

December 17, 2015

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 2015, the Center experienced significant improvement in both balance sheet and income statements.

A final copy of the NCEE Financial Review for 2015 is enclosed.

The General Manager reports to the Board President.

In fiscal year 2015, the Center provided services to 84 customers. Nebraska companies made up about 55% of this cohort and provided about 51% (\$555,357, a 20.7% increase from FY 2014) 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

	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL
Income	\$541,726	\$652,247	\$823,849	827,498	746,645	888,767	882,351	974,067
Expenses	\$545,690	\$540,151	\$786,922	790,291	731,224	857,495	1,002,812	820,405
Net	(\$3,964)	\$112,096	\$36,927	37,207	15,421	31,371	(116,030)	153,662

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, 2015

Section Number	Course Title	Training Hours	Dates	Number Of Trainees
ELEC-6891-OCWA	CCNA 1 & 2:	104	1/12/15 - 4/13/15	5
ELEC-6871-OCSA	Industrial Pneumatics	32	4/14/15 – 4/17/15	4
BSAD-7114-OCFA	Almost Painless Change	8	10/5/15	17
BSAD-3710-OCFA	Supervisor Boot Camp	8	11/10/15	25

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 2014 and remains current.

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 222; 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; SANS 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, 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

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 11452-4

Test Technology:

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 61000-4-8; EN 61000-4-8; KN 61000-4-8;
AS/NZS 61000.4.8; SANS 61000-4-8

IEC 61000-4-11; EN 61000-4-11; KN 61000-4-11;
AS/NZS 61000.4.11

IEC 61000-4-9; SANS 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 22

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

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 Technology:

EN 55032; CISPR 32;
AS/NZS CISPR 32

EN 14982; ISO 14982
(*excluding power transients*)

EN 13766; ISO 13766
(*emissions and ESD only*)

EN 50130-4

Test Method(s):

Multimedia equipment - Emission requirements

Agriculture and Forestry Machinery

Earth-Moving Machinery

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

Test Technology:

Test Method(s):

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/NZA 61000.6.1

Generic Immunity for Residential, Commercial, and Light Industrial

IEC 61000-6-2; EN 61000-6-2;
AS/NZA 61000.6.2

Generic Immunity for Industrial Environments

IEC 61000-6-3; EN 61000-6-3;
AS/NZA 61000.6.3

Generic Emissions for Residential, Commercial and Light Industrial

IEC 61000-6-4; EN 61000-6-4;
AS/NZA 61000.6.4

Generic Emissions for Industrial Environments

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

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 (Dec. 31, 2005), Vol. 1
Section 4.1.2.4-12; Vol. 2 Section 8

EN 50130-4

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

IEC 60533

Electrical 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

Test Technology:

Technical Requirements for
Electromagnetic Susceptibility

Conformity Assessment Procedure for
Electromagnetic Susceptibility

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):

RRA Public Notification 2013-4, June 17, 2013

RRA Announce 2013-25, Dec 23, 2011

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 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 over a horizontal line.

Paul Illich
President

Enclosure: NCEE Audit

cc: Appropriations Committee Chair
Phil Hovis
Byron Diamond

FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

NEBRASKA CENTER FOR
EXCELLENCE IN ELECTRONICS

September 30, 2015 and 2014



Grafton & Associates^{p.c.}
CERTIFIED PUBLIC ACCOUNTANTS

**NEBRASKA CENTER FOR
EXCELLENCE IN ELECTRONICS**

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September 30, 2015 and 2014

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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 (the Center), which comprise the Statement of Financial Position as of September 30, 2015, and 2014, and the related Statements of Activities and Cash Flows for the years 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 the 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'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.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those Standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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



December 1, 2015

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENTS OF FINANCIAL POSITION

September 30,

	ASSETS	
	2015	2014
Assets		
Cash and cash equivalents	\$ 217,218	\$ 87,097
Accounts receivable, net of allowance for bad debts of \$1,347 and \$1,234	133,344	123,000
Prepaid expenses	718	543
Total assets	\$ 351,280	\$ 210,640
	LIABILITIES AND NET ASSETS	
Liabilities		
Accounts payable	\$ 15,364	\$ 27,466
Wages and bonus payable	52,270	21,819
Accrued vacation payable	16,994	25,245
Payroll taxes and withholdings payable	5,472	3,490
Accrued real estate taxes payable	2,592	4,866
Use taxes payable	36	264
Line of credit	-	14,400
Unearned revenue	-	8,200
Total liabilities	92,728	105,750
Commitments		
Net assets		
Unrestricted	258,552	104,890
Total net assets	258,552	104,890
Total liabilities and net assets	\$ 351,280	\$ 210,640

See accompanying notes and independent accountants' review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENTS OF ACTIVITIES

For the years ended September 30,

	2015	2014
UNRESTRICTED NET ASSETS		
Revenue:		
Testing income, net of discounts	\$ 941,444	\$ 842,696
Membership dues	15,600	18,590
Contributions	-	310
Other	16,975	20,734
Interest income	48	21
Total revenue	974,067	882,351
Net assets released from restrictions	-	4,431
Expenses:		
Compensation and related expenses:		
Compensation	546,048	630,821
Employee benefits	34,959	34,824
Pension plan contributions	8,752	10,572
Payroll taxes	42,302	42,571
Advertising	349	5,314
Bad debts	113	(186)
Bank charges	2,664	3,314
Dues and subscriptions	5,823	6,773
Equipment	54,138	65,011
Insurance	35,099	32,886
Interest	485	100
Licenses, permits and accreditation fees	1,490	10,109
Miscellaneous	1,572	6,768
Office supplies	1,016	2,368
Postage and shipping	5,112	4,006
Professional fees	2,705	19,453
Property taxes	13,318	13,419
Repairs and maintenance	12,486	22,397
Seminar expenses	6,312	8,036
Subcontracted labor and services	-	10,925
Supplies	4,765	14,193
Telephone	3,503	4,945
Training and conferences	3,853	12,305
Travel and entertainment	12,879	19,559
Utilities	20,662	22,329
Total expenses	820,405	1,002,812
Increase (decrease) in unrestricted net assets	\$ 153,662	\$ (116,030)

See accompanying notes and independent accountants' review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

STATEMENTS OF ACTIVITIES

For the years ended September 30,

	<u>2015</u>	<u>2014</u>
TEMPORARILY RESTRICTED NET ASSETS		
Net assets released from restrictions	\$ -	\$ (4,431)
Decrease in temporarily restricted net assets	<u>-</u>	<u>(4,431)</u>
Total increase (decrease) in net assets	153,662	(120,461)
Net assets, beginning of year	<u>104,890</u>	<u>225,351</u>
Net assets, end of year	<u>\$ 258,552</u>	<u>\$ 104,890</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,

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 153,662	\$ (120,461)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(10,344)	17,600
Prepaid expenses	(175)	3,282
Increase (decrease) in operating liabilities:		
Accounts payable	(12,102)	16,712
Wages and bonus payable	30,451	21,819
Accrued vacation payable	(8,251)	1,610
Payroll taxes and withholdings payable	1,982	(4,941)
Accrued real estate taxes payable	(2,274)	(2,350)
Use taxes payable	(228)	264
Unearned revenue	(8,200)	8,200
Net cash provided (used) by operating activities	144,521	(58,265)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	-	15,000
Repayments of line of credit	(14,400)	(600)
Net cash (used) provided by financing activities	(14,400)	14,400
Net increase (decrease) in cash and cash equivalents	130,121	(43,865)
Cash and cash equivalents, beginning of year	87,097	130,962
Cash and cash equivalents, end of year	\$ 217,218	\$ 87,097
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 485	\$ 100
Cash paid for income taxes	\$ -	\$ -

See accompanying notes and independent accountants' review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

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 temporarily or permanently restricted net assets at September 30, 2015 and 2014.

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. The write-off for bad debt during the years ended September 30, 2015 and 2014 was \$113 and \$0, respectively.

See accompanying independent accountants' review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2015 and 2014

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, 2015 and 2014, the Center acquired assets at a cost of \$54,138 and \$65,011, 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, 2015 and 2014. The tax years which still may be subject to an Internal Revenue Service audit are for years ending September 30, 2014, 2013, and 2012.

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, 2015 and 2014

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 1, 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, 2015 and 2014, the additional rent totaled \$13,318 and \$13,419, respectively.

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, 2015 and 2014, the remaining outstanding balance was \$0 and \$14,400, respectively.

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, 2015 and 2014, the Center’s transactions with these member organizations totaled \$569,529 and \$609,345 or 56.9% and 64.0% of total revenue, respectively. As of September 30, 2015 and 2014, the Center has outstanding receivables from these members in the amount of \$53,411 and \$87,239, 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 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, 2015 and 2014, the Center’s expense related to this plan was \$8,752 and \$10,572, respectively.

See accompanying independent accountants’ review report.

NEBRASKA CENTER FOR EXCELLENCE IN ELECTRONICS

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2015 and 2014

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, 2015 and 2014, the capital investment reserve fund balance was \$93,306 and \$7,178, respectively.

NOTE H – SUBSEQUENT EVENTS

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through December 1, 2015, 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.