




March 13, 2018

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

**FILED**

**MAR 16 2018**

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

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

Dear Chief Justice Douglas:


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 2016. 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 2018 grant year, the Foundation awarded more than \$2.6 million in IOLTA grants and has ensured consistent funding to Nevada's legal service providers since assuming the program in 2014.

As we reported previously, 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 met its fundraising goal, recruited needed judges and is prepared to host the 48 teams traveling from across the United States, as well as international teams from Guam, Northern Mariana Islands and South Korea.

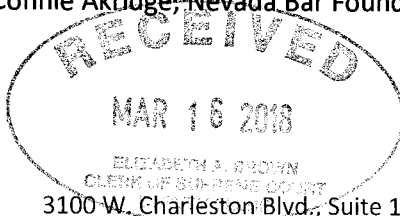
It has been our pleasure working with this Court to administer the IOLTA program and promote access to justice to those in need. If I can offer additional information, please do not hesitate to contact me.

Respectfully,

  
Kimberly K. Farmer  
Executive Director

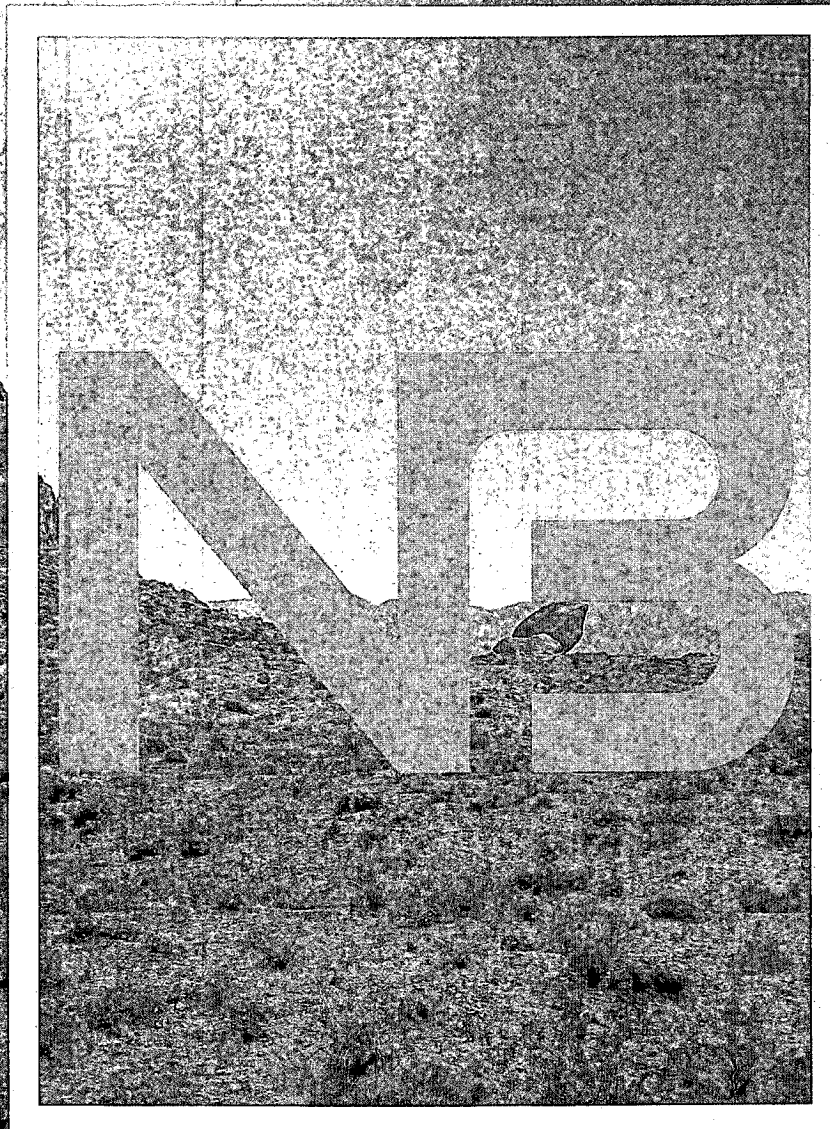
Enclosures

cc: Elizabeth Brown  
Connie Akridge, Nevada Bar Foundation President



# 2017 ANNUAL REPORT

NEVADA BAR FOUNDATION



3100 W. CHARLESTON BLVD. STE. 100  
LAS VEGAS, NV 89102  
[WWW.NEVADABARFOUNDATION.ORG](http://WWW.NEVADABARFOUNDATION.ORG)

## EXECUTIVE SUMMARY

The Nevada Bar Foundation (NBF) is the charitable arm of the State Bar of Nevada, supporting charitable giving related to access to justice and legal education programs. Since 2014, the NBF has also managed the statewide Interest on Lawyer Trust Accounts (IOLTA) program.

With IOLTA funds, the NBF makes annual grants to organizations that promote access to justice through direct legal services to the poor, to victims of domestic violence and children protected by or in need of protection of the juvenile court. **This year, the NBF awarded more than \$2.6 million in IOLTA grants – and has awarded nearly \$11 million since assuming management of the IOLTA program in late 2014.** These funds serve more than 34,000 low income Nevadans in need of legal services annually.

Funding for legal aid was increased this year, as **the NBF awarded more than \$2.2 million to pro bono organizations for community redevelopment legal services** under the terms set forth in the Bank of America settlement agreement. This funding included \$300,000 to create Nevada's first-ever Medical-Legal Partnership (MLP).

The NBF has also honored its commitment to supporting law related education programs. **This year, the Foundation set and met its fundraising goals to host the 2018 National High School Mock Trial Championship.** Together, with the State Bar of Nevada and a Steering Committee comprised current and past board members and other volunteers, Nevada is prepared to host the 1,000+ students and family members traveling to Reno in May 2018.

Finally, through a generous donation made possible through the Charles W. Deaner living trust, the Nevada Bar Foundation will ensure continuing support of the State Bar of Nevada's high school mock trial program. Annual dollars received through this trust will fund the program in full for the foreseeable future.

## BOARD OF TRUSTEES

CONSTANCE AKRIDGE

President

MARGARET WHITMAN LAMBROSE

Treasurer

CYNTHIA ALEXANDER, Trustee

ANN BERSI, Trustee

MARK BRANDENBURG, Trustee

SARAH GUINDY, Trustee

KELLEY JONES, Trustee

MARK KNOBEL, Trustee

RENDALL MILLER, Trustee

ANN MORGAN, Trustee

LORI TEICHER, Trustee

KIMBERLY K. FARMER

Executive Director

LISA DREITZER

Deputy Executive Director

**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 & 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 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 \$2.6 million dollars to fund the 2018 operations of Nevada's legal service providers.

To ensure distribution of IOLTA funds based upon population needs across the state, 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.

### 2018 IOLTA GRANTS: \$2,665,500

#### IOLTA GRANT RECIPIENTS

Court Appointed Special Advocates – Carson City	\$8,085
Court Appointed Special Advocates – Lyon County	\$10,106
Court Appointed Special Advocates – Northeastern Nevada	\$7,579
Domestic Violence Resource Center	\$20,212
Legal Aid Center of Southern Nevada	\$1,436,171
Nevada Legal Services	\$367,839
Nevada Rural Counties RSVP Program	\$25,265
S.A.F.E. House	\$10,106
Safe Nest	\$25,265
Southern Nevada Senior Law Program	\$204,977
Volunteer Attorneys for Rural Nevada	\$156,998
Washoe County Legal Services	\$392,895

## 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 that all Nevadans in need of assistance have access to justice. In the past three years, despite fluctuations in available IOLTA funding, Nevada's legal aid organizations provided consistent levels of services to those in need.

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	2017	2016	2015
CARSON CITY	940	711	761
CHURCHILL	53	41	77
CLARK	28,400	33,500	31,331
DOUGLAS	88	70	144
ELKO	248	283	205
ESMERALDA	4	15	24
EUREKA	8	0	10
HUMBOLDT	263	269	340
LANDER	18	14	36
LINCOLN	9	8	7
LYON	190	166	169
MINERAL	228	236	331
NYE	72	100	89
PERSHING	15	31	50
STOREY	22	12	20
WASHOE	3,605	2,248	1,187
WHITE PINE	6	14	14
	<b>34,169</b>	<b>37,718</b>	<b>34,521</b>

## ANNUAL IOLTA GRANTING

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	\$1,655,000
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

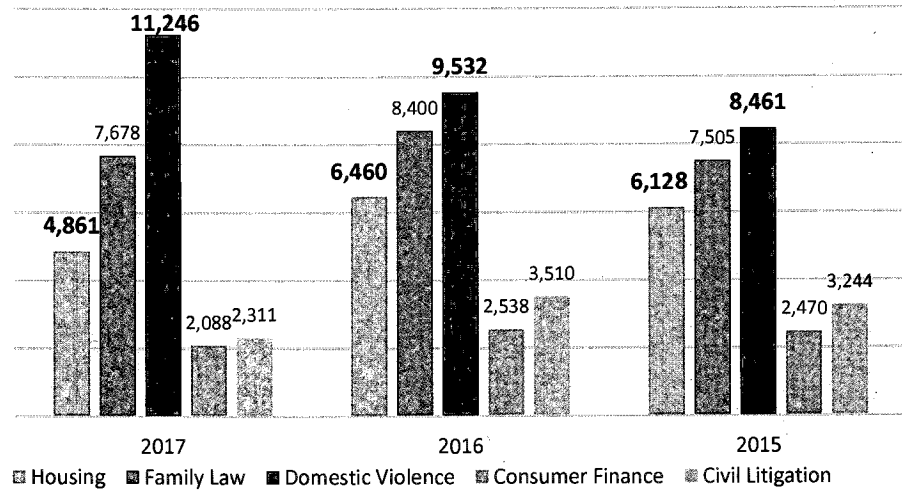
*BOLDED NUMBERS indicate grant giving since the Nevada Bar Foundation assumed IOLTA program management*

## 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.

There were **two notable changes in 2017**: a decrease in the number of housing issues from the previous two years and an **increase in the number of domestic violence matters**. This trend will continue to be examined in future grant years.



## CLIENT STORY



Mr. M. was served with a lawsuit which stated he was being sued for more than \$12,000 for an auto deficiency. The bank claimed Mr. M. purchased and financed a 2014 Toyota Camry and stopped making payments on the car. Mr. M. did not purchase a 2014 Toyota Camry, nor did he ever finance a car loan with this bank. The Legal Aid Center attorney noted the contract attached to the Complaint was unreadable and the social security number did not match Mr. M's; yet opposing counsel refused to dismiss the case. The Legal Aid Center attorney assisted Mr. M. to file a Motion to Dismiss and successfully resolved the matter. — *Legal Aid Center of Southern Nevada*

## 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 under the terms set forth in the Bank of America settlement agreement. Primary funding for the one and two-year grants were made to: (1) expand Legal Aid Center of Southern Nevada's Family Justice Project which serves victims of violence and immigrants facing deportation and; (2) expand Nevada Legal Services' Community Development Unit, which provides legal services to non-profit organizations and small businesses in northern and southern Nevada and on Nevada's Indian Reservations.

*"Amy" and "John" were intravenous drug users and are HIV positive. Their permanent residence is a weekly motel. They were historically good tenants and the motel decided to sign them to a month-to-month lease. Days after signing the lease, Amy and John received rental assistance from a program specifically for HIV-positive persons. The motel manager recognized the name of the program and drew the conclusion that the tenants were HIV-positive. The motel manager suddenly initiated eviction proceedings. If Amy and John got an eviction on their record, they would not be able to rent anywhere else, even with rental assistance, and would be forced to live outside. With the MLP's intervention, Amy and John were able to prove that the only changed factor was that the motel manager realized they were HIV-positive. They successfully fought the eviction on the basis of disability discrimination and their homelessness was prevented. – Washoe Legal Services*

Additionally, more than \$300,000 was granted to create Nevada's first-ever Medical-Legal Partnership (MLP). Pro bono legal service provider Washoe Legal Services, partnered with a federally qualified health center, Northern Nevada HOPES, to embed a legal professional at the HOPES clinic to assist patients with health-harming social conditions that can be improved with the assistance of an attorney.

*<< See the story of "Amy" and "John" for an example of how Nevada's first MLP assisted a couple with housing issues.*

INDIVIDUALS SERVED January – December 2017	
FORECLOSURE PREVENTION LEGAL ASSISTANCE	150
Elderly:	150
Children:	0
Veterans:	0
Number of foreclosures prevented:	27
Number of foreclosure clients benefitted in other ways:	123
COMMUNITY REDEVELOPMENT LEGAL ASSISTANCE	1,698
Elderly:	369
Children:	89
Veterans:	3
Number of non-profits benefitted:	130
Number of small business clients benefitted:	1,242



## LAW RELATED EDUCATION



This year, the Nevada Bar Foundation was named as a recipient of the Charles W. Deaner Living Trust. Chuck Deaner passed away in February 2017 and named the Foundation, in addition to the Clark County Bar Foundation; UNLV Foundation, College of Nursing; and Gannon University as recipients. As a recipient of the Living Trust, the Foundation will receive \$1,685 monthly (\$20,220 annually).

The NBF Board of Trustees opted to dedicate the annual donation to support the State Bar of Nevada's high school mock trial program, as Chuck Deaner was a supporter of law related education. The state competition Championship Round will be named in his honor.

### 2018 NATIONAL HIGH SCHOOL MOCK TRIAL CHAMPIONSHIP

The Nevada Bar Foundation has dedicated its non-IOLTA operations to hosting the 2018 National High School Mock Trial Championship in Reno, Nevada. This is the first time Nevada has ever hosted this competition. The event is expected to bring 700 students and coaches and 400 family members to the City of Reno, where they will compete for the Championship title. The competitors will represent 48 teams from the United States of America, Guam, the Northern Mariana Islands and South Korea.



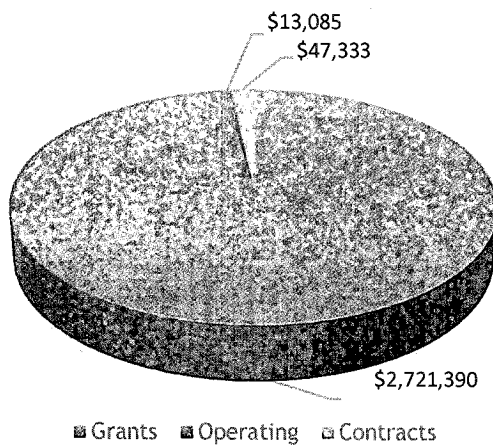
Together, with the State Bar of Nevada, the Foundation dedicated the past year to fundraising to support the event and recruitment of volunteer judges, courtroom liaisons and various event supporters. With funding goals achieved, the NBF and the National High School Mock Trial Steering Committee will focus on event logistics, including finalizing plans for team events, judge orientations, and the coordination of more than 400 volunteers needed to staff the event.



## 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 a contracted IOLTA data management service. **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 12.31.17

(UNAUDITED)

**CURRENT ASSETS** **2017**  
**\$6,267,537**

**Cash and Cash Equivalents**

IOLTA	\$2,758,704
Non-IOLTA	\$532,576
IOLTA Reserves	\$800,000
Colleagues Funds	\$2,500
Bank of America Settlement	\$2,062,684
Mock Trial Fund	\$111,074
<b>Accounts Receivable</b>	<b>\$276,172</b>
<b>Prepaid Expenses</b>	<b>\$0</b>
<b>Total Current Assets</b>	<b>\$6,543,710</b>

**PROPERTY & EQUIPMENT**

Flagpole and Podium	\$11,513
Less: Accumulated Depreciation (\$6,848)	
<b>Net Property &amp; Equipment</b>	<b>\$4,665</b>

**TOTAL ASSETS** **\$6,548,375**

**CURRENT LIABILITIES**

Accounts Payable	\$2,679,709
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**OTHER CURRENT LIABILITIES**

Mock Trial Deferred Donations	\$0
Mock Trial Deferred Income	\$0

**FUND BALANCE** **\$3,868,666**

**Total Liabilities and Fund Balances** **\$6,548,375**

NEVADA BAR FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

NEVADA BAR FOUNDATION  
DECEMBER 31, 2016

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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, 2016, 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, 2016, 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.

*Burns & Vogler & Co*

Reno, Nevada  
November 15, 2017

NEVADA BAR FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016

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ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,139,240
Investments	3,362,933
Investments - other	1,771,308
Accounts receivable	245,997
Due from the State Bar of Nevada	7,496
Total current assets	<u>7,526,974</u>

NONCURRENT ASSETS

Capital assets	
Memorial monument and podium	11,513
Less accumulated depreciation	<u>(6,464)</u>
Total capital assets	<u>5,049</u>

Total Assets	<u><u>\$ 7,532,023</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 4,998
Grants payable	2,597,991
Due to the State Bar of Nevada	25,095
Total current liabilities	<u>2,628,084</u>

NET ASSETS

Unrestricted	1,442,063
Temporarily restricted	3,459,376
Permanently restricted	<u>2,500</u>

Total net assets	<u>4,903,939</u>
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Total Liabilities and Net Assets	<u><u>\$ 7,532,023</u></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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>				
IOLTA contributions	\$ 2,619,648	\$ -	\$ -	\$ 2,619,648
Other contributions	71,205	3,259,434	-	3,330,639
Investment income (loss)	10,268	-	-	10,268
Net asset reclassifications	276,026	-	(276,026)	-
Net assets released from restriction	24,516	(24,516)	-	-
Total revenue and other support	<u>3,001,663</u>	<u>3,234,918</u>	<u>(276,026)</u>	<u>5,960,555</u>
<b>EXPENSES</b>				
Program services	2,680,605	-	-	2,680,605
Management and general	22,779	-	-	22,779
Total expenses	<u>2,703,384</u>	<u>-</u>	<u>-</u>	<u>2,703,384</u>
<b>CHANGE IN NET ASSETS BEFORE IOLTA ACQUISITION</b>				
	<u>298,279</u>	<u>3,234,918</u>	<u>(276,026)</u>	<u>3,257,171</u>
Net assets received in Nevada Law Foundation/IOLTA program acquisition	<u>8,145</u>	<u>-</u>	<u>-</u>	<u>8,145</u>
<b>CHANGE IN NET ASSETS AFTER IOLTA ACQUISITION</b>				
	<u>306,424</u>	<u>3,234,918</u>	<u>(276,026)</u>	<u>3,265,316</u>
NET ASSETS, beginning of year	<u>1,135,639</u>	<u>224,458</u>	<u>278,526</u>	<u>1,638,623</u>
NET ASSETS, end of year	<u><u>\$ 1,442,063</u></u>	<u><u>\$ 3,459,376</u></u>	<u><u>\$ 2,500</u></u>	<u><u>\$ 4,903,939</u></u>

See accompanying notes



NEVADA BAR FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributions and grants	\$ 3,329,664
Cash received from interest on lawyers trust accounts	2,638,106
Cash payments to suppliers for goods and services	(72,221)
Cash payments to grantees	(3,041,574)
Net cash provided by operating activities	<u>2,853,975</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash received from acquisition of IOLTA program	144,406
Cash payments to purchase investments	(5,134,241)
Net cash used by investing activities	<u>(4,989,835)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (2,135,860)

CASH AND CASH EQUIVALENTS, beginning of the year 4,275,100

CASH AND CASH EQUIVALENTS, end of the year \$ 2,139,240

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

Change in net assets before IOLTA acquisition	\$ 3,257,171
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	8,190
Due from State Bar of Nevada	(975)
Prepaid expenses	3,620
Increase (decrease) in:	
Accounts payable	4,073
Grants payable	(443,583)
Due to State Bar of Nevada	<u>25,095</u>
Net cash provided by operating activities	<u><u>\$ 2,853,975</u></u>

See accompanying notes

## NOTES TO FINANCIAL STATEMENTS

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.

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 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.

NEVADA BAR FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Accounts Receivable

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.

NEVADA BAR FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments during the year consisted primarily of funds invested in U.S. Treasury Bills and are classified as available for sale. The Foundation accounts for investments in accordance with FASB ASC 958-320 and uses the specific identification method to determine cost on investments sold. 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.

Investments - Other

Certificates of deposit held for investment that are not debt securities are included in investments – other and are classified as available for sale. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short-term investments – other.

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.

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 15, 2017, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NEVADA BAR FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

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, 2016, \$35,432 of cash 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. Certificates of deposit have been classified as "investments – other".

Investments at December 31, 2016 are comprised of the following, all of which are in an unrealized gain position:

	Amortized Cost	Fair Value	Investment maturities	
			Less than 1 year	1-5 years
U.S. Treasury Bills	<u>\$ 3,357,006</u>	<u>\$ 3,362,933</u>	<u>\$ 3,362,933</u>	<u>\$ -</u>

The following schedule summarizes the investment return in the statement of activities for the year ended December 31, 2016:

Interest and dividends	\$ 5,330
Investment expenses	(297)
Unrealized gain (loss)	5,235
Realized gain (loss)	-
Total investment income	<u>\$ 10,268</u>

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  
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NOTE 4 - SUMMARY OF FAIR VALUE EXPOSURE

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 following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016.

Description	Level 1	Level 2	Level 3	Total
U.S. Treasury Bills	<u>\$ 3,362,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,362,933</u>

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 overhead necessary to carry out the Foundation's exempt purpose. During the year ended December 31, 2016, the Foundation paid or accrued \$44,705 to the State Bar for providing overhead services to the Foundation, and the State Bar collected voluntary donations on behalf of the Foundation of \$14,030. As of December 31, 2016, \$7,496 is due to the Foundation from the State Bar for collections owed and \$25,095 is owed to the State Bar for overhead services and the 2015 audit fee 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 2016:

	Balance December 31, 2015	Additions	Restrictions Satisfied/ Releases	Balance December 31, 2016
Access to Justice Commission	\$ 29,049	\$ 150,850	\$ -	\$ 179,899
One Promise	18,019	17,720	-	35,739
2018 Mock Trial	50,000	10,600	(24,516)	36,084
B of A Foreclosure Settlement	127,390	3,239,264	(159,000)	3,207,654
	<u>\$ 224,458</u>	<u>\$ 3,418,434</u>	<u>\$ (183,516)</u>	<u>\$ 3,459,376</u>



NEVADA BAR FOUNDATION  
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NOTE 7 - 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 2016. During the year ended December 31, 2016, letters were sent to the remaining 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 and therefore \$276,026 was reclassified to unrestricted net assets during the year ended December 31, 2016.

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.

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, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowments	\$ -	\$ -	\$ 2,500	\$ 2,500

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, 2016.

NEVADA BAR FOUNDATION  
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DECEMBER 31, 2016

NOTE 7 - ENDOWMENT FUNDS (Continued)

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.

NOTE 8 - 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. During 2016 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 Nevada Bar 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, 2016, \$50,000 has been designated for these purposes.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance December 31, 2015	Increases	Decreases	Balance December 31, 2016
Capital assets being depreciated:				
Memorial monument (flag pole) and podium	\$ 11,513	\$ -	\$ -	\$ 11,513
Less accumulated depreciation for:				
Memorial monument (flag pole) and podium	(6,080)	(384)	-	(6,464)
	<u>\$ 5,433</u>	<u>\$ (384)</u>	<u>\$ -</u>	<u>\$ 5,049</u>

NEVADA BAR FOUNDATION  
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NOTE 10 - 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 2016 of \$8,145, has been recognized at the fair market value on the date of remittance and zero liabilities have been assumed.

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 \$2,597,991 that have been recorded as grants payable as of December 31, 2016. All grants were disbursed in early 2017.

NOTE 13 - CONCENTRATIONS

During the year ended December 31, 2016 the Foundation had revenue concentrations of 44% from IOLTA contributions received and 54% from Bank of America for foreclosure prevention legal assistance and community redevelopment legal assistance.