



THE STATE BAR OF CALIFORNIA

OFFICE OF FINANCE

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DATE: February 21, 2007

TO: Board of Governors

FROM: Peggy Van Horn *pvh*
Chief Financial Officer

SUBJECT: 2006 Financial Statements (unaudited) – Financial Highlights

Attached for your review are the unaudited 2006 financial statements for the State Bar of California. These statements include:

- 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 (Unaudited)

This statement reports the Bar's assets, liabilities and net assets. For the year ended December 31, 2006, the Bar's total assets are \$166.6 million, liabilities are \$91.3 million and net assets are \$75.3 million. The General Fund, the Bar's largest operating fund, has assets of \$82.5 million, liabilities of \$74.8 million and net assets of \$7.7 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 (Unaudited)

This statement reports the Bar's revenues, expenses, excess (deficiency) of revenues over expenses and changes in net assets. For the year just ended, the Bar's total revenues (operating and non-operating) are \$130.3 million and expenses are \$118.9 million, resulting in a surplus of \$11.4.

The General Fund's 2006 total revenues are \$58.2 versus \$52.1 million in 2005. The \$6.1 million increase over the previous year consists primarily of \$4.3 million in

additional member dues revenue. In 2006, inactive member dues were increased by \$65, representing the first increase in inactive dues in over ten years. Changes in the criteria for member scaling also reduced the amount of revenue loss associated with the reduced fee. In addition, investment income increased by \$1.1 million over the previous year due to increases in short term interest rates that occurred during the year.

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 compare with anticipated (budgeted) results. The report includes a quarterly budget comparison as well as year to date and prior year comparisons.

Year to date, the General Fund's total revenues reflect a positive variance of \$1.2 million, representing a 2.1% increase over budgeted revenues. The variance from budget is due to increased investment income and membership fee revenue.

Total General Fund expenses for the year reflect a positive variance of \$4.6 million. During 2006, 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.

Attachment 8 presents budget to actual information for General Fund expense by functional area. Any negative variances at the individual program level are insignificant.

The State Bar of California
Statement of Assets, Liabilities and Net Assets - All Funds
As of December 31, 2006

Attachment 1

	General Fund	Restricted Funds	Fixed Asset Fund	YTD Total All Funds December-06	YTD Total All Funds December-05	Change
ASSETS						
Cash	19,105,410	50	-	19,105,460	14,837,684	4,267,776
Accounts Receivable (net of allowances)	488,583	1,830,914	-	2,319,497	2,323,473	(3,976)
Interfund Receivable	-	44,383,598	-	44,383,598	-	44,383,598
Capital Assets (net of depreciation)	49,538	16,030,479	21,499,556	37,579,573	36,734,854	844,719
Investments	62,055,827	-	-	62,055,827	54,565,561	7,490,266
Other Assets	775,592	425,111	-	1,200,703	1,086,025	114,678
TOTAL ASSETS	82,474,950	62,670,152	21,499,556	166,644,658	109,547,597	57,097,061
LIABILITIES AND NET ASSETS						
Accounts Payable and Accrued Liabilities	8,358,665	5,473,531	-	13,832,196	13,578,759	253,437
Interfund Payable	44,356,644	-	26,954	44,383,598	-	44,383,598
Unearned Fees Collected in Advance	15,121,394	6,654,789	-	21,776,183	20,636,473	1,139,710
Grants Payable	-	3,300,920	-	3,300,920	3,093,418	207,502
Accrued Postretirement Benefits	6,932,108	-	-	6,932,108	5,638,876	1,293,232
Obligations under Debt Agreements	47,874	1,083,333	-	1,131,207	2,682,557	(1,551,350)
TOTAL LIABILITIES	74,816,685	16,512,573	26,954	91,356,212	45,630,083	45,726,129
NET ASSETS						
Net Assets at Beginning of Year	2,777,318	41,118,701	20,021,495	63,917,514	62,855,635	1,061,879
Current Operating Excess (Deficit)	4,880,947	7,686,405	(1,196,420)	11,370,932	1,061,879	10,309,053
Transfer of Fixed Assets to Fixed Assets Fund	-	(2,647,527)	2,647,527	-	-	-
Other Transfers Between Funds	-	-	-	-	-	-
TOTAL NET ASSETS	7,658,265	46,157,579	21,472,602	75,288,446	63,917,514	11,370,932
TOTAL LIABILITIES & NET ASSETS	82,474,950	62,670,152	21,499,556	166,644,658	109,547,597	57,097,061

The State Bar of California
Statement of Assets, Liabilities and Net Assets
General Fund As of December 31, 2006

Attachment 2

	<u>Year to Date</u> <u>Total</u> <u>December-06</u>	<u>Year to Date</u> <u>Total</u> <u>December-05</u>	<u>Change</u>
ASSETS			
Cash	19,105,410	14,085,779	5,019,631
Accounts Receivable (net of allowances)	488,583	148,886	339,697
Interfund Receivable/Payable	-	210,518	(210,518)
Capital Assets (net of depreciation)	49,538	97,835	(48,297)
Investments	62,055,827	55,317,416	6,738,411
Other Assets	775,592	783,410	(7,818)
TOTAL ASSETS	<u>82,474,950</u>	<u>70,643,844</u>	<u>11,831,106</u>
LIABILITIES AND NET ASSETS			
Accounts Payable and Accrued Liabilities	8,358,665	49,195,919	(40,837,254)
Interfund Payable	44,356,644	-	44,356,644
Unearned Fees Collected in Advance	15,121,394	12,943,650	2,177,744
Accrued Postretirement Benefits	6,932,108	5,638,877	1,293,231
Obligations under Debt Agreements	47,874	88,086	(40,212)
TOTAL LIABILITIES	<u>74,816,685</u>	<u>67,866,532</u>	<u>6,950,153</u>
NET ASSETS			
Net Assets at Beginning of Year	2,777,318	2,660,538	116,780
Current Operating Excess (Deficit)	4,880,947	388,350	4,492,597
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-
Other Transfers Between Funds	-	(271,576)	271,576
TOTAL NET ASSETS	<u>7,658,265</u>	<u>2,777,312</u>	<u>4,880,953</u>
TOTAL LIABILITIES & NET ASSETS	<u>82,474,950</u>	<u>70,643,844</u>	<u>11,831,106</u>

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of December 31, 2006

	Admissions	Annual Meeting	Building	Certification Activity	Client Security	Discipline	Education Foundation	Elimination of Bias	Equal Access
ASSETS									
Cash	50	-	-	-	-	-	-	-	-
Accounts Receivable (net of allowances)	111	-	-	-	-	-	-	-	165,672
Interfund Receivable/Payable	7,590,328	107,166	645,976	2,557,901	7,624,950	1,152,290	498,558	935,177	245,115
Capital Assets (net of depreciation)	-	-	16,030,479	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Other Assets	60,700	-	102,713	-	-	-	-	-	-
TOTAL ASSETS	7,651,189	107,166	16,779,168	2,557,901	7,624,950	1,152,290	498,558	935,177	410,787
LIABILITIES AND NET ASSETS									
Accounts Payable and Accrued Liabilities	264,151	63,791	56,486	38,216	4,169,885	-	-	10,818	-
Unearned Fees Collected in Advance	3,963,507	-	384,030	-	1,213,463	-	-	-	-
Grants Payable	-	-	-	-	-	-	-	-	-
Accrued Postretirement Benefits	-	-	-	-	-	-	-	-	-
Obligations under Debt Agreements	-	-	1,083,333	-	-	-	-	-	-
TOTAL LIABILITIES	4,227,658	63,791	1,523,849	38,216	5,383,348	-	-	10,818	-
NET ASSETS									
Net Assets at Beginning of Year	1,869,937	(65,126)	16,292,434	2,056,706	1,479,898	1,399,909	441,083	957,668	484,898
Current Operating Excess (Deficit)	1,553,594	108,501	1,196,781	462,979	761,704	(200,463)	57,475	(33,309)	(74,111)
Transfer of Fixed Assets to Fixed Assets Fund	-	-	(2,233,896)	-	-	(47,156)	-	-	-
Other Transfers Between Funds	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	3,423,531	43,375	15,255,319	2,519,685	2,241,602	1,152,290	498,558	924,359	410,787
TOTAL LIABILITIES & NET ASSETS	7,651,189	107,166	16,779,168	2,557,901	7,624,950	1,152,290	498,558	935,177	410,787

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of December 31, 2006

	Grants	Lawyers Assistance Program	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	Public Protection	Sections	Support & Administration	Technology Improvement
ASSETS										
Cash	-	-	-	-	-	-	-	-	-	-
Accounts Receivable (net of allowances)	228,405	-	-	1,436,726	-	-	-	-	-	-
Interfund Receivable/Payable	(146,122)	314,475	640,956	7,069,862	2,042,814	651,320	5,826,572	5,880,289	429,043	316,928
Capital Assets (net of depreciation)	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	27,568	-	-	-	-	-	234,130	-
TOTAL ASSETS	82,283	314,475	668,524	8,506,588	2,042,814	651,320	5,826,572	5,880,289	663,173	316,928
LIABILITIES AND NET ASSETS										
Accounts Payable and Accrued Liabilities	-	25,057	2,281	47,086	4,209	58,441	-	86,587	646,523	-
Unearned Fees Collected in Advance	-	4,268	-	-	232,595	-	-	856,926	-	-
Grants Payable	-	-	-	3,300,920	-	-	-	-	-	-
Accrued Postretirement Benefits	-	-	-	-	-	-	-	-	-	-
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	29,325	2,281	3,348,006	236,804	58,441	-	943,513	646,523	-
NET ASSETS										
Net Assets at Beginning of Year	103,828	346,381	521,697	2,472,341	1,841,127	809,703	5,560,531	4,174,324	(119,803)	491,165
Current Operating Excess (Deficit)	(21,545)	(25,231)	144,546	2,686,241	(35,117)	(216,824)	266,041	762,452	294,896	(2,205)
Transfer of Fixed Assets to Fixed Assets Fund	-	(36,000)	-	-	-	-	-	-	(158,443)	(172,032)
Other Transfers Between Funds	-	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	82,283	285,150	666,243	5,158,582	1,806,010	592,879	5,826,572	4,936,776	16,650	316,928
TOTAL LIABILITIES & NET ASSETS	82,283	314,475	668,524	8,506,588	2,042,814	651,320	5,826,572	5,880,289	663,173	316,928

The State Bar of California
 Statement of Revenue, Expenses and Changes in Net Assets - All Funds
 For the Nine Months Ending December 31, 2006

	General Fund	Restricted Funds	Fixed Asset Fund	Total All Funds Year to Date Dec-06	Total All Funds Year to Date Dec-05	Change	Percentage Change
OPERATING REVENUES:							
Membership Fees, Voluntary Contributions	53,449,021	10,698,060	-	64,147,081	58,050,292	6,096,789	10.50%
Convention Income	-	971,188	-	971,188	1,003,123	(31,935)	-3.18%
Law Corporation Registration Fees	-	654,289	-	654,289	646,940	7,349	1.14%
Continuing Legal Education Fees	390,789	966,516	-	1,357,305	1,412,923	(55,618)	-3.94%
Law Practices Sections Fees	-	4,251,136	-	4,251,136	4,216,434	34,702	0.82%
Grants	-	12,045,901	-	12,045,901	10,341,675	1,704,226	16.48%
Trust Account Revenue	-	15,835,597	-	15,835,597	13,859,291	1,976,306	14.26%
Other Revenue	1,192,749	4,851,247	-	6,043,996	3,940,734	2,103,262	53.37%
Examination Application Fees	-	16,067,846	-	16,067,846	13,814,591	2,253,255	16.31%
Legal Specialization Fees	-	874,675	-	874,675	1,064,439	(189,764)	-17.83%
Seminar/Workshop Revenue	5,026	1,520,233	-	1,525,259	1,032,347	492,912	47.75%
CalBar Journal Revenue	1,292,226	-	-	1,292,226	1,265,780	26,446	2.09%
Total Operating Revenue	56,329,811	68,736,688	-	125,066,499	110,648,569	14,417,930	13.03%
OPERATING EXPENSES:							
Discipline and Adjudication	43,454,287	-	-	43,454,287	42,479,938	974,349	2.29%
Grants	-	24,147,603	-	24,147,603	21,678,572	2,469,031	11.39%
Administration of Justice	709,629	-	-	709,629	750,247	(40,618)	-5.41%
Governance	3,596,105	-	-	3,596,105	3,571,544	24,561	0.69%
Administration of the Profession	1,309,283	1,591,132	-	2,900,415	2,629,044	271,371	10.32%
Program Development	1,436,465	-	-	1,436,465	1,242,738	193,727	15.59%
Communications	2,670,777	-	-	2,670,777	2,523,661	147,116	5.83%
Examination costs and administration	-	15,304,433	-	15,304,433	13,824,150	1,480,283	10.71%
Law Practices (Sections)	-	4,367,935	-	4,367,935	3,722,491	645,444	17.34%
Claims (net of reimbursements)	-	4,270,463	-	4,270,463	4,277,923	(7,460)	-0.17%
General and Administrative costs	4,396	14,792,882	1,196,420	15,993,698	15,400,477	593,221	3.85%
Reallocation cost center	122,870	-	-	122,870	139,737	(16,867)	-12.07%
Total Operating Expenses	53,303,812	64,474,448	1,196,420	118,974,680	112,240,522	6,734,158	6.00%
OPERATING INCOME/(LOSS)	3,025,999	4,262,240	(1,196,420)	6,091,819	(1,591,953)	7,683,772	-482.66%
NON-OPERATING REVENUE:							
Investment Income	1,700,367	2,468,846	-	4,169,213	2,034,342	2,134,871	104.94%
Rental Income	-	955,318	-	955,318	799,665	155,653	19.46%
Unrealized Gain/(Loss) on Investment	154,581	-	-	154,581	(180,175)	334,756	100.00%
Total Non-Operating Revenue	1,854,948	3,424,164	-	5,279,112	2,653,832	2,625,280	98.92%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	4,880,947	7,686,404	(1,196,420)	11,370,931	1,061,879	10,309,052	970.83%
CHANGES IN NET ASSETS:							
Net Assets at beginning of year	2,777,318	41,118,701	20,021,495	63,917,514	62,855,635	1,061,879	1.69%
Transfers of Fixed Assets to Fixed Asset Fund	-	(2,647,527)	2,647,527	-	-	-	-
NET ASSETS AS OF DECEMBER 31, 2006	7,658,265	46,157,578	21,472,602	75,288,445	63,917,514	11,370,931	17.79%

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - General Fund
For the Nine Months Ending December 31, 2006

Attachment 5

	Year to Date December-06	Year to Date December-05	Change
OPERATING REVENUES			
Membership Fee, Voluntary Contributions and Attorney Applications	53,449,021	49,104,804	4,344,217
Continuing Legal Education Fees	390,789	362,478	28,311
Grants	-	2,100	(2,100)
Other	1,192,749	573,975	618,774
Seminar/Workshop Revenue	5,026	50,833	(45,807)
CalBar Journal Revenue	1,292,226	1,265,780	26,446
Total Operating Revenue	56,329,811	51,359,970	4,969,841
OPERATING EXPENSES:			
Discipline & Adjudication	43,454,287	42,479,938	974,349
Administration of Justice	709,629	750,247	(40,618)
Governance	3,596,105	3,571,544	24,561
Administration of the Profession	1,309,283	1,025,178	284,105
Program Development	1,436,465	1,242,738	193,727
Communications	2,670,777	2,523,661	147,116
General and Administrative	4,396	-	4,396
Reallocation Cost Center	122,870	139,737	(16,867)
Total Operating Expenses	53,303,812	51,733,043	1,570,769
OPERATING INCOME/(LOSS)	3,025,999	(373,073)	3,399,072
NON-OPERATING REVENUE			
Investment Income	1,700,367	761,423	938,944
Rental Income	-	-	-
Unrealized Gain/(Loss) on Investment	154,581	-	154,581
Total Non-Operating Revenue	1,854,948	761,423	1,093,525
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES	4,880,947	388,350	4,492,597
NET ASSETS			
Net Assets at beginning of year	2,777,318	2,660,538	116,780
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-
Transfer between Funds	-	(271,576)	271,576
NET ASSETS AS OF DECEMBER 31, 2006	7,658,265	2,777,312	4,880,953

Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds

For the Nine Months Ending December 31, 2006

	Admissions	Annual Meeting	Building	Certification Activities	Client Security	Discipline	Education Foundation	Elimination of Bias	Equal Access
REVENUE									
Membership Fees & voluntary dues	-	-	1,844,988	-	6,349,590	-	-	772,970	-
Investment Income	364,873	7,766	121,441	116,257	427,548	61,170	29,008	59,867	34,652
Convention Income	-	747,861	-	-	-	-	188,251	-	-
Law Corporation Registration Fees	-	-	-	654,289	-	-	-	-	-
Continuing Legal Education Fees	-	-	-	949,471	-	-	-	-	-
Rental Income	-	-	954,055	-	-	-	-	-	-
Grant Revenue	-	-	-	-	-	-	-	50,250	11,302,400
Other	425,966	153,066	11,000	334,094	5,103	-	835,139	-	352,486
Application Fees	16,067,188	-	-	-	-	-	-	658	-
Seminar/Workshop Revenue	-	13,310	-	-	-	-	1,358,971	24,113	-
TOTAL REVENUE	16,858,027	922,003	2,931,484	2,054,111	6,782,241	61,170	2,411,369	907,858	11,689,538
EXPENSES									
Grants	-	-	-	-	-	-	-	-	11,440,761
Administration of the Profession	-	-	-	1,591,132	-	-	-	-	-
Examination Costs and Administration	15,304,433	-	-	-	-	-	-	-	-
Claims (net of reimbursement)	-	-	-	-	4,270,463	-	-	-	-
General and Administrative	-	813,502	1,734,703	-	1,750,074	261,633	2,353,894	941,167	322,888
TOTAL EXPENSES	15,304,433	813,502	1,734,703	1,591,132	6,020,537	261,633	2,353,894	941,167	11,763,649
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	1,553,594	108,501	1,196,781	462,979	761,704	(200,463)	57,475	(33,309)	(74,111)
CHANGES IN NET ASSETS									
Net Assets at beginning of year	1,869,937	(65,126)	16,292,434	2,056,706	1,479,898	1,399,909	441,083	957,668	484,898
Transfers of Fixed Assets to Fixed Assets Fund	-	-	(2,233,896)	-	-	(47,156)	-	-	-
NET ASSETS AS OF DECEMBER 31, 2006	3,423,531	43,375	15,255,319	2,519,685	2,241,602	1,152,290	498,558	924,359	410,787

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Nine Months Ending December 31, 2006

	Grants	Lawyer Assistance	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	Public Protection	Sections	Support & Administration	Technology Improvement
REVENUE										
Membership Fees & voluntary dues	-	951,462	-	-	-	757,887	-	-	21,163	-
Investment Income	-	33,235	31,523	341,810	104,240	50,057	266,041	318,460	84,570	16,328
Convention Income	-	-	-	-	-	-	-	35,076	-	-
Law Corporation Registration Fees	-	-	-	-	-	-	-	-	-	-
Continuing Legal Education Revenue	-	-	-	-	17,045	-	-	-	-	-
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	4,251,136	-	-
Rental Income	-	-	-	-	-	-	-	-	1,263	-
Grant Revenue	692,251	-	-	-	-	-	-	1,000	-	-
Trust Account Revenue	-	-	-	15,835,597	-	-	-	-	-	-
Other	-	1,050,714	1,008,464	84,425	2,437	-	-	400,876	187,477	-
Application Fees	-	-	-	-	874,675	-	-	-	-	-
Legal Specialization Fees	-	-	-	-	-	-	-	-	-	-
Seminar/Workshop Revenue	-	-	-	-	-	-	-	123,839	-	-
TOTAL REVENUE	692,251	2,035,411	1,039,987	16,261,832	998,397	807,944	266,041	5,130,387	294,473	16,328
EXPENSES										
Grants	-	-	-	12,706,842	-	-	-	-	-	-
Administration of the Profession	-	-	-	-	-	-	-	-	-	-
Examination costs and Administration	-	-	-	-	-	-	-	-	-	-
Claims (net of reimbursement)	-	-	-	-	-	-	-	-	-	-
Law Practices (Sections)	-	-	-	-	-	-	-	4,367,935	-	-
General and Administrative	713,796	2,060,642	895,441	868,749	1,033,514	1,024,768	-	-	(423)	18,533
TOTAL EXPENSES	713,796	2,060,642	895,441	13,575,591	1,033,514	1,024,768	-	4,367,935	(423)	18,533
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(21,545)	(25,231)	144,546	2,686,241	(35,117)	(216,824)	266,041	762,452	294,896	(2,205)
CHANGES IN NET ASSETS										
Net Assets at beginning of year	103,828	346,381	521,697	2,472,341	1,841,127	809,703	5,560,531	4,174,324	(119,803)	491,165
Transfers of Fixed Assets to Fixed Assets Fund	-	(36,000)	-	-	-	-	-	-	(158,443)	(172,032)
Other Transfers Between Funds	-	-	-	-	-	-	-	-	-	-
NET ASSETS AS OF DECEMBER 31, 2006	82,283	285,150	666,243	5,158,582	1,806,010	592,879	5,826,572	4,936,776	16,650	316,928

The State Bar of California
Budget to Actual Comparison-General Fund
For the Nine Months Ending December 31, 2006

Attachment 7

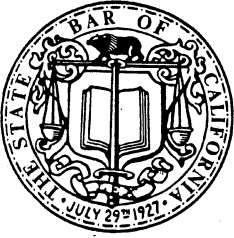
	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Dec-06 Year to Date Actual	Dec-06 Year to Date Budget	Variance Favorable (Unfavorable)	Dec-06 Year to Date Actual	Dec-06 Year to Date Budget	Variance Favorable (Unfavorable)	Dec-05 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2006 Annual Budget
REVENUE												
Membership Fees	13,168,624	13,161,491	7,133	53,449,021	53,031,076	417,945	49,104,804	49,104,804	417,945	49,104,804	4,344,217	53,031,076
Investment Income	404,552	256,003	148,549	1,700,367	1,024,000	676,367	761,423	761,423	676,367	761,423	938,944	1,024,000
Unrealized Gain/(Loss) on Investment	(35,529)	-	(35,529)	154,581	-	154,581	-	-	154,581	-	154,581	-
Convention Income	-	-	-	-	-	-	-	-	-	-	-	-
CalBar Journal Revenue	352,922	362,428	(9,506)	1,292,226	1,417,376	(125,150)	1,265,780	1,265,780	(125,150)	1,265,780	26,446	1,417,376
Rental Income	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	2,100	2,100	-	2,100	(2,100)	-
Continuing Legal Education	118,742	79,927	38,815	390,789	362,438	28,351	362,478	362,478	28,351	362,478	28,311	362,438
Other	119,051	256,385	(137,334)	1,192,749	1,155,896	36,853	573,976	573,976	36,853	573,976	618,773	1,155,896
Seminar/Workshop Revenue	-	-	-	5,026	7,000	(1,974)	50,833	50,833	(1,974)	50,833	(45,807)	7,000
TOTAL REVENUE	14,128,362	14,116,234	12,128	58,184,759	56,997,786	1,186,973	52,121,394	52,121,394	1,186,973	52,121,394	6,063,365	56,997,786
EXPENSES												
Discipline	10,089,412	13,094,773	3,005,361	43,454,287	49,422,583	5,968,296	42,479,938	42,479,938	5,968,296	42,479,938	974,349	49,422,583
Administration of Justice	213,168	157,137	(56,031)	709,629	613,296	(96,333)	750,247	750,247	(96,333)	750,247	(40,618)	613,296
Governance	673,568	1,072,449	398,881	3,596,105	4,190,217	594,112	3,571,544	3,571,544	594,112	3,571,544	24,561	4,190,217
Administration of the Profession	380,632	388,094	7,462	1,309,283	1,488,463	179,180	1,025,178	1,025,178	179,180	1,025,178	284,105	1,488,463
Program Development	509,854	494,095	(15,759)	1,436,465	1,772,196	335,731	1,242,738	1,242,738	335,731	1,242,738	193,727	1,772,196
Communications	775,784	710,676	(65,108)	2,670,777	2,736,436	65,659	2,523,661	2,523,661	65,659	2,523,661	147,116	2,736,436
General and Administrative	-	-	-	4,396	-	(4,396)	-	-	(4,396)	-	4,396	-
Reallocation cost center	3,314	(684,324)	(687,638)	122,870	(2,324,907)	(2,447,777)	139,737	139,737	(2,447,777)	139,737	(16,867)	(2,324,907)
TOTAL EXPENSES	12,645,732	15,232,900	2,587,168	53,303,812	57,898,284	4,594,472	51,733,043	51,733,043	4,594,472	51,733,043	1,570,769	57,898,284
NET OPERATING SUPPLUS/DEFICIT	1,482,630	(1,116,666)	2,599,296	4,880,947	(900,498)	5,781,445	388,351	388,351	5,781,445	388,351	4,492,596	(900,498)

The State Bar of California
Budget to Actual Comparison - General Fund
Expenses by Function
For the Nine Months Ending December 31, 2006

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Dec-06 Year to Date Actual	Dec-06 Year to Date Budget	Variance Favorable (Unfavorable)	Dec-05 Prior Year to Date Actual	Dec-05 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2006 Annual Budget
EXPENSES BY FUNCTION										
Enforcement										
Trial Counsel - Administration	649,671	2,574,113	1,924,442	7,931,414	9,947,010	2,015,596	8,681,368	8,681,368	(749,954)	9,947,010
Trial Unit - San Francisco	1,321,716	1,419,336	97,620	4,938,827	5,323,093	384,266	4,561,068	4,561,068	377,759	5,323,093
Trial Unit - Los Angeles	3,206,760	3,467,886	261,126	11,981,539	12,870,366	888,827	11,412,724	11,412,724	568,815	12,870,366
Intake	902,085	901,037	(1,048)	3,249,900	3,324,662	74,762	3,004,996	3,004,996	244,904	3,324,662
Central Administration Unit	1,099,400	1,273,007	173,607	3,988,124	4,813,807	825,683	3,711,505	3,711,505	276,619	4,813,807
Probation Unit	178,098	203,782	25,684	693,556	783,572	90,016	592,663	592,663	100,893	783,572
Total Enforcement	7,357,730	9,839,161	2,481,431	32,783,360	37,062,510	4,278,150	31,964,324	31,964,324	819,036	37,062,510
State Bar Court										
Presiding & Review Judges	164,454	175,550	11,096	521,389	656,009	134,620	479,219	479,219	42,170	656,009
Hearing Judges	223,811	274,308	50,497	1,018,112	1,027,464	9,352	1,020,968	1,020,968	(2,856)	1,027,464
Judicial Transitions	41,579	1,175	(40,404)	65,401	25,853	(39,548)	505	505	64,896	25,853
SBC Executive Committee	384,898	760,574	375,676	2,392,197	2,968,802	576,605	2,483,081	2,483,081	(90,884)	2,968,802
SBC - Sr. Executive							73,374	73,374	(73,374)	
SBC - Sr. Executive Projects	185,322	259,185	73,863	764,803	961,076	196,273	812,363	812,363	(47,560)	961,076
Hearing/Administration - San Francisco	291,263	321,939	30,676	1,020,546	1,201,458	180,912	998,806	998,806	21,740	1,201,458
Hearing Counsel - LA/SF	197,125	219,496	22,371	705,111	817,884	112,773	662,548	662,548	42,563	817,884
Review Counsel/Clerk	3,153	2,480	(673)	8,154	9,920	1,766	12,685	12,685	(4,531)	9,920
SBC Reporter	347,378	371,159	23,781	1,229,732	1,394,745	165,013	1,169,717	1,169,717	60,015	1,394,745
Hearing/Effectuation/Administration									12,179	
Total State Bar Court	1,838,983	2,385,866	546,883	7,725,445	9,063,211	1,337,766	7,713,266	7,713,266	12,179	9,063,211
Mandatory Fee Arbitration										
Mandatory Fee Arbitration	269,938	178,476	(91,462)	742,957	663,784	(79,173)	637,208	637,208	105,749	663,784
Agreement with Local Bar Associations	9,058	15,000	5,942	36,990	60,000	23,010	44,164	44,164	(7,174)	60,000
Total Mandatory Fee Arbitration	278,996	193,476	(85,520)	779,947	723,784	(56,163)	681,372	681,372	98,575	723,784
Professional Competence										
Lawyers' Personal Assistance	114,435	142,835	28,400	403,534	434,063	30,529	428,107	428,107	(24,573)	434,063
Publication 250	18,396	470	(17,926)	36,699	45,250	8,551	31,300	31,300	5,399	45,250
Professional Responsibility and Conduct	423,485	511,715	88,230	1,605,806	1,940,695	334,889	1,532,200	1,532,200	73,606	1,940,695
COPRAC - Publications	16,888	9,310	(7,578)	42,893	44,400	1,507	39,367	39,367	3,526	44,400
Committee on Professional Responsibility	3,288	600	(2,688)	3,643	37,570	33,927	20,665	20,665	(17,022)	37,570
Rules Revision Committee	37,211	11,340	(25,871)	72,960	71,100	(1,860)	69,337	69,337	3,623	71,100
Total Professional Competence	613,703	676,270	62,567	2,165,535	2,573,078	407,543	2,120,976	2,120,976	44,559	2,573,078
TOTAL DISCIPLINE	10,089,412	13,094,773	3,005,361	43,454,287	49,422,553	5,968,296	42,479,938	42,479,938	974,349	49,422,553

The State Bar of California
Budget to Actual Comparison - General Fund
Expenses by Function
For the Nine Months Ending December 31, 2006

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Dec-06 Year to Date Actual	Dec-06 Year to Date Budget	Variance Favorable (Unfavorable)	Dec-05 Prior Year to Date Actual	Inc./((Dec.) From Prior Year	2006 Annual Budget
EXPENSES BY FUNCTION									
Administration of Justice									
Commission on Judicial Nomination Evaluations	213,168	157,137	(56,031)	709,629	613,296	(96,333)	750,247	(40,618)	613,296
Total Administration of Justice	213,168	157,137	(56,031)	709,629	613,296	(96,333)	750,247	(40,618)	613,296
Governance									
Executive Director	142,704	87,520	(55,184)	397,062	335,688	(61,374)	327,239	69,823	335,688
Deputy Executive Director	118,919	113,461	(5,458)	432,208	426,868	(5,340)	567,937	(135,729)	426,868
Board of Governors	388,624	851,008	462,384	2,641,479	3,285,152	643,673	2,529,863	111,616	3,285,152
Elections	2,358	101	(2,257)	43,058	60,741	17,683	62,017	(18,959)	60,741
Futures Commission	-	-	-	-	-	-	-	-	-
Appointments Administration	20,964	20,359	(605)	82,298	81,768	(530)	84,488	(2,190)	81,768
Total Governance	673,569	1,072,449	398,880	3,596,105	4,190,217	594,112	3,571,544	24,561	4,190,217
Administration of the Profession									
Member Records & Certification	128,087	187,483	59,396	510,895	721,099	210,204	444,581	66,314	721,100
Call Center	-	-	-	1,326	-	(1,326)	-	1,326	-
Senior Executive-Member Services	102,699	49,958	(52,741)	289,872	186,930	(102,942)	72,894	216,978	186,930
Member Services Center	107,816	127,766	19,950	443,937	485,422	41,485	380,153	91,937	485,422
Child and Family Support	81	-	(81)	2,585	14,101	11,516	13,267	(10,682)	14,101
Multijurisdictional Practice	41,949	22,887	(19,062)	60,668	80,911	20,243	114,283	(53,615)	80,910
Total Administration of the Profession	380,632	388,094	7,462	1,309,283	1,488,463	179,180	1,025,178	312,258	1,488,463
Program Development									
Program Development	344,495	369,696	25,201	1,001,527	1,333,732	332,205	807,821	193,706	1,333,732
California Young Lawyers Association	22,239	29,140	6,901	60,230	88,514	28,284	67,343	(7,113)	88,514
Program Development Project	21	-	(21)	93	-	(93)	70,930	(70,837)	-
Access to Justice	131,396	85,484	(45,912)	352,590	319,290	(33,300)	278,975	73,615	319,290
Committee on Delivery of Legal Services	11,703	9,775	(1,928)	22,025	30,660	8,635	17,669	4,356	30,660
Total Program Development	509,854	494,095	(15,759)	1,436,465	1,772,196	335,731	1,242,738	193,727	1,772,196
COMMUNICATIONS									
Media & Information Services	329,520	255,388	(74,132)	965,411	967,733	2,322	812,352	153,059	967,733
Bar Journal	446,265	455,288	9,023	1,705,367	1,768,703	63,336	1,711,309	(5,942)	1,768,703
Total Communications	775,785	710,676	(65,109)	2,670,778	2,736,436	65,658	2,523,661	147,117	2,736,436
GENERAL AND ADMINISTRATIVE									
OVERHEAD RE-ALLOCATION COST CENTER	3,313	(684,324)	(687,637)	122,870	(2,324,907)	(2,447,777)	139,737	(16,867)	(2,324,907)
SUBTOTAL THIS PAGE	2,556,321	2,138,127	(418,194)	9,849,526	8,475,701	(1,373,825)	9,253,105	624,574	8,475,701
TOTAL DISCIPLINE FROM PAGE 1	10,089,412	13,094,773	3,005,361	43,454,287	49,422,583	5,968,296	42,479,938	974,349	49,422,583
TOTAL GENERAL FUND EXPENSE BY FUNCTION	12,645,733	15,232,900	2,587,167	53,303,813	57,898,284	4,594,471	51,733,043	1,598,923	57,898,284



**THE STATE BAR
OF CALIFORNIA**

FINANCE

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

MEMORANDUM

DATE: February 16, 2006
TO: Board of Governors
FROM: Peggy Van Horn, Chief Financial Officer *pvh*
SUBJECT: Quarterly Investment Report as of December 31, 2006

Attached is the quarterly investment report for the State Bar of California as of December 31, 2006. 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 December, the market value of the State Bar's investment portfolio totaled \$62 million.

The time-weighted average rate of return of the investment portfolio as of the end of the year is 4.09%. Actual investment earnings received through the end of the fourth quarter were \$4,169,213.

State Bar of California
Investment Report - Wells Fargo Custody Account
Balance as of December 31, 2006

Issuer	Rating	Type	Par Value	Cost	Mkt Value	Interest Receivable	Unrealized Gain/(Loss)	Yield	Purchase Date	Maturity Date
BANK ONE CORP	AAA	Corporate Bonds	1,000,000	1,011,810	991,870	13,750	(19,940)	4.15%	08/29/02	09/01/07
JP MORGAN CHASE & CO	AA3	Corporate Bonds	1,000,000	1,038,060	999,620	4,521	(38,440)	5.25%	05/30/02	05/30/07
GENERAL ELEC CAP CORP MED TERM NOT	AAA	Corporate Bonds	1,000,000	996,500	990,380	15,813	(6,120)	3.48%	07/16/04	07/16/07
TOTAL CORPORATE BONDS AND NOTES:			3,000,000	3,046,370	2,981,870	34,083	(64,500)	4.31%		
FED FARM CREDIT BK	AAA	Government Agency	2,000,000	1,996,250	1,958,760	3,475	(37,490)	4.25%	12/16/04	06/16/09
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,988,760	45,986	(11,240)	5.40%	01/27/06	01/27/11
FED HOME LN BK	AAA	Government Agency	2,000,000	1,999,375	1,966,880	35,181	(32,495)	4.32%	02/02/05	02/02/09
FED HOME LN BK	AAA	Government Agency	1,000,000	1,000,000	998,440	14,200	(1,560)	3.60%	02/09/05	02/09/07
FED HOME LN BK	AAA	Government Agency	1,000,000	1,000,000	987,810	5,417	(12,190)	3.79%	02/09/05	11/09/07
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,996,880	20,472	(3,120)	5.50%	04/24/06	04/24/09
FED HOME LN BK	AAA	Government Agency	1,000,000	1,000,000	991,250	8,611	(8,750)	5.04%	04/29/05	04/29/10
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,965,000	13,378	(35,000)	4.37%	05/05/04	05/05/09
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,940,620	29,833	(59,380)	3.09%	07/02/03	07/02/08
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,941,260	27,556	(58,740)	3.19%	07/21/03	07/21/08
FED HOME LN BK	AAA	Government Agency	2,000,000	2,000,000	1,946,880	27,851	(53,120)	3.41%	07/30/03	07/30/08
FED NATL MTG ASSN	AAA	Government Agency	2,000,000	2,000,000	1,970,620	33,688	(29,380)	4.18%	02/04/05	08/04/08
FED NATL MTG ASSN SER 1	AAA	Government Agency	2,000,000	2,000,000	1,977,500	5,333	(22,500)	4.04%	03/07/05	12/07/07
TOTAL GOVERNMENT BONDS AND NOTES:			23,000,000	22,995,625	22,630,660	270,980	(364,965)	4.17%		
WELLS FARGO BANK INST.		Money Market	1,206,286	1,206,286	1,206,286	12,763	-	5.06%		
TOTAL MONEY MARKET:			1,206,286	1,206,286	1,206,286	12,763	-	5.06%		
TOTAL INVESTMENT HELD BY WELLS FARGO			27,206,286	27,248,281	26,818,816	317,827	(429,465)			

**State Bar of California
Investment Report Summary
December 31, 2006**

Asset Group	Original Cost	Market Value	Portfolio Percentage	Weighted Average Yield
Money Market	1,206,286	1,206,286	1.94%	5.06%
Commercial Paper	-	-		
Corporate Bonds	3,046,370	2,981,870	4.81%	4.31%
Government Bonds	22,995,625	22,630,660	36.47%	4.17%
Interest Receivable	-	317,827	0.51%	
Subtotal-Securities, Bonds and Notes	27,248,281	27,136,643	43.73%	
Metlife Investment Account	174,340	174,340	0.28%	
Local Agency Investment Fund	34,744,845	34,744,845	55.99%	4.00%
Subtotal-Other Investments	34,919,185	34,919,185	56.27%	
Grand Total	62,167,466	62,055,828	100%	4.09%

Unrealized Gain/(Loss):

Market Value of Portfolio	61,738,001
Original Cost of Portfolio	62,167,466
Unrealized Gain/(Loss)	<u>(429,465)</u>



THE STATE BAR OF CALIFORNIA

FINANCE

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

MEMORANDUM

DATE: February 19, 2006
TO: Board of Governors
FROM: Peggy Van Horn, Chief Financial Officer *pvh*
SUBJECT: Status of Claims Activities – Client Security Fund
Through the Quarter Ended December 31, 2006

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

- Adverse Trend Indicators
- Claims Activity for the quarter ended December 31, 2006
- 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 December, 1,314 new claims in the amount of \$10.9 million were filed, comparing to 1,318 claims filed in the amount of \$11.6 million in the year of 2005. Based on the current claims payout ratio of 42.86%, the estimated outstanding claims liability is approximately \$4.1 million. Total cash and investments available to address this liability at the end of December 2006 are \$2.2 million, comparing to \$1.5 million at the end of 2005.

State Bar of California
 Client Security Fund
 Early Warning of Future Adverse Trends

December 2006

Data	Flash Point - Actual	Flash Point - Standard	Actual OVER Standard
(1) Dollar value of new claims filed vs. prior year	-5.55%	Increase > 8% per year	
(2) Dollar value of new \$50,000 claims as percent of all new claims	32.06%	Exceeds 63%	
(3) Number of new \$50,000 claims as percent of all new claims	5.33%	Exceeds 20%	
(4) Number of open \$50,000 claims as percent of all open claims	11.04%	Exceeds 45%	
(5) The average dollar value of claims made			
(a) uncapped	\$12,736	Uncapped above \$25,000	
(b) capped	\$8,308	Capped above \$14,000	
(6) Paid claims as percent of all dispositions	44.25%	Exceeds 50%	
(7) 24-month rolling weighted average of claims paid	42.86%	Exceeds 30%	OVER

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

For 4th Quarter 2006

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	66	\$98,633.79	42	\$157,642.60	33	\$271,076.24	23	\$368,140.32	12	\$438,733.63	19	\$950,000.00	195	\$2,284,226.58
Paid Claims	(109)	(\$143,560.86)	(100)	(\$309,494.73)	(49)	(\$325,130.46)	(24)	(\$312,708.77)	(9)	(\$215,899.64)	(17)	(\$1,039,437.21)	(308)	(\$2,346,231.67)
Rejected Claims	(1)	(17,808.29)	(1)	(60,281.69)	(2)	(39,800.96)	0	(82,683.07)	(1)	(91,322.86)	(2)	(120,000.00)	(7)	(\$411,896.87)
Withdrawn Claims	(44)	(62,206.50)	(32)	(111,549.42)	(22)	(174,275.00)	(15)	(230,505.18)	(11)	(398,812.41)	(15)	(750,000.00)	(139)	(\$1,727,348.51)
Net change for the month	(88)	(\$124,941.86)	(91)	(\$323,683.24)	(40)	(\$268,130.18)	(16)	(\$257,756.70)	(9)	(\$267,301.28)	(15)	(\$959,437.21)	(259)	(\$2,201,250.47)
New Claims % to total	33.85%	4.32%	21.54%	6.90%	16.92%	11.87%	11.79%	16.12%	6.15%	19.21%	9.74%	41.59%	100.00%	100.00%

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

December 31, 2006

YEAR TO DATE ACTIVITIES

	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	TOTAL	
		\$1 - 2500		\$2,501 - 5,000		\$5,001 - 10,000		\$10,001 - 25,000		\$25,001 - 49,999		\$50,000	Amount	
Prior Years' Claims	224	335,658.00	205	773,092.37	114	887,770.73	84	1,421,584.72	57	1,960,639.87	101	5,259,437.21	785	10,638,182.90
New Claims '06	428	652,639.33	416	1,530,194.11	227	1,672,453.00	132	2,129,656.39	41	1,431,648.27	70	3,500,000.00	1,314	10,916,591.10
Claims Paid '06	(290)	(\$368,283.81)	(366)	(992,750.88)	(158)	(976,266.61)	(75)	(891,175.65)	(28)	(624,036.55)	(26)	(1,446,547.30)	(943)	(5,299,060.80)
Rejected Claims '06	(7)	(\$116,902.86)	(2)	(352,940.29)	(3)	(\$165,285.34)	(2)	(303,073.68)	(2)	(378,537.31)	(8)	(462,889.91)	(24)	(1,799,629.39)
Withdrawn Claims '06	(102)	(\$135,218.02)	(63)	(234,526.97)	(55)	(442,754.29)	(40)	(664,015.68)	(26)	(950,044.23)	(49)	(2,450,000.00)	(335)	(4,876,559.19)
Claims Outstanding	253	367,892.64	190	723,068.34	125	955,917.49	99	1,692,976.10	42	1,439,670.05	88	4,400,000.00	797	9,579,524.62

New claims % to total	32.57%	5.98%	31.66%	14.02%	17.28%	15.32%	10.05%	19.51%	3.12%	13.11%	5.33%	32.06%	100.00%
Claims paid % to total	30.75%	6.95%	38.81%	18.73%	16.76%	18.42%	7.95%	16.82%	2.97%	11.78%	2.76%	27.30%	100.00%
Claims rejected or withdrawn % to total	30.36%	3.78%	18.11%	8.80%	16.16%	9.41%	11.70%	14.45%	7.80%	19.90%	15.88%	43.63%	100.00%
Claims outstanding % to total	31.74%	3.84%	23.84%	7.55%	15.68%	9.98%	12.42%	17.67%	5.27%	15.03%	11.04%	45.93%	100.00%

THE STATE BAR OF CALIFORNIA
 CLIENT SECURITY FUND
 CLAIMS AGING REPORT

As of December 31, 2006

(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	#
1999	1	3,500.00	(1)		(550.00)	0	(2,950.00)	(1)	(3,500.00)	0	0.00	
2000	14	158,745.66	(7)		(68,350.00)	(4)	(80,245.66)	(11)	(148,595.66)	3	10,150.00	
2001	16	132,696.28	(3)		(15,980.00)	(4)	(96,714.28)	(7)	(112,694.28)	9	20,002.00	
2002	28	307,584.84	(7)		(29,009.34)	(3)	(88,437.76)	(10)	(117,447.10)	18	190,137.74	
2003	49	796,461.82	(13)		(170,370.31)	(7)	(238,547.87)	(20)	(408,918.18)	29	387,543.64	
2004	164	2,873,293.15	(72)		(914,699.16)	(30)	(843,404.44)	(102)	(1,758,103.60)	62	1,115,189.55	
2005	513	6,365,901.15	(256)		(1,947,759.59)	(109)	(2,239,401.07)	(365)	(4,187,160.66)	148	2,178,740.49	
2006	1314	10,916,591.10	(584)		(2,152,342.40)	(202)	(3,086,487.50)	(786)	(5,238,829.90)	528	5,677,761.20	
TOTAL	785	10,638,182.90	1314	10,916,591.10	(5,299,060.80)	(359)	(6,676,188.58)	(1,302)	(11,975,249.38)	797	9,579,524.62	
Average		\$13,552		\$8,308	\$5,619		\$18,597		\$9,198		\$12,019	

Estimated Claim Payout Ratio: 42.86%
 Estimated Claim Liability: \$4,105,784

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

As of December 31, 2006

(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
1993-1999	1	3,500.00	(1)	(550.00)	0	(2,950.00)	(1)	(3,500.00)	0	0.00	0	0.00
1993-2000	15	162,245.66	(8)	(68,900.00)	(4)	(83,195.66)	(12)	(152,095.66)	3	10,150.00	3	10,150.00
1993-2001	31	294,941.94	(11)	(84,880.00)	(8)	(179,909.94)	(19)	(264,789.94)	12	30,152.00	12	30,152.00
1993-2002	59	602,526.78	(18)	(113,889.34)	(11)	(268,347.70)	(29)	(382,237.04)	30	220,289.74	30	220,289.74
1993-2003	108	1,398,988.60	(31)	(284,259.65)	(18)	(506,895.57)	(49)	(791,155.22)	59	607,833.38	59	607,833.38
1993-2004	272	4,272,281.75	(103)	(1,198,958.81)	(48)	(1,350,300.01)	(151)	(2,549,258.82)	121	1,723,022.93	121	1,723,022.93
1993-2005	785	10,638,182.90	(359)	(3,146,718.40)	(157)	(3,589,701.08)	(516)	(6,736,419.48)	269	3,901,763.42	269	3,901,763.42
1993-2006			(943)	(5,299,060.80)	(359)	(6,676,188.58)	(1,302)	(11,975,249.38)	797	9,579,524.62	797	9,579,524.62
Claims Pending on	December 31, 2006											
Net Asset in Client Security Fund:												
As of	12/31/2005											
As of	12/31/2006											

As of 12/31/2005 1,479,897
 As of 12/31/2006 2,241,601

*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: JAN.05 through DEC.06

PAID CLAIMS

Month Covered	Amount	Mo. Ave. Payout Ratio	24 Mo. Rolling Average	Cumulative Paid Total
JAN.05	416,805	74.00%		416,805
FEB.05	189,131	44.56%		605,936
MAR.05	610,725	50.07%		1,216,661
APR.05	85,282	20.24%		1,301,943
MAY.05	286,946	37.22%		1,588,889
JUN.05	273,542	24.01%		1,862,431
JUL.05	376,473	44.67%		2,238,905
AUG.05	326,853	37.57%		2,565,758
SEP.05	460,932	42.77%		3,026,690
OCT.05	334,403	30.58%		3,361,093
NOV.05	503,702	46.21%		3,864,795
DEC.05	791,842	45.44%		4,656,637
JAN.06	0	0.00%		4,656,637
FEB.06	234,562	22.68%		4,891,199
MAR.06	410,881	41.85%		5,302,080
APR.06	255,696	25.67%		5,557,776
MAY.06	568,820	48.07%		6,126,596
JUN.06	569,784	56.97%		6,696,380
JUL.06	295,246	43.32%		6,991,626
AUG.06	405,046	44.54%		7,396,672
SEP.06	227,000	32.31%		7,623,672
OCT.06	503,610	52.60%		8,127,282
NOV.06	428,897	36.83%		8,556,179
DEC.06	1,413,725	59.97%		9,969,904

9,969,904

42.86%

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

December 31, 2006

	<u>1st Qtr</u> 787	<u>2nd Qtr</u> 1085	<u>3rd Qtr</u> 1091	<u>4th Qtr</u> 1054
Beginning Balance				
Add: Reinstated Claims				
New Claims	439	432	250	195
Less: Paid / Rejected or Withdrawn	141	426	287	452
TOTAL	1085	1091	1054	797
CLAIMS OUTSTANDING AMT.	11,713,291	11,639,645	11,535,454	9,579,525
# Of Active Attorneys	152,595	154,258	154,092	154,542
Cost Per Active Attorney	\$77	\$75	\$75	\$62
ESTIMATED CLAIMS LIAB.				
Claims Payout Ratio	41.14%	39.81%	39.98%	42.86%
Estimated Claim Amount *	\$4,818,848	\$4,633,743	\$4,611,875	\$4,105,784
# of Active Attorneys	152,595	154,258	154,092	154,542
Cost per Active Attorney	\$32	\$30	\$30	\$27
CLAIM ACTIVITIES IN %:				
NEW CLAIMS - YTD				
1 - 2,500	6.09%	6.56%	6.42%	5.98%
2,501 - 5,000	16.40%	17.00%	15.92%	14.02%
5,001 - 10,000	17.39%	17.33%	16.21%	15.32%
10,001 - 25,000	19.05%	20.11%	20.43%	19.51%
25,001 - 49,999	15.79%	11.10%	11.43%	13.11%
50,000	25.28%	27.91%	29.59%	32.06%
CLAIMS PAID - YTD				
1 - 2,500	2.51%	6.94%	7.61%	6.95%
2,501 - 5,000	13.59%	21.87%	23.14%	18.73%
5,001 - 10,000	15.12%	20.97%	22.05%	18.42%
10,001 - 25,000	29.58%	21.19%	19.59%	16.82%
25,001 - 49,999	15.97%	13.92%	13.82%	11.78%
50,000	23.24%	15.11%	13.79%	27.30%
REJ/WDRAWN - YTD				
1 - 2,500	1.76%	3.98%	3.84%	3.78%
2,501 - 5,000	3.59%	9.42%	9.23%	8.80%
5,001 - 10,000	6.98%	8.25%	9.11%	9.41%
10,001 - 25,000	10.27%	13.70%	14.39%	14.49%
25,001 - 49,999	27.68%	20.88%	18.46%	19.90%
50,000	49.71%	43.76%	44.97%	43.63%
CLAIMS O/S-CUM. - YTD				
1 - 2,500	4.24%	4.19%	4.23%	3.84%
2,501 - 5,000	10.07%	9.66%	9.01%	7.55%
5,001 - 10,000	10.94%	11.31%	10.57%	9.98%
10,001 - 25,000	14.65%	15.82%	16.81%	17.67%
25,001 - 49,999	16.98%	14.77%	14.73%	15.03%
50,000	43.11%	44.25%	44.64%	45.93%
NET ASSET, END OF PERIOD	\$6,041,030	\$4,692,507	\$ 4,317,836	\$2,241,601

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