



# The State Bar of California

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## **OPEN SESSION AGENDA ITEM JULY 2021 FINANCE COMMITTEE III.C**

**DATE:** July 1, 2021

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

**FROM:** Wallace Tang, Chief Financial Officer

**SUBJECT:** 2021 Q1 Financial Statements Report, Investment Report, Client Security Fund Report

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### **EXECUTIVE SUMMARY**

This agenda item presents unaudited financial reports for the first quarter ended March 31, 2021. These reports include Financial Statements Report, the Investment Report, and the Client Security Fund (CSF) Report.

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### **BACKGROUND**

The charter of the Finance Committee directs the committee to thoroughly examine the State Bar's finances on a quarterly basis to ensure a "functional and detailed understanding of the State Bar's revenue streams, expenditures, and overall fiscal conditions and issues." This agenda item provides the Finance Committee with the reports it needs to fulfill these responsibilities.

### **DISCUSSION**

The Financial Report for the first quarter ended March 31, 2021, is composed of multiple attachments, including the Q1 Financial Statements, the Investment Report as of March 31, 2021, and the Q1 Client Security Fund Report. This agenda item and the accompanying reports will also be on the consent agenda for the Board of Trustees meeting on July 23, 2021.

**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 2021 First Quarter Financial Reports in the form presented this day before the Board, for the three months ended March 31, 2021, 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 upon recommendation of the Finance Committee, the Board of Trustees approves the 2021 First Quarter Financial Reports in the form presented this day before the Board, for the three months ended March 31, 2021, 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 First Quarter Ended March 31, 2021
- B. Investment Report for the First Quarter Ended March 31, 2021
- C. Client Security Fund Report for the First Quarter Ended March 31, 2021



# The State Bar of California

Date: July 1, 2021

To: Members, Finance Committee  
Members, Board of Trustees

From: Wallace Tang, Chief Financial Officer

Subject: Financial Statements for the First Quarter Ended March 31, 2021

This memo outlines the State Bar's first-quarter operating results and fiscal position as of March 31, 2021, with information and comparative analysis regarding revenue, expenses, net surplus, assets, liabilities, and net position.

## 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 March 31, 2021**

ASSETS AND LIABILITIES: YEAR-OVER-YEAR COMPARISON					
Financial Statement Category	Mar 31, 2021 (in \$M)	Mar 31, 2020 (in \$M)	Changes (in \$M)	Changes (in %)	Refer to Attachment
<b>Total Assets</b>	<b>\$300.1</b>	<b>\$324.2</b>	<b>(\$24.1)</b>	<b>(7.4%)</b>	<b>4&amp;5</b>
Cash & Investments	173.0	203.9	(30.9)	(15.2%)	4&5
Accounts Receivable	28.1	3.0	25.1	836.7%	4&5
<b>Total Liabilities</b>	<b>124.1</b>	<b>106.4</b>	<b>\$17.7</b>	<b>16.6%</b>	<b>4&amp;5</b>
Accounts Payable & Accrued Liabilities	24.0	9.9	14.1	142.4%	4&5
<b>Net Position</b>	<b>\$176.0</b>	<b>\$217.8</b>	<b>(\$41.8)</b>	<b>(19.2%)</b>	<b>4&amp;5</b>

## ASSETS

The State Bar's total assets consist of cash, investments, accounts receivable, capital assets, other postemployment benefits (OPEB), plan assets, and deferred outflows of resources. Total assets decreased by \$24.1 million, from \$324.2 million at March 31, 2020, to \$300.1 million at March 31, 2021. Cash and investments are \$30.9 million lower than last year. (Of this decline, \$21.8 million is due to the OPEB investment being in asset position in 2020 compared to liability in 2021). OPEB is based on an annual actuarially determined valuation that uses several assumptions. Most changes in the OPEB are included in OPEB expense in the year of change. Effective January 1, 2020, the State Bar expanded postemployment retiree health benefits to include nonexecutive employees, resulting in a one-time charge of \$23.7 million offset by a decrease in other assumptions of \$1.9 million. Due to changes of benefit terms assumptions, this caused net OPEB to change to a liability position.

## LIABILITIES

The State Bar's total liabilities consist of accounts payable to vendors (AP), 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 March 31, 2021, the State Bar's total liabilities were \$124.1 million, up by \$17.7 million compared to \$106.4 million at March 31, 2020. The largest flux in liabilities is due to net pension, accrued vacation and sick payable, and AP. Net pension is based on an annual actuarially determined valuation that uses several assumptions where the main drivers of the increase were higher service cost and interest. The increase in accrued vacation and sick payable was due to the pandemic, during which most employees did not use as much vacation or sick leave for the first three months in 2021 compared to the same period last year, when the pandemic was just starting around March 2020. AP increased primarily due to an increase in grants; a delay in grant payments still sitting in AP as of March 2021; and moving the Interest on Lawyer Trust Accounts (IOLTA) Q2 and Q3 2021 disbursements for processing into Q1 2021.

## 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 March 31, 2021, was \$176.0 million, a decrease of \$41.8 million or 19.2 percent compared to \$217.8 million last year. The decrease represents excess of expense from various programs with the most significant change in restricted. The main drivers being the one-time OPEB change in benefit terms; increase in grant revenues of \$9.2 million offset by decreased revenues in licensing fees and donation of \$5.2 million; and decrease in access and inclusion expenses of \$9.6 million and Client Security Fund (CSF) expense of \$3.2 million incurred as of March 31, 2021, compared to the same period last year.

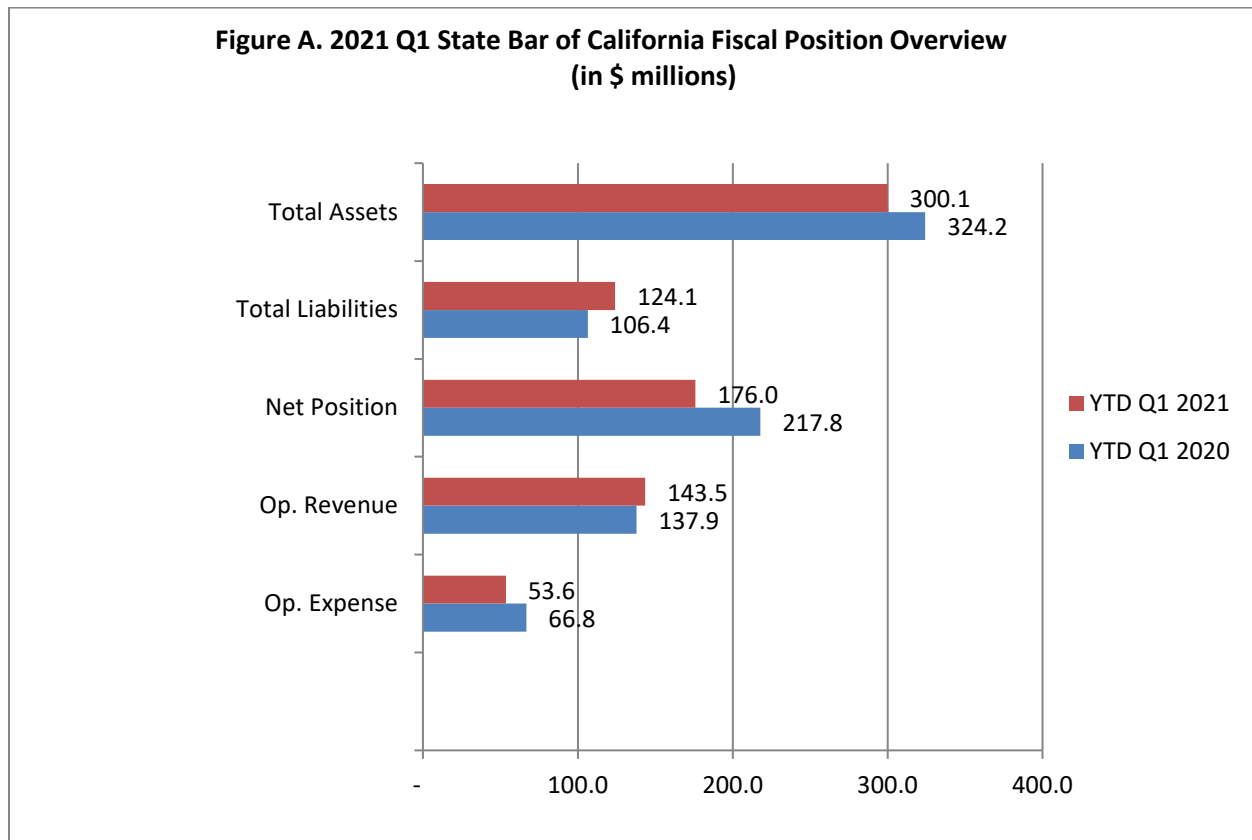
Members, Finance Committee  
 Members, Board of Trustees  
 July 1, 2021  
 Page 3

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>2021 Q1 Actual (in \$M)</b>	<b>2021 Q1 Budget (in \$M)</b>	<b>Variance (in \$M)</b>	<b>Variance (in %)</b>	<b>Refer to Attachment</b>
<b>Operating Revenue</b>	<b>\$143.5</b>	<b>\$116.2</b>	<b>\$27.3</b>	<b>23.5%</b>	<b>1, 2, 3</b>
Trust Account Revenue	5.4	5.1	0.3	5.9%	1, 2, 3
Licensing Fees & Donations	99.3	97.2	2.1	2.2%	1, 2, 3
<b>Operating Expenses</b>	<b>53.6</b>	<b>35.1</b>	<b>18.5</b>	<b>52.7%</b>	<b>1, 2, 3</b>
Access & Inclusion	28.8	7.3	21.5	294.5%	1, 2, 3
Admissions	4.9	5.1	(0.2)	(3.9%)	1, 2, 3
Chief Trial Counsel	12.9	14.4	(1.5)	(10.4%)	1, 2, 3
Client Security Fund	0.8	2.1	(1.3)	(61.9%)	1, 2, 3
General & Administrative	(2.3)	(1.7)	0.6	35.3%	1, 2, 3

Figure A below summarizes the State Bar's financial position and results at the end of the first quarter of 2021, compared to the first quarter of 2020.

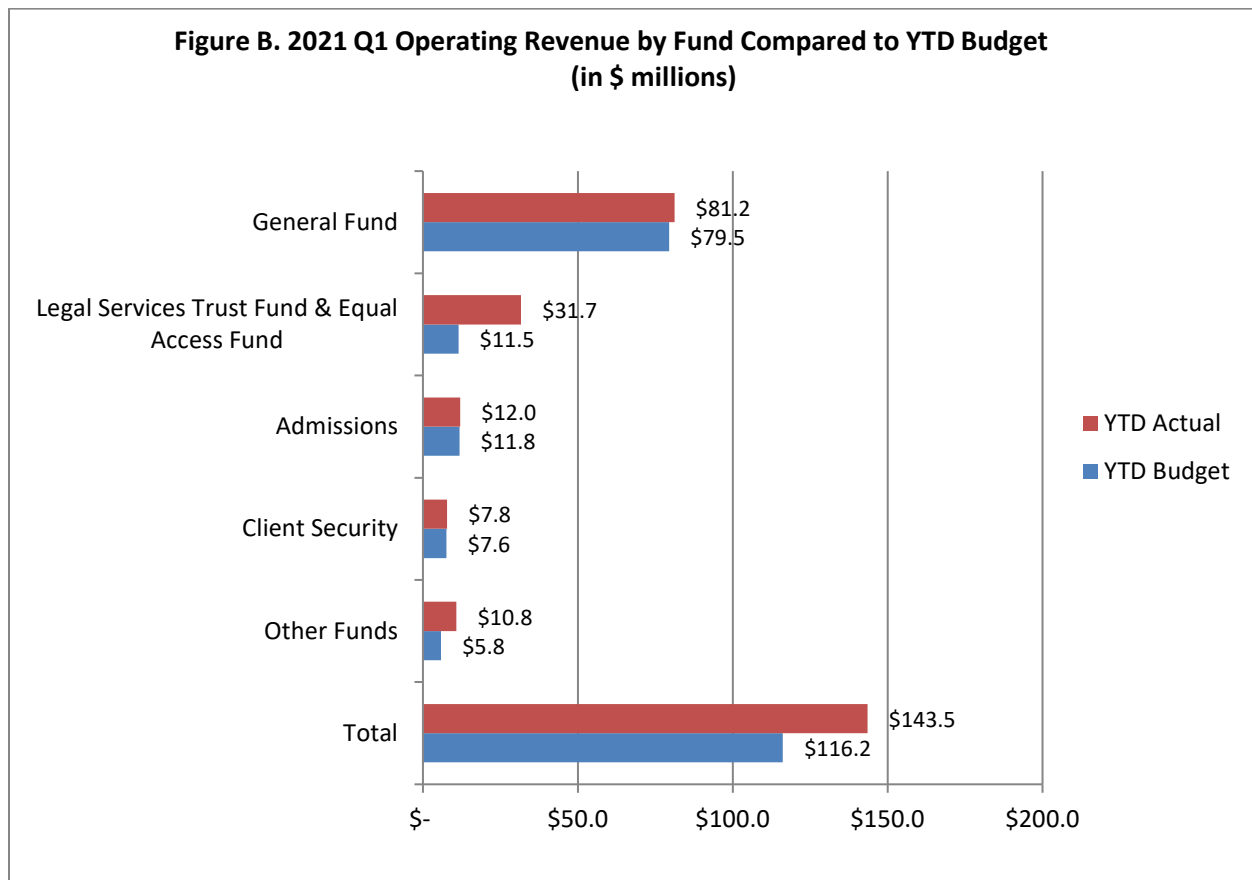


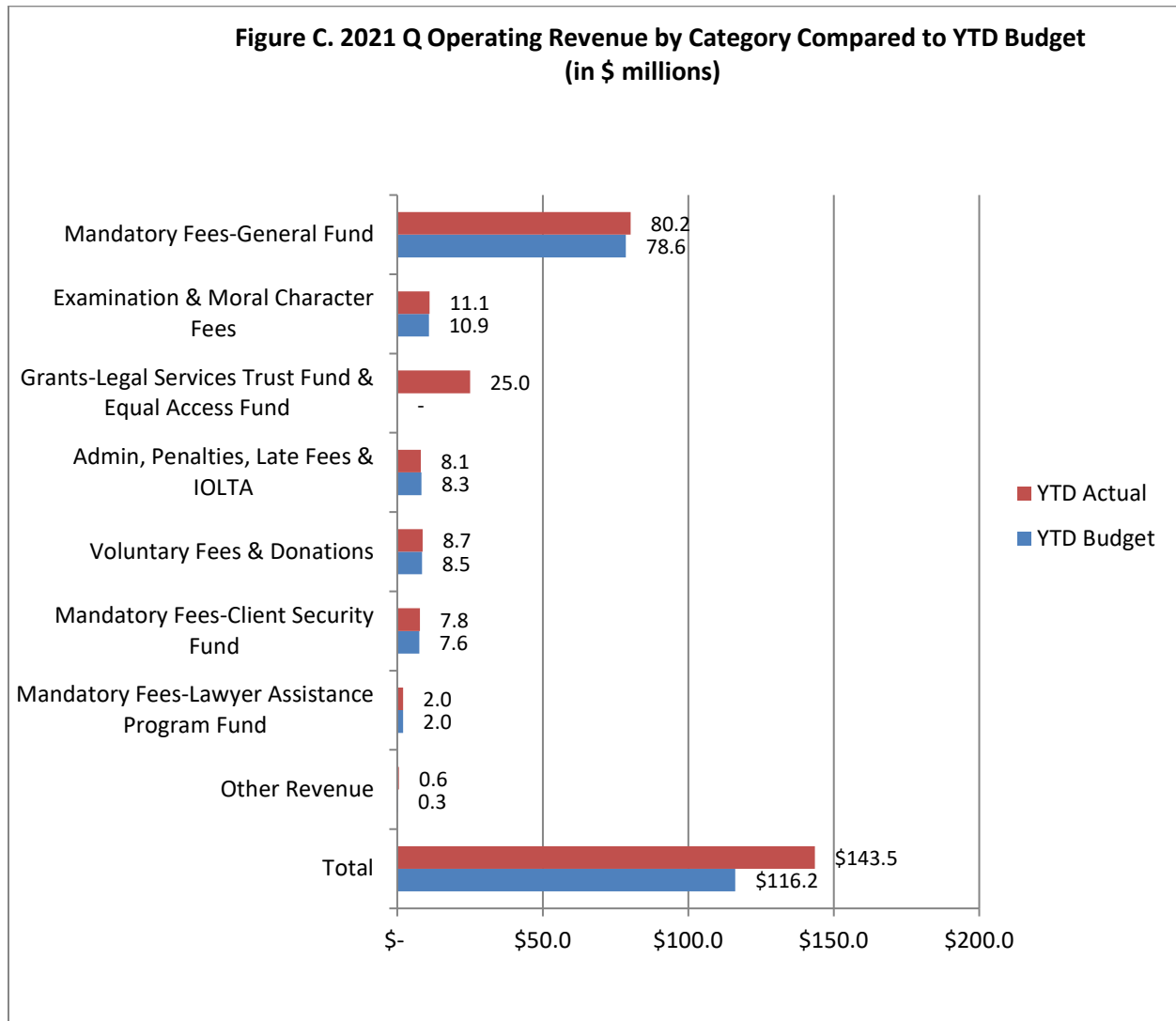
See attachments 1, 2, and 3 for more detailed comparisons of the State Bar's financial results for the quarter ended March 31, 2021. See attachments 4 and 5 for more detailed comparisons of financial position at March 31, 2021, compared to March 31, 2020.

## 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 \$143.5 million through the first quarter of 2021, \$27.3 million more than the budgeted operating revenue of \$116.2 million. Equal Access Grants are \$19.6 million greater than budget due to the fact that no grant revenues were expected to be recorded in the first quarter because of the delay in executing the Judicial Council agreement. The Grants Fund, which consists of the Homeless Prevention II grant, is \$4.9 million greater than budget for the same reason. The recorded grant revenue in the Equal Access Fund was from aforementioned contracts signed in early 2021, which was later than expected. The variances also reflect the impact of recording revenues when earned rather than when received.

The General Fund is \$1.7 million better than budget due to mandatory fees being largely paid on time, earlier than the anticipated budget schedule.







Members, Finance Committee  
Members, Board of Trustees  
July 1, 2021  
Page 7

## NONOPERATING REVENUE

Nonoperating revenue consists of investment income, rental income, and net-of-interest expense on loans. Nonoperating revenue of \$0.8 million is under budget by \$0.3 million through Q1 2021. Investment income is under budget by \$0.3 million due to declining interest rates.

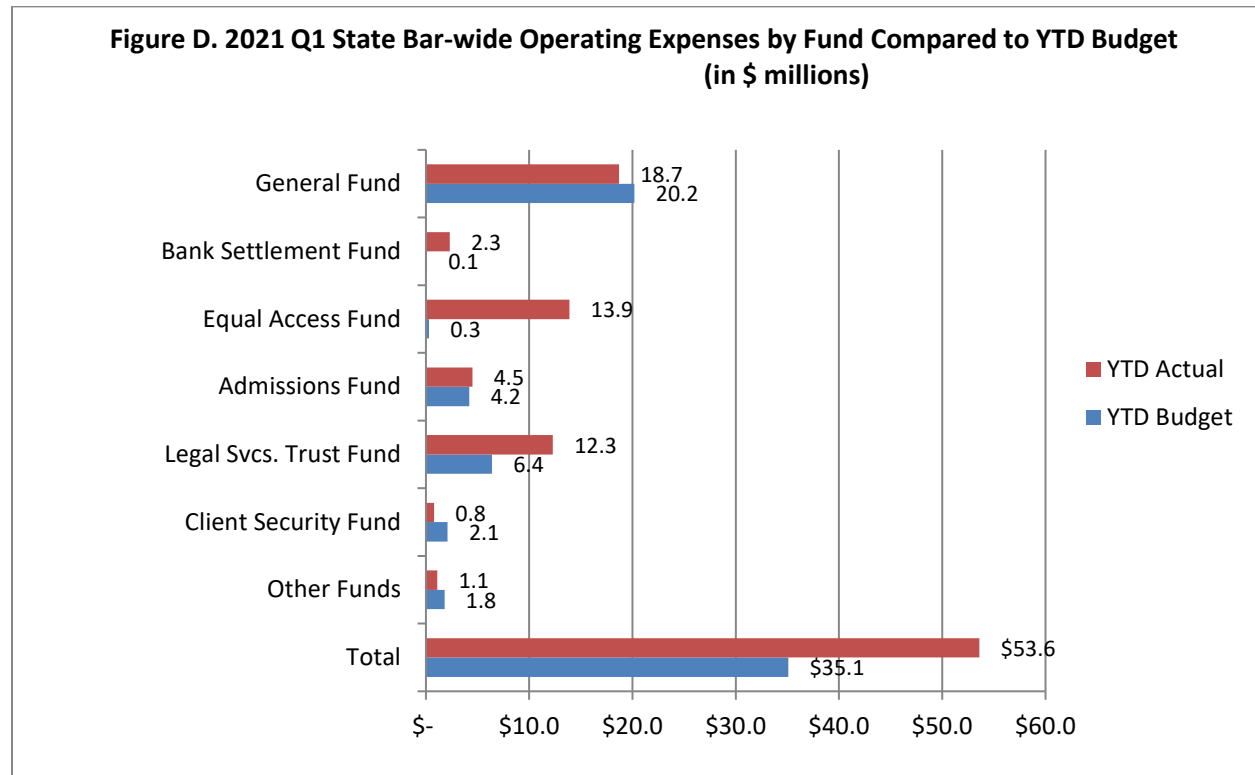
## EXPENSES

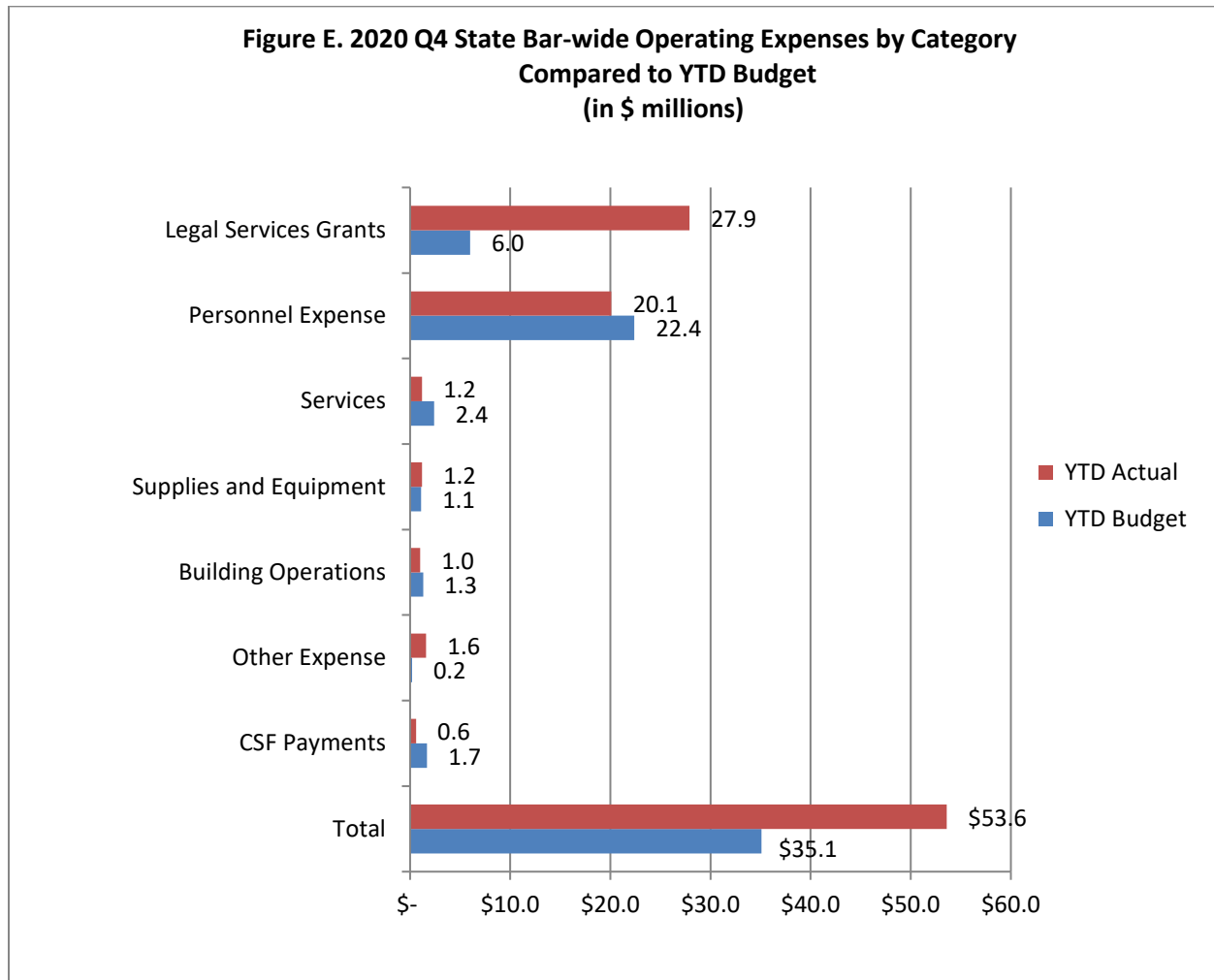
Figures D and E compare budget to actuals for operating expenses with figure D presenting at the fund level and figure E by expense category. The State Bar's operating expenses through the first quarter of 2021 were \$53.6 million, compared to a budget of \$35.1 million. The variance is mostly due to grant expenses. As mentioned above, the recorded grant expenses in the Equal Access Fund were from contracts signed in early 2021, later than expected. The variances also reflect the impact of adjusting expenses when incurred rather than when invoices paid.

The Equal Access Fund spent \$13.7 million on grant expenses. In addition, IOLTA grant spending was \$5.9 more than budget. Last, the Bank Settlement Fund, a multiyear grant, disbursed its annual budget in a one-time payment of \$2.3 million on grants that were budgeted to be spent later in the year on a discretionary basis. These are the primary explanations for the fund variances shown in figure D and provide a breakdown of the Legal Services Grant expense variance shown in figure E.

Figure D shows there was \$1.5 million of savings in the General Fund, due primarily to \$1.6 million savings in personnel expenses as a result of a vacancy rate of 7 percent, \$0.4 million savings in professional services, and \$0.3 million in building repairs. The savings in professional services are primarily from auditing expenses and case management system enhancements due to timing of invoices received in the second quarter of 2021.

Figure E shows personnel expenses are \$2.3 million below budget due to staff vacancies across the State Bar. Services are \$1.2 million below budget: \$0.3 million of the savings is in Legal Specialization Exam Development; \$0.2 in Finance for auditing expenses, and \$0.2 million in case management system enhancements. CSF payments are \$1.1 million under 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 (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)

ATTACHMENT 1  
ATTACHMENT A

**The State Bar of California**  
**Q1 Statement of Operating Revenue, Operating Expenses & Changes in Net Position - Bar Wide**  
**March 2021 Year to Date**

	General Fund	Other Funds	2021 Actual	2020 Actual	Variance- 2020 Actual vs 2021 Actual	2021 Budget	Variance- 2021 Actual vs Budget
<b>OPERATING REVENUE</b>							
Affinity Insurance Revenue	(447,149)	-	(447,149)	569,682	(1,016,831)	-	(447,149)
Continuing Legal Education Fees	174,072	904	174,976	222,174	(47,198)	176,929	(1,953)
EAF AB 145 Filing Fee Revenue	-	5,503,850	5,503,850	2,039,200	3,464,650	-	5,503,850
Exam App. & Moral Char. Fees	-	11,128,401	11,128,401	11,300,098	(171,697)	10,926,166	202,235
Grant Revenue	-	18,970,809	18,970,809	9,708,625	9,262,184	-	18,970,809
Law Corporation Registration Fees	407,926	-	407,926	220,596	187,330	119,733	288,193
Legal Specialization Fees	-	1,822,403	1,822,403	1,815,111	7,292	1,715,778	106,625
Licensing Fees and Donations	80,748,534	18,534,317	99,282,851	104,464,042	(5,181,191)	97,165,800	2,117,051
Multi-Jurisdictional Practice Fees	-	673,824	673,824	679,921	(6,098)	642,500	31,324
Other Revenue	294,837	351,372	646,209	645,539	670	331,594	314,615
Trust Account Revenue	-	5,378,986	5,378,986	6,212,239	(833,253)	5,138,411	240,575
<b>Total Operating Revenue</b>	<b>81,178,221</b>	<b>62,364,865</b>	<b>143,543,086</b>	<b>137,877,227</b>	<b>5,665,859</b>	<b>116,216,911</b>	<b>27,326,175</b>

**OPERATING EXPENSES**

Access & Inclusion	216,993	28,611,199	28,828,192	38,443,526	(9,615,334)	7,266,111	21,562,081
Admissions	-	4,935,740	4,935,740	3,531,099	1,404,642	5,084,501	(148,761)
Attorney Regulation and Consumer Resources	1,343,478	-	1,343,478	1,229,697	113,781	1,461,690	(118,212)
Chief Trial Counsel	12,923,496	-	12,923,496	13,656,895	(733,398)	14,409,183	(1,485,687)
Client Security Fund	-	786,261	786,261	3,936,927	(3,150,666)	2,064,630	(1,278,369)
General & Administrative	(2,286,098)	-	(2,286,098)	(1,406,792)	(879,307)	(1,721,785)	(564,313)

ATTACHMENT A

**The State Bar of California**  
**Q1 Statement of Operating Revenue, Operating Expenses & Changes in Net Position - Bar Wide**  
**March 2021 Year to Date**

	General Fund	Other Funds	2021 Actual	2020 Actual	Variance- 2020 Actual vs 2021 Actual	2021 Budget	Variance- 2021 Actual vs Budget
Governance	957,128	208,771	1,165,899	1,312,778	(146,879)	1,164,447	1,452
Lawyers Assistance Program	-	320,097	320,097	464,450	(144,353)	628,431	(308,334)
Depreciation	1,273,818	-	1,273,818	1,394,981	(121,163)	-	1,273,818
Probation	391,050	-	391,050	457,454	(66,404)	451,707	(60,657)
Professional Competence	697,579	-	697,579	649,744	47,835	944,361	(246,782)
State Bar Court	3,211,636	-	3,211,636	3,166,338	45,298	3,317,886	(106,250)
<b>Total Operating Expenses</b>	<b>18,729,079</b>	<b>34,862,068</b>	<b>53,591,148</b>	<b>66,837,097</b>	<b>(13,245,949)</b>	<b>35,071,162</b>	<b>18,519,986</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>62,449,141</b>	<b>27,502,797</b>	<b>89,951,938</b>	<b>71,040,130</b>	<b>18,911,808</b>	<b>81,145,749</b>	<b>8,806,189</b>
<b>NON-OPERATING</b>							
Investment Income	43,501	93,708	137,208	1,303,081	(1,165,873)	395,619	(258,411)
Rental Income	804,091	-	804,091	1,202,395	(398,303)	861,032	(56,941)
Interest Expense on Loans	(78,005)	(67,259)	(145,264)	(241,333)	96,069	(147,932)	2,668
52908-Interest earned on fac. Fees	-	-	-	-	-	-	-
<b>Total Non-Operating</b>	<b>769,587</b>	<b>26,448</b>	<b>796,036</b>	<b>2,264,143</b>	<b>(1,468,107)</b>	<b>1,108,719</b>	<b>(312,683)</b>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<b>63,218,729</b>	<b>27,529,245</b>	<b>90,747,974</b>	<b>73,304,273</b>	<b>17,443,700</b>	<b>82,254,468</b>	<b>8,493,506</b>
<b>TRANSFERS</b>							
49232-Trsf In From Justice Gap Fund	-	-	-	1,000,000	(1,000,000)	-	-
49314-Transfer In From Admissions Fund	-	100,000	100,000	-	100,000	100,000	-

ATTACHMENT A

**The State Bar of California**  
**Q1 Statement of Operating Revenue, Operating Expenses & Changes in Net Position - Bar Wide**  
**March 2021 Year to Date**

	General Fund	Other Funds	2021 Actual	2020 Actual	Variance- 2020 Actual vs 2021 Actual	2021 Budget	Variance- 2021 Actual vs Budget
49410-Interfund Transaction-Revenue	57,091	6,920	64,011	-	64,011	-	64,011
69224-Trsf Out To Legal Spec. Fund	-	(100,000)	(100,000)	-	(100,000)	(100,000)	-
69228-Transfer Out To LSTF	-	-	-	(1,000,000)	1,000,000	-	-
69410-Interfund Transaction-Expenses	(60,307)	(3,704)	(64,011)	-	(64,011)	-	(64,011)
<b>TOTAL TRANSFERS</b>	(3,216)	3,216	-	-	-	-	-
<b>CHANGE IN NET POSITION</b>	63,215,513	27,532,461	90,747,974	73,304,273	17,443,700	82,254,468	8,493,506
Net Position at beginning of year	31,542,530	60,934,223	92,476,753	144,540,279	(52,063,526)	-	-
<b>NET POSITION AT March 31</b>	94,758,043	88,466,684	183,224,727	217,844,552	(34,619,826)	-	-

**The State Bar of California**  
**Q1 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) March 2021 Year to Date**

ATTACHMENT 2  
ATTACHMENT A

	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	-	-	5,503,850	-	-	-	-
Exam App. & Moral Char. Fees	-	-	-	-	-	-	-
Grant Revenue	-	-	14,062,476	-	-	-	-
Law Corporation Registration Fees	-	-	-	-	-	-	-
Legal Specialization Fees	-	-	-	-	-	-	-
Licensing Fees and Donations	7,798,427	302,750	-	1,040,815	2,036,742	699,680	6,655,904
Multi-Jurisdictional Practice Fees	-	-	-	-	-	-	-
Other Revenue	450	-	83,467	-	-	-	-
Trust Account Revenue	-	-	-	-	-	-	5,378,986
<b>Total Operating Revenue</b>	<b>7,798,877</b>	<b>302,750</b>	<b>19,649,793</b>	<b>1,040,815</b>	<b>2,036,742</b>	<b>699,680</b>	<b>12,034,890</b>

**OPERATING EXPENSES**

Access & Inclusion	-	63,331	13,875,165	3,429	-	-	12,347,844
Admissions	-	-	-	-	-	-	-
Attorney Regulation and Consumer Resources	-	-	-	-	-	-	-
Chief Trial Counsel	-	-	-	-	-	-	-
Client Security Fund	786,261	-	-	-	-	-	-
General & Administrative	-	-	-	-	-	-	-

**The State Bar of California**  
**Q1 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) March 2021 Year to Date**

ATTACHMENT A

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Legislat. Activities	Legal Services Trust
Governance	-	-	-	-	-	208,771	-
Lawyers Assistance Program	-	-	-	-	320,097	-	-
Depreciation	-	-	-	-	-	-	-
Probation	-	-	-	-	-	-	-
Professional Competence	-	-	-	-	-	-	-
State Bar Court	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	786,261	63,331	13,875,165	3,429	320,097	208,771	12,347,844
<b>OPERATING INCOME/(LOSS)</b>	7,012,616	239,419	5,774,628	1,037,386	1,716,645	490,909	(312,955)
<b>NON-OPERATING</b>							
Investment Income	2,900	308	12,246	2,708	3,157	564	37,673
Rental Income	-	-	-	-	-	-	-
Interest Expense on Loans	-	-	-	-	-	-	-
52908-Interest earned on fac. Fees	-	-	-	-	-	-	-
<b>Total Non-Operating</b>	2,900	308	12,246	2,708	3,157	564	37,673
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	7,015,515	239,727	5,786,875	1,040,094	1,719,802	491,473	(275,281)



**The State Bar of California**  
**Q1 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) March 2021 Year to Date**

ATTACHMENT A

	Legal Special.	IT Special Assess.	Bank Settlement	Admissions	Grants	SF Tenant Improve.	Total Other Funds
<b>OPERATING REVENUE</b>							
Affinity Insurance Revenue	-	-	-	-	-	-	-
Continuing Legal Education Fees	904	-	-	-	-	-	904
EAF AB 145 Filing Fee Revenue	-	-	-	-	-	-	5,503,850
Exam App. & Moral Char. Fees	-	-	-	11,128,401	-	-	11,128,401
Grant Revenue	-	-	-	-	4,908,333	-	18,970,809
Law Corporation Registration Fees	-	-	-	-	-	-	-
Legal Specialization Fees	1,822,403	-	-	-	-	-	1,822,403
Licensing Fees and Donations	-	-	-	-	-	-	18,534,317
Multi-Jurisdictional Practice Fees	-	-	-	673,824	-	-	673,824
Other Revenue	49,205	-	-	218,250	-	-	351,372
Trust Account Revenue	-	-	-	-	-	-	5,378,986
<b>Total Operating Revenue</b>	<b>1,872,512</b>	<b>-</b>	<b>-</b>	<b>12,020,474</b>	<b>4,908,333</b>	<b>-</b>	<b>62,364,865</b>

**OPERATING EXPENSES**

Access & Inclusion	-	-	2,316,701	250	4,479	-	28,611,199
Admissions	462,872	-	-	4,472,869	-	-	4,935,740
Attorney Regulation and Consumer Resources	-	-	-	-	-	-	-
Chief Trial Counsel	-	-	-	-	-	-	-
Client Security Fund	-	-	-	-	-	-	786,261
General & Administrative	-	-	-	-	-	-	-
Governance	-	-	-	-	-	-	208,771

**The State Bar of California**  
**Q1 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) March 2021 Year to Date**

ATTACHMENT A

	Legal Special.	IT Special Assess.	Bank Settlement	Admissions	Grants	SF Tenant Improve.	Total Other Funds
Lawyers Assistance Program	-	-	-	-	-	-	320,097
Depreciation	-	-	-	-	-	-	-
Probation	-	-	-	-	-	-	-
Professional Competence	-	-	-	-	-	-	-
State Bar Court	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	462,872	-	2,316,701	4,473,119	4,479	-	34,862,068
<b>OPERATING INCOME/(LOSS)</b>	1,409,640	-	(2,316,701)	7,547,355	4,903,854	-	27,502,797
<b>NON-OPERATING</b>							
Investment Income	4,147	-	17,371	11,757	-	876	93,708
Rental Income	-	-	-	-	-	-	-
Interest Expense on Loans	-	-	-	-	-	(67,259)	(67,259)
52908-Interest earned on fac. Fees	-	-	-	-	-	-	-
<b>Total Non-Operating</b>	4,147	-	17,371	11,757	-	(66,383)	26,448
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	1,413,787	-	(2,299,330)	7,559,112	4,903,854	(66,383)	27,529,245

**The State Bar of California**  
**Q1 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) March 2021 Year to Date**

ATTACHMENT A

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Legislat. Activities	Legal Services Trust
<b>TRANSFERS</b>							
49314-Transfer In From Admissions Fund	-	-	-	-	-	-	-
49410-Interfund Transaction-Revenue	5,520	-	-	-	1,400	-	-
69224-Trsf Out To Legal Spec. Fund	-	-	-	-	-	-	-
69410-Interfund Transaction-Expenses	(2,315)	-	-	-	-	-	-
<b>Total Transfers</b>	3,205	-	-	-	1,400	-	-
<b>CHANGE IN NET POSITION</b>							
	7,018,720	239,727	5,786,875	1,040,094	1,721,202	491,473	(275,281)
Net Position at beginning of year	2,231,292	333,774	2,476,593	3,838,361	1,721,835	350,493	24,558,675
<b>NET POSITION AT March 31</b>	9,250,012	573,501	8,263,468	4,878,455	3,443,037	841,966	24,283,394

**The State Bar of California**  
**Q1 Operating Revenue, Operating Expenses, and Changes in Net Position**  
**(Non General Funds) March 2021 Year to Date**

ATTACHMENT A

	Legal Special.	IT Special Assess.	Bank Settlement	Admissions	Grants	SF Tenant Improve.	Total Other Funds
<b>TRANSFERS</b>							
49314-Transfer In From Admissions Fund	100,000	-	-	-	-	-	100,000
49410-Interfund Transaction-Revenue	-	-	-	-	-	-	6,920
69224-Trsf Out To Legal Spec. Fund	-	-	-	(100,000)	-	-	(100,000)
69410-Interfund Transaction-Expenses	-	-	-	(1,389)	-	-	(3,704)
<b>Total Transfers</b>	100,000	-	-	(101,389)	-	-	3,216
<b>CHANGE IN NET POSITION</b>							
	1,513,787	-	(2,299,330)	7,457,723	4,903,854	(66,383)	27,532,461
Net Position at beginning of year	5,641,993	6,224	9,571,539	10,565,599	248,435	(610,590)	60,934,223
<b>NET POSITION AT March 31</b>	7,155,780	6,224	7,272,209	18,023,322	5,152,289	(676,973)	88,466,684

**The State Bar of California**  
**Q1 Statement of Variances Year-over-Year for Operating Revenue, Operating Expenses, and Changes**  
**in Net Position (State Bar Wide)**  
**Year to Date As of March 2021**

	2021 Actual	2020 Actual	Variance	% Change
<b>OPERATING REVENUE</b>				
Affinity Insurance Revenue	(447,149)	569,682	(1,016,831)	(178.5)
Continuing Legal Education Fees	174,976	222,174	(47,198)	(21.2)
EAF AB 145 Filing Fee Revenue	5,503,850	2,039,200	3,464,650	169.9
Exam App. & Moral Char. Fees	11,128,401	11,300,098	(171,697)	(1.5)
Grant Revenue	18,970,809	9,708,625	9,262,184	95.4
Law Corporation Registration Fees	407,926	220,596	187,330	84.9
Legal Specialization Fees	1,822,403	1,815,111	7,292	0.4
Licensing Fees and Donations	99,282,851	104,464,042	(5,181,191)	(5.0)
Multi-Jurisdictional Practice Fees	673,824	679,921	(6,098)	(0.9)
Other Revenue	646,209	645,539	670	0.1
Trust Account Revenue	5,378,986	6,212,239	(833,253)	(13.4)
<b>Total Operating Revenue</b>	<b>143,543,086</b>	<b>137,877,227</b>	<b>5,665,859</b>	<b>4.1</b>

**OPERATING EXPENSES**

Access & Inclusion	28,828,192	38,443,526	(9,615,334)	(25.0)
Admissions	4,935,740	3,531,099	1,404,642	39.8
Attorney Regulation and Consumer Resources	1,343,478	1,229,697	113,781	9.3
Chief Trial Counsel	12,923,496	13,656,895	(733,398)	(5.4)
Client Security Fund	786,261	3,936,927	(3,150,666)	(80.0)
General & Administrative	(2,286,098)	(1,406,792)	(879,307)	62.5
Governance	1,165,899	1,312,778	(146,879)	(11.2)

ATTACHMENT A

**The State Bar of California**  
**Q1 Statement of Variances Year-over-Year for Operating Revenue, Operating Expenses, and Changes**  
**in Net Position (State Bar Wide)**  
**Year to Date As of March 2021**

	2021 Actual	2020 Actual	Variance	% Change
Lawyers Assistance Program	320,097	464,450	(144,353)	(31.1)
Depreciation	1,273,818	1,394,981	(121,163)	(8.7)
Probation	391,050	457,454	(66,404)	(14.5)
Professional Competence	697,579	649,744	47,835	7.4
State Bar Court	3,211,636	3,166,338	45,298	1.4
<b>Total Operating Expenses</b>	<b>53,591,148</b>	<b>66,837,097</b>	<b>(13,245,949)</b>	<b>(19.8)</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>89,951,938</b>	<b>71,040,130</b>	<b>18,911,808</b>	<b>26.6</b>
<b>NON-OPERATING</b>				
Investment Income	137,208	1,303,081	(1,165,873)	(89.5)
Rental Income	804,091	1,202,395	(398,303)	(33.1)
Interest Expense on Loans	(145,264)	(241,333)	96,069	(39.8)
52908-Interest earned on fac. Fees	-	-	-	-
<b>Total Non-Operating</b>	<b>796,036</b>	<b>2,264,143</b>	<b>(1,468,107)</b>	<b>(64.8)</b>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<b>90,747,974</b>	<b>73,304,273</b>	<b>17,443,700</b>	<b>23.8</b>
<b>TRANSFERS</b>				
49232-Trsf In From Justice Gap Fund	-	1,000,000	(1,000,000)	100.0
49314-Transfer In From Admissions Fund	100,000	-	100,000	-
49410-Interfund Transaction-Revenue	64,011	-	64,011	-
69224-Trsf Out To Legal Spec. Fund	(100,000)	-	(100,000)	-

ATTACHMENT A

**The State Bar of California**  
**Q1 Statement of Variances Year-over-Year for Operating Revenue, Operating Expenses, and Changes**  
**in Net Position (State Bar Wide)**  
**Year to Date As of March 2021**

	2021 Actual	2020 Actual	Variance	% Change
69228-Transfer Out To LSTF	-	(1,000,000)	1,000,000	100.0
69410-Interfund Transaction-Expenses	(64,011)	-	(64,011)	-
<b>TOTAL TRANSFERS</b>	-	-	-	-
<b>CHANGE IN NET POSITION</b>	90,747,974	73,304,273	17,443,700	23.8
Net Position at beginning of year	92,476,753	144,540,279	(52,063,526)	(36.0)
<b>NET POSITION AT March 31</b>	183,224,727	217,844,552	(34,619,826)	(15.9)

**The State Bar of California**  
**Q1 Statement of Assets, Liabilities & Net Position**  
**Bar Wide as of March 2021**

**ATTACHMENT 4**  
ATTACHMENT A

	<b>General Fund</b>	<b>Other Funds</b>	<b>2021 Actual</b>	<b>2020 Actual</b>	<b>Variance- 2021 v. 2020</b>
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>					
Cash	102,863,553	2,495,000	105,358,553	116,141,486	(10,782,933)
Investments	79,234,198	-	79,234,198	77,535,137	1,699,061
Accounts Receivable (net of allowances)	1,626,912	26,494,141	28,121,054	3,035,026	25,086,028
Interfund Rec(Pay)	(65,987,814)	65,987,814	-	-	-
Other Assets	(13,364,972)	10,632	(13,354,341)	1,390,837	(14,745,178)
OPEB Investments	(11,616,834)	-	(11,616,834)	10,215,794	(21,832,628)
Capital Assets (net of depreciation)	97,648,121	-	97,648,121	106,394,006	(8,745,885)
Deferred Outflows	14,705,033	-	14,705,033	9,507,406	5,197,627
<b>Total Assets &amp; Deferred Outflows</b>	<b>205,108,197</b>	<b>94,987,587</b>	<b>300,095,784</b>	<b>324,219,692</b>	<b>(24,123,908)</b>
<b>LIABILITIES &amp; DEFERRED INFLOWS</b>					
Accounts Payable and Accrued Liabilities	22,896,293	1,112,678	24,008,971	9,867,761	14,141,210
Unearned Income	-	-	-	-	-
Loan Payable	14,038,163	5,659,500	19,697,663	21,655,659	(1,957,996)
Deferred Inflows	2,676,079	-	2,676,079	7,703,640	(5,027,561)
Pension Liability	77,697,797	-	77,697,797	67,154,845	10,542,952
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>117,308,333</b>	<b>6,772,178</b>	<b>124,080,510</b>	<b>106,381,905</b>	<b>17,698,605</b>
<b>NET POSITION</b>					
Net Position at Beginning of Year	31,542,530	60,934,223	92,476,753	144,540,279	(52,063,526)



**The State Bar of California**  
**Q1 Statement of Assets, Liabilities & Net Position**  
**Bar Wide as of March 2021**

ATTACHMENT A

	<b>General Fund</b>	<b>Other Funds</b>	<b>2021 Actual</b>	<b>2020 Actual</b>	<b>Variance- 2021 v. 2020</b>
Change in Net Position	56,257,334	27,281,186	83,538,520	73,297,507	10,241,013
<b>Total Net Position</b>	87,799,864	88,215,409	176,015,273	217,837,786	(41,822,513)
<hr/>					
<b>Total Liabilities &amp; Net Position</b>	205,108,197	94,987,587	300,095,784	324,219,692	(24,123,908)

**The State Bar of California**  
**Q1 Statement of Assets, Liabilities & Net Position (Non-General Funds)**  
**As of March 2021**

**ATTACHMENT 5**  
ATTACHMENT A

	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)	-	-	19,093,284	-	0	-	2,490,546
Interfund Rec(Pay)	9,460,744	573,500	(10,638,754)	4,878,455	3,499,343	850,068	21,850,492
Other Assets	-	-	-	-	14,967	-	-
OPEB Investments	-	-	-	-	-	-	-
Capital Assets (net of depreciation)	-	-	-	-	-	-	-
Deferred Outflows	-	-	-	-	-	-	-
<b>Total Assets &amp; Deferred Outflows</b>	<b>9,460,744</b>	<b>573,500</b>	<b>8,454,529</b>	<b>4,878,455</b>	<b>3,514,310</b>	<b>850,068</b>	<b>24,341,038</b>
<b>LIABILITIES &amp; DEFERRED INFLOWS</b>							
Accounts Payable and Accrued Liabilities	210,751	-	200,335	-	67,800	8,103	48,373
Unearned Income	-	-	-	-	-	-	-
Loan Payable	-	-	-	-	-	-	-
Deferred Inflows	-	-	-	-	-	-	-
Pension Liability	-	-	-	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>210,751</b>	<b>-</b>	<b>200,335</b>	<b>-</b>	<b>67,800</b>	<b>8,103</b>	<b>48,373</b>
<b>NET POSITION</b>							
Net Position at Beginning of Year	2,231,292	333,774	2,476,593	3,838,361	1,721,835	350,493	24,558,675

**The State Bar of California**  
**Q1 Statement of Assets, Liabilities & Net Position (Non-General Funds)**  
**As of March 2021**

ATTACHMENT A

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Leg. Activities	Legal Svcs. Trust
Change in Net Position	7,018,700	239,726	5,777,601	1,040,094	1,724,675	491,472	(266,009)
<b>Total Net Position</b>	9,249,992	573,500	8,254,194	4,878,455	3,446,510	841,965	24,292,666
<b>Total Liabilities &amp; Net Position</b>	9,460,744	573,500	8,454,529	4,878,455	3,514,310	850,068	24,341,038

**The State Bar of California**  
**Q1 Statement of Assets, Liabilities & Net Position (Non-General Funds)**  
**As of March 2021**

ATTACHMENT A

	Legal Special.	IT Special Assess.	Bank Settle.	Admissions	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)	-	-	-	1,159	4,908,333	-	26,493,322
Interfund Rec(Pay)	7,164,865	6,225	7,272,207	18,581,541	250,193	2,233,420	65,982,298
Other Assets	-	-	-	2,000	-	-	16,967
OPEB Investments	-	-	-	-	-	-	-
Capital Assets (net of depreciation)	-	-	-	-	-	-	-
Deferred Outflows	-	-	-	-	-	-	-
<b>Total Assets &amp; Deferred Outflows</b>	<b>7,164,865</b>	<b>6,225</b>	<b>7,272,207</b>	<b>18,584,700</b>	<b>5,158,526</b>	<b>4,728,420</b>	<b>94,987,587</b>

<b>LIABILITIES &amp; DEFERRED INFLOWS</b>							
Accounts Payable and Accrued Liabilities	9,085	-	-	561,379	6,852	(0)	1,112,678
Unearned Income	-	-	-	-	-	-	-
Loan Payable	-	-	-	-	-	5,659,500	5,659,500
Deferred Inflows	-	-	-	-	-	-	-
Pension Liability	-	-	-	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>9,085</b>	<b>-</b>	<b>-</b>	<b>561,379</b>	<b>6,852</b>	<b>5,659,500</b>	<b>6,772,178</b>

<b>NET POSITION</b>							
Net Position at Beginning of Year	5,641,993	6,224	9,571,539	10,565,599	248,435	(610,590)	60,934,223
Change in Net Position	1,513,787	1	(2,299,332)	7,457,722	4,903,238	(320,490)	27,281,186

**The State Bar of California**  
**Q1 Statement of Assets, Liabilities & Net Position (Non-General Funds)**  
**As of March 2021**

ATTACHMENT A

	Legal Special.	IT Special Assess.	Bank Settle.	Admissions	Grants	SF Tenant Improve.	Total Other Funds
<b>Total Net Position</b>	7,155,780	6,225	7,272,207	18,023,321	5,151,673	(931,080)	88,215,409
<b>Total Liabilities &amp; Net Position</b>	7,164,865	6,225	7,272,207	18,584,700	5,158,526	4,728,420	94,987,587



## The State Bar of California

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Date: July 1, 2021

To: Members, Finance Committee  
Members, Board of Trustees

From: Wallace Tang, Chief Financial Officer

Subject: Investment Report for the First Quarter Ended March 31, 2021

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Attached is the quarterly Investment Report for the State Bar of California as of March 31, 2021. 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 March 31, 2021, the market value of the investment portfolio was \$154.6 million, compared to \$159.0 million as of March 31, 2020.

The quarterly rate of return of the investment portfolio for this quarter is 1.41 percent. Interest rates are lower in comparison to the year prior; the quarterly interest rate on deposits in the LAIF decreased from 1.89 percent for the quarter ended March 31, 2020, to 0.43 percent for the quarter ended March 31, 2021. As of March 31, 2021, the daily rate at LAIF was 0.36 percent. For the year to date, actual investment earnings decreased from \$1.3 million in 2020 to \$0.1 million in 2021.

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 March 31, 2021**

<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:				
- Commercial Paper Discount	\$ 49,968,536	\$ 49,960,750	32.3%	0.12%
- Government Bonds	15,872,029	16,283,349	10.5%	2.57%
- Corporate Bonds	12,348,910	12,799,849	8.3%	2.21%
- Common Stock-Metlife Inc.	-	190,250	0.1%	N/A
Subtotal-Securities, Bonds and Notes	78,189,476	79,234,198	51.2%	
Interest Receivable	-	140,613	0.1%	0.43%
Local Agency Investment Fund	75,250,004	75,250,004	48.7%	0.43%
<b>Total</b>	<b>\$ 153,439,480</b>	<b>\$ 154,624,815</b>	<b>100.0%</b>	1.41%

**Unrealized Gain/(Loss):**

Market Value of Portfolio -Securities, Bonds and Notes	\$ 79,234,198
Original Cost of Portfolio -Securities, Bonds and Notes	78,189,476
Unrealized Gain/(Loss)	<u>\$ 1,044,722</u>

**Investment Month End Report - Wells Fargo Custody Account**  
**Balance as of March 31, 2021**

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&amp;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>Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>
WELLS FARGO GOVERNMENT MM FUND	VP4560000	N/A	Cash equivalents	-	-	-	27				
EXXON MOBIL CORP DISC COML PAPER	30229ASS9	A-1+	Commercial Paper	5,000,000	4,999,300	4,998,700	-	(600)	0.06%	11/25/20	05/26/21
KOREA DEV BK N Y BRH DISC COMLPAPER	5006EOU20	A-1+	Commercial Paper	5,000,000	4,998,151	4,997,700	-	(451)	0.11%	12/02/20	07/02/21
KOREA DEV BK N Y BRH DISC COMLPAPER	5006EOW10	A-1+	Commercial Paper	5,000,000	4,996,714	4,995,950	-	(764)	0.13%	03/03/21	09/01/21
LLOYDS BK CORPORATE MKTS PLC DISC COMLPAPER	53948AW23	A-1	Commercial Paper	5,000,000	4,996,696	4,995,950	-	(746)	0.13%	03/03/21	09/02/21
LLOYDS BK CORPORATE MKTS PLC DISC COMLPAPER	53948AYQ8	A-1	Commercial Paper	10,000,000	9,988,178	9,986,800	-	(1,378)	0.16%	03/03/21	11/24/21
MUFG BK LTD NY BRH DISC COMLPAPER	62479LT21	A-1	Commercial Paper	5,000,000	4,999,125	4,998,550	-	(575)	0.07%	10/09/20	06/02/21
MUFG BK LTD NY BRH DISC COMLPAPER	62479LV36	A-1	Commercial Paper	5,000,000	4,998,100	4,996,900	-	(1,200)	0.09%	03/04/21	08/03/21
NATIXIS NY BRH DISC COMLPAPER	63873JX47	A-1	Commercial Paper	10,000,000	9,992,272	9,990,200	-	(2,072)	0.13%	03/04/21	10/04/21
<b>TOTAL COMMERCIAL PAPER :</b>				<b>50,000,000</b>	<b>49,968,536</b>	<b>49,960,750</b>	<b>27</b>	<b>(7,786)</b>	<b>0.117%</b>		
STATE OF CALIFORNIA	13063DAD0	AA-	Municipal Bond	3,035,000	2,993,269	3,099,737	35,919	106,468	2.37%	02/28/18	04/01/22
RIVERSIDE CA UNIF SCH DIST	769059A22	AA-	Municipal Bond	1,250,000	1,250,000	1,302,063	4,127	52,063	1.98%	12/17/19	02/01/24
<b>TOTAL MUNICIPAL BONDS AND NOTES:</b>				<b>4,285,000</b>	<b>4,243,269</b>	<b>4,401,799</b>	<b>40,046</b>	<b>158,530</b>	<b>2.25%</b>		
FED HOME LN MTG CORP	3134GBA69	AA+	Government Agency	3,000,000	2,978,490	3,090,660	10,292	112,170	2.38%	04/04/18	08/09/22
FED HOME LN BK	313383WD9	AA+	Government Agency	6,500,000	6,650,911	6,775,990	12,413	125,080	3.13%	04/04/18	09/09/22
FED FARM CREDIT BK	3133ELEF7	AA+	Government Agency	2,000,000	1,999,360	2,014,900	1,008	15,540	1.65%	12/20/19	09/20/21
<b>TOTAL FEDERAL BONDS AND NOTES:</b>				<b>11,500,000</b>	<b>11,628,761</b>	<b>11,881,550</b>	<b>23,713</b>	<b>252,790</b>	<b>2.68%</b>		
CHEVRON CORP.	166764BG4	AA-	Corporate Bond	3,125,000	3,071,041	3,128,875	24,609	57,834	2.10%	02/28/18	05/16/21
MICROSOFT CORP	594918BP8	AAA	Corporate Bond	3,125,000	3,016,372	3,136,375	7,131	120,003	1.55%	02/28/18	08/08/21
APPLE INC	037833BF6	AA+	Corporate Bond	3,215,000	3,201,015	3,305,149	33,275	104,134	2.70%	02/28/18	05/13/22
TOYOTA MOTOR CREDIT CORP	89236TEC5	A+	Corporate Bond	1,500,000	1,452,690	1,538,865	2,060	86,175	2.15%	02/28/18	09/08/22
TOYOTA MOTOR CREDIT CORP	89236TEL5	A+	Corporate Bond	1,625,000	1,607,793	1,690,585	9,750	82,792	2.70%	02/28/18	01/11/23
<b>TOTAL CORPORATE BONDS :</b>				<b>12,590,000</b>	<b>12,348,910</b>	<b>12,799,849</b>	<b>76,826</b>	<b>450,938</b>	<b>2.21%</b>		
BRIGHTHOUSE FINANCIAL INC	10922N103	N/A	Common Stock	-	-	11,771	-	11,771			
METLIFE INC	59156R108	N/A	Common Stock	-	-	178,479	-	178,479			
<b>TOTAL COMMON STOCKS:</b>				<b>-</b>	<b>-</b>	<b>190,250</b>	<b>-</b>	<b>190,250</b>			
<b>TOTAL INVESTMENT HELD BY WELLS FARGO:</b>				<b>78,375,000</b>	<b>78,189,476</b>	<b>79,234,198</b>	<b>140,613</b>	<b>1,044,722</b>			





# The State Bar *of California*

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Date: July 1, 2021

To: Members, Finance Committee  
Members, Board of Trustees

From: Wallace Tang, Chief Financial Officer

Subject: Client Security Fund Report for the First Quarter Ended March 31, 2021

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Attached are a series of reports for the applications activities within the Client Security Fund (CSF) for the quarter ended March 31, 2021. These reports include:

- Status on Applications Activities for the quarter ended March 31, 2021
- Applications Aging Report
- Cumulative Applications Aging Report
- 24-Month Rolling Average of Applications Payout Ratio
- Analysis of New Applications Paid, Rejected, or Withdrawn

As of March 31, a total of 144 new applications in the amount of \$3.5 million were filed. The number of applications filed decreased by 5.3 percent compared to 152 new applications filed last year. The application amount decreased by \$0.5 million, or 12.5 percent compared to \$4.0 million filed in 2020.

For the quarter ended March 31, 2021, total applications processed were 170 for approximately \$2.9 million. Total payouts for 2021 were \$0.7 million, a decrease of \$2.6 million compared to \$3.3 million the year prior. Total applications pending for processing as of March 31, 2021 are 1,584 in the amount of \$36.3 million, and for the same period in 2020, 2,227 applications were pending in the amount of \$45.8 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 40.44 percent. As of March 31, 2021, total applications outstanding are 1,584 for \$36.3 million. Applying the rolling average applications payout ratio to the outstanding application amounts, the estimated

Members, Finance Committee  
 Members, Board of Trustees  
 July 1, 2021  
 Page 2

application payout, as of March 31, 2021, is \$14.7 million, and there is a 17.9 percent decrease of \$3.2 million compared to \$17.9 million last year.

As of March 31, 2021, cash and investments available for applications reimbursement in the CSF are approximately \$9.2 million compared to \$11.8 million last year.

Key indicators for the CSF application process as of March 31, 2021, and 2020 are shown below:

Key Indicator Descriptions	2021 Q1	2020 Q1	Attachment
New Applications Received #/\$ (in millions)	144/\$3.5	152/\$4.0	1
Total Applications Processed #/\$ (in millions)	170/\$2.9	306/\$6.0	2
% of Paid Applications in # to total in process <sup>1</sup>	2.6%	8.3%	1
% of Paid Applications in \$ to total in process <sup>2</sup>	1.7%	6.4%	1
Total Payouts \$ (in millions)	\$ 0.7	\$3.3	2
Total Applications Pending for Processing #/\$ (in millions)	1,584/\$36.3	2,227/\$45.8	2
24-month Rolling Average Payout Ratio	40.44%	39.10%	4
Estimated CSF Application Liabilities (in millions)	\$14.7	\$17.9	2
Net Assets as of December 31 (in millions)	\$9.2	\$11.8	3

<sup>1</sup> # of total in process represents pending application from prior year plus additional applications 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 MARCH 31, 2021**  
**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>	261	454,069	469	1,819,614	277	2,050,200	224	3,796,140	112	4,002,453	23	1,150,000	244	22,482,159	1,610	35,754,634		
<b>New Applications</b>	28	43,794	25	102,848	39	296,397	12	185,866	12	421,941	3	150,000	25	2,312,878	144	3,513,724		
<b>Paid Applications</b>	(9)	(14,528)	(12)	(37,680)	(9)	(58,750)	(9)	(117,545)	-	-	-	-	(6)	(446,000)	(45)	(674,503)	2.6%	1.7%
<b>Rejected Applications</b>	(6)	(12,313)	(6)	(34,785)	(10)	(82,424)	(4)	(78,782)	(2)	(62,349)	-	-	(2)	(274,000)	(30)	(544,652)	1.7%	1.4%
<b>Withdrawn Applications</b>	(29)	(41,591)	(21)	(85,718)	(14)	(100,175)	(16)	(272,466)	(5)	(173,860)	-	-	(10)	(1,043,470)	(95)	(1,717,280)	5.4%	4.4%
<b>Applications Outstanding</b>	<b>245</b>	<b>\$ 429,431</b>	<b>455</b>	<b>\$ 1,764,279</b>	<b>283</b>	<b>\$ 2,105,247</b>	<b>207</b>	<b>\$ 3,513,213</b>	<b>117</b>	<b>\$ 4,188,185</b>	<b>26</b>	<b>\$ 1,300,000</b>	<b>251</b>	<b>\$ 23,031,567</b>	<b>1,584</b>	<b>\$ 36,331,921</b>		
<b>New applications % to total</b>	19.44%	1.25%	17.36%	2.93%	27.08%	8.44%	8.33%	5.29%	8.33%	12.01%	2.08%	4.27%	17.36%	65.82%	100.00%	100.00%		
<b>Applications paid % to total</b>	20.00%	2.15%	26.67%	5.59%	20.00%	8.71%	20.00%	17.43%	0.00%	0.00%	0.00%	0.00%	13.33%	66.12%	100.00%	100.00%		
<b>Applications rejected or withdrawn % to total</b>	28.00%	2.38%	21.60%	5.33%	19.20%	8.07%	16.00%	15.53%	5.60%	10.44%	0.00%	0.00%	9.60%	58.25%	100.00%	100.00%		
<b>Applications outstanding % to total</b>	15.47%	1.18%	28.72%	4.86%	17.87%	5.79%	13.07%	9.67%	7.39%	11.53%	1.64%	3.58%	15.85%	63.39%	100.00%	100.00%		

(A) % of # of paid applications, rejected applications and withdrawn applications to # of total applications in process in 2021 Q1.

(B) % of paid applications, rejected applications and withdrawn applications in \$ to the total applications \$ in process in 2021 Q1.

THE STATE BAR OF CALIFORNIA CLIENT SECURITY FUND  
APPLICATIONS AGING REPORT AS OF MARCH 31, 2021

<u>Year</u> <u>Application</u> <u>Filed</u>	<u>Done</u> <u>Gross Applications Prior</u> <u>Year</u> # Amount	<u>Done</u> <u>Current Year</u> # Amount	<u>Done</u> <u>Applications Paid</u> # Amount	<u>Done</u> <u>Applications Rejected or</u> <u>Withdrawn</u> # Amount	<u>Done</u> <u>Total Applications</u> <u>Processed</u> # Amount	<u>Done</u> <u>Applications Outstanding</u> # Amount
2012	6 66,516		- -	- -	- -	6 66,516
2013	31 210,377		- -	- -	- -	31 210,377
2014	235 1,219,889		- -	(1) (34,849)	(1) (34,849)	234 1,185,041
2015	82 786,020		- -	(1) (5,470)	(1) (5,470)	81 780,550
2016	83 2,800,008		(3) (47,200)	(4) (145,900)	(7) (193,100)	76 2,606,908
2017	180 4,561,002		(7) (39,945)	(16) (361,400)	(23) (401,345)	157 4,159,657
2018	345 10,077,926		(14) (258,702)	(27) (464,871)	(41) (723,573)	304 9,354,353
2019	294 6,936,628		(9) (167,129)	(28) (429,781)	(37) (596,910)	257 6,339,719
2020	354 9,096,266		(11) (155,432)	(46) (802,912)	(57) (958,345)	297 8,137,921
2021	95 144 3,513,629		(1) (6,095)	(2) (16,750)	(3) (22,845)	141 3,490,879
<b>TOTAL</b>	<b>1,610 35,754,729</b>	<b>144 3,513,629</b>	<b>(45) (674,503)</b>	<b>(125) (2,261,933)</b>	<b>(170) (2,936,436)</b>	<b>1,584 36,331,921</b>

Applications Outstanding **36,331,921**

Estimated Application Payout Ratio **40.44%**  
Estimated Application Payouts **\$14,692,227**

**THE STATE BAR OF CALIFORNIA**  
**CLIENT SECURITY FUND**  
**CUMULATIVE APPLICATIONS AGING REPORT AS OF MARCH 31, 2021**

	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
<u>Year Application</u> <u>Filed</u>	<u>Gross Applications</u> <u>Prior Years</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>	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
2011-2012	6	66,516			-	-	-	-	-	-	6	66,516
2011-2013	37	276,894			-	-	-	-	-	-	37	276,894
2011-2014	272	1,496,783			-	-	(1)	(34,849)	(1)	(34,849)	271	1,461,934
2011-2015	354	2,282,803			-	-	(2)	(40,319)	(2)	(40,319)	352	2,242,485
2011-2016	437	5,082,811			(3)	(47,200)	(6)	(186,219)	(9)	(233,419)	428	4,849,393
2011-2017	617	9,643,813			(10)	(87,145)	(22)	(547,618)	(32)	(634,763)	585	9,009,050
2011-2018	962	19,721,739			(24)	(345,847)	(49)	(1,012,489)	(73)	(1,358,337)	889	18,363,403
2011-2019	1,256	26,658,368			(33)	(512,976)	(77)	(1,442,270)	(110)	(1,955,247)	1,146	24,703,121
2011-2020	1,610	35,754,634			(44)	(668,408)	(123)	(2,245,183)	(167)	(2,913,591)	1,443	32,841,042
2011-2021	1,610	35,754,729	144	3,513,629	(45)	(674,503)	(125)	(2,261,933)	(170)	(2,936,436)	1,584	36,331,921
	<b>1,610</b>	<b>35,754,729</b>	<b>144</b>	<b>3,513,629</b>	<b>(45)</b>	<b>(674,503)</b>	<b>(125)</b>	<b>(2,261,933)</b>	<b>(170)</b>	<b>(2,936,436)</b>	<b>1,584</b>	<b>36,331,921</b>

Net Asset in Client Security Fund:

As of 3/31/2021 **\$9,249,992**

**THE STATE BAR OF CALIFORNIA**  
**CLIENT SECURITY FUND**  
**24 MONTH ROLLING AVERAGE APPLICATIONS PAIDOUT RATIO**  
**APRIL 2019 THROUGH MARCH 2021**

Month Covered	<u>PAID APPLICATIONS</u>		<u>REJECTED/ WITHDRAWN APPLICATIONS</u>	<u>PROCESSED</u>
	Amount	Monthly Average Payout Ratio	Amount	Amount
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
Sep20	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
Jan21	26,722	5.46%	462,494	489,216
Feb21	400,170	60.57%	260,545	660,715
Mar21	247,611	13.86%	1,538,894	1,786,505
Total:	<u>17,568,815</u>		Total: <u>25,876,525</u>	<u>43,445,340</u>

24 Month Rolling Average PaidOut Ratio:

40.44%

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

	<u><b>1ST QTR</b></u>
Beginning Balance	1,610
Add: Reinstated Applications and New Applications	144
Less: Paid / Rejected or Withdrawn	170
TOTAL	1,584
APPLICATIONS OUTSTANDING AMT.	36,331,921
# Of Active Attorneys	191,789
Cost Per Active Attorney	\$189
ESTIMATED APPLICATIONS LIAB.	
Applications Payout Ratio	40.44%
Estimated Application Amount *	\$14,692,227
# of Active Attorneys	191,789
Cost per Active Attorney	\$77
APPLICATION ACTIVITIES IN %:	
NEW APPLICATIONS - YTD	
1 - 2,500	1.25%
2,501 - 5,000	2.93%
5,001 - 10,000	8.44%
10,001 - 25,000	5.29%
25,001 - 49,999	12.01%
50,000	4.27%
50,001 - 100,000	65.82%
APPLICATIONS PAID - YTD	
1 - 2,500	2.15%
2,501 - 5,000	5.59%
5,001 - 10,000	8.71%
10,001 - 25,000	17.43%
25,001 - 49,999	0.00%
50,000	0.00%
50,001 - 100,000	66.12%
REJ./WDRAWN - YTD	
1 - 2,500	2.38%
2,501 - 5,000	5.33%
5,001 - 10,000	8.07%
10,001 - 25,000	15.53%
25,001 - 49,999	10.44%
50,000	0.00%
50,001 - 100,000	58.25%
APPLICATIONS O/S-CUM. - YTD	
1 - 2,500	1.18%
2,501 - 5,000	4.86%
5,001 - 10,000	5.79%
10,001 - 25,000	9.67%
25,001 - 49,999	11.53%
50,000	3.58%
50,001 - 100,000	63.39%
NET ASSET, END OF PERIOD	\$ 9,249,992
PROJECTED NET ASSETS	(\$5,442,235)

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