



THE STATE BAR OF CALIFORNIA

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

FINANCE

TEL (415) 538-2200

MEMORANDUM

DATE: August 18, 2007
TO: Board of Governors
FROM: Peggy Van Horn, Chief Financial Officer
SUBJECT: 2nd Quarter 2007 Financial Statements – Financial Highlights

Attached for your review are the 2007 second quarter financial statements for the State Bar of California. The financial Highlights are as follows:

- Attachment 1 – Assets, Liabilities & Net Assets – All Funds
- Attachment 2 – Assets, Liabilities & Net Assets – General Fund
- Attachment 3 – Assets, Liabilities & Net Assets – Restricted Funds
- Attachment 4 – Revenue, Expenses and Changes in Net Assets – All Funds
- Attachment 5 – Revenue, Expenses and Changes in Net Assets – General Fund
- Attachment 6 – Revenue, Expenses and Changes in Net Assets – Restricted Funds
- Attachment 7 – Budget to Actual Comparison – General Fund
- Attachment 8 – Budget to Actual Comparison – General Fund Expenses by Function

Statement of Assets, Liabilities & Net Assets:

This statement reports the Bar's assets, liabilities and net assets. For the quarter ended June 30, 2007, the Bar's total assets are \$152.0 million, liabilities are \$47.8 million and net assets are \$104.2 million. The General Fund, the Bar's largest operating fund, has assets of \$51.1 million, liabilities of \$41.1 million and net assets of \$10.0 million. Individual statements for the General Fund and the restricted funds are included for your reference.

Statement of Revenue, Expenses and Changes in Net Assets

This statement reports the Bar's revenues, expenses, excess (deficiency) of revenues over expenses and changes in net assets. For the quarter ended June 30, 2007, the Bar's total

revenues (operating and non-operating) are \$85.0 million, expenses are \$55.7 million, resulting in a surplus of \$29.3 million.

The General Fund's total revenues through the end of the second quarter are \$32.6 million versus \$29.1 million for the second quarter of 2006. The \$3.5 million revenue increase over the previous year consists primarily of \$3.0 million in additional member dues revenue, which reflects the increases in dues for both active member and inactive member in 2007. In addition, investment income increased by \$0.7 million over the previous year due to increases in short term interest rates that occurred during the year. Other miscellaneous revenue decreased by \$0.2 million from the prior year due to the receipt of an insurance settlement in 2006.

Budget to Actual Comparison – General Fund

Each quarter, a budget to actual comparison report for the General Fund is prepared. This statement is designed to provide the Board with information about how the actual performance of the General Fund's revenues and expenses compares with anticipated (budgeted) results. The report includes a quarterly budget comparison as well as year to date and prior year comparison.

Year to date, the General Fund's total revenues reflect a positive variance of \$3.0 million, which represents 10% of the year-to-date budget. The variance is due to a \$2.2 million increase in membership fees, a \$0.5 million increase in investment income, and a \$0.4 million increase in Continuing Legal Education, and a decrease of \$0.1 million in MJP Specialist Fees.

Total General Fund expenses through the second quarter show a positive variance of \$2.1 million, reflecting payroll saving of \$1.1 million. For the quarter ended June 30, 2007, the General Fund has significant salary savings due to an overall 20% vacancy rate of authorized positions. These salary savings are the primary reason for the positive expense variance.

The General Fund Budget to Actual Comparison Expenses by Function report reflects the expense variance by functional area, and variances at the total program level are insignificant.

The State Bar of California
Statement of Assets, Liabilities and Net Assets - All Funds
As of June 30, 2007

Attachment 1

	General Fund	Restricted Funds	Fixed Asset Fund	YTD Total All Funds June-07	YTD Total All Funds June-06	Change
ASSETS						
Cash	18,531,058	50	-	18,531,108	3,903,514	14,627,594
Accounts Receivable (net of allowances)	2,938,044	4,182,423	-	7,120,467	3,937,972	3,182,495
Interfund Receivable/Payable	(59,416,437)	59,443,391	(26,954)	-	-	-
Capital Assets (net of depreciation)	28,056	15,751,434	21,439,373	37,218,863	36,203,872	1,014,991
Investments	88,190,290	-	-	88,190,290	90,004,136	(1,813,846)
Other Assets	783,075	160,196	-	943,271	1,288,749	(345,478)
TOTAL ASSETS	51,054,086	79,537,495	21,412,419	152,004,000	135,338,243	16,665,757
LIABILITIES AND NET ASSETS						
Accounts Payable and Accrued Liabilities	3,562,078	5,947,886	-	9,509,964	9,897,937	(387,973)
Unearned Fees Collected in Advance	29,451,308	22,761	-	29,474,069	27,415,454	2,058,615
Grants Payable	-	23,168	-	23,168	19,762	3,406
Accrued Postretirement Benefits	8,041,421	-	-	8,041,421	6,270,061	1,771,360
Obligations under Debt Agreements	30,667	758,333	-	789,000	1,980,920	(1,191,920)
TOTAL LIABILITIES	41,085,474	6,752,148	-	47,837,622	45,584,134	2,253,488
NET ASSETS						
Net Assets at Beginning of Year	6,563,422	46,816,862	21,472,602	74,852,886	63,917,514	10,935,372
Current Operating Excess (Deficit)	3,405,190	26,535,718	(627,417)	29,313,491	25,836,594	3,476,897
Transfer of Fixed Assets to Fixed Assets Fund	-	(567,233)	567,233	-	-	-
Other Transfers Between Funds	-	-	-	-	-	-
TOTAL NET ASSETS	9,968,612	72,785,347	21,412,419	104,166,377	89,754,108	14,412,269
TOTAL LIABILITIES & NET ASSETS	51,054,086	79,537,495	21,412,419	152,004,000	135,338,243	16,665,757

**The State Bar of California
Statement of Assets, Liabilities and Net Assets
General Fund As of June 30, 2007**

Attachment 2

	<u>Year to Date Total June-07</u>	<u>Year to Date Total June-06</u>	<u>Change</u>
ASSETS			
Cash	18,531,058	3,903,463	14,627,595
Accounts Receivable (net of allowances)	2,938,044	1,883,179	1,054,865
Interfund Receivable/Payable	(59,416,437)	(55,357,827)	(4,058,610)
Capital Assets (net of depreciation)	28,056	72,099	(44,043)
Investments	88,190,290	90,004,136	(1,813,846)
Other Assets	783,075	793,152	(10,077)
TOTAL ASSETS	<u>51,054,086</u>	<u>41,298,202</u>	<u>9,755,884</u>
LIABILITIES AND NET ASSETS			
Accounts Payable and Accrued Liabilities	3,562,078	3,317,974	244,104
Unearned Fees Collected in Advance	29,451,308	27,415,454	2,035,854
Accrued Postretirement Benefits	8,041,421	6,270,061	1,771,360
Obligations under Debt Agreements	30,667	64,695	(34,028)
TOTAL LIABILITIES	<u>41,085,474</u>	<u>37,068,184</u>	<u>4,017,290</u>
NET ASSETS			
Net Assets at Beginning of Year	6,563,422	2,777,318	3,786,104
Current Operating Excess (Deficit)	3,405,190	1,452,700	1,952,490
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-
Other Transfers Between Funds	-	-	-
TOTAL NET ASSETS	<u>9,968,612</u>	<u>4,230,018</u>	<u>5,738,594</u>
TOTAL LIABILITIES & NET ASSETS	<u>51,054,086</u>	<u>41,298,202</u>	<u>9,755,884</u>

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of June 30, 2007

	Admissions	Annual Meeting	Building	Certification Activity	Client Security	Discipline	Education Foundation	Elimination of Blas	Equal Access	Totals A-E
ASSETS										
Cash	50	-	-	-	-	-	-	-	-	50
Accounts Receivable (net of allowances)	1,603	-	-	-	-	-	-	-	2,409,372	2,410,975
Interfund Receivable/Payable	10,345,679	223,033	1,319,174	2,684,235	11,241,420	1,153,390	324,947	1,399,659	(1,690,766)	27,000,771
Capital Assets (net of depreciation)	-	-	15,751,434	-	-	-	-	-	-	15,751,434
Investments	-	-	-	-	-	-	-	-	-	-
Other Assets	193,129	(54,133)	-	-	-	-	-	-	-	138,996
TOTAL ASSETS	10,540,461	168,900	17,070,608	2,684,235	11,241,420	1,153,390	324,947	1,399,659	718,606	45,302,226
LIABILITIES AND NET ASSETS										
Accounts Payable and Accrued Liabilities	253,955	15,029	73,446	43,231	4,659,810	-	-	15,589	-	5,061,060
Unearned Fees Collected in Advance	-	-	4,208	-	14,750	-	-	-	-	18,958
Grants Payable	-	-	-	-	-	-	-	-	-	-
Accrued Postretirement Benefits	-	-	-	-	-	-	-	-	-	-
Obligations under Debt Agreements	-	-	758,333	-	-	-	-	-	-	758,333
TOTAL LIABILITIES	253,955	15,029	835,987	43,231	4,674,560	-	-	15,589	-	5,838,351
NET ASSETS										
Net Assets at Beginning of Year	3,671,734	48,578	15,255,319	2,592,556	2,325,594	1,152,290	498,558	928,556	410,787	26,883,972
Current Operating Excess (Deficit)	6,632,955	105,293	1,512,000	48,448	4,241,266	1,100	(173,611)	455,514	307,819	13,130,785
Transfer of Fixed Assets to Fixed Assets Fund	(18,183)	-	(532,698)	-	-	-	-	-	-	(550,881)
Other Transfers Between Funds	-	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	10,286,506	153,871	16,234,621	2,641,004	6,566,860	1,153,390	324,947	1,384,070	718,606	39,463,875
TOTAL LIABILITIES & NET ASSETS	10,540,461	168,900	17,070,608	2,684,235	11,241,420	1,153,390	324,947	1,399,659	718,606	45,302,226

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of June 30, 2007

	Grants	Lawyers Assistance Program	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	Public Protection	Sections	Support & Administration	Technology Improvement	Total page G-T	Total page A-E	All Restricted Funds
ASSETS													
Cash	-	-	-	-	-	-	-	-	-	-	-	50	50
Accounts Receivable (net of allowances)	316,308	-	-	1,436,726	-	-	-	18,415	-	-	1,771,448	2,410,975	4,182,423
Interfund Receivable/Payable	(27,953)	507,555	896,701	12,427,959	2,189,151	1,162,740	5,967,619	7,398,790	1,715,646	204,412	32,442,620	27,000,771	59,443,391
Capital Assets (net of depreciation)	-	-	-	-	-	-	-	-	-	-	-	15,751,434	15,751,434
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	6,362	-	-	-	-	3,459	11,379	-	21,200	138,996	160,196
TOTAL ASSETS	288,355	507,555	903,063	13,964,685	2,189,151	1,162,740	5,967,619	7,420,664	1,727,025	204,412	34,235,268	45,302,226	79,537,495
LIABILITIES AND NET ASSETS													
Accounts Payable and Accrued Liabilities	-	42,116	3,380	43,195	4,941	51,925	-	93,399	647,870	-	886,826	5,061,060	5,947,886
Unearned Fees Collected in Advance	-	3,803	-	-	-	-	-	-	-	-	3,803	18,958	22,761
Grants Payable	-	-	-	23,168	-	-	-	-	-	-	23,168	-	23,168
Accrued Postretirement Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-	-	758,333	758,333
TOTAL LIABILITIES	-	45,919	3,380	66,363	4,941	51,925	-	93,399	647,870	-	913,797	5,838,351	6,752,147
NET ASSETS													
Net Assets at Beginning of Year	82,283	372,169	716,283	5,177,409	1,829,144	778,139	5,826,572	4,817,313	16,650	316,928	19,932,890	26,883,972	46,816,862
Current Operating Excess (Deficit)	206,072	89,467	183,400	8,620,913	355,066	332,676	141,047	2,509,952	1,078,857	(112,516)	13,404,933	13,130,785	26,535,718
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	(16,352)	-	(16,352)	(550,881)	(567,233)
Other Transfers Between Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	288,355	461,636	899,683	13,798,322	2,184,210	1,110,815	5,967,619	7,327,265	1,079,155	204,412	33,321,471	39,463,875	72,786,347
TOTAL LIABILITIES & NET ASSETS	288,355	507,555	903,063	13,864,685	2,189,151	1,162,740	5,967,619	7,420,664	1,727,025	204,412	34,235,268	45,302,226	79,537,495

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - All Funds
For the Six Months Ending June 30, 2007

Attachment 4

	General Fund	Restricted Funds	Fixed Asset Fund	Total All Funds Year to Date Jun-07	Total All Funds Year to Date Jun-06	Change	Percentage Change
OPERATING REVENUES:							
Membership Fees, Voluntary Contributions	29,755,483	10,771,367	-	40,526,850	37,207,760	3,319,090	8.92%
Convention Income	-	150,917	-	150,917	307,909	(156,992)	-50.99%
Law Corporation Registration Fees	-	589,915	-	589,915	610,969	(21,054)	-3.45%
Continuing Legal Education Fees	584,132	111,625	-	695,757	395,024	300,733	76.13%
Law Practices Sections Fees	-	4,012,593	-	4,012,593	4,177,509	(164,916)	-3.95%
Grant Received	-	6,167,459	-	6,167,459	4,787,692	1,379,767	28.82%
Trust Account Revenue	-	8,912,268	-	8,912,268	7,646,289	1,265,979	16.56%
EAF AB 145 Filing Fee Revenue	-	2,588,832	-	2,588,832	-	2,588,832	100.00%
Other Revenue	307,758	1,648,301	-	1,956,059	3,157,029	(1,200,970)	-38.04%
Examination Application Fees	-	13,980,318	-	13,980,318	13,820,223	160,095	1.16%
Legal Specialization Fees	-	844,222	-	844,222	825,012	19,210	2.33%
Seminar/Workshop Revenue	7,967	667,665	-	675,632	763,804	(88,172)	-11.54%
CalBar Journal Revenue	521,119	-	-	521,119	677,152	(156,033)	-23.04%
Total Operating Revenue	31,176,459	50,445,482	-	81,621,941	74,376,373	7,245,569	9.74%
OPERATING EXPENSES:							
Discipline and Adjudication	23,924,039	-	-	23,924,039	22,671,910	1,252,129	5.52%
Grant Expenses	-	7,665,880	-	7,665,880	5,134,776	2,531,104	49.29%
Administration of Justice	371,374	-	-	371,374	331,811	39,563	11.92%
Governance	1,971,325	-	-	1,971,325	1,979,142	(7,817)	-0.39%
Administration of the Profession	804,269	846,941	-	1,651,210	1,408,655	242,555	17.22%
Program Development	793,901	-	-	793,901	617,333	176,568	28.60%
Communications	1,328,653	-	-	1,328,653	1,299,174	29,479	2.27%
Examination costs and administration	-	7,772,671	-	7,772,671	6,974,374	798,297	11.45%
Law Practices (Sections)	-	2,009,798	-	2,009,798	1,952,441	57,357	2.94%
Claims (net of reimbursements)	-	1,529,563	-	1,529,563	2,357,730	(828,166)	-35.13%
General and Administrative costs	41,441	6,054,826	627,417	6,723,683	5,996,097	727,586	12.13%
Reallocation cost center	-	-	-	-	120,781	(120,781)	-100.00%
Total Operating Expenses	29,235,002	25,879,679	627,417	55,742,098	50,844,225	4,897,873	9.63%
OPERATING INCOME/(LOSS)	1,941,457	24,565,803	(627,417)	25,879,843	23,532,148	2,347,696	9.98%
NON-OPERATING REVENUE:							
Investment Income	1,463,733	1,464,713	-	2,928,446	1,846,294	1,082,152	58.61%
Rental Income	-	505,202	-	505,202	458,153	47,050	10.27%
Total Non-Operating Revenue	1,463,733	1,969,915	-	3,433,648	2,304,447	1,129,201	49.00%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	3,405,190	26,535,718	(627,417)	29,313,491	25,836,593	3,476,897	13.46%
CHANGES IN NET ASSETS:							
Net Assets at beginning of year	6,563,422	46,816,862	21,472,602	74,852,886	63,917,514	10,935,372	17.11%
Transfers of Fixed Assets to Fixed Asset Fund	-	(567,233)	567,233	-	-	-	-
NET ASSETS AS OF JUNE 30, 2007	9,968,612	72,785,347	21,412,419	104,166,377	89,754,107	14,412,269	16.06%

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - General Fund
For the Six Months Ending June 30, 2007

Attachment 5

	<u>Year to Date June-07</u>	<u>Year to Date June-06</u>	<u>Change</u>
OPERATING REVENUES			
Membership Fee, Voluntary Contributions and Attorney Applications	29,755,483	26,756,235	2,999,248
Continuing Legal Education Fees	584,132	197,127	387,005
Grant Received	-	-	-
Other Revenue	307,758	739,893	(432,135)
Seminar/Workshop Revenue	7,967	-	7,967
CalBar Journal Revenue	521,119	677,152	(156,033)
Total Operating Revenue	<u>31,176,459</u>	<u>28,370,407</u>	<u>2,806,052</u>
OPERATING EXPENSES:			
Discipline & Adjudication	23,924,039	22,671,910	1,252,129
Administration of Justice	371,374	331,811	39,563
Governance	1,971,325	1,979,142	(7,817)
Administration of the Profession	804,269	643,980	160,289
Program Development	793,901	617,333	176,568
Communications	1,328,653	1,299,174	29,479
General and Administrative	41,441	3,742	37,699
Reallocation Cost Center	-	120,781	(120,781)
Total Operating Expenses	<u>29,235,002</u>	<u>27,667,873</u>	<u>1,567,129</u>
OPERATING INCOME/(LOSS)	1,941,457	702,534	1,238,923
NON-OPERATING REVENUE			
Investment Income	1,463,733	750,166	713,567
Total Non-Operating Revenue	<u>1,463,733</u>	<u>750,166</u>	<u>713,567</u>
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES	<u>3,405,190</u>	<u>1,452,700</u>	<u>1,952,490</u>
NET ASSETS			
Net Assets at beginning of year	6,563,422	2,777,318	3,786,104
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-
Transfer between Funds	-	-	-
NET ASSETS AS OF JUNE 30, 2007	<u>9,968,612</u>	<u>4,230,018</u>	<u>5,738,594</u>

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Six Months Ending June 30, 2007

	Admissions	Annual Meeting	Building	Certification Activities	Client Security	Discipline	Education Foundation	Elimination of Bias	Equal Access	Totals A-E
REVENUE										
Membership Fees & voluntary dues	-	-	1,864,222	-	6,412,089	-	-	775,744	-	9,052,055
Investment Income	225,553	67,852	35,907	67,884	269,260	27,707	12,101	34,802	16,892	757,958
Convention Income	-	85,261	-	-	-	-	51,940	-	-	137,201
Law Corporation Registration Fees	-	-	-	589,915	-	-	-	-	-	589,915
Continuing Legal Education Fees	-	-	-	98,270	-	-	-	-	-	98,270
Rental Income	-	-	501,794	-	-	-	-	-	-	501,794
Grant Received	-	-	-	-	-	-	-	-	5,484,600	5,484,600
EAF AB 145 Filing Fee Revenue	-	-	-	-	-	-	-	-	2,588,832	2,588,832
Other Revenue	199,756	13,874	2,000	139,320	-	-	84,972	50	1,690	441,662
Application Fees	13,980,318	-	-	-	-	-	-	-	-	13,980,318
Seminar/Workshop Revenue	-	-	-	-	-	-	621,676	35,010	-	656,686
TOTAL REVENUE	14,405,626	166,987	2,403,923	895,389	6,681,349	27,707	770,689	845,606	8,092,014	34,289,290
EXPENSES										
Grant Expenses	-	-	-	-	-	-	-	-	7,665,880	7,665,880
Administration of the Profession	-	-	-	846,941	-	-	-	-	-	846,941
Examination Costs and Administration	7,772,671	-	-	-	-	-	-	-	-	7,772,671
Claims (net of reimbursement)	-	-	-	-	1,529,563	-	-	-	-	1,529,563
General and Administrative	-	61,694	891,923	-	910,519	26,607	944,300	390,092	118,315	3,343,450
TOTAL EXPENSES	7,772,671	61,694	891,923	846,941	2,440,082	26,607	944,300	390,092	7,784,195	21,158,506
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES										
	6,632,955	105,293	1,512,000	48,448	4,241,266	1,100	(173,611)	455,514	307,819	13,130,785
CHANGES IN NET ASSETS										
Net Assets at beginning of year	3,671,734	48,577	15,255,319	2,592,556	2,325,594	1,152,290	498,558	928,556	410,787	26,883,971
Transfers of Fixed Assets to Fixed Assets Fund	(18,183)	-	(532,698)	-	-	-	-	-	-	(550,881)
NET ASSETS AS OF JUNE 30, 2007	10,286,506	153,870	16,234,621	2,641,004	6,566,860	1,153,390	324,947	1,384,070	718,606	39,463,874

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Six Months Ending June 30, 2007

Attachment 6
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	Grants	Lawyer Assistance	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	Public Protection	Sections	Support & Administration	Technology Improvement	Totals G-T	Totals A-E	Totals Restricted Funds
REVENUE													
Membership Fees & voluntary dues	-	945,043	-	-	-	763,519	-	-	10,750	-	1,719,312	9,052,055	10,771,367
Investment Income	-	19,099	13,708	238,926	54,580	30,371	141,047	181,972	21,231	5,822	706,755	757,958	1,464,713
Convention Income	-	-	-	-	-	-	-	13,716	-	-	13,716	137,201	150,917
Law Corporation Registration Fees	-	-	-	-	-	-	-	-	-	-	-	589,915	589,915
Continuing Legal Education Revenue	-	-	-	-	13,355	-	-	-	-	-	13,355	98,270	111,625
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	4,012,593	-	-	4,012,593	-	4,012,593
Rental Income	-	-	-	-	-	3,327	-	-	82	-	3,409	501,794	505,202
Grant Received	682,859	-	-	-	-	-	-	-	-	-	682,859	5,484,600	6,167,459
Trust Account Revenue	-	-	-	8,912,268	-	-	-	-	-	-	8,912,268	-	8,912,268
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	2,588,832	2,588,832
Other Revenue	-	236,576	592,533	36,351	295	-	-	300,490	40,395	-	1,206,640	441,662	1,648,301
Application Fees	-	-	-	-	-	-	-	-	-	-	-	13,980,318	13,980,318
Legal Specialization Fees	-	-	-	-	844,222	-	-	-	-	-	844,222	-	844,222
Seminar/Workshop Revenue	-	-	-	-	-	-	-	10,979	-	-	10,979	656,686	667,665
TOTAL REVENUE	682,859	1,200,718	606,241	9,187,545	912,452	797,217	141,047	4,519,750	72,457	5,822	18,126,107	34,289,290	52,415,397
EXPENSES													
Grant Expenses	-	-	-	-	-	-	-	-	-	-	-	7,665,880	7,665,880
Administration of the Profession	-	-	-	-	-	-	-	-	-	-	-	846,941	846,941
Examination costs and Administration	-	-	-	-	-	-	-	-	-	-	-	7,772,671	7,772,671
Claims (net of reimbursement)	-	-	-	-	-	-	-	-	-	-	-	1,529,563	1,529,563
Law Practices (Sections)	-	-	-	-	-	-	-	2,009,798	-	-	2,009,798	-	2,009,798
General and Administrative	476,787	1,111,251	422,841	566,632	557,386	464,541	-	-	(1,006,400)	118,337	2,711,375	3,343,450	6,054,826
TOTAL EXPENSES	476,787	1,111,251	422,841	566,632	557,386	464,541	-	2,009,798	(1,006,400)	118,337	4,721,173	21,158,506	25,879,679
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	206,072	89,467	183,400	8,620,913	355,066	332,676	141,047	2,509,952	1,078,857	(112,516)	13,404,933	13,130,785	26,535,718
CHANGES IN NET ASSETS													
Net Assets at beginning of year	82,283	372,169	716,283	5,177,409	1,829,144	778,139	5,826,572	4,817,313	16,650	316,928	19,932,890	26,883,971	46,816,862
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	(16,352)	-	(16,352)	(550,881)	(567,233)
Other Transfers Between Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS AS OF JUNE 30, 2007	288,355	461,636	899,683	13,798,322	2,184,210	1,110,815	5,967,619	7,327,265	1,079,155	204,412	33,321,471	39,463,874	72,785,347

The State Bar of California
Budget to Actual Comparison-General Fund
For the Six Months Ending June 30, 2007

Attachment 7

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Jun-07 Year to Date Actual	Jun-07 Year to Date Budget	Variance Favorable (Unfavorable)	Jun-06 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2007 Annual Budget
REVENUE									
Membership Fees	14,721,484	13,887,399	834,085	29,755,483	27,553,440	2,202,043	26,756,235	2,999,248	55,047,000
Investment Income	792,996	407,355	385,641	1,463,733	917,468	546,265	750,166	713,567	1,173,904
MJP Specialist Fees	-	5,250	(5,250)	-	139,000	(139,000)	-	-	218,813
CalBar Journal Revenue	269,619	272,267	(2,648)	521,119	560,462	(39,343)	677,152	(156,033)	1,303,753
Grant Received	-	25,000	(25,000)	-	25,000	(25,000)	-	-	50,000
Continuing Legal Education	448,404	34,146	414,258	584,132	165,880	418,252	197,127	387,005	373,352
Seminar/Workshop Revenue	7,967	7,200	767	7,967	7,200	767	-	7,967	7,200
Other	186,040	180,415	5,625	307,758	303,314	4,444	739,893	(432,135)	545,612
TOTAL REVENUE	16,426,510	14,819,032	1,607,478	32,640,192	29,671,764	2,968,428	29,120,573	3,519,619	58,719,634
EXPENSES									
Discipline	12,504,529	13,838,229	1,333,700	23,924,039	26,664,175	2,740,136	22,671,910	1,252,129	52,557,309
Administration of Justice	192,122	212,277	20,155	371,374	436,368	64,994	331,811	39,563	845,643
Governance	1,028,190	1,074,930	46,740	1,971,325	2,209,986	238,661	1,979,142	(7,817)	4,233,344
Administration of the Profession	456,695	389,070	(67,625)	804,269	749,831	(54,438)	643,980	160,289	1,459,431
Program Development	430,407	501,502	71,095	793,901	977,040	183,139	617,333	176,568	1,938,039
Communications	684,679	824,537	139,858	1,328,653	1,443,879	115,226	1,299,174	29,479	2,776,230
General and Administrative	(34,265)	-	34,265	41,441	-	(41,441)	3,742	37,699	-
Payroll Saving	-	(499,908)	(499,908)	-	(1,102,442)	(1,102,442)	120,781	(120,781)	(2,410,216)
TOTAL EXPENSES	15,262,357	16,340,637	1,078,280	29,235,002	31,378,837	2,143,835	27,667,873	1,567,129	61,399,780
NET OPERATING SUPLUS/DEFICIT	1,164,153	(1,521,605)	2,685,758	3,405,190	(1,707,073)	5,112,263	1,452,700	1,952,490	(2,680,146)

The State Bar of California
Budget to Actual Comparison - General Fund
Expenses by Function
For the Six Months Ending June 30, 2007

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Jun-07 Year to Date Actual	Jun-07 Year to Date Budget	Variance Favorable (Unfavorable)	Jun-06 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2007 Annual Budget
EXPENSES BY FUNCTION									
Enforcement									
Trial Counsel - Administration	2,824,085	2,886,945	62,860	5,445,418	6,096,994	651,576	5,029,965	415,453	11,496,697
Trial Unit - San Francisco	1,337,882	1,496,188	158,306	2,600,935	2,778,919	177,984	2,458,518	142,417	5,595,668
Trial Unit - Los Angeles	3,077,789	3,534,287	456,498	5,991,013	6,568,763	577,750	5,865,203	125,810	13,244,034
Intake	928,252	939,199	10,947	1,720,774	1,727,728	6,954	1,591,576	129,198	3,500,770
Central Administration Unit	1,058,669	1,338,441	279,772	2,084,363	2,464,917	380,554	1,948,045	136,318	4,978,977
Probation Unit	205,196	238,589	33,393	402,328	465,798	63,470	356,857	45,471	922,095
Total Enforcement	9,431,873	10,433,649	1,001,776	18,244,831	20,103,119	1,858,288	17,250,164	994,667	39,738,241
State Bar Court									
Presiding & Review Judges	165,807	186,626	20,819	292,494	348,147	55,653	248,250	44,244	702,373
Hearing Judges	291,725	291,524	(201)	457,320	543,616	86,296	537,224	(79,904)	1,086,274
Judicial Transitions	606	3,125	2,519	1,931	23,910	21,979	20,192	(18,261)	25,705
SBC Executive Committee	81	-	(81)	91	-	(91)	-	91	-
SBC - Sr. Executive	763,047	789,483	26,436	1,451,367	1,654,405	203,038	1,363,190	88,177	3,153,648
SBC - Sr. Executive Projects	16	15,000	14,984	16	25,000	24,984	-	16	35,000
Hearing/Administration - San Francisco	191,701	270,434	78,733	367,955	501,720	133,765	394,819	(26,864)	1,012,006
Hearing Counsel - LA/SF	284,913	326,350	41,437	538,716	605,771	67,055	499,556	39,160	1,221,648
Review Counsel/Clerk	222,625	236,990	14,365	399,991	438,372	38,381	335,152	64,839	882,135
SBC Reporter	255	1,525	1,270	3,474	3,272	(202)	2,787	687	6,320
Hearing/Effectuation/Administration	317,109	395,931	78,822	608,852	732,989	124,137	610,673	(1,821)	1,475,411
Total State Bar Court	2,237,885	2,516,988	279,103	4,122,207	4,877,202	754,995	4,011,843	110,364	9,600,520
Mandatory Fee Arbitration									
Mandatory Fee Arbitration	193,347	188,159	(5,188)	361,374	371,345	9,971	320,374	41,000	734,054
Agreement with Local Bar Associations	15,340	17,500	2,160	23,500	35,000	11,500	19,273	4,227	70,000
Total Mandatory Fee Arbitration	208,687	205,659	(3,028)	384,874	406,345	21,471	339,647	45,227	804,054
Professional Competence									
Disc. Cost Recovery	17,043	(33,445)	(50,488)	31,387	(122,516)	(153,903)	-	31,387	(307,417)
Lawyers' Personal Assistance	97,864	104,307	6,443	201,271	247,815	46,544	222,620	(21,349)	440,952
Publication 250	15,971	2,049	(13,922)	17,299	3,300	(13,999)	570	16,729	36,000
Professional Responsibility and Conduct	474,384	543,811	69,427	878,034	1,047,259	169,225	799,371	78,663	2,070,358
COPRAC - Publications	16,862	16,255	(607)	22,824	27,750	4,926	20,913	1,911	47,500
Committee on Professional Responsibility	2,717	26,000	23,283	11,887	26,700	14,813	51	11,836	36,000
Rules Revision Committee	1,243	22,955	21,712	9,425	47,200	37,775	26,732	(17,307)	91,100
Total Professional Competence	626,084	681,932	55,848	1,172,127	1,277,508	105,381	1,070,257	101,870	2,414,493
TOTAL DISCIPLINE	12,504,529	13,838,229	1,333,700	23,924,039	26,664,174	2,740,135	22,671,911	1,252,128	52,557,308

The State Bar of California
Budget to Actual Comparison - General Fund
Expenses by Function
For the Six Months Ending June 30, 2007

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Jun-07 Year to Date Actual	Jun-07 Year to Date Budget	Variance Favorable (Unfavorable)	Jun-06 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2007 Annual Budget
EXPENSES BY FUNCTION									
Administration of Justice									
Commission on Judicial Nomination Evaluations	185,347	202,394	17,047	361,628	409,872	48,244	331,811	29,817	815,643
Attorney Civility Task Force	6,775	9,883	3,108	9,746	26,496	16,750	-	9,746	30,000
Total Administration of Justice	192,122	212,277	20,155	371,374	436,368	64,994	331,811	39,563	845,643
Governance									
Executive Director	98,040	96,198	(1,842)	184,690	189,811	5,121	172,605	12,085	366,498
Deputy Executive Director	125,549	159,874	34,325	232,984	303,134	70,150	215,229	17,755	612,490
Board of Governors	753,634	771,253	17,619	1,482,189	1,640,488	158,299	1,524,684	(42,495)	3,119,267
Elections	28,096	25,042	(3,054)	30,365	32,649	2,284	26,917	3,448	46,515
Futures Commission	-	-	-	-	-	-	-	-	-
Appointments Administration	22,870	22,563	(307)	41,096	43,903	2,807	39,707	1,389	88,573
Total Governance	1,028,189	1,074,930	46,741	1,971,324	2,209,985	238,661	1,979,142	(7,818)	4,233,343
Administration of the Profession									
Member Records & Certification	148,604	206,312	57,708	278,927	400,418	121,491	264,710	14,217	760,722
Call Center	-	-	-	14,534	-	(14,534)	661	13,873	-
Senior Executive-Member Services	100,974	50,874	(50,100)	172,377	94,979	(77,398)	109,131	63,246	192,606
Member Services Center	166,380	99,434	(66,946)	271,520	189,541	(81,979)	250,507	21,013	376,462
Child and Family Support	94	113	19	288	669	381	1,900	(1,612)	1,830
Multijurisdictional Practice	40,643	32,337	(8,306)	66,623	64,224	(2,399)	17,071	49,552	127,811
Total Administration of the Profession	456,695	389,070	(67,625)	804,269	749,831	(54,438)	643,980	160,289	1,459,431
Program Development									
Program Development	277,904	379,701	101,797	526,222	721,618	195,396	439,613	86,609	1,446,534
California Young Lawyers Association	38,848	25,764	(13,084)	66,667	69,406	2,739	22,610	44,057	120,476
Program Development Project	1,134	-	(1,134)	1,171	-	(1,171)	54	1,117	-
Access to Justice	105,392	91,111	(14,281)	188,183	174,381	(13,802)	150,837	37,346	342,153
Committee on Delivery of Legal Services	7,130	4,926	(2,204)	11,659	11,636	(23)	4,219	7,440	28,877
Total Program Development	430,408	501,502	71,094	793,902	977,041	183,139	617,333	176,569	1,938,040
COMMUNICATIONS									
Media & Information Services	237,225	388,367	151,142	440,518	564,519	124,001	491,465	(50,947)	947,894
Bar Journal	447,454	436,170	(11,284)	888,135	879,360	(8,775)	807,709	80,426	1,828,336
Total Communications	684,679	824,537	139,858	1,328,653	1,443,879	115,226	1,299,174	29,479	2,776,230
GENERAL AND ADMINISTRATIVE									
	(34,265)	-	34,265	41,441	-	(41,441)	3,741	37,700	-
PAYROLL SAVING									
	-	(499,908)	(499,908)	-	(1,102,442)	(1,102,442)	120,781	(120,781)	(2,410,215)
SUBTOTAL THIS PAGE	2,757,828	2,502,408	(255,420)	5,310,963	4,714,662	(596,301)	4,995,962	315,001	8,842,472
TOTAL DISCIPLINE FROM PAGE 1	12,504,529	13,838,229	1,333,700	23,924,039	26,664,174	2,740,135	22,671,911	1,252,128	52,557,308
TOTAL GENERAL FUND EXPENSE BY FUNCTION	15,262,357	16,340,637	1,078,280	29,235,002	31,378,837	2,143,835	27,667,873	1,567,129	61,399,780



THE STATE BAR OF CALIFORNIA

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

FINANCE

TEL (415) 538-2200

MEMORANDUM

DATE: August 6, 2007
TO: Board of Governors
FROM: Peggy Van Horn, Chief Financial Officer
SUBJECT: Quarterly Investment Report as of June 30, 2007

Attached is the quarterly investment report for the State Bar of California as of June 30, 2007. The report is presented in a format that conforms to the investment policy adopted by the Board of Governors in May 2005. As of the end of June, the market value of the State Bar's investment portfolio totaled \$88.2 million.

The time-weighted average rate of return of the investment portfolio as of the end of the second quarter is 4.51%. Actual investment earnings received through the end of the second quarter were \$2,928,446.

**State Bar of California
Investment Report Summary
June 30, 2007**

Asset Group	Original Cost	Market Value	Portfolio Percentage	Weighted Average Yield
Wells Fargo Custody Account:				
- Money Market	3,956,110	3,956,110	4.49%	5.16%
- Commercial Paper	5,868,382	5,868,382	6.65%	N.A.
- Corporate Bonds	15,043,647	15,071,915	17.09%	4.06%
- Government Bonds	19,995,625	19,710,320	22.35%	4.05%
- Interest Receivable	-	526,668	0.60%	
Subtotal-Securities, Bonds and Notes	44,863,765	45,133,396	51.18%	
Metlife Investment Account	174,340	174,340	0.20%	N.A.
BOA Post-Retirement Account	3,179,928	3,179,928	3.61%	3.50%
Local Agency Investment Fund	39,702,627	39,702,627	45.02%	5.23%
Subtotal-Other Investments	43,056,895	43,056,895	48.82%	
Grand Total	87,920,660	88,190,291	100%	4.51%

Unrealized Gain/(Loss):

Market Value of Portfolio	87,663,623
Original Cost of Portfolio	87,920,660
Unrealized Gain/(Loss)	<u>(257,037)</u>

State Bar of California
Investment Report - Wells Fargo Custody Account
Balance as of June 30, 2007

<u>Issuer</u>	<u>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>
BANK ONE CORP	AA3	Corporate Bonds	2,000,000	2,005,530	1,995,600	27,500	(9,930)	4.13%	08/29/02	09/01/07
AMERICAN EXPRESS CO	A+	Corporate Bonds	1,500,000	1,482,840	1,490,850	6,406	8,010	3.77%	02/01/07	11/20/07
BERKSHIRE HATHAWAY FIN CORP	AAA	Corporate Bonds	1,100,000	1,091,937	1,100,000	18,596	8,063	3.40%	01/30/07	07/02/07
FLEETBOSTON FINL CORP MED TERM NOTE	AA	Corporate Bonds	2,000,000	1,984,600	1,990,360	7,233	5,760	4.22%	02/08/07	11/10/07
CITIGROUP INC	AA-	Corporate Bonds	1,000,000	1,046,150	1,031,280	29,431	(14,870)	6.30%	01/25/07	01/18/11
US BANK N.A. MED TERM NOTE	AA-	Corporate Bonds	1,500,000	1,489,170	1,498,095	23,125	8,925	3.70%	01/30/07	08/01/07
WELLS FARGO & CO	AA-	Corporate Bonds	3,000,000	2,970,180	2,985,060	23,750	14,880	3.76%	01/30/07	10/15/07
AMERICAN INTL GROUP INC	AA	Corporate Bonds	1,000,000	970,300	978,050	3,674	7,750	2.93%	01/25/07	05/15/08
JOHN HANCOCK	AA	Corporate Bonds	1,000,000	1,006,440	1,003,170	4,688	(3,270)	5.60%	01/25/07	12/01/08
GENERAL ELEC CAP CORP MED TERM NOTE	AAA	Corporate Bonds	1,000,000	996,500	999,450	15,813	2,950	3.45%	07/16/04	07/16/07
TOTAL CORPORATE BONDS AND NOTES:			15,100,000	15,043,647	15,071,915	160,215	28,268	4.06%		
GENERAL ELEC CAPT CORP CPDN		Comm Paper	2,000,000	1,941,016	1,941,016	44,027	0	N.A.	01/25/07	08/23/07
INTESA FUNDING LLC CPDN		Comm Paper	2,000,000	1,974,500	1,974,500	18,983	0	N.A.	01/25/07	07/24/07
UBS FINANCE (DELW) CPDN		Comm Paper	2,000,000	1,952,867	1,952,867	18,797	0	N.A.	01/25/07	10/10/07
TOTAL COMMERCIAL PAPER:			6,000,000	5,868,382	5,868,382	81,807	-	N.A.		
FED FARM CREDIT BK	AAA	Government Agency	2,000,000	1,996,250	1,961,880	3,475	(34,370)	4.25%	12/16/04	06/16/09
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,989,380	45,986	(10,620)	5.40%	01/27/06	01/27/11
FED HOME LN BK	AAA	Government Agency	2,000,000	1,999,375	1,970,620	35,181	(28,755)	4.31%	02/02/05	02/02/09
FED HOME LN BK	AAA	Government Agency	1,000,000	1,000,000	994,380	5,417	(5,620)	3.77%	02/09/05	11/09/07
FED HOME LN BK	AAA	Government Agency	1,000,000	1,000,000	990,940	8,611	(9,060)	5.04%	04/29/05	04/29/10
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,968,120	13,378	(31,880)	4.36%	05/05/04	05/05/09
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,956,260	29,833	(43,740)	3.06%	07/02/03	07/02/08
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,955,620	27,556	(44,380)	3.17%	07/21/03	07/21/08
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,959,380	27,851	(40,620)	3.38%	07/30/03	07/30/08
FED NATL MTG ASSN	AAA	Government Agency	2,000,000	2,000,000	1,975,620	33,688	(24,380)	4.17%	02/04/05	08/04/08
FED NATL MTG ASSN SER 1	AAA	Government Agency	2,000,000	2,000,000	1,988,120	5,333	(11,880)	4.02%	03/07/05	12/07/07
TOTAL GOVERNMENT BONDS AND NOTES:			20,000,000	19,995,625	19,710,320	236,308	(285,305)	4.05%		
WELLS FARGO BANK INST.		Money Market	1,955,350	1,955,350	1,955,350	7,994	-	5.03%		
ROYAL BANK OF CANADA		CDSs & Saving	2,000,000	2,000,760	2,000,760	40,345	-	5.29%		
TOTAL CD/SAVINGS/MONEY MARKET:			3,955,350	3,956,110	3,956,110	48,338	-	5.16%		
TOTAL INVESTMENT HELD BY WELLS FARGO			45,055,350	44,863,765	44,606,728	526,668	(257,037)			



THE STATE BAR OF CALIFORNIA

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

FINANCE

TEL (415) 538-2200

MEMORANDUM

DATE: August 6, 2007
TO: Board of Governors
FROM: Peggy Van Horn, Chief Financial Officer
SUBJECT: Status of Claims Activities – Client Security Fund
Through the Quarter Ended June 30, 2007

A series of reports are generated to report claims activity within the Client Security Fund each quarter. These reports include:

- Claims Activity for the second quarter ended June 30, 2007
- Claims Aging Report
- Cumulative Claims Aging Report
- 24 Month Rolling Average of Claims Paid
- Analysis of New Claims Paid, Rejected or Withdrawn

Through the end of June, 469 new claims in the amount of \$5.1 million were filed. By comparison, 871 claims in the amount of \$6.5 million were filed through the second quarter of 2006. Based on the current claims payout ratio of 41.72%, the estimated outstanding claims liability is approximately \$4.6 million. Total cash and investments available to address this liability at the end of June are \$6.6 million as compared to \$4.7 million as of the second quarter of 2006.

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
STATUS ON CLAIMS ACTIVITIES

For 2nd Quarter 2007

CURRENT QUARTER'S ACTIVITIES

	\$1 - 2500		\$2,501 - 5,000		\$5,001 - 10,000		\$10,001 - 25,000		\$25,001 - 49,999		\$50,000		TOTAL	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
New Claims	73	\$105,139.93	55	\$216,168.95	35	\$267,803.53	31	\$535,916.40	13	\$411,312.41	16	\$800,000.00	223	\$2,336,341.22
Paid Claims	(39)	(\$58,488.55)	(35)	(\$87,049.74)	(20)	(\$105,920.39)	(14)	(\$125,672.37)	(4)	(\$102,538.56)	(5)	(\$233,332.67)	(117)	(\$713,002.28)
Rejected Claims	(2)	(4,763.36)	(1)	(42,464.31)	(1)	(39,022.84)	(2)	(149,725.44)	(1)	(74,227.64)	0	(16,667.33)	(7)	(\$326,870.92)
Withdrawn Claims	(21)	(\$34,754.91)	(17)	(\$62,260.88)	(5)	(47,298.67)	(16)	(269,875.05)	(4)	(154,292.74)	(7)	(350,000.00)	(70)	(\$918,482.25)
Net change for the month	11	<u>\$7,133.11</u>	2	<u>\$24,394.02</u>	9	<u>\$75,561.63</u>	(1)	<u>(\$9,356.46)</u>	4	<u>\$80,253.47</u>	4	<u>\$200,000.00</u>	29	<u>\$377,985.77</u>
New Claims % to total	32.74%	4.50%	24.66%	9.25%	15.70%	11.46%	13.90%	22.94%	5.83%	17.60%	7.17%	34.24%	100.00%	100.00%

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
STATUS ON CLAIMS ACTIVITIES

June 30, 2007

YEAR TO DATE ACTIVITIES

	\$1 - 2500		\$2,501 - 5,000		\$5,001 - 10,000		\$10,001 - 25,000		\$25,001 - 49,999		\$50,000		TOTAL	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
Prior Years' Claims	253	370,260.64	190	728,902.65	125	956,119.36	99	1,697,947.10	42	1,439,670.05	88	4,400,000.00	797	9,592,899.80
New Claims '07	149	207,924.56	105	398,570.00	83	643,270.82	67	1,154,703.90	31	1,018,475.39	34	1,700,000.00	469	5,122,944.67
Claims Paid '07	(74)	(\$103,129.70)	(70)	(\$186,859.24)	(41)	(\$204,965.09)	(30)	(\$233,867.39)	(8)	(\$235,669.57)	(7)	(\$286,999.34)	(230)	(1,251,490.33)
Rejected Claims '07	(6)	(11,383.00)	(1)	(71,607.74)	(1)	(88,327.83)	(2)	(292,653.43)	(2)	(123,083.94)	(8)	(463,000.66)	(20)	(1,050,056.60)
Withdrawn Claims '07	(38)	(\$63,809.79)	(28)	(\$108,416.25)	(16)	(\$138,422.27)	(24)	(417,175.05)	(5)	(\$180,292.74)	(10)	(500,000.00)	(121)	(1,408,116.10)
Claims Outstanding	284	<u>399,862.71</u>	196	<u>760,589.42</u>	150	<u>1,167,674.99</u>	110	<u>1,908,955.13</u>	58	<u>1,919,099.19</u>	97	<u>4,850,000.00</u>	895	<u>11,006,181.44</u>
New claims % to total	31.77%	4.06%	22.39%	7.78%	17.70%	12.56%	14.29%	22.54%	6.61%	19.88%	7.25%	33.18%	100.00%	100.00%
Claims paid % to total	32.17%	8.24%	30.43%	14.93%	17.83%	16.38%	13.04%	18.69%	3.48%	18.83%	3.04%	22.93%	100.00%	100.00%
Claims rejected or withdrawn % to total	31.21%	3.06%	20.57%	7.32%	12.06%	9.22%	18.44%	28.88%	4.96%	12.34%	12.77%	39.18%	100.00%	100.00%
Claims outstanding % to total	31.73%	3.63%	21.90%	6.91%	16.76%	10.61%	12.29%	17.34%	6.48%	17.44%	10.84%	44.07%	100.00%	100.00%

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
CLAIMS AGING REPORT**

As of June 30, 2007

(By Year)

Year Claim Filed	Gross Claims Prior Year		Current Year		Claims Paid		Claims Rejected or Withdrawn		Total Claims Processed		Claims Outstanding	
	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT
2000	3	10,150.00			0	0.00	0	0.00	0	0.00	3	10,150.00
2001	9	20,002.00			0	0.00	(1)	(2,000.00)	(1)	(2,000.00)	8	18,002.00
2002	18	190,137.74			(1)	(2,140.00)	(1)	(11,708.00)	(2)	(13,848.00)	16	176,289.74
2003	29	387,543.64			(3)	(7,059.12)	(1)	(18,975.88)	(4)	(26,035.00)	25	361,508.64
2004	62	1,115,239.55			(5)	(5,950.00)	(10)	(331,336.00)	(15)	(337,286.00)	47	777,953.55
2005	148	2,183,547.66			(27)	(168,130.61)	(23)	(502,114.06)	(50)	(670,244.67)	98	1,513,302.99
2006	528	5,686,279.21			(135)	(758,576.53)	(56)	(824,626.16)	(191)	(1,583,202.69)	337	4,103,076.52
2007			469	5,122,944.67	(59)	(309,634.07)	(49)	(767,412.60)	(108)	(1,077,046.67)	361	4,045,898.00
TOTAL	<u>797</u>	<u>9,592,899.80</u>	<u>469</u>	<u>5,122,944.67</u>	<u>(230)</u>	<u>(1,251,490.33)</u>	<u>(141)</u>	<u>(2,458,172.70)</u>	<u>(371)</u>	<u>(3,709,663.03)</u>	<u>895</u>	<u>11,006,181.44</u>
Average		\$12,036		\$10,923		\$5,441		\$17,434		\$9,999		\$12,297

Estimated Claim Payout Ratio: **41.72%**
Estimated Claim Liability: **\$4,591,779**

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
CUMULATIVE CLAIMS AGING REPORT**

As of June 30, 2007

(Cumulative)

YEAR TO DATE

Year Claim Filed	Gross Claims Prior Years		Current Year		Claims Paid		Claims Rejected or Withdrawn		Total Claims Processed		Claims Outstanding	
	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT
1993-2000	3	10,150.00			0	-	0	0.00	0	0.00	3	10,150.00
1993-2001	12	30,152.00			0	-	(1)	(2,000.00)	(1)	(2,000.00)	11	28,152.00
1993-2002	30	220,289.74			(1)	(2,140.00)	(2)	(13,708.00)	(3)	(15,848.00)	27	204,441.74
1993-2003	59	607,833.38			(4)	(9,199.12)	(3)	(32,683.88)	(7)	(41,883.00)	52	565,950.38
1993-2004	121	1,723,072.93			(9)	(15,149.12)	(13)	(364,019.88)	(22)	(379,169.00)	99	1,343,903.93
1993-2005	269	3,906,620.59			(36)	(183,279.73)	(36)	(866,133.94)	(72)	(1,049,413.67)	197	2,857,206.92
1993-2006	797	9,592,899.80			(171)	(941,856.26)	(92)	(1,690,760.10)	(263)	(2,632,616.36)	534	6,960,283.44
1993-2007			469	5,122,944.67	(230)	(1,251,490.33)	(141)	(2,458,172.70)	(371)	(3,709,663.03)	895	11,006,181.44
Claims Pending on June 30, 2007				895								

Net Asset in Client Security Fund :

As of	12/31/2006	2,325,593
As of	6/30/2007	6,566,859

*The number of rejected claims only reflects those claims that were 100% rejected or withdrawn.

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND**

**24 MONTH ROLLING AVERAGE
OF CLAIMS PAID RATIO**

Period of: JUL.05 through JUN.07

PAID CLAIMS

Month Covered	Amount	Mo. Ave. Payout Ratio	24 Mo. Rolling Average	Cumulative Paid Total
JUL.05	376,473	44.67%		376,473
AUG.05	326,853	37.57%		703,326
SEP.05	460,932	42.77%		1,164,258
OCT.05	334,403	30.58%		1,498,661
NOV.05	503,702	46.21%		2,002,363
DEC.05	791,842	45.44%		2,794,205
JAN.06	0	0.00%		2,794,205
FEB.06	234,562	22.68%		3,028,767
MAR.06	410,881	41.85%		3,439,648
APR.06	255,696	25.67%		3,695,344
MAY.06	568,820	48.07%		4,264,164
JUN.06	569,784	56.97%		4,833,948
JUL.06	295,246	43.32%		5,129,194
AUG.06	405,046	44.54%		5,534,240
SEP.06	227,000	32.31%		5,761,240
OCT.06	503,610	52.60%		6,264,850
NOV.06	428,897	36.83%		6,693,747
DEC.06	1,413,725	59.97%		8,107,472
JAN.07	108,661	43.50%		8,216,133
FEB.07	60,241	29.71%		8,276,374
MAR.07	369,586	28.46%		8,645,960
APR.07	149,671	24.69%		8,795,631
MAY.07	383,458	47.72%		9,179,089
JUN.07	179,873	32.78%		9,358,962

9,358,962

41.72%

THE STATE BAR OF CALIFORNIA
 CLIENT SECURITY FUND
 ANALYSIS OF NEW CLAIMS PAID, REJ
 OR WITHDRAWN, ESTIMATED
 CLAIMS LIABILITY PER ACTIVE
 ATTORNEY

<u>June 30, 2007</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>
Beginning Balance	797	866		
Add: Reinstated Claims				
New Claims	246	223		
Less: Paid / Rejected or Withdrawn	177	194		
TOTAL	866	865		
CLAIMS OUTSTANDING AMT.	10,621,674	11,006,181		
# Of Active Attorneys	155,835	156,264		
Cost Per Active Attorney	\$68	\$70		
 ESTIMATED CLAIMS LIAB.				
Claims Payout Ratio	40.74%	41.72%		
Estimated Claim Amount *	\$4,327,270	\$4,591,779		
# of Active Attorneys	155,835	156,264		
Cost per Active Attorney	\$28	\$29		
 CLAIM ACTIVITIES IN %:				
 NEW CLAIMS - YTD				
1 - 2,500	3.69%	4.06%		
2,501 - 5,000	6.55%	7.78%		
5,001 - 10,000	13.47%	12.56%		
10,001 - 25,000	22.21%	22.54%		
25,001 - 49,999	21.79%	19.88%		
50,000	32.30%	33.18%		
 CLAIMS PAID - YTD				
1 - 2,500	8.29%	8.24%		
2,501 - 5,000	18.54%	14.93%		
5,001 - 10,000	18.39%	16.38%		
10,001 - 25,000	20.09%	18.69%		
25,001 - 49,999	24.72%	18.83%		
50,000	9.97%	22.93%		
 REJ./WDRAWN - YTD				
1 - 2,500	2.94%	3.06%		
2,501 - 5,000	6.21%	7.32%		
5,001 - 10,000	11.58%	9.22%		
10,001 - 25,000	23.93%	28.88%		
25,001 - 49,999	6.17%	12.34%		
50,000	49.17%	39.18%		
 CLAIMS O/S-CUM. - YTD				
1 - 2,500	3.68%	3.63%		
2,501 - 5,000	6.93%	6.91%		
5,001 - 10,000	10.28%	10.61%		
10,001 - 25,000	18.01%	17.34%		
25,001 - 49,999	17.31%	17.44%		
50,000	43.78%	44.07%		
 NET ASSET, END OF PERIOD	\$7,582,871	\$8,566,859		

*Based upon 24 month rolling weighted average of claims paid ratio (See page 6)