

*Nebraska Community Foundation  
Lincoln, Nebraska*

*June 30, 2022 and 2021*

*Consolidated Financial Statements  
and  
Independent Auditor's Report*



CPAs & Consultants | Wealth Management

Nebraska Community Foundation  
Years ended June 30, 2022 and 2021

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1-3
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities	6-7
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10-22
Supplemental Information	
Consolidating Statements of Financial Position	24-25
Consolidating Statements of Activities	26-27
Schedule of Expenditures of Federal Awards	28
Single Audit Section	
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 <i>Government Auditing Standards</i>	31-32
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	33-35
Schedule of Findings and Questioned Costs	36-37
Corrective Action Plan	38



CPAs & Consultants | Wealth Management

---

INDEPENDENT AUDITOR'S REPORT

---

The Board of Directors  
Nebraska Community Foundation  
Lincoln, Nebraska

***Opinion***

We have audited the consolidated financial statements of Nebraska Community Foundation, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Nebraska Community Foundation as of June 30, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nebraska Community Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nebraska Community Foundation's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nebraska Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nebraska Community Foundation's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

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 and the consolidating statements of activities 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 26, 2022, 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.

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

Lincoln, Nebraska  
August 26, 2022

HIBE  
HIBE

(This page left blank intentionally)

Nebraska Community Foundation

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and temporary cash investments (note A)	\$ 9,997,215	\$ 30,099,126
Certificates of deposit	25,449,211	23,699,966
Unconditional promises to give (notes A and C)	2,287,580	50,976
Investments (notes A and B)	189,133,074	191,887,973
Investment in real property	88,246	48,448
Interest receivable	212,588	89,601
Property and equipment, net (notes A and D)	66,177	91,080
Contracts receivable (note E)	602,168	897,776
Other	<u>9,354</u>	<u>9,354</u>
Total assets	<u>\$ 227,845,613</u>	<u>\$ 246,874,300</u>

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
Funds held for agencies (notes A and F)	\$ 13,590,563	\$ 16,700,315
Accrued payroll liabilities	113,309	111,667
Accrued other liabilities	737	973
Gift annuities payable (note G)	<u>465,257</u>	<u>355,922</u>
Total liabilities	<u>14,169,866</u>	<u>17,168,877</u>
<b>NET ASSETS (notes A and I)</b>		
Without donor restrictions, undesignated	178,782,382	196,290,118
Without donor restrictions, board designated (note H)	20,201,126	23,392,314
With donor restrictions (note H)	<u>14,692,239</u>	<u>10,022,991</u>
Total net assets	<u>213,675,747</u>	<u>229,705,423</u>
Total liabilities and net assets	<u>\$ 227,845,613</u>	<u>\$ 246,874,300</u>

See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS			
Revenue and support			
Contributions	\$ 32,510,195	\$ 13,795,274	\$ 46,305,469
Investment loss	(26,384,858)	(419,237)	(26,804,095)
Actuarial loss (note G)	-	(19,376)	(19,376)
Administrative fee revenue and reimbursements	2,647,291	-	2,647,291
Net assets released from restrictions (note A)	<u>8,687,413</u>	<u>(8,687,413)</u>	<u>-</u>
Total revenue and support	<u>17,460,041</u>	<u>4,669,248</u>	<u>22,129,289</u>
Expenses			
Program services	33,493,878	-	33,493,878
Management and general	3,969,211	-	3,969,211
Fundraising	<u>695,876</u>	<u>-</u>	<u>695,876</u>
Total expenses	<u>38,158,965</u>	<u>-</u>	<u>38,158,965</u>
INCREASE (DECREASE) IN NET ASSETS	(20,698,924)	4,669,248	(16,029,676)
Net assets, beginning of year	<u>219,682,432</u>	<u>10,022,991</u>	<u>229,705,423</u>
Net assets, end of year	<u>\$ 198,983,508</u>	<u>\$ 14,692,239</u>	<u>\$ 213,675,747</u>

See accompanying notes to consolidated financial statements.



Nebraska Community Foundation

CONSOLIDATED STATEMENT OF ACTIVITIES

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	\$ 5,419,367	\$ 50,109,288
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>(2,403,744)</u>	<u>87,893,488</u>
Expenses			
Program services	24,299,948	-	24,299,948
Management and general	3,238,670	-	3,238,670
Fundraising	<u>635,261</u>	<u>-</u>	<u>635,261</u>
Total expenses	<u>28,173,879</u>	<u>-</u>	<u>28,173,879</u>
INCREASE (DECREASE) IN NET ASSETS	62,123,353	(2,403,744)	59,719,609
Net assets, beginning of year	<u>157,559,079</u>	<u>12,426,735</u>	<u>169,985,814</u>
Net assets, end of year	<u>\$ 219,682,432</u>	<u>\$ 10,022,991</u>	<u>\$ 229,705,423</u>

See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,

	2022			Total
	Program Services	Management and General	Development and Fundraising	
Grants, disbursements, and program services	\$ 31,925,050	\$ -	\$ -	\$ 31,925,050
Personnel and benefits	1,062,143	1,190,687	540,683	2,793,513
Marketing and communication	135,819	5,217	106,256	247,292
Affiliated fund development	37,065	-	-	37,065
Staff development	5,247	6,680	365	12,292
Memberships and dues	18,960	4,684	650	24,294
Conferences and meetings	47,059	38,769	-	85,828
Travel	61,722	8,230	12,344	82,296
Office expenses	33,594	43,712	7,837	85,143
Professional services	34,901	126,247	2,705	163,853
Occupancy	106,406	13,905	25,036	145,347
Insurance	132	28,677	-	28,809
Depreciation	-	24,903	-	24,903
Bad debts	22,781	-	-	22,781
Other expenses	2,999	34,505	-	37,504
Affiliated fund administrative fees	-	2,442,995	-	2,442,995
<b>Total expenses</b>	<b>\$ 33,493,878</b>	<b>\$ 3,969,211</b>	<b>\$ 695,876</b>	<b>\$ 38,158,965</b>

  

	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	1,064,568	553,378	2,579,122
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
<b>Total expenses</b>	<b>\$ 24,299,948</b>	<b>\$ 3,238,670</b>	<b>\$ 635,261</b>	<b>\$ 28,173,879</b>

See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2022	2021
Cash flows from operating activities		
Cash received from revenue and support	\$ 46,653,577	\$ 52,915,386
Cash paid to employees and vendors	(6,184,825)	(5,283,071)
Cash paid as disbursements	(31,925,050)	(22,913,498)
Investment income received	-	54,339
Net cash provided by operating activities	<u>8,543,702</u>	<u>24,773,156</u>
Cash flows from investing activities		
Proceeds from certificates of deposit	23,420,352	27,764,243
Purchases of certificates of deposit	(24,934,565)	(22,350,007)
Proceeds from sale of investments	65,351,959	167,629,844
Purchases of investments	<u>(92,979,767)</u>	<u>(174,087,436)</u>
Net cash used by investing activities	<u>(29,142,021)</u>	<u>(1,043,356)</u>
Cash flows from financing activities		
Proceeds from contracts receivable	295,608	37,413
Proceeds from annuities and trusts payable	290,680	258,647
Payments on annuities and trusts payable	<u>(89,880)</u>	<u>(395,318)</u>
Net cash provided (used) by financing activities	<u>496,408</u>	<u>(99,258)</u>
Net increase (decrease) in cash and temporary cash investments	(20,101,911)	23,630,542
Cash and temporary cash investments at beginning of year	<u>30,099,126</u>	<u>6,468,584</u>
Cash and temporary cash investments at end of year	<u>\$ 9,997,215</u>	<u>\$ 30,099,126</u>
Reconciliation of increase (decrease) in net assets to net cash provided by operating activities		
Increase (decrease) in net assets	<u>\$ (16,029,676)</u>	<u>\$ 59,719,609</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	24,903	31,384
Realized and unrealized (gains) losses on investments	27,162,114	(35,284,124)
Reinvested interest and dividends	(235,032)	(424,458)
Actuarial loss on annuities	19,376	55,157
(Increase) decrease in assets		
Unconditional promises to give	(2,236,604)	724,495
Investments in real property	(39,798)	-
Interest receivable	(122,987)	5,167
Increase (decrease) in liabilities		
Accrued payroll liabilities	1,642	(54,992)
Accrued other liabilities	<u>(236)</u>	<u>918</u>
Total adjustments to increase (decrease) net assets	<u>24,573,378</u>	<u>(34,946,453)</u>
Net cash provided by operating activities	<u>\$ 8,543,702</u>	<u>\$ 24,773,156</u>

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 of the Foundation have been prepared on the accrual basis of accounting.

**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 innovation and challenge grant funds, 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.

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 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%, 55% and 80%, 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 statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be temporary cash investments.

**Unconditional Promises to Give.** Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give that are expected to be collected or paid in more than one year are recognized at the present value of estimated future cash flows. Management provides for probable uncollectible unconditional promises to give through a charge to net assets and a credit to a valuation allowance based on prior years' experience and management's analysis of specific promises made. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to unconditional promises to give. Changes in the valuation allowance have not been material to the consolidated financial statements.

**Investments.** Investments in marketable securities, including equity and debt securities, with readily determinable fair values are reported at their fair values in the statement of financial position. 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 F "Transactions in Funds Held for Agencies."

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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:

- 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.

**Revenue Recognition.** The following is a description of the Foundation's principal sources of revenue:

*Government and Other Grants:* The Foundation is the recipient of federal, state, and local grants to fund its primary programs. Grants are recorded as revenue when the related approved expenditures are made. At June 30, 2022 and 2021, conditional reimbursement-basis grants of \$55,599,440 and \$65,300,702 were awarded to the Organization, for which the Organization has not yet incurred related expenditures.

*Contributions:* Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. At June 30, 2022 and 2021, conditional contributions approximating \$95,000 and \$180,000, respectively, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

*Administrative Fees:* Fees charged to program users are recognized over time as the Foundation satisfies its performance obligations by transferring program benefits or services to users. The Foundation's primary user fees relate to investment management fees on endowed or expendable affiliated or donor advised funds, in which program users simultaneously consume and receive benefits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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.

**In-Kind Donations.** In-kind donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would have otherwise been purchased by the Foundation. It is the Organization's policy to sell all contributed assets immediately upon receipt at auction or for salvage unless the asset is restricted for use in a specific program by the donor.

**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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**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, 2022 and 2021.

*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.



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, 2022 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	\$ 52,211,968	\$ 52,211,968	\$ -	\$ -
Mutual funds				
Large cap equity	8,317,347	8,317,347	-	-
Small and mid cap equity	4,297,157	4,297,157	-	-
International equity	18,966,972	18,966,972	-	-
Fixed income	21,007,031	21,007,031	-	-
Exchange traded funds				
Large cap equity	12,335,630	12,335,630	-	-
Small and mid cap equity	8,177,798	8,177,798	-	-
International equity	2,080,554	2,080,554	-	-
Fixed income	17,215,758	17,215,758	-	-
Master limited partnerships	396,451	396,451	-	-
Mortgage-backed securities	-	-	-	-
Municipal bonds	12,072,482	-	12,072,482	-
U.S. government and agency obligations	15,589,730	-	15,589,730	-
Corporate bonds	16,464,196	-	16,464,196	-
	<u>\$ 189,133,074</u>	<u>\$ 145,006,666</u>	<u>\$ 44,126,408</u>	<u>\$ -</u>

Fair values of investments measured on a recurring basis at June 30, 2021 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	\$ 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**

Unrealized and realized gains and losses from investments, net of investment fees, are included in investment income on the consolidated statements of activities for the years ended June 30, 2022 and 2021.

**NOTE C – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give are due in the following periods:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 1,864,342	\$ 33,508
Receivable in one to five years	437,217	20,500
Receivable in six to eight years	<u>60,000</u>	<u>-</u>
	2,361,559	54,008
Less discount to present value (4.5%)	(49,621)	(1,455)
Less allowance for uncollectible pledges	<u>(24,358)</u>	<u>(1,577)</u>
	<u>\$ 2,287,580</u>	<u>\$ 50,976</u>

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consist of:

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>(289,765)</u>	<u>(264,862)</u>
	<u>\$ 66,177</u>	<u>\$ 91,080</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$24,903 and \$31,384, respectively.

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE E - 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, 2022 are due as follows:

<u>Years ending June 30,</u>	
2023	\$ 37,413
2024	37,413
2025	37,413
2026	37,413
2027	37,413
Thereafter	<u>415,103</u>
	<u>\$ 602,168</u>

**NOTE F - TRANSACTIONS IN FUNDS HELD FOR AGENCIES**

Transactions in agency funds are summarized as follows:

	<u>2022</u>	<u>2021</u>
Additions:		
Contributions	\$ 1,302,350	\$ 3,660,856
Investment income	-	600
Net unrealized and realized gains	<u>(2,566,352)</u>	<u>3,731,669</u>
Total additions	<u>(1,264,002)</u>	<u>7,393,125</u>
Deductions:		
Program services expenses	1,634,517	1,279,943
Management and general expenses	<u>211,233</u>	<u>169,851</u>
Total deductions	<u>1,845,750</u>	<u>1,449,794</u>
INCREASE (DECREASE) IN BALANCE	(3,109,752)	5,943,331
Balance in agency funds, beginning of year	<u>16,700,315</u>	<u>10,756,984</u>
Balance in agency funds, end of year	<u>\$ 13,590,563</u>	<u>\$ 16,700,315</u>

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE G - 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.

	<u>2022</u>	<u>2021</u>
Assets included in cash and temporary cash investments	\$ 26,949	\$ 5,438
Assets included in investments	\$ 901,344	\$ 785,737
Contributions from gift annuity agreements	\$ 69,270	\$ -
Actuarial loss recognized from change in value of gift annuity agreements	\$ (19,376)	\$ (55,157)

**NOTE H - NET ASSETS**

Net assets without donor restrictions have been designated for the following:

Board designated for innovation fund	\$ 200,000	\$ -
Board designated for challenge grants	250,000	-
Board designated reserve	2,303,766	2,395,386
Board designated endowments	<u>17,447,360</u>	<u>20,996,928</u>
	<u>\$ 20,201,126</u>	<u>\$ 23,392,314</u>

Net assets with donor restrictions consist of the following:

Time restrictions:		
Gift annuities	\$ 463,036	\$ 435,252
Unconditional promises to give	2,287,580	50,976
Purpose restrictions:		
Endowment appropriation	626,039	1,168,645
Government programs	9,411,254	6,463,788
Perpetual restrictions:		
Permanent endowments	<u>1,904,330</u>	<u>1,904,330</u>
	<u>\$ 14,692,239</u>	<u>\$ 10,022,991</u>

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE I - ENDOWMENTS**

Changes in endowment net assets for the fiscal year ended June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 102,132,893	\$ 2,530,369	\$ 104,663,262
Board-designated endowment funds	\$ 17,447,360	\$ -	\$ 17,447,360
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance July 1, 2021	\$ 138,683,589	\$ 3,072,975	\$ 141,756,564
Net depreciation	(22,235,646)	(434,675)	(22,670,321)
Contributions	8,628,960	-	8,628,960
Amounts appropriated for expenditure	<u>(5,496,650)</u>	<u>(107,931)</u>	<u>(5,604,581)</u>
Balance June 30, 2022	<u>\$ 119,580,253</u>	<u>\$ 2,530,369</u>	<u>\$ 122,110,622</u>

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	\$ 117,686,661	\$ 3,072,975	\$ 120,759,636
Board-designated endowment funds	\$ 20,996,928	\$ -	\$ 20,996,928
	<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>

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE J - 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,721,518	\$ 26,035,797
Unconditional promises to give due in the next year	1,864,342	33,508
Investments		
Securities with maturities in less than 1 year		
Without restrictions	44,315,321	36,895,175
Restricted for use in current programs	<u>6,400,000</u>	<u>4,500,000</u>
	<u>\$ 58,301,181</u>	<u>\$ 67,464,480</u>

**NOTE K - 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 a 7-year lease on behalf of one of its affiliated funds for office space which commenced on April 1, 2018 and expires on March 31, 2024. The lease requires monthly payments of \$2,213.

Rent and other lease expense for the years ended June 30, 2022 and 2021 was \$162,161 and \$159,482, respectively.

Nebraska Community Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE K - LEASE COMMITMENT - CONTINUED**

Future minimum lease payments for the years following June 30, 2022 are as follows:

<u>Years ending June 30,</u>	
2023	\$ 125,768
2024	107,721
2025	106,678
2026	106,678
2027	106,678
Thereafter	<u>80,008</u>
	<u>\$ 633,531</u>

**NOTE L - 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 M - 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 \$90,497 and \$93,255 to the retirement plan for the years ended June 30, 2022 and 2021, respectively.

**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, 2022 and 2021, the bank accounts exceeded federally insured limits by \$2,568,845 and \$3,062,580, 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, 2021, the Foundation received pass-thru income from an investment in a limited partnership, which is subject to tax on unrelated business income. The Foundation paid tax of \$118 during the year ended June 30, 2022 on this unrelated business activity. The Platte River Recovery Implementation Foundation did not have any unrelated business income for June 30, 2022 and 2021. The Foundation believes 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 Foundations' federal Returns of Organization Exempt from Income Tax (Forms 990 and 990-T) for June 30, 2022, 2021, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

**NOTE P – NEW ACCOUNTING STANDARD**

*Contributed Nonfinancial Assets*

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update clarifies the presentation and disclosure of contributed nonfinancial assets, such as land, buildings, equipment, the use of fixed assets or utilities, materials and supplies, intangible assets, certain services, and unconditional promises of those assets; however, the ASU does not change the existing recognition and measurement requirements for contributed nonfinancial assets. Contributions may be disclosed using varying terms such as gifts, donations, or gifts in-kind. The standard is required to be applied retrospectively to all periods presented and is effective for reporting periods commencing after June 15, 2021. Early adoption is permitted.

The Foundation adopted the standard, effective for the year ended June 30, 2022, using a retrospective application method for all periods presented. The in-kind donation policies disclosed in Note A reflect the impact of the adoption of the standard. The Foundation did not have any contributed nonfinancial assets for the years ended June 30, 2022 and 2021. See note L for further disclosure of the Foundation's in-kind 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.



# HDBE

SUPPLEMENTAL INFORMATION

# HDBE

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2022

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and temporary cash investments	\$ 9,900,975	\$ 96,240	\$ -	\$ 9,997,215
Certificates of deposit	25,449,211	-	-	25,449,211
Receivables	-	24,659	(24,659)	-
Unconditional promises to give	2,287,580	-	-	2,287,580
Investments	189,133,074	-	-	189,133,074
Investment in real property	88,246	-	-	88,246
Interest receivable	212,588	-	-	212,588
Property and equipment, net	66,177	-	-	66,177
Contracts receivable	602,168	-	-	602,168
Other	9,354	-	-	9,354
	<u>\$ 227,749,373</u>	<u>\$ 120,899</u>	<u>\$ (24,659)</u>	<u>\$ 227,845,613</u>
<b>LIABILITIES</b>				
Funds held for agencies	\$ 13,590,563	\$ -	\$ -	\$ 13,590,563
Accounts payable	24,659	-	(24,659)	-
Accrued payroll liabilities	113,309	-	-	113,309
Accrued other liabilities	737	-	-	737
Gift annuities payable	465,257	-	-	465,257
	<u>14,194,525</u>	<u>-</u>	<u>(24,659)</u>	<u>14,169,866</u>
<b>NET ASSETS</b>				
Without donor restrictions, undesignated	178,661,483	120,899	-	178,782,382
Without donor restrictions, board designated	20,201,126	-	-	20,201,126
With donor restrictions	14,692,239	-	-	14,692,239
	<u>213,554,848</u>	<u>120,899</u>	<u>-</u>	<u>213,675,747</u>
	<u>\$ 227,749,373</u>	<u>\$ 120,899</u>	<u>\$ (24,659)</u>	<u>\$ 227,845,613</u>

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2021

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and temporary cash investments	\$ 30,002,383	\$ 96,743	\$ -	\$ 30,099,126
Certificates of deposit	23,699,966	-	-	23,699,966
Receivables	-	11,700	(11,700)	-
Unconditional promises to give	50,976	-	-	50,976
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>\$ 246,777,557</u>	<u>\$ 108,443</u>	<u>\$ (11,700)</u>	<u>\$ 246,874,300</u>
<b>LIABILITIES</b>				
Funds held for agencies	\$ 16,700,315	\$ -	\$ -	\$ 16,700,315
Accounts payable	11,700	-	(11,700)	-
Accrued payroll liabilities	111,667	-	-	111,667
Accrued other liabilities	973	-	-	973
Gift annuities payable	355,922	-	-	355,922
	<u>17,180,577</u>	<u>-</u>	<u>(11,700)</u>	<u>17,168,877</u>
<b>NET ASSETS</b>				
Without donor restrictions, undesignated	196,181,675	108,443	-	196,290,118
Without donor restrictions, board designated	23,392,314	-	-	23,392,314
With donor restrictions	10,022,991	-	-	10,022,991
	<u>229,596,980</u>	<u>108,443</u>	<u>-</u>	<u>229,705,423</u>
Total liabilities and net assets	<u>\$ 246,777,557</u>	<u>\$ 108,443</u>	<u>\$ (11,700)</u>	<u>\$ 246,874,300</u>

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Eliminations	Consolidated
<b>CHANGES IN NET ASSETS</b>				
Revenue and support				
Contributions	\$ 46,305,469	\$ -	\$ -	\$ 46,305,469
Investment loss	(26,804,140)	45	-	(26,804,095)
Actuarial loss	(19,376)	-	-	(19,376)
Administrative fee revenue and reimbursements	<u>2,647,275</u>	<u>51,275</u>	<u>(51,259)</u>	<u>2,647,291</u>
Total revenue and support	<u>22,129,228</u>	<u>51,320</u>	<u>(51,259)</u>	<u>22,129,289</u>
Expenses				
Program services	33,506,273	38,864	(51,259)	33,493,878
Management and general	3,969,211	-	-	3,969,211
Fundraising	<u>695,876</u>	<u>-</u>	<u>-</u>	<u>695,876</u>
Total expenses	<u>38,171,360</u>	<u>38,864</u>	<u>(51,259)</u>	<u>38,158,965</u>
INCREASE (DECREASE) IN NET ASSETS	(16,042,132)	12,456	-	(16,029,676)
Net assets, beginning of year	<u>229,596,980</u>	<u>108,443</u>	<u>-</u>	<u>229,705,423</u>
Net assets, end of year	<u>\$ 213,554,848</u>	<u>\$ 120,899</u>	<u>\$ -</u>	<u>\$ 213,675,747</u>

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended June 30, 2021

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Eliminations	Consolidated
<b>CHANGES IN NET ASSETS</b>				
Revenue and support				
Contributions	\$ 50,109,288	\$ -	\$ -	\$ 50,109,288
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>52,600</u>	<u>(52,600)</u>	<u>2,081,603</u>
Total revenue and support	<u>87,893,448</u>	<u>52,640</u>	<u>(52,600)</u>	<u>87,893,488</u>
Expenses				
Program services	24,303,543	49,005	(52,600)	24,299,948
Management and general	3,238,670	-	-	3,238,670
Fundraising	<u>635,261</u>	<u>-</u>	<u>-</u>	<u>635,261</u>
Total expenses	<u>28,177,474</u>	<u>49,005</u>	<u>(52,600)</u>	<u>28,173,879</u>
<b>INCREASE IN NET ASSETS</b>	59,715,974	3,635	-	59,719,609
Net assets, beginning of year	<u>169,881,006</u>	<u>104,808</u>	<u>-</u>	<u>169,985,814</u>
Net assets, end of year	<u>\$ 229,596,980</u>	<u>\$ 108,443</u>	<u>\$ -</u>	<u>\$ 229,705,423</u>

Nebraska Community Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

Federal Grantor/Pass through Grantor/ Program Title	Assistance Listing Number	Grant Identifying Number	Federal Expenditures	Provided to Subrecipients
<b>U.S. Department of the Interior</b>				
Bureau of Reclamation				
Platte River Recovery Implementation	15.544	R20AC00100	\$ 9,175,826	\$ -
Fish and Wildlife Service				
Partners for Fish and Wildlife	15.631	F18AC00110	68,334	-
Migratory Bird Joint Ventures	15.637	F18AC00730	149,147	-
Migratory Bird Joint Ventures	15.637	F21AC02789	212,205	-
			<u>361,352</u>	<u>-</u>
			<u>9,605,512</u>	<u>-</u>
<b>U.S. Department of Agriculture</b>				
University of Arizona				
Agricultural Research Basic and Applied Research	10.001	58-2022-1-006	1,150	-
National Institute of Food and Agriculture				
Food Insecurity Nutrition Incentive Grants Program	10.331	2020-70030-33181	343,628	-
National Fish and Wildlife Foundation				
National Fish and Wildlife Foundation	10.683	0801.17.058921	80,474	65,726
National Fish and Wildlife Foundation				
Soil and Water Conservation	10.902	2004.17.058610	81,244	-
Natural Resources Conservation Service				
Agricultural Conservation Easement Program	10.931	NR216526XXXXC019	6,000	-
Agricultural Conservation Easement Program	10.931	USDA-NRCS-Multi- State-Central-CCG-001	334,488	21,225
			<u>340,488</u>	<u>21,225</u>
Conservation Stewardship Program	10.924	2501.21.071036	4,716	-
			<u>851,700</u>	<u>86,951</u>
			<u>\$ 10,457,212</u>	<u>\$ 86,951</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 accrual 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 the expense transactions associated with the grant occur, including expenses paid with program income funds. Program income is recognized when received.

**Subrecipients.** The Foundation provided federal awards to subrecipients as detailed above.

**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.

# HIDE

SINGLE AUDIT SECTION

# HIDE

HIDE  
HIDE

(This page left blank intentionally)





CPAs & Consultants | Wealth Management

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 as of June 30, 2022, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 26, 2022.

### 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 internal control 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings questioned costs as item 2022-001 that we consider to be a material weakness.

### **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 consolidated financial statements. 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*.

### **Nebraska Community Foundation's Response to Findings**

Nebraska Community Foundation's response to the findings identified in our audit is described in the accompanying corrective action plan. Nebraska Community Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

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

Lincoln, Nebraska  
August 26, 2022



CPAs & Consultants | Wealth Management

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL 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**

***Opinion on 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, 2022. 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.

In our opinion, Nebraska Community Foundation complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Nebraska Community Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Nebraska Community Foundation's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Nebraska Community Foundation's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Nebraska Community Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Nebraska Community Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Nebraska Community Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Nebraska Community Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Nebraska Community Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*HBE LLP*

Lincoln, Nebraska  
August 26, 2022

Nebraska Community Foundation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2022

**Summary of Auditor's Results**

- a. An unmodified audit report was issued on the consolidated financial statements of Nebraska Community Foundation.
- b. A material weakness in internal control (2022-001) was 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**

2022-001 Material Audit Adjustment

*Criteria:* SAS 115 requires the communication, in writing, to management and those charged with governance, of material weaknesses identified in an audit.

*Condition:* A material audit adjustment was proposed that was not identified by the Foundation's internal control system.

*Cause:* Management did not identify an adjustment necessary to present the financial statements in accordance with U.S. generally accepted accounting principles. A material audit adjustment was proposed to correct an account balance.

*Effect or Potential Effect:* The control deficiency is a material weakness that results in a material misstatement of the financial statements that was not prevented, or detected and corrected, on a timely basis.

Nebraska Community Foundation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2022

**Findings - Financial Statements Audit - Continued**

2022-001 Material Audit Adjustment

*Recommendation:* Management should review the financial statements to ensure all necessary adjustments are made and balances are reflected accurately.

*Responsible Official's Response:* The Foundation will continue to enhance its internal control process for identifying and correcting material misstatements during the course of the year, including performing a search for unconditional promises to give.

**Findings and Questioned Costs - Major Federal Awards Programs Audit**

None.





CORRECTIVE ACTION PLAN

Year ended June 30, 2022

The corrective action plan for the findings included in the schedule of findings and questioned costs are summarized as follows:

**Finding 2022-001 Material Audit Adjustment**

**Corrective Action Planned:** The Foundation will continue to enhance its internal control process for identifying and correcting material misstatements during the course of the year, including performing a search for unconditional promises to give.

**Anticipated Completion Date:** June 30, 2023

**Responsible Parties:** Management and Board of Directors

If there are any questions regarding this plan, please call Jason Kennedy, Chief Financial and Administrative Officer for Nebraska Community Foundation, at (402) 323-7330.

Jason D. Kennedy

---

Jason Kennedy, Chief Financial and Administrative Officer