

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

DANA F. COLE & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
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DANA F. COLE & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
1248 O STREET, SUITE 500  
LINCOLN, NEBRASKA 68508

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Nebraska Appleseed Center for Law in the Public Interest  
Lincoln, Nebraska

We have audited the accompanying financial statements of Nebraska Appleseed Center for Law in the Public Interest (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities 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 Nebraska Appleseed Center for Law in the Public Interest as of December 31, 2013, 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.

## Report on Summarized Comparative Information

We have previously audited the Nebraska Appleseed Center for Law in the Public Interest's 2012 financial statements, and our report dated March 22, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dana J Cole + Company, LLP

Lincoln, Nebraska  
March 20, 2014

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2013 AND 2012

	ASSETS	2013	2012
<b>CURRENT ASSETS</b>			
Cash		684,475	641,008
Grants receivable		488,857	724,756
Accounts receivable		7,420	6,430
Prepaid expenses		<u>16,573</u>	<u>14,896</u>
Total current assets		<u>1,197,325</u>	<u>1,387,090</u>
<b>PROPERTY, BUILDING, AND EQUIPMENT</b>			
Equipment		45,957	45,535
Less accumulated depreciation		<u>24,076</u>	<u>23,044</u>
Total property, building, and equipment		<u>21,881</u>	<u>22,491</u>
<b>OTHER ASSETS</b>			
Investments		<u>275,375</u>	<u>232,298</u>
<b>TOTAL ASSETS</b>		<u>1,494,581</u>	<u>1,641,879</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		10,845	16,883
Other accrued expenses		497	200
Wages accrued		44,067	32,107
Payroll taxes accrued			780
Flex plan withholding			<u>857</u>
Total current liabilities		<u>55,409</u>	<u>50,827</u>
<b>NET ASSETS</b>			
Unrestricted		523,360	406,033
Unrestricted - designated			25,000
Temporarily restricted		745,978	1,014,488
Permanently restricted		<u>169,834</u>	<u>145,531</u>
Total net assets		<u>1,439,172</u>	<u>1,591,052</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>1,494,581</u>	<u>1,641,879</u>

See accompanying notes to financial statements.

NEBRASKA APPELSEED CENTER FOR LAW IN THE PUBLIC INTEREST  
STATEMENTS OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

	2013			Total	2012 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>SUPPORT AND REVENUES</b>					
Contributions	334,422			334,422	311,177
In-kind contributions	1,000			1,000	928
Events	28,787			28,787	32,648
Grants	127,700	698,014		825,714	1,246,340
Miscellaneous income	1,165			1,165	8,686
Interest income	4,133			4,133	6,697
Investment income		2,515	6,157	8,672	5,670
Gains on sale of investments	801	926	2,268	3,995	2,331
Losses on disposal of fixed assets	(1,071)			(1,071)	(686)
Unrealized market value gains	8,046	6,486	15,878	30,410	13,072
Restricted cash	504,983	707,941	24,303	1,237,227	1,626,863
Revenue released from restrictions	254,273	(254,273)			
Net assets released from restrictions	722,178	(722,178)			
Total support and revenues	<u>1,481,434</u>	<u>(268,510)</u>	<u>24,303</u>	<u>1,237,227</u>	<u>1,626,863</u>
<b>EXPENSES</b>					
Program services	1,012,979			1,012,979	926,251
Management and general	211,566			211,566	178,740
Fundraising	164,562			164,562	104,009
Total expenses	<u>1,389,107</u>			<u>1,389,107</u>	<u>1,209,000</u>
CHANGE IN NET ASSETS	92,327	(268,510)	24,303	(151,880)	417,863
NET ASSETS, beginning of year	<u>431,033</u>	<u>1,014,488</u>	<u>145,531</u>	<u>1,591,052</u>	<u>1,173,189</u>
NET ASSETS, end of year	<u>523,360</u>	<u>745,978</u>	<u>169,834</u>	<u>1,439,172</u>	<u>1,591,052</u>

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2013

	Program Services	Management and General	Fund- raising	Total
Salaries	575,987	156,371	99,437	831,795
Employee benefits	97,128	19,450	16,748	133,326
Payroll taxes	41,163	11,393	7,550	60,106
Vacation expense	4,209	1,103	729	6,041
Contract labor	54,205			54,205
Collaborative grants to others	23,000			23,000
Charitable contribution			2,612	2,612
Occupancy	38,928	10,203	6,743	55,874
Telephone	7,823	1,857	1,227	10,907
Research and library	7,672	79	52	7,803
Events	2,326		14,819	17,145
Supplies	5,484	898	937	7,319
Dues and fees	7,239	1,251	1,813	10,303
Depreciation	4,885	1,280	846	7,011
Insurance	8,779	2,301	1,521	12,601
Internet	4,359	974	644	5,977
Postage	3,241	207	1,990	5,438
Meetings and conferences	3,741	172	113	4,026
Meals and entertainment	2,203	54	36	2,293
Equipment expense	50			50
Repairs and maintenance	136	35	23	194
Printing	16,398	1,626	1,163	19,187
Travel	29,696	(38)	2,713	32,371
Professional fees	7,403	1,940	1,282	10,625
PR, media, and communications	65,067	321	1,509	66,897
Miscellaneous	57	22	11	90
Litigation	1,800	67	44	1,911
TOTAL EXPENSES	<u>1,012,979</u>	<u>211,566</u>	<u>164,562</u>	<u>1,389,107</u>

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2012

	Program Services	Management and General	Fund- raising	Total
Salaries	545,092	137,717	58,953	741,762
Employee benefits	80,737	9,567	10,539	100,843
Payroll taxes	39,303	9,734	4,533	53,570
Vacation expense	5,888	1,383	643	7,914
Contract labor	38,475			38,475
Collaborative grants to others	46,965			46,965
Occupancy	31,273	7,344	3,414	42,031
Telephone	7,459	1,358	631	9,448
Research and library	7,698	145	68	7,911
Events	7,454		14,550	22,004
Supplies	6,000	775	378	7,153
Dues and fees	8,619	1,476	2,617	12,712
Depreciation	5,051	1,186	551	6,788
Insurance	8,048	1,890	879	10,817
Internet	816	105	49	970
Postage	5,577	181	129	5,887
Meetings and conferences	6,386	154	71	6,611
Meals and entertainment	1,369	23	11	1,403
Equipment expense	342	80	37	459
Repairs and maintenance	530	125	58	713
Printing	21,485	1,289	599	23,373
Travel	33,409	58	628	34,095
Professional fees	5,913	1,389	646	7,948
PR, media, and communications	11,542	2,711	4,000	18,253
Miscellaneous	110	23	12	145
Litigation	710	27	13	750
TOTAL EXPENSES	<u>926,251</u>	<u>178,740</u>	<u>104,009</u>	<u>1,209,000</u>

See accompanying notes to financial statements.



NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<u>(151,880)</u>	<u>417,863</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,011	6,788
Unrealized gain on investments	(30,410)	(13,072)
Realized gain on investments	(3,995)	(2,331)
Loss on disposition of fixed assets	1,071	686
(Increase) decrease in accounts receivable	(990)	22,313
Increase in prepaid expenses	(1,677)	(12,040)
(Increase) decrease in grants receivable	235,899	(308,506)
Increase (decrease) in accounts payable	(6,038)	6,296
Decrease in grants payable		(35,590)
Increase (decrease) in other accrued expenses	297	(4,910)
Increase in wages accrued	11,960	16,546
Decrease in payroll taxes accrued	(780)	(9,147)
Decrease in flex plan withholding	(857)	(81)
Total adjustments	<u>211,491</u>	<u>(333,048)</u>
Net cash provided by operating activities	<u>59,611</u>	<u>84,815</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	61,359	24,123
Purchase of investments	(69,773)	(53,692)
Purchase of equipment	<u>(7,730)</u>	<u>(6,867)</u>
Net cash provided by (used in) investing activities	<u>(16,144)</u>	<u>(36,436)</u>
<b>NET INCREASE IN CASH</b>	43,467	48,379
CASH, beginning of year	<u>641,008</u>	<u>592,629</u>
CASH, end of year	<u>684,475</u>	<u>641,008</u>

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Nebraska Appleseed Center for Law in the Public Interest (the Organization) is a not-for-profit, nonpartisan law project committed to equal justice for all Nebraskans. The Organization is an affiliate of The Appleseed Foundation of Washington, D.C., whose mission is to effect and enable constructive systemic change leading to a more just, equitable, and sustainable society through locally based public interest organizations.

Basis of Accounting

The financial statements of Nebraska Appleseed Center for Law in the Public Interest have been prepared on an accrual basis of accounting.

Financial Statement Presentation

The Organization utilizes FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. FASB ASC 958-205 sets standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories utilized by the Organization follows:

Unrestricted Net Assets

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains or losses on investments and any other assets or liabilities are reported as increases in unrestricted net assets unless their use is limited by donor stipulation or by laws.

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met, trust activity, deferred gifts, and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted or determined.

Permanently Restricted Net Assets

Permanently restricted net assets include gifts, trusts, and pledges receivable which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization utilizes FASB ASC 958-605, *Accounting for Contributions Received and Made*. FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its operations. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. At December 31, 2013 and 2012, the Organization had no cash equivalents.

Accounts Receivable

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for bad debts is considered necessary at year-end.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

Grants from organizations as of the year-end are recognized and included as temporarily restricted support and as grants receivable if they are supported by documentation and other evidence confirming that the grant will be received.

Investments

The Organization utilizes FASB ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. FASB ASC 958-320 sets standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations.

Therefore, investments in equity securities that have a readily determinable fair value and all investments in debt securities are stated at fair value, with gains and losses included in the statement of activities. Fair value is determined by quoted market values.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value, if donated. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives, which range from 3 to 7 years.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Currently, the Organization has no unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization has adopted the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization's U.S. federal, state, and local income tax returns for 2010 and after are subject to examination by the authorities.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Employee's vacation benefits are recognized in the period earned.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$66,897 and \$18,253 for the years ended December 31, 2013 and 2012, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

NOTE 2. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at several financial institutions. The balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2013 and 2012, the amount of deposits not covered was \$181,217 and \$431,802, respectively.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of grants receivables and limited receivables with a variety of clients. The Organization does not require collateral from its clients. Such credit risk is considered by management to be limited due to the type of client base and grantor commitments.

NOTE 3. INVESTMENTS

The Organization has adopted FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

NEBRASKA APPLSEED CENTER FOR LAW IN THE PUBLIC INTEREST  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the year ended December 31, 2013, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Marketable Equity and Debt Securities

The fair value of marketable equity and debt securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

Marketable Equity Securities (Continued)

Fair values of investments measured at December 31, 2013 and 2012, are as follows:

	2013			
	Total	Level 1	Level 2	Level 3
Money Market	7,621	7,621		
Bond Funds	49,398	49,398		
Equity Funds	193,721	193,721		
Government Bonds	<u>24,635</u>	<u>24,635</u>		
Totals	<u>275,375</u>	<u>275,375</u>		
	2012			
	Total	Level 1	Level 2	Level 3
Money Market	4,730	4,730		
Bond Funds	25,062	25,062		
Equity Funds	150,443	150,443		
Government Bonds	<u>52,063</u>	<u>52,063</u>		
Totals	<u>232,298</u>	<u>232,298</u>		

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 marketable securities at December 31, 2013 and 2012, are as follows:

	2013			
	Total Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Money Market	7,621			7,621
Bond Funds	50,177		779	49,398
Equity Funds	146,466	47,255		193,721
Government Bonds	<u>24,959</u>		<u>324</u>	<u>24,635</u>
Total trading securities	<u>229,223</u>	<u>47,255</u>	<u>1,103</u>	<u>275,375</u>
	2012			
	Total Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Money Market	4,730			4,730
Bond Funds	25,015	47		25,062
Equity Funds	135,179	15,264		150,443
Government Bonds	<u>51,631</u>	<u>432</u>		<u>52,063</u>
Total trading securities	<u>216,555</u>	<u>15,743</u>		<u>232,298</u>

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

On the basis of its analysis of the nature, characteristics, and risks of the securities, the Organization has determined that presenting them by fund is appropriate.

Management evaluates securities for other than temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial conditions and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

All realized and unrealized gains and losses and income or loss arising from investments are accounted for in the statement of activities as increases or decreases to net assets.

NOTE 4. LEASE COMMITMENTS

The Organization conducts its operations with offices and telephone equipment leased under four-year and six-year noncancellable leases expiring in August 2015 and April 2018, respectively. It also has a lease for a copy machine which expires March 2017.

At December 31, 2013, a schedule of the future minimum rental payments required under the above is as follows:

Year Ending December 31,	
2014	90,609
2015	68,542
2016	19,890
2017	15,113
2018	<u>4,507</u>
	<u>198,661</u>

Total rental expense for the years ended December 31, 2013 and 2012, was \$62,650 and \$50,065, respectively.

NOTE 5. IN-KIND CONTRIBUTIONS

Nebraska Appleseed Center for Law in the Public Interest has collaborated on various projects during the year with local law firms. Services were also provided by local individuals and business such as printing discounts, photography, accounting, and consulting. These professional fees were provided as donations, and the fair value of the services was \$1,000 and \$928 for the years ending December 31, 2013 and 2012, respectively.



NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following as of December 31, 2013 and 2012, respectively:

	2013	2012
Grants for operations and specific programs in subsequent years	676,253	954,690
Endowments classified by the Board of Directors as temporarily restricted net assets	<u>69,725</u>	<u>59,798</u>
	<u>745,978</u>	<u>1,014,488</u>

During 2010, the Board adopted a policy that established an Endowment Spending Limit for those funds that may be set and revised from time to time by the Board, of not greater than 6% or less than 3%. Any amount of the Endowment Spending Limit of a fund which is not spent in one year may be carried forward and spent in a future year.

Permanently restricted net assets consist of endowment fund investments subject to permanent, specific, donor-imposed restrictions of the principal of the fund. Nebraska Appleseed Center for Law in the Public Interest currently has one such endowment fund. By agreement with the donor, the first 5% of any increase in value and income of that fund each year shall be added to the endowment; any remaining income and increase in value may be expended as authorized by the Board of Directors. Also by agreement, if the endowment fund has less than 5% growth in a year (or, by inference, has a loss) the balance will be added to the 5% growth requirement in the subsequent year. This fund's value at December 31, 2013, was \$169,834. This is \$23,567 under the calculated required balance of \$193,401. The Board did not release any earnings during the year for expenditure.

NOTE 7. DONOR-DESIGNATED ENDOWMENTS

As described in Note 6, the Organization's endowment currently consists of two funds established to provide support for programs authorized by the Board. 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 or Board-determined restrictions.

The Board of Directors of Nebraska Appleseed Center for Law in the Public Interest has adopted a resolution that provides endowments will be classified as permanently restricted only to the extent that they are subject to permanent, specific, donor-imposed restrictions on spending of the fund. Under the resolution, all other endowment funds are classified as temporarily restricted. Of the funds established by the Board of Directors, one is classified as permanently restricted due to donor-imposed restrictions (as described in Note 6) and the other as temporarily restricted.

Investment Return Objectives, Risk Parameters, and Strategies

See Note 6 regarding the Organization's investment and spending policies.

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NOTE 7. DONOR-DESIGNATED ENDOWMENTS (Continued)

Spending Policy

See Note 6 regarding the current spending requirements of the endowment funds.

Endowment Net Asset Composition by Type of Fund as of December 31, 2013, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	_____	<u>69,725</u>	<u>169,834</u>	<u>239,559</u>

Changes in endowment net assets as of December 31, 2013, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year		59,798	145,531	205,329
Investment income		2,515	6,157	8,672
Net appreciation	_____	<u>7,412</u>	<u>18,146</u>	<u>25,558</u>
Endowment net assets, end of year	_____	<u>69,725</u>	<u>169,834</u>	<u>239,559</u>

NOTE 8. BOARD-DESIGNATED NET ASSETS

Unrestricted board-designated net assets at December 31, 2013 and 2012, consisted of \$- 0 - and \$25,000, respectively designated for operating emergencies.

NOTE 9. MAJOR GRANTORS

The Organization expects three grantors will provide approximately 60% or more of the funds to support the programs of the Organization in the year 2014. If these funds did not continue, the programs of the Organization would have to be curtailed significantly or discontinued. During the year 2013, approximately 70% of the funds to support the Organization were provided by four grantors.

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NOTE 10. RETIREMENT PLAN

The Organization maintains a discretionary 401(k) plan for all eligible employees, whereby employees elect to make voluntary contributions pursuant to a salary reduction agreement. It is available to all employees who have met the service requirements. The Organization contributes the minimum of 3% of gross wages or the employee's contribution to the participating employees' accounts once obtaining approval from the Board of Directors. The Organization's expense totaled \$15,477 and \$8,720 for the years ended December 31, 2013 and 2012, respectively.

NOTE 11. GRANTS RECEIVABLE

The Organization's grants receivable fluctuates from year-to-year based on some grantors that award two-year grants as opposed to one-year grants. As of December 31, 2012, the Organization's grants receivable balance included funds from two grantors that were for a two-year period. As of December 31, 2012, the amount that was designated for the second year of funding (2014) was \$285,000.

NOTE 12. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 20, 2014, the date the financial statements were available to be issued.