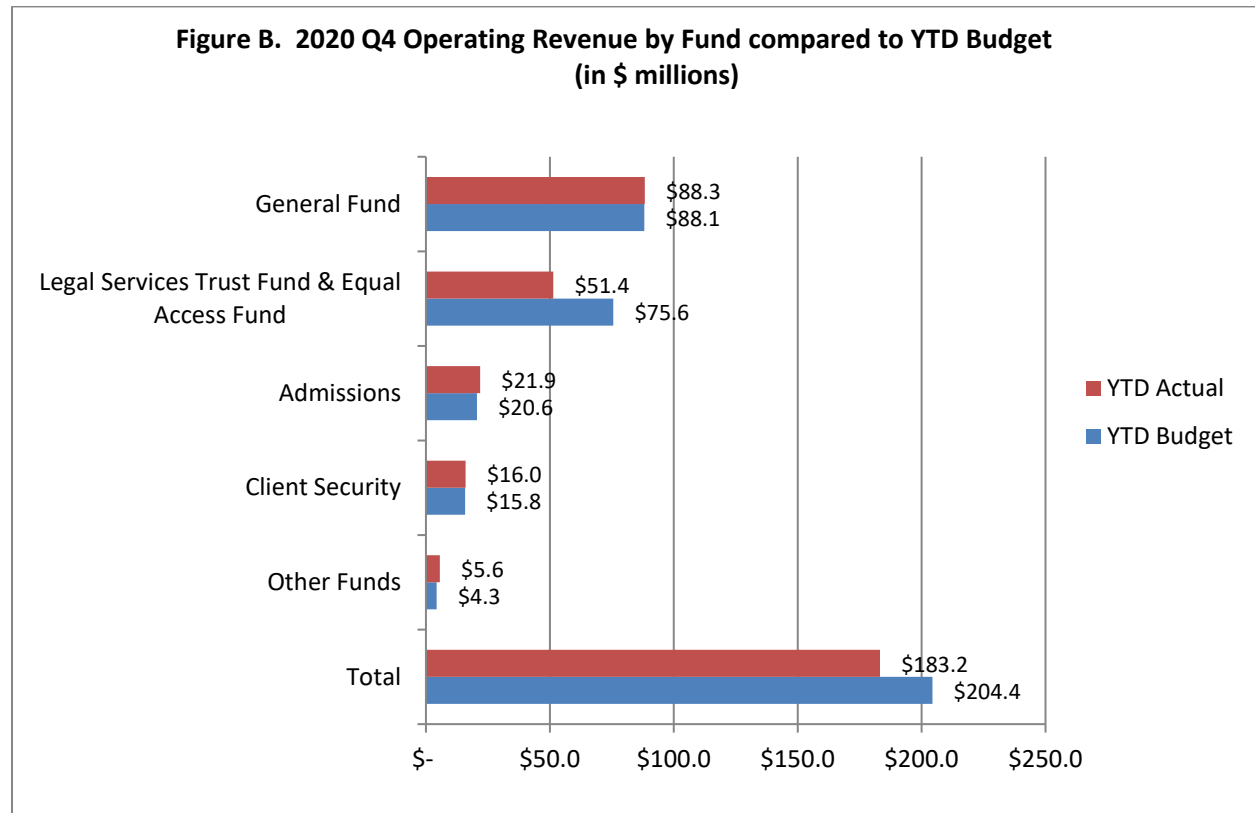


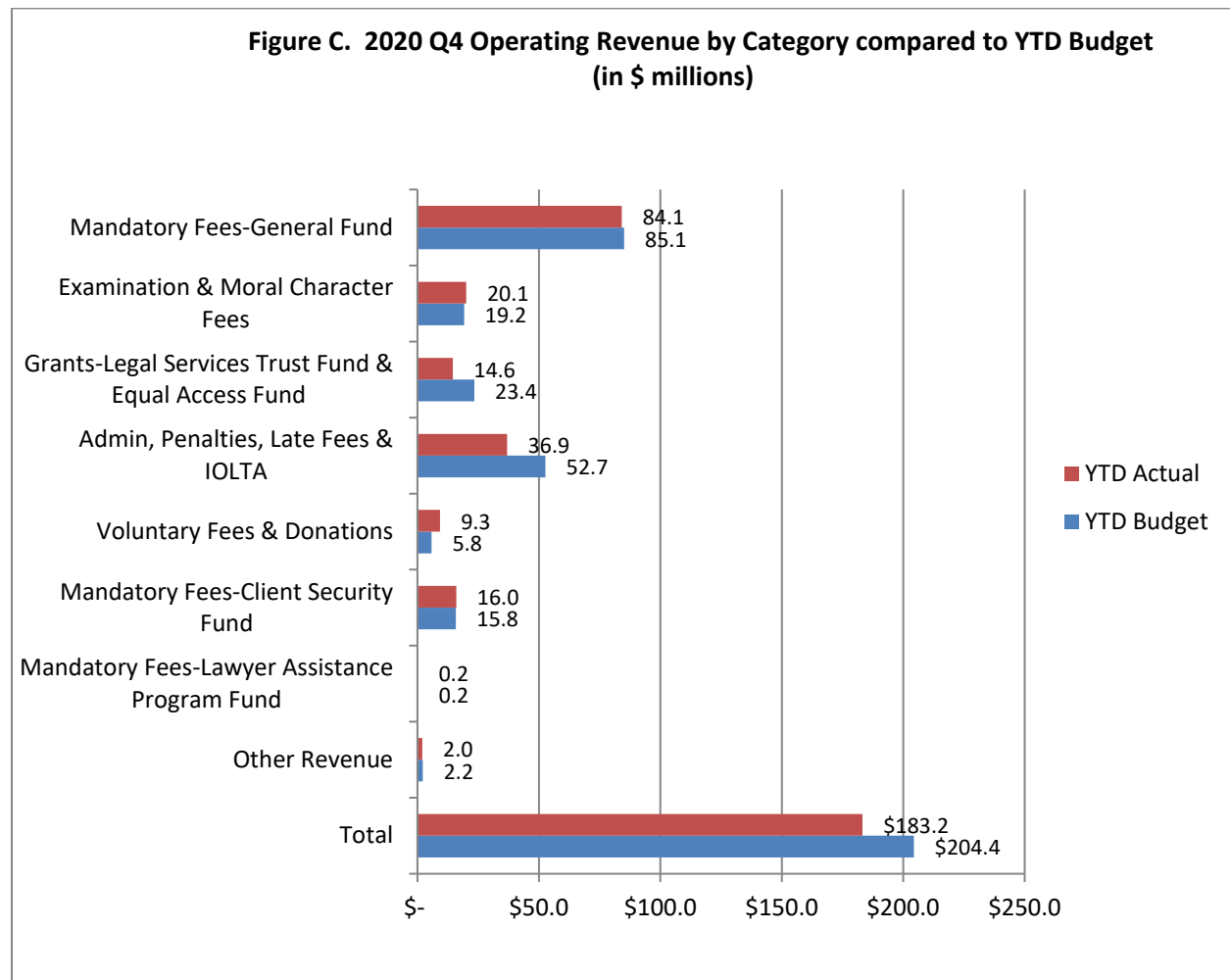
See attachments 1, 2, and 3 for more detailed comparisons of the State Bar's financial results for the year ended December 31, 2020. See attachments 4 and 5 for more detailed comparisons of financial position at December 31, 2020, versus December 31, 2019.

## 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 \$183.2 million through the fourth quarter of 2020, \$21.2 million less than the budgeted operating revenue of \$204.4 million. Legal Services donations are \$2.6 million over budget; this is because the budget was reduced in 2020 in expectation that voluntary donations would decline with the significant licensee fee increase, but this decline did not materialize.

The primary contributors to this negative variance are IOLTA Income, which was \$16.3 million under budget due to falling interest rates, and grant revenue which was \$8.8 million under budget due to timing differences.





## NONOPERATING REVENUE

Nonoperating revenue consists of investment income, rental income, net of interest expense on loans. Nonoperating revenue of \$6.0 million is under budget by \$0.5 million for 2020. This is primarily because investment income is under budget by \$0.7 million due to declining interest rates.

## EXPENSES

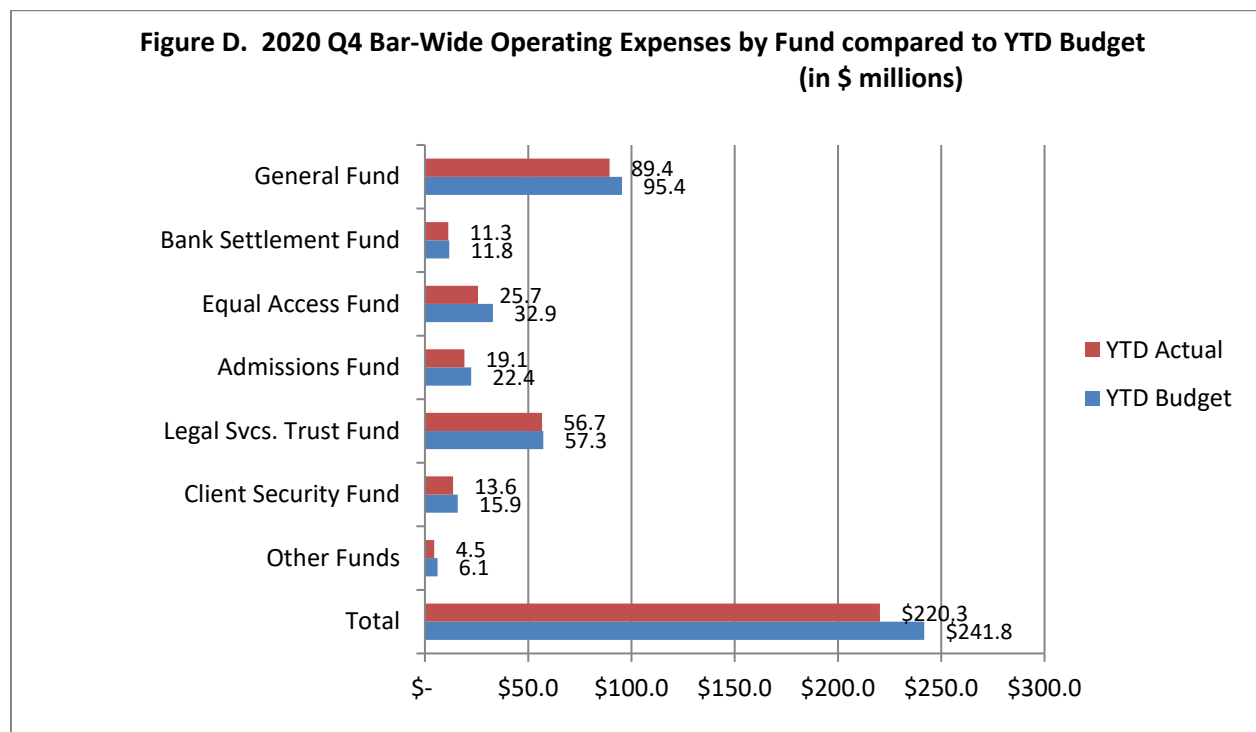
The State Bar's operating expenses through the fourth quarter 2020 were \$220.3 million, compared to a budget of \$241.8 million. Savings on personnel expenses were \$5.2 million across the entire State Bar due to staff vacancies. Supplies and Equipment are \$4.3 million below budget primarily in Information Technology expenses. Client Security Fund payments are \$2.1 million under budget, and exam expenses are \$2.1 million under budget. Depreciation expenses, which are not budgeted, are \$4.9 million.

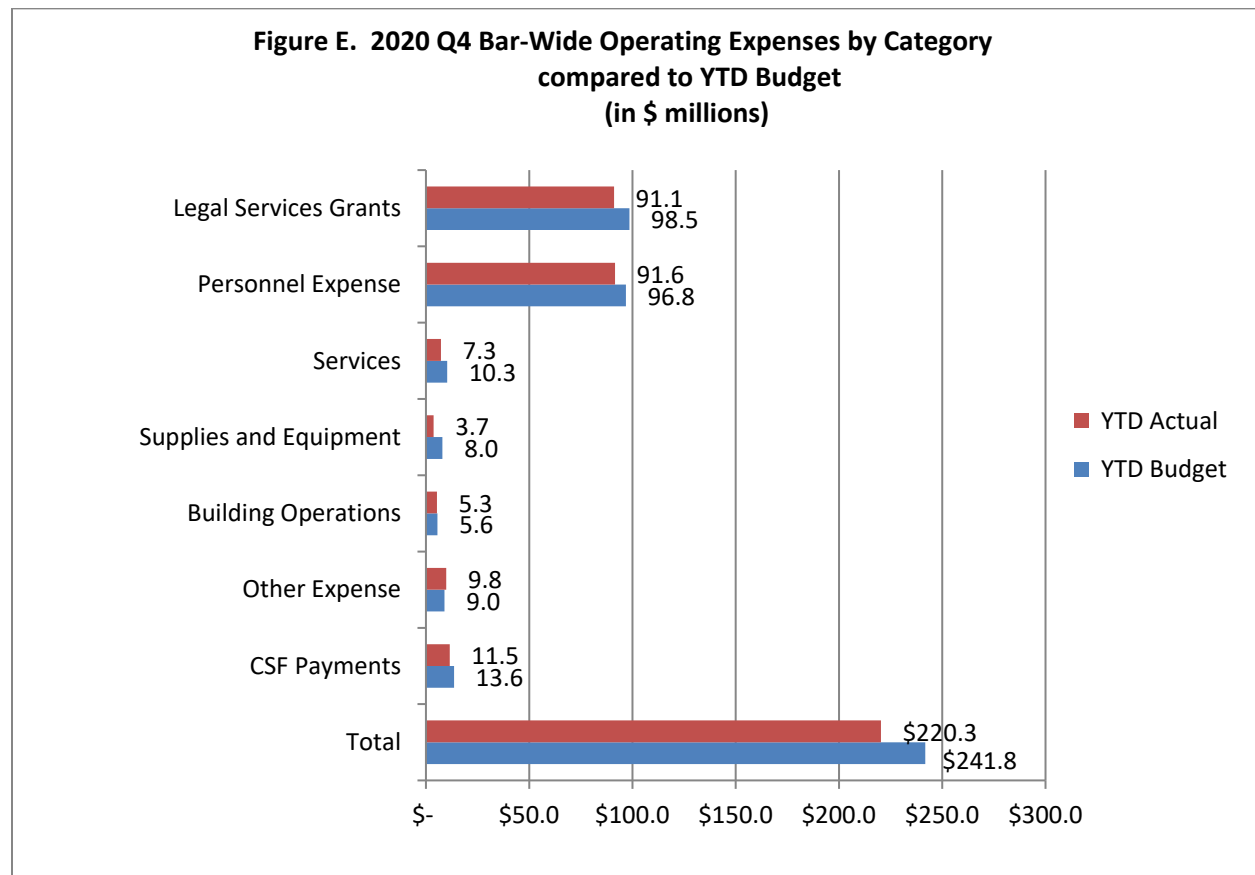


Figures D and E summarize the State Bar's 2020 year-to-date operating expenses compared to budget by fund and by category.

Figure D shows \$6.0 million of savings in the General Fund, due primarily to \$3.8 million savings in personnel expenses and \$2.0 million savings in professional services. The savings in professional services was primarily due to deferred enhancements for the Case Management System (\$1.6 million) which will be completed in 2021. The Equal Access Fund's expenses are \$7.2 million below budget due primarily to the timing of grant payments related to the Homeless Prevention Grant.

Figure E shows Legal Services Grant awards below budget by \$7.4 million, due to timing differences. As previously described, personnel costs are \$5.2 million below budget due to staff vacancies.





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

**The State Bar of California**  
**Q4 Statement of Operating Revenue, Operating Expenses & Changes in Net Position - Bar Wide**  
**December 2020 Year to Date**

	General Fund	Other Funds	2020 Actual	2019 Actual	Variance- 2019 Actual vs 2020 Actual	2020 Budget	Variance- 2020 Actual vs Budget
<b>OPERATING REVENUE</b>							
Affinity Insurance Revenue	757,486	-	757,486	2,280,283	(1,522,797)	(253,920)	1,011,406
Continuing Legal Education Fees	722,394	8,906	731,300	924,488	(193,187)	938,530	(207,230)
EAF AB 145 Filing Fee Revenue	(0)	6,349,422	6,349,422	6,903,380	(553,958)	7,247,100	(897,678)
Exam App. & Moral Char. Fees	-	20,135,282	20,135,282	19,167,933	967,350	19,208,080	927,202
Grant Revenue	-	14,596,781	14,596,781	33,602,992	(19,006,211)	23,454,885	(8,858,104)
Law Corporation Registration Fees	1,843,213	-	1,843,213	2,035,492	(192,279)	1,490,448	352,764
Legal Specialization Fees	6,070	2,156,522	2,162,592	2,193,454	(30,862)	2,014,940	147,652
Licensing Fees and Donations	84,122,950	25,533,125	109,656,075	85,635,186	24,020,888	106,896,321	2,759,754
Multi-Jurisdictional Practice Fees	-	877,777	877,777	935,581	(57,804)	801,100	76,677
Other Revenue	862,136	1,102,664	1,964,800	3,065,496	(1,100,696)	2,178,917	(214,117)
Trust Account Revenue	-	24,078,174	24,078,174	46,454,116	(22,375,942)	40,413,543	(16,335,369)
<b>Total Operating Revenue</b>	<b>88,314,249</b>	<b>94,838,653</b>	<b>183,152,903</b>	<b>203,198,400</b>	<b>(20,045,498)</b>	<b>204,389,945</b>	<b>(21,237,042)</b>

**OPERATING EXPENSES**

Access & Inclusion	858,715	93,953,748	94,812,463	76,263,376	18,549,087	103,572,909	(8,760,445)
Admissions	57,095	20,200,721	20,257,816	22,875,052	(2,617,236)	24,559,265	(4,301,449)
Attorney Regulation and Consumer Resources	5,432,212	-	5,432,212	5,791,986	(359,775)	5,536,871	(104,660)
Chief Trial Counsel	61,027,873	-	61,027,873	53,219,213	7,808,660	63,309,621	(2,281,748)
Client Security Fund	451	13,609,616	13,610,066	8,538,317	5,071,749	15,930,216	(2,320,149)
General & Administrative	(6,330,658)	-	(6,330,658)	3,966,994	(10,297,652)	349,245	(6,679,903)

**The State Bar of California**  
**Q4 Statement of Operating Revenue, Operating Expenses & Changes in Net Position - Bar Wide**  
**December 2020 Year to Date**

	General Fund	Other Funds	2020 Actual	2019 Actual	Variance- 2019 Actual vs 2020 Actual	2020 Budget	Variance- 2020 Actual vs Budget
Governance	5,004,237	949,477	5,953,713	6,838,441	(884,727)	6,927,510	(973,796)
Lawyers Assistance Program	(2,981)	2,203,015	2,200,034	2,107,533	92,501	2,469,913	(269,879)
Depreciation	4,945,810	181	4,945,992	1,535,847	3,410,145	0	4,945,992
Probation	1,968,949	-	1,968,949	1,713,928	255,021	2,110,098	(141,149)
Professional Competence	2,727,133	-	2,727,133	3,155,279	(428,146)	3,320,896	(593,762)
State Bar Court	13,683,960	-	13,683,960	13,290,841	393,119	13,690,010	(6,050)
<b>Total Operating Expenses</b>	<b>89,372,796</b>	<b>130,916,758</b>	<b>220,289,554</b>	<b>199,296,808</b>	<b>20,992,746</b>	<b>241,776,554</b>	<b>(21,487,000)</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>(1,058,547)</b>	<b>(36,078,104)</b>	<b>(37,136,651)</b>	<b>3,901,593</b>	<b>(41,038,244)</b>	<b>(37,386,609)</b>	<b>249,958</b>
<b>NON-OPERATING</b>							
Investment Income	856,452	1,734,845	2,591,296	4,525,160	(1,933,864)	3,287,778	(696,481)
Rental Income	4,207,527	-	4,207,527	3,388,602	818,925	4,196,124	11,403
Interest Expense on Loans	(546,115)	(296,842)	(842,958)	(1,025,825)	182,868	(1,035,100)	192,142
52908-Interest earned on fac. Fees	-	-	-	-	-	5,000	(5,000)
<b>Total Non-Operating</b>	<b>4,517,864</b>	<b>1,438,002</b>	<b>5,955,866</b>	<b>6,887,937</b>	<b>(932,071)</b>	<b>6,453,802</b>	<b>(497,936)</b>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<b>3,459,317</b>	<b>(34,640,102)</b>	<b>(31,180,785)</b>	<b>10,789,530</b>	<b>(41,970,315)</b>	<b>(30,932,807)</b>	<b>(247,978)</b>
<b>TRANSFERS</b>							
49110-Transfer In From General Fund	-	(0)	(0)	-	(0)	150,000	(150,000)
49118-Transfer in From 118	-	-	-	1,023,534	(1,023,534)	-	-

**The State Bar of California**  
**Q4 Statement of Operating Revenue, Operating Expenses & Changes in Net Position - Bar Wide**  
**December 2020 Year to Date**

	General Fund	Other Funds	2020 Actual	2019 Actual	Variance- 2019 Actual vs 2020 Actual	2020 Budget	Variance- 2020 Actual vs Budget
49232-Trsf In From Justice Gap Fund	-	1,000,000	1,000,000	2,750,000	(1,750,000)	1,000,000	(0)
49314-Transfer In From Admissions Fund	725,000	100,000	825,000	100,000	725,000	825,000	(0)
49410-Interfund Transaction-Revenue	60,594	5,441	66,035	60,312	5,723	(1,728)	67,762
69110-Transfer Out To GF	(0)	-	(0)	(1,023,534)	1,023,534	(150,000)	150,000
69119-Trsf. Out To Tech Improv. Fund	-	(725,000)	(725,000)	-	(725,000)	(725,000)	(0)
69224-Trsf Out To Legal Spec. Fund	-	(100,000)	(100,000)	(100,000)	(0)	(100,000)	(0)
69228-Transfer Out To LSTF	-	(1,000,000)	(1,000,000)	(2,750,000)	1,750,000	(1,000,000)	(0)
69410-Interfund Transaction-Expenses	(62,059)	(3,976)	(66,035)	(60,312)	(5,723)	-	(66,035)
<b>TOTAL TRANSFERS</b>	<b>723,535</b>	<b>(723,535)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(1,728)</b>	<b>1,728</b>
<b>CHANGE IN NET POSITION</b>	<b>4,182,852</b>	<b>(35,363,637)</b>	<b>(31,180,785)</b>	<b>10,789,530</b>	<b>(41,970,315)</b>	<b>(30,934,534)</b>	<b>(246,250)</b>
Net Position at beginning of year	48,693,432	95,846,847	144,540,279	133,751,377	10,788,902	-	0
<b>NET POSITION AT December 31</b>	<b>52,876,284</b>	<b>60,483,210</b>	<b>113,359,494</b>	<b>144,540,279</b>	<b>(31,181,413)</b>	<b>-</b>	<b>0</b>

**The State Bar of California**  
**Q4 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) December 2020 Year to Date**

ATTACHMENT 2

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Legislat. Activities	Legal Services Trust
<b>OPERATING REVENUE</b>							
Affinity Insurance Revenue	-	-	-	-	-	-	-
Continuing Legal Education Fees	-	-	-	-	-	-	-
EAF AB 145 Filing Fee Revenue	-	-	6,349,422	-	-	-	-
Exam App. & Moral Char. Fees	-	-	-	-	-	-	-
Grant Revenue	-	-	14,344,663	-	-	-	-
Law Corporation Registration Fees	-	-	-	-	-	-	-
Legal Specialization Fees	-	-	-	-	-	-	-
Licensing Fees and Donations	16,001,745	322,427	-	1,823,592	198,358	759,155	6,427,848
Multi-Jurisdictional Practice Fees	-	-	-	-	-	-	-
Other Revenue	7,049	-	228,880	-	500	-	914
Trust Account Revenue	-	-	-	-	-	-	24,078,174
<b>Total Operating Revenue</b>	<b>16,008,794</b>	<b>322,427</b>	<b>20,922,966</b>	<b>1,823,592</b>	<b>198,858</b>	<b>759,155</b>	<b>30,506,936</b>

**OPERATING EXPENSES**

Access & Inclusion	-	284,388	25,689,164	4,226	-	-	56,711,910
Admissions	-	-	-	-	-	-	-
Attorney Regulation and Consumer Resources	-	-	-	-	-	-	-
Chief Trial Counsel	-	-	-	-	-	-	-
Client Security Fund	13,609,616	-	-	-	-	-	-
General & Administrative	-	-	-	-	-	-	-

**The State Bar of California**  
**Q4 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) December 2020 Year to Date**

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Legislat. Activities	Legal Services Trust
Governance	-	-	-	-	-	902,614	-
Lawyers Assistance Program	-	-	-	-	2,203,015	-	-
Depreciation	-	-	-	-	23	-	18
Probation	-	-	-	-	-	-	-
Professional Competence	-	-	-	-	-	-	-
State Bar Court	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	13,609,616	284,388	25,689,164	4,226	2,203,038	902,614	56,711,928
<b>OPERATING INCOME/(LOSS)</b>	2,399,179	38,039	(4,766,198)	1,819,366	(2,004,180)	(143,459)	(26,204,992)
<b>NON-OPERATING</b>							
Investment Income	53,304	5,723	226,708	50,735	58,545	10,475	696,142
Rental Income	-	-	-	-	-	-	-
Interest Expense on Loans	-	-	-	-	-	-	-
52908-Interest earned on fac. Fees	-	-	-	-	-	-	-
<b>Total Non-Operating</b>	53,304	5,723	226,708	50,735	58,545	10,475	696,142
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	2,452,482	43,762	(4,539,490)	1,870,101	(1,945,636)	(132,984)	(25,508,850)

**The State Bar of California**  
**Q4 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) December 2020 Year to Date**

	Legal Special.	IT Special Assess.	Bank Settlement	Admission	Grants	SF Tenant Improve.	Total Other Funds
<b>OPERATING REVENUE</b>							
Affinity Insurance Revenue	-	-	-	-	-	-	-
Continuing Legal Education Fees	8,906	-	-	-	-	-	8,906
EAF AB 145 Filing Fee Revenue	-	-	-	(0)	-	-	6,349,422
Exam App. & Moral Char. Fees	-	-	-	20,135,282	-	-	20,135,282
Grant Revenue	-	-	42,788	77,637	131,693	-	14,596,781
Law Corporation Registration Fees	-	-	-	-	-	-	-
Legal Specialization Fees	2,156,222	-	-	300	-	-	2,156,522
Licensing Fees and Donations	-	(0)	-	-	-	-	25,533,125
Multi-Jurisdictional Practice Fees	-	-	-	877,777	-	-	877,777
Other Revenue	22,014	-	-	843,307	-	-	1,102,664
Trust Account Revenue	-	-	-	-	-	-	24,078,174
<b>Total Operating Revenue</b>	<b>2,187,142</b>	<b>(0)</b>	<b>42,788</b>	<b>21,934,303</b>	<b>131,693</b>	<b>-</b>	<b>94,838,653</b>

**OPERATING EXPENSES**

Access & Inclusion	-	-	11,261,206	681	2,173	-	93,953,748
Admissions	1,082,053	-	-	19,118,668	-	-	20,200,721
Attorney Regulation and Consumer Resources	-	-	-	-	-	-	-
Chief Trial Counsel	-	-	-	-	-	-	-
Client Security Fund	-	-	-	-	-	-	13,609,616
General & Administrative	-	-	-	-	-	-	-
Governance	-	-	-	10,000	36,862	-	949,477



**The State Bar of California**  
**Q4 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) December 2020 Year to Date**

	Legal Special.	IT Special Assess.	Bank Settlement	Admission	Grants	SF Tenant Improve.	Total Other Funds
Lawyers Assistance Program	-	-	-	-	-	-	2,203,015
Depreciation	-	-	-	140	-	-	181
Probation	-	-	-	-	-	-	-
Professional Competence	-	-	-	-	-	-	-
State Bar Court	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	1,082,053	-	11,261,206	19,129,489	39,035	-	130,916,758
<b>OPERATING INCOME/(LOSS)</b>	1,105,089	0	(11,218,418)	2,804,814	92,658	-	(36,078,104)
<b>NON-OPERATING</b>							
Investment Income	76,784	0	321,855	218,355	-	16,218	1,734,845
Rental Income	-	-	-	-	-	-	-
Interest Expense on Loans	-	-	-	-	-	296,842	(296,842)
52908-Interest earned on fac. Fees	-	-	-	-	-	-	-
<b>Total Non-Operating</b>	76,784	0	321,855	218,355	-	280,624	1,438,002
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	1,181,873	0	(10,896,563)	3,023,169	92,658	(280,624)	(34,640,102)

**The State Bar of California**  
**Q4 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) December 2020 Year to Date**

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Legislat. Activities	Legal Services Trust
<b>TRANSFERS</b>							
49110-Transfer In From General Fund	-	(0)	-	-	-	-	-
49232-Trsf In From Justice Gap Fund	-	-	-	-	-	-	1,000,000
49314-Transfer In From Admissions Fund	-	-	-	-	-	-	-
49410-Interfund Transaction-Revenue	5,310	-	-	-	131	-	-
69119-Trsf. Out To Tech Improv. Fund	-	-	-	-	-	-	-
69224-Trsf Out To Legal Spec. Fund	-	-	-	-	-	-	-
69228-Transfer Out To LSTF	-	-	-	(1,000,000)	-	-	-
69410-Interfund Transaction-Expenses	(2,485)	-	-	-	-	-	-
<b>Total Transfers</b>	<b>2,825</b>	<b>(0)</b>	<b>-</b>	<b>(1,000,000)</b>	<b>131</b>	<b>-</b>	<b>1,000,000</b>
<b>CHANGE IN NET POSITION</b>							
	2,455,307	43,762	(4,539,490)	870,101	(1,945,505)	(132,984)	(24,508,850)
Net Position at beginning of year	19,594	290,522	8,488,363	2,971,146	3,664,012	484,678	46,871,392
<b>NET POSITION AT December 31</b>	<b>2,474,901</b>	<b>334,284</b>	<b>3,948,873</b>	<b>3,841,247</b>	<b>1,718,507</b>	<b>351,694</b>	<b>22,362,542</b>

**The State Bar of California**  
**Q4 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) December 2020 Year to Date**

	Legal Special.	IT Special Assess.	Bank Settlement	Admission	Grants	SF Tenant Improve.	Total Other Funds
<b>TRANSFERS</b>							
49110-Transfer In From General Fund	-	-	-	-	-	-	(0)
49232-Trsf In From Justice Gap Fund	-	-	-	-	-	-	1,000,000
49314-Transfer In From Admissions Fund	100,000	-	-	-	-	-	100,000
49410-Interfund Transaction-Revenue	-	-	-	-	-	-	5,441
69119-Trsf. Out To Tech Improv. Fund	-	-	-	(725,000)	-	-	(725,000)
69224-Trsf Out To Legal Spec. Fund	-	-	-	(100,000)	-	-	(100,000)
69228-Transfer Out To LSTF	-	-	-	-	-	-	(1,000,000)
69410-Interfund Transaction-Expenses	-	-	-	(1,491)	-	-	(3,976)
<b>Total Transfers</b>	100,000	-	-	(826,491)	-	-	(723,535)
<b>CHANGE IN NET POSITION</b>							
	1,281,873	0	(10,896,563)	2,196,678	92,658	(280,624)	(35,363,637)
Net Position at beginning of year	4,365,619	6,224	20,468,102	8,417,789	155,777	(356,371)	95,846,847
<b>NET POSITION AT December 31</b>	5,647,492	6,224	9,571,539	10,614,467	248,435	(636,995)	60,483,210

**The State Bar of California**  
**Q4 Statement of Variances Year-over-Year for Operating Revenue, Operating Expenses, and Changes**  
**in Net Position (State Bar Wide)**  
**Year to Date As of December 2020**

	2020 Actual	2019 Actual	Variance	% Change
<b>OPERATING REVENUE</b>				
Affinity Insurance Revenue	757,486	2,280,283	(1,522,797)	66.8
Continuing Legal Education Fees	731,300	924,488	(193,187)	20.9
EAF AB 145 Filing Fee Revenue	6,349,422	6,903,380	(553,958)	8.0
Exam App. & Moral Char. Fees	20,135,282	19,167,933	967,350	(5.0)
Grant Revenue	14,596,781	33,602,992	(19,006,211)	56.6
Law Corporation Registration Fees	1,843,213	2,035,492	(192,279)	9.4
Legal Specialization Fees	2,162,592	2,193,454	(30,862)	1.4
Licensing Fees and Donations	109,656,075	85,635,186	24,020,888	(28.1)
Multi-Jurisdictional Practice Fees	877,777	935,581	(57,804)	6.2
Other Revenue	1,964,800	3,065,496	(1,100,696)	35.9
Trust Account Revenue	24,078,174	46,454,116	(22,375,942)	48.2
<b>Total Operating Revenue</b>	<b>183,152,903</b>	<b>203,198,400</b>	<b>(20,045,498)</b>	<b>9.9</b>

**OPERATING EXPENSES**

Access & Inclusion	94,812,463	76,263,376	18,549,087	24.3
Admissions	20,257,816	22,875,052	(2,617,236)	(11.4)
Attorney Regulation and Consumer Resources	5,432,212	5,791,986	(359,775)	(6.2)
Chief Trial Counsel	61,027,873	53,219,213	7,808,660	14.7
Client Security Fund	13,610,066	8,538,317	5,071,749	59.4
General & Administrative	(6,330,658)	3,966,994	(10,297,652)	(259.6)
Governance	5,953,713	6,838,441	(884,727)	(12.9)

**The State Bar of California**  
**Q4 Statement of Variances Year-over-Year for Operating Revenue, Operating Expenses, and Changes**  
**in Net Position (State Bar Wide)**  
**Year to Date As of December 2020**

	2020 Actual	2019 Actual	Variance	% Change
Lawyers Assistance Program	2,200,034	2,107,533	92,501	4.4
Depreciation	4,945,992	1,535,847	3,410,145	222.0
Probation	1,968,949	1,713,928	255,021	14.9
Professional Competence	2,727,133	3,155,279	(428,146)	(13.6)
State Bar Court	13,683,960	13,290,841	393,119	3.0
<b>Total Operating Expenses</b>	<b>220,289,554</b>	<b>199,296,808</b>	<b>20,992,746</b>	<b>10.5</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>(37,136,651)</b>	<b>3,901,593</b>	<b>(41,038,244)</b>	<b>(1,051.8)</b>
<b>NON-OPERATING</b>				
Investment Income	2,591,296	4,525,160	(1,933,864)	42.7
Rental Income	4,207,527	3,388,602	818,925	(24.2)
Interest Expense on Loans	(842,958)	(1,025,825)	182,868	17.8
52908-Interest earned on fac. Fees	-	-	-	-
<b>Total Non-Operating</b>	<b>5,955,866</b>	<b>6,887,937</b>	<b>(932,071)</b>	<b>13.5</b>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<b>31,180,785</b>	<b>10,789,530</b>	<b>41,970,315</b>	<b>389.0</b>
<b>TRANSFERS</b>				
49110-Transfer In From General Fund	(0)	-	(0)	-
49118-Transfer in From 118	-	1,023,534	(1,023,534)	100.0
49232-Trsf In From Justice Gap Fund	1,000,000	2,750,000	(1,750,000)	63.6
49314-Transfer In From Admissions Fund	825,000	100,000	725,000	(725.0)

**The State Bar of California**  
**Q4 Statement of Variances Year-over-Year for Operating Revenue, Operating Expenses, and Changes**  
**in Net Position (State Bar Wide)**  
**Year to Date As of December 2020**

	2020 Actual	2019 Actual	Variance	% Change
49410-Interfund Transaction-Revenue	66,035	60,312	5,723	(9.5)
69110-Transfer Out To GF	(0)	(1,023,534)	1,023,534	100.0
69119-Trsf. Out To Tech Improv. Fund	(725,000)	-	(725,000)	-
69224-Trsf Out To Legal Spec. Fund	(100,000)	(100,000)	(0)	(0.0)
69228-Transfer Out To LSTF	(1,000,000)	(2,750,000)	1,750,000	63.6
69410-Interfund Transaction-Expenses	(66,035)	(60,312)	(5,723)	(9.5)
<b>TOTAL TRANSFERS</b>	(0)	(0)	(0)	-
<b>CHANGE IN NET POSITION</b>	(31,180,785)	10,789,530	(41,970,315)	(389.0)
Net Position at beginning of year	144,540,279	133,751,377	10,788,902	8.1
<b>NET POSITION AT December 31</b>	113,359,494	144,540,279	(31,181,413)	-21.6

**The State Bar of California**  
**Q4 Statement of Assets, Liabilities & Net Position**  
**Bar Wide as of December 2020**

ATTACHMENT 4

	General Fund	Other Funds	2020 Actual	2019 Actual	Variance- 2020 v. 2019
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>					
Cash	86,312,813	2,495,000	88,807,813	87,858,296	949,517
Investments	32,506,150	-	32,506,150	66,224,970	(33,718,819)
Accounts Receivable (net of allowances)	985,938	1,565,049	2,550,988	6,835,571	(4,284,583)
Interfund Rec(Pay)	(71,033,370)	71,033,370	0	0	0
Other Assets	1,435,564	229,300	1,664,864	2,851,661	(1,186,797)
OPEB Investments	10,215,794	-	10,215,794	10,215,794	0
Capital Assets (net of depreciation)	104,073,812	-	104,073,812	107,594,615	(3,520,803)
Deferred Outflows	9,507,406	-	9,507,406	9,507,406	0
<b>Total Assets &amp; Deferred Outflows</b>	<b>174,004,108</b>	<b>75,322,719</b>	<b>249,326,827</b>	<b>291,088,312</b>	<b>(41,761,485)</b>
<b>LIABILITIES &amp; DEFERRED INFLOWS</b>					
Accounts Payable and Accrued Liabilities	31,863,617	9,185,889	41,049,506	49,245,216	(8,195,710)
Unearned Income	-	-	-	141,944	(141,944)
Loan Payable	14,197,000	5,904,894	20,101,894	22,302,385	(2,200,491)
Deferred Inflows	7,703,640	-	7,703,640	7,703,640	(0)
Pension Liability	67,154,845	-	67,154,845	67,154,845	(0)
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>120,919,102</b>	<b>15,090,783</b>	<b>136,009,885</b>	<b>146,548,030</b>	<b>(10,538,145)</b>
<b>NET POSITION</b>					
Net Position at Beginning of Year	48,693,432	95,846,847	144,540,279	133,778,747	10,761,532

**The State Bar of California**  
**Q4 Statement of Assets, Liabilities & Net Position**  
**Bar Wide as of December 2020**

	<b>General Fund</b>	<b>Other Funds</b>	<b>2020 Actual</b>	<b>2019 Actual</b>	<b>Variance- 2020 v. 2019</b>
Change in Net Position	4,391,574	(35,614,911)	(31,223,337)	10,761,535	(41,984,872)
<b>Total Net Position</b>	53,085,006	60,231,936	113,316,942	144,540,282	(31,223,340)
<hr/>					
<b>Total Liabilities &amp; Net Position</b>	174,004,108	75,322,719	249,326,827	291,088,312	(41,761,485)



**The State Bar of California**  
**Q4 Statement of Assets, Liabilities & Net Position (Non-General Funds)**  
**As of December 2020**

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Leg. Activities	Legal Svcs. Trust
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>							
Cash	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Accounts Receivable (net of allowances)	-	-	1,270,711	-	0	-	291,916
Interfund Rec(Pay)	4,673,134	418,692	2,641,375	4,133,283	2,298,370	557,171	23,973,275
Other Assets	-	-	-	-	14,967	-	-
OPEB Investments	-	-	-	-	-	-	-
Capital Assets (net of depreciation)	-	-	-	-	-	-	-
Deferred Outflows	-	-	-	-	-	-	-
<b>Total Assets &amp; Deferred Outflows</b>	<b>4,673,134</b>	<b>418,692</b>	<b>3,912,086</b>	<b>4,133,283</b>	<b>2,313,337</b>	<b>557,171</b>	<b>24,265,192</b>
<b>LIABILITIES &amp; DEFERRED INFLOWS</b>							
Accounts Payable and Accrued Liabilities	2,198,253	84,408	(27,514)	292,037	591,355	205,478	1,893,378
Unearned Income	-	-	-	-	-	-	-
Loan Payable	-	-	-	-	-	-	-
Deferred Inflows	-	-	-	-	-	-	-
Pension Liability	-	-	-	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>2,198,253</b>	<b>84,408</b>	<b>(27,514)</b>	<b>292,037</b>	<b>591,355</b>	<b>205,478</b>	<b>1,893,378</b>
<b>NET POSITION</b>							
Net Position at Beginning of Year	19,594	290,522	8,488,363	2,971,146	3,664,012	484,678	46,871,392

**The State Bar of California**  
**Q4 Statement of Assets, Liabilities & Net Position (Non-General Funds)**  
**As of December 2020**

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Leg. Activities	Legal Svcs. Trust
Change in Net Position	2,455,287	43,762	(4,548,763)	870,101	(1,942,030)	(132,985)	(24,499,578)
<b>Total Net Position</b>	2,474,881	334,284	3,939,600	3,841,247	1,721,982	351,693	22,371,814
<b>Total Liabilities &amp; Net Position</b>	4,673,134	418,692	3,912,086	4,133,283	2,313,337	557,171	24,265,192

**The State Bar of California**  
**Q4 Statement of Assets, Liabilities & Net Position (Non-General Funds)**  
**As of December 2020**

	Legal Special.	IT Special Assess.	Bank Settle.	Admission	Grants	SF Tenant Improve.	Total Other Funds
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>							
Cash	-	-	-	-	-	2,495,000	2,495,000
Investments	-	-	-	-	-	-	-
Accounts Receivable (net of allowances)	-	-	-	1,604	-	-	1,564,230
Interfund Rec(Pay)	6,221,175	6,225	9,354,869	13,950,416	254,672	2,545,197	71,027,854
Other Assets	-	-	216,668	4,000	-	-	235,635
OPEB Investments	-	-	-	-	-	-	-
Capital Assets (net of depreciation)	-	-	-	-	-	-	-
Deferred Outflows	-	-	-	-	-	-	-
<b>Total Assets &amp; Deferred Outflows</b>	<b>6,221,175</b>	<b>6,225</b>	<b>9,571,537</b>	<b>13,956,019</b>	<b>254,672</b>	<b>5,040,197</b>	<b>75,322,719</b>
<b>LIABILITIES &amp; DEFERRED INFLOWS</b>							
Accounts Payable and Accrued Liabilities	573,683	-	-	3,341,553	6,852	26,406	9,185,889
Unearned Income	-	-	-	-	-	-	-
Loan Payable	-	-	-	-	-	5,904,894	5,904,894
Deferred Inflows	-	-	-	-	-	-	-
Pension Liability	-	-	-	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>573,683</b>	<b>-</b>	<b>-</b>	<b>3,341,553</b>	<b>6,852</b>	<b>5,931,300</b>	<b>15,090,783</b>
<b>NET POSITION</b>							
Net Position at Beginning of Year	4,365,619	6,224	20,468,102	8,417,789	155,777	(356,371)	95,846,847
Change in Net Position	1,281,874	1	(10,896,565)	2,196,677	92,042	(534,732)	(35,614,911)

**The State Bar of California**  
**Q4 Statement of Assets, Liabilities & Net Position (Non-General Funds)**  
**As of December 2020**

	Legal Special.	IT Special Assess.	Bank Settle.	Admission	Grants	SF Tenant Improve.	Total Other Funds
<b>Total Net Position</b>	5,647,493	6,225	9,571,537	10,614,466	247,819	(891,103)	60,231,936
<b>Total Liabilities &amp; Net Position</b>	6,221,175	6,225	9,571,537	13,956,019	254,672	5,040,197	75,322,719



## The State Bar of California

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Date: March 18, 2021

To: Members, Finance Committee  
Members, Board of Trustees

From: Kevin Harper, Interim Chief Financial Officer

Subject: Investment Report for the 4th Quarter Ended December 31, 2020

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Attached is the quarterly Investment Report for the State Bar of California as of December 31, 2020. 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, 2020, the market value of the investment portfolio was \$108 million, compared to \$137.5 million as of December 31, 2019.

The quarterly rate of return of the investment portfolio for this quarter is 1.49 percent. Interest rates are lower in comparison to the year prior; the quarterly interest rate on deposits in the LAIF decreased from 2.11 percent for the quarter ended December 31, 2019, to 0.58 percent for the quarter ended December 31, 2020. As of February 17, 2021, the daily rate at LAIF was 0.41 percent. For the fiscal year, actual investment earnings decreased from \$4.53 million in 2019 to \$2.59 million in 2020.

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 As of December 31, 2020**

<b><u>Asset Group</u></b>	<b><u>Original Cost</u></b>	<b><u>Market Value</u></b>	<b><u>Portfolio Percentage</u></b>	<b><u>Weighted Average Yield</u></b>
Wells Fargo Custody Account:				
- Government Bonds	15,872,029	16,364,544	15.2%	2.57%
- Corporate Bonds	15,442,779	15,994,131	14.8%	2.21%
- Common Stock-Metlife Inc.	-	147,476	0.1%	N/A
Subtotal-Securities, Bonds and Notes	31,314,808	32,506,151	30.1%	
Interest Receivable	-	223,694	0.2%	0.58%
Local Agency Investment Fund	75,261,861	75,261,861	69.7%	0.58%
<b>Total</b>	<b>\$ 106,576,669</b>	<b>\$ 107,991,706</b>	<b>100.0%</b>	1.49%

**Unrealized Gain/(Loss):**

Market Value of Portfolio -Securities, Bonds and Notes	\$ 32,506,151
Original Cost of Portfolio -Securities, Bonds and Notes	31,314,808
Unrealized Gain/(Loss)	<u><u>\$ 1,191,343</u></u>

**Investment Month End Report - Wells Fargo Custody Account**  
**Balance as of December 31, 2020**

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&amp;P</u> <u>Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Cost</u>	<u>Mkt Value</u>	<u>Interest</u> <u>Receivable</u>	<u>Unrealized</u> <u>Gain/(Loss)</u>	<u>Market</u> <u>Yield</u>	<u>Purchase</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>
STATE OF CALIFORNIA	13063DAD0	AA-	Municipal Bond	3,035,000.00	2,993,268.75	3,111,421.30	17,959.61	118,152.55	2.367%	02/28/18	04/01/22
RIVERSIDE CA UNIF SCH DIST	769059A22	AA-	Municipal Bond	1,250,000.00	1,250,000.00	1,295,762.50	10,317.71	45,762.50	1.981%	12/17/19	02/01/24
<b>TOTAL MUNICIPAL BONDS AND NOTES:</b>				<b>4,285,000</b>	<b>4,243,269</b>	<b>4,407,184</b>	<b>28,277</b>	<b>163,915</b>	<b>2.509%</b>		
FED HOME LN MTG CORP	3134GBA69	AA+	Government Agency	3,000,000.00	2,978,490.00	3,108,030.00	28,104.17	129,540.00	2.375%	04/04/18	08/09/22
FED HOME LN BK	313383WD9	AA+	Government Agency	6,500,000.00	6,650,910.50	6,826,950.00	63,194.44	176,039.50	3.125%	04/04/18	09/09/22
FED FARM CREDIT BK	3133ELEF7	AA+	Government Agency	2,000,000.00	1,999,360.00	2,022,380.00	9,258.33	23,020.00	1.650%	12/20/19	09/20/21
<b>TOTAL FEDERAL BONDS AND NOTES:</b>				<b>11,500,000</b>	<b>11,628,761</b>	<b>11,957,360</b>	<b>100,557</b>	<b>328,600</b>	<b>2.255%</b>		
APPLE INC	037833BS8	AA+	Corporate Bond	3,125,000.00	3,093,868.75	3,128,718.75	25,000.00	34,850.00	2.250%	02/28/18	02/23/21
CHEVRON CORP.	166764BG4	AA	Corporate Bond	3,125,000.00	3,071,040.63	3,142,031.25	8,203.13	70,990.62	2.100%	02/28/18	05/16/21
MICROSOFT CORP	594918BP8	AAA	Corporate Bond	3,125,000.00	3,016,371.88	3,146,500.00	19,240.45	130,128.12	1.550%	02/28/18	08/08/21
APPLE INC	037833BF6	AA+	Corporate Bond	3,215,000.00	3,201,014.75	3,328,585.95	11,574.00	127,571.20	2.700%	02/28/18	05/13/22
TOYOTA MOTOR CREDIT CORP	89236TEC5	A+	Corporate Bond	1,500,000.00	1,452,690.00	1,546,725.00	10,122.92	94,035.00	2.150%	02/28/18	09/08/22
TOYOTA MOTOR CREDIT CORP	89236TEL5	A+	Corporate Bond	1,625,000.00	1,607,792.88	1,701,570.00	20,718.75	93,777.12	2.700%	02/28/18	01/11/23
<b>TOTAL CORPORATE BONDS:</b>				<b>15,715,000</b>	<b>15,442,779</b>	<b>15,994,131</b>	<b>94,859</b>	<b>551,352</b>	<b>2.676%</b>		
BRIGHTHOUSE FINANCIAL INC	10922N103	N/A	Common Stock	-	-	9,630.53	-	9,631			
METLIFE INC	59156R108	N/A	Common Stock	-	-	137,845.20	-	137,845			
<b>TOTAL COMMON STOCKS:</b>				<b>-</b>	<b>-</b>	<b>147,476</b>	<b>-</b>	<b>147,476</b>			
<b>TOTAL INVESTMENT HELD BY WELLS FARGO:</b>				<b>31,500,000</b>	<b>31,314,808</b>	<b>32,506,150</b>	<b>223,694</b>	<b>1,191,342</b>			



# The State Bar of California

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Date: March 18, 2021

To: Members, Finance Committee  
Members, Board of Trustees

From: Kevin Harper, Interim Chief Financial Officer

Subject: Client Security Fund Report for the Fourth Quarter Ended December 31, 2020

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Attached are a series of reports for the applications activities within the Client Security Fund (CSF) for the quarter ended December 31, 2020. These reports include:

- Status on Applications Activities for the quarter ended December 31, 2020
- 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 490 new applications in the amount of \$12.3 million were filed. The number of applications filed decreased by 36.4 percent compared to 771 new applications filed last year. The application amount decreased by \$4.3 million, or 25.9 percent compared to \$16.6 million filed in 2019.

For the year ended December 31, 2020, total applications processed are 1,262 for approximately \$24.7 million. Total payouts for 2020 are \$11.7 million, which increased by \$4.7 million in comparison to \$7.0 million the year prior. Total applications pending for processing as of December 31, 2020, are 1,609 in the amount of \$35.7 million, and for the same period in 2019, there were 2,381 pending applications in the amount of \$47.7 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 40.77 percent. As of December 31, 2020, total applications outstanding are 1,609 for \$35.7 million. Applying the rolling average applications payout ratio to the outstanding application amounts, the estimated



application payout as of December 31, 2020 is \$14.6 million and there is a 13.6 percent decrease of \$2.3 million compared to \$16.9 million last year.

As of December 31, 2020, cash and investments available for applications reimbursement in the CSF are approximately \$2.5 million compared to \$.02 million last year.

Key indicators for the CSF application process as of December 31, 2020 and 2019 are shown below:

Key Indicator Descriptions	2020 Q4	2019 Q4	Attachment
New Applications Received #/\$ (in millions)	490/\$12.3	771/\$16.6	1
Total Applications Processed #/\$ (in millions)	1,262/\$24.7	1,281/\$21.0	2
% of Paid Applications in # to total in process <sup>1</sup>	29.0%	19.6%	1
% of Paid Applications in \$ to total in process <sup>2</sup>	19.4%	10.1%	1
Total Payouts \$ (in millions)	\$ 11.7	\$ 7.0	2
Total Applications Pending for Processing #/\$ (in millions)	1,609/\$35.7	2,381/\$47.7	2
24-month Rolling Average Payout Ratio	40.77%	35.36%	4
Estimated CSF Application Liabilities (in millions)	\$14.6	\$16.9	2
Net Assets as of December 31 (in millions)	\$2.5	\$0.02	3

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

<sup>2</sup> \$ 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, 2020  
YEAR TO DATE ACTIVITIES**

	<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		
<b>Prior Years' Applications</b>	434	749,753	690	2,712,436	436	3,246,695	333	5,833,250	139	5,098,278	30	1,153,800	319	29,343,363	2,381	48,137,575		
<b>New Applications</b>	93	157,092	102	406,507	79	596,748	82	1,364,250	45	1,543,762	4	200,000	85	8,029,988	490	12,298,348		
<b>Paid Applications</b>	(174)	(294,932)	(231)	(871,185)	(161)	(1,114,074)	(128)	(1,804,119)	(44)	(1,206,424)	(3)	(100,000)	(91)	(6,355,989)	(832)	(11,746,722)	29.0%	19.4%
<b>Rejected Applications</b>	(7)	(25,290)	(6)	(101,237)	(4)	(164,473)	(9)	(601,018)	(6)	(566,442)	-	(50,000)	(10)	(3,029,423)	(42)	(4,537,884)	1.5%	7.5%
<b>Withdrawn Applications</b>	(83)	(133,630)	(86)	(329,875)	(70)	(519,487)	(58)	(994,222)	(24)	(862,997)	(9)	(450,000)	(58)	(5,129,581)	(388)	(8,419,793)	13.5%	13.9%
<b>Applications Outstanding</b>	<b>263</b>	<b>\$ 452,993</b>	<b>469</b>	<b>\$ 1,816,646</b>	<b>280</b>	<b>\$ 2,045,410</b>	<b>220</b>	<b>\$ 3,798,140</b>	<b>110</b>	<b>\$ 4,006,177</b>	<b>22</b>	<b>\$ 753,800</b>	<b>245</b>	<b>\$ 22,858,359</b>	<b>1,609</b>	<b>\$ 35,731,524</b>		
<b>New applications % to total</b>	18.98%	1.28%	20.82%	3.31%	16.12%	4.85%	16.73%	11.09%	9.18%	12.55%	0.82%	1.63%	17.35%	65.29%	100.00%	100.00%		
<b>Applications paid % to total</b>	20.91%	2.51%	27.76%	7.42%	19.35%	9.48%	15.38%	15.36%	5.29%	10.27%	0.36%	0.85%	10.94%	54.11%	100.00%	100.00%		
<b>Applications rejected or withdrawn % to total</b>	20.93%	1.23%	21.40%	3.33%	17.21%	5.28%	15.58%	12.31%	6.98%	11.03%	2.09%	3.86%	15.81%	62.97%	100.00%	100.00%		
<b>Applications outstanding % to total</b>	16.35%	1.27%	29.15%	5.08%	17.40%	5.72%	13.67%	10.63%	6.84%	11.21%	1.37%	2.11%	15.23%	63.97%	100.00%	100.00%		

(A) % of # of paid applications, rejected applications and withdrawn applications to # of total applications in process in 2020 Q4.

(B) % of paid applications, rejected applications and withdrawn applications in \$ to the total applications \$ in process in 2020 Q4.

**THE STATE BAR OF CALIFORNIA CLIENT SECURITY FUND**  
**APPLICATIONS AGING REPORT AS OF DECEMBER 31, 2020**

<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>Year</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	6	25,200			(3)	(8,825)	(3)	(16,375)	(6)	(25,200)	-	-
2012	25	206,144			(10)	(47,300)	(9)	(92,328)	(19)	(139,628)	6	66,516
2013	38	271,867			(7)	(41,194)	(1)	(20,296)	(8)	(61,490)	30	210,377
2014	254	1,352,459			(17)	(133,284)	(3)	(36,672)	(20)	(169,956)	234	1,182,503
2015	99	1,006,020			(15)	(143,707)	(2)	(76,293)	(17)	(220,000)	82	786,020
2016	193	5,362,884			(85)	(1,313,871)	(25)	(1,249,005)	(110)	(2,562,876)	83	2,800,008
2017	550	11,309,088			(323)	(4,382,191)	(47)	(2,385,904)	(370)	(6,768,096)	180	4,540,992
2018	594	15,613,796			(174)	(3,079,274)	(75)	(2,456,596)	(249)	(5,535,870)	345	10,077,926
2019	622	12,971,436			(146)	(1,885,659)	(186)	(4,180,819)	(332)	(6,066,478)	290	6,904,958
2020		18,680	490	12,298,348	(52)	(711,417)	(79)	(2,443,388)	(131)	(3,154,805)	359	9,162,222
<b>TOTAL</b>	<b>2,381</b>	<b>48,137,575</b>	<b>490</b>	<b>12,298,348</b>	<b>(832)</b>	<b>(11,746,722)</b>	<b>(430)</b>	<b>(12,957,677)</b>	<b>(1,262)</b>	<b>(24,704,399)</b>	<b>1,609</b>	<b>35,731,524</b>

Applications Outstanding	<b>35,731,524</b>
Estimated Application Payout Ratio	<b>40.77%</b>
Estimated Application Payouts	<b>\$14,569,508</b>

**THE STATE BAR OF CALIFORNIA**  
**CLIENT SECURITY FUND**  
**CUMULATIVE APPLICATIONS AGING REPORT AS OF DECEMBER 31, 2020**

<u>Year Application</u> <u>Filed</u>	<u>Gross Applications</u>		<u>Current Year</u>		<u>Applications Paid</u>		<u>Applications</u> <u>Rejected and</u> <u>Withdrawn</u>		<u>Total Applications</u> <u>Processed</u>		<u>Applications</u> <u>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	6	25,200			(3)	(8,825)	(3)	(16,375)	(6)	(25,200)	-	-
2010-2012	31	231,344			(13)	(56,125)	(12)	(108,703)	(25)	(164,828)	6	66,516
2010-2013	69	503,212			(20)	(97,319)	(13)	(128,999)	(33)	(226,318)	36	276,894
2010-2014	323	1,855,671			(37)	(230,603)	(16)	(165,671)	(53)	(396,274)	270	1,459,397
2010-2015	422	2,861,691			(52)	(374,310)	(18)	(241,963)	(70)	(616,274)	352	2,245,417
2010-2016	615	8,224,575			(137)	(1,688,181)	(43)	(1,490,969)	(180)	(3,179,149)	435	5,045,425
2010-2017	1,165	19,533,663			(460)	(6,070,372)	(90)	(3,876,873)	(550)	(9,947,245)	615	9,586,418
2010-2018	1,759	35,147,459			(634)	(9,149,646)	(165)	(6,333,469)	(799)	(15,483,115)	960	19,664,344
2010-2019	2,381	48,118,895			(780)	(11,035,306)	(351)	(10,514,288)	(1,131)	(21,549,594)	1,250	26,569,301
2010-2020			490	12,298,348	(832)	(11,746,722)	(430)	(12,957,677)	(1,262)	(24,704,399)	1,609	35,731,524
	<b>2,381</b>	<b>48,118,895</b>	<b>490</b>	<b>12,298,348</b>	<b>(832)</b>	<b>(11,746,722)</b>	<b>(430)</b>	<b>(12,957,677)</b>	<b>(1,262)</b>	<b>(24,704,399)</b>	<b>1,609</b>	<b>35,731,524</b>

Net Asset in Client Security Fund:

As of 12/31/2020 **\$2,522,240**

**THE STATE BAR OF CALIFORNIA**  
**CLIENT SECURITY FUND**  
**24 MONTH ROLLING AVERAGE APPLICATIONS PAIDOUT RATIO**  
**JANUARY 2019 THROUGH DECEMBER 2020**

Month Covered	<u>PAID APPLICATIONS</u>		<u>REJECTED/ WITHDRAWN APPLICATIONS</u>	<u>PROCESSED</u>
	Amount	Monthly Average Payout Ratio	Amount	Amount
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
JUN19	580,329	55.54%	464,556	1,044,885
JUL19	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
Jan20	2,266,254	60.25%	1,495,016	3,761,270
Feb20	697,500	71.18%	282,350	979,850
Mar20	356,979	28.17%	910,028	1,267,007
Apr20	957,237	53.25%	840,553	1,797,790
May20	490,489	56.73%	374,073	864,561
Jun20	316,775	40.32%	468,841	785,617
Jul20	657,336	40.92%	948,966	1,606,302
Aug20	911,802	73.97%	320,838	1,232,641
Sept20	710,758	18.67%	3,096,714	3,807,473
Oct20	825,260	37.50%	1,375,409	2,200,669
Nov20	1,289,091	48.47%	1,370,629	2,659,720
Dec20	2,247,241	60.39%	1,474,259	3,721,499
Total:	<u>18,646,506</u>		Total: <u>27,083,802</u>	<u>45,730,307</u>

**24 Month Rolling Average PaidOut Ratio:**

**40.77%**

**THE STATE BAR OF CALIFORNIA  
CLIENT SECURITY FUND  
ANALYSIS OF NEW APPLICATIONS PAID, REJECTED OR WITHDRAWN, ESTIMATED  
APPLICATIONS PAYOUTS PER ACTIVE ATTORNEY  
DECEMBER 31, 2020**

	<u>1ST QTR</u>	<u>2ND QTR</u>	<u>3RD QTR</u>	<u>4th QTR</u>
Beginning Balance	2,381	2,227	2,134	1,901
Add: Reinstated Applications and New Applications	152	123	112	103
Less: Paid / Rejected or Withdrawn	306	216	345	395
TOTAL	2,227	2,134	1,901	1,609
APPLICATIONS OUTSTANDING AMT.	45,754,583	45,511,826	41,854,034	35,731,524
# Of Active Attorneys	189,884	190,498	191,350	191,051
Cost Per Active Attorney	\$241	\$239	\$219	\$187
ESTIMATED APPLICATIONS LIAB.				
Applications Payout Ratio	39.10%	40.48%	40.63%	40.77%
Estimated Application Amount *	\$17,889,796	\$18,424,740	\$17,003,840	\$14,569,508
# of Active Attorneys	189,629	189,629	191,564	191,051
Cost per Active Attorney	\$94	\$97	\$89	\$76
APPLICATION ACTIVITIES IN %:				
NEW APPLICATIONS - YTD				
1 - 2,500	1.14%	1.09%	1.13%	1.28%
2,501 - 5,000	3.16%	3.37%	3.20%	3.31%
5,001 - 10,000	4.53%	4.11%	4.54%	4.85%
10,001 - 25,000	11.30%	12.44%	10.78%	11.09%
25,001 - 49,999	8.20%	11.73%	13.01%	12.55%
50,000	2.48%	1.40%	1.49%	1.63%
50,001 - 100,000	69.19%	65.86%	65.84%	65.29%
APPLICATIONS PAID - YTD				
1 - 2,500	2.14%	2.40%	3.04%	2.51%
2,501 - 5,000	5.81%	8.47%	8.06%	7.42%
5,001 - 10,000	7.56%	11.41%	11.40%	9.48%
10,001 - 25,000	13.74%	18.25%	17.85%	15.36%
25,001 - 49,999	6.92%	10.57%	10.95%	10.27%
50,000	3.01%	1.97%	1.36%	0.85%
50,001 - 100,000	60.82%	46.93%	47.35%	54.11%
REJ./WDRAWN - YTD				
1 - 2,500	1.42%	1.32%	1.24%	1.23%
2,501 - 5,000	4.83%	3.52%	3.40%	3.33%
5,001 - 10,000	7.73%	5.59%	4.83%	5.28%
10,001 - 25,000	11.84%	10.41%	11.13%	12.31%
25,001 - 49,999	9.54%	8.34%	8.71%	11.03%
50,000	9.30%	5.72%	5.15%	3.86%
50,001 - 100,000	55.33%	65.10%	65.53%	62.97%
APPLICATIONS O/S-CUM. - YTD				
1 - 2,500	1.49%	1.41%	1.27%	1.27%
2,501 - 5,000	5.44%	5.17%	5.09%	5.08%
5,001 - 10,000	6.48%	5.96%	5.83%	5.72%
10,001 - 25,000	11.95%	11.66%	0.00%	0.00%
25,001 - 49,999	10.67%	11.06%	11.55%	11.21%
50,000	1.98%	1.99%	1.80%	2.11%
50,001 - 100,000	62.00%	62.75%	63.46%	63.97%
NET ASSET, END OF PERIOD	\$ 11,842,558	\$ 9,406,996	\$ 7,051,484	\$ 2,522,240
PROJECTED NET ASSETS	(\$6,047,238)	(\$9,017,744)	(\$9,952,357)	(\$12,047,268)

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

**State Bar of California  
Client Security Fund  
Ten Years Comparison  
2011-2020**

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

**State Bar of California  
Client Security Fund  
Ten Years Comparison  
2011-2020**

	2014		2015		2016	
	# 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
Prior year's outstanding application adjustment		596,474		1,002,816		239,189
New Applications	1,554	20,056,066	1,178	16,412,024	1,120	16,831,403
<b>TOTAL APPLICATIONS</b>	<b>7,896</b>	<b>71,181,476</b>	<b>6,852</b>	<b>63,332,559</b>	<b>6,585</b>	<b>66,021,922</b>
Less: Processed Applications:						
Paid	1,152	9,031,386	821	6,012,453	1,793	8,037,525
Rejected	116	4,575,621	74	2,929,880	76	2,627,266
Withdrawn	954	11,656,750	492	5,438,896	463	5,358,890
<b>TOTAL PROCESSED APPLICATIONS</b>	<b>2,222</b>	<b>25,263,757</b>	<b>1,387</b>	<b>14,381,229</b>	<b>2,332</b>	<b>16,023,681</b>
Applications outstanding, end of year	5,674	45,917,719	5,465	48,951,330	4,253	49,998,241
Applications outstanding inc./(dec.) over beginning balance	(668)	(4,611,217)	(209)	3,033,611	(1,212)	1,046,911
Applications payout ratio		37.68%		37.96%		46.22%
Est. applications payouts		\$17,301,796		\$18,581,925		\$23,109,187
Net Application (Liab) Assets, end of year		(15,093,242)		(16,381,485)		(21,682,917)
Net Assets per Financial Statement		2,208,554		2,200,440		1,426,270
Estimated Increase/(Decrease) in Application Payouts:		(3,718,241)		1,280,128		4,527,262



**State Bar of California  
Client Security Fund  
Ten Years Comparison  
2011-2020**

	2017		2018		2019		2020	
	# of Applications	Amount	# of Applications	Amount	# of Applications	Amount	# of Applications	Amount
Applications outstanding, begin of year	4,253	49,998,241	3,431	51,428,009	2,891	51,651,150	2,381	47,660,517
Prior year's outstanding application adjustment		220,308		462,926		425,957		477,058
New Applications	936	17,544,886	993	24,089,640	771	16,629,317	490	12,298,348
<b>TOTAL APPLICATIONS</b>	<b>5,189</b>	<b>67,763,435</b>	<b>4,424</b>	<b>75,980,575</b>	<b>3,662</b>	<b>68,706,424</b>	<b>2,871</b>	<b>60,435,923</b>
Less: Processed Applications:								
Paid	909	6,401,923	877	9,150,840	717	6,919,783	832	11,746,722
Rejected	86	3,038,795	78	4,022,024	100	6,237,437	42	4,537,884
Withdrawn	763	6,894,708	578	11,156,561	464	7,888,687	388	8,419,793
<b>TOTAL PROCESSED APPLICATIONS</b>	<b>1,758</b>	<b>16,335,426</b>	<b>1,533</b>	<b>24,329,425</b>	<b>1,281</b>	<b>21,045,907</b>	<b>1,262</b>	<b>24,704,399</b>
Applications outstanding, end of year	3,431	51,428,009	2,891	51,651,150	2,381	47,660,517	1,609	35,731,524
Applications outstanding inc./(dec.) over beginning balance	(822)	1,429,768	(540)	223,141	(510)	(3,990,633)	(772)	(11,928,993)
Applications payout ratio		44.63%		38.18%		35.36%		40.77%
Est. applications payouts		\$22,952,320		\$19,720,409		\$16,852,759		\$14,567,742
Net Application (Liab) Assets, end of year		(19,878,995)		(19,288,914)		(16,607,194)		(12,045,502)
Net Assets per Financial Statement		3,073,325		431,495		245,565		2,522,240
Estimated Increase/(Decrease) in Application Payouts:		(156,867)		(3,231,911)		(2,867,650)		(2,285,016)