

**Nebraska Cultural Endowment  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
For the year ended December 31, 2023**

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	2 - 4
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis	5
Statement of Support, Revenue, Expenses and Changes in Net Assets – Modified Cash Basis	6
Statement of Functional Expenses – Modified Cash Basis	7
Statement of Cash Flows – Modified Cash Basis	8
Notes to Financial Statements	9 - 22
SUPPLEMENTARY INFORMATION	
Schedule of Trust Fund Investments – Modified Cash Basis	24















Nebraska Cultural Endowment  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
For the year ended December 31, 2023  
(With comparative totals as of December 31, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,833,305	\$ (1,987,085)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized (gain)/loss on operating investments	(1,894,945)	3,265,372
Endowment net investment (return)/loss	(482,766)	(419,247)
Decrease in payroll tax liability	(692)	192
Decrease in annuity obligations	(6,016)	1,110
Net cash from/(used) in operating activities	(551,114)	860,342
Adjustments to reconcile change in net assets to net cash used in investing activities:		
Distributions from trust fund investments	834,429	809,097
Purchases of trust fund investments	(575,961)	(2,181,069)
Increase in other investments	(1,145)	28,384
Net cash from/(used) in investing activities	257,323	(1,343,588)
NET CHANGE IN CASH	(293,791)	(483,246)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	613,347	1,096,593
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 319,556	\$ 613,347

See accompanying notes and independent auditor's report.

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS  
For the year ended December 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Nebraska Cultural Endowment.

1. Nature of the Organization

The Nebraska Cultural Endowment, a non-profit 501(c)(3), is a partnership between the Nebraska Arts Council and Humanities Nebraska created to support the arts and humanities in Nebraska. The governing body of the Cultural Endowment is a statewide twenty (20) member board of directors.

Since 1998, the Nebraska Legislature has appropriated \$11 million dollars to create and build the Nebraska Cultural Preservation Endowment Fund (CPEF) to stabilize funding for the arts and humanities in Nebraska through Humanities Nebraska and the Nebraska Arts Council. Income from the CPEF is available for distribution to Humanities Nebraska and the Nebraska Arts Council when matched by private contributions. The Nebraska Cultural Endowment was created to raise the private match to access the income from and to facilitate the increases in the public fund, the CPEF.

The Nebraska Legislature has appropriated an additional \$10 million dollars to the CPEF through 2028, provided the Cultural Endowment match the increase with private contributions. At December 31, 2023, the Cultural Endowment has received contributions totaling \$5,359,794 which are eligible to meet the matching requirements of the scheduled \$10 million dollar increase in the CPEF.

On April 4, 2022, the Legislative bill (LB 1012) approved by the Governor to amend section 82-331, revised statutes cumulative supplement, 2020: to change provisions relating to a fund transfer limit and a termination date; and to repeal the original section. This amends the Nebraska Cultural Endowment Fund to extend transfer from the General Fund from 2028 to 2030. This is a technical correction from the 2021 enacted budget. An amount not to exceed one million dollars from the General Fund to the Nebraska Cultural Preservation Endowment Fund annually on December 31, beginning in 2021 and continuing through December 31, 2030.

**Humanities Nebraska**

The Humanities Nebraska (HN), a non-profit 501(c)(3) organization, is funded through a combination of federal grants from the National Endowment for the Humanities, private donations from individuals, foundations, and businesses, an appropriation from the State of Nebraska, and the Nebraska, and the Nebraska Cultural Endowment.

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Humanities Nebraska - Continued**

Humanities Nebraska creates and supports thought-provoking opportunities for Nebraskans to learn, think and explore our shared history and culture to inspire a better future. HN is served by dedicated volunteers on two boards: the Nebraska Humanities Council (20 members) and the Nebraska Foundation for the Humanities (24 members, one-third of whom are Council members), which raises funds and advocates for HN's programming. HN reaches 350,000 Nebraskans a year by providing grants, speakers bureau programs to schools and other organizations, family reading programs in libraries and schools, Chautauqua programs, touring museum exhibitions, and many other humanities-based programs that reach communities of all sizes and people from all walks of life.

**The Nebraska Arts Council**

The Nebraska Arts Council (NAC) was established in 1974 by the Nebraska Legislature and is governed by a board of fifteen Nebraska citizens appointed by the Governor. NAC is funded by the State of Nebraska, the National Endowment for the Arts, and the Nebraska Cultural Endowment. The Nebraska Arts Council's mission is to promote, cultivate, and sustain the arts for the people of Nebraska. The Nebraska Arts Council's primary means of supporting the arts is through a variety of grant programs that cover all disciplines and fields of creative expression. Over 350 artists, art organizations, schools and community groups use NAC funds and technical support to carry out a variety of art experiences statewide.

2. Basis of Presentation

The Organization reports information regarding its assets, liabilities, net assets, revenues and expenses based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of net assets into two classes: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

- Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an endowment.
- With Donor Restrictions – Net assets subject to donor- (or certain 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.

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation - Continued

Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those 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.

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

3. Basis of Accounting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned or pledged, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. The Organization has recorded investments and annuity obligations on the statement of assets, liabilities, and net assets – modified cash basis rather than recognizing their activity as cash receipts and disbursements on the statement of support, revenue, expenses, and changes in net assets – modified cash basis. In addition, payroll tax liabilities are recognized when the related payroll is paid.

4. Contributions

Contributions received are recorded as either without donor restrictions or with donor restriction, depending on the existence and/or nature of any donor restrictions.

5. Use of Estimates

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

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Cash and Cash Equivalents

The Organization defines its cash and cash equivalents to include only cash on hand and demand deposits with original maturities of three months or less.

7. Investments

The Nebraska Cultural Endowment carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of assets, liabilities, and net assets – modified cash basis. Money market accounts and other cash equivalents inside of investment accounts are classified as investments in the statement of assets, liabilities, and net assets – modified cash basis. Unrealized gains and losses are included in the change in net assets in the statement of support, revenue, expenses, and change in net assets – modified cash basis. Investment income and gains or losses on investments are recorded as either with or without donor restrictions depending on the restrictions placed on the underlying investments generating the income, gain or loss.

8. Expense Allocation

Expenses are charges to the program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not identifiable with any other specific function; but provide for the overall support and direction of the Organization.

9. Income Taxes

The Nebraska Cultural Endowment is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is included in these financial statements. The Organization is not classified as a private foundation by the Internal Revenue Service. As of December 31, 2023, the Organization had no uncertain tax positions that would require the financial statement recognition, de-recognition, or disclosure. The Organization's Form 990 is subject to examination by the Internal Revenue Service for a period of three years.

10. Concentration of Credit Risk

The Organization maintains its cash in bank deposit account which, at time, may exceed federally insured limits. Cash balances uninsured by the FDIC at December 31, 2023 in amount of \$76,981. However, there may be also cash balances in investment accounts that are uninsured. The Organization had significant unrealized gains in 2023.

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE B. INVESTMENTS

Investments are stated at fair value. Fair values and unrealized appreciation/(depreciation) at December 31, 2023 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Appreciation (Depreciation)</u>
Cash and cash equivalents	\$ 331,248	\$ 331,248	\$ -
Mutual funds/EFTs - equity	6,801,675	9,717,152	2,915,477
Mutual funds/EFTs - fixed income	5,502,570	4,833,678	(668,892)
Mutual funds/EFTs - global	1,137,636	1,311,153	173,517
Mutual funds/EFTs - real estate	834,484	906,276	71,792
Total investments	<u>\$ 14,607,613</u>	<u>\$ 17,099,507</u>	<u>\$ 2,491,894</u>

The following schedule summarizes the investment return and its classification in the statement of support, revenue, expenses, and changes in net assets – modified cash basis for the year ended December 31, 2023:

Interest and dividend income	\$ 529,711
Net realized gains	3,259
Net unrealized gains/(losses)	1,891,686
Advisory fee	<u>(46,945)</u>
Net investment return	<u>\$ 2,377,711</u>

NOTE C. ANNUITY OBLIGATIONS

Under the Organization’s charitable gift annuities program, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors or other life beneficiaries, or both. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. Upon termination of a life interest, the share of the corpus attributable to the life interest holder becomes available to the Organization. Changes in the expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are recognized annually by the Organization based on actuarially determined valuations. The discount rate used to value split-interest agreements, at December 31, 2023, ranged from 3.8 percent to 5.4 percent.

As of November 20, 2023, the Organization initiated contracts with Nationwide to manage the remaining lives of the gift annuities. Nationwide will continue to disburse the quarterly annuity payments to the Organization which will pass through to the annuitants. For the year ended December 31, 2023, the remaining present values of the annuity assets and liabilities are net zero.

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE D. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist partially of the accumulative earnings of the permanently restricted endowment that have not been disbursed and gifts temporarily restricted for a specific purpose. Other net assets are permanently restricted and consist of matching funds raised for an endowment under Nebraska Legislative Bills 799, 1165, and 316 to support the Nebraska Arts Council and Nebraska Humanities Council.

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:

Educational purposes	\$ 189,782
General support of Nebraska Arts Council/Nebraska Humanities	1,161,069
Support of the Omaha Symphony	1,588,647
Support of the Omaha Symphony and Opera Omaha	1,613,736
Humanities Programming Fund	1,146,549
Support for Data Project	4,000
School Bus for the Arts Fund	56,408
	5,760,191

Permanent Endowments:

Subject to appropriation and expenditure when a specified event occurs:

Support of the Governor's Arts Awards	31,461
General support of Nebraska Arts Council/Nebraska Humanities	1,641,746
Federal matching National Endowment for the Humanities	713,595
	2,386,802

Subject to endowment spending policy and appropriation:

Support of Nebraska Arts Council/Nebraska Humanities	8,255,248
Educational purposes	14,350
Donor restricted for general support for Nebraska Humanities	18,510
Support of Nebraska Public Television	400,425
ASL interpretation	118,512
	8,807,045

Total Permanent Endowments	11,193,847
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Total net assets with donor restrictions	\$ 16,954,038
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Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE D. NET ASSETS WITH DONOR RESTRICTIONS – CONTINUED

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions or by occurrence of the passage of time or other events specified by donors as follows:

<u>Restricted purpose spending rate distributions and appropriations:</u>	
CPEF - Nebraska Arts Council	\$ 239,628
CPEF - Humanities Nebraska	138,087
Opera Omaha and Omaha Symphony Association	73,107
Omaha Symphony Association Fund	66,922
Nebraska Arts Council and Humanities Nebraska endowment earnings:	
Nebraska Arts Council fund disbursements	153,583
Humanities Nebraska fund disbursements	153,505
John W. Carson Donor-Advised Fund disbursements	66,440
Operating support	200,000
Total net assets released from donor restrictions	<u><u>\$ 1,091,272</u></u>

NOTE E. FAIR VALUE OF FINANCIAL STATEMENTS

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair market value to the extent that observable inputs are not available.



Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE E. FAIR VALUE OF FINANCIAL STATEMENTS – CONTINUED

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the Organization’s financial statements is the recurring measurement of investments.

The Organization used the following methods and significant assumptions to estimate fair value:

*Money market funds:* Determined by the published net asset value per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

*Equity securities traded on national securities exchanges:* Determined by the closing price on the last business day of the fiscal year.

*Open-end mutual funds:* Determined by the published net asset value per unit at the end of the last trading day of the fiscal year, which is the basis for transactions at that date.

*Cash surrender value of life insurance:* Determined by the cash surrender value provided by the insurance carrier.

*Annuity obligations:* Determined by the present value of expected future payments based on life expectancy of the annuitant.

Assets and liabilities measured at fair value on recurring basis are summarized below.

	Fair Value Measurements at December 31, 2023			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Money market funds	\$ 331,248	\$ 331,248	\$ -	\$ -
Mutual funds/EFTs - equity	9,717,152	9,717,152	-	-
Mutual funds/EFTs - fixed income	4,833,678	4,833,678	-	-
Mutual funds/EFTs - global	1,311,153	1,311,153	-	-
Mutual funds/EFTs - real estate	906,276	906,276	-	-
Total investments	<u>17,099,507</u>	<u>17,099,507</u>	-	-
Cash surrender value of life insurance	<u>26,110</u>	<u>-</u>	<u>-</u>	<u>26,110</u>
Total assets	<u>\$ 17,125,617</u>	<u>\$ 17,099,507</u>	<u>\$ -</u>	<u>\$ 26,110</u>
Liabilities:				
Annuity obligations	<u>\$ 60,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,567</u>

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE E. FAIR VALUE OF FINANCIAL STATEMENTS – CONTINUED

Following is a summary of activity related to the cash surrender value of life insurance for the year ended December 31, 2023:

Balance, December 31, 2022	\$	12,985
Increase in cash surrender value		13,125
Balance, December 31, 2023	\$	26,110

NOTE F. RELATED PARTIES

The Organization has common board members with the Nebraska Arts Council (NAC), Nebraska Arts Council Development Corporation (NACDC) and the Humanities Nebraska (HN). During the year, the Organization paid NAC and NHC \$393,211 and \$291,592, respectively and received \$4,000 and \$4,000 from NAC and HC, respectively.

NOTE G. ENDOWMENT

The Organization’s endowment includes donor-restricted endowment funds. As required by the modified cash basis of accounting, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. However, the specific purpose of these assets is to provide distributions to the Humanities Nebraska, the Nebraska Arts Council, Opera Omaha, Inc., and the Omaha Symphony Association, as well as, to afford some portion of the Organization’s annual administrative expenses, all while preserving the real purchasing power of the corpus.

The Organization has established six endowment funds. A description and the purpose of each are as follows:

Nebraska Cultural Endowment Fund – The Nebraska Cultural Endowment Fund was created to raise a matching private endowment and distribute the annual income, public and private, exclusively to the Nebraska Arts Council and Nebraska Humanities Council.

Arts and Humanities Education Fund – The Arts and Humanities Education Fund was established specifically to segregate monies for arts-in-education and humanities-in-education programs and projects. Three named funds have been established honoring their commitments to philanthropy and their respective contributions to Nebraska. In 2002, the D.B “Woody” Varner Fund and the Thomas C. “Chip” Woods Fund were established by the Cooper Foundation, and the E.N “Jack” Thompson Fund was established by the Woods Charitable Fund. In 2022, the Suzanne Wise Education Fund was established.

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE G. ENDOWMENT – CONTINUED

Holland Fund – The Holland Fund was created to support Opera Omaha, Inc. and the Omaha Symphony Association.

Omaha Symphony Association Fund – The Omaha Symphony Association Fund was established to support the Omaha Symphony Association.

John W. Carson Donor-Advised Fund – The John. W Carson Donor Advised Fund was established to support the programs and projects of the Nebraska Arts Council and/or the Nebraska Humanities Council.

Thomas C. Woods III Governor’s Arts Awards Fund – The Thomas C. Woods III Governor’s Arts Award Fund was established to support the artist’s commission for awards at the Nebraska Arts Council’s Arts Award Ceremony.

Interpretation of Relevant Law

The Organization has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets, the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NUPMIFA. In accordance with NUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund,
2. The purpose of the institution and the endowment fund,
3. General economic conditions,
4. The possible effect of inflation or deflation,
5. The expected total return from income and the appreciation of investments,
6. Other resources of the institution, and
7. The investment policy of the institution.

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE G. ENDOWMENT – CONTINUED

Endowment Activity

The Organization’s endowment had the following activity as of December 31, 2023:

	<u>Board - designated</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Changes in Endowment Net Assets for the Year Ended December 31, 2023</b>			
Endowment net assets, beginning of year	\$ 393,018	\$ 14,587,246	\$ 14,980,264
Net investment return	60,405	2,286,628	2,347,033
Funds Transfer	(2,988)	(192,582)	(195,570)
New investment	-	-	-
Contributions	9,884	546,146	556,030
Appropriations of endowment assets for expenditures	<u>(15,055)</u>	<u>(573,195)</u>	<u>(588,250)</u>
Endowment net assets, end of year	<u>\$ 445,264</u>	<u>\$ 16,654,243</u>	<u>\$ 17,099,507</u>

**Endowment Net Asset Composition by Type of Fund  
as of December 31, 2023**

Donor-restricted endowment funds	\$ -	\$ 16,654,243	\$ 16,654,243
Unrestricted, board-designated	<u>445,264</u>	<u>-</u>	<u>445,264</u>
	<u>\$ 445,264</u>	<u>\$ 16,654,243</u>	<u>\$ 17,099,507</u>

**Description of Amounts Classified as Net Assets with Donor  
Restrictions (Endowment Only)**

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or NUPMIFA:

Total endowment funds classified as permanent	\$ 11,193,847
Term endowment funds	<u>5,460,396</u>
Total endowment classified as net assets with donor restrictions	<u>\$ 16,654,243</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of NUPMIFA requires the Organization to retain as a fund of perpetual duration. There was no such deficiency as of December 31, 2023.

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE G.      ENDOWMENT – CONTINUED

Return Objectives and Risk Parameters

The Organizations' investment objectives have been established in conjunction with a comprehensive review of current and projected financial requirements. The investment objectives are:

- To manage the portfolio assets consistent with the Organization's mission and prudent investor guidelines.
- To preserve the purchasing power of the corpus
- To provide a growing stream of income to be made available per the Organization's distribution and spending policy.
- Maximize the portfolio's return within reasonable and prudent levels of risk.
- Maintain an appropriate asset allocation based on a long-term total return strategy that is compatible with the Organization's distribution and spending policy.

Strategies Employed for Achieving Objective

The desired investment objective is a long-term rate of return on assets and is approximately 8.0%. To satisfy its long-term rate objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a composition of endowment assets as follows:

Equities	57%
Alternatives	13%
Fixed Income	30%

The percentage allocation to each asset class may vary depending upon market conditions.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The earnings on the permanently restricted net assets are released from restricted funds and are used in accordance with donor stipulations. The amount of distribution from endowment funds is at the Board of Directors discretion and may not exceed 5% of the endowment's most recent three-year average portfolio value less general cash donations received in the previous calendar year. The Holland Fund and the Omaha Symphony Association Fund shall distribute 5% of the net assets in the funds on the first day of each calendar year. The Organization may annually allocate up to 2.5% of the total three-year average portfolio value to cover the administrative expenses of the endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as, to provide additional real growth through new gifts and investment return.

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE G. ENDOWMENT – CONTINUED

Board-designated funds

The Organization’s board has set aside certain funds for inclusion in the endowment. At December 31, 2023, those funds totaled \$445,264.

NOTE H. OPERATING LEASE

The office lease is entered into as of the 7<sup>th</sup> day of February 2022 by and between Burlington Place, L.L.C., a Nebraska limited liability company (“Landlord”) and Nebraska Cultural Endowment (“Tenant”). Landlord leases to Tenant office space on the lower level containing approximately 225 square feet (the “Premises”) in the building known as “The Historic Burlington Building” located at 1004 Farnam Street, Omaha, Douglas County, Nebraska 68102 (the “Building”). The Lease is effective on the beginning of April 1, 2022 and ending on March 31, 2032. Tenant agrees to pay rent to Landlord in monthly installments in advance, on the first day of each month. For the year ended December 31, 2023, the Organization paid to the Landlord the amount of \$4,028. The minimum future lease payments are as follows:

<u>Year ending December 31,</u>	
2024	\$ 3,605
2025	3,695
2026	3,788
2027	3,882
2028	3,979
Thereafter	13,624
	<u>\$ 32,573</u>

NOTE I. LIQUIDITY AND AVAILABILITY

As of December 31, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

Financial assets at year end	
Cash and cash equivalents	\$ 319,556
Cash surrender value of life insurance	26,110
Restricted cash	<u>(299,795)</u>
Total financial assets available within one year	<u>\$ 45,871</u>

Nebraska Cultural Endowment  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS – CONTINUED  
For the year ended December 31, 2023

NOTE I. LIQUIDITY AND AVAILABILITY - CONTINUED

The Organization's endowment funds consist of donor-restricted endowments. Income from the donor-restricted endowment can be spent for the same restricted purpose. 2.5% of the administrative fee from the endowment funds can be used for general expenditure within one year.

NOTE J. RETIREMENT PLAN

The Organization, under a permissive aggregation memorandum of understanding with another allied nonprofit organization, offers a tax-deferred annuity plan (the Plan) qualified under IRC Section 401(k) covering substantially all employees. All full-time employees are eligible to participate in the plan. There is no minimum age requirement to make salary reduction contributions, but the participant must be 21 years of age and complete at least 3 months of service to receive employer matching contributions. The Organization contributes 3% of the employee's compensation whether or not they are making contributions. Participants are eligible to receive an additional matching contribution equal to 100% of the employee's contribution up to a maximum of 3.5% of the employee's compensation for the plan year. Employees are fully vested immediately in all employee contributions.

Total matching contributions for the year ended December 31, 2023 were \$6,500. Vesting of employer contributions follows the vesting schedule below:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5 or more	100%

NOTE K. SUBSEQUENT EVENTS

Subsequent events have been assessed through June 5, 2024, which is the date the financial statements were issued, and we have concluded that there were no events or transactions occurring between year-end and this date that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION



Nebraska Cultural Endowment  
SCHEDULE OF TRUST FUND INVESTMENTS - MODIFIED CASH BASIS  
December 31, 2023

	2023
Restricted funds for Nebraska Arts Council	
Contributions by the public	\$ 4,247,745
Arts/Humanities Education Fund	
In honor of Chip Woods	24,924
In honor of Woody Varner	24,924
Holland Fund for Arts and Humanities	675,461
Nebraskans for Public Television	400,425
School Bus for the Arts Fund	56,408
Suzanne Wise Education Fund	32,405
Governor's Arts Awards	31,461
ASL Interpretation	118,512
Total restricted funds for the Nebraska Arts Council	5,612,265
Restricted funds for the Humanities Nebraska	
Contributions by the public	3,521,565
Federal NEH Challenge Grant	713,595
Donor restricted	18,510
HN Programming Fund - FFF	1,146,549
Holland Fund for Arts and Humanities	675,750
Arts/Humanities Education Fund	
Arts and Humanities Education	14,350
In honor of Chip Woods	24,924
In honor of Jack Thompson	57,681
In honor of Woody Varner	24,924
Total restricted funds for the Humanities Nebraska	6,197,848
Restricted funds for other uses	
Restricted for Omaha Symphony Association	1,175,360
Restricted for Opera Omaha and Omaha Symphony Association	1,613,736
Restricted for Omaha Symphony (Slosburg Fund)	413,288
Total restricted funds for other uses	3,202,384
Donor advised fund	
John W. Carson Donor-Advised Fund	1,641,746
Unrestricted, board-designated fund for future purposes and use	
Nebraska Arts Council	216,033
Humanities Nebraska	219,089
Bob Nefsky Memorial Funds	10,142
Total unrestricted, board designated funds	445,264
Total Trust Fund Investments	\$ 17,099,507

See Independent Auditor's Report