

December 18, 2014

Mr. Patrick O'Donnell  
Clerk of the Legislature  
State Capitol  
P.O. Box 94604  
Lincoln, NE 68509-4604

Dear Mr. O'Donnell:

I am writing to you to file the report required via LB 1173, Section 9, passed in the 1998 legislative session. Section 9 requires that "The Southeast Community College Area shall report to the Legislature by December 31 of each year on the financial condition of the Center, funding received from nonstate sources, training conducted, and testing and evaluation services provided." The Nebraska Center for Excellence in Electronics became operational in 2001, and we are submitting this annual report as prescribed.

**FINANCIAL CONDITION OF THE CENTER**

During FY 2014, the Center staffing was eight full-time employees.

A final copy of the NCEE Financial Review for 2014 is enclosed.

The Executive Director reports to the Board President.

In fiscal year 2014, the Center provided services to 60 customers. Nebraska companies made up about 50% of this cohort and provided about 50% (\$459,955, an 18.7% increase from FY 2013) of the revenue.

The value of the partnership to its 19 members cannot be overstated and is an integral part of the operating agreement between NCEE and SCC that was part of the funding grant at the Center's inception.

The Center is presently without any debt.

**Annual Comparison Highlights**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>
<b>Income</b>	\$525,657	\$541,726	\$652,247	\$823,849	827,498	746,645	888,767	882,351
<b>Expenses</b>	\$388,410	\$545,690	\$540,151	\$786,922	790,291	731,224	857,495	1,002,812
<b>Net</b>	\$137,247	(\$3,964)	\$112,096	\$36,927	37,207	15,421	31,371	(116,030)

**BOARD OF GOVERNORS**

Chairperson: Kathy Boellstorff, Johnson; Vice Chairperson: Dale Kruse, Beatrice; Secretary: Nancy A. Seim, Lincoln; Treasurer: Helen E. Griffin, Lincoln; Robert J. Feit, Pickrell; Ed C. Heisterling; Ruth M. Johnson, Lincoln; Terrence L. Kubicek, Lincoln; Steven Ottmann, Dorchester; Edward C. Price, Lincoln; Lynn Schluckebier, Seward; Bill Beltz, Faculty Representative, Milford

## FUNDING RECEIVED FROM NON-STATE SOURCES

No revenue was received from the State of Nebraska.

## TRAINING CONDUCTED

Table 1  
Nebraska Center for Excellence in Electronics Training  
January 1 – December 31, 2014  
(All Training Conducted by Southeast Community College)

Section Number	Course Title	Training Hours	Dates	Number of Trainees
ELEC-6157-OCWA	Certified Cisco Network Administrator (CCNA) 1 & 2	104	1/13/14 – 4/14/14	3
MFGT-6549-OCFA	Confined Space Safety Training	8	10/9/2014	4
MFGT-6549-OCFB	Confined Space Safety Training	8	10/9/2014	4
BSAD-6776-HBFA	“You-nique” Advantage: Uncover the Strengths in Yourself and Others to Supercharge Your Team	8	12/4/2014-12/4/2014	14

## TESTING AND EVALUATION SERVICES PROVIDED

The overall nature of the tests offered consist of regulatory compliance testing for the Federal Communications Commission, Food and Drug Administration, the European Union and other appropriate International standards for electronics emissions and immunity testing.

The Center applied for and received accreditation from the American Association of Lab Accreditation in March 2002 for Electromagnetic Compatibility (EMC) testing. The Center was re-audited in 2013 and maintains its Accreditation.

The tests included in that Scope of Accreditation follow:

**Test Technology:**

**Test Method(s):**

**Emissions**

Radiated and Conducted  
(up to 40 GHz)

CFR 47 FCC, Parts 15b, 15c, 15e (using ANSI C63.4:2003 and ANSI C63.4:2009)  
Part 18 (using FCC/OST MP-5);  
Part 90 (using TIA/EIA 603-C);  
ANSI C63.10;  
ICES-001; ICES-002; ICES-003;  
RSS-GEN; RSS-119; RSS-123; RSS-210;  
CISPR 11; EN 55011; AS/NZS CISPR 11;  
CISPR 12; EN 55012; CAN/CSA C108.4-06  
CISPR 14-1; EN 55014 (excluding clicks)  
CISPR 22; EN 55022; AS/NZS CISPR 22:2002;  
CISPR 32; EN 55032;  
AS/NZS 4771; AS/NZS 4268;  
CNS 13438 (up to 6 GHz);  
GB 9254:1998, GB 17625.1:2003;  
VCCI V-3 - 2011 (up to 6 GHz);  
ETSI EN 300 328; ETSI EN 300 683 (excluding DFS);  
ETSI EN 300 220-1;  
ETSI EN 300 440-1  
RTCA DO-160F Section 21

Current Harmonics

IEC 61000-3-2; EN 61000-3-2; AS/NZS 61000.3.2

Voltage Fluctuations & Flicker

IEC 61000-3-3; EN 61000-3-3; AS/NZS 61000.3.3

Magnetic Effect

IATA DGR Section 3.9.2.2 and PI953;  
RTCA DO-160F, Section 15

**Immunity**

Electrostatic Discharge (ESD)

IEC 61000-4-2; EN 61000-4-2; KN 61000-4-2;  
AS/NZS 61000.4.2; ISO 10605

Radio Frequency, Radiated  
(80MHz to 3GHz, 10V/m)

IEC 61000-4-3; EN 61000-4-3; KN 61000-4-3;  
AS/NZS 61000.4.3, ISO 11452-1

Electrical Fast Transient /Burst

IEC 61000-4-4; EN 61000-4-4; KN 61000-4-4;  
AS/NZS 61000.4.4

Surge Immunity

IEC 61000-4-5; EN 61000-4-5; KN 61000-4-5;  
AS/NZS 61000.4.5

**Test Technology:**

Radio Frequency, Conducted

Power Line Magnetic Field

Voltage Dips and Fluctuations

Pulse Magnetic Field

Radio Frequency Conducted  
(0 Hz to 150 kHz, 10Vrms)Radio Frequency, Radiated with  
Stripline,  
(80MHz to 400MHz, 200 V/m)**Test Method(s):**IEC 61000-4-6; EN 61000-4-6; KN 61000-4-6;  
AS/NZS 61000.4.6, ISO 11452-4IEC 61000-4-8; EN 61000-4-8; KN 61000-4-8;  
AS/NZS 61000.4.8IEC 61000-4-11; EN 61000-4-11; KN 61000-4-11;  
AS/NZS 61000.4.11

IEC 61000-4-9

IEC 61000-4-16

ISO 11452-5

**Product Standards****Test Technology:**

EN 55014-2; CISPR 14-2

EN 55020; CISPR 20

EN 55022; CISPR 22; KN 22;  
AS/NZS CISPR 22EN 55024; CISPR 24; KN 24;  
AS/NZS CISPR 24**Test Technology:**EN 55032; CISPR 32;  
AS/NZS CISPR 32EN 14982; ISO 14982  
(excluding power transients)EN 13766; ISO 13766  
(emissions and ESD only)

EN 50130-4

**Test Method(s):**

Immunity, household appliances and electric tools

Sound and Television Broadcast Receivers and Associated  
Equipment, Immunity

Emissions, Information Technology Equipment

Immunity, Information Technology Equipment

**Test Method(s):**

Multimedia equipment - Emission requirements

Agriculture and Forestry Machinery

Earth-Moving Machinery

Immunity Requirements for Components of Fire, Intruder,  
and Social Alarms

**Test Technology:**

IEC 60601-1-2; EN 60601-1-2

IEC 61326-1; EN 61326-1

IEC 61326-2-1; EN 61326-2-1

IEC 61326-2-3; EN 61326-2-3

IEC 61000-6-1; EN 61000-6-1;  
AS/NZA 61000.6.1IEC 61000-6-2; EN 61000-6-2;  
AS/NZA 61000.6.2IEC 61000-6-3; EN 61000-6-3;  
AS/NZA 61000.6.3IEC 61000-6-4; EN 61000-6-4;  
AS/NZA 61000.6.4

ETSI EN 300 220-1

ETSI EN 300 440-1

ETSI EN 300 683 (excluding section  
9.6)ETSI EN 301 489-1;  
ETSI EN 301 489-17EAC Voluntary Voting System  
Guidelines (Dec. 31, 2005), Vol. 1  
Section 4.1.2.4-12; Vol. 2 Section 8

EN 50130-4

IEC 60533

**Test Method(s):**

Medical Electrical Equipment

Electrical Equipment for Measurement, Control and  
Laboratory Use

Requirement for EMC Unprotected Area

Requirements for Transducers with Integrated or Remote  
Signal ConditioningGeneric Immunity for Residential, Commercial, and Light  
Industrial

Generic Immunity for Industrial Environments

Generic Emissions for Residential, Commercial and Light  
Industrial

Generic Emissions for Industrial Environments

EMC Standard for SRD Operating on Frequencies  
Between 25 MHz and 1 GHz, < 500 mWEMC Standard for SRD Operating on Frequencies  
Between 1 GHz and 40 GHzEMC Standard for SRD Operating on Frequencies  
Between 9 kHz and 25 GHzEMC Standard for Radio Equipment and Services;  
Part 1 – Common Technical RequirementsImmunity Requirements for Components of Fire, Intruder,  
and Social AlarmsElectrical and electronic installations in ships –  
Electromagnetic compatibility

**Republic of Korea: Technical Requirements for EMC**

Technical Requirements for Electromagnetic Interference	RRA Public Notification 2013-3, June 17, 2013
Conformity Assessment Procedure for Electromagnetic Interference	RRA Announce 2013-30, June 24, 2013
Technical Requirements for Electromagnetic Susceptibility	RRA Public Notification 2013-4, June 17, 2013
Conformity Assessment Procedure for Electromagnetic Susceptibility	RRA Announce 2013-25, Dec 23, 2011

**Product Safety:**

**Test Technology:**

EN 61010-1; IEC 61010-1; CAN/CSA C22.2 No. 61010-1; UL61010-1

EN 61010-2-010; IEC 61010-2-010

EN 61010-2-081; IEC 61010-2-081

EN 60950-1; IEC 60950-1;  
CAN/CSAC22.2 No. 60950-1-07  
ANSI/UL 60950-1

IEC 60529

**Test Method(s):**

Safety requirements for electrical equipment for measurement, control, and laboratory use

Particular requirements for laboratory equipment for the heating of materials

Exclusions: Section 6.7.1.3 - tracking index measurements, 9.3.1/14.7 – Flammability testing, 10.5.3 – Vicat testing, 11.7 – Fluid pressure and leakage, , 12.3 – UV Radiation, 12.4 – Microwave radiation, 12.5.2 – Ultrasonic pressure

Particular requirements for automatic and semi-automatic laboratory equipment for analysis and other purposes

Information technology equipment - Safety

Exclusions: 4.3.13 - Ionizing radiation, 4.7.3 – Materials tests,

Ingress protection, up to IP67

The additional tests offered by the Center are still generally environmental in nature, although the Center also now offers a series of safety tests for industrial, scientific and medical devices and acoustic testing as well as X-ray inspection:

Environmental Tests include:

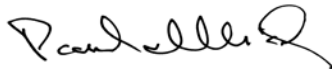
Shock and Vibration  
Temperature and Humidity  
Salt/Fog  
Ingress Protection (Dust, Blowing Dust and Water)  
Altitude Simulation

The NCEE Board of Directors and management are confident that the improving economy and budget/review actions undertaken will position the Center for continued positive performance.

**ADDITIONAL VALUE PROVIDED**

Tours by the NCEE staff of the facility and discussions with local inventors and business leaders have continued the demonstration of the organization as a valuable educational and economic development resource to the community.

Sincerely,



Paul Illich  
President

Attachment: NCEE Audit

cc: Heath Mello, Appropriations Committee Chair  
Phil Hovis  
William Scheideler

FINANCIAL STATEMENTS AND  
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

NEBRASKA CENTER FOR  
EXCELLENCE IN ELECTRONICS

September 30, 2014 and 2013





NEBRASKA CENTER FOR  
EXCELLENCE IN ELECTRONICS

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September 30, 2014 and 2013

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Audit Committee of  
Nebraska Center for Excellence in Electronics  
Lincoln, Nebraska

We have reviewed the accompanying financial statements of Nebraska Center for Excellence in Electronics (Center), which comprise the Statement of Financial Position as of September 30, 2014, and the related Statements of Activities and Cash Flows for the year then ended, and the related notes to the financial statements.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of Center's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2014 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The financial statements and supplemental schedules for the year ended September 30, 2013, were audited by us, and we expressed an unqualified opinion on them in our report dated November 27, 2013, but we have not performed any auditing procedures since that date.



November 24, 2014

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENTS OF FINANCIAL POSITION

September 30,

	ASSETS	
	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 87,097	\$ 130,962
Accounts receivable, net of allowance for bad debts of \$1,234 and \$1,420	123,000	140,600
Prepaid expenses	<u>543</u>	<u>3,825</u>
<b>Total assets</b>	<u>\$ 210,640</u>	<u>\$ 275,387</u>
	LIABILITIES AND NET ASSETS	
<b>Liabilities</b>		
Accounts payable	\$ 27,466	\$ 10,754
Wages payable	21,819	-
Accrued vacation payable	25,245	23,635
Payroll taxes and withholdings payable	3,490	8,431
Accrued real estate taxes payable	4,866	7,216
Use taxes payable	264	-
Line of credit	14,400	-
Unearned revenue	<u>8,200</u>	<u>-</u>
<b>Total liabilities</b>	<u>105,750</u>	<u>50,036</u>
<b>Commitments</b>		
<b>Net assets</b>		
Unrestricted	104,890	220,920
Temporarily restricted	<u>-</u>	<u>4,431</u>
<b>Total net assets</b>	<u>104,890</u>	<u>225,351</u>
<b>Total liabilities and net assets</b>	<u>\$ 210,640</u>	<u>\$ 275,387</u>

See accompanying notes and independent accountants' review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENTS OF ACTIVITIES

For the years ended September 30,

	<u>2014</u>	<u>2013</u>
<b>UNRESTRICTED NET ASSETS</b>		
Revenue:		
Testing income, net of discounts	\$ 842,696	\$ 867,310
Membership dues	18,590	14,200
Contributions	310	-
Other	20,734	7,157
Interest income	21	100
Total revenue	<u>882,351</u>	<u>888,767</u>
 Net assets released from restrictions	 <u>4,431</u>	 <u>99</u>
 Expenses:		
Compensation and related expenses:		
Compensation	630,821	533,901
Employee benefits	34,824	49,979
Pension plan contributions	10,572	10,027
Payroll taxes	42,571	34,725
Advertising	5,314	6,228
Bad debts	(186)	(124)
Bank charges	3,314	-
Dues and subscriptions	6,773	5,821
Equipment	65,011	45,527
Insurance	32,886	29,980
Interest	100	-
Licenses, permits and accreditation fees	10,109	190
Miscellaneous	6,768	6,278
Office supplies	2,368	1,383
Postage and shipping	4,006	3,712
Professional fees	19,453	14,754
Property taxes	13,419	12,754
Repairs and maintenance	22,397	34,355
Seminar expenses	8,036	-
Subcontracted labor and services	10,925	-
Supplies	14,193	8,257
Telephone	4,945	5,807
Training and conferences	12,305	11,141
Travel and entertainment	19,559	20,733
Utilities	22,329	22,067
Total expenses	<u>1,002,812</u>	<u>857,495</u>
 (Decrease) increase in unrestricted net assets	 <u>\$ (116,030)</u>	 <u>\$ 31,371</u>

See accompanying notes and independent accountants' review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENTS OF ACTIVITIES

For the years ended September 30,

	<u>2014</u>	<u>2013</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	\$ -	\$ 4,530
Net assets released from restrictions	<u>(4,431)</u>	<u>(99)</u>
(Decrease) increase in temporarily restricted net assets	<u>(4,431)</u>	<u>4,431</u>
Total (decrease) increase in net assets	(120,461)	35,802
Net assets, beginning of year	<u>225,351</u>	<u>189,549</u>
Net assets, end of year	<u>\$ 104,890</u>	<u>\$ 225,351</u>

See accompanying notes and independent accountants' review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENTS OF CASH FLOWS

For the years ended September 30,

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
(Decrease) increase in net assets	\$ (120,461)	\$ 35,802
Adjustments to reconcile (decrease) increase in net assets to net cash (used) provided by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	17,600	8,996
Prepaid expenses	3,282	(1,460)
Increase (decrease) in operating liabilities:		
Accounts payable	16,712	4,217
Wages payable	21,819	(5,697)
Accrued vacation payable	1,610	7,009
Payroll taxes and withholdings payable	(4,941)	(4,124)
Accrued real estate taxes payable	(2,350)	(2,299)
Use taxes payable	264	-
Unearned revenue	8,200	-
Net cash (used) provided by operating activities	<u>(58,265)</u>	<u>42,444</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit	15,000	-
Repayments of line of credit	<u>(600)</u>	<u>-</u>
Net cash provided by financing activities	<u>14,400</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(43,865)	42,444
Cash and cash equivalents, beginning of year	<u>130,962</u>	<u>88,518</u>
Cash and cash equivalents, end of year	<u>\$ 87,097</u>	<u>\$ 130,962</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	<u>\$ 100</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent accountants' review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Nebraska Center for Excellence in Electronics (the Center) is a public benefit company organized under the Nebraska Nonprofit Corporation Act to support and improve the technical and educational infrastructure relating to, and enhance the growth of employment opportunities in, the electronics industry in the State of Nebraska through the operation and maintenance of facilities and equipment for the testing of electronic components and products and the training of individuals in methods of production and operation thereof. As more fully explained in Note B, the Center is currently fulfilling its stated mission through the operation of an electronics testing and training facility located in Lincoln, Nebraska.

2. Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting.

3. Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205 *Presentation of Financial Statements* and 958-210-45-1 *Other Presentation Matters* (previously SFAS No. 117). Under FASB ASC 958-210-45-1, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Unrestricted net assets are not subject to donor imposed stipulations. Temporarily restricted net assets represent resources whose use is limited by donor-imposed restrictions that will be met either by actions of the Center or by passage of time. There were no permanently restricted net assets at September 30, 2014 and 2013.

4. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the cash equivalents include funds invested in a daily Short-Term Federally Insured Trust, which is secured by national student loans of an equal amount.

5. Accounts Receivable

The Center records its accounts receivable at the amount management expects to collect on outstanding balances net of an estimated allowance for doubtful accounts computed at the rate of one percent of the accounts receivable balance. There were no write-offs for bad debt during the years ended September 30, 2014 and 2013.

See accompanying independent accountants' review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

6. Property and Equipment

The Center's operating agreement with Southeast Community College (SCC) described in Note B stipulates that SCC shall furnish and own all property and equipment necessary for the operation of the facility subleased by SCC to the Center. The agreement also states that from time to time, and at the discretion of the Center's management, the Center may acquire equipment to be used in the operation of the Center. The ownership of such equipment will become and remain with SCC. During the fiscal years ended September 30, 2014 and 2013, the Center acquired assets at a cost of \$65,011 and \$45,527, respectively, and in accordance with the agreement the Center did not capitalize it, but included it as part of the year's operating expenses.

7. Advertising

Advertising expenses paid by the Center are expensed as incurred.

8. Income Taxes

The Center is exempt from Federal income tax under Section 501(c)(6) of the Internal Revenue Code and has been classified as an organization other than a private foundation by the Internal Revenue Service. As such, income earned in performance of its exempt purpose is not subject to income taxes. Any income earned through activities not related to its exempt purpose is subject to unrelated business income tax at normal corporate rates. The Center currently has no unrelated business income and therefore, no taxes have currently been incurred. Management also believes the Center did not have any significant uncertain tax positions for the years ending September 30, 2014 and 2013. The tax years which still may be subject to an Internal Revenue Service audit are for years ending September 30, 2013, 2012, and 2011.

9. Use of Estimates

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

NOTE B – HISTORY AND OPERATING AGREEMENT

In 1998, the Nebraska Legislature appropriated funds to be used for the construction and equipping of an electronics facility by Southeast Community College (SCC), a political subdivision of the State of Nebraska. The purpose of the facility is to conduct training in applied electronics

See accompanying independent accountants' review report.



## NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

### NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2014 and 2013

#### NOTE B – HISTORY AND OPERATING AGREEMENT – Continued

technology and evaluation and testing of electronics equipment. The facility (the Center) was constructed on ground SCC leased from the University of Nebraska Technology Park L.L.C. under a lease continuing through July, 2059. SCC is permitted by legislation to contract with a nonprofit corporation to operate the Center and effective July, 2000 signed a one-year, automatically renewing, operating agreement with the Center to do so.

#### NOTE C – COMMITMENTS

In connection with the operating agreement referred to in Note B, the Center entered into a sublease agreement with SCC, which commenced July 1, 2000, to lease the Center. The annual lease renews automatically until cancelled. Base rent under this agreement was the responsibility of SCC and has been paid. The Center is responsible for “additional rent,” which is defined as general real estate taxes and special assessments. During the years ended September 30, 2014 and 2013, the additional rent totaled \$13,419 and \$12,754, respectively.

The Center entered into a verbal agreement with SCC in July, 2014 regarding the purchase of new equipment. SCC agreed to pay for new equipment given that they would be reimbursed by the Center through monthly payments with no interest being accrued. Under this agreement, SCC purchased \$8,000 in equipment and the outstanding balance included in accounts payable as of September 30, 2014 was \$6,000.

#### NOTE D – CREDIT LINES

The Center maintains an annually renewed credit line for a maximum of \$15,000, which incurs interest at the rate of 3.75% per annum. The line is secured by significantly all assets of the Center. As of September 30, 2014, the remaining outstanding balance was \$14,400. As of September 30, 2013, the line was paid in full.

#### NOTE E – RELATED PARTY TRANSACTIONS

The Center’s membership elects its Board of Directors from the membership body, who also patron the Center. Consequently, certain testing services are provided to member organizations which have a representative on the Center’s Board of Directors. For the years then ended September 30, 2014 and 2013, the Center’s transactions with these member organizations totaled \$609,345 and \$504,016 or 64% and 56% of total revenue. As of September 30, 2014 and 2013, the Center has outstanding receivables from these members in the amount of \$87,239 and \$88,497, respectively. Management believes these related party transactions have been made at arm’s length.

#### NOTE F – PENSION PLAN

The Center has a Simple IRA plan, which covers substantially all full-time employees that meet

See accompanying independent accountants’ review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2014 and 2013

NOTE F – PENSION PLAN – Continued

certain eligibility requirements. The Center makes a 100% matching contribution on the employee's contribution, limited to 3% of the employee's earnings in the period for which a contribution is made. For the years ended September 30, 2014 and 2013, the Center's expense related to this plan was \$10,572 and \$10,027, respectively.

NOTE G – LEGISLATIVE MANDATE – CAPITAL RESERVE FUND

In the formation of the Center, it was legislatively mandated that following any year in which the Center shows a positive cash flow, it shall annually set aside into a reserve fund an amount equal to 67% of the Center's net income less any debt repayment for that year. The reserve fund shall be available for capital investment consistent with the purposes of the Center. Since this is not a donor restriction, this fund is considered unrestricted, however, it does impose a limitation of the net assets of the Center. At September 30, 2014 and 2013, the capital investment reserve fund balance was \$7,178 and \$23,987, respectively.

NOTE H – CONTINGENT GRANTS

The Center is a recipient of funding from the State of Nebraska, Department of Economic Development for the purpose of providing reimbursement to eligible businesses that provide paid internships within the State of Nebraska in order to retain students and attract workers to the State. The period covered under the grant agreement is November 15, 2013 through November 15, 2014 with a maximum of five students eligible for reimbursement. The Center reimbursement is the lesser of 50% of the wages paid to a student during completion of the internship or \$5,000. The Center and student are required to submit completion and evaluation reporting. During 2014, the Center received reimbursement amounting to \$4,793 for one student internship completed. There are currently two additional requests for reimbursement that are expected to be received up to \$10,000.

NOTE I – SUBSEQUENT EVENTS

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through November 24, 2014, the date the financial statements were available to be issued. No events or transactions were noted to that date which requires further disclosure.

See accompanying independent accountants' review report.