



February 28, 2017

Chief Justice Michael Cherry
Nevada Supreme Court
201 South Carson Street
Carson City, NV 89701-4702

FILED

MAR 03 2017

ELIZABETH A. BROWN
CLERK OF SUPREME COURT
BY *[Signature]*
CHIEF DEPUTY CLERK

RE: ADKT 0479: Annual Statement of the Nevada Bar Foundation

Dear Chief Justice Cherry:

On behalf of the Nevada Bar Foundation, I would like to thank the Court once again for the opportunity to administer Nevada's IOLTA program. Enclosed you will find an Annual Report of the Foundation's activities as well as the Foundation's audited financial statements for 2015. These documents are submitted pursuant to SCR 216(5) and 220.5.

I would like to highlight some of the Nevada Bar Foundation's activities, beginning with the fiscal prudence under which this organization operates. More than 97% of all Foundation spending is directly disbursed as IOLTA grants, leaving less than 3% for operating and contract expenses. In 2016, the Foundation granted nearly \$2.6 million in IOLTA grants, which served more than 37,000 households throughout Nevada. The primary legal needs of Nevada's citizens relate to domestic violence, family law and housing.

As we reported last year, the Nevada Bar Foundation and State Bar of Nevada were selected to host the 2018 National High School Mock Trial Championship in Reno, NV. The Foundation has raised more than \$140,000 toward its \$205,000 fundraising goal. Logistical planning is also underway with supervision by a dedicated Steering Committee.

It has been our pleasure working with this Court to administer the IOLTA program and promote the access to justice to those in need. If I can offer additional information, please do not hesitate to contact me.

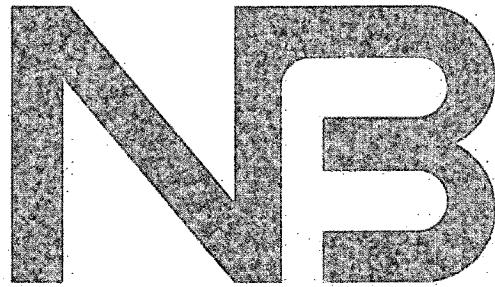
Respectfully,

Kimberly K. Farmer
Executive Director

Enclosures

cc: Elizabeth Brown
Connie Akridge, Nevada Bar Foundation President
RECEIVED
MAR 02 2017
ELIZABETH A. BROWN
CLERK OF SUPREME COURT
DEPUTY CLERK

17-7311



NEVADA BAR
FOUNDATION

2016 ANNUAL REPORT

SUMMARY OF GRANT GIVING AND CHARITABLE SUPPORT

2016 ANNUAL REPORT

EXECUTIVE SUMMARY

The Nevada Bar Foundation (NBF) was incorporated in 1997 as the 501(c)(3) charitable arm of the State Bar of Nevada. The NBF was organized to support charitable giving related to access to justice and legal education programs.

In 2014, the NBF assumed management of the Interest on Lawyer Trust Accounts (IOLTA) program, including the making of annual grants to organizations that promote access to justice through direct legal services to the poor, to victims of domestic violence and to children protected by or in need of protection of the juvenile court. **This year, the Nevada Bar Foundation awarded \$2,588,990 in IOLTA grants. More than \$18 million was granted over the last ten years.**

Granting for pro bono legal service providers was supplemented in 2016, with the acceptance of the second phase of funding resulting from a settlement between the U.S. Department of Justice and Bank of America. This year, the Foundation accepted a donation of \$3.2 million. Applications for these grant dollars have been solicited and granting will be completed in 2017.

Finally, the Foundation has taken significant strides to support the 2018 National High School Mock Trial Championship to take place in Reno, Nevada on May 10-12, 2018. The Foundation is responsible for fundraising and has received more than \$140,000 in grants and donations to date.

BOARD OF TRUSTEES

CONSTANCE AKRIDGE, President

RICHARD POCKER, Treasurer

CYNTHIA ALEXANDER, Trustee

ANN BERSI, Trustee

JAMES W. BRADSHAW, Trustee

KIRK JACOBSON, Trustee

MARK KNOBEL, Trustee

MARGARET WIGHTMAN

LAMBROSE, Trustee

RENDAL MILLER, Trustee

ANN MORGAN, Trustee

LORI TEICHER, Trustee

KIMBERLY K. FARMER,
Executive Director

LISA DREITZER,
Deputy Executive Director



IOLTA GRANT DISTRIBUTION

The Nevada Bar Foundation focuses its charitable giving on legal aid organizations that provide a variety of pro bono legal services statewide.

Thanks to the support of its participating financial institutions, the Nevada Bar Foundation granted more than \$2.5 million dollars to fund the 2017 operations of Nevada’s legal service providers.

To ensure distribution of IOLTA funds by population needs, most IOLTA funding is distributed to a core group of legal aid organizations, including: Legal Aid Center of Southern Nevada, Nevada Legal Services, Southern Nevada Senior Law Program, Volunteer Attorneys for Rural Nevada, and Washoe County Legal Services. Secondary funding is distributed to those legal aid organizations that provide specialized services, such as domestic violence assistance and services for juveniles.

PARTICIPATING FINANCIAL INSTITUTIONS

American First National Bank
 Bank of America
 Bank of George
 Bank of Nevada
 Bank of the West
 BMO Harris Bank
 Citibank
 City National Bank
 East West Bank
 Financial Horizons Credit Union
 First Foundation Bank
 First Independent Bank of Nevada
 First Savings Bank
 First Security Bank of Nevada
 Heritage Bank
 JP Morgan Chase & Co.
 Meadows Bank
 Mutual of Omaha
 Nevada Bank & Trust
 Nevada State Bank
 Northern Trust Bank
 Plaza Bank
 Royal Business Bank
 Silver State Credit Union
 Town and Country Bank
 Umpqua Bank
 US Bank
 Valley Bank of Nevada (BNLV)
 Wells Fargo

2017 IOLTA GRANTS: \$2,588,990

IOLTA GRANT RECIPIENTS

Committee to Aid Abused Women (CAAW)	\$35,000
Court Appointed Special Advocates – Carson City	\$16,000
Court Appointed Special Advocates– Lyon County	\$20,000
Court Appointed Special Advocates– Northeastern Nevada	\$15,000
Court Appointed Special Advocates– Pioneer Territory	\$20,398
Legal Aid Center of Southern Nevada	\$1,312,414
Nevada Legal Services	\$356,089
Nevada Rural Counties RSVP Program (RSVP)	\$38,000
S.A.F.E. House	\$20,000
Safe Nest	\$50,000
Southern Nevada Senior Law Program	\$186,646
Volunteer Attorneys for Rural Nevada	\$142,577
Washoe County Legal Services: General	\$270,307
Washoe County Legal Services: Rural	\$88,610

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2016 IOLTA GRANT RECIPIENT ACTIVITIES

The Nevada Bar Foundation distributes IOLTA grants to legal aid organizations that provide statewide delivery of pro bono legal services, ensuring all Nevadans in need of assistance have access to justice. In 2016, despite a reduction in available IOLTA dollars by more than \$150,000, Nevada’s legal aid organizations provided services to 3,000 more households than in 2015.

The numbers of households represented below were served with IOLTA dollars alone (each legal service provider receives funding from multiple sources, and thus, the total number of clients served is greater than represented here). For the purpose of this report, there is one person per household.

COUNTY	2016	2015
CARSON CITY	711	761
CHURCHILL	41	77
CLARK	33,500	31,331
DOUGLAS	70	144
ELKO	283	205
ESMERALDA	15	24
EUREKA	0	10
HUMBOLDT	269	340
LANDER	14	36
LINCOLN	8	7
LYON	166	169
MINERAL	236	331
NYE	100	89
PERSHING	31	50
STOREY	12	20
WASHOE	2,248	1,187
WHITE PINE	14	14
	37,718	34,521

**IOLTA GRANTING
BY YEAR**

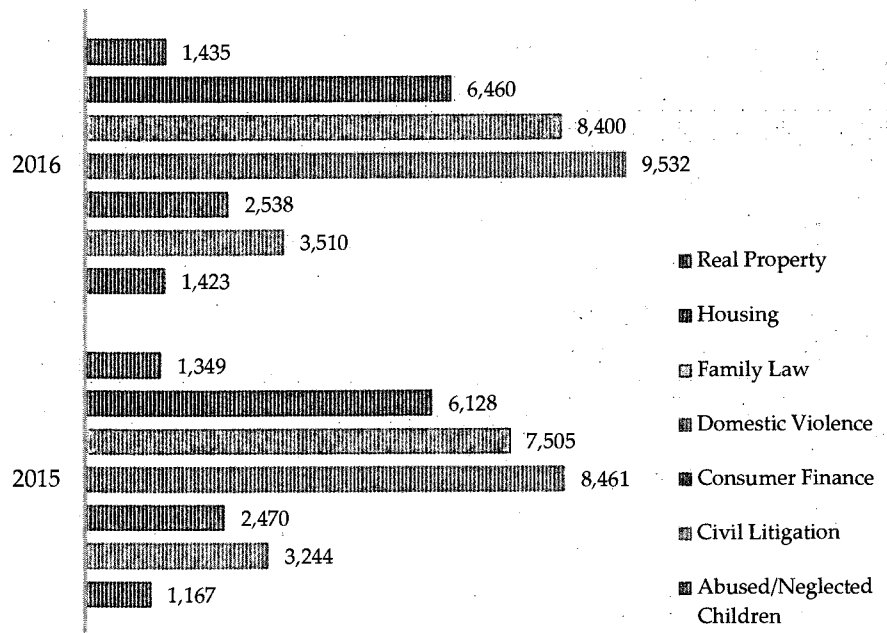
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Grant Year	Total
2017	\$2,588,990
2016	\$2,785,917
2015	\$2,942,055
2014	\$1,830,000
2013	\$1,844,901
2012	\$1,700,000
2011	\$1,601,640
2010	\$1,655,000
2009	\$1,074,500
2008	\$921,300
2007	\$906,300
2006	\$451,400
2005	\$356,500
2004	\$275,000
2003	\$265,000
2002	\$187,000
2001	\$361,000



LEGAL MATTERS

IOLTA funding supports Nevadans in need, whether they reside in urban or rural areas of the state. The support they receive through pro bono legal services can make a significant difference in their lives. Representation can be provided through litigation or other non-traditional means, such as self-help centers. Although the legal matters may vary from person to person, for the second year in a row, pro bono legal assistance has continued to grow in the areas of domestic violence, family law and housing issues.



BANK OF AMERICA GRANTS

This year, the Nevada Bar Foundation awarded \$227,657 in grants for foreclosure prevention legal assistance and community redevelopment legal assistance. Three legal aid providers in Nevada were the recipients of these grants: Legal Aid of Southern Nevada (\$80,774), Nevada Legal Services (\$119,883) and Southern Nevada Senior Law Program (\$27,000). **More than 1,400 Nevadans were served with these funds.**

INDIVIDUALS SERVED	
FORECLOSURE PREVENTION LEGAL ASSISTANCE	1,168
Elderly:	764
Children:	14
Veterans:	85
Number of foreclosures prevented:	210
Number of foreclosure clients benefitted in other ways:	958
COMMUNITY REDEVELOPMENT LEGAL ASSISTANCE	256
Elderly:	247
Children:	0
Veterans:	1
Number of non-profits benefitted:	36
Number of small business clients benefitted:	2

NON-IOLTA OPERATIONS

COLLEAGUES FUND

The Colleagues Fund was previously established by the Nevada Law Foundation as a charitable endowment to assist low income people with their legal problems and assist members of the public in learning more about the law and the state's judicial system. When the Nevada Bar Foundation assumed responsibility for the IOLTA program from the Nevada Law Foundation, it also took over management of the Colleagues Fund.

In 2015, many Colleagues agreed to un-restrict their donations so they could be used for pro bono and law related education. This year, all remaining Colleagues acquiesced in unrestricting the \$278,200 in Colleagues funds. **The Board of Trustees applied these funds to fully fund its mandated IOLTA Reserve and supplement available 2017 IOLTA grant funding.** The Board appreciates the contributions the Colleagues made to the 2017 IOLTA grant recipients and to the IOLTA reserve.

Except for one donation of \$2,500, all Colleagues funding has been exhausted.

NATIONAL HIGH SCHOOL MOCK TRIAL CHAMPIONSHIP (NHSMTC)



In addition to managing the IOLTA program, the Nevada Bar Foundation engages in programs that promote legal education. Last year, the Nevada Bar Foundation and the State Bar of Nevada were selected to host the 2018 National High School Mock Trial Championship in Reno, Nevada (May 10-12, 2018). The Foundation has assumed the laboring oar in a three-year run up to the Championship. To date, the Nevada Bar Foundation has:

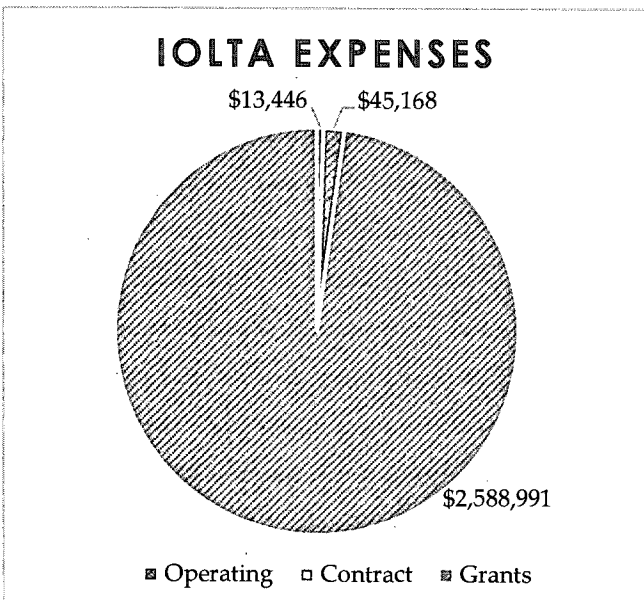
- Engaged in fundraising to support competition logistics, including: the team gatherings and awards ceremony; food and beverage for student participants and volunteer judges; competition travel; contracted staff expenses; and photography/videography. **More than \$140,000 has been raised toward a \$205,000 fundraising goal.**
- Launched the 2018 NHSMTC website, www.nvmocktrial.com, which hosts competition information and includes online forms for volunteer recruitment, team sign ups and donations.
- Began the process of communicating the upcoming competition to potential judges and volunteers.

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FINANCIAL OPERATIONS

The Nevada Bar Foundation is the tax-exempt entity under SCR 216 for administering Nevada's IOLTA program, including the distribution of grants to legal aid organizations that provide services to the poor, victims of domestic violence, and to children protected by or in need of protection of the juvenile court. In addition, the Foundation engages in non-IOLTA activities, such as fundraising to support law related education.

Staffing to support the Foundation is provided under a contract with the State Bar of Nevada and select IOLTA data management and legal services are contracted with third party vendors. **More than 97% of all spending is directly disbursed as IOLTA grants, with less than three percent spent on operating and contract costs.**



Financial Information as of 12.31.16 (Unaudited)

CURRENT ASSETS

	2016
Cash and Cash Equivalents	\$7,273,091
IOLTA	\$2,487,181
Non-IOLTA	\$429,833
IOLTA Reserves	\$800,000
Colleagues Funds	\$1,500
Unrestricted Colleagues Funds	\$93,839
Bank of America Settlement	\$3,366,654
Mock Trial Fund	\$94,084
Accounts Receivable	\$239,042
Prepaid Expenses	\$0
Total Current Assets	<u>\$7,512,133</u>

PROPERTY & EQUIPMENT

Flagpole and Podium	\$11,513
Less: Accumulated Depreciation	(\$6,464)
Net Property & Equipment	<u>\$5,049</u>

TOTAL ASSETS

\$7,517,182

CURRENT LIABILITIES

Accounts Payable	\$2,618,694
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OTHER CURRENT LIABILITIES

Mock Trial Deferred Sponsorships	\$0
Mock Trial Deferred Income	\$0

FUND BALANCE

\$4,898,488

Total Liabilities and Fund Balances	<u>\$7,517,182</u>
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\$7,517,182

NEVADA BAR FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2015

NEVADA BAR FOUNDATION
DECEMBER 31, 2015

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BARNARD VOGLER & CO.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Nevada Bar Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the Nevada Bar Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nevada Bar Foundation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Barnard, Vogler & Co.

Reno, Nevada
November 16, 2016

NEVADA BAR FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

3

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 4,275,100
Accounts receivable	254,187
Due from the Nevada Law Foundation	136,261
Due from the State Bar of Nevada	6,521
Prepaid expenses	3,620
Total current assets	<u>4,675,689</u>

NONCURRENT ASSETS

Capital assets	
Memorial monument and podium	11,513
Less accumulated depreciation	(6,080)
Total capital assets	<u>5,433</u>

Total Assets \$ 4,681,122

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	925
Grants payable	3,041,574
Total current liabilities	<u>3,042,499</u>

NET ASSETS

Unrestricted	1,135,639
Temporarily restricted	224,458
Permanently restricted	278,526

Total net assets 1,638,623

Total Liabilities and Net Assets \$ 4,681,122

See accompanying notes

NEVADA BAR FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT				
IOLTA contributions	\$ 2,421,892	\$ -	\$ -	\$ 2,421,892
Other contributions	25,210	409,567	-	434,777
Investment income (loss)	(29)	-	-	(29)
Other	4,415	-	-	4,415
Net assets released from restriction	417,457	(227,657)	(189,800)	-
Total revenue and other support	<u>2,868,945</u>	<u>181,910</u>	<u>(189,800)</u>	<u>2,861,055</u>
EXPENSES				
Program services	3,099,920	-	-	3,099,920
Management and general	18,437	-	-	18,437
Fundraising	5,370	-	-	5,370
Total expenses	<u>3,123,727</u>	<u>-</u>	<u>-</u>	<u>3,123,727</u>
CHANGE IN NET ASSETS BEFORE IOLTA ACQUISITION				
	<u>(254,782)</u>	<u>181,910</u>	<u>(189,800)</u>	<u>(262,672)</u>
Net assets received in Nevada Law Foundation/IOLTA program acquisition	171,205	-	-	171,205
CHANGE IN NET ASSETS AFTER IOLTA ACQUISITION				
	(83,577)	181,910	(189,800)	(91,467)
NET ASSETS, beginning of year, as previously reported				
	1,232,915	28,849	468,326	1,730,090
RESTATEMENT				
	(13,699)	13,699	-	-
NET ASSETS, beginning of year, as restated				
	<u>1,219,216</u>	<u>42,548</u>	<u>468,326</u>	<u>1,730,090</u>
NET ASSETS, end of year				
	<u>\$ 1,135,639</u>	<u>\$ 224,458</u>	<u>\$ 278,526</u>	<u>\$ 1,638,623</u>

See accompanying notes

NEVADA BAR FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contributions and grants	\$ 1,273,830
Cash received from interest on lawyers trust accounts	2,392,548
Cash payments to suppliers for goods and services	(85,306)
Cash payments to grantees	<u>(2,942,055)</u>
Net cash provided by operating activities	639,017
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash received from acquisition of IOLTA program	571
Cash received from sales and maturities of investments	5,068,181
Cash payments to purchase investments	<u>(2,568,189)</u>
Net cash provided by investing activities	<u>2,500,563</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,139,580
CASH AND CASH EQUIVALENTS, beginning of the year	<u>1,135,520</u>
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 4,275,100</u>
Reconciliation of change in net assets to net cash provided by operating activities	
Change in net assets before IOLTA acquisition	\$ (262,672)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	384
Changes in certain assets and liabilities	
(Increase) decrease in:	
Accounts receivable	(33,730)
Due from Nevada Law Foundation	845,039
Due from State Bar of Nevada	(5,986)
Prepaid expenses	(3,620)
Increase (decrease) in:	
Accounts payable	83
Grants payable	<u>99,519</u>
Net cash provided by operating activities	<u>\$ 639,017</u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

NEVADA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Nevada Bar Foundation (the Foundation) is a not-for-profit organization incorporated in the State of Nevada in 1997. The Foundation was formed to promote/provide law related education to members of the public, develop/improve legal education, engage in research in the field of law and legal practice, assist qualified individuals in the study of law, and to fund the charitable and tax exempt activities of the State Bar of Nevada. In 2002, the Foundation assumed the operations of the law-related education program previously operated by the Nevada Center for Law Related Education.

In 2014, the Foundation assumed the operations of the Interest on Lawyers Trust Accounts (IOLTA) program previously operated by the Justice League of Nevada. Its purpose remains to provide legally related services to the poor, to victims of domestic violence and to children protected by or in need of protection of the juvenile court; promoting law related education programs for members of the public; and providing similar programs which qualify for tax-exempt status. To carry out this purpose, the Foundation utilizes the income accrued from interest earned on lawyers' trust accounts (IOLTA) as authorized by Supreme Court rule 216 through 221.

Basis of Accounting

The accompanying financial statements include a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows, all of which present information on the Foundation's activities. The financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-210-45. Under FASB ASC 958-210-45, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

- *Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization or stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.
- *Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- *Unrestricted Net Assets* – Net assets not subject to donor-imposed stipulations.

Cash and Cash Equivalents

The Foundation's cash and cash equivalents are considered to be cash on hand, demand deposits and financial instruments purchased with an original maturity date within 90 days.

NEVADA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivables

Receivables are comprised of contributions collected by the State Bar on the Foundation's behalf that are due to the Foundation, interest earned on attorney's trust accounts remitted after year end, and remaining monies from the acquisition of the IOLTA program. No allowance for uncollectible receivables has been recorded as management does not expect any collection losses.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Capital Assets

Capital assets, comprised of a memorial monument (flag pole) and podium, are reported in the financial statements. All purchased capital assets are valued at cost where historical records are available and, where no historical records exist, at estimated historical cost. Donated capital assets are valued at their estimated fair value on the date received. The Foundation used a capitalization threshold of \$1,500 for the current year.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Capital assets are depreciated using the straight-line method over their useful life of 30 years.

Grants and Contributions

Revenue from grants are recognized and included in contributions when unconditionally promised. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as assets released from restrictions.

Investments

Investments during the year consisted primarily of funds invested in U.S. Treasury Bills. The Foundation accounts for investments in accordance with FASB ASC 958-320. This standard requires that investments in debt securities be measured at fair value in the statement of financial position. Fair value of debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NEVADA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is currently operating as a non profit organization qualified under Section 501(c)(3) exempt private foundation of the Internal Revenue Code. However, the Foundation has applied for and received approval to terminate its private foundation status under section 507(b)(1)(B) and be treated as a public charity. The 60 month qualification period to become a public charity has been approved by the IRS beginning January 1, 2015.

In accordance with the accounting standards, the Foundation evaluates its income tax positions each fiscal year to determine whether the Foundation's tax position is more likely than not to be sustained if examined by the applicable tax authority. This review had no material impact on the Foundation's financial statements. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of three to six years.

Subsequent Events

Subsequent events have been evaluated through November 16, 2016, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 2 - CASH CONCENTRATION

The Foundation maintains bank accounts in three financial institutions. The cash held in two of the financial institutions is insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. In addition, another account is held in one financial institution that is insured by the Securities Investors Protection Corporation (SIPC), which provides protection to the account holder of up to \$500,000 as well as additional coverage through Lloyds of London which includes cash up to \$1,900,000. As of December 31, 2015, \$1,611,036 of cash and money market deposits held by the Foundation were uninsured. Although, at times the Foundation's cash balance may be in excess of FDIC and SIPC insurance limits, all cash balances were in compliance with Supreme Court Rules, and the Foundation has not experienced any losses on those balances.

NOTE 3 - INVESTMENTS

The Foundation has a formal investment policy that is designed to insure conformity with the Nevada Revised Statutes (NRS) and to limit exposure to investment risks. Allowable Foundation investments include U.S. Treasury bills or notes not to exceed a ten year maturity from the date of purchase, obligations of U.S. agencies where underwritten by or payment is guaranteed by the United States, and certificates of deposit. The Foundation had no investment balance at December 31, 2015.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Foundation manages its exposure to interest rate risk is by investing monies in U.S. Treasury Bills with near term maturity dates. Generally, the Foundation holds any investments in U.S. Treasury Bills through maturity, redeeming the full par value of the investment.

NEVADA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 3 - INVESTMENTS (Continued)

The following schedule summarizes the investment return in the statement of activities for the year ended December 31, 2015:

Interest and dividends	\$ 370
Investment expenses	(100)
Realized losses	(299)
Total investment income	<u>\$ (29)</u>

NOTE 4 - RELATED PARTY TRANSACTIONS

The State Bar of Nevada (State Bar) is considered a related party as the State Bar Board of Governors appoints 5 of the Foundation's 11 board members and the State Bar provides the overhead necessary to carry out the Foundation's exempt purpose. During the year ended December 31, 2015, the Foundation paid \$42,000 to the State Bar for providing overhead services to the Foundation, and the State Bar collected voluntary donations on behalf of the Foundation of \$5,936. As of December 31, 2015, \$6,521 is due to the Foundation from the State Bar.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Change in temporarily restricted net assets consist of the following for the year ended December 2015:

	Balance December 31, 2014 (as restated)	Additions	Releases	Balance December 31, 2015
Access to Justice Commission	\$ 28,849	\$ 200	\$ -	\$ 29,049
One Promise	13,699	4,320	-	18,019
2018 Mock Trial	-	50,000	-	50,000
B of A Foreclosure Settlement	-	355,047	(227,657)	127,390
	<u>\$ 42,548</u>	<u>\$ 409,567</u>	<u>\$ (227,657)</u>	<u>\$ 224,458</u>

NOTE 6 - ENDOWMENT FUNDS

The Colleagues Fund was established to give grants to legal aid organizations, law related education and for the Boyd School of Law scholarships. The Colleagues Fund and earnings are permanently restricted up to \$2,000,000. When the fund reaches this amount, the interest and earnings can be used for the operations of the Foundation. There was no interest earned during 2015. During the year ended December 31, 2015, certain individual donors specifically and affirmatively released their donations from restrictions. The amount of funds related to this release of restriction was \$189,800.

The endowment includes donor-restricted endowment funds and earnings. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NEVADA BAR FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 6 - ENDOWMENT FUNDS (Continued)

Absent explicit donor stipulations to the contrary, the Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of various funds, (2) the purposes of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Endowment net asset composition by type as of December 31, 2015 is as follows:

Permanently Restricted

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowments	\$ -	\$ -	\$ 278,526	\$ 278,526

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with Generally Accepted Accounting Principles (GAAP), deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies at December 31, 2015.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor specified period. Under this policy, endowment assets are invested in a manner that is intended to produce results that exceed market while assuming a prudent level of investment risk at or below the volatility level or appropriate market and peer benchmarks identified.

NEVADA BAR FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 7 - DESIGNATED FUNDS

As the Supreme Court's appointed IOLTA foundation and pursuant to Nevada SCR 216(a), the Nevada Bar Foundation is required to maintain adequate reserves as approved by the Nevada Supreme Court. The court has determined that the Foundation should maintain reserves of \$600,000 plus two percent of the annual IOLTA revenues, accumulating to a maximum total of \$800,000. As of December 31, 2015 this designated amount is \$664,146 and is included in unrestricted net assets.

Additionally, the Board has designated a portion of its unrestricted net assets to provide for five years of funding for Nevada Bar Foundation non-IOLTA operations; \$50,000 for use in the preparation and execution of the 2018 National High School Mock Trial Championship; and the remaining for future use. As of December 31, 2015, \$173,993 has been designated for these purposes.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance December 31, 2014	Increases	Decreases	Balance December 31, 2015
Capital assets being depreciated:				
Memorial monument (flag pole) and podium	\$ 11,513	\$ -	\$ -	\$ 11,513
Less accumulated depreciation for:				
Memorial monument (flag pole) and podium	<u>(5,696)</u>	<u>(384)</u>	<u>-</u>	<u>(6,080)</u>
	<u>\$ 5,817</u>	<u>\$ (384)</u>	<u>\$ -</u>	<u>\$ 5,433</u>

NOTE 9 - ACQUISITION OF THE INTEREST ON LAWYER'S TRUST ACCOUNT (IOLTA) PROGRAM

On September 1, 2014 the Foundation took over operations of the IOLTA program from the Nevada Law Foundation dba Justice League of Nevada, a not-for-profit organization. This program was acquired due to a Nevada Supreme Court order in its efforts to reduce overhead costs. In accordance with FASB ASC 958-805-05-5, this has been considered an acquisition. Additional cash received during 2015 or attributable to 2015, of \$171,205, has been recognized at the fair market value on the date of remittance and zero liabilities have been assumed.

NOTE 10 - DONATED SERVICES AND FACILITIES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided administrative and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

NEVADA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 11 - GRANTS PAYABLE

Grants payable are reported at net realizable value if, at the time the promise is made, the Organization expects to make payment in one year or less. The Foundation authorized grants for legal assistance to various nonprofits of \$3,041,574 that have been recorded as grants payable as of December 31, 2015. All grants were disbursed in early 2016.

NOTE 12 - CONCENTRATIONS

During the year ended December 31, 2015 the Foundation had revenue concentrations of 80% from IOLTA contributions received and 12% from a donation by Bank of America for foreclosure prevention legal assistance and community redevelopment legal assistance.

NOTE 13 - RESTATEMENT

Temporarily restricted and unrestricted net assets have been restated in the amount of \$13,699 after the Foundation's detailed review of prior year donations attributable to One Promise which were deemed to be temporarily restricted.

NOTE 14 - SUBSEQUENT EVENTS

On April 7, 2016 the Foundation received \$3,235,854 from the 2014 Bank of America Mortgage Settlement. These funds are restricted for the sole purpose of providing funds to legal aid organizations in the State of Nevada to be used for foreclosure prevention legal assistance and community redevelopment assistance.