NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

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

INDEPENDENT AUDITORS' REPORT

To the 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 statements of financial position as of December 31, 2016, and the related statements of activities, functional expenses, 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, 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.

Report on Summarized Comparative Information

We have previously audited the Nebraska Appleseed Center for Law in the Public Interest's 2015 financial statements, and our report dated April 11, 2016, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dana F. Cole + Company, LLP

Lincoln, Nebraska
March 27, 2017

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash	1,114,015	1,055,655
Grants receivable	712,451	869,086
Accounts receivable	234	28,748
Prepaid expenses	21,417	18,612
Total current assets	1,848,117	1,972,101
PROPERTY AND EQUIPMENT		
Equipment	50,044	45,052
Less accumulated depreciation	(27,884)	(21,284)
Total property and equipment	22,160	23,768
OTHER ASSETS		
Restricted cash for grants payable	59,755	
Investments	934,251	598,821
Total other assets	994,006	598,821
TOTAL ASSETS	2,864,283	2,594,690

LIABILITIES AND NET ASSETS

	2016	2015
CURRENT LIABILITIES		
Accounts payable	14,465	34,653
Grants payable	59,755	20,000
Other accrued expenses	2,357	536
Wages accrued	70,619	64,131
Flex plan withholding	1,270	953
Total current liabilities	148,466	120,273
NET ASSETS		
Unrestricted	947,713	438,410
Unrestricted - designated	454,500	400,000
Temporarily restricted	1,114,087	1,452,335
Permanently restricted	199,517	183,672
Total net assets	2,715,817	2,474,417
TOTAL LIABILITIES AND NET ASSETS	2,864,283	2,594,690

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

	2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
SUPPORT AND REVENUES					
Contributions	221,033	10,315		231,348	168,903
In-kind contributions					1,000
Events	55,938			55,938	40,462
Grants	427,347	1,226,089		1,653,436	1,424,669
Contract income	2,800			2,800	
Attorney fees	319,537			319,537	
Miscellaneous income	37,700			37,700	696
Interest income	7,759			7,759	4,980
Investment income		2,350	5,752	8,102	8,727
Gains (losses) on sale of investments	492	(98)	(238)	156	16,499
Losses on disposal of fixed assets	(558)			(558)	(996)
Unrealized market value gains (losses)	1,687	4,220	10,331	16,238	(28,604)
Total support and revenues before net assets released from restrictions	1,073,735	1,242,876	15,845	2,332,456	1,636,336
Revenue released from restrictions	383,679	(383,679)			
Net assets released from restrictions	1,197,445	(1,197,445)			
Total support and revenues	2,654,859	(338,248)	15,845	2,332,456	1,636,336
EXPENSES					
Program services	1,603,052			1,603,052	1,319,844
Management and general	250,463			250,463	186,072
Fundraising	237,541			237,541	180,851
Total expenses	2,091,056			2,091,056	1,686,767
CHANGE IN NET ASSETS	563,803	(338,248)	15,845	241,400	(50,431)
NET ASSETS, beginning of year	838,410	1,452,335	183,672	2,474,417	2,524,848
NET ASSETS, end of year	1,402,213	1,114,087	199,517	2,715,817	2,474,417

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services	Management and General	Fund-raising	Total
Salaries	913,159	190,574	137,717	1,241,450
Employee benefits	149,985	16,897	19,786	186,668
Payroll taxes	70,532	10,042	10,340	90,914
Vacation expense	3,744	718	554	5,016
Contract labor	41,038		8,250	49,288
Collaborative grants to others	70,000			70,000
Occupancy	66,663	12,790	9,870	89,323
Telephone	83,552	2,860	2,207	88,619
Research and library	10,025	487	376	10,888
Events	5,083	68	22,525	27,676
Supplies	5,461	826	2,457	8,744
Dues and fees	13,251	1,709	5,050	20,010
Depreciation	6,448	1,237	955	8,640
Insurance	11,906	2,284	1,763	15,953
Internet	8,396	1,514	1,168	11,078
Postage	10,491	214	3,995	14,700
Meetings and conferences	15,921	1,441	1,112	18,474
Meals and entertainment	9,492	392	371	10,255
Equipment expense	14,357	2,755	2,126	19,238
Repairs and maintenance	343	66	51	460
Printing	21,274	609	3,329	25,212
Travel	51,627	996	1,845	54,468
Professional fees	16,555	1,822	1,406	19,783
PR, media, and communications	1,990	127	179	2,296
Miscellaneous	1,759	35	109	1,903
TOTAL EXPENSES	1,603,052	250,463	237,541	2,091,056

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services	Management and General	Fund-raising	Total
Salaries	817,202	136,551	102,599	1,056,352
Employee benefits	130,784	14,441	16,857	162,082
Payroll taxes	59,497	9,347	7,831	76,675
Vacation expense	5,627	896	711	7,234
Contract labor	37,734	422	335	38,491
Collaborative grants to others	11,583			11,583
Occupancy	51,800	8,244	6,544	66,588
Telephone	18,033	2,084	1,654	21,771
Research and library	7,698	149	118	7,965
Events	7,211	95	13,689	20,995
Supplies	6,580	743	1,806	9,129
Dues and fees	10,774	1,186	12,156	24,116
Depreciation	7,285	1,159	920	9,364
Insurance	11,962	1,904	1,511	15,377
Internet	6,663	902	716	8,281
Postage	1,318	181	2,783	4,282
Meetings and conferences	18,296	1,222	980	20,498
Meals and entertainment	6,086	261	262	6,609
Equipment expense	12,988	1,921	1,525	16,434
Printing	11,805	704	3,778	16,287
Travel	51,260	1,532	2,387	55,179
Professional fees	22,518	1,726	1,370	25,614
PR, media, and communications	2,773	347	275	3,395
Miscellaneous	346	55	44	445
Litigation	2,021			2,021
TOTAL EXPENSES	1,319,844	186,072	180,851	1,686,767

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	241,400	(50,431)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,640	9,364
In-kind contributions		(1,000)
Unrealized (gain) loss on investments	(16,238)	28,604
Realized gain on investments	(156)	(16,499)
Loss on disposition of fixed assets	558	996
(Increase) decrease in:		
Accounts receivable	28,514	(20,471)
Prepaid expenses	(2,805)	(311)
Grants receivable	156,635	337,966
Increase (decrease) in:		
Accounts payable	(20,188)	22,173
Grants payable	39,755	20,000
Other accrued expenses	1,821	84
Wages accrued	6,488	11,532
Flex plan withholding	317	154
Total adjustments	203,341	392,592
Net cash provided by operating activities	444,741	342,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	339,962	930,876
Purchase of investments	(658,998)	(938,479)
Purchase of equipment	(7,590)	(12,935)
Net cash used in investing activities	(326,626)	(20,538)
NET INCREASE IN CASH	118,115	321,623
CASH, beginning of year	1,055,655	734,032
CASH, end of year	1,173,770	1,055,655
COMPONENTS OF CASH		
Cash	1,114,015	1,055,655
Restricted cash	59,755	
	1,173,770	1,055,655

See accompanying 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, Inc., an organization dedicated to building a society where opportunities are genuine, access to the law is universal and equal, and government advances the public interest.

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.

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, 2016 and 2015, 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.

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 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 utilizes 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 2013 and after are subject to examination by the authorities.

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 $2,296 and $3,395 for the years ended December 31, 2016 and 2015, 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, 2015, 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, 2016 and 2015, the amount of deposits not covered was $309,034 and $310,382, respectively.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of grants receivables. The Organization does not require collateral from these receivables. Such credit risk is considered by management to be limited due to the grantor commitments.

NOTE 3. INVESTMENTS

The Organization utilizes 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.

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, 2016, 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.

NOTE 3. INVESTMENTS (Continued)

Marketable Equity and Debt Securities (Continued)

Fair values of investments measured at December 31, 2016 and 2015, are as follows:

	2016			
	Total	Level 1	Level 2	Level 3
Money market	6,874	6,874		
Certificates of deposits	608,008	608,008		
Bond funds	63,663	63,663		
Equity funds	229,914	229,914		
Government bonds	25,792	25,792		
Totals	934,251	934,251		

	2015			
	Total	Level 1	Level 2	Level 3
Money market	15,149	15,149		
Certificates of deposits	304,894	304,894		
Bond funds	49,721	49,721		
Equity funds	203,009	203,009		
Government bonds	26,048	26,048		
Totals	598,821	598,821		

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 marketable securities at December 31, 2016 and 2015, are as follows:

	2016			
	Total Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Trading securities				
Money market	6,874			6,874
Certificates of deposits	608,000	8		608,008
Bond funds	63,668		5	63,663
Equity funds	189,087	40,827		229,914
Government bonds	24,959	833		25,792
Total trading securities	892,588	41,668	5	934,251

NOTE 3. INVESTMENTS (Continued)

	2015			
	Total Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Trading securities				
Money market	15,149			15,149
Certificates of deposits	305,000		106	304,894
Bond funds	50,162		441	49,721
Equity funds	178,125	24,884		203,009
Government bonds	24,959	1,089		26,048
Total trading securities	573,395	25,973	547	598,821

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 eight-year and six-year noncancellable leases expiring in December 2023 and April 2018, respectively. It also has a lease for a copy machine which expires in March 2022.

At December 31, 2016, a schedule of the future minimum rental payments required under the above is as follows:

Year Ending December 31,	
2017	119,241
2018	110,887
2019	109,175
2020	112,048
2021	114,998
Thereafter	232,370
	798,719

NOTE 4. LEASE COMMITMENTS (Continued)

Total rental expense for the years ended December 31, 2016 and 2015, was $89,298 and $73,539, 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 businesses such as printing discounts, photography, accounting, and consulting. These professional fees were provided as donations, and the fair value of the services were $- 0 - and $1,000 for the years ending December 31, 2016 and 2015, respectively.

NOTE 6. RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following as of December 31, 2016 and 2015, respectively:

	2016	2015
Grants for operations and specific programs in subsequent years	1,021,923	1,376,958
Endowments classified by the Board of Directors as temporarily restricted net assets	92,164	75,377
	1,114,087	1,452,335

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, 2016, was $199,517. This is $24,369 under the calculated required balance of $223,886. 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.

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, 2016, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds		92,164	199,517	291,681

Changes in endowment net assets as of December 31, 2016, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year		75,377	183,672	259,049
Investment income		2,350	5,752	8,102
Net appreciation		14,437	10,093	24,530
Endowment net assets, end of year		92,164	199,517	291,681

NOTE 8. BOARD-DESIGNATED NET ASSETS

Unrestricted board-designated net assets at December 31, 2016 and 2015, consisted of $454,500 and $400,000, respectively designated as an operating reserve.

NOTE 9. MAJOR GRANTORS

The Organization expects one grantor will provide approximately 15% or more of the funds to support the overall expenses of the Organization in the year 2017. If these funds do not continue, the programs of the Organization will have to be curtailed significantly or discontinued. During the year 2016, approximately 21% of the funds to support the Organization were provided by one grantor.

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 a participating employee's gross wages or contributions to the employee's account once obtaining approval from the Board of Directors. The Organization's expense totaled $28,417 and $22,362 for the years ended December 31, 2016 and 2015, respectively.

NOTE 11. GRANTS RECEIVABLE

The Organization's grants receivable fluctuates from year-to-year based on some grantors that award multiple-year grants as opposed to one-year grants. As of December 31, 2015, the amount that was designated for future years (2016 - 2017) of funding was $160,000. As of December 31, 2016, the amount that was designated for future years (2017 - 2018) of funding was $550,000.

NOTE 12. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 27, 2017, the date the financial statements were available to be issued.