YORK COUNTY DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2018

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
York County Development Corporation
York, Nebraska

We have audited the accompanying statements of financial position of York County Development Corporation (a nonprofit corporation) as of December 31, 2018, 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 of 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 auditor's 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 entity'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 entity'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.

DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

1248 O STREET, SUITE 500
LINCOLN, NEBRASKA 68508
T: 402.479.9300 F: 402.479.9315

DANACOLE.COM

April 2, 2019

To the Board of Directors
York County Development Corporation
601 N. Lincoln Ave.
York, NE 68467

RE: AU-C 260

We have audited the financial statements of York County Development Corporation, for the year ended December 31, 2018, and have issued our report thereon dated April 2, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 25, 2019. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by York County Development Corporation, are described in Note 1 to the financial statements. As described in Note 1, the Corporation changed accounting policies related to financial statement presentation by adopting FASB Accounting Standards Update (ASU) No.2016-14, Presentation of Financial Statements for Not-for-Profit Entities, in 2018. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the depreciation of assets is based on the straight-line method of depreciation. We evaluated the key factors and assumptions used to develop the depreciation of assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

RE: AU-C 260

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 2, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of York County Development Corporation, and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

Kerry A Gustafsson

KERRY A. GUSTAFSSON
For the Firm

e-mail: gustafsson@danacole.com
direct line: 402.479.9321

KAG:bvb

DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

1248 O STREET, SUITE 500
LINCOLN, NEBRASKA 68508
T: 402.479.9300 F: 402.479.9315

DANACOLE.COM

April 2, 2019

To the Board of Directors
York County Development Corporation
601 N. Lincoln Ave.
York, NE 68467

RE: AU-C 265

In planning and performing our audit of the financial statements of York County Development Corporation as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered York County Development Corporation's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Belmont Community Corporation, Inc,'s internal control to be significant deficiencies:

> Due to the limited number of personnel involved in the accounting function, the Corporation has limited internal control procedures. The Corporation believes the cost involved would outweigh the benefits to be derived from developing a more complex internal control system. However, the present system seems to be operating as understood by all parties.

York County Development Corporation
April 2, 2019
Page two

RE: AU-C 265

Most of the nonprofit organizations we serve ask for our assistance as it relates to the preparation of the financial statements and notes to the financial statements. Auditing standards emphasize that our Firm cannot be a part of the system of internal control over financial reporting. As a result of this standard, we are required to indicate to those charged with governance that we provided guidance to management in its preparation of the financial statements and notes to the financial statements. We have provided such guidance to the Corporation due to the high degree of technical expertise that is required to keep up with all of the accounting standards, including those that are issued on an annual basis. Had management not asked for our assistance in preparing the financial statements and notes to the financial statements, it is possible that all of the required disclosures may not have been included.

This communication is intended solely for the information and use of management, and others within the Corporation, and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

Kerry A. Gustafsson

KERRY A. GUSTAFSSON
For the Firm

e-mail: gustafsson@danacole.com
direct line: 402.479.9321

KAG:bvb

YORK COUNTY DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2018

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

YORK COUNTY DEVELOPMENT CORPORATION

TABLE OF CONTENTS

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
York County Development Corporation
York, Nebraska

We have audited the accompanying statements of financial position of York County Development Corporation (a nonprofit corporation) as of December 31, 2018, 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 of 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 auditor's 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 entity'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 entity'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 York County Development Corporation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018 the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Dana F. Cole + Company, LLP

Lincoln, Nebraska
April 2, 2019

YORK COUNTY DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS	
Cash	984,107
Accounts receivable	31,021
Prepaid expenses	5,647
Total current assets	1,020,775
PROPERTY AND EQUIPMENT	
Office furniture and equipment	11,740
Less accumulated depreciation	(11,598)
Net property and equipment	142
TOTAL ASSETS	1,020,917

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	5,087
Payroll liabilities accrued	4,790
Vacation accrued	11,909
Unearned revenues	4,700
Total current liabilities	26,486
NET ASSETS	
Without donor restrictions	171,431
With donor restrictions	823,000
Total net assets	994,431
TOTAL LIABILITIES AND NET ASSETS	1,020,917

See accompanying notes to financial statements.

YORK COUNTY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Memberships	90,795		90,795
County and municipality support	154,800		154,800
Grant income	25,000		25,000
Contribution income	30,750	823,000	853,750
Fundraising	15,807		15,807
Interest income	3,116		3,116
Other income	470		470
Total revenues and other support	320,738	823,000	1,143,738
EXPENSES			
Program services	225,718		225,718
Support services			
Management and general	81,604		81,604
Total expenses	307,322		307,322
CHANGE IN NET ASSETS	13,416	823,000	836,416
NET ASSETS, beginning of year	158,015		158,015
NET ASSETS, end of year	171,431	823,000	994,431

See accompanying notes to financial statements.

YORK COUNTY DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Total
Salaries	95,702	51,020	146,722
Payroll taxes	7,229	3,854	11,083
Retirement	2,743	1,462	4,205
Professional fees	6,602	3,520	10,122
Board membership expense	1,443	770	2,213
Depreciation	387	206	593
Dues and subscriptions	7,622	847	8,469
Repairs and maintenance	2,841	2,841	5,682
Insurance	1,451	774	2,225
Marketing and public relations	52,689	5,854	58,543
Meetings	13,895	1,544	15,439
Other expenses	1,501	800	2,301
Postage	322	171	493
Printing	510	272	782
Rent	3,000	3,000	6,000
Supplies	1,284	685	1,969
Telephone	3,370	374	3,744
Training	18,557	2,062	20,619
Travel	3,399	378	3,777
Utilities	1,171	1,170	2,341
TOTAL	225,718	81,604	307,322

See accompanying notes to financial statements.

YORK COUNTY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	836,416
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	593
(Increase) decrease in assets:	
Accounts receivable	134
Increase (decrease) in liabilities:	
Accounts payable	3,115
Payroll liabilities accrued	127
Vacation accrued	1,598
Unearned revenues	(4,025)
Total adjustments	1,542
Net cash provided by operating activities	837,958
NET INCREASE IN CASH	837,958
CASH, beginning of the year	146,149
CASH, end of the year	984,107

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The York County Development Corporation (YCDC) is a public-private not-for-profit organization whose mission is to promote and encourage quality economic growth in York County, Nebraska. YCDC receives their funding through memberships, county and municipality support, contributions, and grants.

Basis of Accounting

The Corporation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

New Accounting Pronouncement

Effective January 1, 2018, the Corporation adopted FASB Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, (ASU 2016-14). The provisions of ASU 2016-14 are intended to simplify and improve the presentation of net assets, as well as provide information regarding liquidity, financial performance, and cash flows. The provisions of ASU 2016-14 that significantly change the Corporation's financial statements are as follows:

- Revises the net assets classification structure to two classes (net assets with donor restrictions and net assets without donor restrictions) instead of the previous three classes;

- Enhances disclosures for self-imposed limits on the use of resources both with and without donor-imposed restrictions; and

- Requires quantitative and qualitative disclosures on liquidity and the availability of resources to fund operations.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-205, *Financial Statements of Not-for-Profit Corporations*. Under this standard, the Corporation 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.

Without Donor Restrictions

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains or losses on investments and any other assets or liabilities are reported as increases in unrestricted net assets unless their use is limited by donor stipulation or by laws.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

With Donor Restrictions

Net assets subject to donor- or 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that 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, and are reported in the statements of activities as net assets released from restrictions.

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Corporation had no cash equivalents as of December 31, 2018 and 2017.

Accounts Receivable

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for bad debts is considered necessary at year end.

Contributions

The Corporation utilizes FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. This standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

Contributed Materials and Services

The Corporation records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Corporation with its operations. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value, if donated. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Corporation provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives, which range from 5 to 10 years.

Compensated Absences

Employees' vacation benefits are recognized in the period earned. During the first two years of employment, an employee earns 10 days of vacation per year. From the third year to the fourth year of employment, an employee earns 13 days of vacation per year. From the fifth to the ninth year of employment, an employee earns 15 days of vacation per year. After the tenth year of employment, an employee earns the maximum amount of vacation per year at 20 days. Employees may not request salary in lieu of vacation. YCDC's policy is to pay this liability upon termination of employment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Under Section 501(c)(6) of the Internal Revenue Code, the Corporation is exempt from federal income tax on all income except unrelated business income as noted under Section 511 of the Internal Revenue Code. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose.

The Corporation utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Corporation continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Corporation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the financial statements.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Corporation had deposits in one financial institution in excess of the $250,000 federally insured limit by the Federal Deposit Insurance Corporation. At December 31, 2018, the amount of deposits not covered was $583,081.

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist principally of grants and pledges receivable from several grantors. Such credit risk is considered by the Corporation to be limited due to commitment of the grantor, their financial resources, and their support of the program for which the grant is intended. As of December 31, 2018, the Corporation had no significant concentrations of credit risk.

NOTE 3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

Revolving loan fund program	823,000

NOTE 4. LEASE COMMITMENTS

In November 2010, YCDC entered into a 5-year operating lease for its operating premises with an additional 5-year extension option that was exercised. Under the terms of the lease, monthly rent payments are $1,000. The York County Visitor's Bureau reimburses YCDC for rent in the amount of $500 monthly.

Future minimum lease payments are as follows:

Year Ending December 31,	
2019	12,000
2020	11,000
	23,000

NOTE 5. RETIREMENT PLAN

The Corporation maintains a Simple retirement plan for all eligible employees. Employees are eligible to participate in the plan at their start date if they are anticipated to earn $5,000 or more annually. Employer contributions are made based on a percentage of the participants' wages. The Corporation's expense was $4,205 for 2018.

NOTE 6. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	161,107
Accounts receivable	31,021
	192,128

NOTE 7. SUBSEQUENT EVENTS

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through April 2, 2019, the date the financial statements were available to be issued.