



Area Office	301 S. 68th St. Place	Lincoln, NE	68510-2449	402-323-3400/800-642-4075	FAX: 402-323-3420
Beatrice Campus	4771 W. Scott Rd.	Beatrice, NE	68310-7042	402-228-3468/800-233-5027	FAX: 402-228-8935
Lincoln Campus	8800 O St.	Lincoln, NE	68520-1299	402-471-3333/800-642-4075	FAX: 402-437-2402
Milford Campus	600 State St.	Milford, NE	68405-8498	402-761-2131/800-933-7223	FAX: 402-761-2324
Learning Centers	In Falls City, Hebron, Nebraska City, Plattsmouth, Wahoo, and York				
Deaf TDD	402-437-2702				

www.southeast.edu

December 19, 2019

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 2019, the Center experienced significant improvement in both balance sheet and income statements.

A final copy of the NCEE Financial Review for 2019 is enclosed.

The General Manager reports to the Board President.

In fiscal year 2019, the Center provided services to 75 customers. Nebraska companies made up about 48% of this cohort and provided about 45% (\$491,198 a -23.8% decrease from FY 2018) of the revenue.

The value of the partnership to its 24 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

	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL
Income	746,645	888,767	882,351	974,067	1,124,632	1,161,415	1,221,673	1,363,613
Expenses	731,224	857,495	1,002,812	820,405	918,325	1,029,628	1,026,441	1,394,323
Net	15,421	31,371	(116,030)	153,662	206,307	131,787	195,232	(30,710)

FUNDING RECEIVED FROM NON-STATE SOURCES

No revenue was received from the State of Nebraska.

TRAINING CONDUCTED

Southeast Community College did not conduct any training at NCEE during 2018.

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. It is accredited for Electromagnetic Compatibility (EMC), wireless and product safety testing. Accreditation was renewed in 2018 and remains current.

The tests included in that Scope of Accreditation are attached.

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 the 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,

A handwritten signature in black ink, appearing to read 'Paul Illich', written in a cursive style.

Paul Illich
President

Enclosure: NCEE Audit
Scope of Accreditation

cc: Appropriations Committee Chair
Phil Hovis
Byron Diamond



SCOPE OF ACCREDITATION TO ISO/IEC 17025:2005

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS
4740 Discovery Drive
Lincoln, NE 68521-5376
Nic Johnson njohnson@nceelabs.com

ELECTRICAL

Valid to: May 31, 2020

Certificate Number 1953.01

In recognition of the successful completion of the A2LA evaluation process, accreditation is granted to this laboratory to perform the following electromagnetic compatibility tests:

Test Technology:

Test Method(s):

Emissions

*Unintentional Radiators
Radiated and Conducted
(up to 40 GHz)*

47 CFR, FCC Part 15, Subpart B (using ANSI C63.4-2014);
47 CFR, FCC Part 18 (using MP-5:1986);
CISPR 11; EN 55011; AS/NZS CISPR 11; KN 11;
CISPR 12; EN 55012; CAN/CSA-CISPR 12-10;
CISPR 14-1; EN 55014-1 (*excluding clicks*);
CISPR 22; EN 55022; AS/NZS CISPR 22 (2002); KN 22;
SANS 222; CISPR 32; EN 55032; KN 32;
AS/NZS 4771; AS/NZS 4268; AS/NZS CISPR 32
CNS 13438 (*up to 6 GHz*);
GB 9254 (1998); GB 17625.1 (2003);
VCCI V-3-2011 (*up to 6 GHz*); VCCI V-32

Current Harmonics

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

Voltage Fluctuations and Flicker

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

Magnetic Fields

IATA DGR Section 3.9.2.2 and PI953

Immunity

Electrostatic Discharge (ESD)

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

Radio Frequency, Radiated
(80 MHz to 6 GHz, 10 V/m)

IEC 61000-4-3; EN 61000-4-3; KN 61000-4-3;
AS/NZS 61000.4.3; SANS 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; SANS 61000-4-4

Test Technology:

Test Method(s):

Immunity (cont.)

Surge Immunity	IEC 61000-4-5; EN 61000-4-5; KN 61000-4-5; AS/NZS 61000.4.5; SANS 61000-4-5
Radio Frequency, Conducted	IEC 61000-4-6; EN 61000-4-6; KN 61000-4-6; AS/NZS 61000.4.6; SANS 61000-4-6; ISO 11452-2
Power Line Magnetic Field	IEC 61000-4-8; EN 61000-4-8; KN 61000-4-8; AS/NZS 61000.4.8; SANS 61000-4-8
Voltage Dips and Fluctuations	IEC 61000-4-11; EN 61000-4-11; KN 61000-4-11; AS/NZS 61000.4.11
Pulse Magnetic Field	IEC 61000-4-9; SANS 61000-4-9
Ring Wave	IEC 61000-4-12
Radio Frequency Conducted (0 Hz to 150 kHz, 10Vrms)	IEC 61000-4-16
Radio Frequency, Radiated with Stripline, (80 MHz to 400 MHz, 200V/m)	ISO 11452-5

***Transmitters and Receivers
(up to 40 GHz)***

Unlicensed Transmitters	47 CFR, FCC Part 15, Subpart C; ANSI C63.10-2013
U-NII without DFS Intentional Radiators	47 CFR, FCC Part 15, Subpart E; FCC Guidance KDB Publication 789033; ANSI C63.10-2013
Licensed Transmitters (up to 40 GHz)	
Commercial Mobile Services (FCC Licensed Radio Service Equipment)	47 CFR FCC Part 22, 24, 25, 27 (below 3 GHz); FCC Guidance KDB Publication 971168; ANSI C63.26-2015; ANSI/TIA-603-D/E-2016
General Mobile Radio Services (FCC Licensed Radio Service Equipment)	47 CFR FCC Part 22, 90, 95, 97, 101 (below 3 GHz); ANSI C63.26-2015; ANSI/TIA-603-D/E-2016
Maritime and Aviation Radio Services (FCC Licensed Radio Service Equipment)	47 CFR FCC Part 80 and Part 87; ANSI C63.26-2015; ANSI/TIA-603-D/E-2016



Test Technology:

Test Method(s):

***Transmitters and Receivers (cont.)
(up to 40 GHz)***

Microwave and Millimeter Wave
Bands Radio Services (FCC
Licensed Radio Service
Equipment)

47 CFR FCC Part 25, 30, 74, 90, 95, 101; ANSI C63.26-2015;
ANSI/TIA-603-D/E-2016

**Military Standards
MIL-STD**

MIL-STD 461F/G;
RE101, RE102, CE102; CS101; CS116, RS101;
RTCA/DO-160F, Section 21; RTCA/DO-160F, Section 15

Canada

ICES-001, ICES-002, ICES-003;
RSS-GEN; RSS-111, RSS-117, RSS-125, RSS-127, RSS-131,
RSS-135, RSS-137, RSS-141, RSS-142, RSS-181, RSS-182,
RSS-192, RSS-194, RSS-197, RSS-213, RSS-216, RSS-220,
RSS-222, RSS-236, RSS-244, RSS-247, RSS-119, RSS-123,
RSS-170, RSS-210, RSS-247; SPR-002

Japan

Japan Radio Tests Radio Law No. 131, Ordinance of MPT No. 37,
1981, MIC Notification No. 88:2004, Table No. 22-11; ARIB
STD-T66, Regulation 18

Radio Communication

ETSI EN 300 328; ETSI EN 300 683 (*excluding DFS*);
ETSI EN 300 220-1;
ETSI EN 300 440-1;

ETSI EN 300 220-1
EMC Standard for SRD Operating on Frequencies Between 25
MHz and 1 GHz, < 500 mW

ETSI EN 300 440-1
EMC Standard for SRD Operating on Frequencies Between 1 GHz
and 40 GHz

Product Standards

EN 55014-2; CISPR 14-2

Immunity, Household Appliances and Electric Tools

EN 55020; CISPR 20

Sound and Television Broadcast Receivers and Associated
Equipment, Immunity

EN 55022; CISPR 22; KN 22;
AS/NZS CISPR 22

Emissions, Information Technology Equipment



Test Technology:

Test Method(s):

Product Standards (cont.)

EN 55024; CISPR 24; KN 24;
AS/NZS CISPR 24

Immunity, Information Technology Equipment

EN 55035; CISPR 35; KN 35

Immunity, Multimedia Equipment

EN 55032; CISPR 32; KN 32;
AS/NZS CISPR 32

Emissions, Multimedia Equipment

IEC 60533

Electrical and Electronic Installation in Ships – EMC

EN 14982; ISO 14982
(excluding power transients)

Agriculture and Forestry Machinery

EN 13766; ISO 13766
(emissions and ESD only)

Earth-Moving Machinery

EN 50130-4

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

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

Medical Electrical Equipment

IEC 61326-1; EN 61326-1

Electrical Equipment for Measurement, Control, and Laboratory Use

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

Requirement for EMC Unprotected Area

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

Requirements for Transducers with Integrated or Remote Signal Conditioning

IEC 61000-6-1; EN 61000-6-1;
AS/NZS 61000.6.1;
KN 61000-6-1

Generic Immunity for Residential, Commercial, and Light Industrial

IEC 61000-6-2; EN 61000-6-2;
AS/NZS 61000.6.2;
KN 61000-6-2

Generic Immunity for Industrial Environments

IEC 61000-6-3; EN 61000-6-3;
AS/NZS 61000.6.3;
KN 61000-6-3

Generic Emissions for Residential, Commercial, and Light Industrial

IEC 61000-6-4; EN 61000-6-4;
AS/NZS 61000.6.4;
KN 61000-6-4

Generic Emissions for Industrial Environments



Test Technology:

Test Method(s):

Product Standards (cont.)

ETSI EN 300 413

EMC Standard for Satellite Earth Stations and Systems (SES); Global Navigation Satellite System (GNSS) receivers; Radio equipment operating in the 1 164 MHz to 1 300 MHz and 1 559 MHz to 1 610 MHz frequency bands

ETSI EN 300 441

EMC standard for Satellite Earth Stations and Systems (SES); Harmonised Standard for Mobile Earth Stations (MES), including handheld earth stations, for Satellite Personal Communications Networks (S-PCN) operating in the 1,6 GHz/2,4 GHz frequency band under the Mobile Satellite Service (MSS)

ETSI EN 300 683
(excluding section 9.6)

EMC Standard for SRD Operating on Frequencies Between 9 kHz and 25 GHz

ETSI EN 301 489-1;
ETSI EN 301 489-17

EMC Standard for Radio Equipment and Services;
Part 1 – Common Technical Requirements

EAC Voluntary Voting System
Guidelines (2015), Vol. 1 Section
4.1.2.4-12; Vol. 2 Section 8

Electrical Product Safety

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

Safety Requirements for Electrical Equipment for Measurement, Control, and Laboratory Use

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

Particular Requirements for Electrical 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,
12.2 – Ionizing Radiation
12.3 – UV Radiation,
12.4 – Microwave Radiation,
12.5.2 – Ultrasonic Pressure*

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

Particular Requirements for Automatic and Semi-automatic Laboratory Equipment for Analysis and Other Purposes

Test Technology:

Test Method(s):

Electrical Product Safety (cont.)

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

Information Technology Equipment – Safety

Exclusions:
4.3.13 - Ionizing Radiation,
4.7.3 - Materials Tests

IEC 60204-1

Safety of machinery - Electrical equipment of machines

IEC 62368-1

Audio/video, information and communication technology equipment
- Part 1: Safety requirements

IEC 60529

Ingress Protection, Up To IP67

¹The laboratory is only accredited for testing activities outlined within the test methods listed above. Reference to any other activity within these standards, such as risk management or risk assessment, does not fall within the laboratory’s accredited capabilities

Testing Activities Performed in Support of FCC Declaration of Conformity and Certification in Accordance with 47 Code of Federal Regulations and FCC KDB 974614, Appendix A, Table A.1²

Rule Subpart/Technology	Test Method	Maximum Frequency (MHz)
<u>Unintentional Radiators</u> Part 15B	ANSI C63.4-2014	40000
<u>Industrial, Scientific, and Medical Equipment</u> Part 18	FCC MP-5 (February 1986)	40000
<u>Intentional Radiators</u> Part 15C	ANSI C63.10-2013	40000
<u>U-NIII without DFS Intentional Radiators</u> Part 15E	ANSI C63.10-2013	40000
<u>Commercial Mobile Services (FCC Licensed Radio Service Equipment)</u> Part 22 (cellular), Part 24, Part 25 (below 3 GHz), Part 27	FCC Guidance KDB Publication 971168; ANSI C63.26-2015; ANSI/TIA-603-D/E-2016	40000



Testing Activities Performed in Support of FCC Declaration of Conformity and Certification in Accordance with 47 Code of Federal Regulations and FCC KDB 974614, Appendix A, Table A.1²

Rule Subpart/Technology	Test Method	Maximum Frequency (MHz)
<u>General Mobile Radio Services (FCC Licensed Radio Service Equipment)</u> Part 22 (non-cellular), Part 90 (below 3 GHz), Part 95, Part 97 (below 3 GHz), Part 101 (below 3 GHz)	ANSI C63.26-2015; ANSI/TIA-603-D/E-2016	40000
<u>Maritime and Aviation Radio Services</u> Part 80, Part 87	ANSI C63.26-2015; ANSI/TIA-603-D/E-2016	40000
<u>Microwave and Millimeter Bands Radio Services</u> Parts 25, 30, 74, 90 (M, DSRC, Y, Z), Part 95 (M and L), and 101	ANSI C63.26-2015; ANSI/TIA-603-D/E-2016; FCC Guidance KDB Publication 653005	70000

²Accreditation does not imply acceptance to the FCC equipment authorization program. Please see the FCC website (<https://apps.fcc.gov/oetcf/eas/>) for a listing of FCC approved laboratories.





Accredited Laboratory

A2LA has accredited

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS (NCEE LABS)

Lincoln, NE

for technical competence in the field of

Electrical Testing

This laboratory is accredited in accordance with the recognized International Standard ISO/IEC 17025:2005 *General requirements for the competence of testing and calibration laboratories*. This laboratory also meets the requirements of any additional program requirements in the Electrical field. This accreditation demonstrates technical competence for a defined scope and the operation of a laboratory quality management system (*refer to joint ISO-ILAC-IAF Communiqué dated April 2017*).



Presented this 2nd day of July 2018.

A handwritten signature in black ink, written over a horizontal line.

President and CEO
For the Accreditation Council
Certificate Number 1953.01
Valid to May 31, 2020

For the tests or types of tests to which this accreditation applies, please refer to the laboratory's «field» Scope of Accreditation.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

NEBRASKA CENTER FOR
EXCELLENCE IN ELECTRONICS

SEPTEMBER 30, 2019 and 2018



NEBRASKA CENTER FOR
EXCELLENCE IN ELECTRONICS

Table of Contents

September 30, 2019 and 2018

	<u>Page</u>
Independent Auditors' Report.....	3
Financial Statements	
Statements of Financial Position.....	5
Statements of Activities.....	6
Statement of Functional Expenses - 2019.....	7
Statement of Functional Expenses - 2018.....	8
Statements of Cash Flows	9
Notes to Financial Statements.....	10

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Nebraska Center for Excellence in Electronics (the Center), which comprise the Statements of Financial Position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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 that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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 the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nebraska Center for Excellence in Electronics as of September 30, 2019 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Scope of Prior Year

The 2018 financial statements were reviewed by us and our report thereon, dated December 6, 2018, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Yunth : Austin, P.C.

December 6, 2019

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENTS OF FINANCIAL POSITION

September 30,

	ASSETS	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 646,417	\$ 698,710
Accounts receivable	201,823	194,813
Prepaid expenses	<u>354</u>	<u>354</u>
 Total assets	 <u>\$ 848,594</u>	 <u>\$ 893,877</u>
	LIABILITIES AND NET ASSETS	
LIABILITIES		
Accounts payable	\$ 15,513	\$ 14,770
Wages and bonus payable	40,755	60,259
Accrued vacation payable	19,075	18,676
Payroll taxes and withholdings payable	11,807	5,962
Accrued real estate taxes payable	7,836	8,467
Use taxes payable	<u>-</u>	<u>1,425</u>
 Total liabilities	 <u>94,986</u>	 <u>109,559</u>
 NET ASSETS		
Net assets without donor restrictions	<u>753,608</u>	<u>784,318</u>
 Total net assets	 <u>753,608</u>	 <u>784,318</u>
 Total liabilities and net assets	 <u>\$ 848,594</u>	 <u>\$ 893,877</u>

The accompany notes are an integral part of these financial statements.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENTS OF ACTIVITIES

For the years ended September 30,

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue:		
Testing income, net of discounts	\$ 1,242,135	\$ 1,191,973
Membership dues	22,000	19,500
Subcontractor services	83,561	34,200
Other	2,150	12,228
Interest income	<u>13,767</u>	<u>1,561</u>
Total revenue	<u>1,363,613</u>	<u>1,259,462</u>
Expenses:		
Program services	1,146,122	868,882
Management and General	248,201	195,348
Fundraising	<u>-</u>	<u>-</u>
Total expenses	<u>1,394,323</u>	<u>1,064,230</u>
(Decrease) increase in net assets without donor restrictions	(30,710)	195,232
Net assets at beginning of year	<u>784,318</u>	<u>589,086</u>
Net assets at end of year	<u>\$ 753,608</u>	<u>\$ 784,318</u>

The accompanying notes are an integral part of these financial statements.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2019

	Program Services	Management and General	Fundraising	Total
Compensation and related expenses:				
Compensation	\$ 424,204	\$ 183,600	\$ -	\$ 607,804
Payroll taxes	31,534	13,515	-	45,049
Pension plan contributions	11,869	5,087	-	16,956
Employee benefits	30,185	12,936	-	43,121
Advertising	8,688	-	-	8,688
Bank charges	2,966	-	-	2,966
Capital Purchases	321,979	6,157	-	328,136
Contract labor and services	157,034	-	-	157,034
Dues and subscriptions	4,294	927	-	5,221
Equipment	48,804	-	-	48,804
Insurance	16,126	4,345	-	20,471
Licenses and permits	2,290	-	-	2,290
Office supplies	-	1,808	-	1,808
Payroll processing fee	-	1,587	-	1,587
Printing postage and shipping	1,249	50	-	1,299
Professional fees	8,474	2,635	-	11,109
Property taxes	19,201	-	-	19,201
Repairs and maintenance	8,807	5,678	-	14,485
Supplies	5,487	-	-	5,487
Telephone	9,020	-	-	9,020
Training and conferences	3,517	-	-	3,517
Travel and entertainment	16,037	655	-	16,692
Utilities	14,357	3,589	-	17,946
Miscellaneous	-	5,632	-	5,632
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 1,146,122</u>	<u>\$ 248,201</u>	<u>\$ -</u>	<u>\$ 1,394,323</u>

The accompanying notes are an integral part of these financial statements.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2018

	Program Services	Management and General	Fundraising	Total
Compensation and related expenses:				
Compensation	\$ 486,575	\$ 130,261	\$ -	\$ 616,836
Payroll taxes	32,629	9,680	-	42,309
Pension plan contributions	11,434	3,908	-	15,342
Employee benefits	44,110	1,178	-	45,288
Advertising	7,901	-	-	7,901
Bank charges	3,880	-	-	3,880
Capital Purchases	65,779	10,181	-	75,960
Contract labor and services	37,789	-	-	37,789
Dues and subscriptions	4,296	1,201	-	5,497
Equipment	50,431	-	-	50,431
Insurance	28,333	9,561	-	37,894
Licenses and permits	8,679	-	-	8,679
Office supplies	-	2,232	-	2,232
Payroll processing fee	-	638	-	638
Printing postage and shipping	3,136	49	-	3,185
Professional fees	1,534	18,673	-	20,207
Property taxes	18,766	-	-	18,766
Repairs and maintenance	10,906	3,578	-	14,484
Supplies	5,349	-	-	5,349
Telephone	8,658	-	-	8,658
Training and conferences	9,190	-	-	9,190
Travel and entertainment	15,074	600	-	15,674
Utilities	14,433	3,608	-	18,041
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 868,882</u>	<u>\$ 195,348</u>	<u>\$ -</u>	<u>\$ 1,064,230</u>

The accompanying notes are an integral part of these financial statements.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENTS OF CASH FLOWS

For the years ended September 30,

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) increase in net assets	\$ (30,710)	\$ 195,232
Adjustments to reconcile (decrease) increase in net assets to net cash (used) provided by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(7,010)	(31,358)
Increase (decrease) in operating liabilities:		
Accounts payable	743	6,465
Wages and bonus payable	(19,504)	3,885
Accrued vacation payable	399	3,366
Payroll taxes and withholdings payable	5,845	885
Accrued real estate taxes payable	(631)	1,688
Use taxes payable	<u>(1,425)</u>	<u>1,416</u>
Net cash (used) provided by operating activities	<u>(52,293)</u>	<u>181,579</u>
Net (decrease) increase in cash and cash equivalents	(52,293)	181,579
Cash and cash equivalents at beginning of year	<u>698,710</u>	<u>517,131</u>
Cash and cash equivalents at end of year	<u>\$ 646,417</u>	<u>\$ 698,710</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

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 in conformity with accounting principles generally accepted in the United State of America.

3. Basis of Presentation

Financial statement presentation follows the recommendations of the *Presentation of Financial Statements* section of the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board Accounting Standards Codification, wherein the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets with donor restrictions represent resources whose use is limited by donor-imposed restrictions that could be met by actions of the Center, by the passage of time, or for which the donor has instructed that the assets be held into perpetuity. There were no net assets with donor restrictions at September 30, 2019 and 2018.

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. Management has not provided an allowance for doubtful accounts and instead uses the direct write-off method of addressing bad debt. Management believes that, as applied to the Center, this does not materially differ from the allowance method. There were no write-offs for bad debt during the years ended September 30, 2019 and 2018.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2019 and 2018

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 property of and remain with SCC. During the fiscal years ended September 30, 2019 and 2018, the Center acquired assets at a cost of \$328,136 and \$75,960, respectively, and in accordance with the agreement the Center did not capitalize it, but included it as part of the year's operating expenses.

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. This fund is considered to be without donor restriction; however, it does impose a limitation of the net assets of the Center (see also Note H). For the period ending September 30, 2019, the Center did not show a positive cash flow.

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, 2019 and 2018. The tax years which still may be subject to an Internal Revenue Service audit are for years ending September 30, 2018, 2017, and 2016.

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.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

10. Functional Allocation of Expenses

The Center utilizes its resources in two principal functions: conducting the program services provided to third parties and the management of the organization. Certain costs have been allocated among the functions based on management's estimates and direct identification.

11. New Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Center adopted the provisions of this new principle during the year ended September 30, 2019 and the presentation of the September 30, 2018 financial statements have been reclassified to accommodate this principle. Amongst the requirements of the principle was changes in terminology used to describe categories of net assets throughout the financial statements, the requirement for all non-profits to prepare or disclose a summary of expenses by function, and the requirement of new disclosures regarding liquidity and the availability of resources.

12. Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform with the presentation in 2019. Most notably, contract labor which was incurred by the Organization and the cost of which was billed to the end customer, was grossed up to more appropriately report the sources and uses of cash of the Center.

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 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 1, 2000 signed a one-year, automatically renewing, operating agreement with the Center to do so.

NOTE C – CONCENTRATIONS

1. Revenues

There was a concentration of revenue with one customer. The customer accounted for 23.0% of the total revenue balance for the year ended September 30, 2019. During 2018, there were no customers which accounted for an individually significant portion of the revenue.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2019 and 2018

NOTE C – CONCENTRATIONS

2. Financial Instruments

Financial instruments which potentially subject the Center to concentrations of credit risk consist principally of Short Term Federal Investment Trust (STFIT) accounts which are not federally insured, but rather are secured by U.S. guaranteed student loans in an amount equal to the amount invested. However, the Center has not experienced any losses on such accounts and management believes the risk is managed by maintaining all deposits in high quality institutions.

NOTE D – 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, 2019 and 2018, the “additional rent” totaled \$16,744 and \$16,540, respectively.

The Center signed a service order in July 2017 for high speed internet service with Unite Private Networks, LLC. The following is a schedule of future required payments:

For the year ended September 30:	
2020	\$ 5,940
2021	5,940
2022	<u>4,950</u>
	<u>\$ 16,830</u>

NOTE E – CREDIT LINES

The Center maintained a credit line which matured June 3, 2019, for a maximum of \$25,000, which incurred interest at a variable rate of 5.75% as of September 30, 2018. The line was secured by significantly all assets of the Center. The Center had no balance as of September 30, 2018. The credit line was not extended upon maturity.

NOTE F – 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, 2019 and 2018, the Center’s transactions with these member organizations totaled \$113,923 and \$267,794, or 8.4% and 21.0% of total revenue, respectively.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2019 and 2018

NOTE F – RELATED PARTY TRANSACTIONS – Continued

As of September 30, 2019 and 2018, the Center has outstanding receivables from these members in the amount of \$55,545 and \$47,666, respectively. Management believes these related party transactions have been made at arm's length.

NOTE G – PENSION PLAN

The Center has a Simple IRA plan, which covers substantially all full-time employees that meet 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, 2019 and 2018, the Center's expense related to this plan was \$16,955 and \$15,342, respectively.

NOTE H – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Center's liquid financial assets as of September 30, 2019 and 2018, respectively, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 646,417	\$ 698,710
Accounts receivable	201,823	194,813
Less those unavailable for general expenditures within one year, due to:		
Received by donor with time or purpose restrictions	-	-
Designated to reserve fund	<u>-</u>	<u>(166,160)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 848,240</u>	<u>\$ 727,363</u>

The Center must maintain sufficient resources to meet ongoing responsibilities for restrictions to its net assets such as the funds designated to the reserve fund. Thus, certain financial assets may not be available for general expenditures within one year. The Center does not have a formal liquidity management policy, but the Center typically structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2019 and 2018

NOTE I – SUBSEQUENT EVENTS

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through December 6, 2019, the date the financial statements were available to be issued. No events or transactions were noted to that date which requires further disclosure.