

**MINNESOTA CREDIT
UNION NETWORK, INC.**
ST. PAUL, MINNESOTA
AUDITED
FINANCIAL STATEMENTS
December 31, 2014 and 2013

INDEPENDENT AUDITOR'S REPORT

AND

BASIC FINANCIAL STATEMENTS

MINNESOTA CREDIT UNION NETWORK, INC.,

SUBSIDIARIES, AND AFFILIATE

ST. PAUL, MINNESOTA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minnesota Credit Union Network, Inc., Subsidiaries, and Affiliate
St. Paul, Minnesota

We have audited the accompanying financial statements of the Minnesota Credit Union Network, Inc. (a non-profit organization), Subsidiaries, and Affiliate, which comprise the Consolidated Statements of Financial Position as of December 31, 2014 and 2013, and the related Consolidated Statements of Activities and Changes in Net Assets, and Cash Flows for the years 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 consolidated 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based upon our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 upon 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 evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Minnesota Credit Union Network, Inc., Subsidiaries, and Affiliate as of December 31, 2014 and 2013, and the results of its consolidated activities, consolidated changes in net assets, and consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Peffer & Wallace, Ltd.

Cambridge, Minnesota
March 24, 2015

Certified Public Accountants

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

December 31, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash	\$ 4,649,477	\$ 2,962,081
Accounts receivable	650,042	563,700
Related party receivables	169,717	36,306
Prepaid income taxes	10,297	127,193
Prepaid expenses	90,115	93,893
Total Current Assets	<u>5,569,648</u>	<u>3,783,173</u>
Properties and Equipment at Cost, Net of Accumulated Depreciation	281,523	577,993
Investments and Other Assets:		
Intangibles - ProDraft Services, Inc. - customer list	200,000	200,000
Intangibles - ProDraft Services, Inc. - non-compete	5,000	5,000
Intangibles - ProDraft Services, Inc. - goodwill	138,189	138,189
Cash restricted for long-term use - CU Unity/scholarships	291,855	305,776
Cash restricted for long-term use - deferred compensation	-	30,000
Investments - deferred compensation	55,378	-
Minnesota Credit Union System, Inc.	1,000	1,000
Credit Union House, LLC	80,675	80,675
CUNA Strategic Services, Inc.	25,560	25,560
CU Co-op Systems	20,000	20,000
Minnesota Credit Union Services Corporation	4,375	4,375
National Credit Union Service Corporation	6,370	6,370
Total Investments and Other Assets	<u>828,402</u>	<u>816,945</u>
Total Assets	<u><u>\$ 6,679,573</u></u>	<u><u>\$ 5,178,111</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 2,665,721	\$ 1,205,983
Related party payables	-	4,193
Accrued expenses	457,467	456,208
Total Current Liabilities	<u>3,123,188</u>	<u>1,666,384</u>
Deferred Income Taxes	129,618	187,587
Accrued Net Pension Liability	168,410	70,132
Deferred Compensation Liability	55,378	30,000
Net Assets:		
Net assets - temporarily restricted	477,767	465,455
Net assets - unrestricted	2,725,212	2,758,553
Total Net Assets	<u>3,202,979</u>	<u>3,224,008</u>
Total Liabilities and Net Assets	<u><u>\$ 6,679,573</u></u>	<u><u>\$ 5,178,111</u></u>

See Notes To Financial Statements.

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
& CHANGES IN NET ASSETS**

Years Ended December 31, 2014 and 2013

	2014	2013
Unrestricted Revenues & Gains:		
Membership dues	\$ 1,376,986	\$ 1,328,427
CUNA Mutual incentive income	526,783	537,082
Other incentive income	325,784	342,982
Item processing income	2,001,673	1,653,415
Management fees - related party - SSC	40,347	38,158
Interest and dividends	3,953	4,852
Other income	312,160	285,118
Total Unrestricted Revenues & Gains	4,587,686	4,190,034
Net Assets Released From Restrictions By Payments	393,811	350,683
Total Unrestricted Revenues, Gains, and Support	4,981,497	4,540,717
Costs and Expenses:		
Meetings	22,111	24,068
Management fees	316,000	135,500
Salaries	1,871,267	1,824,276
Payroll taxes	143,347	142,770
Insurance benefits	427,205	491,346
Retirement - 401(k)	92,569	100,402
Retirement - defined benefit plan expense (benefit)	176,637	(94,125)
Deferred compensation expense	25,378	30,000
Staff development and personnel services	34,341	27,289
Dues and subscriptions	35,590	26,478
Travel	126,648	136,905
Rent	176,669	176,669
Operational insurance	59,705	52,930
Equipment repairs and maintenance	150,694	105,035
Depreciation	246,918	216,206
Telephone	75,704	73,812
Supplies, postage and reproduction	36,413	39,693
General	79,864	73,893
Audit	53,855	50,722
Legislative and legal	144,177	189,945
Advertising, educational programs, and credit union support	259,708	243,639
Political contributions and fundraising costs	41,514	24,012
Return collection, commissions, and service fees	157,527	119,359
Loss on disposition of assets	115,644	-
Contributions and scholarships	162,963	209,395
Total Costs & Expenses	5,032,448	4,420,219
Net Increase (Decrease) in Unrestricted Net Assets	(50,951)	120,498
Temporarily Restricted Revenues & Gains:		
Contributions	400,953	298,185
Interest and dividends	753	940
Net assets released from restrictions by payments	(393,811)	(350,683)
Increase (Decrease) in Temporarily Restricted Net Assets	7,895	(51,558)
Increase in Net Assets - Before Income Taxes	(43,056)	68,940
Income Tax Expense	(22,027)	50,535
INCREASE (DECREASE) IN NET ASSETS	(21,029)	18,405
NET ASSETS AT BEGINNING OF YEAR	3,224,008	3,205,603
NET ASSETS AT END OF YEAR	\$ 3,202,979	\$ 3,224,008

See Notes To Financial Statements.

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2014 and 2013

Cash Flows From Operating Activities:	<u>2014</u>	<u>2013</u>
Increase (Decrease) in Net Assets	\$ (21,029)	\$ 18,405
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation	246,918	216,206
Deferred taxes	(57,969)	27,548
Loss on disposition of assets	115,644	-
(Increase) Decrease in:		
Accounts receivable	(86,342)	(47,513)
Related party receivables	(133,810)	211,786
Prepaid expenses	120,674	(134,695)
Increase (Decrease) in:		
Related party payables	(3,794)	4,193
Accounts payable	1,434,738	537,650
Deferred compensation liability	25,378	30,000
Accrued pension liability	98,278	(192,585)
Accrued expenses	1,259	(118,614)
Net Cash From Operating Activities	<u>1,739,945</u>	<u>552,381</u>
 Cash Flows From Investing Activities:		
Acquisition of intangible assets	-	(343,189)
Acquisition of investment - closely held entity	-	(20,000)
Acquisition of investments - mutual funds - deferred comp.	(30,378)	-
Proceeds from disposition of assets	42,472	-
Acquisition of furniture, equipment, vehicles, and leasehold improvements	(108,564)	(271,289)
Net Cash Used In Investing Activities	<u>(96,470)</u>	<u>(634,478)</u>
Increase (Decrease) In Cash	1,643,475	(82,097)
Cash Balance Beginning of Year	3,297,857	3,379,954
Cash Balance End of Year	<u>\$ 4,941,332</u>	<u>\$ 3,297,857</u>
 Classification of Cash on the Consolidated Statements of Financial Position:		
Cash in Current Assets	<u>\$ 4,649,477</u>	<u>\$ 2,962,081</u>
Cash in Investments and Other Assets	<u>\$ 291,855</u>	<u>\$ 335,776</u>
 Supplemental Cash Flow Disclosures:		
Liability assumed in exchange for software	<u>\$ -</u>	<u>\$ 112,500</u>
Cash payments for income taxes	<u>\$ 1,239</u>	<u>\$ 201,355</u>

See Notes to Financial Statements.

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2014 and 2013

Note 1 Summary of Significant Accounting Policies:

The Minnesota Credit Union Network, Inc. (Network), a non-stock, IRC 501(c)(6) tax-exempt organization, serves as a trade association for credit unions, providing legislative, research, public relations, educational and service development support for the Minnesota credit union movement. Its membership is comprised of local credit unions in the State of Minnesota. The Network has established the Minnesota Credit Union Network Service Corporation (NSC), a wholly owned subsidiary of the Network, which provides business services and products to the local credit unions. The separate income of NSC is subject to applicable income taxes. On December 31, 2011, the Minnesota Item Processing Corporation (MNIPC) became a wholly owned subsidiary of NSC as a result of MNIPC's redemption of all other shareholders of that corporation. The Network also controls the Minnesota Credit Union Foundation, a non-profit Minnesota corporation organized to raise and expend funds to benefit the credit union movement.

The consolidated financial statements include the accounts of the Network, NSC (and MNIPC), and the Foundation. All significant intercompany balances and transactions have been eliminated in consolidation. The Minnesota Credit Union System, Inc. has not been consolidated, due to its role as a conduit for handling payroll and benefits on a break-even basis.

Management fees billed to the Network and NSC by Minnesota Credit Union System, Inc., for personnel related costs are reflected in the financial statements as salary, payroll taxes, and benefits.

For purposes of the Statements of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. At times, balances in the various cash accounts are in excess of insured limits.

Accounts receivable are recorded at their estimated net realizable value which management believes is face value. Credit terms are extended to customers in the normal course of business. The Company considers the past payment history and current financial condition of the customer when determining whether a write-off or write-down is necessary. Interest is not charged on the balances.

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the related assets. The Network capitalizes equipment when it is deemed probable that the estimated useful life exceeds one year.

Investments in the common stock of Minnesota Credit Union System, Inc., Minnesota Credit Union Services Corporation, CU Cooperative Systems, Inc., National Credit Union Service Corporation, CUNA Strategic Services, Inc., and Credit Union House, LLC are recorded at cost. The Company considers the economic condition of the underlying company when determining whether a write-down of the investment is required. There have been no reclassifications of these Level Three investments since their acquisition.

The preparation of financial statements in conformity with generally accepted accounting principles 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 these estimates.

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2014 and 2013

Note 1 Summary of Significant Accounting Policies - continued:

Intangible assets and investments in marketable securities are reviewed for reviewed for potential impairment on at least an annual basis or whenever circumstances exist that indicate that carrying amounts may not be recoverable.

Revenues and costs associated with the educational programs and seminars are netted and reported as other income. Advertising and promotion expenses are expensed as incurred.

The Network, its subsidiaries, and its affiliate only takes tax positions that they believe have a more likely than not probability of being upheld under examination. The Network's income tax returns for Federal and State are open for examination for tax years 2014, 2013, 2012, and 2011.

The Network considers subsequent events up to the date of the auditor's report, which is the date that the financial statements are available to be issued.

Note 2 Property and Equipment:

The following is a schedule of property and equipment, by major category of assets:

	2014		2013	
	Original Cost	A/ Dep.& Imp.	Original Cost	A/ Dep.& Imp.
Automobiles	\$ 211,110	\$ 76,776	\$ 207,138	\$ 93,242
Furniture, equipment, software	1,343,168	1,225,608	1,583,742	1,194,007
Leasehold improvements	860,732	831,103	860,731	786,369
	<u>\$ 2,415,010</u>	<u>\$ 2,133,487</u>	<u>\$ 2,651,611</u>	<u>\$ 2,073,618</u>

Depreciation expense charged to operations was \$246,918 in 2014 and \$216,206 in 2013.

Note 3 Investments:

Investments - Marketable Securities:

During 2014, the Network began investing in marketable securities related to the deferred compensation plan discussed in Note 8. The Network carries these investments in marketable securities with readily determinable fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities and changes in net assets. The investments made during 2014 and held at December 31, 2014 are entirely in mutual funds, holding both debt and equity positions. Due to their fair value being determined based upon quoted market values for identical investments, these funds are classified as Level One investments. The fair value of these mutual funds as of December 31, 2014 was \$30,378. In addition, the Network accrued an additional \$25,000 relating to 2014 compensation. These funds have yet to be invested as of December 31, 2014.

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2014 and 2013

Note 3 Investments:

Investments - Closely Held Entities:

Minnesota Credit Union System, Inc. (System Corp.), is owned and operated by the Network for the purpose of centralizing the payroll and personnel functions of the Network, Minnesota Item Processing and Minnesota Credit Union Services, operating on a break-even basis.

Credit Union House, LLC is an entity organized to acquire and operate a building in Washington, D.C., to be utilized for various credit union related functions. The Network invested in the LLC in 2001, currently holding a 1.66% stake in the entity.

CUNA Service Group, Inc. (CSG), is a corporation organized and operated to promote marketing and program services for credit unions. The Network, via its subsidiary NSC, owns 1,750.71 shares, carried at a cost of \$25,560.

CU Cooperative Systems, Inc. is a corporation organized and operated to provide ATM Network, shared branching, and other EFT services to its members. The Network, via its subsidiary, owns ten shares of Class B shares, representing .07% of the outstanding shares. NSC purchased these shares in December of 2013.

Minnesota Credit Union Services Corporation (CUSO)/(SSC), is a separate corporation formed by the Network to develop and operate a shared service network. The Network, via NSC, owns 28 shares of class B common stock, carried at a cost of \$4,375. The Class A common stock is owned by various member credit unions. Control of the Company is vested in a majority vote of the Class A and Class B shares.

National Credit Union Service Corporation (CUSC), is a corporation organized and operated to provide State credit union leagues the ability to offer shared services to their respective member credit unions. The Network, via its subsidiary NSC, owns 130,000 shares of CUSC stock, carried at a cost of \$6,370.

Note 4 Intangibles:

As part of the purchase of the assets of ProDraft Services, Inc., MNIPC acquired intangible assets of \$343,189. These assets are not subject to amortization, rather, they are evaluated for impairment on at least an annual basis. This evaluation is based upon the expected future cash flows associated with this acquisition. As of December 31, 2014 and 2013, no adjustment for impairment was deemed necessary. The following is a schedule of these intangible assets

	12/31/2014	12/31/2013
Customer list	\$ 200,000	\$ 200,000
Non-compete agreement	5,000	5,000
Goodwill	138,189	138,189
	\$ 343,189	\$ 343,189

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2014 and 2013

Note 5 Lines of Credit:

The Network, NSC, and MNIPC have a total of five settlement account loans established, all with floating interest rates, with Alloya Corporate Federal Credit Union. These accounts are secured by accounts receivable, cash, and investments. There were no advances as of December 31, 2014 and 2013. The total borrowing capacity under these five lines is \$793,000 as of December 31, 2014.

Note 6 Lease Commitment:

In August of 2005, the Network moved from its leased office facility in Bloomington, Minnesota to a new leased office location in downtown St. Paul, Minnesota. The Network's ten-year lease in St. Paul provides for a total of 11,823 square feet of office space. Of this total area, 4,600 square feet was sub-leased in a five-year lease to Minnesota Item Processing Corporation (MNIPC). The lease includes 22 parking spaces, of which eight are subleased to MNIPC. The lease term began September 1, 2005 and terminates August 31, 2015. The lease provides for annual rents beginning at \$183,257, escalating via annual inflation adjustments to \$189,168 for years five through ten. These rents are reduced by a build-out credit of \$79,994 per year for each of the first five years. These build-out credits total \$399,970 over the five years, and are amortized over the ten-year lease period at \$39,997 per year. This difference between the expense recognition and the cash flow realization of these build-out credits for the ten year lease period from September 1, 2005 to August 31, 2015 is summarized in the schedule below:

Yr.	Gross Rents	Rent Credit	Net Rent Exp.	Cash Paid	Annual Accrued Rent	Accumulated Accrued Rent
1	\$ 205,697	\$ (39,997)	\$ 165,700	\$ 125,703	\$ 39,997	\$ 39,997
2	207,943	(39,997)	167,946	127,949	39,997	79,994
3	210,189	(39,997)	170,192	130,195	39,997	119,991
4	212,436	(39,997)	172,439	132,442	39,997	159,988
5	214,682	(39,997)	174,685	134,688	39,997	199,985
6	214,248	(39,997)	174,251	214,248	(39,997)	159,988
7	214,248	(39,997)	174,251	214,248	(39,997)	119,991
8	214,248	(39,997)	174,251	214,248	(39,997)	79,994
9	214,248	(39,997)	174,251	214,248	(39,997)	39,997
10	214,248	(39,997)	174,251	214,248	(39,997)	-
	<u>\$ 2,122,187</u>	<u>\$ (399,970)</u>	<u>\$ 1,722,217</u>	<u>\$ 1,722,217</u>	<u>\$ -</u>	

Accrued rent as of December 31, 2014 and 2013 is \$26,665 and \$66,662, respectively, and is included in accrued expenses.

Note 7 Retirement Plans:

401(k) Plan

The Network sponsors a 401(k) profit sharing plan maintained by the Minnesota Credit Union System Corp. for employees of the System Corporation. Under the plan, eligible employees have the option to contribute up to 100% of cash compensation not to exceed the dollar limit established by the Internal Revenue Code. The plan provides for a maximum six percent employer matching contribution. Matching contributions, net of forfeitures, were \$92,569 and \$100,402 for 2014 and 2013, respectively.

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2014 and 2013

Note 7 Retirement Plans - continued:

Defined Benefit Plan

The Network sponsors a defined benefit pension plan on behalf of the employees and former employees of the Minnesota Credit Union System, Inc. The Network has frozen the plan effective March 1, 2006. No new or additional benefits will be accrued under the plan after this date. Benefits earned prior to this date are not affected and will be funded and paid in accordance with the terms of the plan. The funded status of defined benefit pension plans is fully recognized in the balance sheet and the measurement date is as of the balance sheet date. The accounting standards require that for-profit entities, (SSC, a related party - see Note 3 and Note 9), record the changes in the funded status as an adjustment of "Accumulated Other Comprehensive Income." Non-profit entities and subsidiaries of non-profit entities, (MCUN, NSC, and MNIPC), are required to record the effect in the "Statement of Activities" as a charge to "Unrestricted Net Assets."

Expected long-term return on plan assets is determined by applying historical average investment returns from published indexes relating to the current allocation of assets in the portfolio.

Pension fund is invested entirely in fixed income investments (Level Two) to safeguard the benefits promised to employees.

The discount rate is determined using the Mercer Pension Discount Index Rate for an Average Plan (www.mercer.com/pensiondiscount). The result is rounded to the nearest quarter percent.

Required information concerning the plan is as follows:

	12/31/14	12/31/13
Fair value of Plan assets at end of year	\$ 922,565	\$ 1,177,090
Projected and accumulated benefit obligation	(1,094,500)	(1,248,317)
Funded status at end of year - all a non-current liability	\$ (171,935)	\$ (71,227)
Funded status by entity:		
MCUN	\$ (80,329)	\$ (30,890)
NSC	(39,971)	(24,298)
MNIPC	(48,110)	(14,944)
MCUSC	(3,525)	(1,095)
Plan Total	\$ (171,935)	\$ (71,227)
Net periodic pension cost - by entity:		
MCUN	\$ 12,020	\$ 13,137
NSC	5,981	10,334
MNIPC	7,199	6,355
MCUSC	527	466
Plan Total	\$ 25,727	\$ 30,292

MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

Note 7 Retirement Plans - continued:

Defined Benefit Plan - continued		12/31/14	12/31/13
Employer contributions - by entity:	MCUN	\$ 37,376	\$ 43,370
	NSC	18,600	34,110
	MNIPC	22,384	20,980
	MCUSC	1,640	1,540
	Plan Total	\$ 80,000	\$ 100,000
Benefits paid - by entity:	MCUN	\$ 119,151	\$ 354
	NSC	236,700	354
	MNIPC	-	-
	MCUSC	-	770
	Plan Total	\$ 355,851	\$ 1,478
Components of net periodic benefit cost - for the Plan:			
	Interest cost	\$ 59,295	\$ 52,846
	Expected (return) loss on plan assets	(70,625)	(68,527)
	Amortization of net loss (gain)	37,057	45,973
	Net Periodic Benefit cost	25,727	30,292
	Net loss (gain)	192,038	(79,999)
	Amortization of net (loss) gain	(37,058)	(45,973)
	Total recognized in other comprehensive income and net periodic pension cost	\$ 180,707	\$ (95,680)
Amounts recognized in accumulated other comprehensive or unrestricted net assets - by entity:			
	MCUN (Charged to unrestricted net assets)	\$ 86,815	\$ (41,471)
	NSC (Charged to unrestricted net assets)	34,272	(32,634)
	MNIPC (Charged to unrestricted net assets)	55,550	(20,020)
	MCUSC (Charged to accum. other comprehensive income)	4,070	(1,555)
	Total for the Plan	\$ 180,707	\$ (95,680)
Cumulative amounts recognized of net loss (gain) in accumulated other comprehensive income (loss) and unrestricted net assets - by entity:			
	MCUN/NSC	\$ (323,015)	\$ (444,102)
	MNIPC	(41,303)	(96,853)
	MCUSC	(21,528)	(25,598)
	Plan Total	\$ (385,846)	\$ (566,553)

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2014 and 2013

Note 7 Retirement Plans - continued:

Defined Benefit Plan - continued	<u>12/31/14</u>	<u>12/31/13</u>
Weighted Average Assumptions:		
Discount rate - post and pre-retirement	4.00%	4.75%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	0.00%	0.00%
Measurement date	12/31/14	12/31/13
Asset allocation by asset category - debt securities	100%	100%
Future Cash Flows:		
Expected contributions for 2015		
MCUN	unknown	
NSC	unknown	
MNIPC	unknown	
MCUSC	unknown	
Plan Total	<u>unknown</u>	
Expected benefit payments for 2015 - plan total	\$ -	
Expected benefit payments for 2016 - plan total	65,391	
Expected benefit payments for 2017 - plan total	12,863	
Expected benefit payments for 2018 - plan total	12,290	
Expected benefit payments for 2019 - plan total	11,878	
Expected benefit payments for 5 years thereafter - plan total	369,501	
Total	<u>\$ 471,923</u>	

Note 8 Deferred Compensation Plan:

During 2013, the Network established a non-qualified deferred compensation plan, currently including one executive employee of the Network. Under this plan, the Network periodically makes discretionary contributions to an account. The Network invests these funds in cash or other investments accounts in accordance with their investment policy (see Note 3). Distributions under this plan are made beginning at age 65, and are paid out over a three year period. Early distributions are payable in the event of death, disability, or involuntary separation. During 2013, the Network contributed \$30,000 to this account, which was solely invested in cash as of December 31, 2013. During 2014, the Network began investing in mutual funds. As of December 31, 2014, the Network had mutual funds valued at \$30,378 and had accrued additional contributions of \$25,000 for this plan. As a result, the total deferred compensation liability was \$55,378 and \$30,000 as of December 31, 2014 and 2013, respectively.

Note 9 Related Party Transactions:

Management Fee Agreement

Management fees received from SSC was \$40,347 and \$38,158 in 2014 and 2013, respectively.

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2014 and 2013

Note 9 Related Party Transactions - continued:

Minnesota Credit Union System, Inc.

All personnel of the Network, Network Services Corporation, and Minnesota Item Processing Corporation are employees of the System Corp. Billings from the System Corp. are recorded as salaries, payroll taxes, and benefits expenses.

Related Party Receivables and Payables

The Network periodically pays expenses on behalf of the Minnesota Credit Union Services Corporation, and Minnesota Credit Union System, Inc. Balances due from (to) these advances to (from) related parties as of December 31, 2014 and 2013 are as follows:

	12/31/2014	12/31/2013
Minnesota Credit Union Services Corporation	\$ 8,211	\$ (4,193)
Minnesota Credit Union System, Inc.	161,506	36,306
	\$ 169,717	\$ 32,113

The Minnesota Credit Union System, Inc. , to offset its liability to the Network, has the following assets, liabilities, and equity on its balance sheet:

	12/31/2014	12/31/2013
Cash	\$ 140,177	\$ 945
Prepaid expense	32,045	38,884
Accounts payable	(9,716)	(2,523)
Equity	(1,000)	(1,000)
	\$ 161,506	\$ 36,306

Note 10 Temporarily Restricted Funds:

The Network collects voluntary dues and contributions from member credit unions that are used to encompass its broader strategic focus on consumer awareness and to help credit unions grow market share, in alignment with the Network's strategic plan. Temporarily restricted funds supporting the credit union movement (CU Awareness Fund - formerly MNAP) and (CU Advocacy Fund), to provide funding for future legislative education regarding credit union issues (Credit Union Unity - formerly Credit Union Defense), and to directly donate to political campaigns (CUVOL). The Foundation's Credit Unions for Kids Fund raises funds for Gillette's Children's Specialty Hospital. The Minnesota Family Involvement Council (FIC) is a committee of the Foundation that works to enhance the future of the credit union movement by providing financial awareness solutions. The FIC conducts an annual scholarship program, awarding funds to Minnesota credit union members throughout the state, an endeavor made possible through its annual silent auction fundraiser. These funds are received subject to the donor imposed restrictions, and, as such, are segregated into separate funds to account for qualifying disbursements.

MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

Note 11 Income Taxes:

Income taxes are computed and allocated based on each entity's share of the consolidated taxable income of the Minnesota Credit Union Network Services Corporation and Minnesota Item Processing Corporation. The deferred provision for income taxes reflects an assumed tax rate applied to the change in deferred tax assets and/or liabilities for each entity. The components of income tax expense (benefit) are as follows:

	2014	2013
Federal tax - current provision - NSC	\$ 24,371	\$ 24,650
Federal tax - current provision - MNIPC	-	-
State tax - current provision - NSC	4,701	4,973
State tax - current provision - MNIPC	6,870	5,784
Federal tax - deferred provision - NSC	(18,620)	7,467
Federal tax - deferred provision - MNIPC	(24,160)	2,259
State tax - deferred provision - NSC	(7,085)	1,971
State tax - deferred provision - MNIPC	(8,104)	3,431
Total	\$ (22,027)	\$ 50,535

Amounts prepaid (payable) for income taxes are as follows:

	12/31/2014	12/31/2013
Federal	\$ 5,629	\$ 99,469
State	4,668	27,724
Total	\$ 10,297	\$ 127,193

NSC and MNIPC amended its 2011 and 2012 Federal and State income tax returns to claim additional tax depreciation deductions. These amendments resulted in refunds for Federal and State of \$10,159 and \$2,261, respectively. These refunds resulted in decreases to the deferred income tax provisions.

The effective tax rates for NSC and MNIPC are different than what would be expected if the Federal and State tax rates were applied to income from continuing operations primarily because of income and expenses included and deducted for financial reporting purposes in a different year than for tax purposes, such as vacation pay accruals, defined benefit accruals, depreciation expense, and gains on acquisition. These book/tax differences give rise to the deferred tax liability on the statement of financial position. These components of the deferred tax asset (liability) are summarized as follows:

		12/31/2014	12/31/2013
Depreciation	NSC	\$ 61,625	\$ 38,801
Depreciation	MNIPC	10,196	(19,061)
Amortization	MNIPC	(8,708)	(2,700)
Vacation accruals and pension costs	NSC	20,061	17,180
Vacation accruals and pension costs	MNIPC	18,000	8,985
Basis differences in investments	NSC	(230,792)	(230,792)
Net deferred tax liability		\$ (129,618)	\$ (187,587)

**MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2014 and 2013

Note 12 Concentrations of Risk:

The Network's wholly owned subsidiary, NSC, receives incentive income from various organizations and, as a result, is dependent on those organizations continued commitment to continue funding these incentive programs.

Note 13 Agency Transactions:

When collecting their dues, the Network also collects dues for CUNA. These collections are treated as liabilities and remitted shortly after they are collected.

Note 14 Acquisition of ProDraft Services, Inc.

On September 1, 2013, MNIPC purchased substantially all of the assets of ProDraft Services, Inc, a North Dakota item processing company. MNIPC will absorb ProDraft's share draft processing for 34 credit unions into its existing infrastructure while incurring minimal additional costs after the initial conversion period. In addition to share draft processing, MNIPC acquired ProDraft's correspondent services for 26 credit unions. These pass-through services require very little effort and oversight. MNIPC also acquired "payable-through processing", which involves processing rebate and refund checks directly to consumers. This processing represents a new business line for MNIPC. These business lines are expected to provide reasonable profits when fully absorbed, primarily as a result of minimal additional overhead costs. Goodwill was recognized in the amount of \$138,189, and is attributable to the cash flows created from these product lines. The entire amount of this goodwill is expected to be deductible for income tax purposes.

MNIPC acquired these assets for a total of \$630,000, which they paid for cash of \$517,500 and the assumption of a software development contract of \$112,500. The assets acquired are recapped as follows:

Furniture and equipment	\$ 67,771
Software	219,040
Customer list	200,000
Non-compete agreement	5,000
Goodwill	138,189
	\$ 630,000

For the period from October 1, 2013 through December 31, 2013, the ProDraft operations resulted in a net pre-tax loss of \$34,864. For the year ended December 31, 2014, the ProDraft operations resulted in a net pre-tax loss of \$26,577.

Note 15 Expenses by Functional Classification:

For 2014 and 2013, the Network estimates its expenses in its non-profit General Fund and temporarily restricted funds to be approximately 85% program services, 13% management and general, and 2% fundraising. For 2014 and 2013, the Network estimates its expenses to be approximately 92% program services, 1% management and general, and 7% fundraising.

ACCOMPANYING INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON ACCOMPANYING INFORMATION

To the Board of Directors
Minnesota Credit Union Network, Inc., Subsidiaries, and Affiliate
St. Paul, Minnesota

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying consolidating information for the year ended December 31, 2014, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Cambridge, Minnesota
March 24, 2015

Certified Public Accountants

MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2014

ASSETS	MCUN RESTRICTED			CONSOLIDATED FOUND-							
	GENERAL FUND	FUNDS & CUVOL	ELIMIN.	MCUN	NSC	MNIPC	ELIMIN.	NSC	ATION	ELIMIN.	CONSOLIDATED
Current Assets:											
Cash	\$ 461,873	\$ 31,039	\$ -	\$ 492,912	\$ 1,160,070	\$ 2,891,359	\$ -	\$ 4,051,429	\$ 105,136	\$ -	\$ 4,649,477
Accounts receivable	16,894	-	-	16,894	405,100	227,380	-	632,480	10,668	(10,000)	650,042
Related party / fund receivables	278,685	123,164	(123,164)	278,685	95,633	-	(7,321)	88,312	-	(197,280)	169,717
Prepaid expenses	37,830	-	-	37,830	26,746	35,836	-	62,582	-	-	100,412
Total Current Assets	795,282	154,203	(123,164)	826,321	1,687,549	3,154,575	(7,321)	4,834,803	115,804	(207,280)	5,569,648
Property and Equipment, Net	97,541	-	-	97,541	97,376	86,606	-	183,982	-	-	281,523
Investments and Other Assets:											
Intangibles - ProDraft Services, Inc.	-	-	-	-	-	343,189	-	343,189	-	-	343,189
Cash restricted for LT use - CU Unity/scholarships	-	261,855	-	261,855	-	-	-	-	30,000	-	291,855
Investments - deferred compensation	55,378	-	-	55,378	-	-	-	-	-	-	55,378
Subsidiary - Network Service Corporation	2,181,185	-	-	2,181,185	-	-	-	-	-	(2,181,185)	-
Subsidiary - Minnesota Item Processing Corp.	-	-	-	-	644,567	-	(644,567)	-	-	-	-
Minnesota Credit Union System, Inc.	1,000	-	-	1,000	-	-	-	-	-	-	1,000
Credit Union House, LLC	80,675	-	-	80,675	-	-	-	-	-	-	80,675
CUNA Strategic Services, Inc.	-	-	-	-	25,560	-	-	25,560	-	-	25,560
CU Cooperative Systems, Inc.	-	-	-	-	20,000	-	-	20,000	-	-	20,000
Minnesota Credit Union Services Corporation	-	-	-	-	4,375	-	-	4,375	-	-	4,375
National Credit Union Service Corporation	-	-	-	-	6,370	-	-	6,370	-	-	6,370
Total Investments and Other Assets	2,318,238	261,855	-	2,580,093	700,872	343,189	(644,567)	399,494	30,000	(2,181,185)	828,402
Total Assets	\$ 3,211,061	\$ 416,058	\$ (123,164)	\$ 3,503,955	\$ 2,485,797	\$ 3,584,370	\$ (651,888)	\$ 5,418,279	\$ 145,804	\$ (2,388,465)	\$ 6,679,573
LIABILITIES AND NET ASSETS											
Current Liabilities:											
Accounts payable	\$ 32,298	\$ -	\$ -	\$ 32,298	\$ 14,814	\$ 2,628,609	\$ -	\$ 2,643,423	\$ -	\$ (10,000)	\$ 2,665,721
Related party / fund payables	210,770	-	(123,164)	87,606	-	116,377	(7,321)	109,056	618	(197,280)	-
Accrued expenses	197,883	-	-	197,883	100,721	158,863	-	259,584	-	-	457,467
Total Current Liabilities	440,951	-	(123,164)	317,787	115,535	2,903,849	(7,321)	3,012,063	618	(207,280)	3,123,188
Deferred Income Taxes	-	-	-	-	149,106	(19,488)	-	129,618	-	-	129,618
Accrued Net Pension Liability	80,329	-	-	80,329	39,971	48,110	-	88,081	-	-	168,410
Deferred Compensation Liability	55,378	-	-	55,378	-	-	-	-	-	-	55,378
Net Assets											
Common stock	-	-	-	-	1,000	74	(74)	1,000	-	(1,000)	-
Additional paid in capital	-	-	-	-	38,524	59,926	(59,926)	38,524	-	(38,524)	-
Retained earnings	-	-	-	-	2,141,661	591,899	(584,567)	2,148,993	-	(2,148,993)	-
Net Assets - Temporarily Restricted	-	416,058	-	416,058	-	-	-	-	61,709	-	477,767
Net Assets - Unrestricted	2,634,403	-	-	2,634,403	-	-	-	-	83,477	7,332	2,725,212
Total Net Assets	2,634,403	416,058	-	3,050,461	2,181,185	651,899	(644,567)	2,188,517	145,186	(2,181,185)	3,202,979
Total Liabilities and Net Assets	\$ 3,211,061	\$ 416,058	\$ (123,164)	\$ 3,503,955	\$ 2,485,797	\$ 3,584,370	\$ (651,888)	\$ 5,418,279	\$ 145,804	\$ (2,388,465)	\$ 6,679,573

See Auditor's Report on Accompanying Information

MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2014

UNRESTRICTED NET ASSETS	MCUN	RESTRICTED	ELIMIN.	MCUN	NSC	MNIPC	ELIMIN.	CONSOLIDATED	FOUND-	ELIMIN.	CONSOLIDATED
	GENERAL	FUNDS						NSC	ATION		
Unrestricted Revenues & Gains:	FUND	& CUVOL						NSC			
Membership dues	\$ 1,376,986	\$ -	\$ -	\$ 1,376,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,376,986
CUNA Mutual incentive income	-	-	-	-	526,783	-	-	526,783	-	-	526,783
Other incentive income	-	-	-	-	325,784	-	-	325,784	-	-	325,784
Item processing income	-	-	-	-	-	2,001,673	-	2,001,673	-	-	2,001,673
Management fees - related parties, MNIPC & SSC	-	-	-	-	210,347	-	(170,000)	40,347	-	-	40,347
Interest & dividends	1,522	-	-	1,522	2,358	73	-	2,431	-	-	3,953
Income from subsidiary	93,544	-	-	93,544	-	-	-	-	-	(93,544)	-
Rent income	95,255	-	-	95,255	-	-	-	-	-	(95,255)	-
Other income	160,536	-	-	160,536	99,189	-	-	99,189	52,435	-	312,160
Total Unrestricted Revenues & Gains	1,727,843	-	-	1,727,843	1,164,461	2,001,746	(170,000)	2,996,207	52,435	(188,799)	4,587,686
Net Assets Released From Restrictions By Payments	-	248,100	-	248,100	-	-	-	-	145,711	-	393,811
Total Unrestricted Revenues, Gains & Support	1,727,843	248,100	-	1,975,943	1,164,461	2,001,746	(170,000)	2,996,207	198,146	(188,799)	4,981,497
Costs and Expenses:											
Meetings	10,728	-	-	10,728	10,728	-	-	10,728	655	-	22,111
Management fees	-	-	-	-	-	486,000	(170,000)	316,000	-	-	316,000
Salaries	860,949	-	-	860,949	569,775	440,543	-	1,010,318	-	-	1,871,267
Payroll taxes	65,803	-	-	65,803	45,342	32,202	-	77,544	-	-	143,347
Insurance benefits	169,496	-	-	169,496	111,388	146,321	-	257,709	-	-	427,205
Retirement - 401(k)	45,223	-	-	45,223	29,032	18,314	-	47,346	-	-	92,569
Retirement - defined benefit plan	86,815	-	-	86,815	34,272	55,550	-	89,822	-	-	176,637
Deferred compensation expense	20,378	-	-	20,378	5,000	-	-	5,000	-	-	25,378
Staff development and personnel services	12,392	-	-	12,392	7,998	13,951	-	21,949	-	-	34,341
Dues and subscriptions	21,410	-	-	21,410	13,843	337	-	14,180	-	-	35,590
Travel	63,620	-	-	63,620	43,544	19,484	-	63,028	-	-	126,648
Rent	122,363	-	-	122,363	54,306	95,255	-	149,561	-	(95,255)	176,669
Operational insurance	13,180	-	-	13,180	13,338	33,187	-	46,525	-	-	59,705
Equipment repair and maintenance	6,794	-	-	6,794	6,619	137,281	-	143,900	-	-	150,694
Depreciation	58,842	-	-	58,842	59,746	128,330	-	188,076	-	-	246,918
Telephone	17,507	-	-	17,507	17,614	40,583	-	58,197	-	-	75,704
Supplies, postage and reproduction	14,904	-	-	14,904	10,165	11,344	-	21,509	-	-	36,413
General	17,465	427	-	17,892	14,972	45,387	-	60,359	1,613	-	79,864
Audit	9,450	-	-	9,450	7,375	36,255	-	43,630	775	-	53,855
Legislative and legal	94,209	-	-	94,209	911	49,057	-	49,968	-	-	144,177
Advertising, education, CU support, & publications	7,893	220,323	-	228,216	6,481	24,711	-	31,192	300	-	259,708
Political contributions and fundraising costs	-	27,350	-	27,350	-	-	-	-	14,164	-	41,514
Return collection, commissions, and service fees	-	-	-	-	-	157,527	-	157,527	-	-	157,527
Loss (gain) on sale or exchange of assets	(6,824)	-	-	(6,824)	(6,824)	129,292	-	122,468	-	-	115,644
Contributions, scholarships, and transfers	-	-	-	-	11,925	1,900	-	13,825	159,138	(10,000)	162,963
Total Costs & Expenses	1,712,597	248,100	-	1,960,697	1,067,550	2,102,811	(170,000)	3,000,361	176,645	(105,255)	5,032,448
Increase (Decrease) in Unrestricted Net Assets From Continuing Operations	\$ 15,246	\$ -	\$ -	\$ 15,246	\$ 96,911	\$ (101,065)	\$ -	\$ (4,154)	\$ 21,501	\$ (83,544)	\$ (50,951)

See Auditor's Report on Accompanying Information

MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2014

	MCUN GENERAL FUND	RESTRICTED FUNDS & CUVOL	ELIMIN.	MCUN	NSC	MNIPC	ELIMIN.	CONSOLIDATED NSC	FOUND- ATION	ELIMIN.	CONSOLIDATED
Increase (Decrease) in Unrestricted Net Assets:	\$ 15,246	\$ -	\$ -	\$ 15,246	\$ 96,911	\$ (101,065)	\$ -	\$ (4,154)	\$ 21,501	\$ (83,544)	\$ (50,951)
TEMPORARILY RESTRICTED NET ASSETS											
Temporarily Restricted Revenues & Gains:											
Contributions	-	235,324	-	235,324	-	-	-	-	175,629	(10,000)	400,953
Interest & dividends	-	673	-	673	-	-	-	-	80	-	753
Net assets released from restrictions by payments	-	(248,100)	-	(248,100)	-	-	-	-	(145,711)	-	(393,811)
Increase (Decrease) in Temporarily Restricted Assets	-	(12,103)	-	(12,103)	-	-	-	-	29,998	(10,000)	7,895
Increase (Decrease) in Net Assets - Before Income Taxes	15,246	(12,103)	-	3,143	96,911	(101,065)	-	(4,154)	51,499	(93,544)	(43,056)
Income Tax Expense (Benefit)	-	-	-	-	3,367	(25,394)	-	(22,027)	-	-	(22,027)
INCREASE (DECREASE) IN NET ASSETS	15,246	(12,103)	-	3,143	93,544	(75,671)	-	17,873	51,499	(93,544)	(21,029)
NET ASSETS AT BEGINNING OF YEAR	2,619,157	428,161	-	3,047,318	2,087,641	727,570	(644,567)	2,170,644	93,687	(2,087,641)	3,224,008
NET ASSETS AT END OF YEAR	\$ 2,634,403	\$ 416,058	\$ -	\$ 3,050,461	\$ 2,181,185	\$ 651,899	\$ (644,567)	\$ 2,188,517	\$ 145,186	\$ (2,181,185)	\$ 3,202,979

See Auditor's Report on Accompanying Information

MINNESOTA CREDIT UNION NETWORK, INC., SUBSIDIARIES, AND AFFILIATE
CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2014

	MCUN GENERAL FUND	RESTRICTED FUNDS & CUVOL	ELIMIN.	MCUN	NSC	MNIPC	ELIMIN.	CONSOLIDATED NSC	FOUND- ATION	ELIMIN.	CONSOLIDATED
Cash Flows From Operating Activities:											
Net increase (decrease) in net assets	\$ 15,246	\$ (12,103)	\$ -	\$ 3,143	\$ 93,544	\$ (75,671)	\$ -	\$ 17,873	\$ 51,499	\$ (93,544)	\$ (21,029)
Add (deduct) non-cash items:											
Depreciation	58,842	-	-	58,842	59,746	128,330	-	188,076	-	-	246,918
Deferred income taxes	-	-	-	-	(25,705)	(32,264)	-	(57,969)	-	-	(57,969)
(Gain) Loss on disposition of assets	(6,824)	-	-	(6,824)	(6,824)	129,292	-	122,468	-	-	115,644
Income from subsidiary	(96,074)	-	-	(96,074)	-	-	-	-	-	96,074	-
Changes In Current Operating Items											
Providing (Requiring) Cash:											
Accounts receivable	5,759	100	-	5,859	(77,393)	(4,805)	-	(82,198)	(10,003)	-	(86,342)
Related party receivables	(238,804)	(27,293)	-	(266,097)	586,479	710	(646,789)	(59,600)	-	191,887	(133,810)
Prepaid expenses	14,608	-	-	14,608	123,213	(17,147)	-	106,066	-	-	120,674
Related party payables	86,910	-	-	86,910	(2,059)	(543,345)	646,789	101,385	(202)	(191,887)	(3,794)
Accounts payable	(14,092)	-	-	(14,092)	(44,963)	1,493,793	-	1,448,830	-	-	1,434,738
Deferred compensation liability	31,378	-	-	31,378	(6,000)	-	-	(6,000)	-	-	25,378
Accrued pension liability	49,439	-	-	49,439	15,673	33,166	-	48,839	-	-	98,278
Accrued expenses	(2,759)	-	-	(2,759)	7,712	(3,694)	-	4,018	-	-	1,259
Net Cash Flow From Operating Activities	(96,371)	(39,296)	-	(135,667)	723,423	1,108,365	-	1,831,788	41,294	2,530	1,739,945
Cash Flows From Investing Activities:											
Proceeds from disposition of assets	21,236	-	-	21,236	21,236	-	-	21,236	-	-	42,472
Investments in mutual funds	(30,378)	-	-	(30,378)	-	-	-	-	-	-	(30,378)
Acquisition of furniture, equipment, vehicles, & L/H	(46,275)	-	-	(46,275)	(46,275)	(16,014)	-	(62,289)	-	-	(108,564)
Net Cash Flow From Investing Activities	(55,417)	-	-	(55,417)	(25,039)	(16,014)	-	(41,053)	-	-	(96,470)
Cash Flows From Financing Activities:											
Net Cash Flow From Financing Activities	-	-	-	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Cash	(151,788)	(39,296)	-	(191,084)	698,384	1,092,351	-	1,790,735	41,294	2,530	1,643,475
Cash Beginning Of Year	611,131	332,190	-	943,321	461,686	1,799,008	-	2,260,694	93,842	-	3,297,857
Cash End Of Year	\$ 459,343	\$ 292,894	\$ -	\$ 752,237	\$ 1,160,070	\$ 2,891,359	\$ -	\$ 4,051,429	\$ 135,136	\$ 2,530	\$ 4,941,332
Classification of Cash:											
Cash in Current Assets	\$ 461,873	\$ 31,039	\$ -	\$ 492,912	\$ 1,160,070	\$ 2,891,359	\$ -	\$ 4,051,429	\$ 105,136	\$ -	\$ 4,649,477
Cash in Investments and Other Assets	\$ -	\$ 261,855	\$ -	\$ 261,855	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 291,855
Supplemental Cash Flow Disclosures:											
Cash Paid For Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ 716	\$ 523	\$ -	\$ 1,239	\$ -	\$ -	\$ 1,239

See Auditor's Report on Accompanying Information