NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2021)

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Contents

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

We have audited the financial statements of Nebraska Appleseed Center for Law in the Public Interest (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes A and E to the financial statements, the Organization adopted Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

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Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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INDEPENDENT AUDITORS' REPORT (Continued)

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bland + Associates, P.C.

Omaha, Nebraska
August 2, 2023

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NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENTS OF FINANCIAL POSITION
(WITH COMPARATIVE FINANCIAL INFORMATION FOR 2021)

	December 31, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,482,778	$ 3,188,466
Current Portion of Grants Receivable	2,011,173	1,873,719
Prepaid Expenses	57,902	11,066
Total Current Assets	4,551,853	5,073,251
PROPERTY AND EQUIPMENT		
Office Furniture and Equipment	90,912	96,643
Less Accumulated Depreciation	(45,766)	(53,177)
Total Property and Equipment	45,146	43,466
OTHER ASSETS		
Operating Lease Right-of-Use Asset	185,038	-
Restricted Cash for Grants Payable	248,359	137,370
Grants Receivable, Less Current Portion	820,000	800,000
Investments	3,284,064	3,348,320
Total Other Assets	4,537,461	4,285,690
	$ 9,134,460	**$ 9,402,407**

	December 31, 2022	December 31, 2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 57,718	$ 42,028
Grants Payable	248,359	137,370
Wages Accrued	135,243	123,602
Flex Plan Withholding	4,419	3,861
Current Portion of Operating Lease Liability	134,288	-
Total Current Liabilities	580,027	306,861
LONG-TERM LIABILITIES		
Operating Lease Liability, Less Current Portion	60,964	-
Total Long-Term Liabilities	60,964	-
Total Liabilities	640,991	306,861
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Without Donor Restrictions		
Undesignated	3,192,986	3,291,114
Board-Designated Operating Reserve	1,050,000	940,000
Board-Designated Investments	276,586	277,011
Total Without Donor Restrictions	4,519,572	4,508,125
With Donor Restrictions		
Purpose Restrictions	3,128,350	3,892,421
Subject to the Passage of Time	845,547	695,000
Total With Donor Restrictions	3,973,897	4,587,421
Total Net Assets	8,493,469	9,095,546
	$ 9,134,460	**$ 9,402,407**

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

	Years Ended December 31,			
	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
OPERATING REVENUES AND SUPPORT				
Contributions	$ 536,104	$ -	$ 536,104	$ 549,812
Grants	449,200	2,580,013	3,029,213	4,882,444
Events	61,870	-	61,870	39,020
Miscellaneous Income	27,636	-	27,636	21,691
Interest Income	20,038	-	20,038	11,758
Investment Income	7,294	9,669	16,963	11,812
Realized Gain (Loss) on Sale of Investments	(1,332)	(1,766)	(3,098)	7,659
Loss on Sale of Property and Equipment	(2,041)	-	(2,041)	(866)
Unrealized Gain (Loss) on Investments	(50,792)	(67,329)	(118,121)	54,420
Net Assets and Revenue Released from Restriction	3,134,111	(3,134,111)	-	-
Total Operating Revenues and Support	4,182,088	(613,524)	3,568,564	5,577,750
OPERATING EXPENSES				
Program Services	3,329,894	-	3,329,894	2,871,978
Management and General	517,532	-	517,532	416,586
Fundraising Expenses	323,215	-	323,215	273,248
Total Operating Expenses	4,170,641	-	4,170,641	3,561,812
CHANGES IN NET ASSETS	11,447	(613,524)	(602,077)	2,015,938
NET ASSETS - BEGINNING OF YEAR	4,508,125	4,587,421	9,095,546	7,079,608
NET ASSETS - END OF YEAR	**$ 4,519,572**	**$ 3,973,897**	**$ 8,493,469**	**$ 9,095,546**

The accompanying notes to financial statements are
an integral part of these statements

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	$ 2,021,868	$ 361,249	$ 204,039	$ 2,587,156
Employee Benefits	356,816	59,039	37,164	453,019
Collaborative Grants to Others	324,973	-	-	324,973
Payroll Taxes	156,019	50,125	15,509	221,653
Contract Labor	72,958	2,319	5,264	80,541
Occupancy	52,814	9,841	5,342	67,997
Travel	57,101	856	992	58,949
Professional Fees	42,594	7,937	6,829	57,360
Printing	37,888	1,156	6,873	45,917
Research and Library	34,577	2,958	1,606	39,141
Telephone	26,115	4,840	2,627	33,582
Dues and Fees	17,567	2,047	6,288	25,902
PR, Media, and Communications	25,058	-	299	25,357
Events	4,421	41	16,791	21,253
Meetings and Conferences	15,642	2,745	1,490	19,877
Insurance	15,392	2,868	1,557	19,817
Internet	13,507	2,029	3,716	19,252
Depreciation	12,491	2,328	1,263	16,082
Supplies	12,494	1,070	1,322	14,886
Equipment Expense	8,826	1,586	861	11,273
Vacation Expense	8,708	1,623	881	11,212
Postage	4,708	273	2,176	7,157
Miscellaneous	3,856	267	145	4,268
Meals and Entertainment	3,501	335	181	4,017
TOTAL FUNCTIONAL EXPENSES	**$ 3,329,894**	**$ 517,532**	**$ 323,215**	**$ 4,170,641**

The accompanying notes to financial statements are
an integral part of these statements

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries	$ 1,732,071	$ 300,464	$ 183,289	$ 2,215,824
Employee Benefits	299,147	52,479	33,005	384,631
Collaborative Grants to Others	327,705	-	-	327,705
Payroll Taxes	125,603	25,046	13,853	164,502
Occupancy	54,060	9,504	5,739	69,303
Professional Fees	49,628	8,725	5,269	63,622
Contract Labor	56,602	52	4,227	60,881
Dues and Fees	21,755	336	4,561	26,652
Internet	17,929	3,022	2,825	23,776
Research and Library	20,550	1,453	877	22,880
Travel	21,230	749	578	22,557
Insurance	17,109	3,008	1,816	21,933
Telephone	16,935	2,930	1,769	21,634
Printing	11,420	1,071	7,678	20,169
PR, Media, and Communications	17,810	-	550	18,360
Litigation	15,065	-	-	15,065
Depreciation	11,241	1,976	1,193	14,410
Equipment Expense	11,381	1,296	826	13,503
Supplies	12,221	734	485	13,440
Vacation Expense	9,049	1,591	961	11,601
Meetings and Conferences	6,935	1,705	1,029	9,669
Miscellaneous	5,960	159	96	6,215
Postage	2,586	151	2,541	5,278
Events	3,854	72	43	3,969
Meals and Entertainment	506	41	25	572
Repairs and Maintenance	126	22	13	161
	2,868,478	416,586	273,248	3,558,312
In-Kind Expense	3,500	-	-	3,500
TOTAL FUNCTIONAL EXPENSES	**$ 2,871,978**	**$ 416,586**	**$ 273,248**	**$ 3,561,812**

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENTS OF CASH FLOWS
(WITH COMPARATIVE FINANCIAL INFORMATION FOR 2021)

	Years Ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (602,077)	$ 2,015,938
Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Provided By Operating Activities:		
Depreciation	16,082	14,410
Amortization of Right-of-Use Asset	73,770	-
Unrealized (Loss) Gain on Investments	118,121	(54,420)
Realized (Loss) Gain on Investments	3,098	(7,659)
Loss on Sale of Property and Equipment	2,041	866
(Increase) Decrease in Assets:		
Grants Receivable	(157,455)	(502,774)
Prepaid Expenses	(46,836)	20,673
Increase (Decrease) in Liabilities:		
Accounts Payable	15,690	7,457
Grants Payable	110,989	120,152
Wages Accrued	11,641	15,128
Operating Lease Liability	(63,556)	-
Flex Plan Withholding	558	2,056
Net Cash (Used In) Provided By Operating Activities	(517,934)	1,631,827
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	2,889,154	687,810
Purchase of Investments	(2,946,116)	(2,337,561)
Purchase of Property and Equipment	(20,053)	(18,442)
Proceeds from Sale of Property and Equipment	250	1,622
Net Cash Used In Investing Activities	(76,765)	(1,666,571)
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(594,699)	(34,744)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	3,325,836	3,360,580
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	**$ 2,731,137**	**$ 3,325,836**
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	$ 258,807	$ -

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Nebraska Appleseed Center for Law in the Public Interest (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Reporting Entity

Nebraska Appleseed Center for Law in the Public Interest is a not-for-profit, nonpartisan law project committed to equal justice for all Nebraskans.

Basis of Presentation

The Organization maintains its accounts on the accrual basis of accounting.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restriction – 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 and changes in net assets as net assets released from restrictions.

Measure of Operations

In the statements of activities and changes in net assets, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

The Organization considers all highly liquid investments with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and cash equivalents restricted for specific purposes are not considered cash or cash equivalents but are instead included as restricted cash and cash equivalents on the statements of financial position.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows for the years ended December 31,:

	2022	2021
Cash and cash equivalents	$ 2,482,778	$ 3,188,466
Restricted cash for grants payable	248,359	137,370
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	$ 2,731,137	$ 3,325,836

Grants Receivable

Unconditional promises to give and grants that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received in future years are recorded at the present value of their estimated future cash flows if determined to be material. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The receivables are reviewed for collectability and a provision for uncollectible accounts is recorded based on management's judgement and analysis of individual donors, past collection experience and other relevant factors. No allowance for uncollectible accounts was deemed necessary at December 31, 2022 and 2021, respectively.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Office Furniture and Equipment	5-7

Major expenditures are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. The Organization records equipment additions over $1,000 at cost, or if donated, at fair value on the date of donation. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any resulting gain or loss on disposition is reflected in the statements of activities and change in net assets.

Grants Payable

Grants payable consists of amounts received for entities that the Organization is fiscally sponsoring. The amount in restricted cash represents the grants payable due to the fiscally sponsored organizations at December 31, 2022 and 2021.

Revenue Recognition

The Organization recognizes special event revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received at a point in time when the event takes place.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met. All support and revenues are considered unrestricted unless stipulated by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor are reported as net assets with donor restrictions.

Under “Revenue from Contracts with Customers” (Topic 606), the Organization recognizes revenue when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Organization satisfies the performance obligation. The Organization only applies the five-step

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

model to contracts when it is probable that is will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer.

At contract inception, once the contract is determined to be within scope of Topic 606, the Organization assesses the goods or services promised within each contract and determines those that are performance obligations. The Organization then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as net assets with donor restrictions.

Compensated Absences

Employees of the Organization are entitled to certain amounts of paid vacation time. In the event of employee separation, an employee is reimbursed for accumulated vacation time. The Organization's policy is to recognize the cost of the compensated absences when earned by employees.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated are based on estimates of time and effort.

Advertising

The Organization expenses advertising costs as incurred. Total advertising costs were $25,357 and $18,360 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. As such, no provision for income taxes is reflected in the financial statements.

The Organization files Form 990, *Return of Organization Exempt from Income Tax*, in the U.S. Federal and state jurisdictions. As of December 31, 2022, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

there are no material amounts of unrecognized tax benefits. Tax years subsequent to 2019 remain subject to examination by major tax jurisdictions.

Recently Adopted Accounting Standard Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a not-for-profit entity has received. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Accordingly, the Organization adopted the new standard for fiscal year ending December 31, 2022. There is no effect on the financial statements in connection with the implementation.

In February 2016, the FASB issued Accounting Standards Codification (ASC) Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standard Pronouncements (Continued)

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization's operating leases of approximately $116,531 and $116,531, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through August 2, 2023, which is the date the financial statements were available to be issued.

NOTE B – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash and bank deposit accounts in financial institutions that, at times, may exceed federally insured limits. Interest and noninterest bearing accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2022 and 2021, the amount of deposits not covered was $1,299,720 and $2,137,728,

NOTE B – CONCENTRATIONS OF CREDIT RISK (Continued)

respectively. One financial institution has the Organization's deposit account participating in their pooled pledging program for any amounts that exceed the FDIC coverage.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of grants receivable and investments. 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 C – INVESTMENTS AND FAIR VALUE

The Organization utilizes FASB Accounting Standards Codification (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.

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.

NOTE C – INVESTMENTS AND FAIR VALUE (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

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.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022 and 2021.

	Assets at Fair Value as of December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Money Market	$ 5,895	$ -	$ -	$ 5,895
Certificates of Deposit	1,302,170	-	-	1,302,170
Government Bonds	1,006,195	-	-	1,006,195
Bond Funds	545,131	-	-	545,131
Equity Funds	424,673	-	-	424,673
Total Assets at Fair Value	$ 3,284,064	$ -	$ -	$ 3,284,064

	Assets at Fair Value as of December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Money Market	$ 10,433	$ -	$ -	$ 10,433
Certificates of Deposit	2,721,050	-	-	2,721,050
Bond Funds	135,742	-	-	135,742
Equity Funds	481,095	-	-	481,095
Total Assets at Fair Value	$ 3,348,320	$ -	$ -	$ 3,348,320

There were no transfers in and out of Levels 1, 2, and 3 in years 2022 and 2021.

NOTE D – 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 are due to be collected as follows:

	2022	2021
Due within one year	$ 2,011,173	$ 1,873,719
One to five years	820,000	800,000
Total	$ 2,831,173	$ 2,673,719

NOTE E – OPERATING LEASES

The Organization leases office space and equipment under operating lease agreements that have initial terms ranging from 1 to 7 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Organization, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Organization will exercise that option. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended December 31, 2022:

Operating lease cost	$ 75,622
Short-term lease cost	22,346
Variable lease cost	729
Total lease cost	$ 98,697

Total rent expense for operating leases was $84,981 for the year ended December 31, 2021.

Supplemental information related to leases is as follows for the year ended December 31, 2022:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash outflows – payments on operating leases	$ 65,407
Right-of-use assets obtained in exchange for new lease obligations	
Operating leases	$ 258,807
Weighted-average remaining lease term- operating	2.03 yrs
Weighted-average discount rate- operating	1.04%

NOTE E – OPERATING LEASES (Continued)

Future undiscounted cash flows and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of December 31, 2022:

Years Ending December 31,	Operating Leases
2023	$ 135,669
2024	26,532
2025	26,532
2026	8,844
Total Lease Payments	197,577
Less imputed interest	2,325
Total present value of lease liabilities	$ 195,252

NOTE F – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position comprise the following:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 2,482,778	$ 3,188,466
Grants Receivable	2,011,173	1,873,719
Total Financial Assets	$ 4,493,951	$ 5,062,185

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for related expenditures.

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 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 G – 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 years ended December 31,:

	2022	2021
Investments, Beginning of Year	$ 277,011	$ 237,217
Investment Income	7,294	8,178
Contributions	44,405	8,760
Net Appreciation (Depreciation)	(52,124)	22,856
Investments, End of Year	$ 276,586	$ 277,011

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction at December 31, 2022 and 2021 are available for the following uses:

	2022	2021
Subject to Expenditure for Specified Purposes		
Endowment Principal and Accumulated Gains (Losses)	$ 309,334	$ 368,760
Grants for Specific Programs in Subsequent Years	2,819,016	3,523,661
	3,128,350	3,892,421
Subject to the Passage of Time	845,547	695,000
Total Net Assets with Donor Restrictions	$ 3,973,897	$ 4,587,421

NOTE I – ENDOWMENT FUNDS

The Organization’s endowment consists of one fund established to provide support for programs authorized by the Board. The 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, 2022 and 2021, donor stipulations for all gifts to the endowment fund allow for the original gift to be expended. Donor-restricted amounts not retained in

NOTE I – ENDOWMENT FUNDS (Continued)

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.
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, 2022, is as follows:

	With Donor Restrictions	
	Principal and Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Donor-restricted Endowment Funds	$ 309,334	$ 309,334

Endowment net asset composition by type of fund as of December 31, 2021, is as follows:

	With Donor Restrictions	
	Principal and Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Donor-restricted Endowment Funds	$ 368,760	368,760

Included in accumulated gains (losses) and other are accumulated investment returns and term endowment funds which total $309,334 and $368,760 at December 31, 2022 and 2021, respectively. Term endowments are gifts of cash and other assets with stipulations that they be invested to provide a source of income for specified term and that the income be used for a specified purpose are both time and purpose restricted.

NOTE I – ENDOWMENT FUNDS (Continued)

Changes in endowment net assets for the year ended December 31, 2022:

	With Donor Restrictions	
	Principal and Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Endowment Net Assets, Beginning of Year	$ 368,760	368,760
Investment Income	7,903	7,903
Contributions	-	-
Net Depreciation	(67,329)	(67,329)
Endowment Net Assets, End of Year	$ 309,334	309,334

Changes in endowment net assets for the year ended December 31, 2021:

	With Donor Restrictions	
	Principal and Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Endowment Net Assets, Beginning of Year	$ 325,903	325,903
Investment Income	11,293	11,293
Contributions	-	-
Net Appreciation	31,564	31,564
Endowment Net Assets, End of Year	$ 368,760	368,760

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, 2022 and 2021, no funds with deficiencies were reported in net assets with donor restrictions.

By agreement with the donor, the Organization 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 4.5% per annum. The Board did not release any earnings during the year for expenditure.

NOTE J – MAJOR GRANTORS

The Organization expects one grantor will provide approximately 19% or more of revenue for the Organization in the year 2023. If these funds do not continue, the programs of the Organization will have to be curtailed significantly or discontinued. The Organization received a substantial portion of its support for the year ended December 31, 2022 from two major donors who accounted for 16% and 15% of total grants and contributions revenue and 10% and 63% of total grants receivable at December 31, 2022, respectively. The Organization received a substantial portion of its support for the year ended December 31, 2021 from one major donor who accounted for 53% of total grants and contributions revenue and 67% of total grants receivable at December 31, 2021, respectively.

NOTE K – 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 $98,499 and $83,414 for the years ended December 31, 2022 and 2021, respectively.

NOTE L – RELATED PARTY TRANSACTIONS

The Organization is related to the Nebraska Appleseed Action Fund. The Organization leases employee time to the Nebraska Appleseed Action Fund. As of December 31, 2022, there was no amount due for leased employee time. The Organization recorded $50,000 and $0 in contributions to the Nebraska Appleseed Action Fund for 2022 and 2021, respectively.. The Organization recorded $0 and $35,000 in contributions from the Nebraska Appleseed Action Fund for 2022 and 2021, respectively, which was 0% and 1% of contribution revenue.