Nebraska Community Foundation
Lincoln, Nebraska

June 30, 2023 and 2022

Consolidated Financial Statements
and
Independent Auditor's Report

CPAs & Consultants | Wealth Management

Nebraska Community Foundation

Years ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Nebraska Community Foundation
Lincoln, Nebraska

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Nebraska Community Foundation, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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, 2023 and 2022 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.

Change in Accounting Principle

As discussed in Note Q to the consolidated financial statements, in 2023, the entity adopted new accounting guidance ASU 2016-02, Leases (Topic 842). Our opinion is not modified with respect to this matter.

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.

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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 22, 2023, 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.

HBE LLP

Lincoln, Nebraska
August 22, 2023

Nebraska Community Foundation

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	2023	2022
ASSETS		
Cash and temporary cash investments (note A)	$ 26,823,655	$ 9,997,215
Certificates of deposit	3,212,350	25,449,211
Unconditional promises to give (notes A and C)	1,046,560	2,287,580
Investments (notes A and B)	193,726,825	189,133,074
Investment in real property	82,085	88,246
Interest receivable	212,586	212,588
Operating lease right-of-use assets (notes A and K)	1,004,295	-
Property and equipment, net (notes A and D)	63,142	66,177
Contracts receivable (note E)	602,168	602,168
Other	9,354	9,354
Total assets	$ 226,783,020	$ 227,845,613

LIABILITIES AND NET ASSETS

	2023	2022
LIABILITIES		
Funds held for agencies (notes A and F)	$ 14,977,281	$ 13,590,563
Accrued payroll liabilities	120,777	113,309
Accrued other liabilities	20	737
Gift annuities payable (note G)	360,036	465,257
Unconditional promises to give others (note H)	286,193	-
Operating lease obligations (notes A and K)	1,013,338	-
Total liabilities	16,757,645	14,169,866
NET ASSETS (notes A and J)		
Without donor restrictions, undesignated	171,533,889	178,782,382
Without donor restrictions, board designated (note I)	21,147,977	20,201,126
With donor restrictions (note I)	17,343,509	14,692,239
Total net assets	210,025,375	213,675,747
Total liabilities and net assets	$ 226,783,020	$ 227,845,613

See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS			
Revenue and support			
Contributions	$ 16,993,348	$ 12,899,419	$ 29,892,767
Investment income	16,135,085	508,883	16,643,968
Actuarial gain (note G)	-	28,619	28,619
Administrative fee revenue and reimbursements	2,745,560	-	2,745,560
Net assets released from restrictions (note A)	10,785,651	(10,785,651)	-
Total revenue and support	46,659,644	2,651,270	49,310,914
Expenses			
Program services	47,918,087	-	47,918,087
Management and general	4,250,554	-	4,250,554
Fundraising	792,645	-	792,645
Total expenses	52,961,286	-	52,961,286
INCREASE (DECREASE) IN NET ASSETS	(6,301,642)	2,651,270	(3,650,372)
Net assets, beginning of year	198,983,508	14,692,239	213,675,747
Net assets, end of year	$ 192,681,866	$ 17,343,509	$ 210,025,375

See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2022

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

See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,

	2023			
	Program Services	Management and General	Development and Fundraising	Total
Grants, disbursements, and program services	$ 46,028,261	$ -	$ -	$ 46,028,261
Personnel and benefits	1,200,137	1,228,706	695,615	3,124,458
Marketing and communication	229,767	7,360	48,777	285,904
Affiliated fund development	49,153	(198)	-	48,955
Staff development	48,810	8,350	990	58,150
Memberships and dues	14,900	6,982	695	22,577
Conferences and meetings	147,341	39,381	-	186,722
Travel	75,085	10,011	15,017	100,113
Office expenses	27,316	56,996	8,028	92,340
Professional services	35,857	155,162	-	191,019
Occupancy	53,318	65,689	23,523	142,530
Insurance	132	30,911	-	31,043
Depreciation	-	19,490	-	19,490
Bad debts	8,010	-	-	8,010
Other expenses	-	47,750	-	47,750
Affiliated fund administrative fees	-	2,573,964	-	2,573,964
Total expenses	$ 47,918,087	$ 4,250,554	$ 792,645	$ 52,961,286

	2022			
	Program Services	Management and General	Development and Fundraising	Total
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
Total expenses	$ 33,493,878	$ 3,969,211	$ 695,876	$ 38,158,965

See accompanying notes to consolidated financial statements.

Nebraska Community Foundation

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2023	2022
Cash flows from operating activities		
Cash received from revenue and support	$ 33,877,498	$ 46,676,358
Cash paid to employees and vendors	(6,603,538)	(6,207,606)
Cash paid as disbursements	(46,028,261)	(31,925,050)
Investment income received	165,982	-
Net cash provided (used) by operating activities	(18,588,319)	8,543,702
Cash flows from investing activities		
Proceeds from certificates of deposit	25,449,211	23,420,352
Purchases of certificates of deposit	(2,284,426)	(24,934,565)
Proceeds from sale of investments	114,077,799	65,351,959
Purchases of investments	(101,734,768)	(92,979,767)
Purchase of property and equipment	(16,455)	-
Net cash provided (used) by investing activities	35,491,361	(29,142,021)
Cash flows from financing activities		
Proceeds from contracts receivable	-	295,608
Proceeds from annuities and trusts payable	-	290,680
Payments on annuities and trusts payable	(76,602)	(89,880)
Net cash provided (used) by financing activities	(76,602)	496,408
Net increase (decrease) in cash and temporary cash investments	16,826,440	(20,101,911)
Cash and temporary cash investments at beginning of year	9,997,215	30,099,126
Cash and temporary cash investments at end of year	$ 26,823,655	$ 9,997,215
Reconciliation of decrease in net assets to net cash provided (used) by operating activities		
Decrease in net assets	$ (3,650,372)	$ (16,029,676)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities		
Depreciation	19,490	24,903
Realized and unrealized (gains) losses on investments	(15,550,064)	27,162,114
Reinvested interest and dividends	(927,924)	(235,032)
Actuarial (gain) loss on annuities	(28,619)	19,376
Reduction in the carrying amount of right-of-use assets	104,114	-
(Increase) decrease in assets		
Unconditional promises to give	1,241,020	(2,236,604)
Investments in real property	6,161	(39,798)
Interest receivable	2	(122,987)
Increase (decrease) in liabilities		
Accrued payroll liabilities	7,468	1,642
Accrued other liabilities	(717)	(236)
Unconditional promises to give others	286,193	
Operating lease obligations	(95,071)	-
Total adjustments to decrease net assets	(14,937,947)	24,573,378
Net cash provided (used) by operating activities	$ (18,588,319)	$ 8,543,702
Supplemental disclosure:		
Right-of-use assets obtained in exchanged for lease liabilities upon ASC 842 implementation	$ 1,108,409	-

See accompanying 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.

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.

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. At inception, the Foundation determines if a contract is or includes a lease arrangement. The Organization's lease commitments include office space. The following describes the Foundation's accounting policies related to its leasing arrangements:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases – Continued.

As lessee

Leased assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. The Foundation recognizes a right-of-use asset and related liability at the commencement date, generally based on the present value of lease payments over the lease term using the applicable risk-free rate. Leases with an initial term of 12 months or less, including month to month leases, are not recorded on the statement of financial position and are expensed on a straight-line basis.

Operating Leases

Operating lease assets and liabilities are recognized separately on the Foundation's statement of financial position. The Foundation recognizes a single lease expense on a straight-line basis over the lease term. Non-lease components including common area maintenance are expensed as incurred.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2023 and 2022, conditional reimbursement-basis grants of $54,470,490 and $55,599,440 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, 2023 and 2022, conditional contributions approximating $20,000 and $95,00, 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.

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, 2023 and 2022.

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.

Municipal bonds: Valued using independent pricing models.

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

Corporate bonds: Valued using independent pricing models.

Fair values of investments measured on a recurring basis at June 30, 2023 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	$ 46,356,415	$ 46,356,415	$ -	$ -
Mutual funds				
Large cap equity	6,943,352	6,943,352	-	-
Small and mid cap equity	3,004,003	3,004,003	-	-
International equity	20,002,440	20,002,440	-	-
Fixed income	26,157,807	26,157,807	-	-
Exchange traded funds				
Large cap equity	25,540,090	25,540,090	-	-
Small and mid cap equity	8,942,836	8,942,836	-	-
International equity	1,699,053	1,699,053	-	-
Fixed income	13,945,574	13,945,574	-	-
Master limited partnerships	605,997	605,997	-	-
Municipal bonds	13,831,493	-	13,831,493	-
U.S. government and agency obligations	13,666,460	-	13,666,460	-
Corporate bonds	13,031,305	-	13,031,305	-
	$ 193,726,825	$ 153,197,567	$ 40,529,258	$ -

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	-	
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	-
	$ 189,133,074	$ 145,006,666	$ 44,126,408	$ -

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, 2023 and 2022.

NOTE C – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are due in the following periods:

	2023	2022
Receivable in less than one year	$ 471,632	$ 1,864,342
Receivable in one to five years	608,796	437,217
Receivable in six to ten years	55,000	60,000
	1,135,428	2,361,559
Less discount to present value (4.5%)	(56,500)	(49,621)
Less allowance for uncollectible pledges	(32,368)	(24,358)
	$ 1,046,560	$ 2,287,580

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of:

	2023	2022
Office furniture and equipment	$ 231,709	$ 264,887
Leasehold improvements	91,055	91,055
	322,764	355,942
Less accumulated depreciation	(259,622)	(289,765)
	$ 63,142	$ 66,177

Depreciation expense for the years ended June 30, 2023 and 2022 was $19,490 and $24,903, respectively.

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, 2023 are due as follows:

Years ending June 30,	
2024	$ 37,413
2025	37,413
2026	37,413
2027	37,413
2028	37,413
Thereafter	415,103
	$ 602,168

NOTE F - TRANSACTIONS IN FUNDS HELD FOR AGENCIES

Transactions in agency funds are summarized as follows:

	2023	2022
Additions:		
Contributions	$ 754,614	$ 1,302,350
Net unrealized and realized gains (losses)	1,571,194	(2,566,352)
Total additions	2,325,808	(1,264,002)
Deductions:		
Program services expenses	747,502	1,634,517
Management and general expenses	191,588	211,233
Total deductions	939,090	1,845,750
INCREASE (DECREASE) IN BALANCE	1,386,718	(3,109,752)
Balance in agency funds, beginning of year	13,590,563	16,700,315
Balance in agency funds, end of year	$ 14,977,281	$ 13,590,563

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.

	2023	2022
Assets included in cash and temporary cash investments	$ 8,029	$ 26,949
Assets included in investments	$ 686,133	$ 901,344
Contributions from gift annuity agreements	$ -	$ 69,270
Actuarial gain (loss) recognized from change in value of gift annuity agreements	$ 28,619	$ (19,376)

NOTE H – UNCONDITIONAL PROMISES TO GIVE TO OTHERS

Unconditional promises to give others are due in the following periods:

	2023	2022
Payable in less than one year	$ 85,000	$ -
Payable in one to five years	215,000	-
	300,000	-
Less discount to present value (4.5%)	(13,807)	-
	$ 286,193	$ -

NOTE I - NET ASSETS

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

	2023	2022
Board designated for innovation fund	$ 190,000	$ 200,000
Board designated for challenge grants	250,000	250,000
Board designated reserve	2,394,451	2,303,766
Board designated endowments	18,313,526	17,447,360
	$ 21,147,977	$ 20,201,126

Net assets with donor restrictions consist of the following:

	2023	2022
Time restrictions:		
Gift annuities	$ 334,126	$ 463,036
Unconditional promises to give	1,046,560	2,287,580
Purpose restrictions:		
Endowment appropriation	730,244	626,039
Government programs	13,328,249	9,411,254
Perpetual restrictions:		
Permanent endowments	1,904,330	1,904,330
	$ 17,343,509	$ 14,692,239

NOTE J - ENDOWMENTS

Changes in endowment net assets for the fiscal year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ 114,081,278	$ 2,634,574	$ 116,715,852
Board-designated endowment funds	$ 18,313,526	$ -	$ 18,313,526

	Without Donor Restrictions	With Donor Restrictions	Total
Balance July 1, 2022	$ 119,580,253	$ 2,530,369	$ 122,110,622
Net appreciation	13,632,048	214,036	13,846,084
Contributions	6,125,083	-	6,125,083
Amounts appropriated for expenditure	(6,942,580)	(109,831)	(7,052,411)
Balance June 30, 2023	$ 132,394,804	$ 2,634,574	$ 135,029,378

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ 102,132,893	$ 2,530,369	$ 104,663,262
Board-designated endowment funds	$ 17,447,360	$ -	$ 17,447,360

	Without Donor Restrictions	With Donor Restrictions	Total
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	(5,496,650)	(107,931)	(5,604,581)
Balance June 30, 2022	$ 119,580,253	$ 2,530,369	$ 122,110,622

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.

Operating lease expense for the year ended June 30, 2023 is as follows:

	2023
Operating lease expense	$ 134,811
Short-term lease expense	7,570
Nonlease components	3,769
Total	$ 146,151

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2023, and a reconciliation to operating lease liabilities reported on the statement of financial position

Years ending June 30,	
2023	$ 128,249
2024	135,694
2025	135,694
2026	128,440
2027	107,345
Thereafter	519,388
Total minimum lease payments	1,154,810
Less: Present value discount	(141,472)
Operating lease liabilities	$ 1,013,338

Average operating lease terms and discount rate at June 30, 2023 were as follows:

Weighted-average remaining lease term (in years)	9.15
Weighted-average discount rate	2.91%

The following summarizes cash paid for operating lease liabilities and other non-cash information:

Cash paid for amounts included in the measurement of operating lease liabilities - operating cash flows	$ 125,768
Right-of-use assets obtained in exchange for operating lease obligations	$ -

NOTE K - LEASE COMMITMENT – CONTINUED

For the year ended June 30, 2022, the financial statements include rent expense of $162,161 under FASB ASC 840 (pre-adoption of the new standards) for operating leases. The future minimum lease payments were as follows at June 30, 2022:

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

NOTE L - 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.

NOTE L - LIQUIDITY AND AVAILABILITY - CONTINUED

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:

	2023	2022
Cash and cash equivalents	$ 15,082,854	$ 5,721,518
Unconditional promises to give due in the next year	471,632	1,864,342
Investments		
Securities with maturities in less than 1 year		
Without restrictions	31,800,395	44,315,321
Restricted for use in current programs	800,000	6,400,000
	$ 48,154,881	$ 58,301,181

NOTE M - 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 N - 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 $88,407 and $90,497 to the retirement plan for the years ended June 30, 2023 and 2022, respectively.

NOTE O - 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, 2023 and 2022, the bank accounts exceeded federally insured limits by $1,316,873 and $2,568,845, respectively. The Foundation has not experienced any losses on such accounts.

NOTE P - 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. The Foundation and the Platte River Recovery Implementation Foundation did not have any unrelated business income for June 30, 2023 and 2022. 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, 2023, 2022, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

NOTE Q – NEW ACCOUNTING STANDARD

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 affects any entity that enters into a lease and is intended to increase the transparency and comparability of financial statements among Foundations. ASU 2016-02 requires, among other changes, a lessee to recognize on its statement of financial position a lease asset and a lease liability for those leases previously classified as operating leases. The lease asset represents the right to use the underlying asset for the lease term and the lease liability represents the discounted value of the required lease payments to the lessor. ASU 2016-02 also requires entities to disclose key information about leasing arrangements.

The Foundation adopted the standard, effective for the year ended June 30, 2023, using a modified retrospective approach with the effective date option, which allows the Foundation to apply the standard at the effective date, July 1, 2022, and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. Under this approach, the reporting for comparative periods presented in the financial statements will continue to be in accordance with legacy GAAP.

The new standard provides a number of optional practical expedients in transition. On adoption, the Foundation elected the package of practical expedients permitted under the transition guidance, which allowed the Foundation to carry forward historical lease classifications for existing leases on the adoption date, and allowed the Foundation not to assess whether an existing contract contains a lease or initial direct costs. In addition, the Foundation also elected not to apply the lease recognition requirements to its short-term leases, that is, leases with a term of 12 months or less, as allowed under the standard. The Foundation did not elect the hindsight practical expedient to determine the lease term for existing leases.

The adoption of this standard resulted in recognition of lease assets in the amount of $1,108,409 and lease liabilities in the amount of $1,108,409 on the statement of financial position. The adoption of the standard did not result in a cumulative effect adjustment to the opening balance of equity in the period of adoption based on the initial recognition of the Foundation's active leases at the effective date. The Foundation's accounting policies in note A have been updated to reflect the impact of the standard. Additionally, see note K for further disclosure of the Foundation's leasing arrangements.

NOTE R - SUBSEQUENT EVENTS

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

SUPPLEMENTAL INFORMATION

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2023

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Eliminations	Consolidated
ASSETS				
Cash and temporary cash investments	$ 26,726,209	$ 97,446	$ -	$ 26,823,655
Certificates of deposit	3,212,350	-	-	3,212,350
Unconditional promises to give	1,046,560	-	-	1,046,560
Investments	193,726,825	-	-	193,726,825
Investment in real property	82,085	-	-	82,085
Interest receivable	212,586	-	-	212,586
Due (to) from related party	-	22,157	(22,157)	-
Operating lease right-of-use assets	1,004,295	-	-	1,004,295
Property and equipment, net	63,142	-	-	63,142
Contracts receivable	602,168	-	-	602,168
Other	9,354	-	-	9,354
Total assets	$ 226,685,574	$ 119,603	$ (22,157)	$ 226,783,020
LIABILITIES				
Funds held for agencies	$ 14,977,281	$ -	$ -	$ 14,977,281
Due (to) from related party	22,157	-	(22,157)	-
Accrued payroll liabilities	120,777	-	-	120,777
Accrued other liabilities	20	-	-	20
Gift annuities payable	360,036	-	-	360,036
Unconditional promises to give others	286,193	-	-	286,193
Operating lease obligations	1,013,338	-	-	1,013,338
Total liabilities	16,779,802	-	(22,157)	16,757,645
NET ASSETS				
Without donor restrictions, undesignated	171,414,286	119,603	-	171,533,889
Without donor restrictions, board designated	21,147,977	-	-	21,147,977
With donor restrictions	17,343,509	-	-	17,343,509
Total net assets	209,905,772	119,603	-	210,025,375
Total liabilities and net assets	$ 226,685,574	$ 119,603	$ (22,157)	$ 226,783,020

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2022

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Eliminations	Consolidated
ASSETS				
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
Total assets	$ 227,749,373	$ 120,899	$ (24,659)	$ 227,845,613
LIABILITIES				
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
Total liabilities	14,194,525	-	(24,659)	14,169,866
NET ASSETS				
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
Total net assets	213,554,848	120,899	-	213,675,747
Total liabilities and net assets	$ 227,749,373	$ 120,899	$ (24,659)	$ 227,845,613

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Eliminations	Consolidated
CHANGES IN NET ASSETS				
Revenue and support				
Contributions	$ 29,892,767	$ -	$ -	$ 29,892,767
Investment income	16,643,274	694	-	16,643,968
Actuarial gain	28,619	-	-	28,619
Administrative fee revenue and reimbursements	2,745,527	50,774	(50,741)	2,745,560
Total revenue and support	49,310,187	51,468	(50,741)	49,310,914
Expenses				
Program services	47,916,064	52,764	(50,741)	47,918,087
Management and general	4,250,554	-	-	4,250,554
Fundraising	792,645	-	-	792,645
Total expenses	52,959,263	52,764	(50,741)	52,961,286
DECREASE IN NET ASSETS	(3,649,076)	(1,296)	-	(3,650,372)
Net assets, beginning of year	213,554,848	120,899	-	213,675,747
Net assets, end of year	$ 209,905,772	$ 119,603	$ -	$ 210,025,375

Nebraska Community Foundation

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Nebraska Community Foundation	Platte River Recovery Implementation Foundation	Eliminations	Consolidated
CHANGES IN NET ASSETS				
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	2,647,275	51,275	(51,259)	2,647,291
Total revenue and support	22,129,228	51,320	(51,259)	22,129,289
Expenses				
Program services	33,506,273	38,864	(51,259)	33,493,878
Management and general	3,969,211	-	-	3,969,211
Fundraising	695,876	-	-	695,876
Total expenses	38,171,360	38,864	(51,259)	38,158,965
INCREASE (DECREASE) IN NET ASSETS	(16,042,132)	12,456	-	(16,029,676)
Net assets, beginning of year	229,596,980	108,443	-	229,705,423
Net assets, end of year	$ 213,554,848	$ 120,899	$ -	$ 213,675,747

Nebraska Community Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2023

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	R20AC00100	$ 6,601,151	$ -
Fish and Wildlife Service				
Migratory Bird Joint Ventures	15.637	F18AC00730	89,016	-
Migratory Bird Joint Ventures	15.637	F21AC02789	326,598	
Migratory Bird Joint Ventures	15.637	F23AC02783	28,937	-
			444,551	-
			7,045,702	-
U.S. Department of Agriculture				
University of Arizona				
Agricultural Research Basic and Applied Research	10.001	58-2022-1-006	18,850	-
National Institute of Food and Agriculture				
Food Insecurity Nutrition Incentive Grants Program	10.331	2020-70030-33181	47,922	-
National Fish and Wildlife Foundation				
National Fish and Wildlife Foundation	10.683	2501-21.071036	30,623	-
National Fish and Wildlife Foundation				
Soil and Water Conservation	10.902	2004.17.058610	3,297	-
Natural Resources Conservation Service				
Agricultural Conservation Easement Program	10.931	NR216526XXXXC019	76	-
Agricultural Conservation Easement Program	10.931	NR226526XXXXC011	447	-
Agricultural Conservation Easement Program	10.931	USDA-NRCS-Multi-State-Central-CCG-001	215,051	77,202
			215,574	77,202
Conservation Stewardship Program	10.924	2501.21.071036	15,872	-
Conservation Stewardship Program	10.912	NR216526XXXXC019	56,717	-
			388,855	77,202
			$ 7,434,557	$ 77,202

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.

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 as of June 30, 2023, 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 22, 2023.

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 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. 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 or significant deficiencies may exist that were not identified.

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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*.

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.

HBE LLP

Lincoln, Nebraska
August 22, 2023

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, 2023. 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, 2023.

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.

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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 22, 2023

Nebraska Community Foundation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2022

Findings - Financial Statement Audit

2022 - 001 Material Audit Adjustment

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

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.

Status: Corrected

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