

THE STATE BAR OF CALIFORNIA

FINANCE

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MEMORANDUM

DATE: April 27th, 2011
TO: Board of Governors
FROM: Christine Wong, Finance Director
SUBJECT: First Quarter 2011 Financial Statements – Financial Highlights

Attached for your review are the 2011 first 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 first quarter ended March 31, 2011, the Bar's total assets are \$190.5 million, liabilities are \$23 million, and net assets are \$167.5 million. The Bar's total assets increased by \$8.8 million compared to the same period in 2010. The increase is due to a combination of (1) a \$4.8 million increase in cash and investment; (2) a \$4.5 million increase in the Other Postemployment Benefits (OPEB) assets; and (3) partially offset by a net decrease in capital asset of \$0.5 million.

Cash and investments consist of balances in demand deposit accounts, money market accounts, the State Bar's share of the Local Agency Investment Fund ("LAIF"), and investment securities. For the first quarter ended March 31, 2011, the combined balance is \$142.7 million, increased by

\$4.8 million, or 3.5% compared to March 31, 2010. The variance is caused by the timing of the passage of the 2010 and 2011 fee bills. The late passage of the 2010 fee bill resulted in the lower combined cash and investment balances at the quarter ended March 31, 2010. The 2011 fee bill was passed on schedule, which allows the State Bar to restore the cash balance to its normal level at the first quarter of 2011.

The State Bar's Other Postemployment Benefit (OPEB) asset increased by \$4.5 million, or 109.7%, from \$4.1 million in 2010 to \$8.6 million in 2011. The increase of OPEB asset is due to the scheduled transfer of the 2009-2010 annual required contributions to the Executive Health Retirement Benefit Trust in March 2011.

Capital assets decreased by \$0.5 million compared to the first quarter of 2010. The 1.7% decrease was primarily attributable to normal depreciation on capital assets, partially offset by the additional of office equipment.

The Bar's total liabilities for the reported quarter are \$23 million, up by \$1.4 million compared to the first quarter in 2010. The increase is due to (1) a \$2.8 million increase in Client Security Fund ("CSF") claim liabilities as a result of increased claims filed related to loan modification fraud; (2) a \$4.5 million increase in Equal Access Fund grant payable as a result of delayed grant distribution from the State of California; and (3) partially offset by a \$5.9 million decrease in accounts payable due to the timing of grant distribution and vendor payments compared to the same period in 2010.

The General Fund, the Bar's largest operating fund, has assets of \$57 million, liabilities of \$3 million and net assets of \$54 million. The General Fund's total assets increased by \$0.5 million compared to the same period in 2010.

The General Fund's total liabilities declined by \$5.9 million compared to the same quarter ended 2010. The decrease is due primarily to a lower accounts payable balance due to the timing of grant distribution and vendor payments compared to the same period in the prior year.

Statement of Revenue, Expenses and Changes in Net Assets – Comparison to 2010 First Quarter Actual Results

This statement reports the Bar's revenues, expenses, excess (deficit) of revenues over expenses and changes in net assets. For the quarter ended March 31, 2011, the Bar's total revenues (operating and non-operating) are \$95.6 million, and expenses are \$28.2 million, resulting in a surplus of \$67.4 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 in the first half of the year while expenditures are incurred throughout the year.

Total operating revenue for all programs through March 31, 2011 is \$95.2 million, an increase of \$5.8 million over the same period in 2010. The increase is due in part to the timing of receipt of member dues. For 2011, the due date was February 1st and a significant amount of late payment penalties were received by the end of March. In 2010, the due date was March 1st and there was a

significant decline in late payment payments because of the extend due date. For the 1st quarter, there was also \$1.6 million increase in examination application fees, legal specialization fees, and other program revenues.

The General Fund's total operating revenue for the reported quarter is \$56.4 million, up by \$2.1 million, or 3.8% compared to \$54.3 million for the same period in 2010. The increase is due primarily to the timing of receipt of membership fee revenue as mentioned above.

For the reported quarter, the Bar's total operating expense for all programs is \$28.2 million. The total operating expense is comparable to the same period in 2010, reflecting only a slight increase of \$0.3 million, or 1.3% compared to the same period in 2010.

The General Fund's total operating expense for the reported quarter is \$14.4 million - \$1.4 million or 8.9% less than in 2010. This variance is due to a \$0.2 million cost reduction from the CalBar Journal as a result of the transition away from the print version, and a 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 in 2010.

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 first quarter ended March 31, 2011, the General Fund's total revenue reflects an unfavorable variance of \$1.3 million from membership fee revenue. This variance will be corrected when additional membership fee is received in the following quarters, and the membership fee revenue is expected to remain in line with the annual budget by the end of 2011.

General Fund actual expenses for the reported quarter totaled \$14.4 million, reflecting a year to date favorable variance of \$1.1 million. This positive variance is generated in large part by the high number of positions that were vacant for most of 2010 and continue to remain vacant through the first quarter of 2011. Several of these vacancies are in the recruitment stage and are expected to be filled in the next few months. Expenditures are also down in non-personnel categories.

If the current expenditure trend holds throughout the rest of the year, the General Fund will likely have budgetary savings of at least \$2 million.

The State Bar of California
Statement of Assets, Liabilities and Net Assets - All Funds
As of March 31, 2011

Attachment 1

	General Fund	Restricted Funds	Fixed Asset Fund	YTD Total All Funds March-11	YTD Total All Funds March-10	Change
ASSETS						
Cash	81,223,432	781,085	-	82,004,517	88,004,487	(5,999,970)
Accounts Receivable (net of allowances)	-	5,700,188	-	5,700,188	5,940,789	(240,601)
Interfund Receivable/Payable	(85,622,053)	85,622,053	-	-	-	-
Capital Assets (net of depreciation)	-	13,796,589	18,624,770	32,421,359	32,978,354	(556,995)
Investments	60,744,600	-	-	60,744,600	49,867,891	10,876,709
OPEB Investment	-	8,625,332	-	8,625,332	4,074,286	4,551,046
Other Assets	684,037	358,561	-	1,042,598	829,254	213,344
TOTAL ASSETS	57,030,016	114,883,808	18,624,770	190,538,594	181,695,061	8,843,533
LIABILITIES AND NET ASSETS						
Accounts Payable and Accrued Liabilities	2,764,703	15,224,200	-	17,988,903	20,866,642	(2,877,739)
Unearned Fees Collected in Advance	-	-	-	-	46,526	(46,526)
Grants Payable	-	4,612,927	-	4,612,927	259,944	4,352,983
Accrued Postretirement Benefits	281,328	94,502	-	375,830	391,799	(15,969)
TOTAL LIABILITIES	3,046,031	19,931,629	-	22,977,660	21,564,911	1,412,749
NET ASSETS						
Net Assets at Beginning of Year	11,879,483	70,022,670	18,271,126	100,173,279	98,936,045	1,237,234
Current Operating Excess/(Deficit)	42,104,502	25,635,846	(352,693)	67,387,655	61,194,105	6,193,550
Transfer of Fixed Assets to Fixed Assets Fund	-	(706,337)	706,337	-	-	-
TOTAL NET ASSETS	53,983,985	94,952,179	18,624,770	167,560,934	160,130,150	7,430,784
TOTAL LIABILITIES & NET ASSETS	57,030,016	114,883,808	18,624,770	190,538,594	181,695,061	8,843,533

The State Bar of California
Statement of Assets, Liabilities and Net Assets - General Fund
As of March 31, 2011

Attachment 2

	<u>Year to Date Total March-11</u>	<u>Year to Date Total March-10</u>	<u>Change</u>
ASSETS			
Cash	81,223,432	87,223,401	(5,999,969)
Accounts Receivable (net of allowances)	-	-	-
Interfund Receivable/Payable	(85,622,053)	(81,116,436)	(4,505,617)
Investments	60,744,600	49,867,891	10,876,709
Other Assets	684,037	552,194	131,843
TOTAL ASSETS	<u><u>57,030,016</u></u>	<u><u>56,527,050</u></u>	<u><u>502,966</u></u>
LIABILITIES AND NET ASSETS			
Accounts Payable and Accrued Liabilities	2,764,703	8,645,172	(5,880,469)
Unearned Fees Collected in Advance	-	-	-
Accrued Postretirement Benefits	281,328	297,294	(15,966)
TOTAL LIABILITIES	<u><u>3,046,031</u></u>	<u><u>8,942,466</u></u>	<u><u>(5,896,435)</u></u>
NET ASSETS			
Net Assets at Beginning of Year	11,879,483	9,017,768	2,861,715
Current Operating Excess/(Deficit)	42,104,502	38,566,816	3,537,686
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-
TOTAL NET ASSETS	<u><u>53,983,985</u></u>	<u><u>47,584,584</u></u>	<u><u>6,399,401</u></u>
TOTAL LIABILITIES & NET ASSETS	<u><u>57,030,016</u></u>	<u><u>56,527,050</u></u>	<u><u>502,966</u></u>

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of March 31, 2011

Attachment 3
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	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	-	781,035	-	-	-	-	-	-	-	-	-	-	781,085
Accounts Receivable (net of allowances)	-	-	-	67,824	-	-	-	-	-	-	4,938,434	112	-	5,006,370
Interfund Receivable/Payable	10,909,544	358,239	(430,402)	3,703,461	5,963,867	1,208,041	20,104,162	1,152,630	138,993	1,808,387	2,043,660	180,311	4,994,217	52,135,110
Capital Assets (net of depreciation)	-	-	-	13,796,589	-	-	-	-	-	-	-	-	-	13,796,589
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPEB Assets	-	-	8,625,332	-	-	-	-	-	-	-	-	-	-	8,625,332
Other Assets	119,030	-	-	-	-	-	-	-	-	-	-	-	-	119,030
TOTAL ASSETS	11,028,624	358,239	8,975,965	17,567,874	5,963,867	1,208,041	20,104,162	1,152,630	138,993	1,808,387	6,982,094	180,423	4,994,217	80,463,516
LIABILITIES AND NET ASSETS														
Accounts Payable and Accrued Liabilities	322,035	19,717	-	132,421	-	-	13,581,204	-	-	38,556	-	-	-	14,093,933
Unearned Fees Collected in Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants Payable	-	-	-	-	-	-	-	-	-	-	4,577,056	-	-	4,577,056
Accrued Postretirement Benefits	-	-	94,502	-	-	-	-	-	-	-	-	-	-	94,502
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	322,035	19,717	94,502	132,421	-	-	13,581,204	-	-	38,556	4,577,056	-	-	18,765,491
NET ASSETS														
Net Assets at Beginning of Year	3,668,582	403,798	8,878,260	17,239,742	4,007,593	1,207,346	2,322,314	1,151,967	-	1,214,059	3,423,367	154,923	3,396,349	47,068,300
Current Operating Excess/(Deficit)	7,038,007	(65,276)	3,203	195,711	1,956,274	695	4,200,644	663	138,993	555,772	(1,018,329)	25,500	1,597,868	14,629,725
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	10,706,589	338,522	8,881,463	17,435,453	5,963,867	1,208,041	6,522,958	1,152,630	138,993	1,769,831	2,405,038	180,423	4,994,217	61,698,025
TOTAL LIABILITIES & NET ASSETS	11,028,624	358,239	8,975,965	17,567,874	5,963,867	1,208,041	20,104,162	1,152,630	138,993	1,808,387	6,982,094	180,423	4,994,217	80,463,516

The State Bar of California
Statement of Assets, Liabilities and Net Assets - Restricted Funds
As of March 31, 2011

Attachment 3
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	Justice Gap	Lawyers Assistance Program	Legal Education & Development	Legal Services Trust	Legal Specializator	Legislative Activities	Public Protection	Sections	Support & Administration	Technology Improvement	Total J-T	Total A-I	All Restricted Funds
ASSETS													
Cash	-	-	-	-	-	-	-	-	-	-	-	781,085	781,085
Accounts Receivable (net of allowances)	-	-	-	693,818	-	-	-	-	-	-	693,818	5,006,370	5,700,188
Interfund Receivable/Payable	1,599,743	3,036,300	1,424,860	4,553,878	2,535,589	2,069,433	6,452,440	11,381,343	991,110	(557,753)	33,486,943	52,135,110	85,622,053
Capital Assets (net of depreciation)	-	-	-	-	-	-	-	-	-	-	-	13,796,589	13,796,589
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
OPEB Investments	-	-	-	-	-	-	-	-	-	-	-	8,625,332	8,625,332
Other Assets	-	-	-	-	-	-	-	-	239,531	-	239,531	119,030	358,561
TOTAL ASSETS	1,599,743	3,036,300	1,424,860	5,247,696	2,535,589	2,069,433	6,452,440	11,381,343	1,230,641	(557,753)	34,420,292	80,463,516	114,883,808
LIABILITIES AND NET ASSETS													
Accounts Payable and Accrued Liabilities	-	65,656	5,199	65,834	16,711	33,449	-	115,814	827,604	-	1,130,267	14,093,933	15,224,200
Unearned Fees Collected in Advance	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants Payable	-	-	-	35,871	-	-	-	-	-	-	35,871	4,577,056	4,612,927
Accrued Postretirement Benefits	-	-	-	-	-	-	-	-	-	-	-	94,502	94,502
Obligations under Debt Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	65,656	5,199	101,705	16,711	33,449	-	115,814	827,604	-	1,166,138	18,765,491	19,931,629
NET ASSETS													
Net Assets at Beginning of Year	1,083,287	1,691,844	1,503,858	2,186,483	1,553,408	1,402,141	6,448,730	6,962,789	15,795	106,035	22,954,370	47,068,300	70,022,670
Current Operating Excess/(Deficit)	516,456	1,278,800	(84,197)	2,959,508	965,470	633,843	3,710	4,302,740	451,652	(21,861)	11,006,121	14,629,725	25,635,846
Transfer of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	(64,410)	(641,927)	(706,337)	-	(706,337)
TOTAL NET ASSETS	1,599,743	2,970,644	1,419,661	5,145,991	2,518,878	2,035,984	6,452,440	11,265,529	403,037	(557,753)	33,254,154	61,698,025	94,952,179
TOTAL LIABILITIES & NET ASSETS	1,599,743	3,036,300	1,424,860	5,247,696	2,535,589	2,069,433	6,452,440	11,381,343	1,230,641	(557,753)	34,420,292	80,463,516	114,883,808

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - All Funds
For the Three Months Ending March 31, 2011

Attachment 4

	General Fund	Restricted Funds	Fixed Asset Fund	Interfund Elimination	Total All Funds Year to Date Mar-11	Total All Funds Year to Date Mar-10	Change	Percentage Change
OPERATING REVENUES:								
Membership Fees, Voluntary Contributions	55,191,097	15,737,597	-	-	70,928,694	66,774,235	4,154,459	6.22%
Convention Income	-	171,125	-	-	171,125	103,025	68,100	66.10%
Law Corporation Registration Fees	451,187	-	-	-	451,187	410,166	41,021	10.00%
Continuing Legal Education Fees	329,270	67,315	-	-	396,585	224,136	172,449	76.94%
Law Practices Sections Fees	-	4,615,837	-	-	4,615,837	4,438,576	177,261	3.99%
Grant Revenue	14,000	2,384,825	-	-	2,398,825	2,435,600	(36,775)	-1.51%
Trust Account Revenue	-	1,689,594	-	-	1,689,594	1,636,797	52,797	3.23%
EAF AB 145 Filing Fee Revenue	-	1,172,486	-	-	1,172,486	1,215,169	(42,683)	-3.51%
Examination Application Fees	-	10,594,827	-	-	10,594,827	9,817,186	777,641	7.92%
MJP Fees	336,019	-	-	-	336,019	319,651	16,368	5.12%
Legal Specialization Fees	-	1,252,528	-	-	1,252,528	785,113	467,415	59.53%
Seminar/Workshop Revenue	6,395	288,380	-	-	294,775	258,999	35,776	13.81%
CalBar Journal Revenue	17,307	4,915	-	-	22,222	106,845	(84,623)	-79.20%
Other Revenue	110,664	809,452	-	-	920,116	833,398	86,718	10.41%
Interfund Transfer In	-	-	-	-	-	-	-	0.00%
Interfund Transaction-Revenue	3,342	600	-	(3,942)	-	-	-	0.00%
Total Operating Revenue	56,459,281	38,789,481	-	(3,942)	95,244,820	89,358,896	5,885,924	6.59%
OPERATING EXPENSES:								
Discipline and Adjudication	12,076,296	-	-	-	12,076,296	11,996,744	79,552	0.66%
Grant Expenses	-	4,463,611	-	-	4,463,611	4,751,123	(287,512)	-6.05%
Administration of Justice	114,353	-	-	-	114,353	161,956	(47,603)	-29.39%
Governance	500,330	-	-	-	500,330	454,495	45,835	10.08%
Administration of the Profession	815,423	-	-	-	815,423	871,679	(56,256)	-6.45%
Program Development	359,442	-	-	-	359,442	357,299	2,143	0.60%
Communications	211,463	-	-	-	211,463	422,948	(211,485)	-50.00%
Examination costs and administration	-	3,766,207	-	-	3,766,207	3,891,279	(125,072)	-3.21%
Claims (net of reimbursements)	-	2,197,300	-	-	2,197,300	2,142,111	55,189	2.58%
Law Practices (Sections)	-	922,351	-	-	922,351	930,860	(8,509)	-0.91%
General and Administrative costs	-	2,102,825	352,693	-	2,455,518	2,311,480	144,038	6.23%
Non Departmental	309,576	-	-	-	309,576	274,712	34,864	12.69%
Interfund Transfer Out	-	-	-	-	-	-	-	0.00%
Interfund Transaction-Expense	2,227	1,715	-	(3,942)	-	-	-	0.00%
Total Operating Expenses	14,389,110	13,454,009	352,693	(3,942)	28,191,870	28,566,686	(374,816)	-1.31%
OPERATING INCOME/(LOSS)	42,070,171	25,335,472	(352,693)	-	67,052,950	60,792,210	6,260,740	10.30%
NON-OPERATING REVENUE:								
Investment Income	34,331	47,913	-	-	82,244	158,269	(76,025)	-48.04%
Rental Income	-	252,461	-	-	252,461	243,625	8,836	3.63%
Total Non-Operating Revenue	34,331	300,374	-	-	334,705	401,894	(67,189)	-16.72%
EXCESS/ (DEFICIT) OF REVENUES OVER EXPENSES	42,104,502	25,635,846	(352,693)	-	67,387,655	61,194,104	6,193,551	10.12%
CHANGES IN NET ASSETS:								
Net Assets at beginning of year	11,879,483	70,022,670	18,271,126	-	100,173,279	98,936,045	1,237,234	1.25%
Transfers of Fixed Assets to Fixed Asset Fund	-	(706,337)	706,337	-	-	-	-	0.00%
NET ASSETS AS OF DECEMBER 31, 2010	53,983,985	94,952,179	18,624,770	-	167,560,934	160,130,149	7,430,785	4.64%

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - General Fund
For the Three Months Ending March 31, 2011

Attachment 5

	<u>Year to Date March-11</u>	<u>Year to Date March-10</u>	<u>Change</u>
OPERATING REVENUES			
Membership Fee, Voluntary Contributions and Attorney Applications	55,191,097	53,190,386	2,000,711
Convention Income	-		
Law Corporation Registration Fees	451,187	410,166	41,021
Continuing Legal Education Fees	329,270	133,916	195,354
Seminar/Workshop Revenue	6,395	-	6,395
CalBar Journal Revenue	17,307	98,095	(80,788)
MJP Fees	336,019	319,651	16,368
Grant Revenue	14,000	-	14,000
Other Revenue	110,664	124,167	(13,503)
Interfund Transaction-Revenue	3,342	35,084	(31,742)
Total Operating Revenue	<u>56,459,281</u>	<u>54,311,465</u>	<u>2,147,816</u>
OPERATING EXPENSES:			
Discipline & Adjudication	12,076,296	11,996,744	79,552
Administration of Justice	114,353	161,956	(47,603)
Governance	500,330	454,495	45,835
Administration of the Profession	815,423	852,636	(37,213)
Program Development	359,442	357,299	2,143
Communications	211,463	422,948	(211,485)
Non Departmental	309,576	274,712	34,864
Interfund Transfer out to Bldg. Fund	-	1,230,000	(1,230,000)
Interfund Transaction-Expense	2,227	35,659	(33,432)
Total Operating Expenses	<u>14,389,110</u>	<u>15,786,449</u>	<u>(1,397,339)</u>
OPERATING INCOME/(LOSS)	42,070,171	38,525,016	3,545,155
NON-OPERATING REVENUE			
Investment Income	34,331	41,800	(7,469)
Total Non-Operating Revenue	<u>34,331</u>	<u>41,800</u>	<u>(7,469)</u>
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES	<u>42,104,502</u>	<u>38,566,816</u>	<u>3,537,686</u>
NET ASSETS			
Net Assets at beginning of year	11,879,483	9,017,767	2,861,716
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-
NET ASSETS AS OF MARCH 31, 2011	<u>53,983,985</u>	<u>47,584,583</u>	<u>6,399,402</u>

The State Bar of California
Statement of Revenue, Expenses and Changes in Net Assets - Restricted Funds
For the Three Months Ending March 31, 2011

	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	-	-	-	1,532	1,963,187	-	6,776,778	-	-	762,670	-	-	1,603,392	11,107,559
Investment Income	4,477	247	3,203	2,046	2,915	695	10,096	663	17	994	1,606	-	2,443	29,402
Convention Income	-	67,000	-	-	-	-	-	-	104,125	-	-	-	-	171,125
Law Corporation Registration Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Continuing Legal Education Fees	64,315	-	-	-	-	-	-	-	-	-	-	-	-	64,315
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Income	-	-	-	252,461	-	-	-	-	-	-	-	-	-	252,461
Grant Revenue	-	-	-	-	-	-	-	-	-	-	2,339,325	25,500	-	2,364,825
Trust Account Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	-	-	-	-	1,172,486	-	-	1,172,486
Application Fees	10,594,827	-	-	-	-	-	-	-	-	-	-	-	-	10,594,827
Legal Specialization Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seminar/Workshop Revenue	-	-	-	-	-	-	-	-	288,380	-	-	-	-	288,380
Advertising Revenue	-	-	-	-	-	-	-	-	4,915	-	-	-	-	4,915
Other Revenue	140,645	-	-	750	-	-	6,200	-	39,357	-	-	-	-	186,952
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Transaction-Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	10,804,264	67,247	3,203	256,789	1,966,102	695	6,793,074	663	436,794	763,664	3,513,417	25,500	1,605,835	26,237,247
EXPENSES														
Grants	-	-	-	-	-	-	-	-	-	-	4,463,611	-	-	4,463,611
Administration of the Profession	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Examination Costs and Administration	3,766,207	-	-	-	-	-	-	-	-	-	-	-	-	3,766,207
Claims (net of reimbursement)	-	-	-	-	-	-	2,197,300	-	-	-	-	-	-	2,197,300
Law Practices (Sections)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General and Administrative	-	132,523	-	61,078	9,828	-	395,130	-	297,801	207,892	68,135	-	7,967	1,180,354
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Transaction-Expense	50	-	-	-	-	-	-	-	-	-	-	-	-	50
TOTAL EXPENSES	3,766,257	132,523	-	61,078	9,828	-	2,592,430	-	297,801	207,892	4,531,746	-	7,967	11,607,522
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES	7,038,007	(65,276)	3,203	195,711	1,956,274	695	4,200,644	663	138,993	555,772	(1,018,329)	25,500	1,597,868	14,629,725
CHANGES IN NET ASSETS														
Net Assets at beginning of year	3,668,582	403,798	8,878,260	17,239,742	4,007,593	1,207,346	2,322,314	1,151,967	-	1,214,059	3,423,367	154,923	3,396,349	47,068,300
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS AS OF MARCH 31, 2011	10,706,589	338,522	8,881,463	17,435,453	5,963,867	1,208,041	6,522,958	1,152,630	138,993	1,769,831	2,405,038	180,423	4,994,217	61,698,025

The State Bar of California
Statement of Revenue, Expenses and Changes in net Assets - Restricted Funds
For the Three Months Ending March 31, 2011

	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	515,712	1,784,061	-	1,581,930	-	748,335	-	-	-	-	4,630,038	11,107,559	15,737,597
Investment Income	744	1,494	854	3,386	1,274	1,107	3,710	5,491	392	59	18,511	29,402	47,913
Convention Income	-	-	-	-	-	-	-	-	-	-	-	171,125	171,125
Law Corporation Registration Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Continuing Legal Education Revenue	-	-	-	-	3,000	-	-	-	-	-	3,000	64,315	67,315
Law Practices (Sections) Revenue	-	-	-	-	-	-	-	4,615,837	-	-	4,615,837	-	4,615,837
Rental Income	-	-	-	-	-	-	-	-	-	-	-	252,461	252,461
Grant Revenue	-	-	-	-	-	-	-	20,000	-	-	20,000	2,364,825	2,384,825
LSTF Trust Account Revenue	-	-	-	1,689,594	-	-	-	-	-	-	1,689,594	-	1,689,594
EAF AB145 Filing Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	1,172,486	1,172,486
Application Fees	-	-	-	-	-	-	-	-	-	-	-	10,594,827	10,594,827
Legal Specialization Fees	-	-	-	-	1,252,528	-	-	-	-	-	1,252,528	-	1,252,528
Seminar/Workshop Revenue	-	-	-	-	-	-	-	-	-	-	-	288,380	288,380
Advertising Revenue	-	-	-	-	-	-	-	-	-	-	-	4,915	4,915
Other Revenue	-	-	32,450	1,363	950	-	-	584,978	2,759	-	622,500	186,952	809,452
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Transaction-Revenue	-	-	-	-	600	-	-	-	-	-	600	-	600
TOTAL REVENUE	516,456	1,785,555	33,304	3,276,273	1,258,352	749,442	3,710	5,226,306	3,151	59	12,852,608	26,237,247	39,089,855
EXPENSES													
Grants	-	-	-	-	-	-	-	-	-	-	-	4,463,611	4,463,611
Administration of the Profession	-	-	-	-	-	-	-	-	-	-	-	-	-
Examination costs and Administration	-	-	-	-	-	-	-	-	-	-	-	3,766,207	3,766,207
Claims (net of reimbursement)	-	-	-	-	-	-	-	-	-	-	-	2,197,300	2,197,300
Law Practices (Sections)	-	-	-	-	-	-	-	922,351	-	-	922,351	-	922,351
General and Administrative	-	506,755	117,501	316,765	292,882	115,599	-	-	(448,951)	21,920	922,471	1,180,354	2,102,825
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Transaction-Expense	-	-	-	-	-	-	-	1,215	450	-	1,665	50	1,715
TOTAL EXPENSES	-	506,755	117,501	316,765	292,882	115,599	-	923,566	(448,501)	21,920	1,846,487	11,607,522	13,454,009
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES													
	516,456	1,278,800	(84,197)	2,959,508	965,470	633,843	3,710	4,302,740	451,652	(21,861)	11,006,121	14,629,725	25,635,846
CHANGES IN NET ASSETS													
Net Assets at beginning of year	1,083,287	1,691,844	1,503,858	2,186,483	1,553,408	1,402,141	6,448,730	6,962,789	15,795	106,035	22,954,370	47,068,300	70,022,670
Transfers of Fixed Assets to Fixed Assets Fund	-	-	-	-	-	-	-	-	(64,410)	(641,927)	(706,337)	-	(706,337)
NET ASSETS AS OF MARCH 31, 2011	1,599,743	2,970,644	1,419,661	5,145,991	2,518,878	2,035,984	6,452,440	11,265,529	403,037	(557,753)	33,254,154	61,698,025	94,952,179

The State Bar of California
Budget to Actual Comparison - General Fund
For the Three Months Ending March 31, 2011

Attachment 7

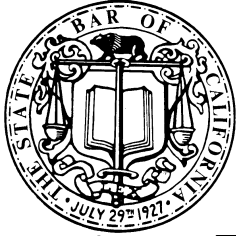
	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Mar-11 Year to Date Actual	Mar-11 Year to Date Budget	Variance Favorable (Unfavorable)	Mar-10 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2011 Annual Budget
REVENUE									
Membership Fees	55,191,097	56,452,497	(1,261,400)	55,191,097	56,452,497	(1,261,400)	53,190,386	2,000,711	57,510,000
Investment Income	34,331	31,248	3,083	34,331	31,248	3,083	41,800	(7,469)	125,000
Convention Income	-	-	-	-	-	-	-	-	-
Law Corp Registration Fees	451,187	167,244	283,943	451,187	167,244	283,943	410,166	41,021	669,000
CalBar Journal Revenue	17,307	41,247	(23,940)	17,307	41,247	(23,940)	98,095	(80,788)	165,000
Continuing Legal Education	329,270	215,868	113,402	329,270	215,868	113,402	133,916	195,354	863,500
Seminar/Workshop Revenue	6,395	1,200	5,195	6,395	1,200	5,195	-	6,395	4,800
MJP Fees	336,019	29,247	306,772	336,019	29,247	306,772	319,651	16,368	117,000
Grant Revenue	14,000	675	13,325	14,000	675	13,325	-	14,000	2,704
Other Revenue	110,664	134,139	(23,475)	110,664	134,139	(23,475)	124,167	(13,503)	536,629
Transfer In From Other Funds	-	623,346	(623,346)	-	623,346	(623,346)	-	-	2,493,390
Interfund Transaction-Revenue	3,342	4,299	(957)	3,342	4,299	(957)	35,084	(31,742)	17,200
TOTAL REVENUE	56,493,612	57,701,010	(1,207,398)	56,493,612	57,701,010	(1,207,398)	54,353,265	2,140,347	62,504,223
EXPENSES									
Discipline	12,076,296	12,745,849	669,553	12,076,296	12,745,849	669,553	11,996,744	79,552	54,401,117
Administration of Justice	114,353	207,297	92,944	114,353	207,297	92,944	161,956	(47,603)	863,485
Governance	500,330	534,893	34,563	500,330	534,893	34,563	454,495	45,835	2,103,555
Administration of the Profession	815,423	797,512	(17,911)	815,423	797,512	(17,911)	852,636	(37,213)	3,383,245
Program Development	359,442	406,237	46,795	359,442	406,237	46,795	357,299	2,143	1,722,512
Communications	211,463	528,896	317,433	211,463	528,896	317,433	422,948	(211,485)	2,200,071
Non Departmental	309,576	298,263	(11,313)	309,576	298,263	(11,313)	274,712	34,864	1,255,707
Interfund Transfer out to Bldg. Fund	-	-	-	-	-	-	1,230,000	(1,230,000)	-
Interfund Transaction-Expense	2,227	-	(2,227)	2,227	-	(2,227)	35,659	(33,432)	-
TOTAL EXPENSES	14,389,110	15,518,947	1,129,837	14,389,110	15,518,947	1,129,837	15,786,449	(1,397,339)	65,929,692
NET OPERATING SURPLUS/(DEFICIT)	42,104,502	42,182,063	(77,561)	42,104,502	42,182,063	(77,561)	38,566,816	3,537,686	(3,425,469)

The State Bar of California
Budget to Actual Comparison - General Fund
Expenses by Function
For the Three Months Ending March 31, 2011

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Mar-11 Year to Date Actual	Mar-11 Year to Date Budget	Variance Favorable (Unfavorable)	Mar-10 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2011 Annual Budget
EXPENSES BY FUNCTION									
Enforcement									
Trial Counsel - Administration	212,947	357,882	144,935	212,947	357,882	144,935	(41,986)	254,933	1,566,961
Trial Unit - San Francisco	866,612	870,158	3,546	866,612	870,158	3,546	896,858	(30,246)	3,713,585
Trial Unit - Los Angeles	1,583,823	1,683,935	100,112	1,583,823	1,683,935	100,112	1,488,967	94,856	7,221,396
Intake- LA	1,135,358	1,154,689	19,331	1,135,358	1,154,689	19,331	1,209,112	(73,754)	4,942,653
Central Administration Unit	1,347,569	1,561,147	213,578	1,347,569	1,561,147	213,578	1,409,825	(62,256)	6,623,492
Abandoned Cases/UPL	311,569	326,509	14,940	311,569	326,509	14,940	537,504	(225,935)	1,384,375
Admin Support-SF	346,214	382,926	36,712	346,214	382,926	36,712	340,002	6,212	1,630,673
Audit & Review	270,335	264,709	(5,626)	270,335	264,709	(5,626)	276,123	(5,788)	1,137,469
Investigation-LA	2,110,062	2,006,922	(103,140)	2,110,062	2,006,922	(103,140)	1,978,987	131,075	8,575,537
Investigation-SF	669,573	685,673	16,100	669,573	685,673	16,100	603,045	66,528	2,925,051
Probation Unit	238,306	243,956	5,650	238,306	243,956	5,650	237,843	463	1,045,149
Total Enforcement	9,092,368	9,538,506	446,138	9,092,368	9,538,506	446,138	8,936,280	156,088	40,766,341
State Bar Court									
Presiding & Review Judges	176,232	177,590	1,358	176,232	177,590	1,358	179,156	(2,924)	761,495
Hearing Judges	368,676	372,187	3,511	368,676	372,187	3,511	382,561	(13,885)	1,593,584
Judicial Recruitment	106	7,737	7,631	106	7,737	7,631	3,399	(3,293)	31,000
SBC - Sr. Executive	160,804	185,796	24,992	160,804	185,796	24,992	169,388	(8,584)	785,192
SBC - Sr. Executive Projects	-	9,423	9,423	-	9,423	9,423	-	-	37,701
Hearing/Administration - San Francisco	337,730	335,066	(2,664)	337,730	335,066	(2,664)	329,752	7,978	1,423,076
Hearing Counsel - LA/SF	408,753	404,405	(4,348)	408,753	404,405	(4,348)	408,099	654	1,725,309
Review Counsel/Clerk	348,640	356,975	8,335	348,640	356,975	8,335	338,973	9,667	1,521,189
SBC Reporter	1,044	15,036	13,992	1,044	15,036	13,992	51	993	60,175
Hearing/Effectuation/Administration	519,053	524,229	5,176	519,053	524,229	5,176	509,010	10,043	2,222,949
Total State Bar Court	2,321,038	2,388,444	67,406	2,321,038	2,388,444	67,406	2,320,389	649	10,161,670
Mandatory Fee Arbitration									
Mandatory Fee Arbitration	155,631	192,316	36,685	155,631	192,316	36,685	177,178	(21,547)	821,781
Mandatory Fee Arbitration Committee	3,427	5,178	1,751	3,427	5,178	1,751	1,312	2,115	20,745
Agreement with Local Bar Associations	36	19,437	19,401	36	19,437	19,401	-	36	77,750
Total Mandatory Fee Arbitration	159,094	216,931	57,837	159,094	216,931	57,837	178,490	(19,396)	920,276
Professional Competence									
Discipline Cost Collections	2,201	37,494	35,293	2,201	37,494	35,293	5,275	(3,074)	150,030
Publications	787	4,803	4,016	787	4,803	4,016	2,222	(1,435)	19,256
Professional Responsibility and Conduct	486,814	491,709	4,895	486,814	491,709	4,895	490,358	(3,544)	2,111,557
COPRAC - Publications	10,107	12,237	2,130	10,107	12,237	2,130	5,563	4,544	49,008
Compendium on Professional Responsibility	3,853	7,002	3,149	3,853	7,002	3,149	4,460	(607)	28,039
Rules Revision Committee	34	48,723	48,689	34	48,723	48,689	53,707	(53,673)	194,940
Total Professional Competence	503,796	601,968	98,172	503,796	601,968	98,172	561,585	(57,789)	2,552,830
TOTAL DISCIPLINE	12,076,296	12,745,849	669,553	12,076,296	12,745,849	669,553	11,996,744	79,552	54,401,117

The State Bar of California
Budget to Actual Comparison - General Fund
Expenses by Function
For the Three Months Ending March 31, 2011

	Current Quarter Actual	Current Quarter Budget	Variance Favorable (Unfavorable)	Mar-11 Year to Date Actual	Mar-11 Year to Date Budget	Variance Favorable (Unfavorable)	Mar-10 Prior Year to Date Actual	Inc./(Dec.) From Prior Year	2011 Annual Budget
EXPENSES BY FUNCTION									
Administration of Justice									
Judicial Evaluations	114,353	207,297	92,944	114,353	207,297	92,944	161,956	(47,603)	863,485
Attorney Civility Task Force	-	-	-	-	-	-	-	-	-
Sustainability Task Force	-	-	-	-	-	-	-	-	-
Total Administration of Justice	114,353	207,297	92,944	114,353	207,297	92,944	161,956	(47,603)	863,485
Governance									
Executive Director	227,095	210,412	(16,683)	227,095	210,412	(16,683)	138,995	88,100	749,595
Deputy Executive Director	144,204	172,389	28,185	144,204	172,389	28,185	173,658	(29,454)	730,407
Board of Governors	72,974	82,841	9,867	72,974	82,841	9,867	89,756	(16,782)	333,510
Elections	15,993	25,923	9,930	15,993	25,923	9,930	8,679	7,314	105,817
Appointments Administration	40,064	43,328	3,264	40,064	43,328	3,264	43,407	(3,343)	184,226
Total Governance	500,330	534,893	34,563	500,330	534,893	34,563	454,495	45,835	2,103,555
Administration of the Profession									
Member Records & Certification	385	-	(385)	385	-	(385)	179	206	-
Member Services-Senior Executive	87,881	152,283	64,402	87,881	152,283	64,402	116,548	(28,667)	653,458
Member Services Center	716,174	633,562	(82,612)	716,174	633,562	(82,612)	723,777	(7,603)	2,680,196
Child and Family Support	10,983	11,667	684	10,983	11,667	684	10,607	376	49,591
Multijurisdictional Practice	-	-	-	-	-	-	1,525	(1,525)	-
Total Administration of the Profession	815,423	797,512	(17,911)	815,423	797,512	(17,911)	852,636	(37,213)	3,383,245
Program Development									
Program Development	310,906	336,236	25,330	310,906	336,236	25,330	225,821	85,085	1,435,014
California Young Lawyers Association	36,506	36,248	(258)	36,506	36,248	(258)	39,627	(3,121)	151,465
Program Development Project	-	21,978	21,978	-	21,978	21,978	-	-	87,996
Access to Justice	10,509	5,916	(4,593)	10,509	5,916	(4,593)	90,881	(80,372)	24,558
Committee on Delivery of Legal Services	1,521	5,859	4,338	1,521	5,859	4,338	970	551	23,479
Total Program Development	359,442	406,237	46,795	359,442	406,237	46,795	357,299	2,143	1,722,512
COMMUNICATIONS									
Media & Information Services	119,097	263,854	144,757	119,097	263,854	144,757	155,172	(36,075)	1,115,017
Calif. Bar Journal	92,366	265,042	172,676	92,366	265,042	172,676	267,776	(175,410)	1,085,054
Total Communications	211,463	528,896	317,433	211,463	528,896	317,433	422,948	(211,485)	2,200,071
NON DEPARTMENTAL									
INTERFUND TRANSFER-OUT TO BUILDING FUND	-	-	-	-	-	-	1,230,000	(1,230,000)	-
INTERFUND TRANSACTION - EXPENSE	2,227	-	(2,227)	2,227	-	(2,227)	35,659	(33,432)	-
SUBTOTAL THIS PAGE	2,312,814	2,773,098	460,284	2,312,814	2,773,098	460,284	3,789,705	(1,476,891)	11,528,575
TOTAL DISCIPLINE FROM PAGE 1	12,076,296	12,745,849	669,553	12,076,296	12,745,849	669,553	11,996,744	79,552	54,401,117
TOTAL GENERAL FUND EXPENSE BY FUNCTION	14,389,110	15,518,947	1,129,837	14,389,110	15,518,947	1,129,837	15,786,449	(1,397,339)	65,929,692



**THE STATE BAR
OF CALIFORNIA**

FINANCE

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

MEMORANDUM

DATE: April 27th, 2011
TO: Board of Governors
FROM: Christine Wong, Finance Director
SUBJECT: Quarterly Investment Report as of March 31, 2011

Attached is the quarterly investment report for the State Bar of California as of March 31, 2011. 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 March, the market value of the State Bar's investment portfolio totaled \$110.8 million.

The time-weighted average rate of return of the investment portfolio for the reported quarter is 0.47%, compared to 0.86% for the same period in the prior year. Actual investment earnings decreased approximately 48% from \$158,269 at the first quarter in 2010 to \$82,245 for the reported quarter in 2011. This decrease is due primarily to lower short-term interest rates and duration-shortening actions taken to protect the portfolio from interest rate risk associated with longer term investments.

**The State Bar of California
Investment Report Summary
March 31, 2011**

<u>Asset Group</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Portfolio Percentage</u>	<u>Weighted Average Yield</u>
Wells Fargo Custody Account:				
- Government Bonds	60,607,250	60,522,960	54.61%	0.43%
- Common Stock-Metlife Inc.	131,327	131,327	0.12%	N.A
- Interest Receivable	-	90,313	0.08%	N.A
Subtotal-Securities, Bonds and Notes	60,738,577	60,744,600	54.81%	
Local Agency Investment Fund	49,966,195	50,091,770	45.19%	0.51%
Subtotal-Other Investments	49,966,195	50,091,770	45.19%	
Grand Total	110,704,772	110,836,370	100%	0.47%

Unrealized Gain/(Loss)-Securities, Bonds and Notes:

Market Value of Portfolio	60,654,287
Original Cost of Portfolio	60,738,577
Unrealized Gain/(Loss):	<u><u>(84,290)</u></u>

State Bar of California
Investment Report - Wells Fargo Custody Account
Balance as of March 31, 2011

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Cost</u>	<u>Mkt Value</u>	<u>Interest Receivable</u>	<u>Unrealized Gain/(Loss)</u>	<u>*Yield</u>	<u>Trade/Purchase Date</u>	<u>Maturity Date</u>
FED HOME MTG CORP M-T NOTE	3137EABZ1	AAA	Government Agency	2,000,000	2,025,580	2,002,120	13,993	(23,460)	0.44%	03/25/10	04/26/11
FED HOME LN BK	3133XTJ64	AAA	Government Agency	2,000,000	1,998,640	2,003,180	10,313	4,540	1.41%	06/12/09	05/16/11
FED HOME LN BK	31331YQ45	AAA	Government Agency	1,500,000	1,545,225	1,506,090	17,325	(39,135)	0.51%	03/25/10	05/19/11
FED HOME LN BK	3133XVTL5	AAA	Government Agency	2,000,000	2,005,860	2,001,800	4,822	(4,060)	0.44%	04/08/10	05/27/11
FED FARM CREDIT BK	31331GXR5	AAA	Government Agency	3,000,000	2,987,040	3,005,850	10,829	18,810	1.37%	06/09/09	06/08/11
FED FARM CREDIT BK	31331JFT5	AAA	Government Agency	3,000,000	3,008,130	3,007,200	1,700	(930)	0.45%	06/23/10	09/01/11
FED HOME LN BK	3133XYMV4	AAA	Government Agency	2,500,000	2,506,900	2,508,300	6,667	1,400	0.61%	06/11/10	12/01/11
FED HOME LN BK	313371WV4	AAA	Government Agency	2,000,000	2,000,180	2,000,000	2,033	(180)	0.29%	12/21/10	12/01/11
FED HOME LN BK	313371XH4	AAA	Government Agency	2,000,000	2,001,400	2,000,240	2,044	(1,160)	0.24%	01/19/11	12/06/11
FED HOME LN BK	313372AQ7	AAA	Government Agency	3,000,000	3,002,400	3,001,290	2,683	(1,110)	0.29%	12/29/10	01/04/12
FED HOME LN BK	313370BJ6	AAA	Government Agency	2,000,000	2,007,940	2,005,300	2,203	(2,640)	0.27%	01/12/11	01/30/12
FED FARM CREDIT BK	31331KBE9	AAA	Government Agency	2,500,000	2,501,225	2,499,350	1,250	(1,875)	0.25%	01/25/11	02/01/12
FED FARM CREDIT BK	31331KBE9	AAA	Government Agency	3,000,000	3,002,670	2,999,220	1,500	(3,450)	0.20%	03/08/11	02/01/12
FED HOME LN BK	313372K94	AAA	Government Agency	3,000,000	3,002,340	2,999,700	1,600	(2,640)	0.24%	02/07/11	02/01/12
FED HOME LN BK	313372NL4	AAA	Government Agency	2,000,000	2,000,000	1,998,520	736	(1,480)	0.25%	02/08/11	02/08/12
FED FARM CREDIT BK	31331KDJ6	AAA	Government Agency	3,000,000	3,001,080	3,000,000	700	(1,080)	0.24%	03/30/11	03/01/12
FED FARM CREDIT BK	31331KDM9	AAA	Government Agency	3,000,000	3,001,110	2,997,870	513	(3,240)	0.24%	03/29/11	03/09/12
FED HOME LN BK	313372V76	AAA	Government Agency	3,000,000	3,000,900	2,997,720	373	(3,180)	0.25%	03/08/11	03/15/12
FED FARM CREDIT BK	3133736D9	AAA	Government Agency	3,000,000	3,000,870	2,996,490	63	(4,380)	0.22%	03/29/11	03/28/12
FED HOME LN BK SER 2	3133712T2	AAA	Government Agency	1,000,000	1,002,170	1,001,290	14	(880)	0.32%	01/12/11	03/30/12
FED FARM CREDIT BK	31331J2G7	AAA	Government Agency	3,000,000	2,994,180	2,993,400	2,650	(780)	0.44%	01/24/11	06/15/12
FED FARM CREDIT BK	31331J7A5	AAA	Government Agency	3,000,000	3,001,770	2,999,220	3,375	(2,550)	0.46%	01/12/11	07/10/12
FED FARM CREDIT BK	31331JXY4	AAA	Government Agency	1,000,000	1,002,080	1,000,790	885	(1,290)	0.49%	01/19/11	08/10/12
FED FARM CREDIT BK	31331KCS7	AAA	Government Agency	3,000,000	3,000,000	3,000,660	1,950	660	0.60%	02/11/11	08/22/12
FED FARM CREDIT BK	31331JN25	AAA	Government Agency	2,000,000	2,007,560	1,997,360	92	(10,200)	0.35%	11/02/10	09/28/12
TOTAL GOVERNMENT BONDS AND NOTES:				60,500,000	60,607,250	60,522,960	90,313	(84,290)	0.43%		
METLIFE INC	59156R108	N/A	Common Stock	-	-	131,327	-	131,327			N/A
TL Common Stock:				-	-	131,327	-	131,327			
TOTAL INVESTMENT HELD BY WELLS FARGO:				60,500,000	60,607,250	60,654,287	90,313	47,037			

Wells Fargo Custody Total Assets [Mkt Value (excl MetLife) + Interest Receivable]:

60,744,600



THE STATE BAR OF CALIFORNIA

FINANCE

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

MEMORANDUM

DATE: April 27th, 2011
TO: Board of Governors
FROM: Christine Wong, Finance Director
SUBJECT: Status of Claims Activities – Client Security Fund
Through the Quarter Ended March 31st, 2011

Attached for your review are a series of reports for the claims activities within the Client Security Fund for the first quarter ended March 31, 2011. These reports include:

- Claims Activity for the quarter ended March 31, 2011
- Claims Aging Report
- Cumulative Claims Aging Report
- 24 Month Rolling Average of Claims Paid
- Analysis of New Claims Paid, Rejected or Withdrawn

For the first quarter ended March 31, 2011, a total of 654 new claims in the amount of \$5.3 million were filed. Comparing to the 1,514 claims for \$7.2 million filed in the same period in 2010, the number of claims and claim amounts filed decreased 56.8% and 26.4%, respectively. The declined in loan modification fraud claim in 2011 is reflected in this quarterly report.

Accrued CSF claims liability as of March 31, 2011 is \$13.5 million, up by \$2.9 million or 27.1% compared to \$10.7 million for the same period in 2010. The claims liability accrual is calculated based on a rolling 24 month historical claims payout ratio of 34.86% applied against total claims submitted and outstanding of \$38.7 million, as of March 31, 2011. Total cash and investments available to address this liability at the end of March, 2011 are \$20.1 million as compared to \$17.2 million as of the same period in 2010.

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

March 31, 2011

YEAR TO DATE ACTIVITIES

	<u>\$1 - 2500</u>		<u>\$2,501 - 5,000</u>		<u>\$5,001 - 10,000</u>		<u>\$10,001 - 25,000</u>		<u>\$25,001 - 49,999</u>		<u>\$50,000</u>		<u>\$50,001 - 100,000</u>		<u>TOTAL</u>	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
Prior Years' Claims	2,110	\$3,580,990.80	2,859	\$9,822,964.40	615	\$4,371,325.95	270	\$4,378,852.18	93	\$3,181,231.63	144	\$7,200,000.00	21	\$1,982,809.80	6,112	\$34,518,174.76
New Claims '11	196	\$356,824.31	273	\$949,516.90	83	\$601,061.34	51	\$818,771.03	19	\$673,101.95	22	\$1,100,000.00	10	\$835,080.94	654	\$5,334,356.47
Paid Claims '11	(24)	(\$43,722.69)	(17)	(\$62,142.20)	(15)	(\$105,954.96)	(4)	(\$54,625.00)	(2)	(\$41,760.00)	(2)	(\$64,457.12)	0	\$0.00	(64)	(\$372,661.97)
Rejected Claims '11	(1)	(\$1,000.00)	(1)	(\$10,400.00)	0	(\$3,564.00)	(1)	(\$31,500.00)	(3)	(\$126,936.52)	(4)	(\$235,542.88)	0	\$0.00	(10)	(\$408,943.40)
Withdrawn Claims '11	(7)	(\$10,461.26)	(4)	(\$14,342.00)	(7)	(\$52,502.34)	(4)	(\$67,955.00)	(1)	(\$27,000.00)	(3)	(\$150,000.00)	0	\$0.00	(26)	(\$322,260.60)
Claims Outstanding	2,274	<u>\$3,882,631.16</u>	3,110	<u>\$10,685,597.10</u>	676	<u>\$4,810,365.99</u>	312	<u>\$5,043,543.21</u>	106	<u>\$3,658,637.06</u>	157	<u>\$7,850,000.00</u>	31	<u>\$2,817,890.74</u>	6,666	<u>\$38,748,665.26</u>
New claims % to total	29.97%	6.69%	41.74%	17.80%	12.69%	11.27%	7.80%	15.35%	2.91%	12.62%	0.00%	20.62%	1.53%	15.65%	96.64%	100.00%
Claims paid % to total	37.50%	11.73%	26.56%	16.68%	23.44%	28.43%	6.25%	14.66%	3.13%	11.21%	3.13%	17.30%	0.00%	0.00%	100.00%	100.00%
Claims rejected or withdrawn % to total	22.22%	1.57%	13.89%	3.38%	19.44%	7.67%	13.89%	13.60%	11.11%	21.05%	19.44%	52.73%	0.00%	0.00%	100.00%	100.00%
Claims outstanding % to total	34.11%	10.02%	46.65%	27.58%	10.14%	12.41%	4.68%	13.02%	1.59%	9.44%	2.36%	20.26%	0.47%	7.27%	100.00%	100.00%

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

As of March 31, 2011

(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
2005	3	91,868.72			0	0.00	0	0.00	0	0.00	3	91,868.72
2006	19	283,743.95			(2)	(10,208.95)	(3)	(8,700.00)	(5)	(18,908.95)	14	264,835.00
2007	58	1,084,948.23			0	0.00	(4)	(87,750.00)	(4)	(87,750.00)	54	997,198.23
2008	117	2,365,949.50			(4)	(11,560.00)	(1)	(44,500.00)	(5)	(56,060.00)	112	2,309,889.50
2009	2314	11,141,646.36			(22)	(127,657.57)	(7)	(152,947.34)	(29)	(280,604.91)	2285	10,861,041.45
2010	3601	19,550,018.00			(34)	(216,985.45)	(21)	(437,306.66)	(55)	(654,292.11)	3546	18,895,725.89
2011			654	5,334,356.47	(2)	(6,250.00)	-	-	(2)	(6,250.00)	652	5,328,106.47
TOTAL	<u>6112</u>	<u>34,518,174.76</u>	<u>654</u>	<u>5,334,356.47</u>	<u>(64)</u>	<u>(372,661.97)</u>	<u>(36)</u>	<u>(731,204.00)</u>	<u>(100)</u>	<u>(1,103,865.97)</u>	<u>6666</u>	<u>38,748,665.26</u>
Average		\$5,648		\$8,157		\$5,823		\$20,311		\$11,039		\$5,813

Estimated Claim Payout Ratio: **34.86%**
Estimated Claim Liability: **\$13,507,785**

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

As of **March 31, 2011**

(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
2005 Only	3	91,868.72			0	-	0	0.00	0	0.00	3	91,868.72
2005-2006	22	375,612.67			(2)	(10,208.95)	(3)	(8,700.00)	(5)	(18,908.95)	17	356,703.72
2005-2007	80	1,460,560.90			(2)	(10,208.95)	(7)	(96,450.00)	(9)	(106,658.95)	71	1,353,901.95
2005-2008	197	3,826,510.40			(6)	(21,768.95)	(8)	(140,950.00)	(14)	(162,718.95)	183	3,663,791.45
2005-2009	2,511	14,968,156.76			(28)	(149,426.52)	(15)	(293,897.34)	(43)	(443,323.86)	2,468	14,524,832.90
2005-2010	6,112	34,518,174.76			(62)	(366,411.97)	(36)	(731,204.00)	(98)	(1,097,615.97)	6,014	33,420,558.79
2005-2011			654	5,334,356.47	(64)	(372,661.97)	(36)	(731,204.00)	(100)	(1,103,865.97)	6,666	38,748,665.26
Claims Pending on	March 31, 2011			6,666								
Net Asset in Client Security Fund :												
	As of	12/31/2010		2,322,315								
	As of	3/31/2011		6,522,958								

*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: APR.09 through MAR.11

PAID CLAIMS

Month Covered	Amount	Mo. Ave. Payout Ratio	24 Mo. Rolling Average	Cumulative Paid Total
APR.09	398,024	42.07%		398,024
MAY.09	287,574	40.71%		685,598
JUN.09	504,153	44.37%		1,189,751
JUL.09	349,652	26.92%		1,539,403
AUG.09	77,845	19.17%		1,617,248
SEPT.09	284,251	44.90%		1,901,499
OCT.09	671,289	62.88%		2,572,788
NOV.09	218,385	28.56%		2,791,173
DEC.09	497,104	47.27%		3,288,277
JAN.10	2,500	1.42%		3,290,777
FEB.10	106,392	15.62%		3,397,169
MAR.10	162,881	31.55%		3,560,050
APR.10	158,270	43.87%		3,718,320
MAY.10	334,727	33.60%		4,053,047
JUN.10	308,843	52.70%		4,361,890
JUL.10	177,043	28.57%		4,538,933
AUG.10	186,118	19.50%		4,725,051
SEPT.10	368,292	40.82%		5,093,343
OCT.10	31,045	2.21%		5,124,388
NOV.10	491,751	60.38%		5,616,139
DEC.10	1,003,262	34.22%		6,619,401
JAN.11	11,260	7.23%		6,630,661
FEB.11	50,467	23.46%		6,681,128
MAR.11	310,935	42.42%		6,992,063
	<u>6,992,063</u>		34.86%	

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

March 31, 2011

	<u>1st Qtr</u>
Beginning Balance	6112
Add: Reinstated Claims New Claims	654
Less: Paid / Rejected or Withdrawn	100
TOTAL	6666
CLAIMS OUTSTANDING AMT.	38,748,665
# Of Active Attorneys	170,637
Cost Per Active Attorney	\$227
 ESTIMATED CLAIMS LIAB.	
Claims Payout Ratio	34.86%
Estimated Claim Amount *	\$13,507,785
# of Active Attorneys	170,637
Cost per Active Attorney	\$79
 CLAIM ACTIVITIES IN %:	
 NEW CLAIMS - YTD	
1 - 2,500	6.69%
2,501 - 5,000	17.80%
5,001 - 10,000	11.27%
10,001 - 25,000	15.35%
25,001 - 49,999	12.62%
50,000	20.62%
50,001 - 100,000	15.65%
 CLAIMS PAID - YTD	
1 - 2,500	11.73%
2,501 - 5,000	16.68%
5,001 - 10,000	28.43%
10,001 - 25,000	14.66%
25,001 - 49,999	11.21%
50,000	17.30%
50,001 - 100,000	0.00%
 REJ./WDRAWN - YTD	
1 - 2,500	1.57%
2,501 - 5,000	3.38%
5,001 - 10,000	7.67%
10,001 - 25,000	13.60%
25,001 - 49,999	21.05%
50,000	52.73%
50,001 - 100,000	0.00%
 CLAIMS O/S-CUM. - YTD	
1 - 2,500	10.02%
2,501 - 5,000	27.58%
5,001 - 10,000	12.41%
10,001 - 25,000	13.02%
25,001 - 49,999	9.44%
50,000	20.26%
50,001 - 100,000	7.27%
 NET ASSET, END OF PERIOD	 \$6,522,958

*Based upon 24 month rolling weighted average of claims paid ratio (See page 4)