Special Olympics Nebraska, Inc.

Omaha, Nebraska

Financial Statements
December 31, 2022,
with Comparative Totals for 2021

Together with Independent Auditor's Report

Special Olympics Nebraska, Inc.

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Independent Auditor's Report

To the Board of Directors of
Special Olympics Nebraska, Inc.
Omaha, Nebraska:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Special Olympics Nebraska, Inc. (SONE) which comprise the statements of financial position as of December 31, 2022, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of SONE as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SONE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standards

As discussed in Note 1Q to the financial statements, SONE adopted the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* for the year ended December 31, 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SONE's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

The financial statements of SONE as of and for the year ended December 31, 2021, were audited by Seim Johnson, LLP, who joined Eide Bailly LLP on July 25, 2022, and whose report dated April 20, 2022 contained an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Omaha, Nebraska,
June 23, 2023.

Special Olympics Nebraska, Inc.

Statement of Financial Position
December 31, 2022, with Comparative Totals for 2021

		2022	2021
ASSETS			
Current assets:			
Cash and cash equivalents	$	145,333	331,467
Investments		1,294,936	1,577,210
Accounts receivable		--	3,347
Grants receivable		21,816	19,091
Prepaid expenses		20,763	29,606
Total current assets		1,482,848	1,960,721
Beneficial interest in charitable trust		94,767	91,764
Cash restricted for long-term purposes		96,328	106,005
Investments restricted for term endowment		2,990,532	3,356,377
Property and equipment, net		31,731	8,452
Operating lease right-of-use asset		120,948	--
Total assets	$	4,817,154	5,523,319
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	$	15,959	23,368
Accrued payroll and compensated absences		30,730	31,351
Refundable advances		64,550	79,726
Current portion of operating lease liability		61,633	--
Total current liabilities		172,872	134,445
Operating lease liability, net of current portion		60,144	--
Total liabilities		233,016	134,445
Commitments			
Net assets:			
Without donor restrictions		1,402,511	1,834,728
With donor restrictions		3,181,627	3,554,146
Total net assets		4,584,138	5,388,874
Total liabilities and net assets	$	4,817,154	5,523,319

See notes to financial statements

Special Olympics Nebraska, Inc.

Statement of Activities
For the Year Ended December 31, 2022, with Comparative Totals for 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
REVENUE, GAINS AND OTHER SUPPORT:				
Contributions	$ 586,628	--	586,628	532,958
Special events	576,184	--	576,184	332,750
Direct-marketing contributions	139,045	--	139,045	119,405
Grants	950,018	--	950,018	726,459
Contributions of nonfinancial assets	41,428	--	41,428	24,406
Special Olympics International distribution	18,994	--	18,994	--
Change in value of beneficial interest	--	3,003	3,003	16,621
Investment income (loss), net	(280,778)	(285,764)	(566,542)	609,775
Miscellaneous	--	--	--	2,500
Net assets released from restrictions	89,758	(89,758)	--	--
Total revenue, gains and other support	2,121,277	(372,519)	1,748,758	2,364,874
EXPENSES:				
Program services	1,986,041	--	1,986,041	1,386,137
Management and general	224,267	--	224,267	187,942
Fundraising	343,186	--	343,186	289,132
Total expenses	2,553,494	--	2,553,494	1,863,211
CHANGE IN NET ASSETS	(432,217)	(372,519)	(804,736)	501,663
NET ASSETS, beginning of year	1,834,728	3,554,146	5,388,874	4,887,211
NET ASSETS, end of year	$ 1,402,511	3,181,627	4,584,138	5,388,874

See notes to financial statements

Special Olympics Nebraska, Inc.

Statement of Cash Flows
For the Year Ended December 31, 2022, with Comparative Totals for 2021

		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$	(804,736)	501,663
Adjustments to reconcile change in net assets to net cash flows (used in) provided by operating activities:			
Depreciation		4,383	1,990
Change in realized and unrealized gains on investments, net		643,285	(545,591)
Change in value of beneficial interest		(3,003)	(16,621)
Change in operating lease asset and liability		829	--
(Increase) decrease in current assets -			
Accounts receivable		3,347	(3,347)
Grants receivable		(2,725)	23,409
Prepaid expenses		8,843	(13,840)
Increase (decrease) in current liabilities -			
Accounts payable		(7,409)	13,617
Accrued payroll and compensated absences		(621)	(945)
Refundable advances		(15,176)	59,926
Net cash (used in) provided by operating activities		(172,983)	20,261
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment		(27,662)	(6,508)
Proceeds from the sale of investments		500,205	1,278,385
Purchases of investments		(495,371)	(1,592,112)
Net cash used in investing activities		(22,828)	(320,235)
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		(195,811)	(299,974)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year		437,472	737,446
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	$	241,661	437,472
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for operating lease	$	61,251	--

See notes to financial statements

Special Olympics Nebraska, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2022, with Comparative Totals for 2021

	Program Services	Management and General	Fundraising	2022 Total	2021 Total
SALARIES AND BENEFITS:					
Salaries and contract labor	$ 634,475	135,830	153,617	923,922	842,466
Employee benefits	81,205	10,093	19,925	111,223	93,121
Payroll taxes	45,292	10,379	10,919	66,590	60,644
Total salaries and benefits	760,972	156,302	184,461	1,101,735	996,231
OTHER EXPENSES:					
Travel, competitions and events	552,598	441	57,331	610,370	179,586
Facility and equipment expenses	219,913	3,603	18,996	242,512	185,364
Operating expenses	141,637	14,992	33,183	189,812	72,984
Direct school support	127,502	--	--	127,502	136,638
Occupancy	67,647	14,289	18,521	100,457	93,015
Legal and professional fees	35,894	28,628	5,522	70,044	47,888
Advertising	19,017	--	15,288	34,305	36,846
National fees	33,817	--	--	33,817	25,453
Insurance	22,686	2,646	5,188	30,520	28,555
Business expenses	1,650	2,343	3,964	7,957	8,956
Depreciation	3,168	523	692	4,383	1,990
Public education and awareness	40	--	--	40	16,368
Telemarketing	--	--	40	40	16,368
Travel, conferences and lodging	--	--	--	--	16,969
Total expenses	$ 1,986,541	223,767	343,186	2,553,494	1,863,211

See notes to financial statements

(1) Description of Organization and Summary of Significant Accounting Policies

The following is a description of the organization and a summary of the significant accounting policies of Special Olympics Nebraska, Inc. (SONE). These policies are in accordance with accounting principles generally accepted in the United States of America (GAAP).

A. *Organization*

SONE is a not-for-profit organization that was organized to provide sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities throughout the state of Nebraska. SONE is supported primarily by contributions and special events.

B. *Basis of Accounting and Presentation*

The accompanying financial statements have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not for Profit Entities*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor imposed restrictions. SONE maintains the following classes of net assets:

Net assets without donor restrictions are those net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of SONE.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

C. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. *Cash, Cash Equivalents, and Restricted Cash*

Cash, cash equivalents, and restricted cash for purposes of the statement of cash flows includes investments with an original maturity of three months or less and exclude cash, cash equivalents, and restricted cash included in investments.

E. *Grants Receivable*

Grants that are expected to be collected within one year are recorded at net realizable value. Those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grant revenue. The receivables are reviewed for collectability and a provision for uncollectible amounts, if necessary, is recorded based on management's judgment and an analysis of individual donors, collection experience and other relevant factors. At December 31, 2022 and 2021, no allowance for uncollectible grants and no discount was deemed necessary.

F. Beneficial Interest in Charitable Trust

SONE is the irrevocable partial beneficiary of a non-perpetual charitable remainder unitrust held by a third-party trustee. The trust was created independently of SONE and is neither in the possession nor under the control of SONE. The trust is administered by a third-party trustee as designated by the donor. SONE records its partial interest in the trust at fair value as measured by the present value of the estimated future distributions to be received by SONE over the term of the agreement, discounted at the rate commensurate with the risks involved.

The beneficial interests in charitable trusts are recognized as revenue when SONE is notified that it has been named as an irrevocable beneficiary and has sufficient information to make a reasonable estimate of the fair value of its interest. The value of the beneficial interest in charitable trust is adjusted annually for the change in fair value. The changes in value are reported as changes in net assets with donor restrictions. Upon the termination date specified by the trust, the partial interest in trust assets will be distributed to SONE by the trustee under the provisions of the trust agreement and the net assets will be reclassified from with donor restrictions to without donor restrictions.

G. Investments

All investments are measured at fair value in the statement of financial position. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) are included in revenue, gains and other support without donor restrictions in the statement of activities unless the income is restricted by donor or by law.

H. Property and Equipment, Net

Property and equipment acquisitions are recorded at cost or, if donated, at fair value on the date donated. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Leasehold improvements	5 – 15 years
Furniture	5 – 7 years
Office equipment	5 – 7 years
Vehicles	5 – 7 years

When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any resulting gain or loss on disposition is reflected in operations. Repairs and maintenance are expensed as incurred; expenditures for additions, improvements and replacements are capitalized. SONE maintains a capitalization policy of $2,500.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the long-lived assets are placed in service.

I. Refundable Advances

Deferred revenue consists primarily of grant receipts contingent upon the incurrence of allowable qualifying expenses for future program activities and a right of return of funds based upon the grantor's review of certain qualifying criteria.

J. *Donor Restricted Contributions*

Unconditional promises to give cash and other assets to SONE are reported at fair value at the date the promise is received. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements. SONE records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference.

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. Certain grants are conditioned upon the incurrence of allowable qualifying expenses and are recognized as the qualifying expense is incurred. In 2022 and 2021, SONE was awarded grants in the amount of $580,100 and $500,000, respectively, that are being recognized as qualifying expenses are incurred. For the years ended December 31, 2022 and 2021, revenue of $506,400 and $479,800, respectively, was recognized pursuant to the grant agreements.

Indications of intentions to give are not recognized until the cash or other assets are received. SONE has received intentions to give of $137,696 and $223,187 as of December 31, 2022 and 2021, respectively. The intentions to give have not been recognized as assets or contribution revenue in the accompanying financial statements.

K. *Contributions of Nonfinancial Assets*

SONE receives services, equipment and facilities donated by volunteers and organizations interested in SONE's programs. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When the value of donated services is ascertainable, they are reflected at fair value in the statement of activities as revenue and expenses. See Note 12 for details of contributions of nonfinancial assets received during the years ended December 31, 2022 and 2021.

SONE also received donated volunteer services to benefit existing programs and activities. These contributions were not recognized as revenue in the statement of activities since they did not meet the recognition requirements in FASB ASC Topic 958.

L. *Functional Allocation of Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. SONE allocates salaries and related benefits based on an estimate of employee time spent. SONE allocates occupancy expenses on a weighted average of employee time spent and square footage, and other expenses are allocated by time and effort or are directly assigned to a functional classification.

M. *Advertising Costs*

Advertising costs are expenses as incurred and were $34,305 and $36,846 during the years ended December 31, 2022 and 2021, respectively.

N. *Income Taxes*

SONE is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and has received a determination letter that it is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. The Internal Revenue Service has established standards to be met to maintain SONE's tax exempt status.

O. *Comparative Amounts*

The amounts shown for 2021 in the accompanying financial statements are included to provide a basis for comparison with 2022, and are not intended to present all information necessary for a fair presentation of the 2021 financial statements in conformity with GAAP.

P. *Change in Accounting Policy*

As of January 1, 2022, the SONE adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets.

Q. *Adoption of Accounting Standards Codification Topic 842*

Effective January 1, 2022, SONE adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). SONE elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. SONE has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, SONE accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, SONE recognized on January 1, 2022, the beginning of the adoption period, an operating lease liability of $150,979, and an operating right-of-use asset of $146,845. The adoption of the new standard did not materially impact SONE's Statements of Activities or Statements of Cash Flows. See Note 9 for further disclosure of SONE's lease contracts.

R. *Reclassifications*

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 reporting format.

S. Subsequent Events

SONE considered events occurring through June 23, 2023 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

(2) Cash, Cash Equivalents, and Restricted Cash

A reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to amounts shown in the statement of cash flows is as follows:

		2022	2021
Cash and cash equivalents	$	145,333	331,467
Cash restricted for term endowment		96,328	106,005
Total cash, cash equivalents, and restricted cash	$	241,661	437,472

Amounts included in cash restricted for term endowment include cash received with donor-imposed restrictions that limit the use of the cash to long-term purposes.

(3) Liquidity and Availability

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:

		2022	2021
Financial assets:			
Cash and cash equivalents	$	145,333	331,467
Investments		1,294,936	1,577,210
Accounts receivable		--	3,347
Grants receivable		21,816	19,091
Beneficial interest in charitable trust		94,767	91,764
Cash restricted for term endowment		96,328	106,005
Investments restricted for term endowment		2,990,532	3,356,377
Total financial assets		4,643,712	5,485,261
Less financial assets not available for general expenditure within one year:			
Net assets with donor restrictions		3,181,627	3,554,146
Financial assets available to meet general expenditures	$	1,462,085	1,931,115

SONE's endowment funds are donor-restricted endowments. A committee that includes the donor meets 4-5 times a year to review and approve specific expenditures. Donor-restricted endowment funds are not available for general expenditure.

As part of SONE's liquidity management plan, SONE occasionally invests large cash balances that are not immediately needed for operations.

SONE also has a line of credit available to meet short-term needs. See Note 7 for information about this arrangement.

(4) Grants Receivable

Grants receivable are estimated to be collected as follows at December 31, 2022 and 2021:

	2022	2021
Within one year	$ 21,816	19,091

(5) Fair Value

SONE applies FASB ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes 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 measurements involving significant unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that SONE has the ability to access at the measurement date.

Level 2 Inputs are other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, through either corroboration or observable market data.

Level 3 Inputs are unobservable for the asset or liability. Therefore, unobservable inputs shall reflect SONE's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The level in the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. For the years ended December 31, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Beneficial interest in charitable trust – The valuation of the beneficial interest in charitable trust is classified as level 3 as there are no significant observable inputs, as they trade infrequently or not at all. The trust valuation is based on assumptions about the present value of distributions to be received from the trust, which generally include the current market value of the underlying assets using observable market inputs based on its beneficial interest in the trust discounted for present value using market rates.

Cash and cash equivalents– Cash equivalents are recorded at cost.

Fixed income – Fixed income securities are comprised of U.S. Treasury notes and corporate bonds. U.S. Treasury notes are classified as Level 1 if they trade with sufficient frequency and volume to enable SONE to obtain pricing information on an ongoing basis. The valuation of corporate bonds are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Stocks –Traded on a national securities exchange and valued at the latest quoted market prices.

Mutual funds and ETF's – The fair value of mutual funds and ETF's are classified as Level 1 as the market values are based on quoted market prices, when available, or market prices provided by recognized broker dealers.

The following table presents the balances of assets measured at fair value on a recurring basis, except for cash and cash equivalents, at December 31, 2022 and 2021:

		2022			
		Level 1	Level 2	Level 3	Total
Beneficial interest in charitable trust	$	--	--	94,767	94,767
Cash and cash equivalents, at cost	$	--	--	--	173,727
Fixed income -					
Corporate bonds		--	195,722	--	195,722
Agency bonds		--	70,711	--	70,711
U.S. Treasury notes		203,965	--	--	203,965
Stocks -					
Domestic common		2,159,502	--	--	2,159,502
Foreign common		123,433	--	--	123,433
Mutual funds and ETF's -					
Equity		602,514	--	--	602,514
Fixed income		683,971	--	--	683,971
Real estate		71,923	--	--	71,923
Investments	$	3,845,308	266,433	--	4,285,468

		2021			
		Level 1	Level 2	Level 3	Total
Beneficial interest in charitable trust	$	--	--	91,764	91,764
Cash and cash equivalents, at cost	$	--	--	--	161,551
Fixed income -					
Corporate bonds		--	282,822	--	282,822
Agency bonds		--	81,159	--	81,159
U.S. Treasury notes		231,457	--	--	231,457
Stocks -					
Domestic common		2,482,940	--	--	2,482,940
Foreign common		133,616	--	--	133,616
Mutual funds and ETF's -					
Equity		794,275	--	--	794,275
Fixed income		709,441	--	--	709,441
Real estate		56,326	--	--	56,326
Investments	$	4,408,055	363,981	--	4,933,587

There were no purchases, issues or transfers into or out of assets measured at fair value on a recurring basis using level 3 inputs for the years ended December 31, 2022 and 2021. The asset balance changed as a result of a change in value of the beneficial interest in charitable trust.

(6) Property and Equipment

A summary of property and equipment at December 31, 2022 and 2021 is as follows:

		2022	2021
Leasehold improvements	$	36,649	36,649
Furniture		2,136	2,136
Office equipment		9,860	9,860
Vehicles		86,101	58,439
		134,746	107,084
Less: accumulated depreciation		(103,015)	(98,632)
Property and equipment, net	$	31,731	8,452

Depreciation expense of $4,383 in 2022 and $1,990 in 2021, is included in the statement of activities.

(7) Line of Credit

SONE's financing arrangement consists of a $100,000 revolving bank line of credit with interest at the prime rate plus 1.00% as published in the Wall Street Journal (7.50% at December 31, 2022) subject to a 4.25% floor and payable monthly. The line matures in March 2023.

Subsequent to year-end, SONE extended the $100,000 revolving bank line of credit to April 1, 2024.

(8) Payroll Protection Program

During 2021, SONE applied for and was granted a $170,442 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. SONE is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Effective August 13, 2021, SONE applied for and was granted full forgiveness of the $170,442 loan under the Paycheck Protection Program. The loan forgiveness is included in grant revenue in the statement of activities in 2021.

(9) Leases

SONE leases office space and a vehicle and certain office equipment under non-cancellable operating leases with unrelated parties, which expire at various dates through September 2027. SONE included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The office space lease provides for increases in future minimum annual rental payments. Normal maintenance, insurance and other expenses are the responsibility of SONE.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, SONE estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using SONE's applicable borrowing rates and the contractual lease term.

The weighted average remaining lease term and discount rate as of December 31, 2022 were 1.98 years and 5.87%, respectively.

The total minimum lease payments under noncancelable operating leases with terms greater than one year are due as follows as of December 31, 2022:

2023	$	64,842
2024		56,302
2025		5,068
Less: interest		(4,435)
Present value of lease liability	$	121,777

Future minimum payments determined under the guidance of ASC 840 are listed below as of December 31, 2021:

2023	$	5,222
2024		3,218
2025		1,092
2026		899
2027		599

Total lease expense included in the statement of activities under these leases for the years ended December 31, 2022 and 2021 was $85,642 and $85,117, respectively.

(10) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31, 2022 and 2021:

		2022	2021
Subject to the passage of time:			
Beneficial interests in charitable trusts held by others	$	94,767	91,764
Subject to the passage of time and term endowment spending policy and appropriation:			
Term endowment for programs		3,054,241	3,428,844
Term endowment for Lincoln Shark's Special Olympic Team		32,619	33,538
Total endowments		3,086,860	3,462,382
Total net assets with donor restrictions	$	3,181,627	3,554,146

Management has asserted that the donor-restricted term endowment funds are considered funds with donor restrictions. Per the donor's request, a governing committee was chosen whose responsibility is to administer the funds. Every five years, commencing January 2020, the program shall be reviewed by the committee and on a vote of 100% of the members, the committee may change how the funds are to be used. The agreements set the payout rate at 4% of the initial fund each year, or based upon committee request, more than 4% if the income exceeds the 4% payout rate. In addition, by 100% approval of all committee members, any part or all of the funds may be used if the committee finds a program or a need is so great that the funds should be used to establish that program or need.

(11) Endowments

SONE holds term endowment funds for support of its programs and operations. As required by GAAP, net assets and the changes therein associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Management has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SONE classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. SONE classifies the original gift of donor-restricted term endowment funds as net assets with donor restrictions. Absent any donor-imposed restrictions, interest, dividends and net appreciation of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure in accordance with the spending policy stipulated by SONE or by the applicable donor gift agreement in a manner consistent with the standard of prudence prescribed by NUPMIFA.

At December 31, 2022 there is $63,709 of cash recorded as restricted for term endowment on the statement of financial position. The $63,709 represents the remaining balance from the endowment's 2022 yearly distribution which SONE did not spend all during 2022 and instead is planning on spending the funds in 2023.

In accordance with NUPMIFA, SONE considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of SONE and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of SONE.
7. The investment policies of SONE.

The composition of endowment net assets by type of fund is as follows at December 31, 2022 and 2021:

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted term endowment funds	$ --	3,086,860	3,086,860

	2021		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted term endowment funds	$ --	3,462,382	3,462,382

The changes in endowment net assets for the years ended December 31, 2022 and 2021 are as follows:

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ --	3,462,382	3,462,382
Investment return:			
Interest and dividends, net	--	48,499	48,499
Net depreciation (realized and unrealized)	--	(334,263)	(334,263)
Total investment return	--	(285,764)	(285,764)
Appropriations of endowment assets for expenditure	--	(89,758)	(89,758)
Endowment net assets, end of year	$ --	3,086,860	3,086,860

	2021		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ --	2,990,377	2,990,377
Investment return:			
Interest and dividends, net	--	43,621	43,621
Net appreciation (realized and unrealized)	--	436,917	436,917
Total investment return	--	480,538	480,538
Appropriations of endowment assets for expenditure	--	(8,533)	(8,533)
Endowment net assets, end of year	$ --	3,462,382	3,462,382

Return Objectives and Risk Parameters

SONE has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while complying with all donor-imposed restrictions. Under this policy the endowment assets are invested in a manner that preserves the capital while generating a positive total return sufficient to provide income to SONE in a reasonable amount determined annually by the Board. The total returns over long periods of time are primarily achieved through capital appreciation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objective of preserving endowment funds, SONE relies on a total return strategy in which investment returns are achieved primarily through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SONE targets a diversified asset allocation that requires a minimum of 30% for fixed income securities and a maximum of 70% for equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

SONE preserves the value of the original gift as of the gift date of donor-restricted term endowments absent explicit donor stipulations stated in the gift agreements. Interest, dividends and net appreciation of the donor-restricted term endowment funds are deemed appropriated for expenditure when approved for distribution by the Board in accordance with the donor gift agreements.

The spending policy on income earned on current term-endowment funds was established by donor agreements. The agreements set the payout rate at 4% of the initial fund each year, or based upon committee request, more than 4% if the income exceeds the 4% payout rate. Earnings in excess of the payout rate are held as net assets with donor restrictions until appropriated.

(12) Contributions of Nonfinancial Assets

During the years ended December 31, 2022 and 2021, SONE received contributions without donor restrictions as follows:

		2022	2021
Advertising	$	21,338	23,276
Event goods and services		1,850	1,130
Lodging		18,240	--
Total in-kind contributions	$	41,428	24,406

The value of advertising and lodging provided was calculated by the donors based on the market value of the services and supplies provided. The value of event goods and services provided was calculated by the market value of the good and a pay rate of $20 per game for all referees during the fall and spring games. During the years ended December 31, 2022 and 2021, the event goods and services and lodging were used for the Summer and Fall games and the Big Red Raffle. The advertising services were used for the Law Enforcement Torch Run and Polar Plunge – Omaha.

(13) Employee Benefit Plan

SONE has a defined contribution plan which is available to its employees who are reasonably expected to receive at least $5,000 in compensation for the calendar year. SONE matches contributions made by the employees from a minimum of 1% to a maximum of 3% of participant’s base salary. Employees are immediately 100% vested in all matching or discretionary contributions made by SONE. Expense for the program for the years ended December 31, 2022 and 2021 was $16,819 and $20,624, respectively.

(14) Allocation of Joint Costs

SONE conducted activities that included requests for contributions, as well as public education and awareness of program activities, through direct marketing campaigns. The joint costs of these campaigns were allocated and included in the statement of activities as follows:

		2022	2021
Program	$	40	16,368
Fundraising		40	16,368
	$	80	32,736

(15) Concentrations, Risks, and Uncertainties

SONE maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022, and 2021, SONE had approximately $-0- and $163,000, respectively, in excess of FDIC-insured limits.

SONE routinely invests its funds in stocks, corporate bonds, U.S. Treasury notes, and fixed income and equity mutual funds. Investment in these funds is not entirely insured or guaranteed; however, management believes that credit risk related to these investments is minimal.

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.