

Nebraska Community Foundation
Lincoln, Nebraska

June 30, 2021 and 2020

Consolidated Financial Statements
and
Independent Auditor's Report



CPAs & Consultants | Wealth Management

Nebraska Community Foundation

Years ended June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Nebraska Community Foundation
Lincoln, Nebraska

We have audited the accompanying consolidated financial statements of Nebraska Community Foundation, which comprise the consolidated statements of financial position – modified cash basis as of June 30, 2021 and 2020, and the related consolidated statements of activities – modified cash basis and functional expenses – modified cash basis for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Nebraska Community Foundation as of June 30, 2021 and 2020 and the changes in its net assets for the years then ended, in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. The supplemental consolidating statements of financial position – modified cash basis and the consolidating statements of activities – modified cash basis are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the consolidating information are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021, on our consideration of Nebraska Community Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nebraska Community Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nebraska Community Foundation's internal control over financial reporting and compliance.



Lincoln, Nebraska
August 30, 2021

Nebraska Community Foundation

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS

June 30,

ASSETS

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and temporary cash investments (note A)	\$ 30,099,126	\$ 6,468,584
Certificates of deposit	23,699,966	28,689,144
Investments (notes A, B and F)	191,887,973	144,203,526
Investment in real property	48,448	48,448
Interest receivable	89,601	94,768
Gift annuities insurance (note F)	-	258,647
Property and equipment, net (notes A and C)	91,080	122,464
Contracts receivable (note D)	897,776	935,189
Other	<u>9,354</u>	<u>9,354</u>
 Total assets	 <u>\$ 246,823,324</u>	 <u>\$ 180,830,124</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Funds held for agencies (notes A and E)	\$ 16,700,315	\$ 10,756,984
Accrued payroll liabilities	111,667	68,544
Accrued other liabilities	973	55
Gift annuities payable (note F)	<u>355,922</u>	<u>696,083</u>

Total liabilities	<u>17,168,877</u>	<u>11,521,666</u>
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NET ASSETS (notes A and H)

Without donor restrictions, undesignated	196,290,118	139,738,269
Without donor restrictions, board designated reserve	2,395,386	2,190,832
Without donor restrictions, board designated endowments	20,996,928	15,728,093
With donor restrictions (note G)	<u>9,972,015</u>	<u>11,651,264</u>

Total net assets	<u>229,654,447</u>	<u>169,308,458</u>
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Total liabilities and net assets	<u>\$ 246,823,324</u>	<u>\$ 180,830,124</u>
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See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

CONSOLIDATED STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS			
Revenue and support			
Contributions	\$ 44,689,921	\$ 6,143,862	\$ 50,833,783
Investment income	34,994,959	762,795	35,757,754
Actuarial loss (note F)	-	(55,157)	(55,157)
Administrative fee revenue and reimbursements	2,081,603	-	2,081,603
Net assets released from restrictions (note A)	<u>8,530,749</u>	<u>(8,530,749)</u>	<u>-</u>
Total revenue and support	<u>90,297,232</u>	<u>(1,679,249)</u>	<u>88,617,983</u>
Expenses			
Program services	24,299,948	-	24,299,948
Management and general	3,336,785	-	3,336,785
Fundraising	<u>635,261</u>	<u>-</u>	<u>635,261</u>
Total expenses	<u>28,271,994</u>	<u>-</u>	<u>28,271,994</u>
INCREASE (DECREASE) IN NET ASSETS	62,025,238	(1,679,249)	60,345,989
Net assets, beginning of year	<u>157,657,194</u>	<u>11,651,264</u>	<u>169,308,458</u>
Net assets, end of year	<u>\$ 219,682,432</u>	<u>\$ 9,972,015</u>	<u>\$ 229,654,447</u>

See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

CONSOLIDATED STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS			
Revenue and support			
Contributions	\$ 15,015,510	\$ 13,252,762	\$ 28,268,272
Investment income	5,135,195	289,256	5,424,451
Actuarial loss (note F)	-	(68,595)	(68,595)
Administrative fee revenue and reimbursements	1,929,307	-	1,929,307
Net assets released from restrictions (note A)	<u>15,264,690</u>	<u>(15,264,690)</u>	<u>-</u>
Total revenue and support	<u>37,344,702</u>	<u>(1,791,267)</u>	<u>35,553,435</u>
Expenses			
Program services	33,103,633	-	33,103,633
Management and general	3,188,212	-	3,188,212
Fundraising	<u>656,767</u>	<u>-</u>	<u>656,767</u>
Total expenses	<u>36,948,612</u>	<u>-</u>	<u>36,948,612</u>
INCREASE (DECREASE) IN NET ASSETS	396,090	(1,791,267)	(1,395,177)
Net assets, beginning of year	<u>157,261,104</u>	<u>13,442,531</u>	<u>170,703,635</u>
Net assets, end of year	<u>\$ 157,657,194</u>	<u>\$ 11,651,264</u>	<u>\$ 169,308,458</u>

See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

Years ended June 30,

	2021			Total
	Program Services	Management and General	Development and Fundraising	
Grants, disbursements, and program services	\$22,913,498	\$ -	\$ -	\$22,913,498
Personnel and benefits	961,176	1,162,683	553,378	2,677,237
Marketing and communication	132,898	4,720	39,630	177,248
Affiliated fund development	168	(134)	-	34
Staff development	6,118	8,558	-	14,676
Memberships and dues	15,684	1,070	1,065	17,819
Conferences and meetings	11,977	1,298	-	13,275
Travel	23,214	3,095	4,643	30,952
Office expenses	26,211	24,889	6,799	57,899
Professional services	106,279	129,267	2,015	237,561
Occupancy	101,960	11,558	27,731	141,249
Insurance	-	26,534	-	26,534
Depreciation	765	30,619	-	31,384
Other expenses	-	17,024	-	17,024
Affiliated fund administrative fees	-	1,915,604	-	1,915,604
Total expenses	\$24,299,948	\$ 3,336,785	\$ 635,261	\$28,271,994

	2020			Total
	Program Services	Management and General	Development and Fundraising	
Grants, disbursements, and program services	\$31,494,903	\$ -	\$ -	\$31,494,903
Personnel and benefits	981,415	1,067,509	563,527	2,612,451
Marketing and communication	165,563	3,731	36,820	206,114
Affiliated fund development	38,824	-	-	38,824
Staff development	38,188	13,357	5,828	57,373
Memberships and dues	18,595	1,399	2,329	22,323
Conferences and meetings	64,920	31,730	-	96,650
Travel	64,216	8,562	12,843	85,621
Office expenses	33,640	26,788	8,464	68,892
Professional services	100,754	138,608	-	239,362
Occupancy	100,303	12,503	26,956	139,762
Insurance	-	27,841	-	27,841
Depreciation	1,820	32,772	-	34,592
Other expenses	492	25,249	-	25,741
Affiliated fund administrative fees	-	1,798,163	-	1,798,163
Total expenses	\$33,103,633	\$ 3,188,212	\$ 656,767	\$36,948,612

See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Nebraska Community Foundation (the Foundation) is a statewide not-for-profit, charitable foundation organized in 1993. The Foundation uses the tools of philanthropy, community development and economic development to help communities help themselves.

The Platte River Recovery Implementation Foundation was organized in 2008. The Platte River Recovery Implementation Foundation serves as the land interest holding entity trustee for the Platte River Recovery Implementation Program, whose purpose is to provide habitat for endangered species in the Platte River Valley.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting. The accompanying consolidated financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method, revenues are recognized when collected or when contingencies, if any, are met rather than when earned, and expenses are recognized when paid rather than when incurred. Payroll taxes are recognized when the related payroll is paid.

Principles of Consolidation. The consolidated financial statements include the accounts of the Foundation and its controlled organization, the Platte River Recovery Implementation Foundation. All material intercompany accounts and transactions have been eliminated in consolidation.

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

Without donor restrictions. Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

With donor restrictions. Net assets subject to donor- or grantor-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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

In August 2008, the Financial Accounting Standards Board issued guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA were also improved.

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Asset Classification - Continued. The State of Nebraska adopted UPMIFA effective September 1, 2007. The Foundation adopted the Financial Accounting Standards Board's guidance and required disclosures for the year ended June 30, 2009. The Board of Directors, on the advice of legal counsel, has determined that the majority of the Foundation's net assets do not meet the definition of "endowment" under UPMIFA. The Foundation is governed by its bylaws and most contributions are subject to the terms of the bylaws and the Foundation's payout policy. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

Under the terms of the bylaws, the Board of Directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as donor restricted are classified as net assets without donor restrictions for financial statement reporting purposes.

When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities - modified cash basis as "net assets released from restrictions."

Restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds, plus any portion of investment income and appreciation for such funds that may not be expended in accordance with donor-imposed stipulations.

Endowment Investment and Payout Policies. The Foundation has adopted investment and payout policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. The Foundation's investment and payout policies, which have been approved by the Foundation's Board of Directors, work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The Foundation utilizes three asset allocation models for endowed assets with differing allocations between equities and fixed income securities. These models allocate 25%, 50% and 75%, respectively to equities with the remainder allocated to fixed income securities. Each asset allocation model has long-term return objectives to (1) exceed inflation by a stated amount (2.5%, 3.5% and 4.5%, respectively, based on the asset allocation for the model); and (2) achieve returns consistent with those of a benchmark that is appropriate to the model's asset allocation. Actual returns in any given year may vary from these targets.

To satisfy its long-term return objectives, the Foundation utilizes a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation employs a diversified asset allocation to achieve its long-term return objectives with a prudent level of risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Endowment Investment and Payout Policies - Continued. The payout policy determines the amount of money distributable from the Foundation's various endowment funds for grant making, taking into account administrative costs. The current payout policy is to allow distributions for grant making not to exceed 2.5%, 3.5% or 4.5% of the twelve-quarter moving average value of an endowment, respectively, for the three asset allocation models described above. Accordingly, over the long term, the Foundation expects the current payout policy to allow its endowment funds to grow at an average rate of approximately 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

Cash and Temporary Cash Investments. For purposes of the consolidated statements of financial position - modified cash basis, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be temporary cash investments.

Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position - modified cash basis. Unrealized gains and losses are included in the change in net assets. Donated securities are recorded as contributions equal to the fair market value of the securities at the date of gift.

Property and Equipment and Depreciation. Property and equipment are carried at cost, if purchased, and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. It is the Foundation's policy to capitalize property and equipment over \$2,500. Office furniture and equipment is depreciated over an estimated life of three to seven years. Leasehold improvements are depreciated over the term of the lease, which is ten years for the current lease.

Funds Held for Agencies. Funds established by an unrelated not-for-profit organization using its own funds and for its own benefit are classified by the Foundation as a liability rather than as a net asset. The Foundation refers to these as agency funds. The Foundation maintains variance power over and legal ownership of agency funds and as such continues to report the funds as assets of the Foundation. The Foundation has disclosed the agency funds' activities in Note E "Transactions in Funds Held for Agencies."

Leases. Rental payments under agreements which meet the criteria of an operating lease are expensed when paid.

Fair Value Measurements. 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. The Foundation utilizes a fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements - Continued.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Functional Expenses. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and benefits, occupancy, travel, development, and office expenses, which are allocated on the basis of time and effort.

Income Taxes. The Foundation and the Platte River Recovery Implementation Foundation are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of the organizations' exempt purposes is not subject to income tax. Any income earned through activities not related to the organizations' exempt purposes is subject to income tax at normal corporate rates.

Use of Estimates. The preparation of consolidated financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - FAIR VALUE OF ASSETS AND LIABILITIES

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used during the years ended June 30, 2021 and 2020.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

Exchange traded funds: Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

Master limited partnerships: Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

Mortgage-backed securities: Valued using independent pricing models.

Municipal bonds: Valued using independent pricing models.

U.S. government and agency obligations: Valued using independent pricing models.

Fair values of investments measured on a recurring basis at June 30, 2021 are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 62,270,507	\$ 62,270,507	\$ -	\$ -
Mutual funds				
Large cap equity	10,551,305	10,551,305	-	-
Small and mid cap equity	5,843,466	5,843,466	-	-
International equity	19,191,278	19,191,278	-	-
Fixed income	33,551,678	33,551,678	-	-
Exchange traded funds				
Large cap equity	13,699,791	13,699,791	-	-
Small and mid cap equity	8,219,070	8,219,070	-	-
International equity	6,122,921	6,122,921	-	-
Fixed income	9,402,020	9,402,020	-	-
Master limited partnerships	229,235	229,235	-	-
Mortgage-backed securities	7,300	-	7,300	-
Municipal bonds	9,073,592	-	9,073,592	-
U.S. government and agency obligations	6,555,776	-	6,555,776	-
Corporate bonds	7,170,034	-	7,170,034	-
	<u>\$ 191,887,973</u>	<u>\$ 169,081,271</u>	<u>\$ 22,806,702</u>	<u>\$ -</u>

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - FAIR VALUE OF ASSETS AND LIABILITIES - CONTINUED

Fair values of investments measured on a recurring basis at June 30, 2020 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 7,526,597	\$ 7,526,597	\$ -	\$ -
Mutual funds				
Large cap equity	31,693,136	31,693,136	-	-
Small and mid cap equity	16,314,387	16,314,387	-	-
International equity	15,269,735	15,269,735	-	-
Fixed income	29,017,842	29,017,842	-	-
Exchange traded funds				
Large cap equity	9,687,127	9,687,127	-	-
Small and mid cap equity	7,394,171	7,394,171	-	-
International equity	2,019,402	2,019,402	-	-
Fixed income	3,259,936	3,259,936	-	-
Mortgage-backed securities	9,150	-	9,150	-
Municipal bonds	2,583,264	-	2,583,264	-
U.S. government and agency obligations	14,142,813	-	14,142,813	-
Corporate bonds	5,285,966	-	5,285,966	-
	<u>\$ 144,203,526</u>	<u>\$ 122,182,333</u>	<u>\$ 22,021,193</u>	<u>\$ -</u>

Unrealized and realized gains and losses from investments, net of investment fees, are included in investment income on the consolidated statements of activities – modified cash basis for the years ended June 30, 2021 and 2020.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of:

	2021	2020
Office furniture and equipment	\$ 264,887	\$ 264,887
Leasehold improvements	<u>91,055</u>	<u>91,055</u>
	355,942	355,942
Less accumulated depreciation	<u>(264,862)</u>	<u>(233,478)</u>
	<u>\$ 91,080</u>	<u>\$ 122,464</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$31,384 and \$34,592, respectively.

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D - CONTRACTS RECEIVABLE

The Foundation is a beneficiary of a trust that contains a land contract and promissory note. Principal payments of \$37,413 are due annually through April 2044. Interest shall accrue and be determined annually based on certificate of deposit rates.

Future minimum payments receivable for the years following June 30, 2021 are due as follows:

<u>Years ending June 30,</u>	
2022	\$ 37,413
2023	37,413
2024	37,413
2025	37,413
2026	37,413
Thereafter	<u>710,711</u>
	<u>\$ 897,776</u>

NOTE E - TRANSACTIONS IN FUNDS HELD FOR AGENCIES

Transactions in agency funds are summarized as follows:

	<u>2021</u>	<u>2020</u>
Additions:		
Contributions	\$ 3,660,856	\$ 805,852
Investment income	600	1,077
Net unrealized and realized gains	<u>3,731,669</u>	<u>382,332</u>
Total additions	<u>7,393,125</u>	<u>1,189,261</u>
Deductions:		
Program services expenses	1,279,943	620,264
Management and general expenses	<u>169,851</u>	<u>131,678</u>
Total deductions	<u>1,449,794</u>	<u>751,942</u>
INCREASE IN BALANCE	5,943,331	437,319
Balance in agency funds, beginning of year	<u>10,756,984</u>	<u>10,319,665</u>
Balance in agency funds, end of year	<u>\$ 16,700,315</u>	<u>\$ 10,756,984</u>

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F - GIFT ANNUITIES

The Foundation has entered into irrevocable agreements (gift annuity agreements) with donors whereby in exchange for a gift from the donor, the Foundation is obligated to provide an annuity to the donor or other designated beneficiaries for a specific number of years or for the life of the beneficiary.

A liability is recognized for the estimated present value of the annuity obligation and the contributed assets are recorded at their gross market value. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in Internal Revenue Service (IRS) guidelines and actuarial tables. The amount of the liability is adjusted annually in accordance with the IRS actuarial tables and a gain or loss is recorded to reflect the change in value.

For agreements where the Foundation has purchased insurance to cover the annuity payments, an asset is recognized in an amount equal to the insured portion of the annuity obligation.

	<u>2021</u>	<u>2020</u>
Assets included in cash and temporary cash investments	<u>\$ 5,438</u>	<u>\$ 55,894</u>
Assets included in investments	<u>\$ 785,737</u>	<u>\$ 904,956</u>
Actuarial loss recognized from change in value of gift annuity agreements	<u>\$ (55,157)</u>	<u>\$ (68,595)</u>

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets are restricted by time and purpose as follows:

Time restrictions:		
Gift annuities	\$ 435,252	\$ 523,414
Purpose restrictions:		
Endowment appropriation	1,168,645	709,909
Government programs	6,463,788	8,567,606
Perpetual restrictions:		
Permanent endowments	<u>1,904,330</u>	<u>1,850,335</u>
	<u>\$ 9,972,015</u>	<u>\$ 11,651,264</u>

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H - ENDOWMENTS

Changes in endowment net assets for the fiscal year ended June 30, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 117,686,661</u>	<u>\$ 3,072,975</u>	<u>\$ 120,759,636</u>
Board-designated endowment funds	<u>\$ 20,996,928</u>	<u>\$ -</u>	<u>\$ 20,996,928</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance July 1, 2020	\$ 102,507,739	\$ 2,560,244	\$ 105,067,983
Investment income	2,373	24	2,397
Net appreciation	30,585,721	563,976	31,149,697
Contributions	10,135,425	53,995	10,189,420
Amounts appropriated for expenditure	<u>(4,547,669)</u>	<u>(105,264)</u>	<u>(4,652,933)</u>
Balance June 30, 2021	<u>\$ 138,683,589</u>	<u>\$ 3,072,975</u>	<u>\$ 141,756,564</u>

Changes in endowment net assets for the fiscal year ended June 30, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 86,779,646</u>	<u>\$ 2,560,244</u>	<u>\$ 89,339,890</u>
Board-designated endowment funds	<u>\$ 15,728,093</u>	<u>\$ -</u>	<u>\$ 15,728,093</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance July 1, 2019	\$ 93,809,915	\$ 2,539,803	\$ 96,349,718
Investment income	11,508	50	11,558
Net appreciation	3,893,543	122,268	4,015,811
Contributions	8,618,648	-	8,618,648
Amounts appropriated for expenditure	<u>(3,825,875)</u>	<u>(101,877)</u>	<u>(3,927,752)</u>
Balance June 30, 2020	<u>\$ 102,507,739</u>	<u>\$ 2,560,244</u>	<u>\$ 105,067,983</u>

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE I - LIQUIDITY AND AVAILABILITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available (cash pool) to meet general expenditures following three guiding principles, in order of priority:

1. Preserving the cash pool's nominal principal value,
2. Maintaining an adequate level of liquidity, and
3. Generating attractive and growing interest income.

Consideration shall be given to the projected cash flows of the Foundation. In aggregate, the maturity commitments required for investment of expendable funds should not exceed the anticipated timeline for ultimate expenditure.

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

	<u>2021</u>	<u>2020</u>
Without donor restrictions, board designated reserve		
Without donor restrictions, board designated endowments		
Cash and cash equivalents	\$ 26,035,797	\$ 4,025,499
Investments		
Securities with maturities in less than 1 year		
Without restrictions	36,895,175	35,777,991
Restricted for use in current programs	<u>4,500,000</u>	<u>7,800,000</u>
	<u>\$ 67,430,972</u>	<u>\$ 47,603,490</u>

NOTE J - LEASE COMMITMENT

The Foundation entered into a 10-year lease agreement for office space which commenced on April 1, 2018 and expires on March 31, 2028. The lease requires monthly payments of \$7,646 for the first three years of the lease, then increases to \$8,268 for the next three years, and \$8,890 for the last four years.

The Foundation also entered into leases during the year on behalf of four of its affiliated funds. The leases require monthly payments ranging from \$200 to \$2,213 a month and expire within the next one to two years.

Rent and other lease expense for the years ended June 30, 2021 and 2020 was \$159,482 and \$155,262, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J - LEASE COMMITMENT - CONTINUED

Future minimum lease payments for the years following June 30, 2021 are as follows:

<u>Years ending June 30,</u>	
2022	\$ 133,148
2023	125,768
2024	107,721
2025	106,678
2026	106,678
Thereafter	<u>186,686</u>
	<u>\$ 766,679</u>

NOTE K - DONATED SERVICES

Many volunteers donated time and services to the Foundation. There is no objective basis available to measure the value of these services.

NOTE L - RETIREMENT PLAN

The Foundation provides a retirement plan for all employees. After one year of service, the Foundation matches employee contributions for full-time employees up to 5% of gross earnings. The Foundation contributed \$93,255 and \$86,489 to the retirement plan for the years ended June 30, 2021 and 2020, respectively.

NOTE M - GRANTS RECEIVABLE

Several of the Foundation's funding sources operate on a reimbursement basis. Because it uses the modified cash method of accounting, the Foundation has not recognized any grants receivable for the years ended June 30, 2021 and 2020.

NOTE N - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of a checking account, money market account, and a short-term investment trust account at two financial institutions. Checking and money market accounts at each institution are insured by the FDIC up to \$250,000. The short-term investment trust account is not FDIC-insured. At June 30, 2021 and 2020, the bank accounts exceeded federally insured limits by \$3,062,580 and \$1,725,251, respectively. The Foundation has not experienced any losses on such accounts.

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE O - INCOME TAXES

The Foundation and the Platte River Recovery Implementation Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the year ended June 30, 2020, the Foundation was gifted and sold S-Corporation stock, which is subject to tax on unrelated business income. The Foundation recorded and received a tax refund of \$8,274 during the year ended June 30, 2021 on unrelated business activity. The Foundation recorded and paid a tax liability of \$29,683 during the year ended June 30, 2020 on this unrelated business activity. The Platte River Recovery Implementation Foundation did not have any unrelated business income for June 30, 2021 and 2020. The Organizations believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

The Organizations' federal Returns of Organization Exempt from Income Tax (Forms 990 and 990-T) for June 30, 2021, 2020, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

NOTE P - RECLASSIFICATION

Certain amounts in the year ended June 30, 2020 financial statements have been reclassified to conform with current year presentation. These reclassifications had no effect on the 2020 statement of activities.

NOTE Q - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date that the consolidated financial statements were available to be issued.

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SUPPLEMENTAL INFORMATION

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS

June 30, 2021

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Consolidated
ASSETS			
Cash and temporary cash investments	\$ 30,002,383	\$ 96,743	\$ 30,099,126
Certificates of deposit	23,699,966	-	23,699,966
Investments	191,887,973	-	191,887,973
Investment in real property	48,448	-	48,448
Interest receivable	89,601	-	89,601
Property and equipment, net	91,080	-	91,080
Contracts receivable	897,776	-	897,776
Other	9,354	-	9,354
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 246,726,581</u>	<u>\$ 96,743</u>	<u>\$ 246,823,324</u>
LIABILITIES			
Funds held for agencies	\$ 16,700,315	\$ -	\$ 16,700,315
Accrued payroll liabilities	111,667	-	111,667
Accrued other liabilities	973	-	973
Gift annuities payable	355,922	-	355,922
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>17,168,877</u>	<u>-</u>	<u>17,168,877</u>
NET ASSETS			
Without donor restrictions, undesignated	196,193,375	96,743	196,290,118
Without donor restrictions, board designated reserve	2,395,386	-	2,395,386
Without donor restrictions, board designated endowments	20,996,928	-	20,996,928
With donor restrictions	9,972,015	-	9,972,015
	<u> </u>	<u> </u>	<u> </u>
Total net assets	<u>229,557,704</u>	<u>96,743</u>	<u>229,654,447</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 246,726,581</u>	<u>\$ 96,743</u>	<u>\$ 246,823,324</u>

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS

June 30, 2020

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Consolidated
ASSETS			
Cash and temporary cash investments	\$ 6,375,176	\$ 93,408	\$ 6,468,584
Certificates of deposit	28,689,144	-	28,689,144
Investments	144,203,526	-	144,203,526
Investment in real property	48,448	-	48,448
Interest receivable	94,768	-	94,768
Gift annuities insurance	258,647	-	258,647
Property and equipment, net	122,464	-	122,464
Contracts receivable	935,189	-	935,189
Other	9,354	-	9,354
	<u>\$ 180,736,716</u>	<u>\$ 93,408</u>	<u>\$ 180,830,124</u>
LIABILITIES			
Funds held for agencies	\$ 10,756,984	\$ -	\$ 10,756,984
Accrued payroll liabilities	68,544	-	68,544
Accrued other liabilities	55	-	55
Gift annuities payable	696,083	-	696,083
	<u>11,521,666</u>	<u>-</u>	<u>11,521,666</u>
NET ASSETS			
Without donor restrictions, undesignated	139,644,861	93,408	139,738,269
Without donor restrictions, board designated reserve	2,190,832	-	2,190,832
Without donor restrictions, board designated endowments	15,728,093	-	15,728,093
With donor restrictions	11,651,264	-	11,651,264
	<u>169,215,050</u>	<u>93,408</u>	<u>169,308,458</u>
	<u>\$ 180,736,716</u>	<u>\$ 93,408</u>	<u>\$ 180,830,124</u>

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended June 30, 2021

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Eliminations	Consolidated
CHANGES IN NET ASSETS				
Revenue and support				
Contributions	\$ 50,833,783	\$ -	\$ -	\$ 50,833,783
Investment income	35,757,714	40	-	35,757,754
Actuarial loss	(55,157)	-	-	(55,157)
Administrative fee revenue and reimbursements	<u>2,081,603</u>	<u>52,300</u>	<u>(52,300)</u>	<u>2,081,603</u>
Total revenue and support	<u>88,617,943</u>	<u>52,340</u>	<u>(52,300)</u>	<u>88,617,983</u>
Expenses				
Program services	24,303,243	49,005	(52,300)	24,299,948
Management and general	3,336,785	-	-	3,336,785
Fundraising	<u>635,261</u>	<u>-</u>	<u>-</u>	<u>635,261</u>
Total expenses	<u>28,275,289</u>	<u>49,005</u>	<u>(52,300)</u>	<u>28,271,994</u>
INCREASE IN NET ASSETS	60,342,654	3,335	-	60,345,989
Net assets, beginning of year	<u>169,215,050</u>	<u>93,408</u>	<u>-</u>	<u>169,308,458</u>
Net assets, end of year	<u>\$ 229,557,704</u>	<u>\$ 96,743</u>	<u>\$ -</u>	<u>\$ 229,654,447</u>

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended June 30, 2020

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Eliminations	Consolidated
CHANGES IN NET ASSETS				
Revenue and support				
Contributions	\$ 28,268,272	\$ -	\$ -	\$ 28,268,272
Investment income	5,424,414	37	-	5,424,451
Actuarial loss	(68,595)	-	-	(68,595)
Administrative fee revenue and reimbursements	<u>1,929,307</u>	<u>52,900</u>	<u>(52,900)</u>	<u>1,929,307</u>
Total revenue and support	<u>35,553,398</u>	<u>52,937</u>	<u>(52,900)</u>	<u>35,553,435</u>
Expenses				
Program services	33,103,347	53,186	(52,900)	33,103,633
Management and general	3,188,212	-	-	3,188,212
Fundraising	<u>656,767</u>	<u>-</u>	<u>-</u>	<u>656,767</u>
Total expenses	<u>36,948,326</u>	<u>53,186</u>	<u>(52,900)</u>	<u>36,948,612</u>
DECREASE IN NET ASSETS	(1,394,928)	(249)	-	(1,395,177)
Net assets, beginning of year	<u>170,609,978</u>	<u>93,657</u>	<u>-</u>	<u>170,703,635</u>
Net assets, end of year	<u>\$ 169,215,050</u>	<u>\$ 93,408</u>	<u>\$ -</u>	<u>\$ 169,308,458</u>

Nebraska Community Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

Federal Grantor/Pass through Grantor/ Program Title	Assistance Listing Number	Grant Identifying Number	Federal Expenditures	Provided to Subrecipients
U.S. Department of the Interior				
Bureau of Reclamation				
Platte River Recovery Implementation	15.544	R17AC00172	\$ 363,319	\$ -
Platte River Recovery Implementation	15.544	R20AC00100	<u>4,774,649</u>	<u>-</u>
			<u>5,137,968</u>	<u>-</u>
Fish and Wildlife Service				
Partners for Fish and Wildlife	15.631	F18AC00110	<u>32,076</u>	<u>-</u>
Migratory Bird Joint Ventures	15.637	F15AC01071	36,408	-
Migratory Bird Joint Ventures	15.637	F18AC00730	<u>107,661</u>	<u>-</u>
			<u>144,069</u>	<u>-</u>
National Fish and Wildlife Foundation				
NFWF-USFWS Conservation Partnership	15.663	0801.17.058921	<u>50,000</u>	<u>50,000</u>
			<u>5,364,113</u>	<u>50,000</u>
U.S. Department of Agriculture				
University of Arizona				
Agricultural Research Basic and Applied Research	10.001	58-2022-9-008	<u>32,000</u>	<u>-</u>
National Institute of Food and Agriculture				
Food Insecurity Nutrition Incentive Grants Program	10.331	2020-70030-33181	<u>108,450</u>	<u>-</u>
National Fish and Wildlife Foundation				
National Fish and Wildlife Foundation	10.683	0801.17.058921	<u>44,513</u>	<u>39,987</u>
National Fish and Wildlife Foundation				
Soil and Water Conservation	10.902	0801.17.058921	9,526	9,274
Soil and Water Conservation	10.902	2004.17.058610	<u>69,423</u>	<u>37,500</u>
			<u>78,949</u>	<u>46,774</u>
Natural Resources Conservation Service				
Agricultural Conservation Easement Program	10.931	USDA-NRCS-Multi- State-Central-CCG-001	<u>246,340</u>	<u>14,296</u>
			<u>510,252</u>	<u>101,057</u>
			<u>\$ 5,874,365</u>	<u>\$ 151,057</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation. The accompanying schedule of federal awards includes the federal grant activity of Nebraska Community Foundation and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the consolidated financial statements. Federal expenditures are considered to have occurred when disbursements to vendors providing goods or services to the program are made, including disbursements made with program income funds. Program income is recognized when received.

Indirect Costs. The Foundation did not elect to use the ten percent de minimis indirect cost rate as allowed in the Uniform Guidance, 2 CFR 200.414.

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SINGLE AUDIT SECTION

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INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Nebraska Community Foundation
Lincoln, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Nebraska Community Foundation, which comprise the consolidated statement of financial position - modified cash basis as of June 30, 2021, and the related consolidated statement of activities - modified cash basis for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Nebraska Community Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nebraska Community Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nebraska Community Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WBE LLP

Lincoln, Nebraska
August 30, 2021



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INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Board of Directors
Nebraska Community Foundation
Lincoln, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Nebraska Community Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Nebraska Community Foundation's major federal programs for the year ended June 30, 2021. Nebraska Community Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Nebraska Community Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Nebraska Community Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Nebraska Community Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Nebraska Community Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Nebraska Community Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Nebraska Community Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nebraska Community Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in black ink that reads "HBE LLP". The letters are stylized and connected.

Lincoln, Nebraska
August 30, 2021

Nebraska Community Foundation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2021

Summary of Auditor's Results

- a. An unmodified audit report was issued on the consolidated financial statements of Nebraska Community Foundation.
- b. No control deficiencies in internal control were disclosed by the audit of the consolidated financial statements.
- c. The audit did not disclose any noncompliance which would be material to the consolidated financial statements.
- d. No control deficiencies in internal control over its major federal award program were disclosed by the audit.
- e. An unmodified audit report was issued on compliance for Nebraska Community Foundation's major federal award program.
- f. The audit disclosed no audit findings which were required to be reported relative to the major federal award program.
- g. The program tested as a major program was the U.S. Department of the Interior, Bureau of Reclamation, Platte River Recovery Implementation, Assistance Listing No. 15.544.
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Nebraska Community Foundation did not qualify as a low-risk auditee as defined by the Uniform Guidance.

Findings - Financial Statements Audit

None.

Findings and Questioned Costs - Major Federal Awards Programs Audit

None.