



The State Bar *of California*

Q3 2022 Financial Statements and Investment Report

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Finance Committee Meeting, November 17, 2022

Quarterly Reports

- Quarterly reports include:
 - Q3 2022 Financial Statements
 - Q3 2022 Investment Report



Q3 2022 Financial Statement Highlights – Revenue

YTD ACTUAL REVENUE BY FUND COMPARED TO YTD BUDGET				
Financial Statement Category	Sep 30, 2022 Actual (in \$M)	Sep 30, 2022 Budget (in \$M)	Changes (in \$M)	Changes (in %)
Operating Revenue	\$251.9	\$239.5	\$12.4	5%
General Fund	88.3	85.9	2.4	3%
Equal Access Fund	69.4	70.0	(0.6)	-1%
Grants Fund	35.0	35.0	0.0	0%
Legals Services Trust Fund	28.0	18.7	9.3	50%
Admissions Fund	16.4	15.2	1.2	8%
Client Security Fund	8.3	8.0	0.3	4%
Other Funds	6.5	6.7	(0.2)	-3%

- General Fund higher than budget by \$2.4M mostly due to more mandatory and law corp fees received as well as the LegalMatch.com settlement
- Legal Services Trust (LSTF) higher than budget by \$9.3M due larger average account balances
 - daily actual balance was \$4.2B vs average budgeted balance of \$3.4B
 - average interest rates increased each month (1.42% as of Aug) vs average budgeted rates of 0.68%
- Equal Access Fund lower than budget by \$0.6M due to delayed requests for administrative cost reimbursements
- Admissions Fund higher than budget by \$1.2M mostly due to February exam fees better than anticipated due to conservative budgeting. July exam were slightly below budget from the ExamSoft refunds.



Q3 2022 Financial Statement Highlights – Expenses

YTD ACTUAL EXPENSE BY FUND COMPARED TO YTD BUDGET				
Financial Statement Category	Sep 30, 2022 Actual (in \$M)	Sep 30, 2022 Budget (in \$M)	Changes (in \$M)	Changes (in %)
Operating Expenses	\$220.0	\$226.7	(\$6.7)	-3%
General Fund	65.8	67.0	(1.2)	-2%
Bank Settlement Fund	2.4	2.4	0.0	0%
Equal Access Fund	56.0	56.0	0.0	0%
Grants Fund	39.9	39.9	0.0	0%
Legal Services Trust Fund	28.5	28.7	(0.2)	-1%
Admissions Fund	20.1	20.9	(0.8)	-4%
Client Security Fund	3.4	7.4	(4.0)	-54%
Other Funds	3.9	4.4	(0.5)	-11%

- General Fund expenses lower than budget by \$1.2M due to personnel savings from staff vacancies and building operations savings due to lower occupancy
- Admissions Fund expenses lower than budget by \$0.8M due to savings from personnel and professional services, offset by higher laptop license expenses
 - professional service savings were due to a refund from the PSI contract for the July exam and development of an exam preparation program for first-year law students that will not be spent
 - personnel savings were due to staff vacancies
 - laptop license expense higher than budget due to July 2021 ExamSoft invoice paid in 2022 as a result of the settlement agreement
- Client Security Fund expenses lower than budget by \$4M due to less payments made as many applications were deemed ineligible for payment than anticipated, resulting in lower payouts



Q3 2022 Investment Report Highlights

- Highlights:
 - Wells Fargo highly rated securities
 - Government bonds, corporate bonds
 - In compliance with policy
 - Total market value \$110M compared to \$131M as of September 30, 2021
 - Local Agency Investment Fund (LAIF)
 - market value \$74.2M
 - quarterly rate increased to 1.29% compared to 0.22% in 2021
 - part of California's pooled money investment account



Q3 2022 Investment Report

<u>Asset Group</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Portfolio Percentage</u>	<u>Weighted Average Yield</u>
Wells Fargo Custody Account:				
- Government Bonds	\$ 1,250,000	\$ 1,214,075	1.3%	1.98%
- Corporate Bonds	1,607,793	1,618,224	1.7%	2.70%
- Common Stock-Metlife Inc.	-	190,000	0.2%	N/A
Subtotal-Securities, Bonds and Notes	2,857,793	3,022,299	3.3%	
Interest Receivable	-	13,877	0.0%	1.29%
Local Agency Investment Fund	74,274,577	74,274,577	80.3%	1.29%
Bank of New York Mellon Trust Company, N.A. Investment	15,238,078	15,238,078	16.5%	2.64%
Total	\$ 92,370,448	\$ 92,548,831	100.0%	1.98%

Unrealized Gain/(Loss):

Market Value of Portfolio -Securities, Bonds and Notes	\$ 3,022,299	
Original Cost of Portfolio -Securities, Bonds and Notes	2,857,793	
Unrealized Gain/(Loss)	<u>\$ 164,506</u>	Gain

