



The State Bar of California

OPEN SESSION

AGENDA ITEM

54-141 MARCH 2022

FINANCE COMMITTEE III.A

DATE: March 24, 2022

TO: Members, Finance Committee
Members, Board of Trustees

FROM: Aracely Montoya-Chico, Chief Financial Officer

SUBJECT: Approval of Financial Statements Report, Investment Report, and Client Security Fund Report for Nine Months Ended September 30, 2021

EXECUTIVE SUMMARY

This agenda item presents unaudited financial reports for the nine months ended September 30, 2021. These reports include Financial Statements Report, the Investment Report, and the Client Security Fund (CSF) Report.

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 is composed of multiple attachments, including the Financial Statements, the Investment Report, and Client Security Fund Report for the nine months ended September 30, 2021. This agenda item and the accompanying reports will also be on the consent agenda for the Board of Trustees meeting on March 24, 2022.

FISCAL/PERSONNEL IMPACT

None

AMENDMENTS TO RULES

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 Financial Reports in the form presented this day before the Finance Committee, for the nine months ended September 30, 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 Financial Reports in the form presented this day before the Board, for the nine months ended September 30, 2021, as certified by the chief financial officer and filed with the San Francisco office of the State Bar.

ATTACHMENTS LIST

- A.** Financial Statements for the nine months ended September 30, 2021
- B.** Investment Report for the nine months ended September 30, 2021
- C.** Client Security Fund Report for the nine months ended September 30, 2021



The State Bar of California

ATTACHMENT A

Date: March 24, 2022

To: Members, Finance Committee
Members, Board of Trustees

From: Aracely Montoya-Chico, Chief Financial Officer

Subject: Financial Statements for Nine Months as of September 30, 2021

This memo outlines the State Bar's nine-months operating results and financial position as of September 30, 2021, with information and comparative analysis regarding revenue, expenses, assets, liabilities, and net position.

FINANCIAL HIGHLIGHTS – ASSETS AND LIABILITIES

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

**Table 1. Select Financial Highlights
as of September 30, 2021¹**

ASSETS AND LIABILITIES: YEAR-OVER-YEAR COMPARISON					
Financial Statement Category	Sept 30, 2021 (in \$M)	Sept 30, 2020 (in \$M)	Changes (in \$M)	Changes (in %)	Refer to Attachment
Total Assets	\$284.8	\$257.9	\$26.9	10.4%	4&5
Cash	121.6	80.7	40.9	50.7%	4&5
Investments	40.8	50.7	(9.9)	-19.5%	4&5
Accounts Receivable	4.7	4.8	(0.1)	-2.1%	4&5
Total Liabilities	\$154.7	\$110.8	\$43.9	39.6%	4&5
Accounts Payable & Accrued Liabilities	28.7	25.8	2.9	11.2%	4&5
Loan Payable	34.0	20.3	13.7	67.5%	4&5
OPEB Liabilities (Investment)	11.6	(10.2)	21.8	-213.7%	4&5
Pension Liability	77.7	67.2	10.5	15.6%	4&5
Net Position	\$130.1	\$147.1	(\$17.0)	-11.6%	4&5

¹ Table displays total assets and liabilities, followed by the largest asset and liability categories. For a complete list, please refer to Attachments 4 and 5.

ASSETS

The State Bar's total assets consist of cash, investments, accounts receivable, capital assets, other postemployment benefits (OPEB), other assets, and deferred outflows of resources. Total assets increased \$26.9 million, from \$257.9 million as of September 30, 2020, to \$284.8 million as of September 30, 2021.

The primary drivers for the change in total assets are cash and investments. Cash increased \$40.9 million due to the new Sterling capital loan obtained in August 2021, a deposit into the pooled-money investment account (LAIF) in late 2020 that has remained largely untouched in 2021 and, investments that matured and cash was redeposited into the main checking account. The decrease in investments was due to investment settlements during the period. The remaining variance in total assets is the net effect of changes in various other asset categories.

LIABILITIES

The State Bar's total liabilities consist of trade accounts payable (A/P), unearned fees collected in advance, grants payable, net pension liabilities, deferred inflows of resources related to pension, loans payable, and various accruals. As of September 30, 2021, the State Bar's total liabilities were \$154.7 million, up \$43.9 million compared to \$110.8 million as of September 30, 2020.

The key drivers for the change in liabilities are loan payable, OPEB and pension liability. There was a \$21.8 million increase in OPEB liabilities due a one-time change of OPEB from asset to a liability. Loan payable increased \$13.7 million due to the new Sterling capital loan obtained in August 2021. The net pension liability increase of \$10.5 million 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.

NET POSITION

The State Bar's total net position as of September 30, 2021, was \$130.1 million, a decrease of \$17 million or 11.6 percent compared to \$147.1 million as of September 30, 2020. The main driver of this decrease was a one-time change in OPEB from asset to liability of \$21.8 million. The remaining difference is the net effect of changes in various revenues and expenses.

FINANCIAL HIGHLIGHTS – REVENUES AND EXPENSES

Table 2 below provides year-to-date budget-to-actual-variance highlights for select revenue and expense categories.

Table 2. YTD Budget-to-Actual-Variance Analysis ²

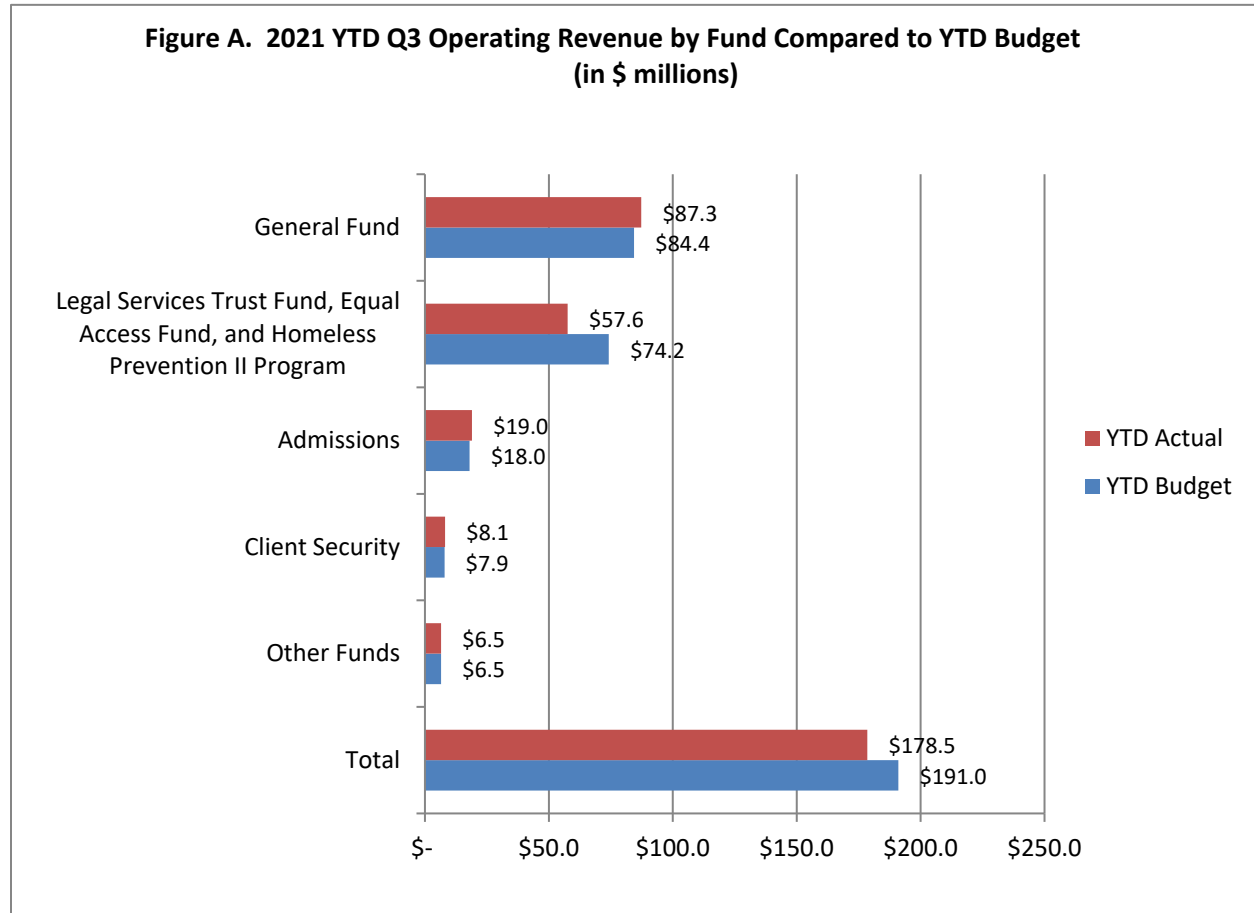
OPERATING REVENUE AND EXPENSES: YTD BUDGET TO ACTUAL VARIANCE					
Financial Statement Category	Sept 30, 2021 Actual (in \$M)	Sept 30, 2021 Budget (in \$M)	Changes (in \$M)	Changes (in %)	Refer to Attachment
Operating Revenue	\$178.5	\$191.0	(\$12.5)	-6.5%	1, 2, 3
Licensing Fees & Donations	103.7	101.3	2.4	2.4%	1, 2, 3
Trust Account Revenue	14.9	13.7	1.2	8.8%	1, 2, 3
Exam App & Moral Character Fees	17.6	16.7	0.9	5.4%	1, 2, 3
Operating Expenses	\$142.7	\$148.3	(\$5.6)	-3.8%	1, 2, 3
Access & Inclusion	58.5	52.3	6.2	11.9%	1, 2, 3
Admissions	15.8	21.3	(5.5)	-25.8%	1, 2, 3
Chief Trial Counsel	40.8	44.7	(3.9)	-8.7%	1, 2, 3
Client Security Fund	4.5	6.2	(1.7)	-27.4%	1, 2, 3

See Attachments 1–5 for more detailed comparisons of the State Bar’s financial results for the nine months ended September 30, 2021.

² Table displays total operating revenue and expense, followed by the largest revenue and expense categories. For a complete list, please refer to Attachments 1–3.

REVENUE

Figure A. comparison of budget versus actuals for operating revenue at the fund level.



Operating revenue totaled \$178.5 million for the nine months ended September 30, 2021, \$12.5 million less than the budgeted operating revenue of \$191.0 million.

Operating revenue for the General Fund totaled \$87.3 million, \$2.9 million more than the budgeted revenue of \$84.4 million. The primary driver is a \$1.8 million increase in Mandatory fees due to underbudgeting by three percentage points through the period ended September 30, 2021.

Operating Revenue for the Legal Services Trust Fund, Equal Access Fund, and Grants Fund totaled \$57.6 million, \$16.6 million less than budgeted revenue of \$74.2 million. The \$16.6 million unfavorable variance is due to a \$20.6 million decrease in Grants Fund revenue (includes the Homeless Prevention (HP) II grant) offset by an increase of \$2.2 million in Equal Access Fund, and increase of \$1.8 million in Legal Services Trust Fund compared to budget. The

variance in the Equal Access Fund and the Grants Fund reflect the allocation of phases for the multi-year grants and will self-correct by the end of the year in the budget amendment approved by the Board. The Legal Services Trust Fund (consists of IOLTA income and Voluntary Fees) variance was affected by the number of lawyers' trust accounts and the average balance on those accounts.

The Admissions Fund is \$1.0 million more than budget due primarily to Exam Fees and Moral Character Fees. Applicant Exam Fees were \$0.4 million above budget as a result of a broader pool of applicants due to online exam availability. Moral Character Fees were \$0.4 million above budget due to the reduced cut (passing) score, the ability to sit for the exam from any location, and the addition of the Provisionally Licensed Lawyers (PLL) program.

Client Security Fund revenue, which is funded by mandatory licensing fees, is in line with budgeted amount with a slight \$0.2 million variance, or 3 percent higher than budget.

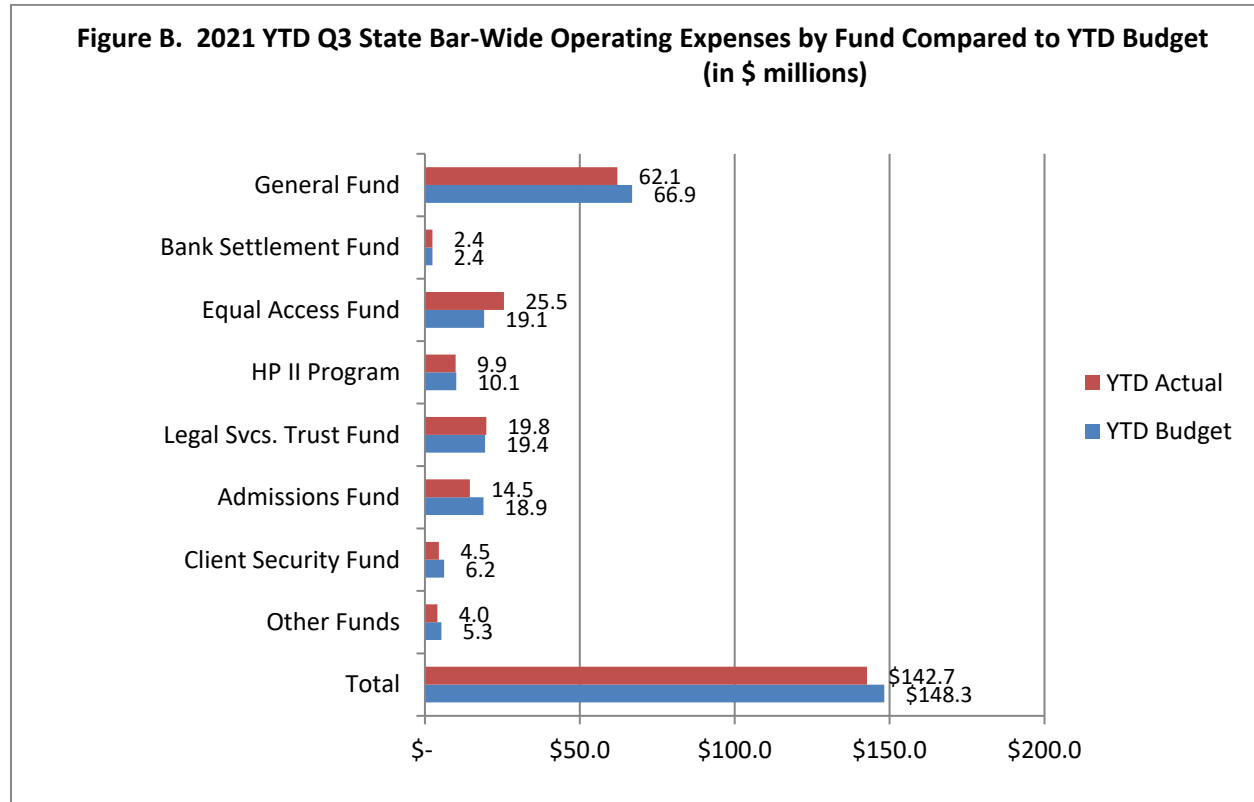
Other Funds revenue is in line with budgeted amount with no variance.

NONOPERATING REVENUES/EXPENSES

Nonoperating revenues/expenses consists of investment income, rental income, and interest expense on loans. Nonoperating revenue of \$1.9 million is under budget by \$1.1 million through Q3 2021 largely due to investment income, which is under budget by \$0.9 million as a result of declining interest rates compared to the rates budgeted.

EXPENSES

Figure B. comparison of budget versus actuals for operating expenses at the fund level.



The State Bar's operating expenses for the nine months ended September 2021 were \$142.7 million, \$5.6 million less than the budgeted expenses of \$148.3 million. The variance is mostly due to the schedule of grant expenditures and savings in personnel.

General Fund expenses totaled \$62.1 million, compared to a budget of \$66.9 million resulting in savings of \$4.8 million. The key drivers were saving in personnel expenses of \$6.6 million due to staff vacancies and a CalPERS expense over estimation. The \$6.6 million savings was offset by building improvement expenditures totaling \$1.6 million that were not budgeted in 2021.

Equal Access Fund expenses were \$25.5 million, a \$6.4 million increase compared to the \$19.1 million budget. The variance in grant expenses is mostly due to 2020 expenses paid in 2021 due to delayed Judicial Council funding and 2020 unused HP I Grant funds returned by grantees and redistributed to other grantees in 2021.

Legal Services Trust Fund expenses were \$19.8 million, \$0.4 million more than the \$19.4 million budget. \$0.6 million of the variance is from PLL grant disbursements which were not budgeted. This was offset by \$0.2 million in savings across other expense categories.

Admissions Fund expenses were \$14.5 million compared to a budget of \$18.9 million. The \$4.4 million decrease is primarily from exam expenses (\$3.0 million) due to the net effect of aggressive budgeting for new applicants, conservative budgeting for attorney applicants and cost savings due to remote exam format, in addition to personnel costs savings (\$0.9 million).

Client Security Fund expenses were \$4.5 million, or \$1.7 million less than budget of \$6.2 million. Most of the variance is due to less payments made as fewer applications were processed than anticipated.

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
Statement of Operating Revenue, Operating Expenses & Changes in Net Position - Bar Wide
for Nine Months Ended September 30, 2021

	General Fund	Other Funds	2021 Actual	2020 Actual	Variance- 2020 Actual vs 2021 Actual	2021 Budget	Variance- 2021 Actual vs Budget
OPERATING REVENUE							
Affinity Insurance Revenue	261,957.00	-	261,957.00	438,421.00	(176,465.00)	-	261,957.00
Continuing Legal Education Fees	589,226.00	13,092.00	602,318.00	586,259.00	16,060.00	522,787.00	79,531.00
EAF AB 145 Filing Fee Revenue	-	7,521,200.00	7,521,200.00	6,347,443.00	1,173,757.00	5,739,550.00	1,781,650.00
Exam App. & Moral Char. Fees	-	17,562,636.00	17,562,636.00	19,702,104.00	(2,139,468.00)	16,657,677.00	904,959.00
Grant Revenue	-	26,831,232.00	26,831,232.00	14,593,838.00	12,237,393.00	47,802,800.00	(20,971,568.00)
Law Corporation Registration Fees	1,544,189.00	-	1,544,189.00	1,524,197.00	19,992.00	927,249.00	616,940.00
Legal Specialization Fees	-	2,151,128.00	2,151,128.00	2,008,481.00	142,647.00	2,041,734.00	109,394.00
Licensing Fees and Donations	84,351,257.00	19,367,015.00	103,718,272.00	108,760,824.00	(5,042,553.00)	101,321,100.00	2,397,172.00
Multi-Jurisdictional Practice Fees	-	815,402.00	815,402.00	822,636.00	(7,234.00)	747,500.00	67,902.00
Other Revenue	557,424.00	2,005,889.00	2,563,313.00	1,489,101.00	1,074,211.00	1,499,745.00	1,063,568.00
Trust Account Revenue	-	14,925,862.00	14,925,862.00	18,752,615.00	(3,826,753.00)	13,712,801.00	1,213,061.00
Total Operating Revenue	87,304,053	91,193,456	178,497,509	175,025,919	3,471,587	190,972,943	(12,475,434)
OPERATING EXPENSES							
Access & Inclusion	701,412	57,869,307	58,570,719	93,550,848	(34,980,129)	52,339,078	6,231,641
Admissions	-	15,787,336	15,787,336	13,636,067	2,151,269	21,346,058	(5,558,722)
Attorney Regulation and Consumer Resources	4,123,397	-	4,123,397	3,963,851	159,546	4,521,299	(397,902)
Chief Trial Counsel	40,824,059	-	40,824,059	45,104,108	(4,280,049)	44,769,878	(3,945,819)
Client Security Fund	-	4,516,250	4,516,250	8,918,095	(4,401,846)	6,250,356	(1,734,106)
General & Administrative	(3,348,378)	150,000	(3,198,378)	(4,007,084)	808,706	(1,034,734)	(2,163,644)
Governance	3,124,267	531,025	3,655,292	4,313,574	(658,282)	3,621,127	34,165
Lawyers Assistance Program	-	1,766,667	1,766,667	1,718,806	47,861	1,937,391	(170,724)

The State Bar of California
Statement of Operating Revenue, Operating Expenses & Changes in Net Position - Bar Wide
for Nine Months Ended September 30, 2021

	General Fund	Other Funds	2021 Actual	2020 Actual	Variance- 2020 Actual vs 2021 Actual	2021 Budget	Variance- 2021 Actual vs Budget
Depreciation	3,821,854	-	3,821,854	(3,814,225)	7,636,079	-	3,821,854
Probation	1,219,462	-	1,219,462	1,507,521	(288,059)	1,402,225	(182,763)
Professional Competence	2,187,170	-	2,187,170	2,072,670	114,500	2,913,618	(726,448)
State Bar Court	9,476,268	-	9,476,268	10,308,568	(832,300)	10,246,971	(770,703)
Total Operating Expenses	62,129,511	80,620,585	142,750,096	177,272,799	(34,522,704)	148,313,267	(5,563,171)
OPERATING INCOME/(LOSS)	25,174,542	10,572,871	35,747,413	(2,246,880)	37,994,291	42,659,676	(6,912,263)
NON-OPERATING							
Investment Income	143,205	179,248	322,453	2,351,636	(2,029,183)	1,186,857	(864,404)
Rental Income	2,158,138	-	2,158,138	3,205,405	(1,047,267)	2,394,236	(236,098)
Interest Expense on Loans	(341,119)	(248,099)	(589,218)	(702,546)	113,328	(631,833)	42,615
52908-Interest earned on fac. Fees	-	-	-	-	-	-	-
Total Non-Operating	1,960,224	(68,851)	1,891,373	4,854,495	(2,963,122)	2,949,260	(1,057,887)
INCOME/(LOSS) BEFORE TRANSFERS	27,134,766	10,504,020	37,638,786	2,607,615	35,031,169	45,608,936	(7,970,150)
TRANSFERS							
49110-Transfer In From General Fund	-	-	-	75,000.00	(75,000.00)	-	-
49232-Trsf In From Justice Gap Fund	-	-	-	1,000,000.00	(1,000,000.00)	-	-
49314-Transfer In From Admissions Fund	-	100,000.00	100,000	825,000.00	(725,000.00)	100,000.00	-
49410-Interfund Transaction-Revenue	57,091.00	6,920.00	64,011	66,035.00	(2,023.00)	-	64,011
69110-Transfer Out To GF	-	-	-	(75,000.00)	75,000.00	-	-

The State Bar of California
Statement of Operating Revenue, Operating Expenses & Changes in Net Position - Bar Wide
for Nine Months Ended September 30, 2021

	General Fund	Other Funds	2021 Actual	2020 Actual	Variance- 2020 Actual vs 2021 Actual	2021 Budget	Variance- 2021 Actual vs Budget
69119-Trsf. Out To Tech Improv. Fund	-	-	-	(725,000.00)	725,000.00	-	-
69224-Trsf Out To Legal Spec. Fund	-	(100,000.00)	(100,000)	(100,000.00)	-	(100,000.00)	-
69228-Transfer Out To LSTF	-	-	-	(1,000,000.00)	1,000,000.00	-	-
69410-Interfund Transaction-Expenses	(60,307.00)	(3,704.00)	(64,011)	(66,035.00)	2,023.00	-	(64,011)
TOTAL TRANSFERS	(3,216)	3,216	-	-	-	-	-
CHANGE IN NET POSITION	27,131,550	10,507,236	37,638,786	2,607,615	35,031,169	45,608,936	(7,970,150)
Net Position at beginning of year	31,542,530	60,934,223	92,476,753	144,540,279	(52,063,526)	-	-
NET POSITION AT September 30	58,674,080	71,441,459	130,115,539	147,147,894	(17,032,357)	-	-

The State Bar of California
Operating Revenue, Operating Expenses, and Changes in Net Position
(Non General Funds) for Nine Months Ended September 30, 2021

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Legislat. Activities	Legal Services Trust	Legal Special.	IT Special Assess.	Bank Settlement	Admissions	Grants	SF Tenant Improve.	Total Other Funds
OPERATING REVENUE														
Affinity Insurance Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Continuing Legal Education Fees	-	-	-	-	-	-	-	13,092	-	-	-	-	-	13,092
EAF AB 145 Filing Fee Revenue	-	-	7,521,200	-	-	-	-	-	-	-	-	-	-	7,521,200
Exam App. & Moral Char. Fees	-	-	-	-	-	-	-	-	-	-	17,562,636	-	-	17,562,636
Grant Revenue	-	-	18,650,676	-	-	-	-	-	-	-	-	8,180,556	-	26,831,232
Law Corporation Registration Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Specialization Fees	-	-	-	-	-	-	-	2,151,128	-	-	-	-	-	2,151,128
Licensing Fees and Donations	8,107,395	316,482	-	1,124,848	2,116,942	729,753	6,971,595	-	-	-	-	-	-	19,367,015
Multi-Jurisdictional Practice Fees	-	-	-	-	-	-	-	-	-	-	815,402	-	-	815,402
Other Revenue	5,200	-	486,000	-	-	-	-	86,550	-	-	575,639	852,500	-	2,005,889
Trust Account Revenue	-	-	-	-	-	-	14,925,862	-	-	-	-	-	-	14,925,862
Total Operating Revenue	8,112,595	316,482	26,657,876	1,124,848	2,116,942	729,753	21,897,457	2,250,770	-	-	18,953,677	9,033,056	-	91,193,456
OPERATING EXPENSES														
Access & Inclusion	-	227,038	25,567,399	10,287	-	-	19,786,454	-	-	2,386,266	250	9,891,613	-	57,869,307
Admissions	-	-	-	-	-	-	-	1,277,581	-	-	14,509,755	-	-	15,787,336
Attorney Regulation and Consumer Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chief Trial Counsel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Client Security Fund	4,516,250	-	-	-	-	-	-	-	-	-	-	-	-	4,516,250
General & Administrative	-	-	-	-	-	-	-	-	-	-	-	-	150,000	150,000
Governance	-	-	-	-	101	530,924	-	-	-	-	-	-	-	531,025
Lawyers Assistance Program	100	-	-	-	1,766,567	-	-	-	-	-	-	-	-	1,766,667
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Probation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Competence	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Bar Court	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	4,516,350	227,038	25,567,399	10,287	1,766,668	530,924	19,786,454	1,277,581	-	2,386,266	14,510,005	9,891,613	150,000	80,620,585
OPERATING INCOME/(LOSS)	3,596,245	89,444	1,090,477	1,114,561	350,274	198,829	2,111,003	973,189	-	(2,386,266)	4,443,672	(858,557)	(150,000)	10,572,871

The State Bar of California
Operating Revenue, Operating Expenses, and Changes in Net Position
(Non General Funds) for Nine Months Ended September 30, 2021

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Legislat. Activities	Legal Services Trust	Legal Special.	IT Special Assess.	Bank Settlement	Admissions	Grants	SF Tenant Improve.	Total Other Funds
NON-OPERATING														
Investment Income	5,547	590	23,425	5,180	6,039	1,079	72,063	7,933	-	33,227	22,489	-	1,676	179,248
Rental Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense on Loans	-	-	-	-	-	-	-	-	-	-	-	-	(248,099)	(248,099)
52908-Interest earned on fac. Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Operating	5,547	590	23,425	5,180	6,039	1,079	72,063	7,933	-	33,227	22,489	-	(246,423)	(68,851)
INCOME/(LOSS) BEFORE TRANSFERS														
	3,601,792	90,034	1,113,902	1,119,741	356,313	199,908	2,183,066	981,122	-	(2,353,039)	4,466,161	(858,557)	(396,423)	10,504,020
TRANSFERS														
49314-Transfer In From Admissions Fund	-	-	-	-	-	-	-	100,000	-	-	-	-	-	100,000
49410-Interfund Transaction-Revenue	5,520	-	-	-	1,400	-	-	-	-	-	-	-	-	6,920
69224-Trsf Out To Legal Spec. Fund	-	-	-	-	-	-	-	-	-	-	(100,000)	-	-	(100,000)
69410-Interfund Transaction-Expenses	(2,315)	-	-	-	-	-	-	-	-	-	(1,389)	-	-	(3,704)
Total Transfers	3,205	-	-	-	1,400	-	-	100,000	-	-	(101,389)	-	-	3,216
CHANGE IN NET POSITION														
	3,604,997	90,034	1,113,902	1,119,741	357,713	199,908	2,183,066	1,081,122	-	(2,353,039)	4,364,772	(858,557)	(396,423)	10,507,236
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	5,641,993	6,224	9,571,539	10,565,599	248,435	(610,590)	60,934,223
NET POSITION AT September 30	5,836,289	423,808	3,590,495	4,958,102	2,079,548	550,401	26,741,741	6,723,115	6,224	7,218,500	14,930,371	(610,122)	(1,007,013)	71,441,459

ATTACHMENT 3

The State Bar of California
Statement of Variances Year-over-Year for Operating Revenue, Operating Expenses, and Changes in
Net Position (State Bar Wide)
Year to Date for Nine Months Ended September 30, 2021

	2021 Actual	2020 Actual	Variance	% Change
OPERATING REVENUE				
Affinity Insurance Revenue	261,957	438,421	(176,464)	(40.2)
Continuing Legal Education Fees	602,318	586,259	16,059	2.7
EAF AB 145 Filing Fee Revenue	7,521,200	6,347,443	1,173,757	18.5
Exam App. & Moral Char. Fees	17,562,636	19,702,104	(2,139,468)	(10.9)
Grant Revenue	26,831,232	14,593,838	12,237,394	83.9
Law Corporation Registration Fees	1,544,189	1,524,197	19,992	1.3
Legal Specialization Fees	2,151,128	2,008,481	142,647	7.1
Licensing Fees and Donations	103,718,272	108,760,824	(5,042,552)	(4.6)
Multi-Jurisdictional Practice Fees	815,402	822,636	(7,234)	(0.9)
Other Revenue	2,563,313	1,489,101	1,074,212	72.1
Trust Account Revenue	14,925,862	18,752,615	(3,826,753)	(20.4)
Total Operating Revenue	178,497,509	175,025,919	3,471,590	2.0
OPERATING EXPENSES				
Access & Inclusion	58,570,719	93,550,848	(34,980,129)	(37.4)
Admissions	15,787,336	13,636,067	2,151,269	15.8
Attorney Regulation and Consumer Resources	4,123,397	3,963,851	159,546	4.0

The State Bar of California
Statement of Variances Year-over-Year for Operating Revenue, Operating Expenses, and Changes in
Net Position (State Bar Wide)
Year to Date for Nine Months Ended September 30, 2021

	2021 Actual	2020 Actual	Variance	% Change
Chief Trial Counsel	40,824,059	45,104,108	(4,280,049)	(9.5)
Client Security Fund	4,516,250	8,918,095	(4,401,845)	(49.4)
General & Administrative	(3,198,378)	(4,007,084)	808,706	(20.2)
Governance	3,655,292	4,313,574	(658,282)	(15.3)
Lawyers Assistance Program	1,766,667	1,718,806	47,861	2.8
Depreciation	3,821,854	(3,814,225)	7,636,079	(200.2)
Probation	1,219,462	1,507,521	(288,059)	(19.1)
Professional Competence	2,187,170	2,072,670	114,500	5.5
State Bar Court	9,476,268	10,308,568	(832,300)	(8.1)
Total Operating Expenses	142,750,096	177,272,799	(34,522,703)	(19.5)
OPERATING INCOME/(LOSS)	35,747,413	(2,246,880)	37,994,293	(1,691.0)
NON-OPERATING				
Investment Income	322,453	2,351,636	(2,029,183)	(86.3)
Rental Income	2,158,138	3,205,405	(1,047,267)	(32.7)
Interest Expense on Loans	(589,218)	(702,546)	113,328	(16.1)
52908-Interest earned on fac. Fees	-	-	-	-
Total Non-Operating	1,891,373	4,854,495	(2,963,122)	(61.0)

The State Bar of California
Statement of Variances Year-over-Year for Operating Revenue, Operating Expenses, and Changes in
Net Position (State Bar Wide)
Year to Date for Nine Months Ended September 30, 2021

	2021 Actual	2020 Actual	Variance	% Change
INCOME/(LOSS) BEFORE TRANSFERS	37,638,786	2,607,615	35,031,171	1,343.4
TRANSFERS				
49110-Transfer In From General Fund	-	75,000	(75,000)	100.0
49232-Trsf In From Justice Gap Fund	-	1,000,000	(1,000,000)	100.0
49314-Transfer In From Admissions Fund	100,000	825,000	(725,000)	87.9
49410-Interfund Transaction-Revenue	64,011	66,035	(2,024)	3.1
69110-Transfer Out To GF	-	(75,000)	75,000	100.0
69119-Trsf. Out To Tech Improv. Fund	-	(725,000)	725,000	100.0
69224-Trsf Out To Legal Spec. Fund	(100,000)	(100,000)	-	-
69228-Transfer Out To LSTF	-	(1,000,000)	1,000,000	100.0
69410-Interfund Transaction-Expenses	(64,011)	(66,035)	2,024	3.1
TOTAL TRANSFERS	-	-	-	-
CHANGE IN NET POSITION	37,638,786	2,607,615	35,031,171	1,343.4
Net Position at beginning of year	92,476,753	144,540,279	(52,063,526)	(36.0)
NET POSITION AT September 30	130,115,539	147,147,894	(17,032,355)	(11.6)

The State Bar of California
Statement of Assets, Liabilities & Net Position
Bar Wide as of September 30, 2021

	General Fund	Other Funds	2021 Actual	2020 Actual	Variance- 2021 v. 2020
ASSETS & DEFERRED OUTFLOWS					
Cash	121,584,107	-	121,584,107	80,737,230	40,846,877
Investments	40,759,434	-	40,759,434	50,743,598	(9,984,164)
Accounts Receivable (net of allowances)	1,643,751	3,026,463	4,670,214	4,818,833	(148,619)
Interfund Rec(Pay)	(111,396,737)	111,428,519	31,782	(605,882)	637,664
Other Assets	549,959	10,632	560,591	998,361	(437,770)
Capital Assets (net of depreciation)	102,412,766	-	102,412,766	111,754,066	(9,341,300)
Deferred Outflows	14,705,033	-	14,705,033	9,507,406	5,197,627
Total Assets & Deferred Outflows	170,258,313	114,465,614	284,723,927	257,953,612	26,770,315
LIABILITIES & DEFERRED INFLOWS					
Accounts Payable and Accrued Liabilities	6,123,870	22,533,582	28,657,452	25,822,271	2,835,181
Unearned Income	-	-	-	-	-
Loan Payable	13,469,653	20,490,573	33,960,226	20,340,756	13,619,470
OPEB Liabilities (Investments)	11,616,834	-	11,616,834	(10,215,794)	21,832,628
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
Total Liabilities & Deferred Inflows	111,584,233	43,024,155	154,608,388	110,805,718	43,802,670
NET POSITION					
Net Position at Beginning of Year	31,542,530	60,934,223	92,476,753	144,540,279	(52,063,526)
Change in Net Position	27,131,550	10,507,236	37,638,786	2,607,615	35,031,171
Total Net Position	58,674,080	71,441,459	130,115,539	147,147,894	(17,032,355)
Total Liabilities & Net Position	170,258,313	114,465,614	284,723,927	257,953,612	26,770,315

The State Bar of California
Statement of Assets, Liabilities & Net Position (Non-General Funds)
as of September 30, 2021

	Client Security	Elim. of Bias	Equal Access	Justice Gap	Lawyer Assist. Program	Leg. Activities	Legal Svcs. Trust	Legal Special.	IT Special Assess.	Bank Settle.	Admissions	Grants	SF Tenant Improve.	Total Other Funds
ASSETS & DEFERRED OUTFLOWS														
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable (net of allowances)	-	-	1,696,753	-	-	-	523,739	-	-	-	1,002	804,969	-	3,026,463
Interfund Rec(Pay)	6,298,595	423,807	2,088,587	4,958,102	2,135,854	558,503	26,281,682	6,732,199	6,225	7,218,499	15,488,746	19,860,589	19,377,131	111,428,519
Other Assets	-	-	-	-	8,632	-	-	-	-	-	2,000	-	-	10,632
Capital Assets (net of depreciation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets & Deferred Outflows	6,298,595	423,807	3,785,340	4,958,102	2,144,486	558,503	26,805,421	6,732,199	6,225	7,218,499	15,491,748	20,665,558	19,377,131	114,465,614
LIABILITIES & DEFERRED INFLOWS														
Accounts Payable and Accrued Liabilities	210,751	-	204,117	-	67,800	8,103	48,373	9,085	-	-	561,379	21,276,297	147,677	22,533,582
Unearned Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Payable	-	-	-	-	-	-	-	-	-	-	-	-	20,490,573	20,490,573
OPEB Liabilities (Investments)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities & Deferred Inflows	210,751	-	204,117	-	67,800	8,103	48,373	9,085	-	-	561,379	21,276,297	20,638,250	43,024,155
NET POSITION														
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	5,641,993	6,224	9,571,539	10,565,599	248,435	(610,590)	60,934,223
Change in Net Position	3,856,552	90,033	1,104,630	1,119,741	354,851	199,907	2,198,373	1,081,121	1	(2,353,040)	4,364,770	(859,174)	(650,529)	10,507,236
Total Net Position	6,087,844	423,807	3,581,223	4,958,102	2,076,686	550,400	26,757,048	6,723,114	6,225	7,218,499	14,930,369	(610,739)	(1,261,119)	71,441,459
Total Liabilities & Net Position	6,298,595	423,807	3,785,340	4,958,102	2,144,486	558,503	26,805,421	6,732,199	6,225	7,218,499	15,491,748	20,665,558	19,377,131	114,465,614



The State Bar of California

ATTACHMENT B

Date: March 24, 2022

To: Members, Finance Committee
Members, Board of Trustees

From: Aracely Chico-Montoya, Chief Financial Officer

Subject: Investment Report for the 3rd Quarter Ended September 30, 2021

Attached is the quarterly Investment Report for the State Bar of California as of September 30, 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, the State Treasurer's Local Agency Investment Fund (LAIF), and with the Bank of New York Mellon Trust Company. As of September 30, 2021, the market value of the investment portfolio was \$131.3 million, compared to \$104.5 million as of September 30, 2020.

The quarterly rate of return of the investment portfolio for this quarter is 0.98 percent. Interest rates are lower in comparison to the year prior; the quarterly interest rate on deposits in the LAIF decreased from 0.80 percent for the quarter ended September 30, 2020, to 0.22 percent for the quarter ended September 30, 2021. As of September 30, 2021, the daily rate at LAIF was 0.20 percent. For the year to-date, actual investment earnings decreased from \$1.6 million in 2020 to \$0.3 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 September 30, 2021

<u>Asset Group</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Portfolio Percentage</u>	<u>Weighted Average Yield</u>
Wells Fargo Custody Account:				
- Commercial Paper Discount	19,980,450	19,998,400	15.2%	0.14%
- Government Bonds	13,872,669	14,103,247	10.7%	2.70%
- Corporate Bonds	6,261,498	6,464,516	4.9%	2.57%
- Common Stock-Metlife Inc.	-	193,270	0.1%	N/A
Subtotal-Securities, Bonds and Notes	40,114,617	40,759,434	31.1%	
Interest Receivable	-	107,837	0.1%	0.22%
Local Agency Investment Fund	75,210,923	75,210,923	57.3%	0.22%
Bank of New York Mellon Trust Company, N.A. Investment	15,175,688	15,176,431	11.6%	0.01%
Total	\$ 130,501,228	\$ 131,254,625	100.0%	0.98%

Unrealized Gain/(Loss):

Market Value of Portfolio -Securities, Bonds and Notes	\$ 40,759,434
Original Cost of Portfolio -Securities, Bonds and Notes	40,114,617
Unrealized Gain/(Loss)	<u>\$ 644,817</u>

ATTACHMENT 2

State Bar of California
Investment Month End Report - Wells Fargo Custody Account
Balance as of September 30, 2021

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Cost</u>	<u>Mkt Value</u>	<u>Interest Receivable</u>	<u>Unrealized Gain/(Loss)</u>	<u>Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>
CASH EQUIVALENTS			Commercial Paper								
LLOYDS BK CORPORATE MKTS PLC DISC	53948AYQ8		Commercial Paper	10,000,000	9,988,178	9,998,500		10,322	0.16%	03/03/21	11/24/21
NATIXIS NY BRH DISC COMLPAPER	63873JX47		Commercial Paper	10,000,000	9,992,272	9,999,900		7,628	0.13%	03/04/21	10/04/21
TOTAL CASH EQUIVALENTS :				20,000,000	19,980,450	19,998,400	-	17,950	0.145%		
STATE OF CALIFORNIA	13063DADO	AA-	Municipal Bond	3,035,000	2,993,269	3,067,505	35,919	74,236	2.37%	04/27/17	04/01/22
RIVERSIDE CA UNIF SCH DIST	769059A22	AA-	Municipal Bond	1,250,000	1,250,000	1,291,638	4,127	41,638	1.98%	12/17/19	02/01/24
TOTAL MUNICIPAL BONDS AND NOTES:				4,285,000	4,243,269	4,359,142	40,046	115,874	2.25%		
FED HOME LN MTG CORP	3134GBA69	AA+	Government Agency	3,000,000	2,978,490	3,058,920	10,292	80,430	2.38%	08/09/17	08/09/22
FED HOME LN BK	313383WD9	AA+	Government Agency	6,500,000	6,650,911	6,685,185	12,413	34,275	3.13%	08/15/13	09/09/22
TOTAL FEDERAL BONDS AND NOTES:				9,500,000	9,629,401	9,744,105	22,705	114,705	2.89%		
				13,785,000	13,872,669	14,103,247	62,751	230,578	2.70%		
APPLE INC	037833BF6	AA+	Corporate Bond	3,215,000	3,201,015	3,263,129	33,275	62,114	2.70%	05/13/15	05/13/22
TOYOTA MOTOR CREDIT CORP	89236TEC5	A+	Corporate Bond	1,500,000	1,452,690	1,527,150	2,060	74,460	2.15%	09/08/17	09/08/22
TOYOTA MOTOR CREDIT CORP	89236TEL5	A+	Corporate Bond	1,625,000	1,607,793	1,674,238	9,750	66,445	2.70%	01/11/18	01/11/23
TOTAL CORPORATE BONDS :				6,340,000	6,261,498	6,464,516	45,086	203,018	2.57%		
BRIGHTHOUSE FINANCIAL INC	10922N103	N/A	Common Stock	-	-	12,031	-	12,031			
METLIFE INC	59156R108	N/A	Common Stock	-	-	181,239	-	181,239			
TOTAL COMMON STOCKS:				-	-	193,270	-	193,270			
				-	-	-	-				
TOTAL INVESTMENT HELD BY WELLS FARGO:				40,125,000	40,114,617	40,759,434	107,837	644,817			



The State Bar *of California*

ATTACHMENT C

Date: March 24, 2022

To: Members, Finance Committee
Members, Board of Trustees

From: Aracely Montoya-Chico, Chief Financial Officer

Subject: Client Security Fund Report for Nine Months Ended September 30, 2021

Attached are a series of reports for the applications activities within the Client Security Fund (CSF) for the nine months ended September 30, 2021. These reports include:

- Status on Applications Activities for nine months ended September 30, 2021
- Applications Aging Report
- Cumulative Applications Aging Report
- 24-Month Rolling Average of Applications Payout Ratio
- Analysis of New Applications Paid, Rejected, or Withdrawn

**Table 1. Indicators for the CSF application process
as of September 30, 2021, and 2020**

(\$ in millions)					
Key Indicator Descriptions	2021 Sept YTD	2020 Sept YTD	# Change	% Change	Attachment
New Applications Received #	489	387	102	26.4%	1
New Applications Received \$	\$20.0	\$10.0	\$10.0	100.0%	
Total Applications Processed #	734	867	(133)	-15.3%	2
Total Applications Processed \$	\$18.3	\$16.0	\$2.3	14.4%	
% of Paid Applications in # to total in process [1]	11.0%	21.1%			1
% of Paid Applications in \$ to total in process [2]	7.4%	12.7%			
Total Payouts \$	\$4.1	\$7.4	(\$3.3)	(44.6%)	2
Total Applications Pending for Processing #	1,365	1,901	(536)	-28.2%	2
Total Applications Pending for Processing \$	\$37.5	\$41.9	(\$4.4)	-10.5%	
24-month Rolling Average Payout Ratio	35.5%	40.6%			4
Estimated CSF Application Payouts	\$13.3	\$17.0	(\$3.7)	(21.8%)	2
Cash and Investments Available for Payouts	\$5.8	\$7.1	(\$1.3)	(18.3%)	3

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

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

2021 YTD ACTIVITY

As of September 30, 2021, a total of 489 new applications totaling \$20.0 million were filed. The number of new applications filed increased by 26.4 percent compared to 387 new applications filed for the same period last year. The application amount increased by \$10.0 million, or 100 percent compared to \$10.0 million filed for the same period in 2020. The number of applications in 2021 increased partly due to the return to normalcy compared to the first nine months of 2020, which had a decrease in activity due to the pandemic. The increase in the amount requested during for the nine months of 2021 as compared to the same period last year is primarily due to one attorney for which CSF has received a large number of applications requesting sizeable reimbursements.

For the nine months ended September 30, 2021, 734 applications were processed totaling \$18.3 million. Total payouts for the period were \$4.1 million, a decrease of \$3.3 million from the \$7.4 million of payouts during the same period last year. Total applications pending for processing as of September 30, 2021, were 1,365 totaling \$37.5 million; for the same period in 2020, 1,901 applications were pending totaling \$41.9 million.

For this report period the estimated application payout ratio (based on a rolling average of 24-month historical applications payout) is 35.5 percent. Applying the applications payout ratio to the outstanding application amounts of \$37.5 million for the period resulted in the estimated

application payout of \$13.3 million; this is a 21.8 percent decrease compared to the \$17.0 million estimated application payout for the same period last year.

CHANGES FROM 2020 TO 2021

For the first nine months of 2021, CSF resolved a total of 734 applications of which 231 were paid and 503 were rejected or withdrawn.

While CSF had anticipated that there would be a higher proportion of cases likely to qualify for reimbursement in the latter half of the year, the results through nine months are showing this is not the case as there continues to be a high proportion of applications that did not qualify for reimbursement. CSF continues to review and work to resolve its inventory of cases in a fair and efficient manner. CSF reduced its outstanding inventory from 2,381 at the end of 2019 to 1,610 at the end of 2020, and now 1,365 through September of 2021.

In 2020, the CSF licensing fee was temporarily raised from \$40 to \$80 for active attorneys, and from \$10 to \$20 for inactive attorneys. This gave CSF double the amount of funds that it usually has for one year. With the accelerated funding, the focus was on investigating and processing as many cases that appeared to qualify for reimbursement as possible. This resulted in a record payment amount of \$11.7 million in 2020. As of September 30, 2021, cash and investments available for applications reimbursement in the CSF were approximately \$5.8 million compared to \$7.1 million last year, as a result of the temporary fee increase in 2020, which did not reoccur in 2021.

THE STATE BAR OF CALIFORNIA CLIENT SECURITY FUND
STATUS ON APPLICATIONS ACTIVITIES SEPTEMBER 30, 2021
YTD September 30, 2021

	<u>\$1 - 25,000</u>		<u>\$25,001 - 50,000</u>		<u>\$50,001 - 100,000</u>		<u>TOTAL</u>		(A)	(B)
	#	Amount	#	Amount	#	Amount	#	Amount		
Prior Years' Applications	1,231	\$ 8,130,924	135	\$ 5,152,453	244	\$ 22,482,159	1,610	\$ 35,765,536		
New Applications	370	\$ 2,507,393	38	\$ 1,494,007	81	16,036,620	489	20,038,019		
Paid Applications	(191)	\$ (1,027,765)	(12)	\$ (372,648)	(28)	(2,703,074)	(231)	(4,103,487)	11.0%	7.4%
Rejected Applications	(92)	\$ (1,121,323)	(24)	\$ (1,119,220)	(51)	(4,871,440)	(167)	(7,111,983)	8.0%	12.7%
Withdrawn Applications	(263)	\$ (1,753,312)	(27)	\$ (964,989)	(46)	(4,368,442)	(336)	(7,086,743)	16.0%	12.7%
Applications Outstanding	1,055	\$ 6,735,917	110	\$ 4,189,602	200	\$ 26,575,823	1,365	\$ 37,501,342		
New applications % to total	75.7%	12.5%	7.8%	7.5%	16.6%	80.0%	100.0%	100.0%		
Applications paid % to total	82.7%	25.0%	5.2%	9.1%	12.1%	65.9%	100.0%	100.0%		
Applications rejected or withdrawn % to total	70.6%	20.2%	10.1%	14.7%	19.3%	65.1%	100.0%	100.0%		
Applications outstanding % to total	77.3%	18.0%	8.1%	11.2%	14.7%	70.9%	100.0%	100.0%		

(A) % of # of paid applications, rejected applications and withdrawn applications to # of total applications in process in 2021 Q3.

(B) % of paid applications, rejected applications and withdrawn applications in \$ to the total applications \$ in process in 2021 Q3.

**THE STATE BAR OF CALIFORNIA CLIENT SECURITY FUND
APPLICATIONS AGING REPORT AS OF SEPTEMBER 30, 2021**

<u>Year</u> <u>Application</u> <u>Filed</u>	<u>Gross Applications Prior</u>		<u>Current Year</u>		<u>Applications Paid</u>		<u>Applications Rejected or</u> <u>Withdrawn</u>		<u>Total Applications</u> <u>Processed</u>		<u>Applications Outstanding</u>	
	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>
2012	6	\$ 66,516			(1)	\$ (3,500)	(1)	\$ (3,495)	(2)	\$ (6,995)	4	\$ 59,521
2013	31	210,377			(6)	(22,707)	(2)	(8,166)	(8)	(30,872)	23	179,505
2014	235	1,219,889			(28)	(106,700)	(1)	(47,071)	(29)	(153,771)	206	1,066,118
2015	82	786,020			(2)	(6,316)	(6)	(361,139)	(8)	(367,455)	74	418,565
2016	83	2,809,575			(10)	(118,754)	(19)	(708,082)	(29)	(826,836)	54	1,982,739
2017	180	4,562,337			(35)	(338,786)	(52)	(1,473,255)	(87)	(1,812,040)	93	2,750,297
2018	345	10,077,926			(35)	(962,260)	(158)	(5,776,339)	(193)	(6,738,598)	152	3,339,328
2019	294	6,936,628			(44)	(881,264)	(75)	(1,560,096)	(119)	(2,441,361)	175	4,495,268
2020	354	9,096,266			(44)	(925,396)	(121)	(2,721,022)	(165)	(3,646,419)	189	5,449,848
2021			489	\$ 20,038,019	(26)	(737,805)	(68)	(1,540,061)	(94)	(2,277,866)	395	17,760,153
TOTAL	1,610	\$ 35,765,536	489	\$ 20,038,019	(231)	\$ (4,103,487)	(503)	\$ (14,198,726)	(734)	\$ (18,302,213)	1,365	\$ 37,501,342

Applications Outstanding **\$ 37,501,342**

Estimated Application Payout Ratio **35.5%**

Estimated Application Payouts **\$13,303,803**

THE STATE BAR OF CALIFORNIA CLIENT SECURITY FUND
CUMULATIVE APPLICATIONS AGING REPORT AS OF SEPTEMBER 30, 2021

<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 Rejected</u> <u>and 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			(1)	\$ (3,500)	(1)	\$ (3,495)	(2)	\$ (6,995)	4	\$ 59,521
2011-2013	37	276,894			(7)	(26,207)	(3)	(11,661)	(10)	(37,867)	27	239,026
2011-2014	272	1,496,783			(35)	(132,907)	(4)	(58,732)	(39)	(191,638)	233	1,305,145
2011-2015	354	2,282,803			(37)	(139,222)	(10)	(419,871)	(47)	(559,093)	307	1,723,710
2011-2016	437	5,092,378			(47)	(257,976)	(29)	(1,127,953)	(76)	(1,385,929)	361	3,706,449
2011-2017	617	9,654,715			(82)	(596,762)	(81)	(2,601,208)	(163)	(3,197,970)	454	6,456,746
2011-2018	962	19,732,641			(117)	(1,559,022)	(239)	(8,377,546)	(356)	(9,936,568)	606	9,796,073
2011-2019	1,256	26,669,270			(161)	(2,440,286)	(314)	(9,937,642)	(475)	(12,377,928)	781	14,291,341
2011-2020	1,610	35,765,536			(205)	(3,365,682)	(435)	(12,658,665)	(640)	(16,024,347)	970	19,741,189
2011-2021	1,610	35,765,536	489	\$ 20,038,019	(231)	(4,103,487)	(503)	(14,198,726)	(734)	(18,302,213)	1,365	37,501,342
	1,610	\$ 35,765,536	489	\$ 20,038,019	(231)	\$ (4,103,487)	(503)	\$ (14,198,726)	(734)	\$ (18,302,213)	1,365	\$ 37,501,342

THE STATE BAR OF CALIFORNIA CLIENT SECURITY FUND
24-MONTH ROLLING AVERAGE APPLICATIONS PAIDOUT RATIO
OCTOBER 2019 THROUGH SEPTEMBER 2021

Month Covered	<u>PROCESSED</u>	<u>REJECTED/ WITHDRAWN</u>	<u>PAID APPLICATIONS</u>	Monthly Ave Payout Ratio
	Amount	Amount	Amount	
Oct19	\$ 698,964	\$ 341,385	\$ 357,579	51.2%
Nov19	3,587,366	2,969,348	618,018	17.2%
Dec19	335,017	251,643	83,374	24.9%
Jan20	3,761,270	1,495,016	2,266,254	60.3%
Feb20	979,850	282,350	697,500	71.2%
Mar20	1,267,007	910,028	356,979	28.2%
Apr20	1,797,790	840,553	957,237	53.2%
May20	864,561	374,073	490,489	56.7%
Jun20	785,617	468,841	316,775	40.3%
Jul20	1,606,302	948,966	657,336	40.9%
Aug20	1,232,641	320,838	911,802	74.0%
Sept20	3,807,473	3,096,714	710,758	18.7%
Oct20	2,200,669	1,375,409	825,260	37.5%
Nov20	2,659,720	1,370,629	1,289,091	48.5%
Dec20	3,721,499	1,474,259	2,247,241	60.4%
Jan21	489,216	462,494	26,722	5.5%
Feb21	660,715	260,545	400,170	60.6%
Mar21	1,786,505	1,538,894	247,611	13.9%
Apr21	1,233,120	1,085,440	147,680	12.0%
May21	1,197,748	904,112	293,636	24.5%
Jun21	5,511,576	5,213,187	298,389	5.4%
Jul21	2,372,947	1,475,822	897,125	37.8%
Aug21	1,706,342	1,148,854	557,488	32.7%
Sep21	3,344,043	2,109,378	1,234,665	36.9%
Total:	\$ 47,607,959	\$ 30,718,779	\$ 16,889,180	

24-Month Rolling Average PaidOut Ratio: 35.5%

THE STATE BAR OF CALIFORNIA CLIENT SECURITY FUND
ANALYSIS OF APPLICATIONS PAYOUTS PER ACTIVE ATTORNEY
YTD SEPTEMBER 30, 2021

	<u>1ST QTR</u>	<u>2ND QTR</u>	<u>3RD QTR</u>
Beginning Balance	1,610	1,584	1,469
Add: Reinstated Applications and New Applications	144	174	171
Less: Paid / Rejected or Withdrawn	170	289	275
TOTAL	1,584	1,469	1,365
APPLICATIONS OUTSTANDING AMT.	\$ 36,342,823	\$ 38,168,664	\$ 37,501,342
# Of Active Attorneys	191,789	193,209	193,526
Cost Per Active Attorney	\$ 189	\$ 198	\$ 194
ESTIMATED APPLICATIONS LIAB.			
Applications Payout Ratio	40.4%	35.9%	35.5%
Estimated Application Amount *	\$ 14,696,636	\$ 13,713,409	\$ 13,303,803
# of Active Attorneys	191,789	193,209	193,526
Cost per Active Attorney	\$ 77	\$ 71	\$ 69
CASH AND INVESTMENTS AVAILABLE FOR PAYOUTS, END OF PERIOD	\$ 9,249,992	\$ 8,121,363	\$ 5,840,191
PROJECTED CASH AND INVESTMENTS AVAILABLE FOR PAYOUTS	\$ (5,446,643)	\$ (5,592,047)	\$ (7,463,613)

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