NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
TABLE OF CONTENTS

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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nebraska Appleseed Center for Law in the Public Interest as of December 31, 2018, 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.

New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Nebraska Appleseed Center for Law in the Public Interest's 2017 financial statements, and our report dated March 24, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dana F. Cole + Company, LLP

Lincoln, Nebraska
March 28, 2019

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash	3,017,544	2,011,399
Grants receivable	2,085,495	3,027,581
Accounts receivable	1,068	121
Prepaid expenses	30,302	25,957
Total current assets	5,134,409	5,065,058
PROPERTY AND EQUIPMENT		
Equipment	69,224	56,608
Less accumulated depreciation	(25,827)	(35,479)
Total property and equipment	43,397	21,129
OTHER ASSETS		
Restricted cash for grants payable	87,194	142,097
Investments	1,218,356	1,201,184
Total other assets	1,305,550	1,343,281
TOTAL ASSETS	6,483,356	6,429,468

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Accounts payable	37,352	27,634
Grants payable	87,194	142,097
Other accrued expenses	217	452
Wages accrued	63,524	56,259
Flex plan withholding	2,148	1,473
Total current liabilities	190,435	227,915
NET ASSETS		
Net assets without donor restrictions		
Undesignated	2,112,991	1,111,506
Designated	745,056	625,306
	2,858,047	1,736,812
Net assets with donor restrictions		
Restricted by purpose and time	3,434,874	4,464,741
Total net assets	6,292,921	6,201,553
TOTAL LIABILITIES AND NET ASSETS	6,483,356	6,429,468

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	2018			
	Without Donor Restrictions	With Donor Restrictions	Total	2017 Total
SUPPORT AND REVENUES				
Contributions	295,761		295,761	292,133
Events	65,473		65,473	59,412
Grants	863,047	1,453,620	2,316,667	5,258,464
Attorney fees	41,752		41,752	
Miscellaneous income	60,350		60,350	9,349
Interest income	21,078		21,078	9,691
Investment income		25,229	25,229	14,171
Gains on sale of investments		11,123	11,123	3,822
Losses on disposal of fixed assets	(3,326)		(3,326)	
Unrealized market value gains (losses)		(38,653)	(38,653)	28,433
Total support and revenues before net assets released from restrictions	1,344,135	1,451,319	2,795,454	5,675,475
Revenue released from restrictions	259,285	(259,285)		
Net assets released from restrictions	2,221,901	(2,221,901)		
Total support and revenues	3,825,321	(1,029,867)	2,795,454	5,675,475
EXPENSES				
Program services	2,202,444		2,202,444	1,672,609
Management and general	221,433		221,433	267,347
Fundraising	280,209		280,209	249,783
Total expenses	2,704,086		2,704,086	2,189,739
CHANGE IN NET ASSETS	1,121,235	(1,029,867)	91,368	3,485,736
NET ASSETS, beginning of year	1,736,812	4,464,741	6,201,553	2,715,817
NET ASSETS, end of year	2,858,047	3,434,874	6,292,921	6,201,553

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fund-raising	Total
Salaries	1,348,189	168,369	178,389	1,694,947
Employee benefits	223,505	16,443	24,124	264,072
Payroll taxes	97,329	12,653	13,570	123,552
Vacation expense	3,720	441	482	4,643
Contract labor	43,393			43,393
Collaborative grants to others	146,203			146,203
Occupancy	70,515	8,354	9,141	88,010
Telephone	17,134	2,014	2,204	21,352
Research and library	11,862	566	1,414	13,842
Events	4,694	29	18,430	23,153
Supplies	10,800	299	2,674	13,773
Dues and fees	17,286	1,081	6,698	25,065
Depreciation	7,354	871	953	9,178
Insurance	18,310	2,169	2,374	22,853
Internet	18,403	2,041	3,177	23,621
Postage	7,845	189	3,659	11,693
Meetings and conferences	18,117	1,765	1,931	21,813
Meals and entertainment	9,303	443	484	10,230
Equipment expense	3,639	340	372	4,351
Repairs and maintenance	476	56	62	594
Printing	26,402	475	4,483	31,360
Travel	70,907	675	2,790	74,372
Professional fees	18,147	2,050	2,244	22,441
PR, media, and communications	6,751	15	450	7,216
Miscellaneous	2,160	95	104	2,359
TOTAL EXPENSES	2,202,444	221,433	280,209	2,704,086

See accompanying notes to financial statements.

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fund-raising	Total
Salaries	1,045,549	208,773	155,901	1,410,223
Employee benefits	186,421	17,032	21,531	224,984
Payroll taxes	80,409	10,468	11,926	102,803
Vacation expense	4,100	738	591	5,429
Contract labor	18,378			18,378
Collaborative grants to others	66,900			66,900
Occupancy	68,929	12,409	9,945	91,283
Telephone	19,378	3,313	2,655	25,346
Research and library	10,427	615	494	11,536
Events	325		16,113	16,438
Supplies	9,692	770	5,386	15,848
Dues and fees	11,303	1,217	6,408	18,928
Depreciation	6,509	1,172	939	8,620
Insurance	13,012	2,343	1,877	17,232
Internet	9,710	1,583	1,269	12,562
Postage	1,513	271	4,169	5,953
Meetings and conferences	12,707	1,263	2,012	15,982
Meals and entertainment	4,972	462	370	5,804
Equipment expense	5,332	767	615	6,714
Repairs and maintenance	1,038	187	150	1,375
Printing	8,158	278	1,103	9,539
Travel	69,338	1,828	4,507	75,673
Professional fees	10,516	1,753	1,405	13,674
PR, media, and communications	4,296	57	304	4,657
Miscellaneous	3,697	48	113	3,858
TOTAL EXPENSES	1,672,609	267,347	249,783	2,189,739

NEBRASKA APPLESEED CENTER FOR LAW IN THE PUBLIC INTEREST
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	91,368	3,485,736
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,178	8,620
Unrealized (gain) loss on investments	38,653	(28,433)
Realized gain on investments	(11,123)	(3,822)
Loss on disposition of fixed assets	3,326	
(Increase) decrease in:		
Accounts receivable	(947)	113
Prepaid expenses	(4,345)	(4,540)
Grants receivable	942,086	(2,315,130)
Increase (decrease) in:		
Accounts payable	9,718	13,169
Grants payable	(54,903)	82,342
Other accrued expenses	(235)	(1,905)
Wages accrued	7,265	(14,360)
Flex plan withholding	675	203
Total adjustments	939,348	(2,263,743)
Net cash provided by operating activities	1,030,716	1,221,993
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,210,945	188,428
Purchase of investments	(2,255,648)	(423,105)
Purchase of equipment	(34,771)	(7,590)
Net cash used in investing activities	(79,474)	(242,267)
NET INCREASE IN CASH	951,242	979,726
CASH, beginning of year	2,153,496	1,173,770
CASH, end of year	3,104,738	2,153,496
COMPONENTS OF CASH		
Cash	3,017,544	2,011,399
Restricted cash	87,194	142,097
	3,104,738	2,153,496

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Nebraska Appleseed Center for Law in the Public Interest (the Organization) is a not-for-profit, nonpartisan law project committed to equal justice for all Nebraskans. The Organization is an affiliate of The Appleseed Foundation, Inc., an organization dedicated to building a society where opportunities are genuine, access to the law is universal and equal, and government advances the public interest.

Basis of Accounting

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

Classes of Net Assets

The financial statements report amounts by class of net assets.

Net assets without donor restrictions are currently available for operating purposes under the direction of the board or designated by the board for specific use.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or are time restricted. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations and scholarships.

Contributions

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

Contributed Materials and Services

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

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, 2018 and 2017, 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization 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.

Advertising

Advertising costs are expensed as incurred. Advertising expense was $7,216 and $4,657 for the years ended December 31, 2018 and 2017, respectively.

Expense Allocation

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017, from which the summarized information was derived.

New Accounting Pronouncement

Effective January 1, 2018, the Organization adopted FASB Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, (ASU 2016-14). The provisions of ASU 2016-14 are intended to simplify and improve the presentation of net assets, as well as provide information regarding liquidity, financial performance, and cash flows. The provisions of ASU 2016-14 that significantly change the Organization's financial statements are as follows:

- Revises the net asset classification structure to two classes (net assets with donor restrictions and net assets without donor restrictions) instead of the previous three classes,
- Enhances disclosures for self-imposed limits on the use of resources both with and without donor-imposed restrictions, and
- Requires quantitative and qualitative disclosures on liquidity and the availability of resources to fund operations.

The financial statements for the year ended December 31, 2017, have been retroactively restated for the effects of the adoption of ASU 2016-14, which resulted in temporarily and permanently restricted net assets being reported as net assets with donor restrictions, and unrestricted net assets being reported as net assets without donor restrictions. There was no change in total net assets, nor was there an effect on the change in net assets in the accompanying statement of activities for the year ended December 31, 2017.

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, 2018 and 2017, the amount of deposits not covered was $1,620,182 and $1,150,886, 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.

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, 2018, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Marketable Equity and Debt Securities

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

NOTE 3. INVESTMENTS (Continued)

Marketable Equity and Debt Securities (Continued)

Fair values of investments measured at December 31, 2018 and 2017, are as follows:

	2018			
	Total	Level 1	Level 2	Level 3
Money market	24,897	24,897		
Certificates of deposits	834,801	834,801		
Bond funds	119,195	119,195		
Equity funds	214,463	214,463		
Government bonds	25,000	25,000		
Totals	1,218,356	1,218,356		

	2017			
	Total	Level 1	Level 2	Level 3
Money market	7,822	7,822		
Certificates of deposits	830,576	830,576		
Bond funds	97,576	97,576		
Equity funds	240,059	240,059		
Government bonds	25,151	25,151		
Totals	1,201,184	1,201,184		

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 marketable securities at December 31, 2018 and 2017, are as follows:

	2018			
	Total Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Trading securities				
Money market	24,897			24,897
Certificates of deposits	835,000		199	834,801
Bond funds	121,069		1,874	119,195
Equity funds	179,061	35,402		214,463
Government bonds	24,959	41		25,000
Total trading securities	1,184,986	35,443	2,073	1,218,356

NOTE 3. INVESTMENTS (Continued)

Marketable Equity and Debt Securities (Continued)

	2017			
	Total Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Trading securities				
Money market	7,822			7,822
Certificates of deposits	831,000		424	830,576
Bond funds	97,263	313		97,576
Equity funds	169,347	70,712		240,059
Government bonds	24,959	192		25,151
Total trading securities	1,130,391	71,217	424	1,201,184

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, 2018, a schedule of the future minimum rental payments required under the above is as follows:

Year Ending December 31,	
2019	121,940
2020	124,762
2021	127,461
2022	130,489
2023	121,769
	626,421

NOTE 4. LEASE COMMITMENTS (Continued)

Total rental expense for the years ended December 31, 2018 and 2017, was $88,010 and $91,283, respectively.

NOTE 5. NET ASSETS

	2018	2017
Net assets without donor restrictions:		
Undesignated	2,112,991	1,111,506
Designated as an operating reserve	585,500	515,500
Board-designated investments	159,556	109,806
Total net assets without donor restrictions	2,858,047	1,736,812
Net assets with donor restrictions:		
Subject to expenditure for specified purposes		
Endowment accumulated gains	226,874	228,301
Grants for operations and specific programs in subsequent years	3,208,000	4,236,440
Total net assets with donor restrictions	3,434,874	4,464,741
	6,292,921	6,201,553

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, 2018:

	Without restrictions
Investments, beginning of year	109,806
Investment income	9,587
Contributions	50,624
Net depreciation	(10,461)
Investments, end of year	159,556

NOTE 6. BOARD-DESIGNATED INVESTMENTS (Continued)

Changes in board-designated investments for the year ended December 31, 2017:

	Without restrictions
Investments, beginning of year	92,164
Investment income	5,385
Contributions	
Net appreciation	12,257
Investments, end of year	109,806

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, 2018 and 2017, there were no such

Interpretation of Relevant Law (Continued)

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.

NOTE 7. ENDOWMENT FUNDS (Continued)

Interpretation of Relevant Law (Continued)

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, 2018, is as follows:

		With Donor Restrictions			
	Without restrictions	Amount to be held in perpetuity	Accumulated gains (losses) and other	Total with donor restrictions	Total Funds
Donor-restricted endowment funds	- 0 -	- 0 -	226,874	226,874	226,874

Endowment net asset composition by type of fund as of December 31, 2017, is as follows:

		With Donor Restrictions			
	Without restrictions	Amount to be held in perpetuity	Accumulated gains (losses) and other	Total with donor restrictions	Total Funds
Donor-restricted endowment funds	- 0 -	- 0 -	228,301	228,301	228,301

Included in accumulated gains (losses) and other are accumulated investment returns and term endowment funds which total $226,874 and $228,301 at December 31, 2018, and December 31, 2017, 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.

NOTE 7. ENDOWMENT FUNDS (Continued)

Changes in endowment net assets for the year ended December 31, 2018:

		With Donor Restrictions			
	Without restrictions	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	Total Funds
Endowment net assets, beginning of year	- 0 -	- 0 -	228,301	228,301	228,301
Investment income			15,642	15,642	15,642
Contributions					
Net depreciation			(17,069)	(17,069)	(17,069)
Endowment net assets, end of year	- 0 -	- 0 -	226,874	226,874	226,874

Changes in endowment net assets for the year ended December 31, 2017:

		With Donor Restrictions			
	Without restrictions	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	Total Funds
Endowment net assets, beginning of year	- 0 -	- 0 -	199,517	199,517	199,517
Investment income			8,786	8,786	8,786
Contributions					
Net appreciation			19,998	19,998	19,998
Endowment net assets, end of year	- 0 -	- 0 -	228,301	228,301	228,301

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, 2018 and 2017, 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 10% or more of the funds to support the overall expenses of the Organization in the year 2019. If these funds do not continue, the programs of the Organization will have to be curtailed significantly or discontinued. During the year 2018, approximately 25% of the funds to support the Organization were provided by one grantor.

NOTE 9. RETIREMENT PLAN

The Organization maintains a discretionary 401(k) plan for all eligible employees, whereby employees elect to make voluntary contributions pursuant to a salary reduction agreement. It is available to all employees who have met the service requirements. The Organization contributes the minimum of 3% of a participating employee's gross wages or contributions to the employee's account. The Organization's expense totaled $40,256 and $35,149 for the years ended December 31, 2018 and 2017, respectively.

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 one-year grants. Grants receivable, net of discount to present value at 3% and allowance for doubtful accounts, are due to be collected as follows:

	2018	2017
Gross amount due in:		
One year or less	1,800,288	1,150,278
One to five years	323,245	1,961,290
	2,123,533	3,111,568
Less discount to present value	(38,038)	(83,987)
Less discount for doubtful accounts	- 0 -	- 0 -
	2,085,495	3,027,581

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	3,017,544
Grants receivable	1,800,288
Accounts receivable	1,068
	4,818,900

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.

NOTE 11. LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

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. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 28, 2019, the date the financial statements were available to be issued.