

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



**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, 2020, 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 auditors' 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, 2020, 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 2019 financial statements, and our report dated April 17, 2020, 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, 2019, 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 30, 2021

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2020 AND 2019

	ASSETS	
	2020	2019
CURRENT ASSETS		
Cash	3,343,362	2,813,284
Grants receivable	2,170,945	1,134,192
Prepaid expenses	31,739	5,323
Total current assets	5,546,046	3,952,799
PROPERTY AND EQUIPMENT		
Equipment	87,082	82,308
Less accumulated depreciation	(45,159)	(38,864)
Total property and equipment	41,923	43,444
OTHER ASSETS		
Restricted cash for grants payable	17,218	53,712
Investments	1,636,490	1,855,743
Total other assets	1,653,708	1,909,455
TOTAL ASSETS	 7,241,677	 5,905,697

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2020 AND 2019

	2020	2019
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	34,571	20,656
Grants payable	17,218	53,712
Other accrued expenses	6	169
Wages accrued	108,468	79,652
Flex plan withholding	1,806	2,374
Total current liabilities	<u>162,069</u>	<u>156,563</u>
 <b>NET ASSETS</b>		
Net assets without donor restrictions		
Undesignated	3,927,435	2,033,997
Designated	<u>1,042,217</u>	<u>905,376</u>
	<u>4,969,652</u>	<u>2,939,373</u>
Net assets with donor restrictions		
Restricted by purpose and time	<u>2,109,956</u>	<u>2,809,761</u>
Total net assets	<u>7,079,608</u>	<u>5,749,134</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>7,241,677</u></u>	 <u><u>5,905,697</u></u>

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	2019 Total
<b>SUPPORT AND REVENUES</b>				
Contributions	415,795		415,795	343,809
Events	44,520		44,520	70,358
Grants	1,348,300	2,591,054	3,939,354	1,791,288
Miscellaneous income	33,357		33,357	21,722
Interest income	15,607		15,607	29,172
Investment income		22,498	22,498	18,455
Gains on sale of investments		7,008	7,008	71,509
Losses on disposal of fixed assets	(2,336)		(2,336)	(392)
Unrealized market value gains		48,156	48,156	219
Total support and revenues before net assets released from restrictions	1,855,243	2,668,716	4,523,959	2,346,140
Revenue released from restrictions	889,055	(889,055)		
Net assets released from restrictions	2,479,466	(2,479,466)		
Total support and revenues	5,223,764	(699,805)	4,523,959	2,346,140
<b>EXPENSES</b>				
Program services	2,482,256		2,482,256	2,200,868
Management and general	441,032		441,032	429,746
Fundraising	270,197		270,197	259,313
Total expenses	3,193,485		3,193,485	2,889,927
<b>CHANGE IN NET ASSETS</b>	2,030,279	(699,805)	1,330,474	(543,787)
<b>NET ASSETS, beginning of year</b>	2,939,373	2,809,761	5,749,134	6,292,921
<b>NET ASSETS, end of year</b>	4,969,652	2,109,956	7,079,608	5,749,134

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fund- raising	Total
Salaries	1,592,780	316,733	183,855	2,093,368
Employee benefits	276,170	52,092	33,361	361,623
Payroll taxes	113,734	25,907	13,900	153,541
Vacation expense	21,503	4,295	2,489	28,287
Contract labor	25,768	46	26	25,840
Collaborative grants to others	144,947			144,947
Occupancy	74,442	14,869	8,616	97,927
Telephone	12,912	2,561	1,484	16,957
Research and library	29,302	3,327	2,723	35,352
Events	2,071	222	162	2,455
Supplies	9,756	755	599	11,110
Dues and fees	19,283	1,975	4,880	26,138
Depreciation	10,332	2,064	1,196	13,592
Insurance	21,838	4,362	2,527	28,727
Internet	16,273	3,103	1,798	21,174
Postage	15,000	76	2,284	17,360
Meetings and conferences	5,616	1,045	606	7,267
Meals and entertainment	1,147	75	772	1,994
Equipment expense	8,044	1,210	701	9,955
Repairs and maintenance	881	176	102	1,159
Printing	22,696	1,150	5,184	29,030
Travel	13,624	187		13,811
Professional fees	24,196	4,729	2,740	31,665
PR, media, and communications	15,890			15,890
Miscellaneous	3,710	73	192	3,975
Litigation	341			341
	<u>2,482,256</u>	<u>441,032</u>	<u>270,197</u>	<u>3,193,485</u>
<b>TOTAL EXPENSES</b>	<b><u>2,482,256</u></b>	<b><u>441,032</u></b>	<b><u>270,197</u></b>	<b><u>3,193,485</u></b>

See accompanying notes to financial statements.



NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fund- raising	Total
Salaries	1,382,857	307,125	160,669	1,850,651
Employee benefits	236,312	43,773	27,929	308,014
Payroll taxes	101,296	22,887	12,109	136,292
Vacation expense	10,901	2,378	1,264	14,543
Contract labor	42,095	3,518	1,871	47,484
Collaborative grants to others	82,377			82,377
Occupancy	72,010	15,706	8,352	96,068
Telephone	25,578	3,911	2,080	31,569
Research and library	13,879	1,259	1,465	16,603
Events	7,066	347	17,605	25,018
Supplies	8,524	1,651	1,504	11,679
Dues and fees	18,056	2,034	5,431	25,521
Depreciation	10,360	2,260	1,202	13,822
Insurance	20,166	4,398	2,339	26,903
Internet	16,417	3,456	1,838	21,711
Postage	1,436	274	1,286	2,996
Meetings and conferences	13,608	2,237	1,190	17,035
Meals and entertainment	7,499	812	432	8,743
Equipment expense	5,365	736	391	6,492
Repairs and maintenance	2,339	510	271	3,120
Printing	19,140	102	3,716	22,958
Travel	67,739	3,491	2,128	73,358
Professional fees	32,114	6,805	3,618	42,537
PR, media, and communications	2,801		433	3,234
Miscellaneous	555	76	190	821
Litigation	378			378
	<u>2,200,868</u>	<u>429,746</u>	<u>259,313</u>	<u>2,889,927</u>
TOTAL EXPENSES	<u>2,200,868</u>	<u>429,746</u>	<u>259,313</u>	<u>2,889,927</u>

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<u>1,330,474</u>	<u>(543,787)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,592	13,822
Unrealized gain on investments	(48,156)	(219)
Realized gain on investments	(7,008)	(71,509)
Loss on disposition of fixed assets	2,336	392
(Increase) decrease in:		
Accounts receivable		1,068
Prepaid expenses	(26,416)	24,979
Grants receivable	(1,036,753)	951,303
Increase (decrease) in:		
Accounts payable	13,915	(16,696)
Grants payable	(36,494)	(33,482)
Other accrued expenses	(163)	(48)
Wages accrued	28,816	16,128
Flex plan withholding	(568)	226
Total adjustments	<u>(1,096,899)</u>	<u>885,964</u>
Net cash provided by operating activities	<u>233,575</u>	<u>342,177</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,213,322	2,744,395
Purchase of investments	(937,522)	(3,310,055)
Purchase of equipment	<u>(15,790)</u>	<u>(14,260)</u>
Net cash provided by (used in) investing activities	<u>260,010</u>	<u>(579,920)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	493,585	(237,743)
CASH, beginning of year	<u>2,866,995</u>	<u>3,104,738</u>
CASH, end of year	<u>3,360,580</u>	<u>2,866,995</u>
<b>COMPONENTS OF CASH</b>		
Cash	3,343,362	2,813,284
Restricted cash	<u>17,218</u>	<u>53,712</u>
	<u>3,360,580</u>	<u>2,866,996</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, 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 financial statements report amounts by class of net assets, as required by ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, as well as net assets for specific use.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

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, 2020 and 2019, 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.

Grants Receivable

Grants from organizations as of the year end are recognized and included as grants with donor restrictions and as grants receivable.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, currently five 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)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

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 believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the financial statements.

Compensated Absences

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$15,890 and \$3,234 for the years ended December 31, 2020 and 2019, 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 statements 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, 2019, 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, 2020 and 2019, the amount of deposits not covered was \$2,115,194 and \$1,362,531, 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.

NEBRASKA APPLESEED 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, 2020, 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 APPELSEED CENTER FOR LAW IN THE PUBLIC INTEREST  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

Marketable Equity and Debt Securities (Continued)

Fair values of investments measured at December 31, 2020 and 2019, are as follows:

	2020			
	Total	Level 1	Level 2	Level 3
Money market	6,657	6,657		
Certificates of deposit	1,117,595	1,117,595		
Bond funds	114,952	114,952		
Equity funds	371,899	371,899		
Government bonds	25,387	25,387	_____	_____
Totals	<u>1,636,490</u>	<u>1,636,490</u>	<u>_____</u>	<u>_____</u>
	2019			
	Total	Level 1	Level 2	Level 3
Money market	787,948	787,948		
Certificates of deposit	605,860	605,860		
Bond funds	77,742	77,742		
Equity funds	333,934	333,934		
Government bonds	50,259	50,259	_____	_____
Totals	<u>1,855,743</u>	<u>1,855,743</u>	<u>_____</u>	<u>_____</u>

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 marketable securities at December 31, 2020 and 2019, are as follows:

	2020			
	Total Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Trading securities				
Money market	6,657			6,657
Certificates of deposit	1,115,010	2,585		1,117,595
Bond funds	110,893	4,059		114,952
Equity funds	295,440	76,459		371,899
Government bonds	24,847	540	_____	25,387
Total trading securities	<u>1,552,847</u>	<u>83,643</u>	<u>_____</u>	<u>1,636,490</u>



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

NOTE 3. INVESTMENTS (Continued)

	2019			Estimated
	Total	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value
Trading securities				
Money market	787,948			787,948
Certificates of deposit	605,000	860		605,860
Bond funds	76,540	1,202		77,742
Equity funds	300,911	33,023		333,934
Government bonds	49,857	402		50,259
Total trading securities	1,820,256	35,487		1,855,743

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 8-year and 6-year noncancellable leases expiring in December 2023 and April 2023, respectively. It also has a lease for a copy machine which expires in March 2022.

At December 31, 2020, a schedule of the future minimum rental payments required under the above is as follows:

Year Ending	
December 31,	
2021	127,461
2022	130,489
2023	121,769
	379,719

Total rental expense for the years ended December 31, 2020 and 2019, was \$124,762 and \$121,940, respectively.

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

NOTE 5. NET ASSETS

	2020	2019
Net assets without donor restrictions:		
Undesignated	3,927,435	2,033,997
Designated as an operating reserve	805,000	700,000
Board-designated investments	<u>237,217</u>	<u>205,376</u>
Total net assets without donor restrictions	<u>4,969,652</u>	<u>2,939,373</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purposes		
Endowment accumulated gains	325,903	280,082
Grants for operations and specific programs in subsequent years	<u>1,784,053</u>	<u>2,529,679</u>
	<u>2,109,956</u>	<u>2,809,761</u>
Subject to restriction in perpetuity		
Endowment funds restricted in perpetuity	<u>- 0 -</u>	<u>- 0 -</u>
Total net assets with donor restrictions	<u>2,109,956</u>	<u>2,809,761</u>
	<u><u>7,079,608</u></u>	<u><u>5,749,134</u></u>

NOTE 6. BOARD-DESIGNATED INVESTMENTS

During 2010, the Board adopted a policy that established a 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 spending limit of a fund which is not spent in one year may be carried forward and spent in a future year.

Changes in board-designated investments for the year ended December 31, 2020:

	Without restrictions
Investments, beginning of year	205,376
Investment income	9,224
Contributions	
Net appreciation	<u>22,617</u>
Investments, end of year	<u><u>237,217</u></u>

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

NOTE 6. BOARD-DESIGNATED INVESTMENTS (Continued)

Changes in board-designated investments for the year ended December 31, 2019:

	Without restrictions
Investments, beginning of year	159,556
Investment income	36,885
Contributions	8,845
Net depreciation	<u>90</u>
Investments, end of year	<u>205,376</u>

NOTE 7. ENDOWMENT FUNDS

The Organization's endowment consists of one fund established to provide support for programs authorized by the Board. Its endowment includes donor-restricted funds. 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.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of December 31, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gifts amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and, (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by management in a manner consistent with that standard of prudence prescribed by UPMIFA.

We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.

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NOTE 7. ENDOWMENT FUNDS (Continued)

Interpretation of Relevant Law (Continued)

5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

Endowment net asset composition by type of fund as of December 31, 2020, is as follows:

	With Donor Restrictions				Total Funds
	Without restrictions	Amount to be held in perpetuity	Accumulated gains (losses) and other	Total with donor restrictions	
Donor-restricted endowment funds	<u>- 0 -</u>	<u>- 0 -</u>	<u>325,903</u>	<u>325,903</u>	<u>325,903</u>

Endowment net asset composition by type of fund as of December 31, 2019, is as follows:

	With Donor Restrictions				Total Funds
	Without restrictions	Amount to be held in perpetuity	Accumulated gains (losses) and other	Total with donor restrictions	
Donor-restricted endowment funds	<u>- 0 -</u>	<u>- 0 -</u>	<u>280,082</u>	<u>280,082</u>	<u>280,082</u>

Included in accumulated gains (losses) and other are accumulated investment returns and term endowment funds which total \$325,903 and \$280,082 at December 31, 2020 and 2019, respectively. Term endowments are gifts of cash and other assets with stipulations that they be invested to provide a source of income for a specified term and that the income be used for a specified purpose are both time and purpose restricted.

Changes in endowment net assets for the year ended December 31, 2020:

	With Donor Restrictions				Total Funds
	Without restrictions	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	
Endowment net assets, beginning of year	- 0 -	- 0 -	280,082	280,082	280,082
Investment income			45,815	45,815	45,815
Contributions					
Net appreciation	<u>      </u>	<u>      </u>	<u>6</u>	<u>6</u>	<u>6</u>
Endowment net assets, end of year	<u>- 0 -</u>	<u>- 0 -</u>	<u>325,903</u>	<u>325,903</u>	<u>325,903</u>

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

NOTE 7. ENDOWMENT FUNDS (Continued)

Changes in endowment net assets for the year ended December 31, 2019:

	Without restrictions	With Donor Restrictions			Total Funds
		Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	
Endowment net assets, beginning of year	- 0 -	- 0 -	226,874	226,874	226,874
Investment income			53,079	53,079	53,079
Contributions					
Net depreciation	<u>      </u>	<u>      </u>	<u>129</u>	<u>129</u>	<u>129</u>
Endowment net assets, end of year	<u>- 0 -</u>	<u>- 0 -</u>	<u>280,082</u>	<u>280,082</u>	<u>280,082</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2020 and 2019, no funds with deficiencies were reported in net assets with donor restrictions.

By agreement with the donor, Nebraska Appleseed Center for Law in the Public Interest may expend the annual endowment spending percentage of the net assets set by the Board of Directors of the Organization. The annual endowment spending percentage may be set and revised from time to time by the Board of Directors, but shall never be more than 6% per annum. The Board did not release any earnings during the year for expenditure.

NOTE 8. MAJOR GRANTORS

The Organization expects one grantor will provide approximately 28% or more of revenue for the Organization in the year 2021 due to an expected multi-year grant. If these funds do not continue, the programs of the Organization will have to be curtailed significantly or discontinued. During the year 2020, approximately 14% of the Organization's revenue were provided by one grantor.

NOTE 9. RETIREMENT PLAN

The Organization maintains a 401(k) plan for all eligible employees. Employees may elect to contribute to the plan pursuant to salary reduction agreements. The plan is available to all employees who have met the service requirements. The plan provides for a matching contribution by the Organization, equal to an employee's salary reduction contributions, up to 4% of the employee's compensation (as defined in the plan). The Organization's expense for matching contributions totaled \$75,737 and \$65,278 for the years ended December 31, 2020 and 2019, respectively.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
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NOTE 10. GRANTS RECEIVABLE

The Organization's grants receivable fluctuates from year-to-year based on some grantors that award multiple-year grants as opposed to 1-year grants. Grants receivable, net of discount to present value at 3% and allowance for doubtful accounts, are due to be collected as follows:

	2020	2019
Gross amount due in:		
One year or less	<u>2,170,945</u>	<u>1,134,192</u>

NOTE 11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date are as follows:

Cash	3,343,362
Grants receivable	<u>2,170,945</u>
	<u>5,514,307</u>

The Organization's endowment funds consist of a donor-restricted endowment. Income from the donor-restricted endowment is restricted for specific purposes and, therefore, is not available for general expenditures.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in investments. Although the Organization does not intend to spend from its investments other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts could be made available if necessary.

NOTE 12. COST ALLOCATION

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. These expenses are allocated on the basis of estimates of time and effort.

NOTE 13. PPP LOAN

In April 2020, the Organization received a loan in the amount of \$388,300 under the Payroll Protection Program (PPP). The loan accrues interest at a rate of 1% and has an original maturity date of two years. The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization received full forgiveness of the loan in November 2020 and recorded the entire amount as PPP forgiveness income for the period ending December 31, 2020.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST  
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NOTE 14. CONTINGENCIES

COVID-19 Pandemic

The extent of the impact of the ongoing COVID-19 pandemic on the Organization's operational and financial performance will depend on certain factors, including the duration and spread of the outbreak, the impact on the Organization and its ability to hold fund-raising events and the outbreak's impact on the Organization's members and donors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

NOTE 15. SUBSEQUENT EVENT

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 30, 2021, the date the financial statements were available to be issued.