



February 28, 2019

Chief Justice Mark Gibbons  
Nevada Supreme Court  
201 South Carson Street  
Carson City, NV 89701-4702

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

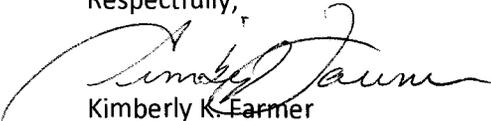
Dear Chief Justice Gibbons:

On behalf of the Nevada Bar Foundation, I am submitting an Annual Report highlighting the work of the Foundation, including its administration of Nevada's IOLTA program and support of law related education in this State. Enclosed you will also find the Foundation's audited financial statements for 2017. These documents are submitted pursuant to SCR 216(5) and 220.5.

The Nevada Bar Foundation continues to operate with an annual budget of less than three percent, leaving 97% of all IOLTA dollars available for granting. For the 2019 grant year, the Foundation awarded more than \$3.4 million in IOLTA grants and has ensured consistent funding to Nevada's legal service providers since assuming the program in 2014.

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

Respectfully,

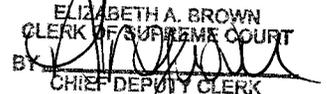
  
Kimberly K. Farmer  
Executive Director

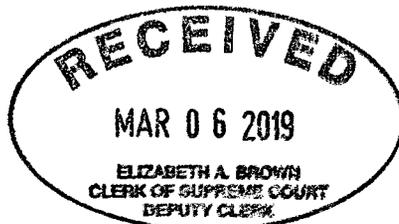
Enclosures

cc: Elizabeth Brown  
Connie Akridge, Nevada Bar Foundation President

**FILED**

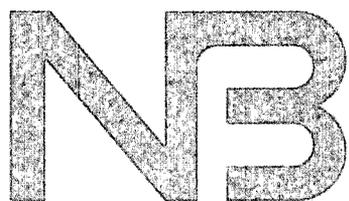
**MAR 06 2019**

ELIZABETH A. BROWN  
CLERK OF SUPREME COURT  
BY   
CHIEF DEPUTY CLERK



19-10045

# 2018 ANNUAL REPORT



NEVADA BAR  
**FOUNDATION**

3100 W. Charleston Blvd., Ste. 100, Las Vegas, NV | [www.nevadabarfoundation.org](http://www.nevadabarfoundation.org)

# EXECUTIVE SUMMARY

Serving as the 501(c)(3) charitable arm of the State Bar of Nevada, the Nevada Bar Foundation (NBF) supports access to justice and legal education programs. The Foundation also serves as the Nevada Supreme Court appointed foundation responsible for management of Nevada's Interest on Lawyer Trust Account (IOLTA) program.

## 2018 Highlights:

- **\$3.4 million in IOLTA grants** awarded to statewide legal service organizations – the **highest amount ever granted** by a foundation responsible for administering Nevada's IOLTA program.
- Three participating banks: **Bank of Nevada, First Independent Bank of Nevada** and **Meadows Bank** voluntarily offered IOLTA interest rates of 1.2% which will result in an estimated \$500,000 increase in interest paid to the Foundation annually.
- Funding from **Bank of America grants** have served **more than 5,000 individuals, small businesses and non-profit organizations** to date.
- The NBF partnered with the State Bar of Nevada to host the **National High School Mock Trial Championship** in Reno, NV. More than **250 members from Nevada's bench and bar** served as competition judges and another 125 community volunteers worked behind the scenes.

## BOARD OF TRUSTEES

CONNIE AKRIDGE  
President

MARGARET WIGHTMAN LAMBROSE  
Treasurer

CYNTHIA ALEXANDER, Trustee

ANN BERSI, Trustee

MARK BRANDENBURG, Trustee

SARAH GUINDY, Trustee

KELLEY JONES, Trustee

MARK KNOBEL, Trustee

RENDAL MILLER, Trustee

ANN MORGAN, Trustee

LORI TEICHER, Trustee

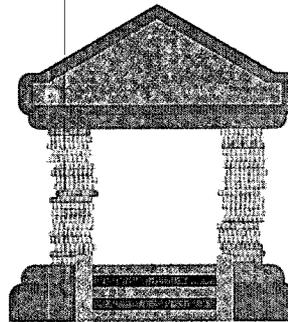
KIMBERLY K. FARMER  
Executive Director

LISA DREITZER  
Deputy Executive Director

Nevada has benefitted from the longstanding commitment from its partner financial institutions. These banks have committed to paying a guaranteed interest rate on IOLTA of 0.70 percent – a rate that has remained consistent throughout the great recession. This year, three participating banks: Bank of Nevada, First Independent Bank of Nevada and Meadows Bank announced their renewed commitment to pro bono legal services by voluntarily offering IOLTA interest rates of 1.2 percent – which will result in an estimated \$500,000 increase in interest paid to the Foundation annually.

### BANKING PARTNERS

- 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 Bank
- 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 and Trust
- Northern State Bank
- Northern Trust Bank
- Plaza Bank
- Plumas Bank
- Royal Business Bank
- Silver State Schools Credit Union
- Town and Country Bank
- Umpqua Bank
- US Bank
- Valley Bank of Nevada (BNLV)
- Wells Fargo



### IOLTA Grant Awards \$3.4 Million

CASA – Lyon County	\$15,000
CASA – Pioneer Territory	\$16,968
CASA – Northeastern Nevada	\$11,022
Domestic Violence Resource Center	\$17,386
Legal Aid Center of Southern Nevada	\$1,831,920
Nevada Legal Services	\$469,200
Nevada Rural Counties RSVP Program	\$25,000
Safe Nest	\$30,624
Southern Nevada Senior Law Program	\$261,460
UNLV Boyd School of Law	\$20,000
Volunteer Attorneys for Rural Nevada	\$200,260
Washoe County Legal Services	\$501,160

Nominal dollars held by attorneys for short periods of time are held by Nevada attorneys in IOLTA trust accounts. Those small sums add up quickly – **more than \$520 million was held in Nevada trust accounts at the end of 2018**. The interest earned on IOLTA goes to work for Nevadans in need of pro bono civil legal services.

County	Households Served
Carson City	733
Churchill	53
Clark	22,542
Douglas	100
Elko	184
Esmeralda	2
Eureka	7
Humboldt	265
Lander	62
Lincoln	8
Lyon	156
Mineral	203
Nye	17
Pershing	15
Storey	27
Washoe	1,424
White Pine	5
	<b>25,803</b>

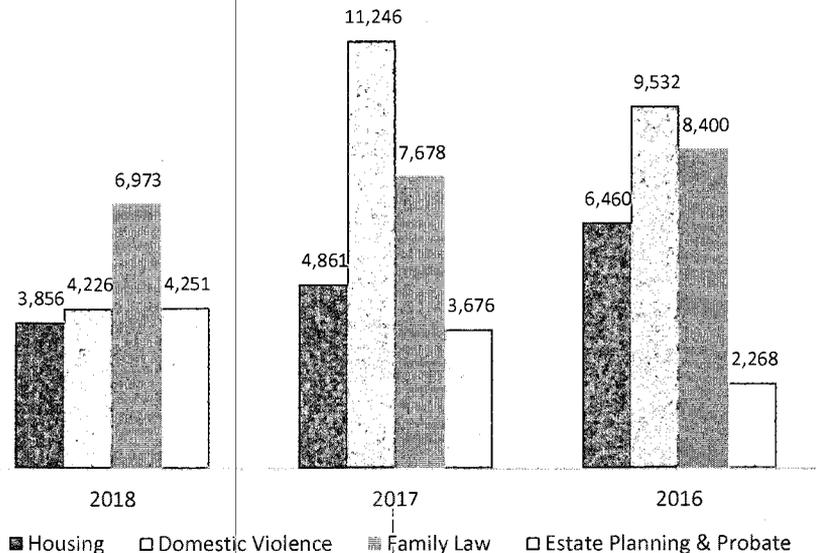
## SERVICE DELIVERY

Pro bono service organizations make a variety of options available for clients to receive the help they need. For example:

- More than 2,800 clients participated in classes and clinics.
- Ask a Lawyer and Lawyer in the Lobby events served 2,674 clients.
- More than 16,000 clients found support at self-help centers.

## LEGAL MATTERS

Civil legal needs can vary greatly. However, trends have developed over the past three years, including a decrease in housing and family law matters and increase in estate planning and probate issues affecting our older citizens.

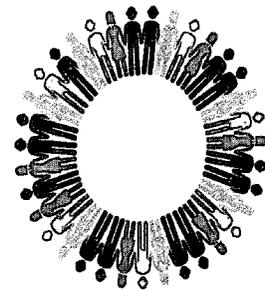


YEAR	AMOUNT AWARDED
2019	\$3,400,000
2018	\$2,665,500
2017	\$2,588,990
2016	\$2,785,917
2015	\$2,942,055
2014	\$1,830,000
2013	\$1,844,901
2012	\$1,700,000
2011	\$1,601,640
2010	\$1,655,500
2009	\$1,074,500
2008	\$921,300

Since assuming IOLTA program, the Nevada Bar Foundation has granted \$14,382,462 to statewide pro bono organizations. By comparison, the previous five-year total was \$8,631,542.

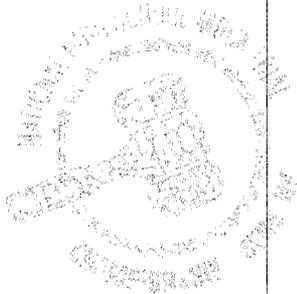
## Bank of America Grants

In 2017, the Nevada Bar Foundation awarded more than \$2.2 million to legal aid organizations that provide community redevelopment legal services and foreclosure prevention legal services under the terms set forth in a Bank of America settlement with the U.S. Department of Justice. Grants were awarded for one- and two-year terms. Grant dollars funded Nevada's first medical legal partnership, as well as the first civil legal needs assessment to have been conducted in Nevada since 2008. The civil legal needs report can be found [online](http://www.nvbar.org) at [www.nvbar.org](http://www.nvbar.org).



To date, more than 5,000 individuals, small businesses and non-profit organizations have been served with these grant dollars.

INDIVIDUALS SERVED January 2017 – December 2018	
<b>FORECLOSURE PREVENTION LEGAL ASSISTANCE (Total Served)</b>	<b>408</b>
Elderly:	204
Children:	0
Veterans:	0
Number of Foreclosures Prevented:	39
Number of Foreclosure Clients Benefitted in Other Ways:	165
<b>COMMUNITY REDEVELOPMENT LEGAL ASSISTANCE (Total Served)</b>	<b>4,736</b>
Elderly:	576
Children:	222
Veterans:	19
Number of Non-Profits Benefitted:	169
Number of Small Business Clients Benefitted:	1,262



This year marked the culmination of a three-year endeavor to bring the National High School Mock Trial Championship (NHSMTC) to Reno, Nevada for the first time in Nevada's 20 years of high school mock trial participation. This project was jointly administered by the State Bar of Nevada and the Foundation.

The event attracted teams consisting of more than 660 students and coaches and 500+ observers from across the nation, as well as from Guam, the Northern Mariana Islands and South Korea.

**More than 250 members from Nevada's bench and bar were on hand to serve as competition judges and another 125 community volunteers worked behind the scenes on competition logistics.**

The competition also brought in tremendous financial support through sponsorships. This support, combined with judicious spending, resulted in a net positive balance of \$69,477. The Foundation has dedicated these funds to the ongoing support of the state bar's high school mock trial program and for student travel to the statewide competitions.

**Financial Information as of 12.31.18  
(Unaudited)**

<b>CURRENT ASSETS</b>	<b>\$5,985,115</b>
Cash & Cash Equivalents	
IOLTA	\$3,715,562
Non-IOLTA	\$321,665
IOLTA Reserves	\$800,000
Colleagues Funds	\$2,500
Bank of America Settlement	\$1,145,338
Accounts Receivable	\$376,470
Prepaid Expenses	(\$0)
Total Current Assets	<u>\$6,361,585</u>
<b>PROPERTY &amp; EQUIPMENT</b>	
Flagpole & Podium	\$11,513
(Accumulated Depreciation)	(\$7,232)
Net Property & Equip.	<u>\$4,281</u>
<b>TOTAL ASSETS:</b>	<u><b>6,365,866</b></u>
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$3,438,653
<b>FUND BALANCE</b>	<b>\$2,927,213</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u><b>\$6,365,866</b></u>

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The NBF operates under an agreement with the State Bar of Nevada for program administration and IOLTA data management.

This relationship has enabled the Foundation to **consistently grant more than 97 percent of all IOLTA dollars** to legal aid organizations that provide services to the poor, to victims of domestic violence and to the children protected by or in need of protection of the juvenile court.

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**NEVADA BAR FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**NEVADA BAR FOUNDATION  
DECEMBER 31, 2017  
TABLE OF CONTENTS**

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	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>FINANCIAL STATEMENTS:</b>	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Basic Financial Statements	6-12

DANIEL C. McARTHUR, LTD.

*Certified Public Accountant*

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • FAX (702) 385-9619

## **INDEPENDENT AUDITOR'S REPORT**

Honorable 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, 2017, 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.

### ***Auditor's 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.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Nevada Bar Foundation, as of December 31, 2017, and the changes in its net assets and its cash flows for the year for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Dale M. [unclear]".

Las Vegas, Nevada  
October 30, 2018

**NEVADA BAR FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**

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**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$	6,297,127
Accounts receivable		268,676
Due from the State Bar of Nevada		5,202
Total current assets		<u>6,571,005</u>

**NONCURRENT ASSETS**

Capital assets:

Memorial monument and podium	11,513
Less accumulated depreciation	<u>(6,848)</u>
Total capital assets	<u>4,665</u>

Total Assets	\$	<u>6,575,670</u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$	13,000
Grants payable		2,666,709
Due to the State Bar of Nevada		29,590
Total current liabilities		<u>2,709,299</u>

**NET ASSETS**

Unrestricted	1,589,088
Temporarily restricted	2,274,783
Permanently restricted	<u>2,500</u>
Total net assets	<u>3,866,371</u>

Total Liabilities and Net Assets	\$	<u>6,575,670</u>
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See accompanying notes

**NEVADA BAR FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>				
Interest on Lawyers' Trust Accounts (IOLTA) contributions	\$ 2,858,334	\$ -	\$ -	\$ 2,858,334
Other contributions	6,983	49,700	-	56,683
Investment income (loss)	25,996	-	-	25,996
Net assets released from restriction	1,234,293	(1,234,293)	-	-
Total revenue and other support	<u>4,125,606</u>	<u>(1,184,593)</u>	<u>-</u>	<u>2,941,013</u>
<b>EXPENSES</b>				
Program services				
Awards - IOLTA	2,656,500			2,656,500
Awards - B o f A Foreclosure	1,135,970			1,135,970
Access to justice	55,890			55,890
Mock trial expenses	42,433			42,433
Program expenses	60,416			60,416
Management and general				
Contract services	15,370			15,370
Fundraising expenses	6,650			6,650
Insurance	3,342			3,342
General expenses	2,010	-	-	2,010
Total expenses	<u>3,978,581</u>	<u>-</u>	<u>-</u>	<u>3,978,581</u>
<b>CHANGE IN NET ASSETS</b>	147,025	(1,184,593)	-	(1,037,568)
<b>NET ASSETS, beginning of year</b>	<u>1,442,063</u>	<u>3,459,376</u>	<u>2,500</u>	<u>4,903,939</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,589,088</u>	<u>\$ 2,274,783</u>	<u>\$ 2,500</u>	<u>\$ 3,866,371</u>

See accompanying notes

**NEVADA BAR FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from contributions and grants	\$	62,294
Cash received from interest on lawyers' trust accounts		2,858,334
Cash payments to suppliers for goods and services		(74,907)
Cash payments to grantees		(3,822,075)
Net cash provided by operating activities		(976,354)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash received from the maturity of investments		5,134,241
		5,134,241

<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		4,157,887
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<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>		2,139,240
		2,139,240

<b>CASH AND CASH EQUIVALENTS, end of the year</b>	\$	6,297,127
		6,297,127

**Reconciliation of change in net assets to net cash provided by operating activities**

Change in net assets	\$	(1,037,568)
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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		(22,679)
Due from State Bar of Nevada		2,294
Increase (decrease) in:		
Accounts payable		8,002
Grants payable		68,718
Due to State Bar of Nevada		4,495
Net cash provided by operating activities	\$	(976,354)

See accompanying notes

**NEVADA BAR FOUNDATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

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 is to provide legal related services to the poor, victims of domestic violence, and 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 IOLTA as authorized by Supreme Court rules 216 through 221.

The Foundation received funds 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 and to be used for foreclosure prevention legal assistance and community redevelopment assistance.

**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**

For financial reporting purposes, the Foundation considers cash on hand, demand deposits and financial instruments purchased with an original maturity date within 90 days to be cash and cash equivalents.

**NEVADA BAR FOUNDATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2017**

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**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable**

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

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. 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 restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets.

**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's capitalization threshold is to capitalize all expenses for property, furniture, and office equipment of \$1,500 or more.

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 due to a stipulated time restriction or purpose restriction accomplishment, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as assets released from restrictions.

**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 THE BASIC FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2017**

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**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 October 30, 2018, 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 these financial institutions is insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 per institution. As of December 31, 2017, the amount deposited with the financial institutions was \$462,351. The carrying amount of deposits on the books of the Foundation was \$461,428. The Foundation's uninsured cash balances in these accounts totaled \$0. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

The Foundation has deposits in money market funds totaling \$5,835,699. The money market funds invest in U.S. government and agency securities and repurchase agreements. The U.S. Government guarantees the underlying securities of the fund's portfolio and not the fund's shares. The money market funds were insured by Securities Investors Protection Corporation (SIPC), which provides protection to the account holder of \$500,000. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

**NOTE 3      INVESTMENTS**

The Foundation has a formal investment policy that is designed 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.

**NEVADA BAR FOUNDATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2017**

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**NOTE 3 INVESTMENTS (Continued)**

The following schedule summarizes the investment return in the statement of activities for the year ended December 31, 2017:

Interest and dividends	\$ 34,425
Investment expenses	(1,018)
Realized gain (loss)	<u>(7,411)</u>
Total investment income	<u>\$ 25,996</u>

Investments of the Foundation matured during the year. The proceeds were deposited into the money market fund.

**NOTE 4 FAIR VALUE MEASUREMENT**

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Foundation has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis (ASC 820-10).

*Fair Value Measurement* defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e., an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.) based on available information.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Foundation had no investments as of December 31, 2017, subject to fair value measurement.

**NEVADA BAR FOUNDATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2017**

**NOTE 5 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 support services necessary to carry out the Foundation's exempt purpose. During the year ended December 31, 2017, the Foundation paid or accrued \$46,590 to the State Bar for providing support services to the Foundation, and the State Bar collected voluntary donations on behalf of the Foundation of \$11,175. As of December 31, 2017, \$5,202 is due to the Foundation from the State Bar for collections owed and \$29,590 is owed to the State Bar for overhead services paid by the State Bar.

**NOTE 6 TEMPORARILY RESTRICTED NET ASSETS**

Changes in temporarily restricted net assets consist of the following for the year ended December 31 2017:

	Balance December 31, 2016	Additions	Restrictions Satisfied/ Released	Balance December 31, 2017
Access to Justice	\$ 179,899	\$ -	\$ (55,890)	\$ 124,009
One Promise	35,739	13,843	-	49,582
2018 Mock Trial	36,084	35,857	(42,433)	29,508
B of A Foreclosure	3,207,654	-	(1,135,970)	2,071,684
	<u>\$ 3,459,376</u>	<u>\$ 49,700</u>	<u>\$ (1,234,293)</u>	<u>\$ 2,274,783</u>

**NOTE 7 FUNDRAISING EXPENSE**

Fundraising expenses related to the annual fundraising events totaled \$6,650, or 11.9%, of the total annual fundraising contribution revenue.

**NOTE 8 ENDOWMENT FUND**

The Colleagues Fund was established to provide grants to legal aid organizations, law related education, and 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 2017. In 2016, letters were sent to the Colleagues notifying them that their donations would be reclassified as unrestricted unless otherwise directed. One Colleague requested the \$2,500 donation continue to be restricted.

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 THE BASIC FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2017**

**NOTE 8      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 Foundation 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 Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation 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, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Donor restricted endowments</b>				
Net assets, January 1, 2017	\$ -	\$ -	\$ 2,500	\$ 2,500
Income	-	-	-	-
Expenditures	-	-	-	-
Net assets, December 31, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>

**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, 2017.

**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 THE BASIC FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2017**

**NOTE 9 DESIGNATED FUNDS**

As the Nevada Supreme Court's appointed Interest on Lawyers' Trust Accounts (IOLTA) Foundation, and pursuant to Nevada Supreme Court Rule 216(a), the 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. During 2017, the Board approved the full funding of this reserve. As such, the designated amount is \$800,000 and is included in unrestricted net assets.

Additionally, during 2015 the Board designated a portion of its unrestricted net assets to provide for five years of funding for Foundation non-IOLTA operations, which consisted of \$50,000 for use in the preparation and execution of the 2018 National High School Mock Trial Championship. As of December 31, 2017, \$50,000 has been designated for these purposes.

**NOTE 10 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance December 31, 2016	Increases	Decreases	Balance December 31, 2017
<b>Capital assets being depreciated:</b>				
Memorial monument (flag pole) and podium	\$ 11,513	\$ -	\$ -	\$ 11,513
<b>Less accumulated depreciation for:</b>				
Memorial monument (flag pole) and podium	(6,464)	(384)	-	(6,848)
	\$ 5,049	\$ (384)	\$ -	\$ 4,665

**NOTE 11 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.

**NOTE 12 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 \$2,592,231 that have been recorded as grants payable as of December 31, 2017. All grants were disbursed in early 2018.

**NOTE 13 CONCENTRATIONS**

During the year ended December 31, 2017, the Foundation had revenue concentrations of 97% from Interest on Lawyers' Trust Accounts (IOLTA) contributions received.