

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
MINOT, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

REVIEWED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Women's Christian Association of Minot
Minot, North Dakota

We have audited the accompanying financial statements of the Young Women's Christian Association of Minot (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets, 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.

Auditor's 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 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.

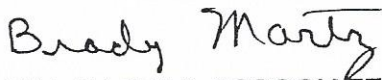
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Women's Christian Association of Minot as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The December 31, 2012 financial statements were reviewed by us and our report thereon, dated September 30, 2013, 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 expression of an opinion on the financial statements.



BRADY, MARTZ & ASSOCIATES, P.C.

Minot, North Dakota

June 19, 2014

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

ASSETS			
		Audited 2013	Reviewed 2012
Current assets			
Cash and cash equivalents	\$	34,630	\$ 22,062
Grant receivable		34,008	4,863
Accounts receivable (Net of allowance for doubtful accounts of \$0 in 2013 and 2012)		-	3,076
Prepaid expenses		2,456	-
Total current assets		<u>71,094</u>	<u>30,001</u>
Investments			
Marketable equity securities		<u>1,006</u>	<u>962</u>
Property and equipment		1,583,267	1,608,444
Less accumulated depreciation		<u>(484,306)</u>	<u>(456,233)</u>
Net property and equipment		<u>1,098,961</u>	<u>1,152,211</u>
Other assets			
Loan fees (net of accumulated amortization of \$864 in 2013 and \$0 in 2012)		9,507	-
Beneficial interest in assets held by others		<u>114,568</u>	<u>77,328</u>
Total other assets		<u>124,075</u>	<u>77,328</u>
Total assets	\$	<u><u>1,295,136</u></u>	<u><u>\$ 1,260,502</u></u>

See Notes to the Financial Statements

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
STATEMENTS OF FINANCIAL POSITION – CONTINUED
DECEMBER 31, 2013 AND 2012

LIABILITIES AND NET ASSETS

	Audited 2013	Reviewed 2012
Current liabilities		
Accounts payable	\$ 9,484	\$ 18,639
Accrued interest payable	1,159	4,216
Accrued vacation	377	2,471
Deferred revenue	4,640	-
Payroll tax liabilities	6,098	104,069
Security deposits payable	2,082	2,900
Short-term notes payable	-	35,000
Current portion of long-term debt	25,310	40,776
Total current liabilities	<u>49,150</u>	<u>208,071</u>
Long-term liabilities		
Note payable	793,411	661,730
Less current portion	<u>(25,310)</u>	<u>(40,776)</u>
	<u>768,101</u>	<u>620,954</u>
Total liabilities	<u>817,251</u>	<u>829,025</u>
Net assets		
Unrestricted	363,317	354,149
Permanently restricted	114,568	77,328
Total net assets	<u>477,885</u>	<u>431,477</u>
Total liabilities and net assets	<u>\$ 1,295,136</u>	<u>\$ 1,260,502</u>

See Notes to the Financial Statements

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013 (AUDITED)

	Unrestricted	Permanently Restricted	Total
Revenues and other support			
Gifts and donations	\$ 67,975	\$ -	\$ 67,975
Fundraising events	24,460	-	24,460
Memberships	3,490	-	3,490
Rental revenue	32,159	-	32,159
Program revenue	4,155	-	4,155
Interest and dividend income	56	-	56
Grant Income:			
United Way	12,687	-	12,687
ESGP	10,406	-	10,406
Verendrye Electric	1,000	-	1,000
St. Joseph's Foundation	30,000	-	30,000
Department of Housing & Urban Development	31,384	-	31,384
North Dakota Homeless Grant	23,736	-	23,736
Other	30,726	-	30,726
Gain (loss) on sale of fixed assets	(20,412)	-	(20,412)
Miscellaneous income	1,277	-	1,277
Unrealized gain on investments	44	-	44
Increase in beneficial interest in assets	-	37,240	37,240
Total revenues and other support	<u>253,143</u>	<u>37,240</u>	<u>290,383</u>
Expenses			
General and administration	43,485	-	43,485
Special fundraising events	10,293	-	10,293
Program services	190,197	-	190,197
Total expenses	<u>243,975</u>	<u>-</u>	<u>243,975</u>
Increase (decrease) in net assets	9,168	37,240	46,408
Net assets at beginning of year	<u>354,149</u>	<u>77,328</u>	<u>431,477</u>
Net assets at end of year	<u>\$ 363,317</u>	<u>\$ 114,568</u>	<u>\$ 477,885</u>

See Notes to the Financial Statements

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012 (REVIEWED)

	Unrestricted	Permanently Restricted	Total
Revenues and other support			
Gifts and donations	\$ 71,276	\$ -	\$ 71,276
Child care tuition and donations	144,577	-	144,577
Fundraising events	17,542	-	17,542
Memberships	3,436	-	3,436
Rental revenue	38,291	-	38,291
Program revenue	1,590	-	1,590
Interest and dividend income	45	-	45
Grant Income:			
United Way	14,536	-	14,536
ESGP	10,153	-	10,153
St. Joseph's Foundation	30,000	-	30,000
Department of Human Services	1,799	-	1,799
Department of Housing & Urban Development	29,524	-	29,524
Other	17,153	-	17,153
Gain (loss) on sale of fixed assets	1,577	-	1,577
Miscellaneous income	176	-	176
Unrealized gain on investments	132	-	132
Increase in beneficial interest in assets	-	12,085	12,085
Total revenues and other support	<u>381,807</u>	<u>12,085</u>	<u>393,892</u>
Expenses			
General and administration	139,276	-	139,276
Special fundraising events	6,160	-	6,160
Program services	289,319	-	289,319
Total expenses	<u>434,755</u>	<u>-</u>	<u>434,755</u>
Increase (decrease) in net assets	(52,948)	12,085	(40,863)
Net assets at beginning of year	<u>407,097</u>	<u>65,243</u>	<u>472,340</u>
Net assets at end of year	<u>\$ 354,149</u>	<u>\$ 77,328</u>	<u>\$ 431,477</u>

See Notes to the Financial Statements

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013 (AUDITED)

	Program Services					Special Fundraising Events	General and Administrative	Total Expenses
	Shelter	Apartments	Child Care Center	Total				
Salaries	\$ 23,005	\$ 23,005	\$ -	\$ 46,010	\$ -	-	\$ -	\$ 46,010
Employee benefits	1,795	1,795	-	3,590	-	-	1,947	5,537
Payroll taxes	1,812	1,812	-	3,624	-	-	-	3,624
	<u>26,612</u>	<u>26,612</u>	<u>-</u>	<u>53,224</u>	<u>-</u>	<u>-</u>	<u>1,947</u>	<u>55,171</u>
Food	1,262	-	-	1,262	-	-	-	1,262
Supplies	10,338	9,393	-	19,731	26	1,856	-	21,613
Travel and training	-	-	-	-	175	1,044	-	1,219
Bank service charges and penalties	-	-	-	-	-	5,685	-	5,685
Dues and memberships	-	-	-	-	-	4,170	-	4,170
Professional fees	-	-	-	-	-	11,010	-	11,010
Insurance	3,736	3,736	-	7,472	-	708	-	8,180
Repairs and maintenance	8,413	4,476	-	12,889	-	1,740	-	14,629
Utilities	9,153	9,153	-	18,306	-	-	-	18,306
Telephone	1,668	1,663	-	3,331	-	-	-	3,331
Depreciation	1,526	28,712	-	30,238	-	12,773	-	43,011
Amortization	432	432	-	864	-	-	-	864
Advertising and promotion	-	-	-	-	-	823	-	823
Rent and lease expense	-	-	-	-	-	190	-	190
Interest expense	21,158	21,158	-	42,316	-	-	-	42,316
Bad debt expense	-	-	-	-	-	-	1,408	1,408
Workers compensation	226	226	-	452	-	-	-	452
Miscellaneous expense	112	-	-	112	10,092	131	-	10,335
	<u>58,024</u>	<u>78,949</u>	<u>-</u>	<u>136,973</u>	<u>10,293</u>	<u>41,538</u>	<u>-</u>	<u>188,804</u>
Total expenses	\$ 84,636	\$ 105,561	\$ -	\$ 190,197	\$ 10,293	\$ 43,485	\$ -	\$ 243,975

See Notes to the Financial Statements

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012 (REVIEWED)

	Program Services			Child Care	Special Fundraising		General and Administrative	Total Expenses
	Shelter	Apartments	Center	Center	Total	Events		
Salaries	\$ 5,600	\$ -	\$ 176,238	\$ 181,838	\$ -	\$ -	\$ 31,096	\$ 212,934
Employee benefits	-	1,287	5,198	6,485	-	-	3,910	10,395
Payroll taxes	428	-	2,936	3,364	-	-	13,848	17,212
	6,028	1,287	184,372	191,687	-	-	48,854	240,541
Food	3,347	-	3,661	7,008	-	-	-	7,008
Supplies	-	50	3,573	3,623	480	-	2,465	6,568
Travel and training	-	-	-	-	-	-	895	895
Bank service charges and penalties	5	-	-	5	-	-	1,602	1,607
Emergency shelter	9,665	111	-	9,776	-	-	95	9,871
Dues and memberships	-	-	-	-	-	-	1,272	1,272
Resources and mentoring	-	-	87	87	-	-	13	100
Professional fees	-	-	-	-	-	-	8,915	8,915
Insurance	3,587	4,376	4,274	12,237	-	-	1,675	13,912
Repairs and maintenance	78	1,010	563	1,651	-	-	6,988	8,639
Utilities	3,958	9,649	3,153	16,760	-	-	-	16,760
Telephone	666	-	1,094	1,760	-	-	3,314	5,074
Depreciation	515	28,197	3,784	32,496	-	-	11,616	44,112
Rent and lease expense	-	-	1,015	1,015	-	-	1,879	2,894
Interest expense	-	-	-	-	-	-	46,926	46,926
Bad debt expense	-	-	-	-	-	-	-	8,691
Miscellaneous expense	464	597	8,691	8,691	-	-	2,767	10,970
	22,285	43,990	31,357	97,632	6,160	5,680	90,422	194,214
Total expenses	\$ 28,313	\$ 45,277	\$ 215,729	\$ 289,319	\$ 6,160	\$ 6,160	\$ 139,276	\$ 434,755

See Notes to the Financial Statements

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Audited 2013	Reviewed 2012
Cash flows from operating activities		
Change in net assets	\$ 46,408	\$ (40,863)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	43,011	44,112
Amortization expense	864	
(Gain) loss on sale of property and equipment	20,412	(1,577)
Beneficial interest in assets held by others	(37,240)	(12,085)
Changes in assets and liabilities:		
Grant receivable	(29,145)	(4,863)
Childcare and other receivables	-	16,018
Other receivable	3,076	(9,407)
Marketable equity security	(44)	(132)
Undeposited funds	(2,456)	-
Accounts payable	(9,155)	5,965
Accrued interest payable	(3,057)	544
Accrued vacation	(2,094)	(6,599)
Deferred revenue	4,640	-
Security deposits payable	(818)	-
Payroll tax liabilities	3,283	45,312
Cash provided (used) by operating activities	<u>37,685</u>	<u>36,425</u>
Cash flows from investing activities		
Purchase of fixed assets	(10,173)	(63,020)
Proceeds on sale of fixed assets	-	1,577
Cash provided (used) by investing activities	<u>(10,173)</u>	<u>(61,443)</u>
Cash flows from financing activities		
Short-term loan proceeds	-	5,000
Principal payments on short-term debt	(35,000)	-
Long-term loan proceeds	39,300	-
Principal payments on long-term debt	(19,244)	(14,908)
Cash provided (used) by financing activities	<u>(14,944)</u>	<u>(9,908)</u>
Net increase (decrease) in cash and cash equivalents	12,568	(34,926)
Cash and cash equivalents at beginning of year	<u>22,062</u>	<u>56,988</u>
Cash and cash equivalents at end of year	<u>\$ 34,630</u>	<u>\$ 22,062</u>

See Notes to the Financial Statements

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
STATEMENTS OF CASH FLOWS – CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Audited 2013	Reviewed 2012
Schedule of other cash flow information:		
Cash paid during the year for interest	\$ 45,373	\$ 46,382
Schedule of noncash investing and financing activities:		
Capitalized loan fees	\$ 10,371	\$ -
Payroll liabilities repaid through issuance of long-term debt	\$ 101,254	\$ -

See Notes to the Financial Statements

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 (AUDITED) AND 2012 (REVIEWED)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal Business Activity

The Young Women's Christian Association of Minot was incorporated as a non-profit organization under the provisions of the North Dakota Non-profit Corporation Act. The YWCA's primary focus is to empower women and girls and to eliminate racism, by creating opportunities for women's growth, leadership and power in order to attain a common vision of peace, justice, freedom, and dignity for all people. The Association provides emergency shelter for girls and women of all ages and their children and supportive housing for homeless women who have a disability. The Association's primary sources of revenue are grants, fundraisers, rents, donations, and childcare tuition. The childcare center was closed on September 15, 2012.

Financial Statement Presentation

Under professional standards, the Association 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

These amounts represent funds available for use in the general operations of the Association.

Temporarily Restricted Net Assets

These amounts are restricted for specified purposes as designated by donors. These amounts include funds designated for a building fund.

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2013 (AUDITED) AND 2012 (REVIEWED)

Permanently Restricted Net Assets

These amounts represent the principal balance of endowment funds of which the various donors imposed permanent restrictions. The assets must remain in perpetuity per the agreement with the donors. The Association may use the interest income earned on the endowment principal.

Contributions

In accordance with professional standards contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Cash and Cash Equivalents

The Association considers all cash deposits and temporary cash investments with maturity of three months or less, when purchased, to be cash and cash equivalents.

Receivables

Accounts receivable represent amounts billed for services and are carried at the original invoice amount. Management determines uncollectible accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, payment history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than 10 days. Past due receivables are not charged interest. Management believes that substantially all receivables are collectable and an allowance for bad debts has not been recorded.

Beneficial Interest

Beneficial interest in assets held by others is stated at the fair value of the underlying marketable securities in the statement of financial position. Unrealized gains and losses are included in the Statement of Activities.

The YWCA and the Minot Area Community Foundation (the Foundation), understand that the Bylaws of the Foundation and applicable tax laws require that the Board of Directors of the Foundation have variance powers over the assets donated to YWCA of Minot Foundation Fund (the Fund). The Foundation retains the power to modify any restriction or condition on any distributions from the Fund for any specified charitable purpose or to specified organizations if, in the sole judgment of the Foundation, such restriction or condition becomes, in effect, unnecessarily incapable of fulfillment, or inconsistent with the charitable needs of the community of the area which the Foundation serves. It is also agreed that no restrictions or conditions may be imposed upon the administration of the Fund which will prevent the Foundation from the freely and effectively employing the transferred assets or income therefrom and furtherance of its exempt status. The Foundation also retains the power, in the Foundation's sole discretion, to modify or withhold any distribution of principal if such distribution would otherwise fail to qualify for a charitable purpose as defined in Section 170(c) of the Internal Revenue Code.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2013 (AUDITED) AND 2012 (REVIEWED)

Property and Equipment

Property and equipment are stated at cost or fair market value when received as a gift. Additions, renewals and betterments are capitalized, whereas expenditures for maintenance and repairs are charged to expense. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Furniture and equipment	5-10 years

The Association considers purchases over \$500 for capitalization.

Deferred Revenue

Deferred revenue represents advances of grant funds for use in future periods, as well prepaid rent.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon budget estimates made by the Association's management.

Advertising Cost

Advertising costs, which are expensed as incurred, totaled \$823 and \$306 for the years ended December 31, 2013 and 2012, respectively.

Income Taxes

The Young Women's Christian Association of Minot is exempt from income tax under Section 501(c)(3) of the internal revenue code and comparable state law. The Association has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the code.

Under professional standards, the Association's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence. It is the opinion of management that the Association has no significant uncertain tax positions that would be subject to change upon examination. The federal income tax returns of the Association are subject to examination by the IRS, generally for three years after they were filed.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2013 (AUDITED) AND 2012 (REVIEWED)

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 the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications had no effect on net assets as previously reported.

Fair value

The Association has adopted accounting principles generally accepted in the United States regarding fair value measurements, which apply to all assets and liabilities that are being measured and reported on a fair value basis. These principles define fair value, establish a framework for measuring fair value in accordance with generally accepted accounting principles and expand disclosure about fair value measurements. The implementation of these principles do not change amounts reported in the financial statements, however, additional disclosures are required. When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The application of valuation techniques applied to similar assets and liabilities has been consistently applied.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds – valued at the net asset value (NAV) or shares held by the plan at year end.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2013 (AUDITED) AND 2012 (REVIEWED)

Equity securities – valued at the closing price reported on the active market on which the securities are traded.

Corporate bonds and US government securities – (includes corporate bonds, mortgage backed securities, United States government bonds, and municipal bonds) valued at the quoted prices for identical or similar assets or liabilities in inactive markets.

NOTE 2 INVESTMENT SECURITIES

Marketable equity securities at December 31, 2013 and 2012 consists of the following:

	<u>Cost</u>	<u>Unrealized Gain</u>	<u>Market Value</u>
<u>2013:</u>			
Xcel Energy Inc. (36 shares)	\$ 962	\$ 44	\$ 1,006
<u>2012:</u>			
Xcel Energy Inc. (36 shares)	\$ 830	\$ 132	\$ 962

NOTE 3 FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring basis as of December 31, 2013 are summarized as follows:

Description	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2013:</u>				
Cash and money market funds	\$ 4,949	\$ 4,949	\$ -	\$ -
United States government bonds	7,173	-	7,173	-
Mortgage backed securities	6,804	-	6,804	-
Corporate bonds	5,833	-	5,833	-
Municipal bonds	2,539	-	2,539	-
Common equity securities	37,034	37,034	-	-
Mutual funds				
Equity securities	36,677	36,677	-	-
Fixed income	3,558	3,558	-	-
Other	11,007	11,007	-	-
	<u>\$ 115,574</u>	<u>\$ 93,225</u>	<u>\$ 22,349</u>	<u>\$ -</u>

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2013 (AUDITED) AND 2012 (REVIEWED)

Assets measured at fair value on a recurring basis as of December 31, 2012 are summarized as follows:

	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2012:</u>				
Cash and money market funds	\$ 1,845	\$ 1,845	\$ -	\$ -
United States government bonds	5,751	-	5,751	-
Mortgage backed securities	7,146	-	7,146	-
Corporate bonds	5,189	-	5,189	-
Municipal bonds	2,342	-	2,342	-
Common equity securities	23,109	23,109	-	-
Mutual funds				
Equity securities	26,422	26,422	-	-
Fixed income	2,736	2,736	-	-
Other	3,750	3,750	-	-
	<u>\$ 78,290</u>	<u>\$ 57,862</u>	<u>\$ 20,428</u>	<u>\$ -</u>

NOTE 4 PROPERTY AND EQUIPMENT

Details pertaining to property and equipment and accumulated depreciation at December 31, 2013 and 2012 are as follows:

	2013	2012
Land improvements	\$ 6,171	\$ 6,171
Building and improvements	1,488,747	1,483,642
Furniture and equipment	88,349	118,631
	<u>1,583,267</u>	<u>1,608,444</u>
Less accumulated depreciation	<u>(484,306)</u>	<u>(456,233)</u>
Total net property and equipment	<u>\$ 1,098,961</u>	<u>\$ 1,152,211</u>

Depreciation expense totaled \$43,011 and \$44,112 for the years ended December 31, 2013 and 2012, respectively.

NOTE 5 SHORT-TERM DEBT

The Association entered into short-term notes payable with Yvonne Schultz and Molla Romine for \$30,000 and \$5,000, respectively, for building improvements to the child care space and to cover operating costs. The notes do not carry an interest rate and are due on demand. As stated in Note 5 below, these notes were paid off in July of 2013 with the long-term refinancing.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
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NOTE 6 LONG-TERM DEBT

Details pertaining to the Association's noted payable and assets assigned as collateral thereon at December 31, 2013 and 2012, are as follows:

<u>Payee / Collateral</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Current Portion</u>	<u>2013</u>	<u>2012</u>
Bremer Bank / Building*	4.70%	6/20/2018	\$ 25,310	\$ 793,411	\$ -
Town & Country Credit Union / Building*	7.50%		-	-	661,730
			<u>\$ 25,310</u>	<u>\$ 793,411</u>	<u>\$ 661,730</u>

* During July 2013, the outstanding note payable at Town & Country Credit Union was refinanced for an amount of \$805,568 at Bremer Bank. The note requires monthly payments of \$5,214 and will mature on June 20, 2018, at which time the remaining balance of principal and interest will be due. The additional amount of the refinance (approximately \$140,000) was used to pay the balance owed to the IRS for payroll taxes, the balance owed to the state for payroll taxes and penalties, the short-term note payable to Yvonne Schultz Living Trust, and the short-term note payable to the Molla Romine Estate.

The aggregate amount of required future payments on the above long-term obligations as of December 31, 2013, is as follows:

For the year ending December 31:

2014	\$ 25,310
2015	26,542
2016	27,736
2017	29,186
2018	684,637
Thereafter	-
Total	<u>\$ 793,411</u>

The above loan contains a variety of loan covenants. As of December 31, 2013, the Association is in compliance with all covenants.

NOTE 7 LEASE OBLIGATION

The Association, as lessee, entered into an agreement with First Presbyterian Church in Minot, ND for the use of facilities to operate their childcare center after the Souris River flood of 2011. Rent expense under this agreement totaled \$0 and \$1,015 for the years ended December 31, 2013 and 2012, respectively. The lease expired and was not renewed during the year ending December 31, 2012.

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NOTE 8 SPECIAL FUNDRAISING EVENTS

Special fundraising events activities for the years ending December 31, 2013 and 2012 resulted in the following:

<u>2013</u>	<u>Gross Proceeds</u>	<u>Expenses</u>	<u>Net Proceeds</u>
Women of Distinction	\$ 13,530	\$ 6,198	\$ 7,332
Golf tournament	5,227	1,589	3,638
Giving Hearts match	5,703	600	5,103
Other	-	1,906	(1,906)
Total	<u>\$ 24,460</u>	<u>\$ 10,293</u>	<u>\$ 14,167</u>

<u>2012</u>	<u>Gross Proceeds</u>	<u>Expenses</u>	<u>Net Proceeds</u>
Women of Distinction	\$ 10,690	\$ 5,050	\$ 5,640
Giving Hearts match	1,200	-	1,200
Hostfest	2,000	-	2,000
Other	3,652	1,110	2,542
Total	<u>\$ 17,542</u>	<u>\$ 6,160</u>	<u>\$ 11,382</u>

NOTE 9 DONATED GOODS

The Association received donated goods and supplies with an estimated fair value of \$18,669 in 2013 and \$12,910 in 2012.

NOTE 10 CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to carry out the mission of the organization. In accordance with professional standards, the value of this contributed time is not reflected in these statements. During 2013 and 2012, the Association did not recognize any in-kind advertising income.

NOTE 11 ECONOMIC DEPENDENCY

Young Women's Christian Association of Minot receives a substantial amount of its support from federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, may have a material effect on the Association's programs.

NOTE 12 PAYROLL LIABILITIES

The Internal Revenue Service has asserted that payroll taxes of approximately \$100,000 have not been deposited as required as of December 31, 2012. The Association paid off the balance of these taxes in July 2013 with the refinanced Bremer note as discussed in Note 5.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF MINOT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
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NOTE 13 ENDOWMENTS

The Association's endowments consists of donations received from various individuals which are to be set aside as permanently restricted funds with the interest earned to be used for the daily operations of the YWCA. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the YWCA has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the Association's investment policies.

The changes in endowment net assets for the year ended December 31, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, January 1, 2013	\$ -	\$ -	\$ 77,328	\$ 77,328
Contributions	-	-	24,800	24,800
Investment income	-	-	2,035	2,035
Net appreciation (depreciation)	-	-	12,085	12,085
Amounts appropriated for expenditure	-	-	(1,680)	(1,680)
Endowment net assets, December 31, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,568</u>	<u>\$ 114,568</u>

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The changes in endowment net assets for the year ended December 31, 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, January 1, 2012	\$ -	\$ -	\$ 65,243	\$ 65,243
Contributions	-	-	10,000	10,000
Investment income	-	-	1,640	1,640
Net appreciation (depreciation)	-	-	2,061	2,061
Amounts appropriated for expenditure	-	-	(1,616)	(1,616)
Endowment net assets, December 31, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,328</u>	<u>\$ 77,328</u>

As of December 31, 2013 and 2012, all endowment funds were donor-restricted.

NOTE 14 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Association's year end. Subsequent events have been evaluated through June 19, 2014, which is the date these financial statements were available to be issued.