



THE STATE BAR OF CALIFORNIA

FINANCE

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MEMORANDUM

DATE: November 8, 2010
TO: Board of Governors
FROM: The Office of Finance
SUBJECT: Third Quarter 2010 Financial Statements – Financial Highlights

Attached for your review are the 2010 third quarter financial statements for the State Bar of California. The 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:

This statement reports the Bar's assets, liabilities and net assets. For the quarter ended September 30, 2010, the Bar's total assets are \$145.5 million, liabilities are \$24.5 million, and net assets are \$121 million. The Bar's total assets increased by \$4 million compared to the same period in 2009. The increase is primarily the result of a \$9.2 million increase in cash and investment, partially offset by the amortization of the Executive Staff Retirement Health Benefit net asset of \$2.8 million, decrease in accounts receivable and other assets of \$1.1 million, and normal depreciation on capital assets of \$1.3 million.

The Bar's cash balance is up by \$29.2 million from \$41.3 million to \$70.5 million compared to September 2009. The increase in cash balance is the result of a change in investments allocation,

and additional cash reserve contributed in current year due to a Bar-wide cost saving in response to the budget cut and the 2010 fee bill veto. The primary objective of reallocating the investment and cash balances is to achieve higher returns by maximizing the Bar's investments with the California Local Agency Investment Fund (LAIF). At the beginning of fiscal year 2010, LAIF raised the investment limit from \$40 million to \$50 million, and additional cash flows from matured securities were invested in LAIF. LAIF investments are classified as cash equivalents for financial statement purposes and accordingly are recorded in the cash line item. The LAIF invested balance for the reported quarter is \$49.9 million, representing approximately 46.5% of total cash and investments.

The Bar's total liabilities for the reported quarter are \$24.5 million, up by \$4.1 million compared to the third quarter in 2009. The increase is due primarily to the Client Security Fund ("CSF") claims liability as a result of increased claims filed related to loan modification fraud. Accrued CSF claims liability as of September 30, 2010 is \$12.8 million, up by \$5.8 million or 83% compared to \$7 million for the same period in 2009. The claims liability accrual is calculated based on a rolling 24 month historical claims payout ratio of 36.35% applied against total claims submitted and outstanding of \$35.3 million, as of September 30 2010.

The General Fund, the Bar's largest operating fund, has assets of \$28.8 million, liabilities of \$4 million and net assets of \$24.8 million. The General Fund's total assets decreased by \$1.1 million compared to the same period in 2009.

The General Fund's total liabilities declined by \$0.7 million compared to quarter ended September 30, 2009. The decrease is due to a lower accounts payable balance compared to the same period in the prior year.

Statement of Revenue, Expenses and Changes in Net Assets – Comparison to 2009 Third Quarter Actual Results

This statement reports the Bar's revenues, expenses, excess (deficit) of revenues over expenses and changes in net assets. For the third quarter ended September 30, 2010, the Bar's total revenues (operating and non-operating) are \$116.7 million, and expenses are \$94.6 million, resulting in a surplus of \$22.1 million. It should be noted, however, that this surplus results from the fact that virtually all of the Bar's membership fee revenue is received by the first half of the year.

Total operating revenue for all programs through September 30, 2010 is \$115.3, an insignificant increase of \$0.4 million over the same period in 2009. The General Fund's total operating revenue is \$61.9 million for the reported quarter, up by \$0.6 million compared to \$61.3 million for the same period in 2009. Of significance is the \$0.8 million increase in membership fees, partially offset by the \$0.5 million decline in CalBar Journal advertising revenue. Total membership fee revenue as of the reported quarter in 2010 exceeds the revenue for the same period in 2009. CalBar Journal advertising revenue is not expected to rebound to the 2009 level. With the transition away from the print version of the Journal, advertising revenue has significantly declined.

In response to the 2010 fee bill veto, the Bar has taken various steps to reduce the operating and program cost. For the reported quarter, the Bar's total operating expense for all programs is \$94.6 million, a saving of \$6.4 million or 6.4% compared to \$101 million for the same period in 2009. The \$6.4 million cost reduction is the result of (1) a \$2.2 million decrease in grant expenses due to the decline in available funds from IOLTA interest revenues; (2) a Bar wide operating cost reduction for approximately \$1.8 million in response to the 2010 fee bill veto; (3) a \$1.2 million salary and benefit saving from the vacant senior executive positions; and (4) a \$1.1 million decline in CalBar Journal expenses when the Bar transitioned from the print version to the electronic version of the Journal.

The General Fund's total operating expense for the quarter ended September 30, 2010 is \$46.3 million, an increase of \$0.8 million compared to \$45.5 million for the same period in 2009. This increase represents an one time transfer of \$1.2 million from the General Fund to the Building Fund to pay for roof repairs and waterproofing for the San Francisco building, partially offset by the cost reduction as a result of the transition away of the print version of the CalBar Journal.

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.

For the third quarter ended September 30, 2010, the General Fund's total revenue reflects an unfavorable variance of \$0.2 million as a result of the decline in investment income and CalBar Journal revenue. Membership fee revenues for the reported quarter came in at \$58.7 million, in line with the year-to-date budget. The additional membership fee revenue collected in the third quarter corrected the \$1.2 million unfavorable budget-to-actual variance reported in the previous quarter. The membership fee revenue is expected to remain in line with the annual budget for full year 2010. The General Fund's investment income of \$0.15 million for fiscal year-to-date was unfavorable to budget by \$0.3 million. This variance primarily resulted from lower short-term interest rates. The weighted average effective interest rate is down to 0.6% for the reported quarter, compared to 1.51% for the same period in 2009.

General Fund actual expenses for the reported quarter totaled \$46.4 million, favorable to year-to-date budget by \$3.6 million. This positive variance is generated by lower than budgeted General and Administrative Expenses for all programs. General Fund actual net operating surplus at the end of the third quarter 2010 is \$15.7 million, favorable to the year-to-date budget by \$3.4 million.

The State Bar of California
Statement of Assets, Liabilities and Net Assets - All Funds
As of September 30, 2010

Attachment 1

	General Fund	Restricted Funds	Fixed Asset Fund	YTD Total All Funds September-10	YTD Total All Funds September-09	Change
ASSETS						
Cash	69,743,057	781,083	-	70,524,140	41,317,533	29,206,607
Accounts Receivable (net of allowances)	50,056	744,780	-	794,836	1,481,404	(686,568)
Interfund Receivable/Payable	(78,321,231)	78,321,231	-	-	-	-
Capital Assets (net of depreciation)	-	13,936,111	18,460,618	32,396,729	33,677,877	(1,281,148)
Investments	36,875,159	-	-	36,875,159	56,846,962	(19,971,803)
OPEB Investment	-	4,074,287	-	4,074,287	6,874,247	(2,799,960)
Other Assets	444,488	452,001	-	896,489	1,322,299	(425,810)
TOTAL ASSETS	28,791,529	98,309,493	18,460,618	145,561,640	141,520,322	4,041,318
LIABILITIES AND NET ASSETS						
Accounts Payable and Accrued Liabilities	2,857,144	14,404,823	-	17,261,967	12,128,725	5,133,242
Unearned Fees Collected in Advance	297,382	-	-	297,382	52,474	244,908
Grants Payable	-	5,962,735	-	5,962,735	7,131,953	(1,169,218)
Accrued Postretirement Benefits	896,015	94,505	-	990,520	1,059,539	(69,019)
TOTAL LIABILITIES	4,050,541	20,462,063	-	24,512,604	20,372,691	4,139,913
NET ASSETS						
Net Assets at Beginning of Year	9,017,768	70,975,133	18,943,145	98,936,046	105,233,898	(6,297,852)
Current Operating Excess/(Deficit)	15,723,220	7,064,981	(675,211)	22,112,990	15,913,733	6,199,257
Transfer of Fixed Assets to Fixed Assets Fund	-	(192,684)	192,684	-	-	-
TOTAL NET ASSETS	24,740,988	77,847,430	18,460,618	121,049,036	121,147,631	(98,595)
TOTAL LIABILITIES & NET ASSETS	28,791,529	98,309,493	18,460,618	145,561,640	141,520,322	4,041,318

The State Bar of California
Statement of Assets, Liabilities and Net Assets - General Fund
As of September 30, 2010

Attachment 2

	<u>Year to Date Total September-10</u>	<u>Year to Date Total September-09</u>	<u>Change</u>
ASSETS			
Cash	69,743,057	41,317,483	28,425,574
Accounts Receivable (net of allowances)	50,056	-	50,056
Interfund Receivable/Payable	(78,321,231)	(68,981,166)	(9,340,065)
Investments	36,875,159	56,846,962	(19,971,803)
Other Assets	444,488	716,570	(272,082)
TOTAL ASSETS	<u>28,791,529</u>	<u>29,899,849</u>	<u>(1,108,320)</u>
 LIABILITIES AND NET ASSETS			
Accounts Payable and Accrued Liabilities	2,857,144	3,681,557	(824,413)
Unearned Fees Collected in Advance	297,382	-	297,382
Accrued Postretirement Benefits	896,015	1,059,539	(163,524)
TOTAL LIABILITIES	<u>4,050,541</u>	<u>4,741,096</u>	<u>(690,555)</u>
 NET ASSETS			
Net Assets at Beginning of Year	9,017,768	9,009,533	8,235
Current Operating Excess/(Deficit)	15,723,220	16,149,220	(426,000)
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-
TOTAL NET ASSETS	<u>24,740,988</u>	<u>25,158,753</u>	<u>(417,765)</u>
 TOTAL LIABILITIES & NET ASSETS	 <u>28,791,529</u>	 <u>29,899,849</u>	 <u>(1,108,320)</u>

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of September 30, 2010

Attachment 3
Page 1 of 2

	Admissions	Annual Meeting	Benefit Reserve	Building	Building Special Assessment	Certification Activity	Client Security	Discipline	Education Foundation	Elimination of Bias	Equal Access	Grants	Info Tech Special Assess	Total A-I
ASSETS														
Cash	50	-	781,033	-	-	-	-	-	-	-	-	-	-	781,083
Accounts Receivable (net of allowances)	840	-	-	34,500	-	-	-	-	-	-	24,328	112	-	59,780
Interfund Receivable/Payable	6,103,555	779,832	4,114,381	3,816,169	4,002,650	1,206,448	15,808,072	1,151,110	(332,249)	1,444,907	3,597,494	213,349	3,563,215	45,468,933
Capital Assets (net of depreciation)	-	-	-	13,936,111	-	-	-	-	-	-	-	-	-	13,936,111
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPEB Assets	-	-	4,074,287	-	-	-	-	-	-	-	-	-	-	4,074,287
Other Assets	102,473	-	-	-	-	-	-	-	-	-	-	-	-	102,473
TOTAL ASSETS	6,206,918	779,832	8,969,701	17,786,780	4,002,650	1,206,448	15,808,072	1,151,110	(332,249)	1,444,907	3,621,822	213,461	3,563,215	64,422,667
LIABILITIES AND NET ASSETS														
Accounts Payable and Accrued Liabilities	296,961	18,064	-	100,394	-	-	12,890,715	-	-	35,400	-	-	-	13,341,534
Unearned Fees Collected in Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Postretirement Benefits	-	-	94,505	-	-	-	-	-	-	-	-	-	-	94,505
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	296,961	18,064	94,505	100,394	-	-	12,890,715	-	-	35,400	-	-	-	13,436,039
NET ASSETS														
Net Assets at Beginning of Year	1,730,015	374,204	8,856,584	16,028,972	1,999,763	3,203,390	2,678,965	1,145,903	-	1,142,903	4,246,089	156,605	1,928,828	43,492,221
Current Operating Excess/(Deficit)	4,179,942	387,564	18,612	1,657,414	2,002,887	(1,996,942)	238,392	5,207	(332,249)	266,604	(624,267)	56,856	1,634,387	7,494,407
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	5,909,957	761,768	8,875,196	17,686,386	4,002,650	1,206,448	2,917,357	1,151,110	(332,249)	1,409,507	3,621,822	213,461	3,563,215	50,986,628
TOTAL LIABILITIES & NET ASSETS	6,206,918	779,832	8,969,701	17,786,780	4,002,650	1,206,448	15,808,072	1,151,110	(332,249)	1,444,907	3,621,822	213,461	3,563,215	64,422,667

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of September 30, 2010

Attachment 3
Page 2 of 2

	Justice Gap	Lawyers Assistance Program	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	Public Protection	Sections	Support & Administration	Technology Improvement	Total J-T	Total A-I	All Restricted Funds
ASSETS													
Cash	-	-	-	-	-	-	-	-	-	-	-	781,083	781,083
Accounts Receivable (net of allowances)	-	-	-	685,000	-	-	-	-	-	-	685,000	59,780	744,780
Interfund Receivable/Payable	802,774	2,237,443	963,873	6,021,584	1,825,875	1,514,139	6,443,929	9,381,880	3,647,460	13,341	32,852,298	45,468,933	78,321,231
Capital Assets (net of depreciation)	-	-	-	-	-	-	-	-	-	-	-	13,936,111	13,936,111
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
OPEB Investments	-	-	-	-	-	-	-	-	-	-	-	4,074,287	4,074,287
Other Assets	-	-	-	-	-	-	-	-	349,528	-	349,528	102,473	452,001
TOTAL ASSETS	802,774	2,237,443	963,873	6,706,584	1,825,875	1,514,139	6,443,929	9,381,880	3,996,988	13,341	33,886,826	64,422,667	98,309,493
LIABILITIES AND NET ASSETS													
Accounts Payable and Accrued Liabilities	-	53,107	5,187	62,139	10,524	33,499	-	115,149	783,684	-	1,063,289	13,341,534	14,404,823
Unearned Fees Collected in Advance	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants Payable	-	-	-	5,962,735	-	-	-	-	-	-	5,962,735	-	5,962,735
Accrued Postretirement Benefits	-	-	-	-	-	-	-	-	-	-	-	94,505	94,505
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	53,107	5,187	6,024,874	10,524	33,499	-	115,149	783,684	-	7,026,024	13,436,039	20,462,063
NET ASSETS													
Net Assets at Beginning of Year	57,834	1,463,944	1,337,819	8,343,862	1,838,804	1,161,860	6,414,780	6,631,945	22,493	209,571	27,482,912	43,492,221	70,975,133
Current Operating Excess/(Deficit)	744,940	720,392	(379,133)	(7,662,152)	(23,453)	318,780	29,149	2,634,786	3,265,737	(78,472)	(429,426)	7,494,407	7,064,981
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	(74,926)	(117,758)	(192,684)	-	(192,684)
TOTAL NET ASSETS	802,774	2,184,336	958,686	681,710	1,815,351	1,480,640	6,443,929	9,266,731	3,213,304	13,341	26,860,802	50,986,628	77,847,430
TOTAL LIABILITIES & NET ASSETS	802,774	2,237,443	963,873	6,706,584	1,825,875	1,514,139	6,443,929	9,381,880	3,996,988	13,341	33,886,826	64,422,667	98,309,493

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - All Funds
For the Nine Months Ending September 30, 2010

Attachment 4

	General Fund	Restricted Funds	Fixed Asset Fund	Interfund Elimination	Total All Funds Year to Date Sep-10	Total All Funds Year to Date Sep-09	Change	Percentage Change
OPERATING REVENUES:								
Membership Fees, Voluntary Contributions	58,777,193	14,806,338	-	-	73,583,531	72,413,722	1,169,809	1.62%
Convention Income	-	886,245	-	-	886,245	957,856	(71,611)	-7.48%
Law Corporation Registration Fees	678,759	185	-	-	678,944	700,497	(21,553)	-3.08%
Continuing Legal Education Fees	939,617	14,850	-	-	954,467	1,304,575	(350,108)	-26.84%
Law Practices Sections Fees	-	4,741,309	-	-	4,741,309	4,873,062	(131,753)	-2.70%
Grant Revenue	10,000	6,007,121	-	-	6,017,121	4,996,193	1,020,928	20.43%
Trust Account Revenue	-	5,117,367	-	-	5,117,367	5,220,321	(102,954)	-1.97%
EAF AB 145 Filing Fee Revenue	-	2,536,481	-	-	2,536,481	3,565,336	(1,028,855)	-28.86%
Examination Application Fees	-	15,316,292	-	-	15,316,292	14,672,123	644,169	4.39%
MJP Fees	381,633	-	-	-	381,633	370,777	10,856	2.93%
Legal Specialization Fees	-	910,639	-	-	910,639	1,091,905	(181,266)	-16.60%
Seminar/Workshop Revenue	4,800	658,998	-	-	663,798	855,124	(191,326)	-22.37%
CalBar Journal Revenue	132,042	37,110	-	-	169,152	703,921	(534,769)	-75.97%
Other Revenue	455,602	2,914,424	-	-	3,370,026	3,144,824	225,202	7.16%
Interfund Transfer In	500,000	3,740,000	-	(4,240,000)	-	-	-	0.00%
Interfund Transaction-Revenue	54,778	72,030	-	(126,808)	-	86,778	(86,778)	0.00%
Total Operating Revenue	61,934,424	57,759,389	-	(4,366,808)	115,327,005	114,957,014	369,991	0.32%
OPERATING EXPENSES:								
Discipline and Adjudication	37,858,133	-	-	-	37,858,133	37,340,945	517,188	1.39%
Grant Expenses	-	20,691,648	-	-	20,691,648	22,910,906	(2,219,258)	-9.69%
Administration of Justice	550,784	-	-	-	550,784	598,126	(47,342)	-7.92%
Governance	1,402,714	-	-	-	1,402,714	2,382,143	(979,429)	-41.12%
Administration of the Profession	2,328,004	-	-	-	2,328,004	2,884,157	(556,153)	-19.28%
Program Development	1,155,683	-	-	-	1,155,683	1,078,560	77,123	7.15%
Communications	970,952	-	-	-	970,952	2,119,464	(1,148,512)	-54.19%
Examination costs and administration	-	13,803,515	-	-	13,803,515	13,439,655	363,860	2.71%
Claims (net of reimbursements)	-	5,593,120	-	-	5,593,120	3,627,428	1,965,692	54.19%
Law Practices (Sections)	-	2,805,375	-	-	2,805,375	3,076,799	(271,424)	-8.82%
General and Administrative costs	-	5,980,022	675,211	-	6,655,233	11,627,550	(4,972,317)	-42.76%
Non Departmental	795,826	-	-	-	795,826	(98,610)	894,436	-907.04%
Interfund Transfer Out	1,230,000	3,010,000	-	(4,240,000)	-	-	-	0.00%
Interfund Transaction-Expense	68,808	58,000	-	(126,808)	-	86,778	(86,778)	0.00%
Total Operating Expenses	46,360,904	51,941,680	675,211	(4,366,808)	94,610,987	101,073,901	(6,462,914)	-6.39%
OPERATING INCOME/(LOSS)	15,573,520	5,817,709	(675,211)	-	20,716,018	13,883,113	6,832,905	49.22%
NON-OPERATING REVENUE:								
Investment Income	149,700	509,506	-	-	659,206	1,093,473	(434,267)	-39.71%
Rental Income	-	737,766	-	-	737,766	937,147	(199,381)	-21.28%
Total Non-Operating Revenue	149,700	1,247,272	-	-	1,396,972	2,030,620	(633,648)	-31.20%
EXCESS/ (DEFICIT) OF REVENUES OVER EXPENSES	15,723,220	7,064,981	(675,211)	-	22,112,990	15,913,733	6,199,257	38.96%
CHANGES IN NET ASSETS:								
Net Assets at beginning of year	9,017,768	70,975,133	18,943,145	-	98,936,046	105,233,898	(6,297,852)	-5.98%
Transfers of Fixed Assets to Fixed Asset Fund	-	(192,684)	192,684	-	-	-	-	0.00%
NET ASSETS AS OF SEPTEMBER 30, 2010	24,740,988	77,847,430	18,460,618	-	121,049,036	121,147,631	(98,595)	-0.08%

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - General Fund
For the Nine Months Ending September 30, 2010

Attachment 5

	<u>Year to Date September-10</u>	<u>Year to Date September-09</u>	<u>Change</u>
OPERATING REVENUES			
Membership Fee, Voluntary Contributions and Attorney Applications	58,777,193	58,012,975	764,218
Law Corporation Registration Fees	678,759	694,097	(15,338)
Continuing Legal Education Fees	939,617	1,096,725	(157,108)
Seminar/Workshop Revenue	4,800	7,528	(2,728)
CalBar Journal Revenue	132,042	635,221	(503,179)
MJP Fees	381,633	370,777	10,856
Grant Revenue	10,000	9,500	500
Other Revenue	455,602	448,020	7,582
Transfer In From Affinity Program	500,000	-	500,000
Interfund Transaction-Revenue	54,778	39,820	14,958
Total Operating Revenue	<u>61,934,424</u>	<u>61,314,663</u>	<u>619,761</u>
OPERATING EXPENSES:			
Discipline & Adjudication	37,858,133	37,340,945	517,188
Administration of Justice	550,784	598,126	(47,342)
Governance	1,402,714	2,382,143	(979,429)
Administration of the Profession	2,328,004	2,068,555	259,449
Program Development	1,155,683	1,078,560	77,123
Communications	970,952	2,119,464	(1,148,512)
Non Departmental	795,826	(98,610)	894,436
Interfund Transfer out to Bldg. Fund	1,230,000	-	1,230,000
Interfund Transaction-Expense	68,808	41,943	26,865
Total Operating Expenses	<u>46,360,904</u>	<u>45,531,126</u>	<u>829,778</u>
OPERATING INCOME/(LOSS)	15,573,520	15,783,537	(210,017)
NON-OPERATING REVENUE			
Investment Income	149,700	365,684	(215,984)
Total Non-Operating Revenue	<u>149,700</u>	<u>365,684</u>	<u>(215,984)</u>
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES	<u>15,723,220</u>	<u>16,149,221</u>	<u>(426,001)</u>
NET ASSETS			
Net Assets at beginning of year	9,017,768	9,009,533	8,235
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-
NET ASSETS AS OF SEPTEMBER 30, 2010	<u>24,740,988</u>	<u>25,158,754</u>	<u>(417,766)</u>

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Nine Months Ending September 30, 2010

Attachment 6
Page 1 of 2

	Admissions	Annual Meeting	Benefit Reserve	Building	Building Special Assessment	Certification Activities	Client Security	Discipline	Education Foundation	Elimination of Bias	Equal Access	Grants	Info Tech Special Assess	Total A-I
REVENUE														
Membership Fees & Voluntary Dues	-	-	-	3,109	2,018,869	-	6,960,148	-	-	794,754	-	-	1,646,012	11,422,892
Investment Income	186,196	1,858	18,612	13,259	14,808	13,058	67,842	5,207	(865)	6,651	9,746	-	13,432	349,804
Convention Income	-	681,490	-	-	-	-	-	-	204,755	-	-	-	-	886,245
Law Corporation Registration Fees	185	-	-	-	-	-	-	-	-	-	-	-	-	185
Continuing Legal Education Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Income	-	-	-	713,240	-	-	-	-	-	-	-	-	-	713,240
Grant Revenue	-	-	-	-	-	-	-	-	-	-	5,931,121	71,000	-	6,002,121
Trust Account Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	-	-	-	-	2,536,481	-	-	2,536,481
Application Fees	15,316,292	-	-	-	-	-	-	-	-	-	-	-	-	15,316,292
Legal Specialization Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seminar/Workshop Revenue	-	-	-	-	-	-	-	-	633,353	-	-	-	-	633,353
Advertising Revenue	-	4,125	-	-	-	-	-	-	30,160	-	-	-	-	34,285
Other Revenue	471,999	123,065	-	409,608	-	-	9,950	-	103,751	-	17,266	-	-	1,135,639
Interfund Transfers	2,010,000	-	-	1,230,000	-	-	-	-	-	-	-	-	-	3,240,000
Interfund Transaction-Revenue	-	54,350	-	-	1,100	-	4,070	-	10,175	-	-	-	990	70,685
TOTAL REVENUE	17,984,672	864,888	18,612	2,369,216	2,034,777	13,058	7,042,010	5,207	981,329	801,405	8,494,614	71,000	1,660,434	42,341,222
EXPENSES														
Grants	-	-	-	-	-	-	-	-	-	-	8,825,213	-	-	8,825,213
Administration of the Profession	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Examination Costs and Administration	13,803,515	-	-	-	-	-	-	-	-	-	-	-	-	13,803,515
Claims (net of reimbursement)	-	-	-	-	-	-	5,593,120	-	-	-	-	-	-	5,593,120
Law Practices (Sections)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General and Administrative	-	477,324	-	711,802	31,890	-	1,209,298	-	1,313,578	534,221	293,668	14,144	26,047	4,611,972
Interfund Transfers	-	-	-	-	-	2,010,000	-	-	-	-	-	-	-	2,010,000
Interfund Transaction-Expense	1,215	-	-	-	-	-	1,200	-	-	580	-	-	-	2,995
TOTAL EXPENSES	13,804,730	477,324	-	711,802	31,890	2,010,000	6,803,618	-	1,313,578	534,801	9,118,881	14,144	26,047	34,846,815
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES														
	4,179,942	387,564	18,612	1,657,414	2,002,887	(1,996,942)	238,392	5,207	(332,249)	266,604	(624,267)	56,856	1,634,387	7,494,407
CHANGES IN NET ASSETS														
Net Assets at beginning of year	1,730,015	374,204	8,856,584	16,028,972	1,999,763	3,203,390	2,678,965	1,145,903	-	1,142,903	4,246,089	156,605	1,928,828	43,492,221
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS AS OF SEPTEMBER 30, 2010	5,909,957	761,768	8,875,196	17,686,386	4,002,650	1,206,448	2,917,357	1,151,110	(332,249)	1,409,507	3,621,822	213,461	3,563,215	50,986,628

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Nine Months Ending September 30, 2010

	Justice Gap	Lawyer Assistance	Legal Education & Development	Legal Services Trust	Legal Specialization	Legislative Activities	Public Protection	Sections	Support & Administration	Technology Improvement	Total J-T	Total A-I	Total Restricted Funds
REVENUE													
Membership Fees & Voluntary Dues	742,664	1,865,352	-	-	-	775,430	-	-	-	-	3,383,446	11,422,892	14,806,338
Investment Income	2,401	9,520	6,400	46,964	9,140	6,752	29,149	40,582	8,129	665	159,702	349,804	509,506
Convention Income	-	-	-	-	-	-	-	-	-	-	-	886,245	886,245
Law Corporation Registration Fees	-	-	-	-	-	-	-	-	-	-	-	185	185
Continuing Legal Education Revenue	-	-	-	-	14,850	-	-	-	-	-	14,850	-	14,850
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	4,741,309	-	-	4,741,309	-	4,741,309
Rental Income	-	-	-	-	-	24,526	-	-	-	-	24,526	713,240	737,766
Grant Revenue	-	-	-	-	-	-	-	5,000	-	-	5,000	6,002,121	6,007,121
LSTF Trust Account Revenue	-	-	-	5,117,367	-	-	-	-	-	-	5,117,367	-	5,117,367
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	2,536,481	2,536,481
Application Fees	-	-	-	-	-	-	-	-	-	-	-	15,316,292	15,316,292
Legal Specialization Fees	-	-	-	-	910,639	-	-	-	-	-	910,639	-	910,639
Seminar/Workshop Revenue	-	1,350	-	-	-	-	-	24,295	-	-	25,645	633,353	658,998
Advertising Revenue	825	-	-	-	-	-	-	2,000	-	-	2,825	34,285	37,110
Other Revenue	-	-	1,129,790	401	1,607	13,173	-	630,730	3,084	-	1,778,785	1,135,639	2,914,424
Interfund Transfers	-	500,000	-	-	-	-	-	-	-	-	500,000	3,240,000	3,740,000
Interfund Transaction-Revenue	-	1,045	-	-	300	-	-	-	-	-	1,345	70,685	72,030
TOTAL REVENUE	745,890	2,377,267	1,136,190	5,164,732	936,536	819,881	29,149	5,443,916	11,213	665	16,665,439	42,341,222	59,006,661
EXPENSES													
Grants	-	-	-	11,866,435	-	-	-	-	-	-	11,866,435	8,825,213	20,691,648
Administration of the Profession	-	-	-	-	-	-	-	-	-	-	-	-	-
Examination costs and Administration	-	-	-	-	-	-	-	-	-	-	-	13,803,515	13,803,515
Claims (net of reimbursement)	-	-	-	-	-	-	-	-	-	-	-	5,593,120	5,593,120
Law Practices (Sections)	-	-	-	-	-	-	-	2,805,375	-	-	2,805,375	-	2,805,375
General and Administrative	950	1,655,430	473,323	960,334	956,989	500,356	-	-	(3,258,469)	79,137	1,368,050	4,611,972	5,980,022
Interfund Transfers	-	-	1,000,000	-	-	-	-	-	-	-	1,000,000	2,010,000	3,010,000
Interfund Transaction-Expense	-	1,445	42,000	115	3,000	745	-	3,755	3,945	-	55,005	2,995	58,000
TOTAL EXPENSES	950	1,656,875	1,515,323	12,826,884	959,989	501,101	-	2,809,130	(3,254,524)	79,137	17,094,865	34,846,815	51,941,680
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES													
	744,940	720,392	(379,133)	(7,662,152)	(23,453)	318,780	29,149	2,634,786	3,265,737	(78,472)	(429,426)	7,494,407	7,064,981
CHANGES IN NET ASSETS													
Net Assets at beginning of year	57,834	1,463,944	1,337,819	8,343,862	1,838,804	1,161,860	6,414,780	6,631,945	22,493	209,571	27,482,912	43,492,221	70,975,133
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	(74,926)	(117,758)	(192,684)	-	(192,684)
NET ASSETS AS OF SEPTEMBER 30, 2010	802,774	2,184,336	958,686	681,710	1,815,351	1,480,640	6,443,929	9,266,731	3,213,304	13,341	26,860,802	50,986,628	77,847,430

The State Bar of California
Budget to Actual Comparison-General Fund
For the Nine Months Ending September 30, 2010

Attachment 7

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Sep-10 Year to Date Actual	Sep-10 Year to Date Budget	Variance Favorable (Unfavorable)	Sep-09 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2010 Annual Budget
REVENUE									
Membership Fees	1,702,965	407,808	1,295,157	58,777,193	58,709,266	67,927	58,012,975	764,218	59,117,097
Investment Income	47,975	205,308	(157,333)	149,700	615,924	(466,224)	365,684	(215,984)	821,237
Convention Income	-	117	(117)	-	351	(351)	-	-	468
Law Corp Registration Fees	57,504	182,181	(124,677)	678,759	546,543	132,216	694,097	(15,338)	728,747
CalBar Journal Revenue	17,697	103,878	(86,181)	132,042	311,634	(179,592)	635,221	(503,179)	415,530
Continuing Legal Education	610,570	342,687	267,883	939,617	1,028,061	(88,444)	1,096,725	(157,108)	1,370,769
Seminar/Workshop Revenue	-	16,008	(16,008)	4,800	48,024	(43,224)	7,528	(2,728)	64,055
MJP Fees	27,743	68,763	(41,020)	381,633	206,289	175,344	370,777	10,856	275,060
Grant Revenue	-	675	(675)	10,000	2,025	7,975	9,500	500	2,704
Other Revenue	127,082	153,687	(26,605)	455,602	461,061	(5,459)	448,020	7,582	614,830
Transfer In From Other Funds	500,000	124,998	375,002	500,000	374,994	125,006	-	500,000	500,000
Interfund Transaction-Revenue	2,769	4,878	(2,109)	54,778	14,634	40,144	39,820	14,958	19,525
TOTAL REVENUE	3,094,305	1,610,988	1,483,317	62,084,124	62,318,806	(234,682)	61,680,347	403,777	63,930,022
EXPENSES									
Discipline	12,275,359	12,839,563	564,204	37,858,133	40,165,275	2,307,142	37,340,945	517,188	54,550,772
Administration of Justice	174,967	209,943	34,976	550,784	646,292	95,508	598,126	(47,342)	872,635
Governance	465,139	588,732	123,593	1,402,714	1,629,767	227,053	2,382,143	(979,429)	2,071,391
Administration of the Profession	656,440	791,576	135,136	2,328,004	2,465,601	137,597	2,068,555	259,449	3,345,016
Program Development	389,804	426,649	36,845	1,155,683	1,327,325	171,642	1,078,560	77,123	1,801,282
Communications	255,145	463,581	208,436	970,952	1,631,303	660,351	2,119,464	(1,148,512)	2,334,390
Non Departmental	276,890	301,398	24,508	795,826	895,817	99,991	(98,610)	894,436	1,194,152
Interfund Transfer out to Bldg. Fund	-	-	-	1,230,000	1,230,000	-	-	1,230,000	1,230,000
Interfund Transaction-Expense	16,784	-	(16,784)	68,808	-	(68,808)	41,943	26,865	-
TOTAL EXPENSES	14,510,528	15,621,442	1,110,914	46,360,904	49,991,380	3,630,476	45,531,126	829,778	67,399,638
NET OPERATING SURPLUS/(DEFICIT)	(11,416,223)	(14,010,454)	2,594,231	15,723,220	12,327,426	3,395,794	16,149,221	(426,001)	(3,469,616)

The State Bar of California
Budget to Actual Comparison - General Fund
Expenses by Function
For the Nine Months Ending September 30, 2010

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Sep-10 Year to Date Actual	Sep-10 Year to Date Budget	Variance Favorable (Unfavorable)	Sep-09 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2010 Annual Budget
EXPENSES BY FUNCTION									
Enforcement									
Trial Counsel - Administration	285,158	362,136	76,978	431,952	1,159,752	727,800	765,930	(333,978)	1,581,468
Trial Unit - San Francisco	834,006	849,543	15,537	2,679,786	2,783,477	103,691	5,613,968	(2,934,182)	3,609,976
Trial Unit - Los Angeles	1,443,450	1,456,707	13,257	4,597,404	4,629,481	32,077	11,911,261	(7,313,857)	6,263,969
Intake- LA	1,119,686	1,235,816	116,130	3,631,354	3,817,710	186,356	3,572,458	58,896	5,274,249
Central Administration Unit	1,437,766	1,529,842	92,076	4,432,117	4,677,356	245,239	4,776,563	(344,446)	6,683,343
Quality Assurance	-	-	-	-	-	-	26	(26)	-
Abandoned Cases/UPL	339,612	513,766	174,154	1,342,923	1,619,847	276,924	968,408	374,515	2,087,333
Admin Support-SF	369,732	375,051	5,319	1,093,541	1,166,030	72,489	-	1,093,541	1,617,755
Audit & Review	272,901	277,808	4,907	855,163	874,758	19,595	-	855,163	1,189,486
Investigation-LA	2,193,180	2,047,471	(145,709)	6,509,384	6,405,107	(104,277)	-	6,509,384	8,663,430
Investigation-SF	681,702	688,590	6,888	1,988,011	2,096,018	108,007	-	1,988,011	2,755,892
Probation Unit	238,480	247,944	9,464	745,172	777,114	31,942	659,980	85,192	1,056,697
Total Enforcement	9,215,673	9,584,674	369,001	28,306,807	30,006,650	1,699,843	28,268,594	38,213	40,783,598
State Bar Court									
Presiding & Review Judges	181,787	178,680	(3,107)	563,695	562,973	(722)	519,549	44,146	764,154
Hearing Judges	376,921	375,063	(1,858)	1,164,559	1,181,266	16,707	1,086,188	78,371	1,595,439
Judicial Recruitment	808	7,737	6,929	14,220	23,211	8,991	144	14,076	31,000
SBC Executive Committee	-	-	-	-	-	-	4	(4)	-
SBC - Sr. Executive	178,961	190,831	11,870	534,804	593,224	58,420	1,008,347	(473,543)	801,884
SBC - Sr. Executive Projects	-	9,423	9,423	-	28,269	28,269	344	(344)	37,701
Hearing/Administration - San Francisco	331,002	341,055	10,053	1,023,685	1,062,842	39,157	960,823	62,862	1,442,626
Hearing Counsel - LA/SF	406,702	412,602	5,900	1,268,666	1,289,234	20,568	1,131,576	137,090	1,745,890
Review Counsel/Clerk	321,061	366,686	45,625	1,041,956	1,145,411	103,455	928,757	113,199	1,554,104
SBC Reporter	2,240	15,036	12,796	4,880	45,108	40,228	15,444	(10,564)	60,175
Hearing/Effectuation/Administration	539,282	532,801	(6,481)	1,618,166	1,658,850	40,684	1,374,662	243,504	2,250,475
Total State Bar Court	2,338,764	2,429,914	91,150	7,234,631	7,590,388	355,757	7,025,838	208,793	10,283,448
Mandatory Fee Arbitration									
Mandatory Fee Arbitration	177,043	195,761	18,718	556,711	612,352	55,641	486,122	70,589	832,951
Mandatory Fee Arbitration Committee	2,106	7,119	5,013	7,871	21,357	13,486	12,073	(4,202)	28,495
Agreement with Local Bar Associations	14,724	17,499	2,775	29,772	52,497	22,725	40,752	(10,980)	70,000
Total Mandatory Fee Arbitration	193,873	220,379	26,506	594,354	686,206	91,852	538,947	55,407	931,446
Professional Competence									
Discipline Cost Collections	595	37,494	36,899	6,957	112,482	105,525	11,300	(4,343)	150,030
Lawyers' Personal Assistance	-	-	-	-	-	-	-	-	-
Publications	417	4,803	4,386	18,581	14,409	(4,172)	17,334	1,247	19,256
Professional Responsibility and Conduct	494,256	494,346	90	1,535,492	1,551,281	15,789	1,354,067	181,425	2,111,033
COPRAC - Publications	11,139	12,237	1,098	33,574	36,711	3,137	36,919	(3,345)	49,008
Compendium on Professional Responsibility	4,352	6,993	2,641	16,794	20,979	4,185	524	16,270	28,013
Rules Revision Committee	16,290	48,723	32,433	110,943	146,169	35,226	87,422	23,521	194,940
Total Professional Competence	527,049	604,596	77,547	1,722,341	1,882,031	159,690	1,507,566	214,775	2,552,280
TOTAL DISCIPLINE	12,275,359	12,839,563	564,204	37,858,133	40,165,275	2,307,142	37,340,945	517,188	54,550,772

The State Bar of California
Budget to Actual Comparison - General Fund
Expenses by Function
For the Nine Months Ending September 30, 2010

Attachment 8
Page 2 of 2

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Sep-10 Year to Date Actual	Sep-10 Year to Date Budget	Variance Favorable (Unfavorable)	Sep-09 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2010 Annual Budget
EXPENSES BY FUNCTION									
Administration of Justice									
Judicial Evaluations	174,967	209,115	34,148	550,784	643,808	93,024	598,126	(47,342)	869,318
Attorney Civility Task Force	-	828	828	-	2,484	2,484	-	-	3,317
Sustainability Task Force	-	-	-	-	-	-	-	-	-
Total Administration of Justice	174,967	209,943	34,976	550,784	646,292	95,508	598,126	(47,342)	872,635
Governance									
Executive Director	154,250	136,584	(17,666)	451,688	435,409	(16,279)	103,385	348,303	591,017
Deputy Executive Director	176,092	271,091	94,999	547,495	638,352	90,857	243,080	304,415	730,376
Board of Governors	58,093	116,416	58,323	189,682	355,864	166,182	1,980,684	(1,791,002)	478,960
Elections	42,207	20,648	(21,559)	107,271	62,948	(44,323)	43,007	64,264	84,632
Appointments Administration	34,497	43,993	9,496	106,578	137,194	30,616	11,987	94,591	186,406
Total Governance	465,139	588,732	123,593	1,402,714	1,629,767	227,053	2,382,143	(979,429)	2,071,391
Administration of the Profession									
Member Records & Certification	288	-	(288)	794	-	(794)	1,050	(256)	-
Member Services-Senior Executive	96,554	131,222	34,668	336,852	411,653	74,801	274,534	62,318	558,815
Member Services Center	549,146	647,762	98,616	1,956,600	2,014,653	58,053	1,699,602	256,998	2,732,775
Child and Family Support	10,452	12,592	2,140	33,514	39,295	5,781	8,877	24,637	53,426
Multijurisdictional Practice	-	-	-	244	-	(244)	84,492	(84,248)	-
Total Administration of the Profession	656,440	791,576	135,136	2,328,004	2,465,601	137,597	2,068,555	259,449	3,345,016
Program Development									
Program Development	240,366	250,469	10,103	721,118	780,580	59,462	569,488	151,630	1,060,029
California Young Lawyers Association	51,988	53,001	1,013	136,704	164,795	28,091	83,746	52,958	223,599
Program Development Project	-	21,978	21,978	-	65,934	65,934	167	(167)	87,996
Access to Justice	96,967	95,342	(1,625)	292,518	298,439	5,921	410,970	(118,452)	406,179
Committee on Delivery of Legal Services	483	5,859	5,376	5,343	17,577	12,234	14,189	(8,846)	23,479
Total Program Development	389,804	426,649	36,845	1,155,683	1,327,325	171,642	1,078,560	77,123	1,801,282
COMMUNICATIONS									
Media & Information Services	171,317	234,075	62,758	506,684	831,052	324,368	660,184	(153,500)	1,192,899
Calif. Bar Journal	83,828	229,506	145,678	464,268	800,251	335,983	1,459,280	(995,012)	1,141,491
Total Communications	255,145	463,581	208,436	970,952	1,631,303	660,351	2,119,464	(1,148,512)	2,334,390
NON DEPARTMENTAL									
INTERFUND TRANSFER-OUT TO BUILDING FUND	276,890	301,398	24,508	795,826	895,817	99,991	(98,610)	894,436	1,194,152
INTERFUND TRANSACTION - EXPENSE	-	-	-	1,230,000	1,230,000	-	-	1,230,000	1,230,000
SUBTOTAL THIS PAGE	2,235,169	2,781,879	546,710	8,502,771	9,826,105	1,323,334	8,190,181	312,590	12,848,866
TOTAL DISCIPLINE FROM PAGE 1	12,275,359	12,839,563	564,204	37,858,133	40,165,275	2,307,142	37,340,945	517,188	54,550,772
TOTAL GENERAL FUND EXPENSE BY FUNCTION	14,510,528	15,621,442	1,110,914	46,360,904	49,991,380	3,630,476	45,531,126	829,778	67,399,638