



The State Bar of California

2024 Financial Statements and Independent Auditor's Report

**Years Ended December 31, 2024 and 2023
and Supplementary Information for Year Ended December 31, 2024**

DATE

THE STATE BAR OF CALIFORNIA
Financial Statements
Years Ended December 31, 2024 and 2023

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Independent Auditor's Report

To the Board of Trustees
The State Bar of California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the State Bar of California (State Bar) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the State Bar's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the State Bar, as of December 31, 2024 and 2023, and the changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State Bar, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State Bar's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of State Bar's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about State Bar's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, the schedule of plan contributions – pension, the schedule of changes in net OPEB liability and related ratios, and the schedule of contributions – OPEB Plan, collectively identified as Required Supplementary Information in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State Bar's basic financial statements. The combining schedules of program funds, collectively identified as Supplementary Information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedules of program funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE**, 2025 on our consideration of the State Bar's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State Bar's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering State Bar's internal control over financial reporting and compliance.

Walnut Creek, California
DATE, 2025

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THE STATE BAR OF CALIFORNIA
Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2024 and 2023

Introduction

Management's Discussion and Analysis (MD&A) is presented as a supplement to the financial statements and is based on currently known facts, decisions, and conditions that existed as of the date of the report of independent auditors. This discussion and analysis presents the highlights of financial activities and financial position for the State Bar of California (State Bar). The analysis is designed to provide readers with information that the State Bar's management believes to be necessary to obtain an understanding of its financial condition, changes in financial condition, and results of operations. It is intended to help readers see the State Bar through the eyes of management. It is further designed to provide context for the financial statements and information about the State Bar's operations and cash flows. Certain 2023 and 2022 amounts have been reclassified to conform to the 2024 presentation.

The State Bar of California

Created by the state legislature in 1927, the State Bar is a public corporation within the judicial branch of government, serving as an arm of the California Supreme Court. In 1960, California voters approved a ballot measure adding the State Bar as an entity in the State Constitution. As of year-end 2024, the State Bar of California had approximately 295,900 licensees, representing a 1.7% increase from 290,800 licensees in 2023. Despite this overall growth, the number of active licensees paying the full \$510 annual fee declined slightly, from 197,000 in 2023 to 196,600 in 2024, a decrease of 0.2%. This modest decline is indicative of an aging attorney population and a trend in which the number of new admittees is not keeping pace with the number of attorneys retiring or otherwise leaving the profession.

Licensing fees for 2024 and 2023 were allocated to the following funds:

	2024		2023	
	Active Fee	Inactive Fee	Active Fee	Inactive Fee
General Fund - Attorney Licensing	\$ 388	\$ 95	\$ 388	\$ 90
General Fund - Discipline Activity	25	25	25	25
Legal Services Trust Fund	45	45	45	45
Elimination of Bias Fund	2	2	2	2
Client Security Fund	40	10	40	10
Lawyers Assistance Program Fund	10	5	10	5
Total	<u>\$ 510</u>	<u>\$ 182</u>	<u>\$ 510</u>	<u>\$ 177</u>

The State Bar's licensing fees are set annually by the State Legislature. The assessment level reflected full support for the State Bar's core discipline functions but not other programs and activities. The 2024 statutorily-approved annual fee remained unchanged at \$388 from 2023. The inactive fee increased by \$5 in 2024.

Financial Statements Overview

The State Bar's financial report consists of MD&A, the financial statements, the notes to the financial statements, and the required and other supplementary information. The financial statements provide information and understanding of the State Bar's Enterprise. The financial statements and related information are organized in this report as follows:

The Statements of Net Position – present the financial position of the State Bar at the end of the fiscal year. The statements report all assets, deferred outflows of resources, liabilities, deferred inflows of resources,

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Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2024 and 2023

and the difference as net position. The net position section is displayed in three components: net investment in capital assets; restricted; and unrestricted. Changes in net position over time are an indicator of whether the financial condition of the organization is improving or declining.

The Statements of Revenues, Expenses, and Changes in Net Position – disclose the sources of revenues, the expenses by programs, and the impact on net position for the State Bar.

The Statements of Cash Flows – reflect the sources and uses of cash for the State Bar using the direct method which includes a reconciliation of operating income or loss to net cash provided by or used in operating activities.

Notes to the Financial Statements – provide integral information needed to explain the basis for the financial statement presentation and amounts within the basic financial statements.

Required Supplementary Information – presents schedule of changes in net pension liability and related ratios, schedule of plan contributions – pension, schedule of changes in net OPEB liability (asset) and related ratios, and schedule of contributions – OPEB Plan.

Other Supplementary Information – presents financial information by programs.

Financial Highlights

The following is a summary comparison of the State Bar's Statements of Net Position as of December 31, 2024, 2023, and 2022:

	2024	2023	2022
Cash, cash equivalents, and investments	\$ 386,354,411	\$ 313,642,218	\$ 155,941,040
Restricted cash, cash equivalents, and investments	-	-	9,287,909
Other assets	30,398,754	28,214,015	31,114,201
Capital assets, net	109,506,010	115,863,302	99,136,637
Deferred outflows of resources	45,249,950	42,688,915	37,885,114
Total assets and deferred outflows of resources	571,509,125	500,408,450	333,364,901
Current liabilities	45,394,048	80,322,389	76,022,506
Noncurrent liabilities	59,726,084	70,288,683	32,817,998
Net OPEB liability	7,788,422	5,773,259	7,393,303
Net pension liability	103,236,480	92,286,609	81,349,352
Deferred inflows of resources	25,027,703	24,864,791	21,733,662
Total liabilities and deferred inflows of resources	241,172,737	273,535,731	219,316,821
Net position			
Net investment in capital assets	48,355,739	50,746,966	75,520,878
Restricted for:			
Enabling legislation	343,729,469	218,394,235	85,013,835
Other restrictions	1,318,998	1,281,991	509,945
Unrestricted	(63,067,818)	(43,550,473)	(46,996,578)
Total net position	\$ 330,336,388	\$ 226,872,719	\$ 114,048,080

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Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2024 and 2023

Fiscal Year 2024 Compared to Fiscal Year 2023

Assets and Deferred Outflows of Resources – As of December 31, 2024, the State Bar's total assets and deferred outflows of resources were \$571.5 million, up by \$71.1 million or 14.2% compared to \$500.4 million in 2023. The increase is primarily attributed to the \$72.7 million net increases in cash, cash equivalents and investments, driven by higher trust account revenues and greater return on investments in 2024. Other changes include a \$1.3 million increase in accounts and other receivables due to the recognition of receivables associated with outstanding attorney debt, a \$1.2 million increase in other current assets resulted from higher prepaid expenses, a \$2.6 million increase in deferred outflow of resources related to pension and Other Postemployment Benefits (OPEB) items; partially offset by a \$6.4 million net decrease in capital assets, mainly due to the retirement of capital and leased assets. The State Bar recorded the outstanding attorney debt balance of \$214.2 million in the Statements of Net Position for 2024, with an estimated allowance of \$211.7 million (98.8%) for uncollectible accounts. The net impact was not significant to the financial statements.

Deferred outflows of resources consisted of actuarially determined deferred outflows of resources as it relates to both pension reporting under Governmental Accounting Standards Board (GASB) Statement No. 68 (GASB 68) and OPEB reporting under GASB Statement No. 75 (GASB 75). As of December 31, 2024, the deferred outflows of resources were \$45.2 million, which increased by \$2.5 million compared to \$42.7 million in 2023. See accompanying notes 11 and 12 to the financial statements for additional information.

Liabilities and Deferred Inflows of Resources – The State Bar's total liabilities and deferred inflows of resources consisted of accounts payable to vendors, unearned fees collected in advance, grants payable, loans payable, lease liability, subscription liability, net OPEB liability, net pension liability, employee compensated absences accruals and deferred inflows of resources from GASB 68, GASB 75, GASB Statement No. 87 - *Leases* (GASB 87), and the gain from disposition of capital assets. As of December 31, 2024, State Bar's total liabilities and deferred inflows of resources were \$241.2 million, decreased by \$32.3 million or 11.8% compared to \$273.5 million in 2023. The decrease is primarily due to a \$44.5 million decrease in unearned revenues, resulting from changing the annual licensing fee billing cycle. The 2024 licensing fees were billed and received from December 2023 to February 2024, while the 2025 licensing fees were billed and received from February 2025 to April 2025. The fees received in December 2023 were recorded as unearned revenues for 2024. Since the 2025 fees were only billed and received in 2025, there were no unearned revenues associated with licensee fees recorded in 2024. Additionally, some multiple year passthrough grants with advance grant receipts were disbursed in 2024 and recognized as revenues, further reducing unearned revenues by \$26.7 million. Other significant changes include a \$2.6 million decrease in lease liability from lease payments made and a \$1.2 million decrease in deferred inflows of resources related to lease items from rental income received, and partially offset by a \$10.9 million increase in net pension liability from recognizing the effects of differences between expected and actual experiences, a \$2.1 million increase in net OPEB liability, and a \$2.0 million increase in deferred inflows of resources related to OPEB due to the recognition of the differences between actual and expected experience of economic or demographic factors, a \$1.5 million increase in accounts payable and other liabilities due to higher accrued expenses not yet disbursed as of December 31, 2024, and a \$1.5 million increase in compensated absences attributed to higher accrued leave balances and increased pay rates from merit and cost-of-living adjustments (COLA).

The State Bar's total pension liability as of December 31, 2024 was \$528.4 million and the plan fiduciary net position was \$425.2 million resulting in a net pension liability of \$103.2 million, or 19.5% of the total pension liability. Compared to the \$92.3 million net pension liability in 2023, the 2024 net pension liability increased by \$10.9 million or 11.9% due to the significant increase in pension expenses from recognition of the effects of differences between expected and actual experience in the most recent actuarial valuation.

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Deferred inflows of resources as of December 31, 2024 were \$25.0 million, representing an increase of \$0.1 million compared to the \$24.9 million in 2023. This balance consisted of actuarially determined deferred inflows of resources related to pension under GASB 68 and OPEB under GASB 75, and the deferred inflows of resources related to leases under GASB 87. The deferred inflows of resources also include the gain from the San Francisco building sale that will be recognized over the term of the related lease. See accompanying notes 9, 11 and 12 to the financial statements for additional information.

Net Position – The State Bar's total net position as of December 31, 2024 was \$330.3 million, up by \$103.4 million or 45.6% compared to \$226.9 million in 2023. The increase represented an excess of revenues over expenses from various programs. The components of net position are:

Net Investments in Capital Assets – The component of net position that consists of capital assets, net of accumulated depreciation, amortization, outstanding balances of borrowings that are attributable to the acquisition, construction, and improvement of those assets decreased by \$2.3 million or 4.7%, from \$50.7 million in 2023 to \$48.4 million in 2024. The net decrease is primarily due to depreciation and amortization.

Restricted Net Position – The component of net position that is subject to internal constraints and external constraints imposed by grantors, law through constitutional provisions or enabling legislation increased by \$125.3 million or 57.1% from \$219.7 million in 2023 to \$345.0 million in 2024. The increase is due to \$125.3 million increase in enabling legislation, attributed to the rise in trust account revenues from higher account balances and interest yields in 2024. The net position for other restrictions remained the same at \$1.3 million for both 2024 and 2023.

Unrestricted Net Position – The component of net position that is used for day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. As of December 31, 2024, the unrestricted net position was negative \$63.1 million, a decrease of \$19.5 million or 44.8% compared to \$43.6 million negative unrestricted net position in 2023. The change is substantially due to the State Bar's General Fund operating at a deficit due to increased personnel and pension expenses, resulting in expenses exceeding revenues and causing a continued increase in the negative net position.

Fiscal Year 2023 Compared to Fiscal Year 2022

Assets and Deferred Outflows of Resources – As of December 31, 2023, the State Bar's total assets and deferred outflows of resources were \$500.4 million, up by \$167.0 million or 50.1% compared to \$333.4 million last year. The increase is primarily due to the \$157.7 million increase in cash, cash equivalents and investments due to significant increase of trust account revenues and greater return on investments in 2023. Other changes include a \$7.6 million increase in accounts and other receivables resulted from higher trust account revenues, \$0.5 million increase in other current assets, \$4.8 million increase in deferred outflow of resources related to pension and other postemployment benefit items; partially offset by a \$1.5 million net decrease in noncurrent assets and \$2.1 million decrease in lease receivables resulted from the State Bar's San Francisco office building sale in 2023.

Deferred outflows of resources consisted of actuarially determined deferred outflows of resources as it relates to both pension reporting under GASB 68 and other postemployment benefits reporting under GASB 75. As of December 31, 2023, the deferred outflows of resources were \$42.7 million, which increased by \$4.8 million compared to \$37.9 million last year. See accompanying notes 10 and 11 to the financial statements for additional information.

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Management's Discussion and Analysis (Unaudited)
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Liabilities and Deferred Inflows of Resources – The State Bar's total liabilities and deferred inflows of resources consisted of accounts payable to vendors, unearned fees collected in advance, grants payable, loans payable, lease liabilities, subscription liabilities, net OPEB liability, net pension liability, compensated absences, deferred inflows of resources related to pension and other postemployment benefits, lease items, and the gain from the sale of capital assets that related in a lease-leaseback transaction. As of December 31, 2023, State Bar's total liabilities and deferred inflows of resources were \$273.5 million, increased by \$54.2 million or 24.7% compared to \$219.3 million last year. The increase is primarily due to a \$50.2 million increase in lease liabilities associated with the State Bar's sale-leaseback transaction related to the San Francisco building sale. Other changes include a \$9.0 million increase in unearned fees collected in advance, a \$2.5 million increase in subscription liabilities, a \$0.8 million increase in noncurrent portion of the compensated absences, a \$11.0 million in net pension liability, a \$1.8 million increase in deferred inflows of resources related to OPEB, a \$13.0 million increase in deferred inflows of resources related to the gain from disposition of capital assets; partially offset by a \$1.4 million decrease in accounts payable and other liabilities, a \$19.4 million decrease in loans payable, a decrease of \$1.6 million in net OPEB liability, a decrease of \$10.5 million in deferred inflows of resources related to leases and a decrease of \$1.2 million decrease of deferred inflows of resources related to pension items.

The State Bar's total pension liability as of December 31, 2023 was \$490.2 million and the plan fiduciary net position was \$397.9 million resulting in a net pension liability of \$92.3 million, or 18.8% of the total pension liability. Compared to the \$81.3 million net pension liability in 2022, the 2023 net pension liability increased by \$11.0 million or 13.4%.

Deferred inflows of resources as of December 31, 2023 were \$24.9 million, representing an increase of \$3.2 million compared to the \$21.7 million last year. This balance consisted of actuarially determined deferred inflows of resources related to pension under GASB 68 and OPEB under GASB 75, and the deferred inflows of resources related to leases under GASB 87. Starting in 2023, the deferred inflows of resources also include the gain from the San Francisco building sale. See accompanying notes 8, 10 and 11 to the financial statements for additional information.

Net Position – The State Bar's total net position as of December 31, 2023 was \$226.9 million, up by \$112.9 million or 98.9% compared to \$114.0 million in 2022. The increase represented an excess of revenues over expenses from various programs. The components of net position are:

Net Investments in Capital Assets – The part of net position that consists of capital assets, net of accumulated depreciation, amortization, outstanding balances of borrowings that are attributable to the acquisition, construction, and improvement of those assets decreased by \$24.8 million or 32.8% from \$75.5 million in 2022 to \$50.7 million in 2023. The net decrease is primarily due to retirement of capital assets related to the San Francisco building sale.

Restricted Net Position – The part of net position that is subject to internal constraints and external constraints imposed by grantors, law through constitutional provisions or enabling legislation increased by \$134.2 million or 156.9% from \$85.5 million in 2022 to \$219.7 million in 2023. The increase is due to the \$133.4 million increase in enabling legislation and the \$0.8 million increase in other restrictions.

Unrestricted Net Position – The part of net position that is used for day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. As of December 31, 2023, the unrestricted net position was negative \$43.6 million, an increase of \$3.4 million or 7.3% compared to \$47.0 million negative unrestricted net position in 2022. The change is substantially due to the increase in cash and investments associated with the San Francisco building sale proceeds, and partially offset by increased operating expenses in the General Fund.

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Management's Discussion and Analysis (Unaudited)
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Statements of Revenues and Expenses

Following is a summary comparison of the State Bar's statements of revenues and expenses for the years ended December 31, 2024, 2023, and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
OPERATING REVENUES			
Program revenues	\$ 434,466,102	\$ 428,304,443	\$ 293,009,434
Other revenue	7,553,158	4,392,049	4,807,476
Unallocated pension gain	-	-	432,080
Total operating revenues	<u>442,019,260</u>	<u>432,696,492</u>	<u>298,248,990</u>
OPERATING EXPENSES			
Program expenses	341,528,220	312,485,367	277,421,994
General and administration	<u>11,998,637</u>	<u>18,759,066</u>	<u>16,252,330</u>
Total operating expenses	<u>353,526,857</u>	<u>331,244,433</u>	<u>293,674,324</u>
OPERATING INCOME	88,492,403	101,452,059	4,574,666
NONOPERATING REVENUES	<u>14,971,266</u>	<u>11,372,580</u>	<u>2,702,656</u>
CHANGE IN NET POSITION	103,463,669	112,824,639	7,277,322
NET POSITION—beginning of year	<u>226,872,719</u>	<u>114,048,080</u>	<u>106,770,758</u>
NET POSITION—end of year	<u>\$ 330,336,388</u>	<u>\$ 226,872,719</u>	<u>\$ 114,048,080</u>

Fiscal Year 2024 Compared to Fiscal Year 2023

Operating and Nonoperating Revenues – For the year ended December 31, 2024, the State Bar's total operating and net nonoperating revenues were \$457.0 million, up by \$13.1 million or 2.9% compared to \$444.1 million in 2023. The increase is due to an increase in Interest on Lawyers' Trust Account (IOLTA) revenues, driven by increased account balances and higher interest yields.

Operating Expenses – For the year ended December 31, 2024, the State Bar's total operating expenses were \$353.5 million, an increase of \$22.3 million or 6.7% from \$331.2 million in 2023. The increase is mainly due to a \$10.9 million increase in grant distributions in 2024, a \$3.7 million increase in pension expense based on actuarial valuation, and a total increase of \$7.7 million in various programs resulted from increased personnel costs.

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**Operating expenses by
natural classification**

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Personnel cost	\$ 106,607,122	\$ 96,857,909	\$ 9,749,213
Employer pension contribution	13,468,187	12,609,321	858,866
Pension expense	10,573,942	6,866,533	3,707,409
Grant expense	179,621,044	168,743,605	10,877,439
Professional and outside services	11,900,554	11,778,643	121,911
Examination	6,959,588	7,534,160	(574,572)
CSF disbursement	6,053,353	6,229,972	(176,619)
Building operations	3,828,551	6,088,401	(2,259,850)
Other	14,514,516	14,535,889	(21,373)
Total operating expenses by natural classification	<u>\$353,526,857</u>	<u>\$331,244,433</u>	<u>\$ 22,282,424</u>

Operating Expenses by natural classification

Personnel costs were \$106.6 million in 2024, which is an increase of \$9.7 million from \$96.9 million in 2023. The increase is mainly attributed to COLA and new positions. Employer pension contributions were \$13.5 million, or an increase of \$0.9 million from \$12.6 million, which was driven by higher personnel costs. Pension expenses increased by \$3.7 million based on the actuarial valuation, mainly from recognizing the effects of differences between expected and actual experiences. Grant expenses increased by \$10.9 million from \$168.7 million in the prior year, mainly due to increased grant disbursements in 2024. Professional and outside services were \$11.9 million, a slight \$0.1 million increase from the prior year. Examination expenses decreased by \$0.6 million, primarily because certain components of the Bar Examination administration were not outsourced in 2024. Disbursements from CSF were \$6.1 million in 2024, a slight decrease of \$0.1 million from \$6.2 million the prior year due to fewer cases being eligible for payouts in 2024. Building operations were \$3.8 million in 2024, a decrease of \$2.3 million from \$6.1 million the prior year due to the State Bar no longer incurring certain maintenance and operating expenses after selling the San Francisco building in November 2023. Other expenses include supplies, travel and training, depreciation of capital assets, amortization of leased and subscription assets and other miscellaneous expenses. The other expenses were at \$14.5 million in both 2024 and 2023.

Fiscal Year 2023 Compared to Fiscal Year 2022

Operating and Nonoperating Revenues – For the year ended December 31, 2023, the State Bar's total operating and net nonoperating revenues were \$444.1 million, up by \$143.1 million or 47.6% compared to \$301.0 million in 2022. The increase is due to significant increase in Interest on Lawyers' Trust Account (IOLTA) revenues, resulting from higher account balance and interest yields.

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Operating Expenses – For the year ended December 31, 2023, the State Bar's total operating expenses were \$331.2 million, an increase of \$37.5 million or 12.8% from \$293.7 million in 2022. The increase is substantially due to a \$21.1 million increase in grants associated with more grant revenues distributed in 2023, a pension expense of \$6.9 million in 2023 compared to an unallocated pension gain of \$0.4 million in 2022, and an increase of \$9.1 million in various program expenses primarily from increased personnel costs.

Capital Assets and Debt Administration

Capital assets consist of land, work in progress, buildings, building improvements, equipment and software, furniture and fixtures, lease assets and subscription intangible assets. Capital assets are partially owned by the State Bar, and others are leased.

Capital assets, net of depreciation but excluding lease and subscription assets, decreased by \$2.7 million (4.4%) as of December 31, 2024, primarily due to the retirement of assets related to the State Bar's office restacking in 2024, following the sale and leaseback of the San Francisco building, and the continued depreciation of existing assets. Capitalization of additional asset costs in 2024 were less than depreciation of existing assets. Major capital asset additions of \$0.4 million in 2024 included purchases of new network hardware and office equipment related to the San Francisco office restacking.

Lease assets, net of amortization, decreased by \$3.6 million from \$51.4 million in 2023 to \$47.8 million in 2024 due to the retirement of expired leases.

Subscription assets, net of amortization, decreased by \$0.1 million from \$2.7 million in 2023 to \$2.6 million in 2024 due to the retirement of expired subscriptions and partially offset by new subscriptions acquired in 2024.

Loans payable by the State Bar are for the purpose of refinancing the costs of purchasing real property of the Los Angeles building. Loans payable decreased by \$0.8 million (7.3%) as of December 31, 2024 due to the loan principal payments made in 2024. See Note 8 for additional information.

The lease liabilities are calculated as the present value of payments the State Bar expects to make during the lease term, including any contract renewal options reasonably certain to be exercised. Lease liabilities decreased by \$2.6 million (5.2%) as of December 31, 2024, due to the lease payments made in 2024. See Note 9 for additional information.

The subscription liabilities are calculated as the present value of payments the State Bar expects to make during the noncancellable subscription term, including any contract renewal options reasonably certain to be exercised and any cancellation reasonably certain not to be exercised. Subscription liabilities decreased by \$0.5 million (19.3%) as of December 31, 2024, mainly due to the subscription payments made in 2024 and partially offset by addition of the new subscriptions. See Note 10 for additional information.

Economic Factors Facing the State Bar

On October 10, 2023, the Governor signed Senate Bill 40, the 2024 licensing fee legislation. The bill recognizes the importance of the State Bar's mission of public protection, furthering access to legal services, and increasing diversity and inclusion in the legal profession. The bill kept the licensing fee the same in 2024.

THE STATE BAR OF CALIFORNIA
Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2024 and 2023

On February 26, 2024, the Board of Trustees approved the 2024 Budget. The budget supports the State Bar's five-year Strategic Plan and reflects its commitment to protecting the public, increasing access to legal services, and increasing diversity and inclusion in the legal profession. The State Bar's General Fund supports travel, lodging, and per diem meal expenses for Board of Trustees travel to board meetings as consistent with the guidelines outlined in the travel policy. Any costs incurred by members of the Board of Trustees that exceed those authorized by the policy are not reimbursed and are paid for out-of-pocket by trustees.

The State Bar of California's 2024 Final Adopted Budget reflects total projected revenue of \$428.9 million and total expenses of \$400.9 million. The primary driver of the revenue increase is higher earnings from Interest on Lawyers' Trust Accounts (IOLTA). The General Fund portion of the 2024 budget projected revenue of \$96.3 million against total expenses and indirect cost allocations of \$118.4 million, resulting in a budgeted operating deficit of approximately \$22.1 million. Due to higher-than-expected revenue and lower-than-budgeted expenses, the actual operating deficit in 2024 was reduced to \$13.3 million, leading to a year-end fund balance of \$22.7 million. Despite this improvement, the State Bar continues to face structural deficits due to stagnant licensing fee levels and rising costs.

To address this structural imbalance, the State Bar submitted a fee increase request to the Legislature in April 2024. In response, the Legislature approved an \$88 per licensee increase in September 2024, effective in 2025. While this increase helps stabilize the General Fund in the near term, much of the funding is time-limited, and the State Bar must continue to implement cost-saving measures to achieve long-term financial sustainability.

Personnel costs represent the largest share of General Fund expenditures. As part of its cost reduction strategy, the Board of Trustees authorized a Voluntary Reduction-in-Force (VRIF) program in late 2024. The program, which will be implemented in 2025, offered up to 20 weeks of severance pay, along with the option of two additional years of CalPERS service credit, to incentivize voluntary separations. The financial benefits of this initiative are expected to begin with \$3.0 million in 2026, increasing to \$6.6 million annually in 2027 and beyond.

The Admissions Fund is facing considerable economic challenges, creating negative headwind for its long-term financial stability. Escalating costs associated with exam administration, technology enhancements, and broader operational needs are putting sustained pressure on the fund. The introduction of free exam retakes for certain February 2025 bar exam takers, and the planned transition to remote testing have added further financial uncertainty. Absent a fee increase to offset escalating costs, the fund's solvency could be at risk. However, increasing fees is not considered politically viable at this time.

Financial Contact

The State Bar's financial statements are designed to present readers with a general overview of the State Bar's finances and to demonstrate the State Bar's accountability. If you have any questions about the report or need additional financial information, please contact the Office of Finance at finance@calbar.ca.gov.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 361,711,970	\$ 287,570,908
Investments	24,642,441	26,071,310
Accounts and other receivables, net of allowance for uncollectible accounts of \$213,525,542 in 2024 and \$1,883,824 in 2023	22,517,783	21,190,767
Lease receivable	373,652	365,164
Other current assets	4,123,366	2,900,479
Total current assets	<u>413,369,212</u>	<u>338,098,628</u>
Noncurrent assets		
Lease receivable	3,383,953	3,757,605
Capital assets		
Nondepreciable	18,387,948	18,418,271
Depreciable, net	40,698,904	43,360,059
Lease asset, net	47,823,787	51,368,178
Subscription asset, net	2,595,371	2,716,794
Total noncurrent assets	<u>112,889,963</u>	<u>119,620,907</u>
Total assets	<u>526,259,175</u>	<u>457,719,535</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension items	32,724,898	33,054,876
Other postemployment benefits items	12,525,052	9,634,039
Total deferred outflows of resources	<u>45,249,950</u>	<u>42,688,915</u>
Total assets and deferred outflows of resources	<u>571,509,125</u>	<u>500,408,450</u>
LIABILITIES		
Current liabilities		
Accounts payable and other liabilities	11,338,753	9,862,473
Compensated absences	8,313,685	3,426,188
Unearned revenues collected in advance	22,522,015	62,316,794
Loans payable	869,000	849,000
Lease liability	1,123,277	2,633,338
Subscription liability	1,227,318	1,234,596
Total current liabilities	<u>45,394,048</u>	<u>80,322,389</u>
Noncurrent liabilities		
Unearned revenues collected in advance	-	4,750,001
Loans payable	9,878,000	10,747,000
Lease liability	47,252,854	48,376,130
Subscription liability	799,822	1,276,272
Compensated absences	1,795,408	5,139,280
Net OPEB liability	7,788,422	5,773,259
Net pension liability	103,236,480	92,286,609
Total noncurrent liabilities	<u>170,750,986</u>	<u>168,348,551</u>
Total liabilities	<u>216,145,034</u>	<u>248,670,940</u>
DEFERRED INFLOWS OF RESOURCES		
Lease items	15,669,204	16,880,388
Pension items	176,590	882,497
Other postemployment benefits items	9,181,909	7,101,906
Total deferred inflows of resources	<u>25,027,703</u>	<u>24,864,791</u>
Total liabilities and deferred inflows of resources	<u>241,172,737</u>	<u>273,535,731</u>
NET POSITION		
Net investment in capital assets	48,355,739	50,746,966
Restricted for:		
Enabling legislation	343,755,464	218,394,235
Other restrictions	1,293,003	1,281,991
Unrestricted	(63,067,818)	(43,550,473)
Total net position	<u>\$ 330,336,388</u>	<u>\$ 226,872,719</u>

See accompanying notes to the financial statements

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Licensee fees and donations	\$ 108,585,741	\$ 106,991,427
Examination application fees	25,471,701	18,673,814
Trust account revenue	207,131,688	176,403,380
Seminar/workshop revenue	4,300	4,300
Legal specialization fees	2,132,173	2,318,075
Law corporation registration fees	2,842,865	2,453,552
Continuing legal education fees	4,314,949	1,510,777
Grant revenue	83,482,685	119,499,118
EAF AB145 filing fee revenue	500,000	450,000
Other revenue	7,553,158	4,392,049
Total operating revenues	<u>442,019,260</u>	<u>432,696,492</u>
OPERATING EXPENSES		
Chief Trial Counsel	82,735,190	74,365,889
State Bar Court	17,408,823	14,591,140
Professional Competence	4,392,611	3,831,007
Probation	2,301,326	2,119,162
Mandatory Fee Arbitration	1,259,855	995,828
Judicial Evaluation	1,067,176	892,485
Communications	2,363,452	1,747,465
Lawyer Assistance Program	2,980,355	2,643,260
Client Security Fund	8,692,079	8,768,593
Public Trust Liaison	3,020,777	2,445,772
Regulation	7,097,506	5,864,246
Admissions	28,588,025	25,476,915
Grants	179,621,045	168,743,605
General and administration	11,998,637	18,759,066
Total operating expenses	<u>353,526,857</u>	<u>331,244,433</u>
OPERATING INCOME	88,492,403	101,452,059
NONOPERATING REVENUES AND EXPENSES		
Interest and investment income	17,765,774	10,078,894
Rental income	449,843	2,554,076
Interest expenses on loans, leases and subscriptions	(3,868,636)	(1,312,387)
Gain from dispositions of capital assets	624,285	51,997
Total nonoperating revenues and expenses	<u>14,971,266</u>	<u>11,372,580</u>
CHANGE IN NET POSITION	103,463,669	112,824,639
NET POSITION—beginning of year	<u>226,872,719</u>	<u>114,048,080</u>
NET POSITION—end of year	<u><u>\$ 330,336,388</u></u>	<u><u>\$ 226,872,719</u></u>

See accompanying notes to the financial statements

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members, applicants, grants, and other professionals	\$ 396,700,629	\$ 434,809,091
Payments to suppliers and service providers	(241,161,511)	(233,852,395)
Payments to employees	(91,505,913)	(84,292,386)
Net cash provided by operating activities	<u>64,033,205</u>	<u>116,664,310</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity and sale of investments	31,466,035	71,625,000
Purchases of investments	(29,012,001)	(73,811,742)
Interest received from investments	16,642,802	8,437,345
Cash received from rental income	504,748	2,863,042
Net cash provided by investing activities	<u>19,601,584</u>	<u>9,113,645</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(426,736)	(4,204,661)
Payment of obligations under loan agreement	(849,000)	(2,789,746)
Interest paid on debt	(259,423)	(718,712)
Proceeds from sale of San Francisco building	-	29,971,657
Lease principal payments	(2,633,337)	(1,284,335)
Lease interest payments	(3,505,861)	(311,757)
Subscription principal payments	(1,675,815)	(1,410,987)
Subscription interest payments	(143,555)	(104,352)
Net cash provided by (used in) capital and related financing activities	<u>(9,493,727)</u>	<u>19,147,107</u>
CHANGE IN CASH AND CASH EQUIVALENTS	74,141,062	144,925,062
CASH AND CASH EQUIVALENTS—Beginning of year	<u>287,570,908</u>	<u>142,645,846</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 361,711,970</u>	<u>\$ 287,570,908</u>

See accompanying notes to the financial statements

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 88,492,403	\$ 101,452,059
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	7,783,346	8,686,611
Office rent paid through escrow	-	509,746
Changes in assets and liabilities:		
Net pension liability	10,949,871	10,937,257
Deferred outflows and inflows of resources related to pension items	(375,929)	(4,070,725)
Net OPEB liability	2,015,163	(1,620,044)
Deferred outflows and inflows of resources related to OPEB items	(811,010)	(139,513)
Accounts and other receivables	(1,313,079)	(7,326,842)
Other current assets	(1,222,887)	(341,926)
Accounts payable and other liabilities	3,060,107	(417,010)
Unearned fees collected in advance	(44,544,780)	8,994,697
Net cash provided by operating activities	<u>\$ 64,033,205</u>	<u>\$ 116,664,310</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and cash equivalents	<u>361,711,970</u>	<u>287,570,908</u>
Total cash and cash equivalents	<u>\$ 361,711,970</u>	<u>\$ 287,570,908</u>
Noncash transaction:		
Loans and loan interest payoff through escrow	\$ -	\$ 16,673,496
Net book value of capital assets sold	-	34,199,046
Termination loss of lessor leases	-	595,705
Commission rebate from San Francisco building sale	-	364,327
Transfer of tenant security deposits & prepaid rent through escrow	-	361,195
Acquisition of capital assets through leases and subscriptions	1,192,087	55,423,752

See accompanying notes to the financial statements

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

1. DESCRIPTION OF ENTITY

The State Bar of California (State Bar) is a public corporation established by the California Legislature on July 29, 1927. In 1960, a constitutional amendment was approved, which added the State Bar as a constitutional agency in the judicial branch of government. Licensing by the State Bar is required in order to practice law in the State of California (State). The State Bar's activities relate primarily to admission, discipline, and regulation of attorneys, and to other programs that enhance lawyer ethics and competence or improve the quality of legal service and the justice system. The State Bar has engaged in such functions as administering the bar examination, formulating rules of professional conduct, disciplining licensees for misconduct, administering mandated continuing legal education requirements, administering other regulatory provisions affecting the profession or the practice of law, studying and recommending changes in legislation, cooperating with the Judicial Council, and providing various licensee services.

The State Bar is governed by a 13-member Board of Trustees (Board). Five attorneys are appointed by the California Supreme Court and serve four-year terms. Two attorneys are appointed by the Legislature, one by the Senate Committee on Rules and one by the Speaker of the Assembly. Six "public" or non-attorney members also serve: four appointed by the Governor, one by the Senate Committee on Rules, and one by the Speaker of the Assembly. The Board is charged with the executive functions of the State Bar. Among other things, it has the responsibility for fiscal policy, exercising contractual powers, and administering the affairs of the State Bar through its chosen Executive Director.

2. BASIS OF PRESENTATION

The financial statements, providing information of the State Bar, have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The State Bar reports its financial activities as one consolidated enterprise fund. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of the related cash flows.

The accounts of the State Bar are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund net position, revenues and expenses. The State Bar's funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Revenues and expenses are tracked by funding source in 12 sub-funds, as described below:

General Fund – The General Fund accounts for resources that are generally available for State Bar purposes, subject to budget priorities set by the Board.

Admissions Fund – The Admissions Fund accounts for fees and expenses related to administering the bar examination and other requirements for admission to the practice of law in the State of California.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

2. BASIS OF PRESENTATION (Continued)

Grants Fund – The Grants Fund is used to account for the various grants received and special projects undertaken by the State Bar.

Client Security Fund – The Client Security Fund maintains funds from which licensees' clients can be reimbursed for pecuniary losses resulting from dishonest conduct on the part of their attorneys. Such reimbursement is discretionary and currently, is not to exceed \$100,000 per application for reimbursement on any one transaction, as prescribed by the Board of Trustees. Obligations are accrued in the statements of net position based on final approved applications by the Client Security Fund Commission. For 2024 and 2023 bill years, this fund is replenished through annual assessments of \$40 per active member and \$10 per inactive member.

Elimination of Bias Fund – The Elimination of Bias Fund (formerly Elimination of Bias and Bar Relations) supports certain programs and activities to enhance access, fairness, and diversity in the legal profession and elimination of bias in the practice of law. In the 2024 and 2023 bill years, the deduction for the remaining Elimination of Bias program remained at \$2 by the Board of Trustees.

Equal Access Fund – Since 1999, the California Budget Act has included funds to provide free legal services in civil matters for indigent Californians. The funds are in the budget of the State Judicial Council for grants to be administered by the State Bar's Legal Services Trust Fund Commission through the Equal Access fund. The Administrative Office of the Courts contracts with the State Bar for the administration of these funds, which currently consist of grants to approximately 100 nonprofit legal aid organizations and reimburses the State Bar for its administrative expenses.

In 2005, the Uniform Civil Fees and Standard Fee Schedule Act (AB 145) was approved by the Legislature and the Governor. The Act established a new distribution of \$4.80 per filing to the Equal Access Fund. These revenues were collected by the trial courts starting in January 2006 to fund grants to nonprofit legal aid organizations for the grant year.

Justice Gap Fund – The Justice Gap Fund is used to help close the justice gap for needy Californians by voluntary donations to legal aid, pursuant to AB 2301. Licensees may contribute more or less than the recommended donation or elect to make no donation.

Lawyers Assistance Program Fund – The Lawyers Assistance Program Fund was established for the protection of the public, the courts and the legal profession by providing education, remedial, and rehabilitative programs to those licensees of the State Bar who are in need of assistance as a result of disability related to substance abuse or mental illness. This fund is replenished through annual assessments of \$10 per active licensee and \$5 per inactive licensee.

Legislative Activities Fund – The Legislative Activities Fund accounts for the consideration of measures that are deemed outside the parameters established in Keller vs. the State Bar, the purview determination and any litigation in support or defense of that lobbying. Such activities are funded by licensees electing to support these activities.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

2. BASIS OF PRESENTATION (Continued)

Legal Services Trust Fund – The Legal Services Trust Fund (LSTF) is used to expand the availability and improve the quality of existing free legal services in civil matters to indigent persons and to initiate new programs that would provide such services. Under this program, interest earned on certain client trust accounts held by California attorneys is legally required to be forwarded to the State Bar and after deduction of the State Bar’s administrative costs, the remainder is to be distributed as grants. In addition, the Trust Fund is supplemented by an increase in the annual fee mandated by Section 6140.03 of the Business and Professions Code. Section 6140.3 allocated \$45 of the license fee to the Trust Fund. Under the legislation, licensees may elect to reduce their fees by this amount if they choose not to support the activities authorized under this bill.

Legal Specialization Fund – The Legal Specialization Fund accounts for the certification of legal specialists in areas of family law, criminal law, taxation law, immigration and nationality law, workers’ compensation law, personal and small business bankruptcy law, estate planning, trust and probate law, and appellate law. Resources are provided by application fees, certification fees, recertification fees and annual licensing fees. This fund was closed in 2024, and the fund balance was transferred to the Admissions fund.

Bank Settlement Fund – In March 2016, the State Bar’s LSTF Program received a \$44.8 million bank settlement grant award as a result of a settlement between the U.S. Department of Justice and Bank of America. A separate program fund is established to track future grant distribution activities.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the State Bar conform to accounting principles generally accepted in the United States of America as applicable to government units. The following is a summary of the significant accounting policies:

Cash and Cash Equivalents – Cash and cash equivalents includes all cash and liquid investments with initial maturity of three months or less at the date of purchase. Cash equivalents consisted of demand deposit accounts, money market accounts, short-term investments, and deposits in the California Local Agency Investment Fund (LAIF).

Grant Revenues and Donations – The Legal Services Trust Fund Program administers three funds: Interest on Lawyers’ Trust Accounts, the state Equal Access Fund (EAF), and the Justice Gap Fund. These funds are granted to nonprofit organizations that provide free civil legal services to low-income Californians. The Legal Services Trust Fund receives interest on attorney-client trust accounts. Revenue is recognized as income when earned, and grant expense is recognized in the period in which the Legal Services Trust Fund Commission awards the grants. EAF receives grants from the State Judicial Council. Grant revenue and corresponding expense are recognized as income and expense in the year to which the grants apply, based on the grant contracts. The Justice Gap Fund receives contributions from licensees. Revenue is recognized as income when received.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments – The State of California’s statutes and the State Bar’s investment policy authorize the State Bar to invest its cash surplus in U.S. Treasury obligations, obligations of U.S. agencies, bankers’ acceptances, collateralized bank deposits, negotiable certificates of deposit, commercial paper, repurchase agreements secured by U.S. Treasury or agency obligations, reverse repurchase agreements, corporate bonds, medium term notes, and mortgage-backed securities. Investment transactions are recorded on the trade date, and all investments are reported at estimated fair value. The fair value represents the amount the State Bar could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. The fair value of investments is obtained by using quotations from independent published sources.

Capital Assets – The State Bar’s policy is to capitalize acquisitions of capital assets with a useful life greater than one year and a cost of \$5,000 or more. Capital assets are stated at cost, net of accumulated depreciation, determined using the straight-line method over the estimated useful lives of forty years for buildings, ten years for furniture and fixtures, and four to seven years for equipment and software. Leasehold improvements are amortized over the shorter of the term of the lease or its useful life.

Lease and subscription assets are defined as a contract that conveys control of the right to use another entity’s underlying asset or information technology software, alone or in combination with tangible capital assets, for a specified period. The State Bar has established capitalization thresholds of \$10,000 for leases and \$25,000 for subscription assets. Lease and subscription assets are amortized on a straight-line basis over the contract term.

Unearned Fees Collected in Advance – Unearned fees collected in advance are recognized as income when earned and are presented in the accompanying statements of net position. Accordingly, fees are recorded as revenue in the year to which the fees apply.

Operating Revenues and Expenses – Operating revenues and expenses consist primarily of income earned or expenses incurred related to admission, discipline and regulation of attorneys, and other programs that enhance lawyer ethics and competence or improve the quality of legal services and the justice system. All other amounts are considered nonoperating. Expenses incurred for purposes for which restricted and unrestricted assets are available are first satisfied with restricted assets, to the extent available.

The State Bar allocates indirect costs to its various programs and projects. Indirect costs are comprised of both operating and capital costs. The reimbursement of indirect costs could cause a negative expense at the program level in the circumstance that the capital component of the indirect cost reimbursement exceeds the operating costs incurred by the fund acquiring the capital additions.

Nonoperating Revenues and Expenses – Nonoperating revenues and expenses consist of investment income, realized and unrealized gains or losses on investments, rental income, and interest expenses on loans, leases, and subscriptions. The gain or loss from the sale or disposition of capital assets is also reported as nonoperating revenue or expense.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts and Other Receivables – Accounts and other receivables consist of rental income receivable, interest receivable for the Legal Services Trust, receivables related to the grant administration cost reimbursements, receivables from licensees, Limited Liability Partnership (LLP) program, and attorney debts, net of uncollectible allowance. The State Bar estimates the debt allowance by analyzing historical collection data to determine a percentage of debt that is unlikely to be collected. Monthly reviews are conducted to assess outstanding attorney debt balances and collections. An evaluation of outstanding attorney debt balances and allowance is performed at year-end to determine the need for potential write-offs, corrections and adjustments. Revenue is recognized as income when earned in the period to which the revenue applies.

Compensated Absences – Compensated absences comprises earned but unpaid vacation, sick leave, and other types of leave benefits including but not limited to holiday in lieu earned, parental and bereavement leave that commenced and accrued on or before the end of the year, and certain personal days earned that could be carried over to the following fiscal year. State Bar employees have a vested interest in accrued compensated absences.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension and Other Postemployment Benefits (OPEB) – For purposes of measuring the net pension liability and net OPEB liability, deferred outflows/inflows of resources related to pension and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the State Bar's pension and OPEB plans and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) and the California Employer's Retiree Benefit Trust Fund Program (CERBT), respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. CalPERS plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

- 3. *Client Security Fund (CSF) Application*** – CSF application liabilities are determined in accordance with Business and Professions Code section 6140.5. This section authorizes the State Bar to establish the CSF to "relieve or mitigate pecuniary losses caused by the dishonest conduct of those active licensees of the bar." Payment from CSF is completely discretionary. The State Bar is free to prescribe applicable regulations and conditions for payments and no applicant to the program has any right to payment. In 2012, the State Bar conducted a legal analysis of CSF and the governing rules of the program and determined that when a CSF application is finally approved by the Commission, it will be recognized as an outstanding obligation in the State Bar's financial statements. Application reimbursements in the CSF were approximately \$6.1 million and \$6.2 million for the years ended December 31, 2024 and 2023, respectively.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Investment in Capital Assets – Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Restricted net position reflects the portion of net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, trust agreements, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. Restricted net position was \$345.0 million as of December 31, 2024, of which \$343.7 million was restricted by enabling legislation; and \$219.7 million as of December 31, 2023, of which \$218.4 million was restricted by enabling legislation.

Unrestricted Net Position – Unrestricted net position includes all resources for which management, or the Board of Trustees holds discretion over their use in advancement of the State Bar’s objectives. Unrestricted net position was negative \$63.1 million as of December 31, 2024 and negative \$43.6 million as of December 31, 2023.

Reserve Policy – The State Bar’s Reserve Policy requires it to maintain a working capital (current assets less current liabilities) balance that equates to two months or a level of 17 percent of operating expenses for all non-grant funds. Funds subject to the policy are the General Fund, Legislative Activities Fund, Elimination of Bias Fund, Lawyer Assistance Program Fund, Legal Specialization Fund, and Admissions Fund. Whenever reserve levels surpass 30 percent, for a consecutive six-month period, a reserve spend-down plan shall occur in accordance with the principles stated in the Reserve Policy.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Leases and Subscription-Based Information Technology Arrangements (SBITAs) – Leases are defined as contracts that convey control of the right to use other entity’s nonfinancial assets as specified in the contract for a period of time in exchange or exchange-like transactions. SBITAs are defined as contracts that convey control of the right to use another entity’s IT software, alone or in combination with tangible capital assets for a specified period. The State Bar is a lessee and lessor for various leases of buildings and equipment. The State Bar has noncancellable subscription IT arrangements for the right to use various information technology hardware and software SBITAs.

For short-term leases and SBITAs with a maximum possible term of 12 months or less at commencement, the State Bar recognizes lease revenues or expenses based on the payment provisions of the lease agreements or SBITAs.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
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Years Ended December 31, 2024 and 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement of Lease or Subscription Amounts as Lessee or Subscriber

As lessee or subscriber, the State Bar recognizes a lease or subscription liability and an intangible right-to-use asset at the beginning of the lease or subscription. The State Bar's lease and subscription liability is measured as the net present value of future minimum lease or subscription payments expected to be made during the lease term, less any lease incentives received or reasonably expected to be received, as of the date of commencement. The lease or subscription liability is reduced by the principal portion of the lease payments subsequently made. The lease or subscription asset is measured as the initial amount of the lease or subscription liability, less payments made at or before the lease or subscription commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any incentives received at or before the commencement date. For SBITAs, subscription assets also include qualifying software implementation costs. The lease or subscription asset is subsequently amortized on a straight-line basis over the lease or subscription term.

Measurement of Lease Amounts as Lessor

As lessor, the State Bar recognizes a lease receivable based on the net present value of future lease payments expected to be received during the lease term and a deferred inflow of resources based on the net present value plus any payments received at or before the commencement date that relate to future periods. Amortization of the receivable is reported as lease and interest revenues. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

Estimates and Judgments

Key estimates and judgments include how the State Bar determines (a) lease and subscription terms, and (b) the discount rate used to calculate the present value of the expected lease and subscription payments.

Lease or Subscription Term

The lease or subscription term includes the noncancellable period of the lease or subscription, plus any additional periods covered by either the State Bar's or the other party's unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised.

Discount Rates

As lessor, the State Bar discounts future lease payments to be received using the interest rate implicit in the lease.

The State Bar was the lessor for the San Francisco building prior to the building sale and is the lessor for the Los Angeles building. The fair market values of both buildings were not determined at the implementation date of the lease accounting standard, as such, the actual loan interest rates from the most recent building financing were used for the lessor interest rates. The State Bar applied 2.76% to the San Francisco building leases and 2.30% to one Los Angeles building lease.

As lessee, the State Bar generally uses its estimated incremental borrowing rate (IBR) as the discount rate for leases and subscriptions unless the rate is implicit in the lease or SBITA.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The IBR is based on the rate of interest the State Bar would need to pay it if it borrowed an amount equal to the lease or subscription payments under similar terms at the commencement or remeasurement date.

IBRs for leases are calculated by taking the 30-day average Secured Overnight Financing Rate (SOFR) on the contract execution date plus 175 basis points. In 2023, only one lease was executed for the leaseback of the San Francisco building, with a calculated IBR of 7.07% using the same methodology. No new leases were executed in 2024.

For subscription arrangements executed prior to the implementation date of GASB Statement No. 96, the State Bar used an IBR of 5.88% based on the 30-Day Average Federal Reserve Bank of New York SOFR of 4.13% plus 175 basis points. For SBITAs executed in 2023, an annual IBR of 6.78% was applied. The 2023 annual IBR was calculated by taking the average of the 90-day average SOFR on the last day of each quarter in 2023 plus 175 basis points. The State Bar will create an annual IBR going forward and apply it to new contracts without discount rates specified in the contracts. The 2024 IBR of 6.93% was calculated by applying the same approach.

Presentation in Statements of Net Position

Lease and subscription assets are reported in both current and noncurrent assets. Lease and subscription liabilities are reported with current and noncurrent liabilities in the statements of net position.

Effects of New Pronouncements – During the years ended December 31, 2024 and 2023, the State Bar implemented the following GASB Statements:

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The State Bar implemented this statement in 2023, which did not have a significant impact on its financial statements.

GASB Statement No. 96 – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement establishes standards of accounting and financial reporting for subscription-based information technology arrangements (SBITAs) by a government. The State Bar implemented this statement in 2023. See note 10 to the financial statements for further information.

GASB Statement No. 99 – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022* to address a variety of topics. The requirements related to leases, public-private partnerships (PPPs), and SBITAs are effective for the State Bar's year ended December 31, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the State Bar's year ending December 31, 2024. The State Bar implemented this statement in 2024, which did not have a significant impact on its financial statements.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 100 – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections. The State Bar implemented this statement in 2024, which did not have a significant impact on its financial statements.

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences. The State Bar implemented this statement in 2024, which did not have significant impact on its financial statements.

The State Bar is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

GASB Statement No. 102 – In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement requires governments to assess and disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. GASB 102 is effective for the State Bar’s year ending December 31, 2025.

GASB Statement No. 103 – In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement introduces revisions to Management’s Discussion and Analysis (MD&A), outlines the treatment of unusual and infrequent items, updates the presentation of proprietary funds, distinguishing between operating and nonoperating revenues and expense, and requires governments to present budget comparison information using a single method of communication-RSI. GASB 103 is effective for the State Bar’s year ending December 31, 2026.

GASB Statement No. 104 – In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires certain types of capital assets, such as lease assets recognized in accordance with Statement No. 87, *Leases*, intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, subscriptions assets recognized in accordance with Statement No. 96, be disclosed separately by major classes of underlying assets in the capital assets note disclosures. Additionally, this statement also requires additional disclosures for capital assets held for sale. GASB 104 is effective for the State Bar’s year ending December 31, 2026.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments as of December 31, 2024 and 2023 are classified in the financial statements as follows:

	2024	2023
Cash and cash equivalents	\$ 361,711,970	\$ 287,570,908
Investments	24,642,441	26,071,310
Totals	<u>\$ 386,354,411</u>	<u>\$ 313,642,218</u>

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Cash and Cash Equivalents – Cash and cash equivalents are generally considered short-term, highly liquid investments with maturity of three months or less from the purchase date. As of December 31, 2024, the carrying amount of the State Bar’s unrestricted deposits is \$361,711,970 and the bank balance is \$363,271,526. The unrestricted deposit balance in 2024 comprises \$198,535,250 in U.S. Treasury securities classified as cash equivalents. As of December 31, 2023, the carrying amount of the State Bar’s unrestricted deposits is \$287,570,908 and the bank balance is \$288,591,267. The unrestricted deposit balance in 2023 comprises \$96,818,936 in U.S. government agency securities classified as cash equivalents. The difference between the carrying amount and the bank balance represents outstanding checks and deposits in transit. The State Bar’s deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation and the balance in excess of \$250,000 is fully collateralized per Government Code.

The State Bar’s pooled cash and cash equivalents as of December 31, 2024 and 2023 is composed of:

	2024	2023
LAIF	\$ 5,899,695	\$ 33,720,952
Other cash and cash equivalents	355,812,275	253,849,956
Totals	\$ 361,711,970	\$ 287,570,908

The State Bar is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is governed by the California Government Code under the oversight of the Local Investment Advisory Board (LIAB). The LIAB consists of five members as designated by state statute. The fair value of the State Bar’s investment in the LAIF pool is reported in the financial statements at amounts based upon the State Bar’s pro-rata share of the fair value provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the State Bar’s position in the LAIF pool.

LAIF is part of the State’s Pooled Money Investment Account (PMIA) that allows state and local government agencies to place money into the fund. LAIF operating account allows a maximum of 15 transactions per account in a calendar month. The transaction amount shall be no less than \$5,000 and in increments of a thousand dollars. LAIF allocates interest earnings once every quarter. The interest earnings can be withdrawn in exact amount at any time. LAIF bond accounts have no restrictions on the amounts allowed on deposit but are limited to one withdrawal every 30 days.

As of December 31, 2024, the PMIA balance is \$155.4 billion, of which 96.31% is invested in nonderivative financial products with 3.69% in structured notes and asset-backed securities. The total amount invested by all public agencies in LAIF is \$21.0 billion, and the State Bar’s investment in LAIF is \$5.9 million. The average maturity of PMIA investments is 252 days as of December 31, 2024. As of December 31, 2023, the PMIA balance is \$158.0 billion, of which 97.95% is invested in nonderivative financial products with 2.05% in structured notes and asset-backed securities. The total amount invested by all public agencies in LAIF is \$21.0 billion, and the State Bar’s investment in LAIF is \$33.7 million. The average maturity of PMIA investments is 230 days as of December 31, 2024.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments – It is the investment policy of the State Bar to invest public funds in a manner which will provide the maximum security with best investment return, while meeting the daily cash flow demands of the State Bar and conforming to all State statutes governing the investment of public funds and all resolutions of the Board of Trustees. The State Bar invests a substantial portion of its funds in fixed income securities, which limits the State Bar’s exposure to most types of risk. Investment of funds is governed by the State Bar’s investment policy, as discussed under note 3.

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, interest rate risk, and credit risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

Fair Value of Investments – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. The three levels of this hierarchy are:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities that do not have a readily available market price; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market data and that are significant to the fair value of the assets or liabilities.

The fair value measurements of investments as of December 31, 2024 and 2023, are as follows:

Description	12/31/2024	Fair value measurements using		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. government agencies	\$ 4,981,874	\$ -	\$ 4,981,874	\$ -
U.S. treasury securities*	203,474,571	203,474,571	-	-
Commercial paper	14,721,246	14,721,246	-	-
Total investments measured at fair value	<u>\$ 223,177,691</u>	<u>\$ 218,195,817</u>	<u>\$ 4,981,874</u>	<u>\$ -</u>

* Includes \$198,535,250 U.S. treasury securities with less than 3 months maturity at purchase and classified as cash equivalents.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Description	12/31/2023	Fair value measurements using		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. government agencies*	\$ 111,665,755	\$ -	\$ 111,665,755	\$ -
Municipal bond	1,246,650	-	1,246,650	-
U.S. treasury securities	4,947,656	4,947,656	-	-
Commercial paper	4,821,950	4,821,950	-	-
Common stock	208,235	208,235	-	-
Total investments measured at fair value	<u>\$ 122,890,246</u>	<u>\$ 9,977,841</u>	<u>\$ 112,912,405</u>	<u>\$ -</u>

* Includes \$96,818,936 U.S. government agency securities with less than 3 months maturity at purchase and classified as cash equivalent.

Common stock, commercial paper, and U.S. treasury securities are classified in Level 1 and valued using prices quoted in active markets for those securities. Government agencies securities are classified in Level 2 and valued using quoted prices for identical securities in markets that are not active. Corporate bonds and municipal bonds are classified in Level 2 and valued using quoted prices for similar securities in active markets.

Custodial Credit Risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The California Government Code and the State Bar’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments; however, the California Government Code requires that a financial institution secure deposit made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state laws (unless so waived by the governmental unit).

The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Concentration of Credit Risk – Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the State Bar to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. The investment policy of the State Bar contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total State Bar's investments subject to concentration of credit risk as of December 31, 2024 and 2023, are as follows:

Issuer	Investment Type	2024 Fair Value	Percentage of Portfolio
MUFG Bank LTD/New York	Commercial paper	\$ 14,721,246	6.6%

Issuer	Investment Type	2023 Fair Value	Percentage of Portfolio
Federal Home Loan Bank	U.S government agencies*	\$ 111,665,755	91.0%

* Includes \$96,818,936 U.S. government agency securities with less than 3 months maturity at purchase and classified as cash equivalent.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The terms of a debt investment may cause its fair value to be highly sensitive to changes in interest rates. Fixed income security investments subject to interest rate risk as of December 31, 2024 and 2023, are as follows

	Fair value	Fair value as a percentage of fixed income securities	Weighted average maturity (years)
December 31, 2024			
U.S. government agencies	\$ 4,981,874	2.2%	0.1
U.S. treasury securities*	203,474,571	91.2%	0.2
Commercial paper	14,721,246	6.6%	0.4
	<u>\$ 223,177,691</u>	<u>100.0%</u>	

* Includes \$198,535,250 U.S. treasury securities with less than 3 months maturity at purchase and classified as cash equivalent.

	Fair value	Fair value as a percentage of fixed income securities	Weighted average maturity (years)
December 31, 2023			
U.S. government agencies*	\$ 111,665,755	91.0%	0.3
Municipal bonds	1,246,650	1.0%	0.1
U.S. treasury securities	4,947,656	4.0%	0.5
Commercial paper	4,821,950	4.0%	0.7
	<u>\$ 122,682,011</u>	<u>100.0%</u>	

* Includes \$96,818,936 U.S. government agency securities with less than 3 months maturity at purchase and classified as cash equivalent.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the State Bar’s investment policy limit the State Bar’s investment in commercial paper to the rating of P-1 or better by Moody’s Investors Service, or A-1 or higher by Standard & Poor’s; corporate bonds to the rating of A by Moody’s Investors Service or Standards & Poor’s; and mutual funds to institutions rated within the top two ratings of a nationally recognized rating service. No limits are placed on U.S. government agency securities.

Fixed income securities investments that are subject to credit risk as of December 31, 2024 and 2023, are as follows:

S&P's rating	2024		2023	
	Fair value	Fair value as of a % of fixed income securities	Fair value	Fair value as of a % of fixed income securities
AA+	\$ -	0.0%	\$ 9,986,579	8.1%
A-1	14,721,246	6.6%	4,821,950	3.9%
NR*	208,456,445	93.4%	107,873,482	88.0%
Total fixed income securities	\$ 223,177,691	100.0%	\$ 122,682,011	100.0%

* Includes \$198,535,250 U.S. treasury securities in 2024 that are exempt from credit risk disclosures and \$96,818,936 U.S. government agency securities in 2023 with less than 3 months maturity at purchase that are classified as cash

5. ACCOUNT AND OTHER RECEIVABLES

The State Bar’s account and other receivables mainly consists of interest receivables for the Legal Services Trust, receivables related to the grant administration cost reimbursements, and attorney debt receivables net of allowances for doubtful accounts.

Interest receivables for the Legal Services Trust

The cash receipts for monthly Legal Services Trust interest remittances are generally available in the month following the reporting month. Therefore, December interest for the reporting year are usually recognized as trust account revenues and other receivables by the State Bar at year-end. Interest receivables for the Legal Services Trust were \$18.6 million and \$17.6 million at the years ended 2024 and 2023, respectively.

Receivables related to the grant administration cost reimbursements

Based on the provisions of various grant agreements, the State Bar can receive grant administration cost reimbursements from its grantors. For the allowable administration costs incurred but not yet reimbursed by grantors, the State Bar recognizes grant revenues and other receivables. Receivables related to the grant administration costs reimbursements were \$1.2 million and \$1.8 million at the years ended 2024 and 2023, respectively.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
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5. ACCOUNT AND OTHER RECEIVABLES (Continued)

Receivables related to attorney debt, net of allowances for doubtful accounts

Attorneys who have been disciplined are required to reimburse the State Bar for the cost of certain aspects of the investigation and adjudication of disciplinary matters and to reimburse the Client Security Fund (CSF) for payments made to victims harmed by their conduct. Attorney debt has accumulated over the years, with only a small fraction of the total debt having been collected.

On September 12, 2024, Governor Newsom signed AB 3279, the State Bar licensing fee bill for 2025. This bill included provisions to allow the State Bar to increase its collection efforts. On September 19, 2024, the State Bar's Board of Trustees approved establishing a one-time Fresh Start Settlement program effective only in 2025. Under this program, approved participants will receive an automatic 50 percent reduction in the debt owed to the State Bar. Debtors may also request a greater reduction, subject to individual review and approval. For 2025 only, the bill allows the CSF reimbursement collected through the Fresh Start Settlement program to be divided equally between the Client Security Fund and the State Bar's General Fund. Additionally, the discipline costs collected in 2025 will be 100 percent allocated to the General Fund.

The State Bar included the receivables, net of the allowance for doubtful accounts, related to the attorney debt in 2024 with the line item accounts and other receivables in the statement of net position. As of December 31, 2024, the outstanding attorney debt balance was \$214.2 million, of which \$211.7 million or 98.8% was estimated to be uncollectible. The 2023 financial statements were not restated as the overall net financial impact related to such adjustment was not significant.

THE STATE BAR OF CALIFORNIA
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Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

6. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2024 and 2023, are as follows:

	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2024
Capital assets, not being depreciated:				
Land	\$ 18,325,000	\$ -	\$ -	\$ 18,325,000
Work in progress	93,271	62,948	(93,271)	62,948
Total capital assets, not being depreciated	18,418,271	62,948	(93,271)	18,387,948
Capital assets, being depreciated:				
Buildings and leasehold improvements	52,004,013	-	-	52,004,013
Equipment and software	15,724,038	355,798	(1,376,149)	14,703,687
Furniture and fixtures	5,673,543	7,990	(1,334,215)	4,347,318
Total capital assets, being depreciated	73,401,594	363,788	(2,710,364)	71,055,018
Less accumulated depreciation for:				
Buildings and leasehold improvements	(12,927,748)	(1,309,972)	-	(14,237,720)
Equipment and software	(11,558,795)	(1,595,849)	1,376,149	(11,778,495)
Furniture and fixtures	(5,554,992)	(19,624)	1,234,717	(4,339,899)
Total accumulated depreciation	(30,041,535)	(2,925,445)	2,610,866	(30,356,114)
Total capital assets, being depreciated, net	43,360,059	(2,561,657)	(99,498)	40,698,904
Right-to-use assets, being amortized:				
Right-to-use lease assets (Note 9)	53,332,701	-	(1,318,994)	52,013,707
Less accumulated amortization for lease assets	(1,964,523)	(3,544,391)	1,318,994	(4,189,920)
Right-to-use subscription assets (Note 10)	3,921,855	1,192,087	(520,657)	4,593,285
Less accumulated amortization for subscription assets	(1,205,061)	(1,313,510)	520,657	(1,997,914)
Total right-to-use assets, being amortized, net	54,084,972	(3,665,814)	-	50,419,158
Total capital assets, being depreciated or amortized, net	\$ 115,863,302	\$ (6,164,523)	\$ (192,769)	\$ 109,506,010

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

6. CAPITAL ASSETS (Continued)

	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
Capital assets, not being depreciated:				
Land	\$ 19,537,615	\$ -	\$ (1,212,615)	\$ 18,325,000
Work in progress	2,537,836	2,890,453	(5,335,018)	93,271
Total capital assets, not being depreciated	22,075,451	2,890,453	(6,547,633)	18,418,271
Capital assets, being depreciated:				
Buildings and leasehold improvements	94,960,294	1,038,556	(43,994,837)	52,004,013
180 Howard Tenant Improvements	15,330,940	-	(15,330,940)	-
Equipment and software	21,489,818	1,616,832	(7,382,612)	15,724,038
Furniture and fixtures	5,512,099	161,444	-	5,673,543
Total capital assets, being depreciated	137,293,151	2,816,832	(66,708,389)	73,401,594
Less accumulated depreciation for:				
Buildings and leasehold improvements	(35,727,391)	(3,129,798)	25,929,441	(12,927,748)
180 Howard Tenant Improvements	(4,235,269)	(6,718)	4,241,987	-
Equipment and software	(15,969,806)	(2,955,822)	7,366,833	(11,558,795)
Furniture and fixtures	(5,128,428)	(426,564)	-	(5,554,992)
Total accumulated depreciation	(61,060,894)	(6,518,902)	37,538,261	(30,041,535)
Total capital assets, being depreciated, net	76,232,257	(3,702,070)	(29,170,128)	43,360,059
Right-to-use assets, being amortized:				
Right-to-use lease assets (Note 9)	1,830,804	51,501,897	-	53,332,701
Less accumulated amortization for lease assets	(1,001,875)	(962,648)	-	(1,964,523)
Right-to-use subscription assets (Note 10)	-	3,921,855	-	3,921,855
Less accumulated amortization for subscription assets	-	(1,205,061)	-	(1,205,061)
Total right-to-use assets, being amortized, net	828,929	53,256,043	-	54,084,972
Total capital assets, being depreciated or amortized, net	\$ 99,136,638	\$ 52,444,426	\$ (35,717,761)	\$ 115,863,302

Depreciation expense for the years ended December 31, 2024 and 2023 was \$2,925,445 and \$6,518,902, respectively. Amortization expense for right-to-use assets for the years ended December 31, 2024 and 2023 was \$4,857,901 and \$2,167,709, respectively.

7. ACCOUNTS PAYABLE, OTHER LIABILITIES AND COMPENSATED ABSENCES

As of December 31, 2024 and 2023, accounts payable and other current liabilities consisted of the following:

	2024	2023
Accounts payable	\$ 5,412,288	\$ 5,356,695
Other liabilities	5,926,465	4,505,778
Total accounts payable and other liabilities	\$ 11,338,753	\$ 9,862,473

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7. ACCOUNTS PAYABLE AND OTHER LIABILITIES (Continued)

Compensated absences

As of December 31, 2024 and 2023, compensated absences were \$10.1 million and \$8.6 million, respectively. Compensated absences include the current portion that is due within one year and the noncurrent portion. The table below provides additional information for these balances:

	<u>Balance</u> <u>January 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2024</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 8,565,468	\$ 8,585,138	\$ (7,041,513)	\$ 10,109,093	\$ 8,313,685
	<u>Balance</u> <u>January 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2023</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 7,203,690	\$ 7,785,743	\$ (6,423,965)	\$ 8,565,468	\$ 3,426,188

Termination benefits

On September 12, 2024, the Governor signed the State Bar fee bill (Assembly Bill 3279) that states the State Bar shall seek to achieve, through employee attrition only, a 15 percent vacancy rate by April 1, 2027. To help achieve this requirement, the State Bar implemented the Voluntary Reduction-in-Force (VRIF) Program and notified its employees of the opportunity to participate in October 2024. Qualified participants in the VRIF program will be eligible for up to 20 weeks of severance payment in a lump sum; continued employment through each specific participant's date of departure; continued payment of employer contributions and any applicable fees for continued medical, dental, and vision insurance coverage (COBRA) through the severance period; payout of accrued and unused vacation; payout at 25% of accrued and unused sick leave up to 30 days or option to convert the accrued and unused sick hours to CalPERS service credits.

In addition to the cash payout, eligible employees who retire within a designated window also receive two years of additional CalPERS service credit. Impacts to pension and OPEB will be evaluated separately.

In accordance with GASB Statement No. 47, *Accounting for Termination Benefits*, an employer should recognize a liability and expense for voluntary termination benefits when the employee accepts the offer and the amount can be estimated. Signing the agreement constitutes the employees' acceptance of their voluntary departure. As of December 31, 2024, of 45 State Bar employees who applied to participate in the VRIF program with 2025 departure dates, 5 employees had signed the VRIF separation agreements. The estimated severance and COBRA benefit costs for these 45 employees were \$2.7 million, excluding the estimated costs that were already included in compensated absence liabilities. As of December 31, 2024, the State Bar accrued \$280,883 in termination benefit costs within other liabilities. All termination payments will be made in 2025.

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8. LOANS PAYABLE

On April 22, 2016, the State Bar entered into a Real Estate Loan Agreement in the amount of \$10,000,000 with Bank of America, N.A. for the purpose of financing the costs of Tenant Improvements located at 180 Howard Street, San Francisco. On August 12, 2021, the State Bar entered into a new Loan Agreement in the amount of \$20,570,573 with Sterling National Bank for the purpose of paying off the Bank of America Loan and financing capital improvement and IT projects costs located at 180 Howard Street, San Francisco. The Loan Agreement consisted of a taxable loan for \$7,489,773, which was partially used to pay off the Bank of America Loan, due on September 30, 2031, and a tax-exempt loan for \$13,080,800 due on September 30, 2036. The taxable loan bears a rate of 2.76% per year and the tax-exempt loan bears a rate of 2.30% per year. On November 14, 2023, the State Bar's San Francisco building was sold and both taxable and tax-exempt loans related to the San Francisco building were paid off through escrow with sale proceeds from the building.

On October 1, 2020, the State Bar refinanced its Bank of America Loan Agreement and entered into a new Loan Agreement in the amount of \$14,197,000 with Sterling National Bank for the purpose of refinancing the costs of purchasing real property located at 845 South Figueroa Street, Los Angeles. The loan bears a tax-exempt fixed rate of 2.30% per year and is due on December 30, 2035, with a quarterly payment of approximately \$277,000. As of December 31, 2024 and 2023, the outstanding loan balance was \$10,747,000 and \$11,596,000, respectively.

	Balance January 1, 2024	Repayments	Balance December 31, 2024	Amount Due Within One Year
Los Angeles	\$ 11,596,000	\$ (849,000)	\$ 10,747,000	\$ 869,000
Total	<u>\$ 11,596,000</u>	<u>\$ (849,000)</u>	<u>\$ 10,747,000</u>	<u>\$ 869,000</u>

	Balance January 1, 2023	Repayments	Balance December 31, 2023	Amount Due Within One Year
San Francisco	\$ 18,582,990	\$ (18,582,990)	\$ -	\$ -
Los Angeles	12,426,000	(830,000)	11,596,000	849,000
Total	<u>\$ 31,008,990</u>	<u>\$ (19,412,990)</u>	<u>\$ 11,596,000</u>	<u>\$ 849,000</u>

THE STATE BAR OF CALIFORNIA
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Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

8. LOANS PAYABLE (Continued)

The annual repayment schedule as of December 31, 2024, is as follows:

Year Ending December 31,	Principal	Interest
2025	\$ 869,000	\$ 239,723
2026	889,000	219,564
2027	909,000	198,944
2028	931,000	177,848
2029	952,000	156,256
2030-2034	5,104,000	439,403
2035	1,093,000	15,761
Total	<u>\$ 10,747,000</u>	<u>\$ 1,447,499</u>

Loan Covenant, Events of Default, Termination Events and Acceleration Clauses – The State Bar relies on rental revenue and unrestricted revenue to make base rental payments in order to fulfill its debt service obligations. If events of default occur, the bank may do one or more of the following without prior notice: declare that an event of default has occurred, stop making any additional credit available to the State Bar, and require the State Bar to repay its entire debt immediately. If a default or event of default has occurred and is continuing, the bank has no obligation to make advances or extend additional credit under the loan agreement. In addition, if any event of default occurs, the bank shall have all rights, powers and remedies available under any instruments and agreements required by or executed in connection with the loan agreement, as well as all rights and remedies available at law or in equity.

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9. LEASES

State Bar as Lessee

The State has entered into long-term leases for office space, laptops, and office equipment. The terms for these leases range from 3 to 16 years.

A summary of intangible right-to-use lease activities for the years ended December 31, 2024 and 2023, are as follows:

	Balance January 1, 2024	Additions	Remeasurements	Deductions	Balance December 31, 2024
Right-to-use assets:					
Building	\$ 51,708,682	\$ -	\$ -	\$ -	\$ 51,708,682
Equipment	1,624,019	-	-	(1,318,994)	305,025
Total lease assets	53,332,701	-	-	(1,318,994)	52,013,707
Less accumulated amortization:					
Right-to-use assets:					
Building	(703,299)	(3,291,385)	-	-	(3,994,684)
Equipment	(1,261,224)	(253,006)	-	1,318,994	(195,236)
Total accumulated amortization	(1,964,523)	(3,544,391)	-	1,318,994	(4,189,920)
Total lease assets, net	\$ 51,368,178	\$ (3,544,391)	\$ -	\$ -	\$ 47,823,787

	Balance January 1, 2023	Additions	Remeasurements	Deductions	Balance December 31, 2023
Right-to-use assets:					
Building	\$ 421,110	\$ 51,287,572	\$ -	\$ -	\$ 51,708,682
Equipment	1,409,694	184,339	29,986	-	1,624,019
Total lease assets	1,830,804	51,471,911	29,986	-	53,332,701
Less accumulated amortization:					
Right-to-use assets:					
Building	(190,692)	(512,607)	-	-	(703,299)
Equipment	(811,183)	(450,041)	-	-	(1,261,224)
Total accumulated amortization	(1,001,875)	(962,648)	-	-	(1,964,523)
Total lease assets, net	\$ 828,929	\$ 50,509,263	\$ 29,986	\$ -	\$ 51,368,178

On November 14, 2023, the State Bar entered into a sale-leaseback transaction for its San Francisco office building. Accordingly, the State Bar removed the carrying values of the building and related capital assets and recorded the lease asset and related liabilities. The difference between the net proceeds from the sale and the carrying value of the capital assets resulted in a gain of \$13.1 million that is reported as a deferred inflow of resources related to lease items to be recognized over the term of the lease. A gain of \$68,088 and \$817,054 was recognized in 2023 and 2024, respectively.

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9. LEASES (Continued)

A summary of changes in the related lease liabilities for the years ended December 31, 2024 and 2023, are as follows:

	Balance January 1, 2024	Additions	Remeasurements	Deductions	Balance December 31, 2024	Amounts due within one year
Lease Liability	\$ 51,009,468	\$ -	\$ -	\$ (2,633,337)	\$ 48,376,131	\$ 1,123,277

	Balance January 1, 2023	Additions	Remeasurements	Deductions	Balance December 31, 2023	Amounts due within one year
Lease Liability	\$ 791,906	\$ 51,471,911	\$ 29,986	\$ (1,284,335)	\$ 51,009,468	\$ 2,633,338

Future annual lease payments as of the year ended December 31, 2024, are as follows:

Year ending December 31:	Principal amount	Interest amount	Total
2025	\$ 1,123,277	\$ 3,385,752	\$ 4,509,029
2026	1,286,671	3,303,259	4,589,930
2027	1,470,617	3,205,253	4,675,870
2028	1,723,043	3,093,161	4,816,204
2029	1,998,097	2,962,488	4,960,585
2030-2034	15,047,685	12,077,825	27,125,510
2035-2039	25,726,741	4,893,918	30,620,659
Total	48,376,131	\$ 32,921,656	\$ 81,297,787
Less: Current Portion	(1,123,277)		
Long-term portion as of December 31, 2024	\$ 47,252,854		

Variable Lease Payments – Variable lease payments based on usage, market rate and not considered fixed in substance are excluded from the measurement of the lease liabilities. They are recognized as lease expenses in the period incurred. The amounts recognized as expenses for variable lease payments and not included in the measurement of the lease liabilities were \$144,525 and \$338,400 during the years ended December 31, 2024 and 2023, respectively.

State Bar as Lessor

The State Bar was a lessor for its San Francisco building before the building was sold on November 14, 2023. It also leases certain space of its Los Angeles building to one tenant as retail space. The term for the Los Angeles lease is 20 years. In 2024, the State Bar only had one lessor lease to report for its Los Angeles building.

Total lease revenue and interest revenue recognized during the years ended December 31, 2024, and December 31, 2023, were \$484,420 and \$2,617,421, respectively.

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9. LEASES (Continued)

Variable lease payments including percentage of gross sales without minimum amounts were excluded from the measurement of lease receivables and were recognized as revenues when earned. The amounts recognized as revenues for variable lease payments not included in the measurement of the lease receivables were \$46,970 during the year ended December 31, 2023. All lessor leases with variable lease payments for the San Francisco building were terminated following the building sale in November 2023.

Principal and interest requirements to maturity for the lease receivable for the year ended December 31, 2024, are as follows:

Year ending December 31:	Principal amount	Interest amount	Total
2025	\$ 373,652	\$ 82,502	\$ 456,154
2026	382,337	73,817	456,154
2027	391,224	64,930	456,154
2028	421,427	55,635	477,062
2029	433,163	45,799	478,962
2030-2033	1,755,802	80,220	1,836,022
Total	3,757,605	\$ 402,903	\$ 4,160,508
Less: Current Portion	(373,652)		
Long-term portion as of December 31, 2024	\$ 3,383,953		

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The State Bar has subscription arrangements for the right-to-use various information technology hardware and software. Some of these arrangements cover a period of multiple years and are subject to the provisions of GASB Statement No. 96.

A summary of intangible right-to-use subscription IT assets for the year ended December 31, 2024 and 2023, are as follows:

	Balance January 1, 2024	Additions	Remeasurements	Deductions	Balance December 31, 2024
Subscription assets	\$ 3,921,855	\$ 1,192,087	\$ -	\$ (520,657)	\$ 4,593,285
Less accumulated amortization	(1,205,061)	(1,313,510)	-	520,657	(1,997,914)
Total subscription assets, net	\$ 2,716,794	\$ (121,423)	\$ -	\$ -	\$ 2,595,371

	Balance January 1, 2023	Additions	Remeasurements	Deductions	Balance December 31, 2023
Subscription assets	\$ -	\$ 3,921,855	\$ -	\$ -	\$ 3,921,855
Less accumulated amortization	-	(1,205,061)	-	-	(1,205,061)
Total subscription assets, net	\$ -	\$ 2,716,794	\$ -	\$ -	\$ 2,716,794

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**10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)
(Continued)**

A summary of changes in the related subscription liabilities for the year ended December 31, 2024 and 2023, are as follows:

	Balance January 1, 2024	Additions	Remeasurements	Deductions	Balance December 31, 2024	Amounts due within one year
Subscription liability	\$ 2,510,868	\$ 1,192,087	\$ -	\$ (1,675,815)	\$ 2,027,140	\$ 1,227,318

	Balance January 1, 2023	Additions	Remeasurements	Deductions	Balance December 31, 2023	Amounts due within one year
Subscription liability	\$ -	\$ 3,921,855	\$ -	\$ (1,410,987)	\$ -	\$ 1,234,596

Future annual subscription payments as of the year ended December 31, 2024, are as follows:

Year ending December 31:	Principal amount	Interest amount	Total
2025	\$ 1,227,318	\$ 121,967	\$ 1,349,285
2026	614,758	44,925	659,683
2027	185,064	4,857	189,921
Total	2,027,140	\$ 171,749	2,198,889
Less: Current Portion	(1,227,318)		
Long-term portion as of December 31, 2024	\$ 799,822		

Variable SBITA Payments – Variable SBITA payments based on usage, future performance of a government, number of user seats, or not considered fixed in substance are excluded from the measurement of the subscription liabilities. They are recognized as subscription expenses in the period incurred. The amounts recognized as expenses for variable SBITA payments and not included in the measurement of the subscription liabilities were \$1,229,705 and \$1,300,495 during the years ended December 31, 2024 and 2023, respectively.

11. PENSION PLAN

Plan Description – The State Bar’s defined benefit plan, the Miscellaneous Plan of the State Bar of California (Plan), provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. The Plan is part of the Public Agency portion of CalPERS, an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating entities within the State of California. All full-time State Bar employees must participate in the Plan. Benefits vest after five years of service. Benefit provisions under the Plan are established by State statute. The State Bar has contracted with CalPERS for employee retirement benefits since the 1950’s. Amendments to the Plan are authorized by resolution of the Board of Trustees. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

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11. PENSION PLAN (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members who are hired prior to January 1, 2013, with five years of total service, are eligible to retire at age 50 and members who were hired on or after January 1, 2013, with five years of total service, are eligible to retire at age 52. As of June 30, 2024, the most recent information available, the State Bar’s pension plan included 616 active employees, 492 inactive employees entitled to but not yet receiving benefits, and 657 inactive employees or beneficiaries currently receiving benefits. All members are eligible for non-duty disability benefits after 10 years of service.

The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The State Bar has the right to modify the pension plan provisions prospectively at its discretion.

The Plan’s provisions and benefits in effect as of December 31, 2024 and 2023, are summarized as follows:

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employer contribution rates - 7/1/2022 to 6/30/2023	19.85%	19.85%
Required employer contribution rates - 7/1/2023 to 06/30/2024	17.26%	17.26%
Required employer contribution rates - 7/1/2024 to 12/31/2024	17.18%	17.18%

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The State Bar of California is required to contribute the difference between the actuarially determined rate and the contribution of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan member contribution requirements are classified as plan member contributions.

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11. PENSION PLAN (Continued)

Net Pension Liability – The net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. For the year ended December 31, 2024, the total pension liability for the Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. For the year ended December 31, 2023, the total pension liability for the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard procedures.

Actuarial Assumptions – A summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2024, and 2023, are as follows:

Valuation Date	June 30, 2023	June 30, 2022
Measurement Date	June 30, 2024	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost	
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll Growth	2.80%	2.80%
Projected Salary Increase	Varies by entry age and service	
Post Retirement Benefit Increase	(1)	
Mortality	Derived using CalPERS’ membership data (2)	

- (1) During the measurement period 2024 and 2023, the lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.
- (2) The mortality table used was developed based on CalPERS-specific data. As of June 30, 2024, and June 30, 2023, the probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

The actuarial assumptions used in the June 30, 2023, and June 30, 2022, valuations were based on the results of the CalPERS 2021 experience study for the period 2000 to 2019, including changes to the rates of decrement, salary increase rates and economic assumptions. Further details of the experience study can be found on the CalPERS website.

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11. PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability for the Plan as of June 30, 2024, and 2023, was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The expected real rates of return by asset class for the actuarial valuation of June 30, 2024, and June 30, 2023, are as follows:

Asset Class	Assumed asset Allocation	Real return (a), (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	-5.00	-0.59
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

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11. PENSION PLAN (Continued)

Changes in the Net Pension Liability – The changes in the Net Pension Liability for the Plan for the year ended December 31, 2024 and 2023, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 490,210,983	\$ 397,924,374	\$ 92,286,609
Changes in the year:			
Service cost	11,867,024	-	11,867,024
Interest on the total pension liability	34,608,900	-	34,608,900
Differences between actual and expected experience	19,117,550	-	19,117,550
Contribution - employer	-	12,235,973	(12,235,973)
Contribution - employee	-	5,307,816	(5,307,816)
Net investment income	-	37,423,606	(37,423,606)
Administrative expenses	-	(323,792)	323,792
Benefit payments, including refunds of employee contributions	(27,367,558)	(27,367,558)	-
Net changes	38,225,916	27,276,045	10,949,871
Balance at June 30, 2024	\$ 528,436,899	\$ 425,200,419	\$ 103,236,480

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022	\$ 463,211,034	\$ 381,861,682	\$ 81,349,352
Changes in the year:			
Service cost	10,687,502	-	10,687,502
Interest on the total pension liability	32,099,352	-	32,099,352
Changes of benefit terms	445,283	-	445,283
Differences between actual and expected experience	8,648,044	-	8,648,044
Contribution - employer	-	13,004,411	(13,004,411)
Contribution - employee	-	4,860,008	(4,860,008)
Net investment income	-	23,359,308	(23,359,308)
Administrative expenses	-	(280,803)	280,803
Benefit payments, including refunds of employee contributions	(24,880,232)	(24,880,232)	-
Net changes	26,999,949	16,062,692	10,937,257
Balance at June 30, 2023	\$ 490,210,983	\$ 397,924,374	\$ 92,286,609

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11. PENSION PLAN (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – The State Bar recognized pension expense of \$23,968,887 for the year ended December 31, 2024, and pension expense of \$19,483,021 for the year ended December 31, 2023. Deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 1,059,981	\$ -
Differences between actual and expected experience	17,930,192	(176,590)
Contributions made after the measurement date: June 30, 2024	7,010,599	-
Net differences between projected and actual earning on plan investments	6,724,126	-
Total	<u>\$ 32,724,898</u>	<u>\$ (176,590)</u>

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 2,574,238	\$ -
Differences between actual and expected experience	6,245,810	(882,497)
Contributions made after the measurement date: June 30, 2023	5,851,627	-
Net differences between projected and actual earning on plan investments	18,383,201	-
Total	<u>\$ 33,054,876</u>	<u>\$ (882,497)</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic manner. As of December 31, 2024 and 2023, the State Bar reported \$7,010,599 and \$5,851,627, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction related to net pension liability in the year ending December 31, 2025 and 2024, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension as of December 31, 2024, will be recognized as pension expense as follows:

<u>Year Ending December 31</u>	
2025	\$ 8,185,809
2026	16,917,044
2027	2,501,121
2028	(2,066,265)
Total	<u>\$ 25,537,709</u>

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
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Years Ended December 31, 2024 and 2023

11. PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability – The following present the net pension liability of the State Bar, calculated using the discount rate for each Plan, as well as what the State Bar’s net pension would be if it were calculated using a discount rate that is 1 – percentage point lower or 1 – percentage higher than the measurement date discount rate:

As of December 31, 2024	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Plan's net pension liability	\$ 169,976,922	\$ 103,236,480	\$ 47,878,729
As of December 31, 2023	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Plan's net pension liability	\$ 154,709,615	\$ 92,286,609	\$ 40,511,385

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The State Bar administers an agent multiple-employer defined benefit Post-Retirement Welfare Benefits Plan for Employees (OPEB Plan). The OPEB Plan provides postretirement health care benefits for its eligible employees. Under the provisions of the OPEB Plan, a committee (Committee) was established to operate and administer the OPEB Plan in accordance with the terms of the OPEB Plan. The Committee is composed of the Chair of the Board of Trustees and the Executive Director, or their designees.

For executive staff employed as of August 19, 2006, eligibility requires 15 years of service to the State Bar as a regular employee. For employees who become executive staff after August 19, 2006, eligibility requires 15 years of service to the State Bar as a regular employee, with at least the last ten years of service preceding retirement as an executive staff employee. The employee must also elect to receive retirement benefits effective within 120 days of retirement from State Bar employment under CalPERS. Active executive employees who are not eligible for retirement benefits are assumed to have an equal portion of the present value of the benefits attributed to each year of service from date of hire to expected retirement age.

Additional funding for retiree health benefits was included in Senate Bill 176 (SB176), which was requested by the State Bar and signed by the Governor on October 9, 2019. The approval for providing equitable health benefits was based on the recommendation of the State Auditor and the Assembly Judiciary Committee. On July 9, 2019, the Committee passed an amended version of Senate Bill 176 that included an increase to the annual licensing fee for 2020. In the analysis, the Committee recommended that the active fee should be increased by \$17 to support retiree health benefits for the State Bar. The State Bar has the right to modify plan provisions prospectively at its discretion.

On an ongoing basis, the State Bar makes annual transfers to the CERBT to pay its Actuarially Determined Contribution as determined by the State Bar’s actuary. CalPERS issues a publicly available financial report consisting of financial statements and required supplementary information for CERBT in aggregate. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report, which may be obtained from CalPERS website.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

On January 27, 2018, the State Bar Board of Trustees approved the extension of postemployment benefits to non-executive staff. The statutory Public Employees' Medical & Hospital Care Act (PEMHCA) retiree minimum is currently set at \$157 per month for 2024 but is adjusted by CalPERS on an annual basis. In 2024, the State Bar contributed \$157 per month toward eligible retirees' purchase of medical insurance coverage. The State Bar may, however, at its sole discretion and as part of its annual budgeting process, adjust upward the amount it contributes towards eligible retirees' purchase of medical insurance coverage beyond the statutory PEMHCA minimum. As of December 31, 2024, the OPEB Plan included 620 active participants and 191 retirees receiving benefits.

Effective January 1, 2020, the State Bar amended the Retiree Health Benefits Plan for non-executive staff to provide parity and equitable benefits for rank-and-file employees. On April 16, 2020, an Amended and Restated Plan was adopted by the Board of Trustees.

The State Bar contracts with CalPERS for health coverage and provides lifetime health coverage for eligible retirees. The portion of medical premiums paid by the State Bar depends on when an employee was hired, whether they were classified as executives, and the number of years of service at retirement.

The State Bar pays the full cost of retiree health coverage for executive employees hired before January 1, 2018. The State Bar pays 80% of the cost of the premium for the plan and tier in which the retiree enrolls when the executive employee is hired or promoted on or after January 1, 2018.

Non-executive employees retiring with a CalPERS pension would be eligible to enroll in the CalPERS Health Plan. The State Bar would be required to pay the statutory minimum, and the retiree would be required to pay the difference in plan premium.

The State Bar pays monthly vision plan premiums for executives who are eligible for the vision coverage in the amount of \$14.76, \$21.41, and \$38.39 for retiree, couple, and family, respectively.

Net OPEB Liability and Assumptions: The net OPEB liability for the OPEB Plan is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. For the years ended December 31, 2024 and 2023, the total OPEB liability for the OPEB Plan is measured as of June 30, 2024 and 2023, respectively, using an annual actuarial valuation as of January 1, 2024.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The total OPEB liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.30%
Healthcare Trend Rate	Trend assumption based on the "Getzen" model developed by the Society of Actuaries. Assumed the vision cost would increase at an annual rate of 3.00% for January 1, 2024 valuations. Assumed the PEMCHA minimum contribution would grow with general medical inflation. The minimum amount is \$157 per month for calendar year 2024 and \$158 for 2025 and assumed the medical CPI increase at an annual rate of 2.25% in 2025, 3.75% in 2026, 3.50% in 2027 and 3.25% in 2028 and after, for January 1, 2024 valuations.
Mortality	CalPERS Mortality rates projected generationally using 80 percent of scale MP-2020.

For the actuarial valuation as of January 1, 2024, the healthcare trend rate for vision will increase at a rate of 3.00% per year, no change from the prior full valuation. PEMCHA minimum contribution is \$157 per month for calendar year 2024 and \$158 for 2025. It will increase by 2.25% in 2025, 3.75% in 2026, 3.50% in 2027 and 3.25% in 2028 and after.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class for the actuarial valuation of January 1, 2024, are summarized in the following table:

Asset Class	Asset Allocation	Expected Arithmetic Real Return (30 yrs)
Global Equity	28.5%	6.09%
U.S. Fixed Income	46.0%	3.62%
Treasury Inflation-Protected Securities	7.0%	1.93%
Real Estate Investment Trusts	15.5%	6.84%
Commodities	3.0%	3.38%
Total	100.0%	

Expected Geometric Return (30 yrs) - 6.47%

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The discount rate used to measure the total OPEB liability was 6.50 percent. A blended target asset allocation was determined based on the long-term investment strategy of investing approximately 50 percent in the CERBT Fund Strategy 2 and 50 percent in CERBT Fund Strategy 3. The 30-year expected returns for each asset class were determined based on a 2.30 percent long-term inflation assumption. The expected returns for the entire portfolio were derived from the blended allocation rates for each asset class. The projection of cash flows used to determine the discount rate assumed that the State Bar's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability: The changes in the net OPEB liability of the OPEB Plan, measured as of June 30, 2024 and 2023, are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	\$ 45,894,342	\$ 40,121,083	\$ 5,773,259
Changes in the year:			
Service cost	2,092,148	-	2,092,148
Interest on the total OPEB liability	3,054,489	-	3,054,489
Changes in benefit terms	-		-
Changes of Assumptions	-		-
Differences between actual and expected experience with regard to economic or demographic factors	7,654,307	-	7,654,307
Changes in assumptions	(3,473,496)	-	(3,473,496)
Benefit payments	(2,019,779)	(2,019,779)	-
Contributions from employer	-	4,773,779	(4,773,779)
Net investment income	-	2,559,144	(2,559,144)
Administrative expenses	-	(20,638)	20,638
Other changes	-	-	-
Net changes	7,307,669	5,292,506	2,015,163
Balance at June 30, 2024	\$ 53,202,011	\$ 45,413,589	\$ 7,788,422

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 44,029,471	\$ 36,636,168	\$ 7,393,303
Changes in the year:			
Service cost	2,113,304	-	2,113,304
Interest on the total OPEB liability	2,714,466	-	2,714,466
Changes in benefit terms	-	-	-
Changes of Assumptions	-	-	-
Differences between actual and expected experience with regard to economic or demographic factors	1,628,896	-	1,628,896
Changes in assumptions	(2,764,054)	-	(2,764,054)
Benefit payments	(1,827,741)	(1,827,741)	-
Contributions from employer	-	4,628,741	(4,628,741)
Net investment income	-	702,503	(702,503)
Administrative expenses	-	(18,588)	18,588
Other changes	-	-	-
Net changes	1,864,871	3,484,915	(1,620,044)
Balance at June 30, 2023	\$ 45,894,342	\$ 40,121,083	\$ 5,773,259

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the State Bar, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current discount rate:

	1% Decrease in Discount Rate 5.50%	Current Discount Rate 6.50%	1% Increase in Discount Rate 7.50%
Net OPEB Liability (NOL) for December 31, 2024	\$ 14,879,211	\$ 7,788,422	\$ 1,876,868
	1% Decrease in Discount Rate 5.50%	Current Discount Rate 6.50%	1% Increase in Discount Rate 7.50%
Net OPEB Liability (NOL) for December 31, 2023	\$ 11,545,281	\$ 5,773,259	\$ 896,306

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
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12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate: The following presents the net OPEB liability of the State Bar, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate 5.50%	Currenet Healthcare Cost Trend Rate 6.50%	1% Increase in Healthcare Cost Trend Rate 7.50%
Net OPEB Liability (NOL) for December 31, 2024	\$ 674,366	\$ 7,788,422	\$ 16,650,963
	1% Decrease in Healthcare Cost Trend Rate 5.50%	Currenet Healthcare Cost Trend Rate 6.50%	1% Increase in Healthcare Cost Trend Rate 7.50%
Net OPEB Liability (NOL) for December 31, 2023	\$ (553,975)	\$ 5,773,259	\$ 13,590,317

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Most changes in the net OPEB liability are included in OPEB expense in the year of change, including changes resulting from current-period service cost, interest on the total OPEB liability, changes in benefit terms, and projected earnings on the OPEB plan's investments. Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in the future as OPEB expense. OPEB expenses for the years ended December 31, 2024 and 2023, was \$3,372,116 and \$2,909,351, respectively.

As of the year ended December 31, 2024, the State Bar reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ 8,193,735	\$ (2,270,292)
Changes of assumptions	-	(6,911,617)
Net difference between projected and actual earnings	3,346,409	-
Contributions made subsequent to measurement date	984,908	-
Total	<u>\$ 12,525,052</u>	<u>\$ (9,181,909)</u>

THE STATE BAR OF CALIFORNIA
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Years Ended December 31, 2024 and 2023

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

As of the year ended December 31, 2023, the State Bar reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ 1,594,860	\$ (2,653,787)
Changes of assumptions	-	(4,448,119)
Net difference between projected and actual earnings	4,448,455	-
Contributions made subsequent to measurement date	3,590,724	-
Total	<u>\$ 9,634,039</u>	<u>\$ (7,101,906)</u>

At December 31, 2024, and 2023, the State Bar reported \$984,908 and \$3,590,724, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction to the net OPEB liability during the years ending December 31, 2024, and 2023, respectively. Other amounts reported as deferred inflows of resources related to OPEB as of December 31, 2024, will be recognized as OPEB expense as follows:

Year Ending December 31	Deferred (Inflows) and Outflows of Resources
2025	\$ 918,857
2026	1,381,380
2027	4,755
2028	(309,327)
2029	(262,881)
Thereafter	625,451
Total	<u>\$ 2,358,235</u>

13. RISK MANAGEMENT

The State Bar is exposed to various risks of loss, including those related to property loss or damage, torts, errors and omissions, employee theft, and workers' compensation. The State Bar has purchased commercial insurance for these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

THE STATE BAR OF CALIFORNIA
Business-Type Activity – Enterprise Fund
Notes to the Financial Statements
Years Ended December 31, 2024 and 2023

14. COMMITMENTS AND CONTINGENCIES

Litigation – The State Bar is a defendant in various lawsuits. It is management’s opinion, based on the advice of legal counsel, that the outcome of these matters will not have a material adverse effect on the financial position and results of operations of the State Bar. The outcome of certain lawsuits and tort claims related to disciplinary actions against licensees, attorney malpractice, and employee wrongful termination and discrimination is considered indeterminable, and the range of possible loss is uncertain. As such, no provision has been recorded in the financial statements as of December 31, 2024, and 2023.

Major Projects – As of December 31, 2024, the State Bar had contracts and purchase order commitments for major projects of approximately \$1.6 million. Those commitments consist of \$0.2 million for ongoing ERP system support and licensing, \$0.3 million for continued leasing of laptops and buyout of most leased laptops in 2025, \$0.6 million for initial defect assessment for the Attorney Resource Information System (ARIS) and its related support services and costs, and \$0.5 million for document retention review and scanning project.

15. SUBSEQUENT EVENT

After December 31, 2024, and before the issuance of financial statements dated **DATE, 2025**, the State Bar has evaluated subsequent events and determined that there have been no events that have occurred that would require adjustments to our disclosures in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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THE STATE BAR OF CALIFORNIA

Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited) As of December 31, 2024 Last 10 Years

Measurement Period Ended June 30	2024	2023	2022	2021	2020
TOTAL PENSION LIABILITY					
Service Cost	\$ 11,867,024	\$ 10,687,502	\$ 10,414,335	\$ 9,507,566	\$ 8,917,807
Interest on total pension liability	34,608,900	32,099,352	30,276,187	29,737,918	28,675,153
Differences between expected and actual experience	19,117,550	8,648,044	(933,412)	(3,175,437)	3,117,562
Changes in assumptions	-	-	5,602,752	-	-
Changes in benefits	-	445,283	-	-	-
Benefit payments, including refunds of employee contributions	(27,367,558)	(24,880,232)	(22,115,270)	(20,880,413)	(18,816,672)
Net change in total pension liability	38,225,916	26,999,949	23,244,592	15,189,634	21,893,850
Total pension liability - beginning	490,210,983	463,211,034	439,966,442	424,776,808	402,882,958
Total pension liability - ending	\$ 528,436,899	\$ 490,210,983	\$ 463,211,034	\$ 439,966,442	\$ 424,776,808
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 12,235,973	\$ 13,004,411	\$ 12,140,925	\$ 10,953,471	\$ 9,733,180
Contributions - employee	5,307,816	4,860,008	4,655,824	4,372,707	4,418,214
Net investment income	37,423,606	23,359,308	(31,181,663)	77,444,578	16,489,470
Benefit payments, including refunds of employee contributions	(27,367,558)	(24,880,232)	(22,115,270)	(20,880,413)	(18,816,672)
Net Plan to Plan Resource Movement	-	-	-	-	-
Administrative expenses	(323,792)	(280,803)	(260,777)	(346,711)	(473,294)
Other Miscellaneous Expense	-	-	-	-	-
Net change in plan fiduciary net position	27,276,045	16,062,692	(36,760,961)	71,543,632	11,350,898
Plan fiduciary net position - beginning	397,924,374	381,861,682	418,622,643	347,079,011	335,728,113
Plan fiduciary net position - ending	\$ 425,200,419	\$ 397,924,374	\$ 381,861,682	\$ 418,622,643	\$ 347,079,011
Net pension liability - ending	\$ 103,236,480	\$ 92,286,609	\$ 81,349,352	\$ 21,343,799	\$ 77,697,797
Plan fiduciary net position as a percentage of the total pension liability	80.46%	81.17%	82.44%	95.15%	81.71%
Covered payroll	\$ 71,060,025	\$ 63,578,237	\$ 61,659,769	\$ 58,652,475	\$ 54,145,762

THE STATE BAR OF CALIFORNIA

Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited) As of December 31, 2024 Last 10 Years

Measurement Period Ended June 30	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 8,457,483	\$ 8,413,051	\$ 8,895,961	\$ 7,565,782	\$ 7,286,606
Interest on total pension liability	27,203,790	25,675,376	25,355,446	24,173,396	22,279,424
Differences between expected and actual experience	4,632,331	(3,317,028)	(1,780,377)	6,742,939	1,619,738
Changes in assumptions	-	(11,012,926)	21,023,063	-	(5,466,470)
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(18,044,328)	(16,688,769)	(13,722,132)	(12,312,756)	(11,068,730)
Net change in total pension liability	22,249,276	3,069,704	39,771,961	26,169,361	14,650,568
Total pension liability - beginning	380,633,682	377,563,978	337,792,017	311,622,656	296,972,088
Total pension liability - ending	\$ 402,882,958	\$ 380,633,682	\$ 377,563,978	\$ 337,792,017	\$ 311,622,656
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 8,155,168	\$ 6,191,049	\$ 5,519,957	\$ 4,864,102	\$ 4,167,567
Contributions - employee	3,793,577	3,726,557	3,697,300	3,437,015	3,387,652
Net investment income	20,781,606	25,383,692	31,072,914	1,591,381	6,203,991
Benefit payments, including refunds of employee contributions	(18,044,328)	(16,688,769)	(13,722,132)	(12,312,756)	(11,068,730)
Net Plan to Plan Resource Movement	745	(745)	-	-	-
Administrative expenses	(229,266)	(473,766)	(410,263)	(170,929)	(316,734)
Other Miscellaneous Expense	-	(899,690)	-	-	-
Net change in plan fiduciary net position	14,457,502	17,238,328	26,157,776	(2,591,187)	2,373,746
Plan fiduciary net position - beginning	321,270,611	304,032,283	277,874,507	280,465,694	278,091,948
Plan fiduciary net position - ending	\$ 335,728,113	\$ 321,270,611	\$ 304,032,283	\$ 277,874,507	\$ 280,465,694
Net pension liability - ending	\$ 67,154,845	\$ 59,363,071	\$ 73,531,695	\$ 59,917,510	\$ 31,156,962
Plan fiduciary net position as a percentage of the total pension liability	83.33%	84.40%	80.52%	82.26%	90.00%
Covered payroll	\$ 50,333,174	\$ 49,538,071	\$ 50,889,313	\$ 48,452,015	\$ 47,369,513

Notes to Schedule

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the respective valuations. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes). In 2022, Senate Bill 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes of Assumptions: During measurement period 2015, the discount rate was increased from 7.50% to 7.65%. There was no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65% to 7.15%. During measurement period 2018, the demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. During measurement period 2022, the discount rate was reduced from 7.15% to 6.90%. Demographic assumptions and inflation rate assumptions were changed in accordance with the 2021 CalPERS experience Study and Review of Actuarial Assumptions. There were no changes in assumptions during measurement periods 2023 and 2024.

Other Miscellaneous Expenses: During Fiscal Year 2017-18, as a result of GASB Statement No. 75, *Accounting and Financial reporting for Postemployment Benefit Plans Other than Pension* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent (multiple-employer) OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

THE STATE BAR OF CALIFORNIA

Schedule of Plan Contributions - Pension (Unaudited) As of December 31, 2024 Last 10 Years

For the Year Ended June 30	2024	2023	2022	2021	2020
Actuarially Determined Contribution	\$ 12,235,973	\$ 13,004,411	\$ 12,140,925	\$ 10,953,471	\$ 9,733,180
Contributions in relation to the actuarially determined contributions	<u>(12,235,973)</u>	<u>(13,004,411)</u>	<u>(12,140,925)</u>	<u>(10,953,471)</u>	<u>(9,733,180)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 71,060,025</u>	<u>\$ 63,578,237</u>	<u>\$ 61,659,769</u>	<u>\$ 58,652,475</u>	<u>\$ 54,145,762</u>
Contributions as a percentage of covered payroll	17.22%	20.45%	19.69%	18.68%	17.98%

For the Year Ended June 30	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 8,155,168	\$ 6,191,049	\$ 5,519,957	\$ 4,864,102	\$ 4,167,567
Contributions in relation to the actuarially determined contributions	<u>(8,155,168)</u>	<u>(6,191,049)</u>	<u>(5,519,957)</u>	<u>(4,864,102)</u>	<u>(4,167,567)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 50,333,174</u>	<u>\$ 49,538,071</u>	<u>\$ 50,889,313</u>	<u>\$ 48,452,015</u>	<u>\$ 46,082,759</u>
Contributions as a percentage of covered payroll	16.20%	12.50%	10.85%	10.04%	9.04%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for the year ended June 30, 2024, was derived from the June 30, 2021, funding valuation report.

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level percent of payroll
Remaining Amortization Period	10 years as of the valuation date
Asset Valuation Method	Fair Value of Assets
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.80% net of pension plan investment and administrative expenses, includes inflation
Retirement Age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by Society of Actuaries.

THE STATE BAR OF CALIFORNIA

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios (Unaudited) As of December 31, 2024 Last 10 Years*

Measurement Period Ended June 30	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 2,092,148	\$ 2,113,304	\$ 2,686,342	\$ 2,534,285	\$ 580,569	\$ 547,707	\$ 489,826
Interest on total OPEB liability	3,054,489	2,714,466	2,835,237	2,600,287	1,071,758	1,043,546	1,611,348
Differences between actual and expected experience	7,654,307	1,628,896	(3,420,777)	-	267,916	-	-
Changes of assumptions	(3,473,496)	(2,764,054)	(1,896,095)	-	(943,036)	-	-
Changes of benefit terms	-	-	-	-	23,750,838	-	(10,325,826)
Benefits payments, including refunds of employee contributions	(2,019,779)	(1,827,741)	(1,464,372)	(1,281,476)	(1,133,033)	(1,172,820)	(1,418,516)
Net change in total OPEB liability	7,307,669	1,864,871	(1,259,665)	3,853,096	23,595,012	418,433	(9,643,168)
Total OPEB liability - beginning	45,894,342	44,029,471	45,289,136	41,436,040	17,841,028	17,422,595	27,065,763
Total OPEB liability - ending	53,202,011	45,894,342	44,029,471	45,289,136	41,436,040	17,841,028	17,422,595
Plan fiduciary net position							
Contributions - employer	4,773,779	4,628,741	4,967,372	4,941,476	1,133,033	1,922,820	2,168,516
Net investment income	2,559,144	702,503	(4,519,803)	4,209,476	1,776,547	1,892,678	1,111,880
Benefits payments, including refunds of employee contributions	(2,019,779)	(1,827,741)	(1,464,372)	(1,281,476)	(1,133,033)	(1,172,820)	(1,418,516)
Administrative expense	(20,638)	(18,588)	(19,155)	(16,556)	(14,162)	(12,821)	(12,109)
Net change in plan fiduciary net position	5,292,506	3,484,915	(1,035,958)	7,852,920	1,762,385	2,629,857	1,849,771
Plan fiduciary net position - beginning	40,121,083	36,636,168	37,672,126	29,819,206	28,056,821	25,426,964	23,577,193
Plan fiduciary net position - ending	45,413,589	40,121,083	36,636,168	37,672,126	29,819,206	28,056,821	25,426,964
Plan net OPEB liability (asset) - ending	\$ 7,788,422	\$ 5,773,259	\$ 7,393,303	\$ 7,617,010	\$ 11,616,834	\$ (10,215,793)	\$ (8,004,369)
Plan fiduciary net position as a percentage of the total OPEB liability	85.4%	87.4%	83.2%	83.2%	72.0%	157.3%	145.9%
Covered payroll	\$ 71,060,025	\$ 63,578,237	\$ 61,659,769	\$ 58,652,475	\$ 54,145,762	\$ 50,333,174	\$ 49,538,071
Plan net OPEB liability (asset) as a percentage of covered payroll	10.96%	9.08%	11.99%	12.99%	21.45%	-20.30%	-16.16%

Notes to Schedule

Changes in assumptions – During Measurement Period 2020, the healthcare trend rate for vision and PEMCHA minimum contribution decreased from 3.25% to 3.00%. During Measurement Period 2022, PEMCHA minimum contribution is changed to \$149 per month for calendar year 2022 and \$151 for 2023, \$157 for 2024 and increase by 3.75% in 2025, 3.5% in 2026 and 3.25% in 2027 and after. During Measurement Period 2024, PEMCHA minimum contribution is changed to \$157 for 2024, \$158 for 2025 and increase by 3.75% in 2026, 3.50% in 2027 and 3.25% in 2028 and after.

Changes in benefit terms - During Measurement Period 2018, the State Bar transitioned its health coverage to CalPERS health. Effective January 1, 2020, the State Bar updated the post-employment retiree health benefits for confidential, non-executive represented, judges and executive employees resulting in a \$23.8 million change.

Change in Discount Rate (liabilities) and Long Term Expected Return - The discount rate and long term expected return remained unchanged at 6.50% for both Measurement Period 2024 and 2023.

*Year 2018 was the first-year implementation of GASB Statement No. 75, therefore only seven years of information is shown.

THE STATE BAR OF CALIFORNIA

Schedule of Contributions - OPEB Plan (Unaudited) As of December 31, 2024 Last 10 Years*

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 3,067,000	\$ 2,754,000	\$ 2,915,000	\$ 3,503,000	\$ 3,660,000	\$ -	\$ -
Contributions	1,700,844	4,234,261	4,158,533	4,623,159	4,603,702	1,150,166	2,179,258
Contribution deficiency (excess)	\$ 1,366,156	\$ (1,480,261)	\$ (1,243,533)	\$ (1,120,159)	\$ (943,702)	\$ (1,150,166)	\$ (2,179,258)
Covered payroll (measurement period ended June 30)	\$ 71,060,025	\$ 63,578,237	\$ 61,659,769	\$ 58,652,475	\$ 54,145,762	\$ 50,333,174	\$ 49,538,071
Contribution as a percentage of covered-employee payroll	2.4%	6.7%	6.7%	7.9%	8.5%	2.3%	4.4%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contribution for the year ended December 31, 2024, was derived from the January 1, 2024, actuarial valuation as follows:

Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.30%
Healthcare Trend Rate	Trend assumption based on the "Getzen" model developed by the Society of Actuaries. Assumed the vision cost would increase at an annual rate of 3.00% for January 1, 2024 valuations. Assumed the PEMCHA minimum contribution would grow with general medical inflation. The minimum amount is \$157 per month for calendar year 2024 and \$158 for 2025 and assumed the medical CPI increase at an annual rate of 3.75% in 2026, 3.50% in 2027 and 3.25% in 2028 and after, for January 1, 2024 valuation.

* Year 2018 was the first-year implementation of GASB Statement No. 75, therefore only seven years of information is shown.

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SUPPLEMENTARY INFORMATION

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THE STATE BAR OF CALIFORNIA
Supplementary Information
Program Funds Schedule of Net Position
December 31, 2024

	General Fund	Admissions	Grants	Client Security	Elimination of Bias
ASSETS					
Current assets					
Cash and cash equivalents	\$ 11,189,967	\$ 14,426,417	\$ 6,894,772	\$ 10,375,871	\$ 46,832
Investments	24,642,441	-	-	-	-
Accounts and other receivables, net of allowance for uncollectible accounts of \$213,525,542 in 2024	2,089,637	8,263	980,329	1,032,400	-
Lease receivable	373,652	-	-	-	-
Other current assets	4,108,399	-	-	-	-
Total current assets	42,404,096	14,434,680	7,875,101	11,408,271	46,832
Noncurrent assets					
Lease receivable	3,383,953	-	-	-	-
Capital assets					
Nondepreciable	18,387,948	-	-	-	-
Depreciable, net	40,698,904	-	-	-	-
Lease asset, net	47,823,787	-	-	-	-
Subscription asset, net	2,595,371	-	-	-	-
Total noncurrent assets	112,889,963	-	-	-	-
Total assets	155,294,059	14,434,680	7,875,101	11,408,271	46,832
DEFERRED OUTFLOWS OF RESOURCES					
Pension items	32,724,898	-	-	-	-
Other postemployment benefits items	12,525,052	-	-	-	-
Total deferred outflows of resources	45,249,950	-	-	-	-
Total assets and deferred outflows of resources	200,544,009	14,434,680	7,875,101	11,408,271	46,832
LIABILITIES					
Current liabilities					
Accounts payable and other liabilities	9,253,973	-	1,139,226	-	-
Compensated absences	7,054,005	717,983	53,870	181,679	16,679
Unearned revenues collected in advance	222,237	7,358,794	5,375,558	-	-
Loans payable	869,000	-	-	-	-
Lease liability	1,123,277	-	-	-	-
Subscription liability	1,227,318	-	-	-	-
Total current liabilities	19,749,810	8,076,777	6,568,654	181,679	16,679
Noncurrent liabilities					
Loans payable	9,878,000	-	-	-	-
Lease liability	47,252,854	-	-	-	-
Subscription liability	799,822	-	-	-	-
Compensated absences	1,522,997	175,681	13,444	18,872	4,158
Net OPEB liability	7,788,422	-	-	-	-
Net pension liability	103,236,480	-	-	-	-
Total noncurrent liabilities	170,478,575	175,681	13,444	18,872	4,158
Total liabilities	190,228,385	8,252,458	6,582,098	200,551	20,837
DEFERRED INFLOWS OF RESOURCES					
Lease items	15,669,204	-	-	-	-
Pension items	176,590	-	-	-	-
Other postemployment benefits items	9,181,909	-	-	-	-
Total deferred inflows of resources	25,027,703	-	-	-	-
Total liabilities and deferred inflows of resources	215,256,088	8,252,458	6,582,098	200,551	20,837
NET POSITION					
Net investment in capital assets	48,355,739	-	-	-	-
Restricted for:					
Enabling legislation	-	6,182,222	-	11,207,720	25,995
Other restrictions	-	-	1,293,003	-	-
Unrestricted	(63,067,818)	-	-	-	-
Total net position	\$ (14,712,079)	\$ 6,182,222	\$ 1,293,003	\$ 11,207,720	\$ 25,995

THE STATE BAR OF CALIFORNIA
Supplementary Information
Program Funds Schedule of Net Position
December 31, 2024

	<u>Equal Access</u>	<u>Justice Gap Fund</u>	<u>Lawyers Assistance Program</u>	<u>Legislative Activities</u>	<u>Legal Services Trust</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 11,409,387	\$ 2,902,887	\$ 308,741	\$ 37,126	\$ 301,302,574
Investments	-	-	-	-	-
Accounts and other receivables, net of allowance for uncollectible accounts of \$213,525,542 in 2024	788,462	-	-	-	17,618,692
Lease receivable	-	-	-	-	-
Other current assets	-	-	14,967	-	-
Total current assets	<u>12,197,849</u>	<u>2,902,887</u>	<u>323,708</u>	<u>37,126</u>	<u>318,921,266</u>
Noncurrent assets					
Lease receivable	-	-	-	-	-
Capital assets					
Nondepreciable	-	-	-	-	-
Depreciable, net	-	-	-	-	-
Lease asset, net	-	-	-	-	-
Subscription asset, net	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>12,197,849</u>	<u>2,902,887</u>	<u>323,708</u>	<u>37,126</u>	<u>318,921,266</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension items	-	-	-	-	-
Other postemployment benefits items	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>12,197,849</u>	<u>2,902,887</u>	<u>323,708</u>	<u>37,126</u>	<u>318,921,266</u>
LIABILITIES					
Current liabilities					
Accounts payable and other liabilities	721,077	-	-	-	88,435
Compensated absences	70,330	-	89,587	18,155	105,727
Unearned revenues collected in advance	9,565,426	-	-	-	-
Loans payable	-	-	-	-	-
Lease liability	-	-	-	-	-
Subscription liability	-	-	-	-	-
Total current liabilities	<u>10,356,833</u>	<u>-</u>	<u>89,587</u>	<u>18,155</u>	<u>194,162</u>
Noncurrent liabilities					
Loans payable	-	-	-	-	-
Lease liability	-	-	-	-	-
Subscription liability	-	-	-	-	-
Compensated absences	17,535	-	10,427	4,524	26,352
Net OPEB liability	-	-	-	-	-
Net pension liability	-	-	-	-	-
Total noncurrent liabilities	<u>17,535</u>	<u>-</u>	<u>10,427</u>	<u>4,524</u>	<u>26,352</u>
Total liabilities	<u>10,374,368</u>	<u>-</u>	<u>100,014</u>	<u>22,679</u>	<u>220,514</u>
DEFERRED INFLOWS OF RESOURCES					
Lease items	-	-	-	-	-
Pension items	-	-	-	-	-
Other postemployment benefits items	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>10,374,368</u>	<u>-</u>	<u>100,014</u>	<u>22,679</u>	<u>220,514</u>
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted for:					
Enabling legislation	1,823,481	2,902,887	223,694	14,447	318,700,752
Other restrictions	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total net position	<u>\$ 1,823,481</u>	<u>\$ 2,902,887</u>	<u>\$ 223,694</u>	<u>\$ 14,447</u>	<u>\$ 318,700,752</u>

THE STATE BAR OF CALIFORNIA

Supplementary Information Program Funds Schedule of Net Position December 31, 2024

	Legal Specialization	Bank Settlement	Grand Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ 2,817,396	\$ 361,711,970
Investments	-	-	24,642,441
Accounts and other receivables, net of allowance for uncollectible accounts of \$213,525,542 in 2024	-	-	22,517,783
Lease receivable	-	-	373,652
Other current assets	-	-	4,123,366
Total current assets	-	2,817,396	413,369,212
Noncurrent assets			
Lease receivable	-	-	3,383,953
Capital assets			
Nondepreciable	-	-	18,387,948
Depreciable, net	-	-	40,698,904
Lease asset, net	-	-	47,823,787
Subscription asset, net	-	-	2,595,371
Total noncurrent assets	-	-	112,889,963
Total assets	-	2,817,396	526,259,175
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	-	-	32,724,898
Other postemployment benefits items	-	-	12,525,052
Total deferred outflows of resources	-	-	45,249,950
Total assets and deferred outflows of resources	-	2,817,396	571,509,125
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	-	136,042	11,338,753
Compensated absences	-	5,670	8,313,685
Unearned revenues collected in advance	-	-	22,522,015
Loans payable	-	-	869,000
Lease liability	-	-	1,123,277
Subscription liability	-	-	1,227,318
Total current liabilities	-	141,712	45,394,048
Noncurrent liabilities			
Loans payable	-	-	9,878,000
Lease liability	-	-	47,252,854
Subscription liability	-	-	799,822
Compensated absences	-	1,418	1,795,408
Net OPEB liability	-	-	7,788,422
Net pension liability	-	-	103,236,480
Total noncurrent liabilities	-	1,418	170,750,986
Total liabilities	-	143,130	216,145,034
DEFERRED INFLOWS OF RESOURCES			
Lease items	-	-	15,669,204
Pension items	-	-	176,590
Other postemployment benefits items	-	-	9,181,909
Total deferred inflows of resources	-	-	25,027,703
Total liabilities and deferred inflows of resources	-	143,130	241,172,737
NET POSITION			
Net investment in capital assets	-	-	48,355,739
Restricted for:			
Enabling legislation	-	2,674,266	343,729,469
Other restrictions	-	-	1,318,998
Unrestricted	-	-	(63,067,818)
Total net position	\$ -	\$ 2,674,266	\$ 330,336,388

THE STATE BAR OF CALIFORNIA
Supplementary Information
Program Funds Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2024

	General Fund	Admissions	Grants	Client Security	Elimination of Bias
OPERATING REVENUES					
Licensee fees and donations	\$ 86,838,290	\$ 901,599	\$ -	\$ 8,314,931	\$ 337,458
Examination application fees	-	25,471,701	-	-	-
Trust account revenue	-	-	-	-	-
Seminar/workshop revenue	4,300	-	-	-	-
Legal specialization fees	2,066,303	65,870	-	-	-
Law corporation registration fees	2,842,865	-	-	-	-
Continuing legal education fees	4,314,949	-	-	-	-
Grant revenue	-	-	47,633,575	-	-
EAF AB145 filing fee revenue	-	-	-	-	-
Other revenue	3,505,819	1,823,617	-	2,175,769	-
Total operating revenues	99,572,526	28,262,787	47,633,575	10,490,700	337,458
OPERATING EXPENSES					
Chief Trial Counsel	82,735,190	-	-	-	-
State Bar Court	17,408,823	-	-	-	-
Professional Competence	4,392,611	-	-	-	-
Probation	2,301,326	-	-	-	-
Mandatory Fee Arbitration	1,259,855	-	-	-	-
Judicial Evaluation	1,067,176	-	-	-	-
Communications	2,363,452	-	-	-	-
Lawyer Assistance Program	-	-	-	-	-
Client Security Fund	-	-	-	8,692,079	-
Public Trust Liaison	3,020,777	-	-	-	-
Regulation	7,097,506	-	-	-	-
Admissions	-	28,588,025	-	-	-
Grants	-	-	46,000,804	-	-
General and administration	1,518,125	1,311,375	1,952,480	-	305,460
Total operating expenses	123,164,841	29,899,400	47,953,284	8,692,079	305,460
OPERATING INCOME (LOSS)	(23,592,315)	(1,636,613)	(319,709)	1,798,621	31,998
NONOPERATING REVENUES AND EXPENSES					
Interest and investment income	3,927,245	709,649	330,721	673,743	6,797
Rental income	449,843	-	-	-	-
Interest expenses on loans, leases and subscriptions	(3,868,636)	-	-	-	-
Gain on dispositions of capital assets	624,285	-	-	-	-
Total nonoperating revenues and expenses	1,132,737	709,649	330,721	673,743	6,797
INCOME/(LOSS) BEFORE TRANSFERS	(22,459,578)	(926,964)	11,012	2,472,364	38,795
Transfer in	59,730	8,147,504	-	5,770	-
Transfer out	(558,453)	(1,389)	-	(1,852)	-
CHANGE IN NET POSITION	(22,958,301)	7,219,151	11,012	2,476,282	38,795
NET POSITION—beginning of year	8,246,222	(1,036,929)	1,281,991	8,731,438	(12,800)
NET POSITION—end of year	\$ (14,712,079)	\$ 6,182,222	\$ 1,293,003	\$ 11,207,720	\$ 25,995

THE STATE BAR OF CALIFORNIA
Supplementary Information
Program Funds Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2024

	Equal Access	Justice Gap Fund	Lawyers Assistance Program	Legislative Activities	Legal Services Trust
OPERATING REVENUES					
Licensee fees and donations	\$ -	\$ 2,644,506	\$ 2,170,922	\$ 38,297	\$ 7,339,738
Examination application fees	-	-	-	-	-
Trust account revenue	-	-	-	-	207,131,688
Seminar/workshop revenue	-	-	-	-	-
Legal specialization fees	-	-	-	-	-
Law corporation registration fees	-	-	-	-	-
Continuing legal education fees	-	-	-	-	-
Grant revenue	35,849,110	-	-	-	-
EAF AB145 filing fee revenue	500,000	-	-	-	-
Other revenue	-	-	1,020	-	46,933
Total operating revenues	<u>36,349,110</u>	<u>2,644,506</u>	<u>2,171,942</u>	<u>38,297</u>	<u>214,518,359</u>
OPERATING EXPENSES					
Chief Trial Counsel	-	-	-	-	-
State Bar Court	-	-	-	-	-
Professional Competence	-	-	-	-	-
Probation	-	-	-	-	-
Mandatory Fee Arbitration	-	-	-	-	-
Judicial Evaluation	-	-	-	-	-
Communications	-	-	-	-	-
Lawyer Assistance Program	-	-	2,980,355	-	-
Client Security Fund	-	-	-	-	-
Public Trust Liaison	-	-	-	-	-
Regulation	-	-	-	-	-
Admissions	-	-	-	-	-
Grants	35,575,241	-	-	-	95,899,025
General and administration	2,326,932	15,404	-	275,764	4,121,436
Total operating expenses	<u>37,902,173</u>	<u>15,404</u>	<u>2,980,355</u>	<u>275,764</u>	<u>100,020,461</u>
OPERATING INCOME (LOSS)	(1,553,063)	2,629,102	(808,413)	(237,467)	114,497,898
NONOPERATING REVENUES AND EXPENSES					
Interest and investment income	693,725	273,785	80,086	8,631	10,914,716
Rental income	-	-	-	-	-
Interest expenses on loans, leases and subscriptions	-	-	-	-	-
Gain on dispositions of capital assets	-	-	-	-	-
Total nonoperating revenues and expenses	<u>693,725</u>	<u>273,785</u>	<u>80,086</u>	<u>8,631</u>	<u>10,914,716</u>
INCOME/(LOSS) BEFORE TRANSFERS	(859,338)	2,902,887	(728,327)	(228,836)	125,412,614
Transfer in	-	-	1,465	-	4,916,918
Transfer out	-	(4,916,918)	-	-	(271)
CHANGE IN NET POSITION	<u>(859,338)</u>	<u>(2,014,031)</u>	<u>(726,862)</u>	<u>(228,836)</u>	<u>130,329,261</u>
NET POSITION—beginning of year	2,682,819	4,916,918	950,556	243,283	188,371,491
NET POSITION—end of year	<u>\$ 1,823,481</u>	<u>\$ 2,902,887</u>	<u>\$ 223,694</u>	<u>\$ 14,447</u>	<u>\$ 318,700,752</u>

THE STATE BAR OF CALIFORNIA

Supplementary Information

Program Funds Schedule of Revenues, Expenses, and Changes in Net Position Year Ended December 31, 2024

	Legal Specialization	Bank Settlement	Interfunds Eliminations	Grand Total
OPERATING REVENUES				
Licensee fees and donations	\$ -	\$ -	\$ -	\$ 108,585,741
Examination application fees	-	-	-	25,471,701
Trust account revenue	-	-	-	207,131,688
Seminar/workshop revenue	-	-	-	4,300
Legal specialization fees	-	-	-	2,132,173
Law corporation registration fees	-	-	-	2,842,865
Continuing legal education fees	-	-	-	4,314,949
Grant revenue	-	-	-	83,482,685
EAF AB145 filing fee revenue	-	-	-	500,000
Other revenue	-	-	-	7,553,158
Total operating revenues	-	-	-	442,019,260
OPERATING EXPENSES				
Chief Trial Counsel	-	-	-	82,735,190
State Bar Court	-	-	-	17,408,823
Professional Competence	-	-	-	4,392,611
Probation	-	-	-	2,301,326
Mandatory Fee Arbitration	-	-	-	1,259,855
Judicial Evaluation	-	-	-	1,067,176
Communications	-	-	-	2,363,452
Lawyer Assistance Program	-	-	-	2,980,355
Client Security Fund	-	-	-	8,692,079
Public Trust Liaison	-	-	-	3,020,777
Regulation	-	-	-	7,097,506
Admissions	-	-	-	28,588,025
Grants	-	2,145,975	-	179,621,045
General and administration	-	171,661	-	11,998,637
Total operating expenses	-	2,317,636	-	353,526,857
OPERATING INCOME (LOSS)	-	(2,317,636)	-	88,492,403
NONOPERATING REVENUES AND EXPENSES				
Interest and investment income	-	146,676	-	17,765,774
Rental income	-	-	-	449,843
Interest expenses on loans, leases and subscriptions	-	-	-	(3,868,636)
Gain on dispositions of capital assets	-	-	-	624,285
Total nonoperating revenues and expenses	-	146,676	-	14,971,266
INCOME/(LOSS) BEFORE TRANSFERS	-	(2,170,960)	-	103,463,669
Transfer in	-	-	(13,131,387)	-
Transfer out	(7,652,504)	-	13,131,387	-
CHANGE IN NET POSITION	(7,652,504)	(2,170,960)	-	103,463,669
NET POSITION—beginning of year	7,652,504	4,845,226	-	226,872,719
NET POSITION—end of year	\$ -	\$ 2,674,266	\$ -	\$ 330,336,388

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The State Bar of California

2024 Annual Legal Services Trust Fund Program Report

Pursuant to Business and Professions Code sections 6145 and 6222

DATE, 2025

Independent Accountant's Report

To the Boards of Trustees
State Bar of California

We have examined the State Bar of California's ("State Bar") compliance with the requirements described in the California Business and Professions Code, Article 14 *Funds for the Provision of Legal Services to Indigent Persons*, sections 6210-6228 (the Code) for the year ended December 31, 2024, whereby interest earned on certain client trust accounts held by California attorneys is forwarded regularly to the State Bar. After payment of administrative costs, the State Bar distributes eighty-five percent of the funds to qualified legal service projects and fifteen percent of the funds to qualified legal support centers. The financial activity of the Legal Services Trust Fund is included in the accompanying Operating Statement (the Operating Statement) and related notes. Management of the State Bar is responsible for the State Bar's compliance with the specified requirements. Our responsibility is to obtain reasonable assurance by evaluating the State Bar's compliance with the specified requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by evaluating the State Bar's compliance against the specified criteria and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the State Bar's compliance during the year ended December 31, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the State Bar, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

Our examination does not provide a legal determination on the State Bar's compliance with specified requirements.

In our opinion, the State Bar complied with the Code for the year ended December 31, 2024, in all material respects.

Our examination was conducted for the purpose of assessing compliance with the requirements of the Code, as reported in the Operating Statement. The supplementary information in Schedule 1, Schedule 1A, Schedule 2, and Schedule 3 are presented for purposes of additional analysis and are not a required part of the Operating Statement. The supplementary information has not been subjected to the compliance procedures of the Code and, accordingly, we express no opinion on them.

Walnut Creek, California
DATE, 2025

**The State Bar of California
Office of Access & Inclusion
Legal Services Trust Fund Operating Statement
For the Year Ended December 31, 2024**

	2024
Revenues:	
Trust account revenue	\$ 207,131,688
Fee statement donations	6,518,691
Corporate sponsorship revenue	46,933
Transfers from justice gap fund	4,916,918
Investment income	10,914,716
Voluntary fees/donations - law fellowship	<u>821,047</u>
Total revenues (Note 2)	\$ 230,349,993
Expenses:	
Grants to legal services projects (schedule 1A)	75,297,837
Additional grants to pro bono programs (schedule 1A)	5,756,308
Grants to support centers (schedule 2)	<u>14,283,948</u>
Total grant allocation (Note 3)	95,338,093
Add:	
Grant expense - law fellowship (schedule 3)	751,767
Administrative costs (Note 4)	<u>4,121,707</u>
Total additional expenses	4,873,474
Less:	
Returned/declined grant funds	<u>(190,835)</u>
Total expenses	<u>100,020,732</u>
Net operating surplus (Note 5)	130,329,261
Beginning fund balance	<u>188,371,491</u>
Ending fund balance (Note 6)	<u>\$ 318,700,752</u>

See Accompanying Notes to Operating Statement

**The State Bar of California
Office of Access & Inclusion
Notes to the Legal Services Trust Fund Operating Statement
For the Year Ended December 31, 2024**

(1) Legal Services Trust Fund (Trust Fund)

In 1981, legislation was enacted by the State of California to expand the availability and improve the quality of existing free legal services in civil matters to indigent persons, and to initiate new programs that would provide such services. Under the provisions of Business and Professions Code sections 6210-6228, interest earned on certain client trust accounts held by California attorneys is forwarded regularly to the State Bar of California (State Bar). After payment of administrative costs, the State Bar distributes eighty-five percent of the funds to qualified legal services projects and fifteen percent of the funds to qualified legal support centers.

(2) Total Revenues

The State Bar's policy is to recognize revenue for the calendar year in which interest is earned on Interest on Lawyers Trust Accounts (IOLTA). This report also includes other revenue sources that are distributed with IOLTA funds.

(3) Grant Allocation

IOLTA grants are allocated on a calendar year basis beginning January 1 and ending December 31. The total amount allocated for grants each year is determined by considering the projected fund balance as of January 1 and the projected income and expenses for the grant year. The 2024 grant allocation was calculated as follows:

Projected Fund Balance as of January 1, 2024	\$	57,456,947
Projected IOLTA Interest Revenue		106,122,891
Legal Services Contributions from Fee Statement		6,300,000
Projected Justice Gap Revenue		1,405,822
Investment Income		2,088,030
IOLTA Distribution		(50,684,923)
Net Administrative Expenses		(2,462,445)
Net Assets/Reserve Balance		(25,000,000)
2024 Calendar Year Grant Allocation	\$	95,226,322

Grant allocations are recognized as an expense in the year in which they are incurred rather than when they are actually paid out.

(4) Administrative Costs

Operating expenses of \$4,121,707 incurred to administer the program are deducted from the Trust Fund revenue. Administrative costs include direct costs of \$2,960,495 and indirect costs of \$1,161,212. For indirect cost allocation, the State Bar adopted a standardized cost allocation methodology (CAM), which distributes to individual functional programs the central administrative costs captured in the State Bar's support and administrative cost centers including, Human Resources, Finance, Information Technology, Board of Trustees, General Services, and General Counsel.

**The State Bar of California
Office of Access & Inclusion
Notes to the Legal Services Trust Fund Operating Statement (Continued)
For the Year Ended December 31, 2024**

(5) Net Operating Surplus

“Net Operating Surplus” represents the excess of total revenues over expenses in a calendar-year.

(6) Ending Fund Balance

The Ending Fund Balance is reserved for future grant allocations and administration expenses. Grant payments are to be made from funds received pursuant to Business and Professions Code section 6212, voluntary contributions, and the income earned from investment of such funds. All grant agreements provide that payment of grants is contingent upon the State Bar having sufficient funds on hand from such sources to make the scheduled payments.

(7) Grant Distribution

Section 6216 sets forth the system for distributing grants as follows: “The State Bar shall distribute all moneys received under the program established by this article for the provision of civil legal services to indigent persons. The funds first shall be distributed 18 months from the effective date of this article, or upon such a date, as shall be determined by the State Bar, that adequate funds are available to initiate the program. Thereafter, the funds shall be distributed on an annual basis. All distributions of funds shall be made in the following order and in the following manner:

Administrative Costs Section 6216(a). To pay the actual administrative costs of the program, including any costs incurred after the adoption of this article and a reasonable reserve, therefore.

Legal Services Project Grants Section 6216(b). Eighty-five percent of the funds remaining after payment of administrative costs allocated pursuant to this article shall be distributed to qualified legal services projects. Distribution shall be by a pro rata county-by-county formula based upon the number of persons whose income is 125 percent or less of the current poverty threshold per county. For the purposes of this section, the source of data identifying the number of persons per county shall be the latest available figures from the United States Department of Commerce, Bureau of the Census. Projects from more than one county may pool their funds to operate a joint, multicounty legal services project serving each of their respective counties.

Section 6216(b)(1)(A). In any county which is served by more than one qualified legal services project, the State Bar shall distribute funds for the county to those projects which apply on a pro rata basis, based upon the amount of their total budget expended in the prior year for legal services in that county as compared to the total expended in the prior year for legal services by all qualified legal services projects applying therefore in the county. In determining the amount of funds to be allocated to a qualified legal services project specified in paragraph (2) of subdivision (a) Section 6213, the State Bar shall recognize only expenditures attributable to the representation of indigent persons as constituting the budget of the program.

Pro Bono Grants Section 6216(b)(1)(B). The State Bar shall reserve 10 percent of the funds allocated to the county for distribution to programs meeting the standards of subparagraph (A) of paragraph (3) and paragraphs (1) and (2) of subdivision (b) of Section 6214 and which perform the services described in subparagraph (A) of paragraph (3) of Section 6214 as their principal means of delivering legal services. The State Bar shall distribute the funds for that county to those programs which apply on a pro rata basis, based upon the amount of their total budget expended for free legal services in that

The State Bar of California
Office of Access & Inclusion
Notes to the Legal Services Trust Fund Operating Statement (Continued)
For the Year Ended December 31, 2024

county as compared to the total expended for free legal services by all programs to meeting the standards of subparagraph (A) of paragraph (3) and paragraphs (1) and (2) of subdivision (b) of Section 6214 in that county. The State Bar shall distribute any funds for which no program has qualified pursuant hereto, in accordance with the provisions of subparagraph (A) of paragraph (1) of this subdivision.

Support Center Grants Section 6216(c). Fifteen percent of the funds remaining after payment of administrative costs allocated for the purposes of this article shall be distributed equally by the State Bar to qualified support centers which apply for the funds. The funds provided to support centers shall be used only for the provision of legal services within California. Qualified support centers that receive funds to provide services to qualified legal services projects from sources other than this article, shall submit and shall have approved by the State Bar a plan assuring that the services funded under this article are in addition to those already funded for qualified legal services projects by other sources.”

The detailed breakdown of grants by county is set forth in Schedule 1 (2024 Grants by County). The detailed breakdown of grants to qualified legal services projects can be found in Schedule 1A (2024 Grants to Legal Services Projects by County). Grants to qualified Support Centers are described in Schedule 2 (2024 Grants to Support Centers).

Law Student Fellowship Grant Section 6140.03(b)(1). Five dollars (\$5) of the forty-five-dollar (\$45) fee shall be allocated to qualified legal services projects or qualified support centers, as defined in Section 6213, to fund law student summer fellowships for the purpose of supporting law students interested in pursuing a career in legal services for indigent persons. The State Bar shall not make any deductions from the five dollars (\$5) for any reason, including, but not limited to, administrative fees, costs, or expenses of the State Bar.

SCHEDULE 1

**The State Bar of California
Office of Access & Inclusion
2024 Grants by County**

County	Grants	County	Grants
Alameda Total	\$ 2,397,347	Orange Total	\$ 5,313,388
Alpine Total	2,580	Placer Total	442,800
Amador Total	50,890	Plumas Total	37,350
Butte Total	629,380	Riverside Total	4,924,700
Calaveras Total	96,330	Sacramento Total	3,471,134
Colusa Total	52,410	San Benito Total	84,800
Contra Costa Total	1,602,200	San Bernardino Total	5,218,530
Del Norte Total	79,850	San Diego Total	5,857,691
El Dorado Total	265,740	San Francisco Total	1,434,497
Fresno Total	3,303,669	San Joaquin Total	1,766,831
Glenn Total	70,610	San Luis Obispo Total	523,293
Humboldt Total	433,510	San Mateo Total	782,915
Imperial Total	617,970	Santa Barbara Total	987,790
Inyo Total	32,850	Santa Clara Total	2,159,318
Kern Total	2,956,240	Santa Cruz Total	484,844
Kings Total	392,310	Shasta Total	429,870
Lake Total	186,160	Sierra Total	4,940
Lassen Total	53,720	Siskiyou Total	124,200
Los Angeles Total	23,441,579	Solano Total	668,751
Madera Total	475,623	Sonoma Total	724,180
Marin Total	286,220	Stanislaus Total	1,327,238
Mariposa Total	39,540	Sutter Total	222,990
Mendocino Total	222,104	Tehama Total	196,310
Merced Total	910,782	Trinity Total	60,040
Modoc Total	25,730	Tulare Total	1,696,140
Mono Total	18,920	Tuolumne Total	86,810
Monterey Total	942,370	Ventura Total	1,325,371
Napa Total	174,320	Yolo Total	560,336
Nevada Total	175,779	Yuba Total	200,355
Total Distributed to Legal Services Providers			81,054,145
Total Distributed to Support Centers (Statewide)			14,283,948
GRAND TOTAL 2024 IOLTA GRANT EXPENDITURES			\$ 95,338,093

SCHEDULE 1A

**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County**

County	Organization	Basic	Pro Bono	Total
Alameda	East Bay Community Law Center	\$ 406,173	\$ -	\$ 406,173
Alameda	Disability Rights California	71,301	-	71,301
Alameda	Social Justice Collaborative	10,770	-	10,770
Alameda	Immigrant Defenders Law Center	300	-	300
Alameda	Bay Area Legal Aid	444,234	-	444,234
Alameda	Centro Legal de la Raza	281,312	-	281,312
Alameda	Lawyers' Committee for Civil Rights	48,140	126,891	175,031
Alameda	Alameda County Homeless Action Center	405,553	-	405,553
Alameda	Aids Legal Referral Panel	5,000	-	5,000
Alameda	Asian Law Caucus	46,950	-	46,950
Alameda	Legal Aid at Work	39,530	-	39,530
Alameda	Immigrant Legal Defense	33,500	-	33,500
Alameda	California Indian Legal Services	1,260	-	1,260
Alameda	Housing and Economic Rights Advocates	46,890	-	46,890
Alameda	Family Violence Law Center	86,181	-	86,181
Alameda	Legal Assistance for Seniors	92,111	-	92,111
Alameda	Public Advocates Inc.	13,420	-	13,420
Alameda	Prison Law Office	4,120	-	4,120
Alameda	Legal Services for Children	25,930	-	25,930
Alameda	Legal Access Alameda	42,810	112,841	155,651
Alameda	Asian Pacific Islander Legal Outreach	52,130	-	52,130
Alameda Total		2,157,615	239,732	2,397,347
Alpine	California Indian Legal Services	2,550	-	2,550
Alpine	Public Advocates Inc.	20	-	20
Alpine	Prison Law Office	10	-	10
Alpine Total		2,580	-	2,580
Amador	Disability Rights California	16,310	-	16,310
Amador	UnCommon Law	18,340	-	18,340
Amador	Legal Services of Northern California	14,130	-	14,130
Amador	California Indian Legal Services	30	-	30
Amador	Public Advocates Inc.	750	-	750
Amador	Prison Law Office	1,330	-	1,330
Amador Total		50,890	-	50,890

SCHEDULE 1A

**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Butte	Disability Rights California	\$ 228,420	\$ -	\$ 228,420
Butte	Centro Legal de la Raza	5,850	-	5,850
Butte	Legal Services of Northern California	332,790	-	332,790
Butte	Legal Aid at Work	19,630	-	19,630
Butte	California Indian Legal Services	11,310	-	11,310
Butte	Public Advocates Inc.	16,910	-	16,910
Butte	Prison Law Office	14,470	-	14,470
Butte Total		629,380	-	629,380
Calaveras	Disability Rights California	8,830	-	8,830
Calaveras	Legal Services of Northern California	76,630	-	76,630
Calaveras	California Indian Legal Services	760	-	760
Calaveras	Public Advocates Inc.	6,920	-	6,920
Calaveras	Prison Law Office	3,190	-	3,190
Calaveras Total		96,330	-	96,330
Colusa	Disability Rights California	11,370	-	11,370
Colusa	California Rural Legal Assistance, Inc.	33,600	-	33,600
Colusa	Legal Services of Northern California	4,200	-	4,200
Colusa	California Indian Legal Services	730	-	730
Colusa	Public Advocates Inc.	1,240	-	1,240
Colusa	Prison Law Office	1,270	-	1,270
Colusa Total		52,410	-	52,410
Contra Costa	Contra Costa Senior Legal Services	135,490	-	135,490
Contra Costa	Disability Rights California	190,200	-	190,200
Contra Costa	Social Justice Collaborative	28,870	-	28,870
Contra Costa	Immigrant Defenders Law Center	1,510	-	1,510
Contra Costa	Bay Area Legal Aid	432,440	-	432,440
Contra Costa	Centro Legal de la Raza	191,160	-	191,160
Contra Costa	Lawyers' Committee for Civil Rights	89,290	160,220	249,510
Contra Costa	Aids Legal Referral Panel	5,260	-	5,260
Contra Costa	Asian Law Caucus	61,450	-	61,450
Contra Costa	Legal Aid at Work	42,460	-	42,460
Contra Costa	Immigrant Legal Defense	37,690	-	37,690
Contra Costa	California Indian Legal Services	4,090	-	4,090
Contra Costa	Housing and Economic Rights Advocates	56,000	-	56,000

SCHEDULE 1A

**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Contra Costa	Public Advocates Inc.	\$ 27,650	\$ -	\$ 27,650
Contra Costa	Prison Law Office	11,950	-	11,950
Contra Costa	Legal Services for Children	54,240	-	54,240
Contra Costa	Asian Pacific Islander Legal Outreach	72,230	-	72,230
Contra Costa Total		1,441,980	160,220	1,602,200
Del Norte	Disability Rights California	21,650	-	21,650
Del Norte	UnCommon Law	6,300	-	6,300
Del Norte	Legal Services of Northern California	24,850	-	24,850
Del Norte	California Indian Legal Services	24,730	-	24,730
Del Norte	Public Advocates Inc.	1,010	-	1,010
Del Norte	Prison Law Office	1,310	-	1,310
Del Norte Total		79,850	-	79,850
El Dorado	Disability Rights California	118,970	-	118,970
El Dorado	Legal Services of Northern California	125,440	-	125,440
El Dorado	Legal Aid at Work	3,940	-	3,940
El Dorado	California Indian Legal Services	2,350	-	2,350
El Dorado	Public Advocates Inc.	8,450	-	8,450
El Dorado	Prison Law Office	6,590	-	6,590
El Dorado Total		265,740	-	265,740
Fresno	Central California Legal Services	1,969,300	-	1,969,300
Fresno	Disability Rights California	181,624	-	181,624
Fresno	California Rural Legal Assistance, Inc.	309,194	-	309,194
Fresno	UnCommon Law	22,722	-	22,722
Fresno	San Joaquin College of Law	71,432	-	71,432
Fresno	Immigrant Defenders Law Center	4,355	-	4,355
Fresno	Al Otro Lado, Inc.	15,565	-	15,565
Fresno	Legal Aid at Work	379,356	-	379,356
Fresno	Immigrant Legal Defense	240,333	-	240,333
Fresno	California Indian Legal Services	18,609	-	18,609
Fresno	Housing and Economic Rights Advocates	10,151	-	10,151
Fresno	Public Advocates Inc.	46,280	-	46,280
Fresno	Prison Law Office	31,724	-	31,724
Fresno	Disability Rights Legal Center	3,024	-	3,024
Fresno Total		3,303,669	-	3,303,669

SCHEDULE 1A

**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Glenn	Disability Rights California	\$ 27,840	\$ -	\$ 27,840
Glenn	Legal Services of Northern California	23,070	-	23,070
Glenn	California Indian Legal Services	13,110	-	13,110
Glenn	Public Advocates Inc.	4,690	-	4,690
Glenn	Prison Law Office	1,900	-	1,900
Glenn Total		70,610	-	70,610
Humboldt	Disability Rights California	111,710	-	111,710
Humboldt	Legal Services of Northern California	218,360	-	218,360
Humboldt	Center for Workers' Rights	8,980	-	8,980
Humboldt	Legal Aid at Work	2,280	-	2,280
Humboldt	California Indian Legal Services	79,190	-	79,190
Humboldt	Public Advocates Inc.	7,730	-	7,730
Humboldt	Prison Law Office	5,260	-	5,260
Humboldt Total		433,510	-	433,510
Imperial	Disability Rights California	46,920	-	46,920
Imperial	California Rural Legal Assistance, Inc.	274,440	-	274,440
Imperial	UnCommon Law	27,850	-	27,850
Imperial	Immigrant Defenders Law Center	4,490	-	4,490
Imperial	Southern California Immigration Project	46,360	-	46,360
Imperial	California Collaborative for Immigrant Justice	49,540	-	49,540
Imperial	Legal Aid at Work	1,160	-	1,160
Imperial	Lawyers' Committee for Civil Rights	1,980	62,010	63,990
Imperial	Elder Law & Advocacy	80,060	-	80,060
Imperial	Al Otro Lado, Inc.	7,030	-	7,030
Imperial	California Indian Legal Services	1,290	-	1,290
Imperial	Public Advocates Inc.	9,360	-	9,360
Imperial	Prison Law Office	2,800	-	2,800
Imperial	Disability Rights Legal Center	2,680	-	2,680
Imperial Total		555,960	62,010	617,970
Inyo	Disability Rights California	1,860	-	1,860
Inyo	California Indian Legal Services	30,890	-	30,890
Inyo	Public Advocates Inc.	60	-	60
Inyo	Prison Law Office	40	-	40
Inyo Total		32,850	-	32,850

SCHEDULE 1A

The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)

County	Organization	Basic	Pro Bono	Total
Kern	Disability Rights California	\$ 330,030	\$ -	\$ 330,030
Kern	California Rural Legal Assistance, Inc.	398,730	-	398,730
Kern	UnCommon Law	43,430	-	43,430
Kern	Immigrant Defenders Law Center	109,190	-	109,190
Kern	California Collaborative for Immigrant Justice	287,670	-	287,670
Kern	Greater Bakersfield Legal Assistance	1,432,340	-	1,432,340
Kern	Legal Aid at Work	61,180	-	61,180
Kern	Immigrant Legal Defense	154,310	-	154,310
Kern	California Indian Legal Services	18,860	-	18,860
Kern	Housing and Economic Rights Advocates	26,670	-	26,670
Kern	Public Advocates Inc.	50,580	-	50,580
Kern	Prison Law Office	40,230	-	40,230
Kern	Disability Rights Legal Center	3,020	-	3,020
Kern Total		2,956,240	-	2,956,240
Kings	Central California Legal Services	28,950	-	28,950
Kings	Disability Rights California	26,920	-	26,920
Kings	California Rural Legal Assistance, Inc.	234,630	-	234,630
Kings	UnCommon Law	55,480	-	55,480
Kings	San Joaquin College of Law	4,390	-	4,390
Kings	Immigrant Defenders Law Center	1,990	-	1,990
Kings	Legal Aid at Work	1,010	-	1,010
Kings	Immigrant Legal Defense	22,420	-	22,420
Kings	California Indian Legal Services	1,430	-	1,430
Kings	Public Advocates Inc.	5,970	-	5,970
Kings	Prison Law Office	9,120	-	9,120
Kings Total		392,310	-	392,310
Lake	Disability Rights California	62,580	-	62,580
Lake	Legal Services of Northern California	112,500	-	112,500
Lake	Legal Aid at Work	910	-	910
Lake	California Indian Legal Services	3,170	-	3,170
Lake	Public Advocates Inc.	3,600	-	3,600
Lake	Prison Law Office	3,400	-	3,400
Lake Total		186,160	-	186,160
Lassen	Disability Rights California	10,710	-	10,710

SCHEDULE 1A

**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Lassen	UnCommon Law	\$ 13,640	\$ -	\$ 13,640
Lassen	Legal Services of Northern California	22,500	-	22,500
Lassen	Legal Aid at Work	1,980	-	1,980
Lassen	California Indian Legal Services	320	-	320
Lassen	Public Advocates Inc.	1,890	-	1,890
Lassen	Prison Law Office	2,680	-	2,680
Lassen Total		53,720	-	53,720
Los Angeles	Q.Me Place, Inc.	6,481	-	6,481
Los Angeles	Veterans Legal Institute	54,498	22,813	77,311
Los Angeles	Inner City Law Center	1,956,639	-	1,956,639
Los Angeles	Disability Rights California	1,266,743	-	1,266,743
Los Angeles	Harriett Buhai Center for Family Law	281,153	117,678	398,831
Los Angeles	UnCommon Law	83,063	-	83,063
Los Angeles	Legal Aid Foundation of Los Angeles	4,621,755	-	4,621,755
Los Angeles	Bet Tzedek Legal Services	1,984,193	830,527	2,814,720
Los Angeles	Immigrant Defenders Law Center	1,077,604	-	1,077,604
Los Angeles	Asian Americans Advancing Justice Southern California	1,014,745	-	1,014,745
Los Angeles	Learning Rights Law Center	240,627	-	240,627
Los Angeles	Neighborhood Legal Services	2,629,781	-	2,629,781
Los Angeles	Community Legal Aid SoCal	558,675	-	558,675
Los Angeles	Alliance for Children's Rights	889,386	372,277	1,261,663
Los Angeles	Loyola Marymount University	652,190	-	652,190
Los Angeles	Al Otro Lado, Inc.	238,776	-	238,776
Los Angeles	LACBA Counsel for Justice	187,229	78,372	265,601
Los Angeles	Public Counsel	2,113,663	884,715	2,998,378
Los Angeles	Legal Aid at Work	34,805	-	34,805
Los Angeles	Los Angeles Center for Law and Justice	326,580	-	326,580
Los Angeles	California Indian Legal Services	56,029	-	56,029
Los Angeles	Housing and Economic Rights Advocates	18,343	-	18,343
Los Angeles	Wage Justice Center	66,710	-	66,710
Los Angeles	Public Advocates Inc.	182,128	-	182,128
Los Angeles	Mental Health Advocacy Services	292,615	-	292,615
Los Angeles	Prison Law Office	149,563	-	149,563
Los Angeles	Disability Rights Legal Center	92,714	38,806	131,520

**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Los Angeles	Community Lawyers Inc.	\$ 19,703	\$ -	\$ 19,703
Los Angeles Total		21,096,391	2,345,188	23,441,579
Madera	Disability Rights California	54,200	-	54,200
Madera	California Rural Legal Assistance, Inc.	256,318	-	256,318
Madera	UnCommon Law	63,385	-	63,385
Madera	San Joaquin College of Law	8,995	-	8,995
Madera	Immigrant Defenders Law Center	5,585	-	5,585
Madera	Legal Aid at Work	2,617	-	2,617
Madera	Immigrant Legal Defense	32,500	-	32,500
Madera	California Indian Legal Services	6,688	-	6,688
Madera	Housing and Economic Rights Advocates	27,506	-	27,506
Madera	Public Advocates Inc.	9,376	-	9,376
Madera	Prison Law Office	8,453	-	8,453
Madera Total		475,623	-	475,623
Marin	Disability Rights California	23,130	-	23,130
Marin	UnCommon Law	18,050	-	18,050
Marin	Social Justice Collaborative	14,150	-	14,150
Marin	Lawyers' Committee for Civil Rights	9,380	29,170	38,550
Marin	Aids Legal Referral Panel	2,550	-	2,550
Marin	Legal Aid at Work	3,400	-	3,400
Marin	California Indian Legal Services	400	-	400
Marin	Housing and Economic Rights Advocates	1,000	-	1,000
Marin	Public Advocates Inc.	2,260	-	2,260
Marin	Prison Law Office	640	-	640
Marin	Legal Aid of Marin	176,640	-	176,640
Marin	Asian Pacific Islander Legal Outreach	5,450	-	5,450
Marin Total		257,050	29,170	286,220
Mariposa	Disability Rights California	34,070	-	34,070
Mariposa	California Indian Legal Services	2,640	-	2,640
Mariposa	Public Advocates Inc.	2,830	-	2,830
Mariposa Total		39,540	-	39,540
Mendocino	Disability Rights California	42,635	-	42,635
Mendocino	Legal Services of Northern California	150,228	-	150,228
Mendocino	Legal Aid at Work	4,625	-	4,625

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**The State Bar of California
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2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Mendocino	California Indian Legal Services	\$ 15,196	\$ -	\$ 15,196
Mendocino	Public Advocates Inc.	4,545	-	4,545
Mendocino	Prison Law Office	4,875	-	4,875
Mendocino Total		222,104	-	222,104
Merced	Central California Legal Services	206,805	-	206,805
Merced	Disability Rights California	84,391	-	84,391
Merced	California Rural Legal Assistance, Inc.	237,828	-	237,828
Merced	San Joaquin College of Law	2,899	-	2,899
Merced	Legal Aid at Work	260,203	-	260,203
Merced	Immigrant Legal Defense	71,632	-	71,632
Merced	California Indian Legal Services	14,446	-	14,446
Merced	Housing and Economic Rights Advocates	8,061	-	8,061
Merced	Public Advocates Inc.	15,547	-	15,547
Merced	Prison Law Office	8,970	-	8,970
Merced Total		910,782	-	910,782
Modoc	Disability Rights California	1,770	-	1,770
Modoc	Immigrant Defenders Law Center	3,580	-	3,580
Modoc	Legal Services of Northern California	6,810	-	6,810
Modoc	California Indian Legal Services	12,500	-	12,500
Modoc	Public Advocates Inc.	600	-	600
Modoc	Prison Law Office	470	-	470
Modoc Total		25,730	-	25,730
Mono	Disability Rights California	1,590	-	1,590
Mono	California Indian Legal Services	17,080	-	17,080
Mono	Public Advocates Inc.	160	-	160
Mono	Prison Law Office	90	-	90
Mono Total		18,920	-	18,920
Monterey	Disability Rights California	55,670	-	55,670
Monterey	California Rural Legal Assistance, Inc.	286,280	-	286,280
Monterey	UnCommon Law	183,330	-	183,330
Monterey	Legal Services for Seniors	216,630	-	216,630
Monterey	Legal Aid at Work	12,420	-	12,420
Monterey	Immigrant Legal Defense	54,470	-	54,470
Monterey	Watsonville Law Center	105,450	-	105,450

**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Monterey	California Indian Legal Services	\$ 1,990	\$ -	\$ 1,990
Monterey	Public Advocates Inc.	13,250	-	13,250
Monterey	Prison Law Office	12,880	-	12,880
Monterey Total		942,370	-	942,370
Napa	Disability Rights California	31,960	-	31,960
Napa	California Rural Legal Assistance, Inc.	26,510	-	26,510
Napa	Bay Area Legal Aid	106,090	-	106,090
Napa	Center for Workers' Rights	2,990	-	2,990
Napa	Legal Aid at Work	1,490	-	1,490
Napa	California Indian Legal Services	240	-	240
Napa	Housing and Economic Rights Advocates	1,680	-	1,680
Napa	Public Advocates Inc.	2,010	-	2,010
Napa	Prison Law Office	1,350	-	1,350
Napa Total		174,320	-	174,320
Nevada	Disability Rights California	36,584	-	36,584
Nevada	Legal Services of Northern California	129,141	-	129,141
Nevada	Legal Aid at Work	1,931	-	1,931
Nevada	California Indian Legal Services	130	-	130
Nevada	Public Advocates Inc.	5,922	-	5,922
Nevada	Prison Law Office	2,071	-	2,071
Nevada Total		175,779	-	175,779
Orange	Q.Me Place, Inc.	999	-	999
Orange	Veterans Legal Institute	193,121	74,220	267,341
Orange	Disability Rights California	402,082	-	402,082
Orange	Immigrant Defenders Law Center	507,592	-	507,592
Orange	Asian Americans Advancing Justice Southern California	263,481	-	263,481
Orange	Elder Law and Disability Rights Center	92,180	-	92,180
Orange	Public Law Center	1,189,534	457,132	1,646,666
Orange	Learning Rights Law Center	29,040	-	29,040
Orange	Community Legal Aid SoCal	1,891,677	-	1,891,677
Orange	Al Otro Lado, Inc.	46,720	-	46,720
Orange	Legal Aid at Work	17,500	-	17,500
Orange	Immigrant Legal Defense	12,910	-	12,910
Orange	California Indian Legal Services	21,840	-	21,840

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**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Orange	Housing and Economic Rights Advocates	\$ 7,030	\$ -	\$ 7,030
Orange	Public Advocates Inc.	65,920	-	65,920
Orange	Prison Law Office	32,910	-	32,910
Orange	Disability Rights Legal Center	7,500	-	7,500
Orange Total		4,782,036	531,352	5,313,388
Placer	Disability Rights California	105,720	-	105,720
Placer	Legal Services of Northern California	300,700	-	300,700
Placer	Center for Workers' Rights	15,060	-	15,060
Placer	Legal Aid at Work	1,250	-	1,250
Placer	California Indian Legal Services	230	-	230
Placer	Public Advocates Inc.	10,640	-	10,640
Placer	Prison Law Office	9,200	-	9,200
Placer Total		442,800	-	442,800
Plumas	Disability Rights California	5,180	-	5,180
Plumas	Legal Services of Northern California	30,410	-	30,410
Plumas	California Indian Legal Services	140	-	140
Plumas	Public Advocates Inc.	1,110	-	1,110
Plumas	Prison Law Office	510	-	510
Plumas Total		37,350	-	37,350
Riverside	Inland Empire Latino Lawyers Association, Inc.	61,790	79,330	141,120
Riverside	Disability Rights California	542,240	-	542,240
Riverside	California Rural Legal Assistance, Inc.	349,920	-	349,920
Riverside	UnCommon Law	36,910	-	36,910
Riverside	Inland Counties Legal Services	2,361,170	-	2,361,170
Riverside	Immigrant Defenders Law Center	411,400	-	411,400
Riverside	Learning Rights Law Center	14,180	-	14,180
Riverside	Al Otro Lado, Inc.	14,890	-	14,890
Riverside	Legal Aid at Work	16,490	-	16,490
Riverside	California Indian Legal Services	8,000	-	8,000
Riverside	Housing and Economic Rights Advocates	7,620	-	7,620
Riverside	Legal Aid Society of San Bernardino	39,540	-	39,540
Riverside	Public Advocates Inc.	105,320	-	105,320
Riverside	Prison Law Office	93,240	-	93,240
Riverside	Disability Rights Legal Center	45,970	-	45,970

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**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Riverside	Riverside Legal Aid	\$ 322,550	\$ 414,140	\$ 736,690
Riverside Total		4,431,230	493,470	4,924,700
Sacramento	UC Davis School of Law Legal Clinics	169,325	-	169,325
Sacramento	Disability Rights California	494,643	-	494,643
Sacramento	UnCommon Law	24,885	-	24,885
Sacramento	McGeorge Community Legal Services	197,651	-	197,651
Sacramento	Immigrant Defenders Law Center	1,640	-	1,640
Sacramento	Lawyers' Committee for Civil Rights	40,558	151,702	192,260
Sacramento	Legal Services of Northern California	652,956	-	652,956
Sacramento	Asian Law Caucus	1,283,858	-	1,283,858
Sacramento	Center for Workers' Rights	64,914	-	64,914
Sacramento	Legal Aid at Work	18,644	-	18,644
Sacramento	California Indian Legal Services	12,963	-	12,963
Sacramento	Housing and Economic Rights Advocates	13,133	-	13,133
Sacramento	Public Advocates Inc.	40,819	-	40,819
Sacramento	Prison Law Office	42,779	-	42,779
Sacramento	Capital Pro Bono Inc.	52,531	196,471	249,002
Sacramento	Asian Pacific Islander Legal Outreach	11,662	-	11,662
Sacramento Total		3,122,961	348,173	3,471,134
San Benito	Disability Rights California	10,560	-	10,560
San Benito	California Rural Legal Assistance, Inc.	38,090	-	38,090
San Benito	Immigrant Defenders Law Center	1,380	-	1,380
San Benito	Senior Citizens Legal Services	31,890	-	31,890
San Benito	Legal Aid at Work	910	-	910
San Benito	California Indian Legal Services	290	-	290
San Benito	Public Advocates Inc.	1,070	-	1,070
San Benito	Prison Law Office	610	-	610
San Benito Total		84,800	-	84,800
San Bernardino	Inland Empire Latino Lawyers Association, Inc.	16,070	14,100	30,170
San Bernardino	Disability Rights California	397,260	-	397,260
San Bernardino	UnCommon Law	7,640	-	7,640
San Bernardino	Inland Counties Legal Services	2,728,710	-	2,728,710
San Bernardino	Immigrant Defenders Law Center	400,620	-	400,620
San Bernardino	Learning Rights Law Center	30,490	-	30,490

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**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
San Bernardino	Al Otro Lado, Inc.	\$ 91,430	\$ -	\$ 91,430
San Bernardino	Legal Aid at Work	12,950	-	12,950
San Bernardino	Immigrant Legal Defense	16,370	-	16,370
San Bernardino	California Indian Legal Services	49,240	-	49,240
San Bernardino	Housing and Economic Rights Advocates	21,860	-	21,860
San Bernardino	Legal Aid Society of San Bernardino	578,910	507,760	1,086,670
San Bernardino	Public Advocates Inc.	126,400	-	126,400
San Bernardino	Prison Law Office	95,410	-	95,410
San Bernardino	Disability Rights Legal Center	123,310	-	123,310
San Bernardino Total		4,696,670	521,860	5,218,530
San Diego	Q.Me Place, Inc.	5,751	-	5,751
San Diego	San Diego Volunteer Lawyer Program	460,050	288,640	748,690
San Diego	Disability Rights California	514,930	-	514,930
San Diego	California Rural Legal Assistance, Inc.	80,040	-	80,040
San Diego	UnCommon Law	11,540	-	11,540
San Diego	Immigrant Defenders Law Center	39,200	-	39,200
San Diego	Southern California Immigration Project	24,540	-	24,540
San Diego	Elder Law & Advocacy	255,210	-	255,210
San Diego	Legal Aid Society of San Diego	2,481,770	-	2,481,770
San Diego	Al Otro Lado, Inc.	271,120	-	271,120
San Diego	Casa Cornelia Law Center	474,280	297,570	771,850
San Diego	Legal Aid at Work	59,810	-	59,810
San Diego	California Indian Legal Services	22,470	-	22,470
San Diego	Housing and Economic Rights Advocates	6,630	-	6,630
San Diego	USD School of Law Legal Clinics	431,620	-	431,620
San Diego	Public Advocates Inc.	53,640	-	53,640
San Diego	Prison Law Office	41,990	-	41,990
San Diego	Disability Rights Legal Center	13,480	-	13,480
San Diego	Affordable Housing Advocates	23,410	-	23,410
San Diego Total		5,271,481	586,210	5,857,691
San Francisco	Justice & Diversity Center of the Bar Association of San Francisco	192,875	113,595	306,470
San Francisco	Disability Rights California	28,318	-	28,318
San Francisco	Immigrant Defenders Law Center	622	-	622
San Francisco	Bay Area Legal Aid	222,818	-	222,818

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**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
San Francisco	Lawyers' Committee for Civil Rights	\$ 51,713	\$ 30,454	\$ 82,167
San Francisco	Aids Legal Referral Panel	35,218	-	35,218
San Francisco	Asian Law Caucus	2,938	-	2,938
San Francisco	Center for Immigrant Protection dba The LGBT Asylum Project	17,809	-	17,809
San Francisco	Open Door Legal	117,205	-	117,205
San Francisco	Legal Assistance to the Elderly	96,939	-	96,939
San Francisco	La Raza Centro Legal	43,721	-	43,721
San Francisco	Legal Aid at Work	50,871	-	50,871
San Francisco	California Indian Legal Services	1,755	-	1,755
San Francisco	Housing and Economic Rights Advocates	19,594	-	19,594
San Francisco	Eviction Defense Collaborative	266,920	-	266,920
San Francisco	Public Advocates Inc.	3,109	-	3,109
San Francisco	Prison Law Office	582	-	582
San Francisco	Legal Services for Children	71,408	-	71,408
San Francisco	Asian Pacific Islander Legal Outreach	66,033	-	66,033
San Francisco Total		1,290,448	144,049	1,434,497
San Joaquin	Disability Rights California	132,925	-	132,925
San Joaquin	California Rural Legal Assistance, Inc.	1,050,716	-	1,050,716
San Joaquin	UnCommon Law	23,132	-	23,132
San Joaquin	Social Justice Collaborative	212,408	-	212,408
San Joaquin	Immigrant Defenders Law Center	5,738	-	5,738
San Joaquin	Center for Workers' Rights	17,757	-	17,757
San Joaquin	Legal Aid at Work	49,607	-	49,607
San Joaquin	Immigrant Legal Defense	59,079	-	59,079
San Joaquin	California Indian Legal Services	4,057	-	4,057
San Joaquin	Housing and Economic Rights Advocates	52,918	-	52,918
San Joaquin	Public Advocates Inc.	34,890	-	34,890
San Joaquin	Prison Law Office	28,246	-	28,246
San Joaquin	Asian Pacific Islander Legal Outreach	95,358	-	95,358
San Joaquin Total		1,766,831	-	1,766,831
San Luis Obispo	Disability Rights California	51,586	-	51,586
San Luis Obispo	California Rural Legal Assistance, Inc.	255,597	-	255,597
San Luis Obispo	UnCommon Law	11,707	-	11,707
San Luis Obispo	Immigrant Defenders Law Center	9,284	-	9,284

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**The State Bar of California
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2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
San Luis Obispo	Legal Aid at Work	\$ 421	\$ -	\$ 421
San Luis Obispo	Immigrant Legal Defense	16,815	-	16,815
San Luis Obispo	California Indian Legal Services	1,062	-	1,062
San Luis Obispo	Public Advocates Inc.	5,508	-	5,508
San Luis Obispo	Santa Barbara County Immigrant Legal Defense Center	15,603	-	15,603
San Luis Obispo	Prison Law Office	4,627	-	4,627
San Luis Obispo	Disability Rights Legal Center	2,444	-	2,444
San Luis Obispo	San Luis Obispo Legal Assistance Foundation	148,639	-	148,639
San Luis Obispo Total		523,293	-	523,293
San Mateo	Community Legal Services in East Palo Alto	200,558	73,107	273,665
San Mateo	Disability Rights California	21,816	-	21,816
San Mateo	Bay Area Legal Aid	74,623	-	74,623
San Mateo	Legal Aid Society of San Mateo County	287,559	-	287,559
San Mateo	Lawyers' Committee for Civil Rights	16,013	5,833	21,846
San Mateo	Aids Legal Referral Panel	3,263	-	3,263
San Mateo	Asian Law Caucus	49,374	-	49,374
San Mateo	La Raza Centro Legal	7,961	-	7,961
San Mateo	Legal Aid at Work	27,769	-	27,769
San Mateo	California Indian Legal Services	432	-	432
San Mateo	Housing and Economic Rights Advocates	3,333	-	3,333
San Mateo	Public Advocates Inc.	3,925	-	3,925
San Mateo	Prison Law Office	1,968	-	1,968
San Mateo	Asian Pacific Islander Legal Outreach	5,381	-	5,381
San Mateo Total		703,975	78,940	782,915
Santa Barbara	Disability Rights California	88,825	-	88,825
Santa Barbara	California Rural Legal Assistance, Inc.	236,767	-	236,767
Santa Barbara	Immigrant Defenders Law Center	94,547	-	94,547
Santa Barbara	Al Otro Lado, Inc.	7,404	-	7,404
Santa Barbara	Legal Aid at Work	1,959	-	1,959
Santa Barbara	Immigrant Legal Defense	18,499	-	18,499
Santa Barbara	California Indian Legal Services	4,440	-	4,440
Santa Barbara	Public Advocates Inc.	17,074	-	17,074
Santa Barbara	Santa Barbara County Immigrant Legal Defense Center	131,053	-	131,053
Santa Barbara	Prison Law Office	11,403	-	11,403

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**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Santa Barbara	Legal Aid Foundation of Santa Barbara County	\$ 363,985	\$ -	\$ 363,985
Santa Barbara	Disability Rights Legal Center	11,834	-	11,834
Santa Barbara Total		987,790	-	987,790
Santa Clara	Community Legal Services in East Palo Alto	96,542	177,593	274,135
Santa Clara	Disability Rights California	86,302	-	86,302
Santa Clara	California Rural Legal Assistance, Inc.	820	-	820
Santa Clara	Santa Clara University Alexander Law Center	97,082	-	97,082
Santa Clara	Immigrant Defenders Law Center	970	-	970
Santa Clara	Bay Area Legal Aid	188,113	-	188,113
Santa Clara	Law Foundation of Silicon Valley	882,826	-	882,826
Santa Clara	Lawyers' Committee for Civil Rights	20,840	38,341	59,181
Santa Clara	Asian Law Caucus	15,240	-	15,240
Santa Clara	Legal Aid at Work	9,700	-	9,700
Santa Clara	Dependency Advocacy Center	223,964	-	223,964
Santa Clara	Immigrant Legal Defense	43,731	-	43,731
Santa Clara	California Indian Legal Services	3,940	-	3,940
Santa Clara	Housing and Economic Rights Advocates	14,970	-	14,970
Santa Clara	Public Advocates Inc.	11,940	-	11,940
Santa Clara	Prison Law Office	8,280	-	8,280
Santa Clara	Senior Adults Legal Assistance	64,781	-	64,781
Santa Clara	Santa Clara County Asian Law Alliance	173,343	-	173,343
Santa Clara Total		1,943,384	215,934	2,159,318
Santa Cruz	Disability Rights California	54,560	-	54,560
Santa Cruz	California Rural Legal Assistance, Inc.	190,677	-	190,677
Santa Cruz	Senior Citizens Legal Services	124,988	-	124,988
Santa Cruz	Legal Aid at Work	8,688	-	8,688
Santa Cruz	Immigrant Legal Defense	14,511	-	14,511
Santa Cruz	Watsonville Law Center	80,949	-	80,949
Santa Cruz	California Indian Legal Services	243	-	243
Santa Cruz	Public Advocates Inc.	6,329	-	6,329
Santa Cruz	Prison Law Office	3,899	-	3,899
Santa Cruz Total		484,844	-	484,844
Shasta	Disability Rights California	86,140	-	86,140
Shasta	Legal Services of Northern California	319,270	-	319,270

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**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Shasta	Legal Aid at Work	\$ 1,670	\$ -	\$ 1,670
Shasta	California Indian Legal Services	1,330	-	1,330
Shasta	Public Advocates Inc.	7,310	-	7,310
Shasta	Prison Law Office	10,910	-	10,910
Shasta	Disability Rights Legal Center	3,240	-	3,240
Shasta Total		429,870	-	429,870
Sierra	Disability Rights California	3,270	-	3,270
Sierra	Legal Services of Northern California	1,240	-	1,240
Sierra	California Indian Legal Services	200	-	200
Sierra	Public Advocates Inc.	150	-	150
Sierra	Prison Law Office	80	-	80
Sierra Total		4,940	-	4,940
Siskiyou	Disability Rights California	11,600	-	11,600
Siskiyou	Legal Services of Northern California	77,820	-	77,820
Siskiyou	Legal Aid at Work	1,180	-	1,180
Siskiyou	California Indian Legal Services	27,100	-	27,100
Siskiyou	Public Advocates Inc.	3,500	-	3,500
Siskiyou	Prison Law Office	3,000	-	3,000
Siskiyou Total		124,200	-	124,200
Solano	UC Davis School of Law Legal Clinics	114,616	-	114,616
Solano	Disability Rights California	163,687	-	163,687
Solano	UnCommon Law	48,361	-	48,361
Solano	Aids Legal Referral Panel	2,000	-	2,000
Solano	Legal Services of Northern California	255,058	-	255,058
Solano	Legal Aid at Work	36,888	-	36,888
Solano	California Indian Legal Services	1,220	-	1,220
Solano	Housing and Economic Rights Advocates	29,437	-	29,437
Solano	Public Advocates Inc.	11,413	-	11,413
Solano	Prison Law Office	6,071	-	6,071
Solano Total		668,751	-	668,751
Sonoma	Disability Rights California	74,620	-	74,620
Sonoma	California Rural Legal Assistance, Inc.	173,190	-	173,190
Sonoma	Immigrant Defenders Law Center	960	-	960
Sonoma	Aids Legal Referral Panel	340	-	340

SCHEDULE 1A

**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Sonoma	Legal Aid of Sonoma County	\$ 430,670	\$ -	\$ 430,670
Sonoma	Legal Aid at Work	23,890	-	23,890
Sonoma	California Indian Legal Services	3,190	-	3,190
Sonoma	Housing and Economic Rights Advocates	6,600	-	6,600
Sonoma	Public Advocates Inc.	7,210	-	7,210
Sonoma	Prison Law Office	3,510	-	3,510
Sonoma Total		724,180	-	724,180
Stanislaus	Disability Rights California	107,866	-	107,866
Stanislaus	California Rural Legal Assistance, Inc.	722,607	-	722,607
Stanislaus	Social Justice Collaborative	142,578	-	142,578
Stanislaus	Immigrant Defenders Law Center	4,134	-	4,134
Stanislaus	Senior Advocacy Network	163,791	-	163,791
Stanislaus	Center for Workers' Rights	6,659	-	6,659
Stanislaus	Legal Aid at Work	47,184	-	47,184
Stanislaus	Immigrant Legal Defense	94,519	-	94,519
Stanislaus	California Indian Legal Services	4,526	-	4,526
Stanislaus	Housing and Economic Rights Advocates	312	-	312
Stanislaus	Public Advocates Inc.	20,117	-	20,117
Stanislaus	Prison Law Office	12,945	-	12,945
Stanislaus Total		1,327,238	-	1,327,238
Sutter	Disability Rights California	19,020	-	19,020
Sutter	California Rural Legal Assistance, Inc.	160,510	-	160,510
Sutter	Center for Workers' Rights	7,400	-	7,400
Sutter	Legal Aid at Work	500	-	500
Sutter	California Indian Legal Services	1,950	-	1,950
Sutter	Yuba-Sutter Legal Center for Seniors	26,700	-	26,700
Sutter	Public Advocates Inc.	4,040	-	4,040
Sutter	Prison Law Office	2,870	-	2,870
Sutter Total		222,990	-	222,990
Tehama	Disability Rights California	67,890	-	67,890
Tehama	Legal Services of Northern California	102,400	-	102,400
Tehama	Legal Aid at Work	3,740	-	3,740
Tehama	California Indian Legal Services	11,610	-	11,610
Tehama	Public Advocates Inc.	5,440	-	5,440

SCHEDULE 1A

**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Tehama	Prison Law Office	\$ 5,230	\$ -	\$ 5,230
Tehama Total		196,310	-	196,310
Trinity	Disability Rights California	21,430	-	21,430
Trinity	Legal Services of Northern California	25,950	-	25,950
Trinity	Legal Aid at Work	3,070	-	3,070
Trinity	California Indian Legal Services	3,920	-	3,920
Trinity	Public Advocates Inc.	3,730	-	3,730
Trinity	Prison Law Office	1,940	-	1,940
Trinity Total		60,040	-	60,040
Tulare	Central California Legal Services	610,025	-	610,025
Tulare	Disability Rights California	264,080	-	264,080
Tulare	California Rural Legal Assistance, Inc.	456,223	-	456,223
Tulare	San Joaquin College of Law	27,781	-	27,781
Tulare	Immigrant Defenders Law Center	8,964	-	8,964
Tulare	Legal Aid at Work	53,881	-	53,881
Tulare	Immigrant Legal Defense	179,612	-	179,612
Tulare	California Indian Legal Services	24,718	-	24,718
Tulare	Housing and Economic Rights Advocates	3,416	-	3,416
Tulare	Public Advocates Inc.	41,929	-	41,929
Tulare	Prison Law Office	25,511	-	25,511
Tulare Total		1,696,140	-	1,696,140
Tuolumne	Central California Legal Services	5,130	-	5,130
Tuolumne	Disability Rights California	48,450	-	48,450
Tuolumne	UnCommon Law	15,800	-	15,800
Tuolumne	California Indian Legal Services	6,970	-	6,970
Tuolumne	Public Advocates Inc.	5,090	-	5,090
Tuolumne	Prison Law Office	5,370	-	5,370
Tuolumne Total		86,810	-	86,810
Ventura	Disability Rights California	158,610	-	158,610
Ventura	California Rural Legal Assistance, Inc.	964,518	-	964,518
Ventura	Immigrant Defenders Law Center	98,667	-	98,667
Ventura	Learning Rights Law Center	11,110	-	11,110
Ventura	Al Otro Lado, Inc.	9,724	-	9,724
Ventura	Legal Aid at Work	7,660	-	7,660

SCHEDULE 1A

**The State Bar of California
Office of Access & Inclusion
2024 Legal Services Organizations by County (Continued)**

County	Organization	Basic	Pro Bono	Total
Ventura	California Indian Legal Services	\$ 2,186	\$ -	\$ 2,186
Ventura	Public Advocates Inc.	28,120	-	28,120
Ventura	Santa Barbara County Immigrant Legal Defense Center	25,236	-	25,236
Ventura	Prison Law Office	15,057	-	15,057
Ventura	Disability Rights Legal Center	4,483	-	4,483
Ventura Total		1,325,371	-	1,325,371
Yolo	UC Davis School of Law Legal Clinics	199,644	-	199,644
Yolo	Disability Rights California	32,364	-	32,364
Yolo	Legal Services of Northern California	288,871	-	288,871
Yolo	Center for Workers' Rights	13,756	-	13,756
Yolo	Legal Aid at Work	7,613	-	7,613
Yolo	California Indian Legal Services	8,504	-	8,504
Yolo	Public Advocates Inc.	5,872	-	5,872
Yolo	Prison Law Office	3,712	-	3,712
Yolo Total		560,336	-	560,336
Yuba	Disability Rights California	32,491	-	32,491
Yuba	California Rural Legal Assistance, Inc.	101,933	-	101,933
Yuba	Immigrant Defenders Law Center	2,870	-	2,870
Yuba	Center for Workers' Rights	10,780	-	10,780
Yuba	Legal Aid at Work	420	-	420
Yuba	California Indian Legal Services	2,950	-	2,950
Yuba	Yuba-Sutter Legal Center for Seniors	36,421	-	36,421
Yuba	Public Advocates Inc.	4,560	-	4,560
Yuba	Prison Law Office	7,930	-	7,930
Yuba Total		200,355	-	200,355
Grand Total		\$ 75,297,837	\$ 5,756,308	\$ 81,054,145

SCHEDULE 2

**The State Bar of California
Office of Access & Inclusion
2024 Grants to Support Centers**

Organization	IOLTA Grant Allocation	
California Advocates for Nursing Home Reform	\$	680,188
California Rural Legal Assistance Foundation		680,188
California Women's Law Center		680,188
Center for Gender and Refugee Studies - California		680,188
Center for Human Rights and Constitutional Law		680,188
Child Care Law Center		680,188
Coalition of California Welfare Rights Organizations		680,188
Disability Rights Education and Defense Fund		680,188
Family Violence Appellate Project		680,188
Immigrant Legal Resource Center		680,188
Impact Fund		680,188
Justice in Aging		680,188
Legal Services for Prisoners with Children		680,188
National Center for Youth Law		680,188
National Health Law Program		680,188
National Housing Law Project		680,188
OneJustice		680,188
Public Interest Law Project		680,188
Western Center on Law and Poverty		680,188
Worksafe, Inc.		680,188
Youth Law Center		680,188
Total	\$	114,283,948

SCHEDULE 3

**The State Bar of California
Office of Access & Inclusion
2024 Legal Aid Leaders Fellowship Centers**

Organization	2024 Grant Distribution	
Alliance for Children's Rights	\$	10,000
Asian Americans Advancing Justice Southern California		50,000
Bet Tzedek Legal Services		60,000
California Indian Legal Services		40,000
California Rural Legal Assistance Foundation		20,000
Casa Cornelia Law Center		9,000
Center for Gender and Refugee Studies - California		20,000
Central California Legal Services		8,000
Centro Legal de la Raza		60,000
Community Legal Aid SoCal		8,250
Disability Rights Education and Defense Fund		15,000
Family Violence Appellate Project		10,000
Family Violence Law Center		20,000
Immigrant Defenders Law Center		10,000
Impact Fund		10,000
Inland Counties Legal Services		25,500
Inner City Law Center		50,000
LACBA Counsel for Justice		28,500
Law Foundation of Silicon Valley		10,000
Legal Aid at Work		50,000
Legal Aid Foundation of Los Angeles		10,000
Legal Aid of Sonoma County		30,000
Legal Aid Society of San Bernardino		20,000
Legal Assistance for Seniors		10,000
Legal Services for Children		40,000
Los Angeles Center for Law and Justice		9,250
Loyola Marymount University		10,000
Mental Health Advocacy Services		30,000
National Center for Youth Law		10,000
Neighborhood Legal Services		10,000
Public Law Center		10,000
Senior Citizens Legal Services		20,000
Social Justice Collaborative		20,000
Veterans Legal Institute		8,267
Total	\$	751,767



The State Bar of California

Statement of Expenditures of Mandatory Fees and Independent Accountant's Report Year Ended December 31, 2024

DATE, 2025

Independent Accountant's Report

To the Board of Trustees
State Bar of California

We have examined the State Bar of California's (State Bar) compliance with the United States Supreme Court's decision in *Keller v. State Bar of California* (1990) 496 U.S. 1, which held that the State Bar of California cannot use mandatory fees paid by its licensees for political or ideological activities not related to regulation of the legal profession or improvement of quality of legal services in California, for the year ended December 31, 2024. The expenditures of mandatory fees for the year ended December 31, 2024 is included in the accompanying Statement of Expenditures of Mandatory Fees (Statement) and related notes. Management of the State Bar is responsible for the State Bar's compliance with the specified requirements. Our responsibility is to obtain reasonable assurance by evaluating the State Bar's compliance against the specified requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by evaluating the State Bar's compliance against the specified criteria and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the State Bar's compliance during the year ended December 31, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the State Bar, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

Our examination does not provide a legal determination on the State Bar's compliance with specified requirements.

In our opinion, the State Bar complied with the United States Supreme Court's decision in *Keller v. State Bar of California* (1990) 496 U.S. 1, which held that the State Bar of California cannot use mandatory fees paid by its licensees for political or ideological activities not related to regulation of the legal profession or improvement of quality of legal services in California, for the year ended December 31, 2024, in all material respects.

Walnut Creek, California
May 15, 2025

THE STATE BAR OF CALIFORNIA
Statement of Expenditures of Mandatory Fees
Year Ended December 31, 2024

	<u>Dollar Amount</u>	<u>Percentage of Total Program Expenses</u>
CHARGEABLE EXPENSES AND RELATED		
PROGRAM REVENUES:		
Chief Trial Counsel	\$ 82,735,190	67.33%
State Bar Court	17,408,823	14.17%
Client Security Fund	8,692,079	7.07%
Regulation	7,097,506	5.78%
Professional Competence	4,392,611	3.57%
Lawyer Assistance Program	2,980,355	2.43%
Probation	2,301,326	1.87%
Communications	2,363,452	1.92%
Judicial Evaluation	1,067,176	0.87%
Mandatory Fee Arbitration	1,259,855	1.03%
Public Trust Liaison	3,020,777	2.46%
Program Revenues	(10,436,486)	-8.49%
Total chargeable program expenses	<u>\$ 122,882,664</u>	<u>100.0%</u>

See accompanying notes to the statement of expenditures of mandatory fees.

THE STATE BAR OF CALIFORNIA
Statement of Expenditures of Mandatory Fees
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Entity – The State Bar of California (“State Bar”) was first formed as a public corporation by the California State Legislature’s passage of the State Bar Act on July 29, 1927. On November 8, 1960, voters amended the California Constitution to add the State Bar as a constitutional agency in the judicial branch of government. A license from the State Bar and payment of annual fees are required as a condition of the practice of law in the State of California.

Basis of Accounting – To ensure observance of limitations and restrictions placed on the use of resources available to the State Bar, the accounts of the State Bar are maintained in accordance with the accrual basis of accounting using principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

Accounting principles generally accepted in the United States of America are applied by the State Bar in conformance with pronouncements of the Governmental Accounting Standards Board. Amounts in the Statement of Expenditures of Mandatory Fees (“Statement”) were derived from the State Bar’s audited 2024 financial statements.

Use of Estimates – The preparation of the Statement requires management to make estimates and assumptions related to the amounts of chargeable expenses during year. Actual results could differ from those estimates.

2. BASIS OF PRESENTATION

The accompanying Statement was prepared for the purpose of showing the allocation of certain expenses into chargeable and non-chargeable categories. Although derived from the State Bar’s audited 2024 financial statements, the Statement is not a substitute for the financial statements, nor is it intended to be a complete presentation of the State Bar’s revenues and expenses in conformity with accounting principles generally accepted in the United States of America. Amounts reported in the Statement can be agreed to amounts reported in the State Bar’s financial statements.

The State Bar Act sets the amount of the annual fees that the State Bar may charge lawyers for the license to practice law in California. The amount of the annual fee, however, is subject to certain adjustments. The United States Supreme Court in *Keller v. State Bar of California*, 496 U.S. 1 (1990) (“*Keller*”) held that the State Bar could not require California lawyers to pay, as mandatory fees, the expense of the State Bar’s political or ideological activity that was not necessarily or reasonably related to the State Bar’s purpose of regulating the legal profession or improving the quality of legal services. The Statement provides a basis of determination for the mandatory fees that each licensee must pay in order to practice law in California. It describes and separates programs and activities that are “chargeable” and “non-chargeable” to licensees under the *Keller* standard. In calculating the chargeable and non-chargeable expenses, absolute precision is not expected nor required pursuant to *Keller*, at 16, citing to procedural requirements outlined in *Chicago Teachers v. Hudson*, 475 U.S. 292, 310 (1986). Expenses included in the Statement are derived from expenses included in the General Fund (except for program costs funded by filing fees or other fees), Client Security Fund, and the Lawyers Assistance Program Fund of the State Bar.

THE STATE BAR OF CALIFORNIA
Statement of Expenditures of Mandatory Fees (Continued)
Year Ended December 31, 2024

2. BASIS OF PRESENTATION (Continued)

Since January 1, 2000, amendments to the State Bar Act have provided each licensee with the option of deducting \$5 from the annual licensing fee for lobbying and related activities outside of the parameters established in *Keller* (Cal. Bus. & Prof. Code §6140.05). In 2023, the legislature changed this from an optional deduction to an optional addition. In addition, in 2001, the Board of Trustees provided licensees the option of an additional \$2 deduction from annual fees for the Elimination of Bias program. Although some or all of these programs and activities may be chargeable under the criteria in *Keller*, the Board of Trustees has elected to make them optional in their entirety.

Since January 1, 2000, the amount of expenses that the State Bar may incur for legislative activity outside of the parameters of *Keller* was restricted by statute to the total revenue collected from those licensees electing to pay the \$5 under Cal. Bus. & Prof. Code §6140.05. Instead of categorizing its programs as within or outside of *Keller*, the State Bar has elected to restrict the expenses of all of its legislative activity to voluntary funds. Similarly, the State Bar has a \$2 deduction for activities under the Elimination of Bias program and limited its funding to voluntary fees paid by licensees not taking this deduction. Licensees who do not wish to support either the State Bar's Legislative Activities or its Elimination of Bias program may exclude these amounts from their annual fees. As a result, no part of the mandatory annual fees that a lawyer must pay as a condition of practicing law are used to fund non-chargeable expenses. Therefore, for purposes of the Statement, there are no non-chargeable expenses for mandatory licensing fees for the year ended December 31, 2024.

3. DESCRIPTION OF CHARGEABLE PROGRAMS

The following is a listing of the major expenses that the State Bar has categorized as chargeable, including a description of the programs or activities performed by category. The classification of a program expense as chargeable was based on the standards in *Keller* that have been applied to determine whether an expense was necessarily or reasonably incurred for the purpose of regulating the legal profession or improving the quality of legal services available to the people of the State of California. Non-chargeable expenses, as stated above, were funded by voluntary fees paid at the option of licensees. Determining which State Bar programs and activities are chargeable and non-chargeable requires that judgments be made by the State Bar.

a. Chief Trial Counsel

The Office of the Chief Trial Counsel receives, reviews, and analyzes incoming communications which relate to disciplinary inquiries and complaints against attorneys. It investigates allegations of unethical and unprofessional conduct against attorneys who may have violated provisions of the State Bar Act, Rules of Professional Conduct, or other standards of professional conduct. It prosecutes attorneys in formal disciplinary hearings in the State Bar Court for violations of the State Bar Act or Rules of Professional Conduct. Activities include, as appropriate, the preparation of formal disciplinary pleadings, conduct of formal and informal discovery, and representation of the State Bar as Trial Examiners in the actual hearings and subsequent review proceedings. (Bus. & Prof. Code §6043, 6044, 6049, 6077, 6078, 6092.5 et seq.)

THE STATE BAR OF CALIFORNIA
Statement of Expenditures of Mandatory Fees (Continued)
Year Ended December 31, 2024

3. DESCRIPTION OF CHARGEABLE PROGRAMS (Continued)

b. *State Bar Court*

The State Bar Court adjudicates formal disciplinary matters resulting in the final imposition of discipline or, in certain instances involving suspension or disbarment, the recommendation of discipline to the California Supreme Court. (Bus. & Prof. Code §6086.5, 6086.65; Cal. Rules of Court, rules 9.13, 9.16, 9.18)

c. *Client Security Fund*

The Client Security Fund receives, evaluates, and processes applications made by persons who have suffered monetary losses due to dishonest conduct of lawyers, and authorizes recovery to eligible clients out of funds collected for this purpose. (Bus. & Prof. Code §6140.5.)

d. *Regulation*

On behalf of the California Supreme Court, the Regulation Division maintains the official roll of attorneys, manages the registration of law corporations and limited partnerships, is responsible for ensuring the compliance of all licensees with various administrative requirements, and is charged with implementing the State Bar's Client Trust Account Protection Program (CTAPP).

e. *Professional Competence*

The Office of Professional Competence maintains and improves the standards of the legal profession to enhance attorney competence through: (1) promulgating and strengthening professional standards to protect the public; (2) assisting licensees to comply voluntarily with such standards (e.g., Ethics Hotline, California Compendium on Professional Responsibility, Lawyers Personal Assistance Program); and (3) planning and development of programs to enhance attorney competence. (Bus. & Prof. Code §6076, 6077.)

f. *Lawyer Assistance Program*

The Lawyer Assistance Program provides an alternative to the traditional State Bar disciplinary mechanism, with the goal of identifying and rehabilitating attorneys with impairment due to abuse of drugs or alcohol, or due to mental illness. The Office of the Lawyer Assistance Program adopts reasonable rules and regulations as may be necessary or advisable for the purpose of implementing and operating the Lawyer Assistance program. (Bus. & Prof. Code §6231.)

g. *Probation*

The Office of Probation ("OP") monitors disciplined attorneys who have been ordered to comply with probation or reproof conditions pursuant to orders issued by the California Supreme Court and/or the State Bar Court. The OP also monitors cases where conditions have been imposed pursuant to Business and Professions Code, section 6007(h). Once these orders or agreements become effective, the OP establishes its own case files to maintain a record of compliance or non-compliance for each attorney.

THE STATE BAR OF CALIFORNIA
Statement of Expenditures of Mandatory Fees (Continued)
Year Ended December 31, 2024

3. DESCRIPTION OF CHARGEABLE PROGRAMS (Continued)

OP staff monitor participating attorneys' compliance. The monitoring requires OP staff to contact the attorney being monitored and third parties such as former clients, service providers, and other departments of the State Bar. OP staff provides timely information to the attorney, Office of Chief Trial Counsel, and State Bar Court regarding non-compliance and are available to testify regarding such under oath in court.

h. *Communications*

The State Bar's Office of Communications and Stakeholder Engagement is responsible for ensuring that the general public and the legal community are informed about the State Bar's public protection role and know how to access the Bar's services and resources. The Office is tasked with conveying critical information to Californians about how to protect themselves from attorney misconduct and what to do if that happens, including by filing complaints against attorneys or seeking compensation for harm through the Client Security Fund. A major emphasis is on activities that reach the public in California to ensure they know how to access the resources of the State Bar's attorney discipline system, as well as to help attorneys understand their ethical obligations.

The Office of Communications and Stakeholder Engagement provides important updates for attorneys licensed in California regarding rules and ethics guiding the profession, as well as ongoing education to improve competence. This office provides information about how to find a lawyer and information about access to legal services for low-income Californians.

i. *Judicial Evaluation*

The Commission on Judicial Nominees Evaluation, established pursuant to Government Code section 12011.5, is the State Bar agency which evaluates all candidates who are under consideration for a judicial appointment by the Governor. The mission of the Commission is to assist the Governor in the judicial selection process and thereby to promote a California judiciary of quality and integrity by providing independent, comprehensive, accurate, and fair evaluations of candidates for judicial appointment and nomination.

THE STATE BAR OF CALIFORNIA
Statement of Expenditures of Mandatory Fees (Continued)
Year Ended December 31, 2024

3. DESCRIPTION OF CHARGEABLE PROGRAMS (Continued)

As stated in *Hoffman v. State Bar of California* (2003) 113 Cal.App.4th 630, 635 (2003), the State Bar has the “constitutional responsibility, along with the Chief Justice of the Supreme Court and the houses of the Legislature, to appoint a specified number of licensees to the Judicial Council. (Cal. Const., art. VI, § 6.) Through the appropriate committee, the association is also required by statute to evaluate potential appointees for judicial office and report its recommendation to the Governor. (Gov.Code, § 12011.5, subds.(a), (c).) No candidate may be appointed until the State Bar has so reported, or the time for reporting has elapsed. (Id. at subd. (k).)” Having a strong judiciary evaluation system promotes public protection by helping ensure a fair legal system.

j. *Mandatory Fee Arbitration*

The Fee Arbitration Program (Business and Prof. Code § 6200 et seq.) provides for resolution of fee disputes between attorneys and clients. It is mandatory for the lawyer if the client requests arbitration. Most complaints come to the program independently of the Office of Trial Counsel's Intake Unit, and the availability of this service almost certainly prevents the filing of additional disciplinary complaints. Maintaining a program that decreases the number of additional complaints assists the disciplinary system in processing those cases that cannot otherwise be handled. Although it may be argued that the arbitration program is not necessarily an indispensable part of an attorney disciplinary process, the California Supreme Court has held it is a valuable and justifiable component of a comprehensive disciplinary system. (In re Attorney Discipline System, 19 Cal. 4th 582, 622 (199).)

k. *Public Trust Liaison*

The Public Trust Liaison (PTL) receives inquires and responds to the questions and concerns brought by members of the public that remain unresolved through other channels. The PTL also manages the Contact Center. The PTL has an independent dotted-line relationship to the Board's Audit Committee.

- l. *General Fund Allocated Support Service* – General and administrative expenses are incurred to provide staff and operational support to all programs and activities of the State Bar including, but not limited to: human resources; finance; licensee billing; information technology; procurement; building maintenance; general services; legal counsel; the formulation, implementation, and administration of policies through the Board of Trustees and the Office of the Executive Director. The “Indirect Costs/Overhead Allocation” is the share of the administrative costs that are charged to the restricted fund programs for the support provided, using the methodology of the State of California for apportioning and recouping administrative support cost provided by the State's general fund to its special fund programs.

THE STATE BAR OF CALIFORNIA
Statement of Expenditures of Mandatory Fees (Continued)
Year Ended December 31, 2024

3. DESCRIPTION OF CHARGEABLE PROGRAMS (Continued)

The 2024 State Bar indirect cost allocation to chargeable programs is summarized below:

General Counsel	\$ 7,010,000
Finance	3,154,000
Member Billing	611,000
Human Resources	3,826,000
General Services - Los Angeles	5,418,000
General Services - San Francisco	9,673,000
Information Technology	17,013,000
Governance	<u>4,212,000</u>
Indirect Cost Pool	50,917,000
Less: Overhead Allocation Charged to Other Programs	<u>(11,311,500)</u>
Overhead Allocation to Chargeable Program	<u>\$ 39,605,500</u>

The amount of the Overhead Allocation to Chargeable Programs is included in the various Chargeable Program expenses on the Statement of Expenditures of Mandatory Fees.

- m. *Program Revenues* – Program revenues related to chargeable expenses from the General Fund, Building Fund, Client Security Fund, Lawyers Assistance Fund, and the Support and Administration Fund of the State Bar are held to fund the related program expenses. Other revenues include charges by the State Bar to the California Lawyers Association (CLA) for administrative and support services in the annual collect of member dues. Program revenues for 2024 are comprised of:

Law Corporation Registration Fees	\$ 2,842,865
Continuing Legal Education Fees	4,314,949
Seminar/Workshop Revenue	4,300
Legal Specialization Fees	2,066,303
Other	<u>1,208,069</u>
Total	<u>\$ 10,436,486</u>

4. OPTIONAL DEDUCTIONS

The State Bar sets an amount that attorneys are not required to pay and may deduct from the annual licensing fees. These deductions were \$47 for active and inactive attorneys. This amount included \$2 for elimination of bias and \$45 set by the court for the Legal Services Voluntary Assistance Option for both active and inactive attorneys.

THE STATE BAR OF CALIFORNIA
Statement of Expenditures of Mandatory Fees (Continued)
Year Ended December 31, 2024

These deductions are allowed for the following activities:

a. *Elimination of Bias*

Attorneys who do not want to fund programs that address concerns of access and bias in the legal profession and the justice system may deduct \$2. (*Keller v. State Bar of California* (1990) 496 U.S. 1.)

b. *Legal Services Voluntary Assistance Option*

Attorneys who do not want to support nonprofit organizations that provide free legal services to persons of limited means may deduct \$45. (Bus. & Prof. Code §6140.03.)

5. OPTIONAL ADDITION

The State Bar sets an amount that attorneys are not required to pay and may add to the annual licensing fees. This donation for lobbying was \$5 for active and inactive attorneys.

The donation is allowed for the following activity:

a. *Lobbying*

Attorneys who want to fund lobbying and other legislative activity may add \$5. (Bus. & Prof. Code §6140.05.)

STATE BAR OF CALIFORNIA

Report to the Board of Trustees

Year Ended December 31, 2024

DRAFT

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DATE, 2025

To the Board of Trustees of the
State Bar of California
San Francisco, California

We are pleased to present this report related to our audit of the financial statements of the State Bar of California (State Bar), as of and for the year ended December 31, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the State Bar's financial reporting process.

We would like to thank State Bar management and staff for the courtesy and cooperation extended to us during the course of our engagement.

This report is intended solely for the information and use of the Board of Trustees, the State Bar's management, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the State Bar.

Walnut Creek, California

REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audits as well as observations arising from our audits that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audits

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* have been described to you in our engagement letter dated October 14, 2024. Our audit of the State Bar's financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audits

We have issued a separate engagement letter dated October 14, 2024 regarding the planned scope and timing of our audits and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the State Bar. A summary of the significant policies adopted by the State Bar is included in Note 3 to the financial statements. As described in Note 3 to the financial statements, the State Bar implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections* and Statement No. 101, *Compensated Absences* in 2024. The implementation of these standards did not have a significant impact on the State Bar's financial statements.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates.

The following is summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates in relation to the financial statements as a whole.

Significant Accounting Estimates	
Measurement of investments at fair value	<p>Investments are generally carried at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</p> <p>The State Bar categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.</p> <p>The State Bar's investments are classified as level 1 and level 2 of the fair value hierarchy.</p> <p>MGO compared investment values to market data from sources independent of the State Bar and determined that they were reasonable.</p>
Allowance for doubtful accounts on accounts receivable	<p>The allowance for losses on accounts receivable was based on historical experience and management's estimate regarding the likelihood of collectability.</p> <p>MGO assessed the reasonableness of the allowance based on the nature of the accounts and performed substantive analytical procedures and tests of details and determined the estimates were reasonable.</p>
Depreciation of capital assets, including leases and subscription-based information technology arrangements (SBITAs)	<p>Useful lives for depreciable capital assets were determined by management based on the nature of the capital asset. Lease and SBITA terms are derived from existing agreements and the State Bar's expectations for optional extensions or cancellations, where applicable. The State Bar uses the straight-line method of depreciation and amortization.</p> <p>The discount rate used for the calculation of the lease receivables and the subscription liabilities are based on the State Bar's incremental borrowing rate unless the rate is implicit in the lease.</p> <p>MGO assessed the reasonableness of the useful lives based on the nature of the capital assets and performed substantive analytical procedures on depreciation and amortization expenses. For leases and SBITAs, MGO reviewed a sample of agreements to verify the terms and assumptions used to estimate the net present values of the lease and SBITA balances. The estimates were considered reasonable.</p>
Net pension liability, contributions, pension expense and other related balances	<p>The pension plan's employer and employee contribution requirements, the net pension liability and related deferred outflows and inflows of resources are based on actuarial calculations performed by the California Public Employees' Retirement System's independent actuaries.</p> <p>MGO reviewed the actuarial methodology and assumptions, and performed analytical procedures and tests of details to determine the reasonableness of valuation results.</p>
Net OPEB liability, contributions, OPEB expense, and other related balances	<p>The OPEB plan's employer and employee contribution requirements, the net OPEB liability and related deferred outflows and inflows of resources are based on an actuarial calculation performed by the State Bar's independent actuaries.</p> <p>MGO reviewed the actuarial methodology and assumptions, and performed analytical procedures and tests of details to determine the reasonableness of valuation results.</p>

Audit Adjustments and Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Departure From the Auditor's Standard Report

There were no departures from the Auditor's Standard Report.

Other Information Included in Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the State Bar's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards:

Required Supplementary Information

We have applied certain limited procedures to the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Plan Contributions – Pension, the Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios, and the Schedule of Contributions – OPEB Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

We were engaged to report on the combining schedules of Program Funds (supplementary information), which accompany the financial statements but are not RSI. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the State Bar's financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Shared Responsibilities for Independence

Independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and *Government Accountability Office* (GAO) independence rules. For MGO to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Trustees, and MGO each play an important role.

Our Responsibilities

1. AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. MGO is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
2. Maintain a system of quality management over compliance with independence rules and firm policies.

The State Bar's Responsibilities

1. Timely inform MGO, before the effective date of transactions or other business changes, of the following:
 - a. New affiliates, directors, or officers.
 - b. Changes in the organizational structure or the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units, and jointly governed organizations.
2. Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
3. Understand and conclude on the permissibility, prior to the State Bar and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with MGO.
4. Not entering into arrangements of non-audit services resulting in MGO being involved in making management decisions on behalf of the State Bar.
5. Not entering into relationships resulting in close family members of MGO covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the State Bar.

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EXHIBIT A
Accounting Pronouncements

ACCOUNTING PRONOUNCEMENTS

The following accounting pronouncements have been issued as of the date of this communication but are not yet effective and may affect the future financial reporting by the State Bar.

Pronouncement	Summary
GASB Statement No. 102, <i>Certain Risk Disclosures</i>	<p>The objective of this statement is to require governments to assess and disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.</p> <p>Statement No. 102 is effective for the State Bar's year ending December 31, 2025.</p>
GASB Statement No. 103, <i>Financial Reporting Model Improvements</i>	<p>The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.</p> <p>Statement No. 103 is effective for the State Bar's fiscal year ending December 31, 2026.</p>
GASB Statement No. 104, <i>Disclosure of Certain Capital Assets</i>	<p>This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34.</p> <p>Statement No. 104 is effective for the State Bar's fiscal year ending December 31, 2026.</p>

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EXHIBIT B
Status of Prior Year Finding

Comment 2023-001
Compensated Absences

Criteria:

Accounting principles generally accepted in the United States of America require that the enterprise fund statement of net position classify assets and liabilities as current and noncurrent based on whether they are expected to generate or use cash within one year of the end of the fiscal year.

Condition:

The State Bar's current practice of reporting compensated absences is to estimate 40% of the total balance as current liabilities. This percentage was determined many years ago and has been used year after year. Our audit procedures identified the estimated current portions of such balances fall below actual usage of accrued sick leave and vacation by approximately 45% in the past two years.

Cause and Effect or Potential Effect:

Current practice has not been reviewed in recent years to determine whether an update is necessary.

Recommendation:

We recommend management revisit its current practice to estimate the current and noncurrent portions of compensated absences, and consider adopting a methodology that more accurately reflects current experience and expectations.

Management Response:

The State Bar agrees with this recommendation. We will be implementing the GASB Statement No. 101 – *Compensated Absences* in 2024. As part of the implementation process, the State Bar will review and evaluate its current allocation and reporting of compensated absences in detail. This will include estimating and classifying current and noncurrent liabilities related to compensated absences to ensure accurate financial reporting, and to adopt better practices going forward.

Status:

Corrective actions have been implemented.