



**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED DECEMBER 31, 2023  
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2022)**

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## INDEPENDENT AUDITORS' REPORT

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

### ***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, 2023, 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, 2023, 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.

### ***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 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

## INDEPENDENT AUDITORS' REPORT (Continued)

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.

### ***Report on Summarized Comparative Information***

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*BLAND + ASSOCIATES, P.C.*

Omaha, Nebraska  
July 22, 2024

**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
**STATEMENTS OF FINANCIAL POSITION**  
(WITH COMPARATIVE FINANCIAL INFORMATION FOR 2022)

<b>ASSETS</b>	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,223,926	\$ 2,482,778
Current Portion of Grants Receivable	2,567,013	2,011,173
Prepaid Expenses	54,739	57,902
Total Current Assets	4,845,678	4,551,853
<b>PROPERTY AND EQUIPMENT</b>		
Office Furniture and Equipment	96,139	90,912
Less Accumulated Depreciation	(56,220)	(45,766)
Total Property and Equipment	39,919	45,146
<b>OTHER ASSETS</b>		
Operating Lease Right-of-Use Asset	81,908	185,038
Restricted Cash for Grants Payable	43,420	248,359
Grants Receivable, Less Current Portion	675,000	820,000
Investments	3,513,350	3,284,064
Total Other Assets	4,313,678	4,537,461
	<b>\$ 9,199,275</b>	<b>\$ 9,134,460</b>
<b>LIABILITIES AND NET ASSETS</b>	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 50,933	\$ 57,718
Grants Payable	43,420	248,359
Wages Accrued	149,203	135,243
Flex Plan Withholding	4,683	4,419
Current Portion of Operating Lease Liability	29,916	134,288
Total Current Liabilities	278,155	580,027
<b>LONG-TERM LIABILITIES</b>		
Operating Lease Liability, Less Current Portion	51,910	60,964
Total Long-Term Liabilities	51,910	60,964
Total Liabilities	330,065	640,991
<b>COMMITMENTS AND CONTINGENCIES</b>		
	-	-
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	3,032,091	3,192,986
Board-Designated Operating Reserve	1,090,000	1,050,000
Board-Designated Investments	396,281	276,586
Total Without Donor Restrictions	4,518,372	4,519,572
With Donor Restrictions		
Purpose Restrictions	2,465,838	3,128,350
Subject to the Passage of Time	1,885,000	845,547
Total With Donor Restrictions	4,350,838	3,973,897
Total Net Assets	8,869,210	8,493,469
	<b>\$ 9,199,275</b>	<b>\$ 9,134,460</b>

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

**NEBRASKA APPESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2022)

	Years Ended December 31,			
	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>OPERATING REVENUES AND SUPPORT</b>				
Grants	\$ 215,368	\$ 3,677,843	\$ 3,893,211	\$ 3,029,213
Contributions	551,223	-	551,223	536,104
Unrealized Gain (Loss) on Investments	69,493	78,364	147,857	(118,121)
Interest Income	92,278	-	92,278	20,038
Investment Income	37,393	42,166	79,559	16,963
Events	70,375	-	70,375	61,870
Miscellaneous Income	22,312	-	22,312	27,636
Realized Gain (Loss) on Sale of Investments	879	992	1,871	(3,098)
Loss on Sale of Property and Equipment	(75)	-	(75)	(2,041)
Net Assets and Revenue Released from Restriction	3,422,425	(3,422,425)	-	-
Total Operating Revenues and Support	4,481,671	376,940	4,858,611	3,568,564
<b>OPERATING EXPENSES</b>				
Program Services	3,577,886	-	3,577,886	3,329,894
Management and General	556,888	-	556,888	517,532
Fundraising Expenses	348,096	-	348,096	323,215
Total Operating Expenses	4,482,870	-	4,482,870	4,170,641
<b>CHANGES IN NET ASSETS</b>	(1,199)	376,940	375,741	(602,077)
<b>NET ASSETS - BEGINNING OF YEAR</b>	4,519,571	3,973,898	8,493,469	9,095,546
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,518,372</u>	<u>\$ 4,350,838</u>	<u>\$ 8,869,210</u>	<u>\$ 8,493,469</u>

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, 2023

	Program Services	Supporting Services		Total	
		Management and General	Fundraising		Total Supporting Services
Salaries	\$ 2,203,614	\$ 407,147	\$ 221,809	\$ 628,956	\$ 2,832,570
Employee Benefits	401,204	66,191	39,948	106,139	507,343
Collaborative Grants to Others	386,880	-	-	-	386,880
Payroll Taxes	173,222	32,477	16,988	49,465	222,687
Occupancy	81,965	14,950	8,196	23,146	105,111
Travel	62,439	1,826	3,933	5,759	68,198
Professional Fees	49,247	8,982	8,615	17,597	66,844
Telephone	31,383	5,724	3,138	8,862	40,245
Dues and Fees	23,421	2,928	5,851	8,779	32,200
Research and Library	25,119	2,351	1,675	4,026	29,145
Events	9,635	421	15,908	16,329	25,964
Insurance	18,600	3,392	1,860	5,252	23,852
Contract Labor	21,477	128	70	198	21,675
Supplies	18,225	978	809	1,787	20,012
Depreciation	12,281	2,240	1,228	3,468	15,749
Meetings and Conferences	12,576	1,875	1,028	2,903	15,479
Printing	5,643	333	8,621	8,954	14,597
Vacation Expense	10,460	1,908	1,046	2,954	13,414
Internet	9,894	1,638	1,342	2,980	12,874
PR, Media, and Communications	5,891	-	2,660	2,660	8,551
Meals and Entertainment	7,583	159	87	246	7,829
Repairs and Maintenance	3,901	711	390	1,101	5,002
Postage	1,010	152	2,688	2,840	3,850
Equipment Expense	1,489	272	149	421	1,910
Miscellaneous	727	105	57	162	889
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 3,577,886</b>	<b>\$ 556,888</b>	<b>\$ 348,096</b>	<b>\$ 904,984</b>	<b>\$ 4,482,870</b>

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, 2022

	Program Services	Supporting Services		Total	
		Management and General	Fundraising		Total Supporting Services
Salaries	\$ 2,021,868	\$ 361,249	\$ 204,039	\$ 565,288	\$ 2,587,156
Employee Benefits	356,816	59,039	37,164	96,203	453,019
Collaborative Grants to Others	324,973	-	-	-	324,973
Payroll Taxes	156,019	50,125	15,509	65,634	221,653
Contract Labor	72,958	2,319	5,264	7,583	80,541
Occupancy	52,814	9,841	5,342	15,183	67,997
Travel	57,101	856	992	1,848	58,949
Professional Fees	42,594	7,937	6,829	14,766	57,360
Printing	37,888	1,156	6,873	8,029	45,917
Research and Library	34,577	2,958	1,606	4,564	39,141
Telephone	26,115	4,840	2,627	7,467	33,582
Dues and Fees	17,567	2,047	6,288	8,335	25,902
PR, Media, and Communications	25,058	-	299	299	25,357
Events	4,421	41	16,791	16,832	21,253
Meetings and Conferences	15,642	2,745	1,490	4,235	19,877
Insurance	15,392	2,868	1,557	4,425	19,817
Internet	13,507	2,029	3,716	5,745	19,252
Depreciation	12,491	2,328	1,263	3,591	16,082
Supplies	12,494	1,070	1,322	2,392	14,886
Equipment Expense	8,826	1,586	861	2,447	11,273
Vacation Expense	8,708	1,623	881	2,504	11,212
Postage	4,708	273	2,176	2,449	7,157
Miscellaneous	3,856	267	145	412	4,268
Meals and Entertainment	3,501	335	181	516	4,017
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 3,329,894</b>	<b>\$ 517,532</b>	<b>\$ 323,215</b>	<b>\$ 840,747</b>	<b>\$ 4,170,641</b>

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



**NEBRASKA APPELSEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
**STATEMENTS OF CASH FLOWS**  
**(WITH COMPARATIVE FINANCIAL INFORMATION FOR 2022)**

	<b>Years Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 375,741	\$ (602,077)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used In Operating Activities:		
Depreciation	15,749	16,082
Amortization of Right-of-Use Asset	126,072	73,770
Unrealized (Gain) Loss on Investments	(147,857)	118,121
Realized (Gain) Loss on Investments	(1,871)	3,098
Loss on Sale of Property and Equipment	75	2,041
(Increase) Decrease in Assets:		
Grants Receivable	(410,839)	(157,455)
Prepaid Expenses	3,163	(46,836)
Increase (Decrease) in Liabilities:		
Accounts Payable	(6,781)	15,690
Grants Payable	(204,938)	110,989
Wages Accrued	13,960	11,641
Operating Lease Liability	(136,368)	(63,556)
Flex Plan Withholding	264	558
Net Cash Used In By Operating Activities	(373,630)	(517,934)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	2,894,284	2,889,154
Purchase of Investments	(2,973,847)	(2,946,116)
Purchase of Property and Equipment	(11,098)	(20,053)
Proceeds from Sale of Property and Equipment	500	250
Net Cash Used In Investing Activities	(90,161)	(76,765)
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(463,791)	(594,699)
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR</b>	2,731,137	3,325,836
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 2,267,346</b>	<b>\$ 2,731,137</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	\$ 22,942	\$ 258,807

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

**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**

**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, 2023 and 2022**

**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,:

	2023	2022
Cash and cash equivalents	\$ 2,223,926	\$ 2,482,778
Restricted cash for grants payable	43,420	248,359
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	\$ 2,267,346	\$ 2,731,137

**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 judgment and analysis of individual donors, past collection experience and other relevant factors. No allowance for uncollectible accounts was deemed necessary at December 31, 2023 and 2022, respectively.

**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**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:

	<u>Years</u>
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 changes 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, 2023 and 2022.

**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

**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

model to contracts when it is probable that it 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 \$8,551 and \$25,357 for the years ended December 31, 2023 and 2022, 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, 2023, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and

**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (Continued)**

there are no material amounts of unrecognized tax benefits. Tax years subsequent to 2020 remain subject to examination by major tax jurisdictions.

**Subsequent Events**

Management has evaluated subsequent events through July 22, 2024, 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, 2023 and 2022, the amount of deposits not covered was \$0 and \$1,299,720, respectively. In 2023, two financial institutions have the Organization's deposit account participating in their pooled pledging program for any amounts that exceed the FDIC coverage. In 2022, one financial institution had 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.

**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE C – INVESTMENTS AND FAIR VALUE (Continued)**

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.

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, 2023.

*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, 2023 and 2022.

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**NOTE C – INVESTMENTS AND FAIR VALUE (Continued)**

<b>Assets at Fair Value as of December 31, 2023</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money Market	\$ 5,938	\$ -	\$ -	\$ 5,938
Certificates of Deposit	941,269	-	-	941,269
Government Bonds	977,534	-	-	977,534
Bond Funds	1,067,838	-	-	1,067,838
Equity Funds	520,771	-	-	520,771
Total Assets at Fair Value	\$ 3,513,350	\$ -	\$ -	\$ 3,513,350

<b>Assets at Fair Value as of December 31, 2022</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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

There were no transfers in and out of Levels 1, 2, and 3 in years 2023 and 2022.

**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:

	<b>2023</b>	<b>2022</b>
Due within one year	\$ 2,567,013	\$ 2,011,173
One to five years	675,000	820,000
Total	\$ 3,242,013	\$ 2,831,173

**NOTE E – OPERATING LEASES**

The Organization made an accounting policy election available under FASB ASC Topic 842, Leases, not to recognize Right-of-Use (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. 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.



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**NOTE E – OPERATING LEASES (Continued)**

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 years ended December 31,:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 125,743	\$ 75,622
Short-term lease cost	9,669	22,346
Variable lease cost	-	729
Total lease cost	<u>\$ 135,412</u>	<u>\$ 98,697</u>

Supplemental information related to leases is as follows for the year ended December 31, 2023:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash outflows – payments on operating leases	<u>\$ 138,469</u>
Right-of-use assets obtained in exchange for new lease obligations	
Operating leases	<u>\$ 22,942</u>
Weighted-average remaining lease term- operating	<u>2.82 yrs</u>
Weighted-average discount rate- operating	<u>2.00%</u>

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, 2023:

<u>Years Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 31,332
2025	31,332
2026	13,644
2027	4,800
2028	<u>3,518</u>
Total Lease Payments	84,626
Less imputed interest	<u>2,800</u>
Total present value of lease liabilities	<u>\$ 81,826</u>

**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
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**Years Ended December 31, 2023 and 2022**

**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:

	2023	2022
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 2,223,926	\$ 2,482,778
Grants Receivable	2,567,013	2,011,173
Total Financial Assets	\$ 4,790,939	\$ 4,493,951

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 but may be released for expenditure upon the Board of Director’s authorization. See note I for further details.

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,:

	2023	2022
Investments, Beginning of Year	\$ 276,586	\$ 277,011
Investment Income	37,393	7,294
Contributions	11,930	44,405
Net Appreciation (Depreciation)	70,372	(52,124)
Investments, End of Year	\$ 396,281	\$ 276,586

**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE H – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restriction at December 31, 2023 and 2022 are available for the following uses:

	2023	2022
Subject to Expenditure for Specified Purposes		
Endowment Principal and Accumulated	\$ 430,856	\$ 309,334
Gains (Losses)		
Grants for Specific Programs in Subsequent		
Years	2,034,982	2,819,016
	2,465,838	3,128,350
Subject to the Passage of Time	1,885,000	845,547
Total Net Assets with Donor Restrictions	\$ 4,350,838	\$ 3,973,897

**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, 2023 and 2022, donor stipulations for all gifts to the endowment fund allow for the original gift to be expended. 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.

The Organization considers 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.

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**NOTE I – ENDOWMENT FUNDS (Continued)**

7. The investment policies of the Organization.

Endowment net asset composition by type of fund as of December 31, 2023, is as follows:

	With Donor Restrictions	
	Principal and Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Donor-restricted Endowment Funds	\$ 430,856	\$ 430,856

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

Included in accumulated gains (losses) and other are accumulated investment returns and term endowment funds which total \$430,856 and \$309,334 at December 31, 2023 and 2022, 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 that are both time and purpose restricted.

Changes in endowment net assets for the year ended December 31, 2023:

	With Donor Restrictions	
	Principal and Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Endowment Net Assets, Beginning of Year	\$ 309,334	309,334
Investment Income	42,166	42,166
Contributions	-	-
Net Appreciation	79,356	79,356
Endowment Net Assets, End of Year	\$ 430,856	430,856

**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
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**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

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, 2023 and 2022, 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 6% 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 13% or more of revenue for the Organization in the year 2024. 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, 2023 from two major donors who accounted for 19% and 12% of total grants and contributions revenue and 28% and 41% of total grants receivable at December 31, 2023, respectively. 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.

**NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST**  
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**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 \$112,329 and \$98,499 for the years ended December 31, 2023 and 2022, 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, 2023, there was no amount due for leased employee time. The Organization recorded \$200,000 and \$50,000 in contributions to the Nebraska Appleseed Action Fund for 2023 and 2022, respectively.

**NOTE M – LEGAL AID AND SERVICES FUNDS GRANT COMPLIANCE REQUIREMENT**

The Organization receives legal aid and services funds passed through from Nebraska Commission on Public Advocacy. The funds require that monies are spent only on civil legal service for eligible low-income individuals and families. The agreement specifies that the verification requirement may be satisfied by requiring recipients of grant funds to execute an affidavit showing their eligibility to receive grant funds. The Organization did not act as primary counsel on behalf of low-income individuals during the year-ended December 31, 2023, and as such did not obtain affidavits. The Organization used the funds on personnel and other operating expenses to support their operating programs which includes conducting legal research, case exploration and preparation, legal intake and referral, collaborating on issues with legal service partners, and working towards solutions for low-income populations. The Organization has not used the funds to represent any client over the low-income threshold. The funds were used in accordance with their intention specified on the grant application, and thus, sufficiently satisfied the compliance requirement.