

**NONPROFIT ASSOCIATION OF THE MIDLANDS  
403(b) PLAN**

**FINANCIAL STATEMENTS**  
Including Independent Auditors' Report

As of December 31, 2013 and 2012  
and for the Year Ended December 31, 2013

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## INDEPENDENT AUDITOR'S REPORT

Finance Committee  
Nonprofit Association of the Midlands  
403(b) Plan

### Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Nonprofit Association of the Midlands 403(b) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the year ended December 31, 2013, 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 8, which was certified by Nationwide Trust Company, FSB and Lincoln National Life Insurance Company, the custodians of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the custodians hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained a certification from the custodians as of and for the years ended December 31, 2013 and 2012, that the information provided to the plan administrator by the custodians is complete and accurate.

### Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

## Independent Auditors' Report (Continued)

### Other Matter

The supplemental schedules of Assets (Held at End of Year) and Delinquent Participant Contributions are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

### Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

*De Boer & Associates, PC*

Omaha, Nebraska  
September 23, 2014

**NONPROFIT ASSOCIATION OF THE MIDLANDS 403(b) PLAN**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**  
December 31, 2013 and 2012

<b>ASSETS</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Investments (at fair value):		
Investments at Nationwide Financial	\$ 6,116,272	\$ 2,652,780
Investments at Lincoln National	<u>253,236</u>	<u>-</u>
Total investments	6,369,508	2,652,780
Receivables:		
Employers' contributions	14,126	3,824
Participants' contributions	<u>19,796</u>	<u>6,372</u>
Total receivables	33,922	10,196
Outstanding participant loan balances	<u>77,448</u>	<u>1,833</u>
Total assets	<u>\$ 6,480,878</u>	<u>\$ 2,664,809</u>
<b>Net assets available for benefits</b>	<b><u>\$ 6,480,878</u></b>	<b><u>\$ 2,664,809</u></b>

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

**NONPROFIT ASSOCIATION OF THE MIDLANDS 403(b) PLAN**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
 Year Ended December 31, 2013

ADDITIONS	<u>2013</u>
Contributions:	
Employer	\$ 443,929
Participant deferrals – Traditional	851,833
Participant deferrals – Roth	88,710
Employee rollovers	<u>346,958</u>
Net contributions	1,731,430
Earnings on investments:	
Interest on participant loans	569
Net investment gain (loss)	<u>813,924</u>
Net earnings	814,493
Other:	
Transfer from Goodwill Industries of Greater Nebraska Plan (Note 9)	<u>2,057,323</u>
Total additions	<u>4,603,246</u>
DEDUCTIONS	
Benefits paid to participants	<u>787,177</u>
Total deductions	<u>787,177</u>
Net increase	3,816,069
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	<u>2,664,809</u>
<b>End of year</b>	<b><u>\$ 6,480,878</u></b>

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

## NONPROFIT ASSOCIATION OF THE MIDLANDS 403(b) PLAN

### NOTES TO FINANCIAL STATEMENTS December 31, 2013 and 2012

#### NOTE 1 - DESCRIPTION OF PLAN

The following description of the Nonprofit Association of the Midlands 403(b) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

##### **General**

The Plan is a multiple employer defined contribution plan established by the Nonprofit Association of the Midlands (the plan sponsor) and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the requirements of the Section 403(b) of the Internal Revenue Code (IRC). Benefit Plans, Inc is the administrator of the Plan. In addition, both Nationwide Trust Company, and Lincoln National Life Insurance Company are the custodians of the Plan. They provide recordkeeping services for the Plan.

##### **Eligibility**

Employees of participating employers are eligible to make salary reduction contributions to the Plan. Upon enrollment in the Plan, a participant may direct contributions to any combination of available investment options. Automatic enrollment had been implemented for this Plan effective September 1, 2010.

##### **Contributions**

Eligible employees, who elect to enter into a salary reduction agreement, may contribute to the Plan as traditional or Roth elective deferrals. Total participating employer and employee contributions in any year may not exceed the lesser of 100% of compensation or the maximum under Code Section 402(g) (salary reduction contributions). In addition participants who meet certain age restrictions are eligible to make catch-up contributions. Each year, each participating employer may also elect to contribute to participant accounts as a matching contribution. As defined in the Plan, contributions are subject to other limitations.

##### **Participant Accounts**

Each participant's account is credited with the participant's contributions, any related employer contributions, and Plan earnings (net of administrative expenses). The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Plan participants can designate the investment of their accounts in various funds with pre-selected investment objectives, each of which is invested in securities selected and managed by the custodians to meet the objectives of each fund.

##### **Vesting**

Participants are immediately vested in their contributions plus actual earnings thereon. Participating employer contributions are vested based on a schedule provided by each participating employer, not to exceed six years. Amounts forfeited from a participant's account shall be used, at the discretion of the Administrator, to restore forfeitures, reduce employer contributions for the participating employer or to pay Plan expenses.

## NONPROFIT ASSOCIATION OF THE MIDLANDS 403(b) PLAN

### NOTES TO FINANCIAL STATEMENTS December 31, 2013 and 2012

#### NOTE 1 - DESCRIPTION OF PLAN – (Continued)

##### **Payment of Benefits**

Benefits may be paid to a participant or beneficiary upon the following events: death, disability, termination of employment, or attaining age 59½ as defined in the Plan. In addition, a participant may qualify for a hardship distribution as defined in the Plan. The payment of benefits under the Plan is governed by IRS Code Section 403(b) and the investment contract distribution restrictions.

##### **Termination of Plan**

Although it has not expressed any intent to do so, the Administrator has the right under the Plan to terminate the Plan at any time subject to the provisions of ERISA.

##### **Participant Loans**

Participants may borrow from their fund accounts up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at rates which are comparable with local prevailing rates as determined quarterly by the plan administrator. Principal and interest is repaid ratably through monthly payroll deductions. The Plan had \$77,448 and \$1,833 in participant loans outstanding at December 31, 2013 and 2012, respectively. Loans are not foreclosed on until a distributable event occurs (see Payment of Benefits above).

##### **Administrative Expenses**

All reasonable Plan administration expenses, including those involved in retaining necessary professional assistance may be paid from the assets of the Plan to the extent permitted by the participant's individual agreements. These expenses may be allocated to all Plan participants, or for expenses directly related to one participant, charged against that participant's account balance. Investment related expenses and some plan administration expenses were net against investment gains in the individual participant accounts by the investment custodians. The Plan Sponsor and its related employers may, at its discretion, pay a portion or all of these expenses. For the year ended December 31, 2013, the Plan Sponsor and its related employers paid expenses related to plan administration, the annual audit, TPA fees, and insurance and bonding.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from these estimates.

##### 2. Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 8 for disclosure of fair value values.



## NONPROFIT ASSOCIATION OF THE MIDLANDS 403(b) PLAN

### NOTES TO FINANCIAL STATEMENTS December 31, 2013 and 2012

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. Investment Valuation and Income Recognition – Continued

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net investment gains include the Plan's gains and losses on investments bought and sold as well as held during the year. They also include interest, dividends, and are net of administrative expenses.

3. Payment of Benefits

Benefits are recorded when paid.

#### NOTE 3 - TAX STATUS

The Internal Revenue Service (IRS) has provided 403(b) plans relief from obtaining a determination letter until the revenue procedures are finalized and the IRS announces the date that it will start accepting applications. Revenue Procedure 2013-22 was issued with an effective date of April 29, 2013 and the IRS will accept applications for opinion and advisory letters regarding the acceptability under section 403(b) of the form of prototype plans and volume submitter plans, starting June 28, 2013. The IRS has not established a determination letter program for individually designed 403(b) plans at this time. Revenue Procedure 2013-22 also describes procedures for the retroactive remedial amendment of plans to satisfy the requirements of IRC Section 403(b) and the regulations. A written 403(b) plan adopted prior to December 31, 2009, that is intended to satisfy the requirements of Section 403(b) and the regulations, will have a remedial amendment period in which to amend the plan to correct any for defects retroactive to January 1, 2010, provided that the plan sponsor timely adopts a pre-approved 403(b) plan with an opinion letter or timely applies for an individual determination letter.

The plan administrator is not aware of any events that have occurred that might adversely affect the Plan from obtaining a qualified status. The Plan is required to operate in conformity with Section 403(b) of the Internal Revenue Code to obtain its qualification.

The Plan has adopted guidance on accounting for uncertainty in income taxes issued by the Financial Accounting Standards Board. Management of the Plan believes that the Plan has taken no uncertain tax positions that require adjustment to the financial statements in order to comply with the provisions of this guidance. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan's open tax years for the prior three years are subject to examination by the Internal Revenue Service.

#### NOTE 4 - PARTY-IN-INTEREST TRANSACTIONS

Nationwide Trust Company and Lincoln National Life Insurance Company serve as custodians of the Plan's investment assets and execute transactions therein. Participants direct how their contributions are invested within the Plan. Fees paid by the Plan for the investment management services amounted to \$39,756 through Nationwide and \$28,018 through Lincoln National for the year ended December 31, 2013. These fees are netted against investment income.

**NONPROFIT ASSOCIATION OF THE MIDLANDS 403(b) PLAN**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 2012

**NOTE 5 - RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**NOTE 6 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through September 23, 2014, which is the date the financial statements were available to be issued. Management has concluded that no material subsequent event has occurred through this date that requires recognition or disclosure in the financial statements.

**NOTE 7 - INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN - UNAUDITED**

The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified to as complete and accurate by Nationwide Trust Company and Lincoln National Life Insurance Company, the custodians of the Plan.

Investments as of December 31:

	<u>2013</u>	<u>2012</u>
Mutual funds	\$6,116,272	\$2,652,780
Variable annuity contracts	<u>253,236</u>	<u>-</u>
Total investments	<u>\$6,369,508</u>	<u>\$2,652,780</u>

During the year ended December 31, the Plan's investments (including gains and losses on investments bought, sold, and held during the year) appreciated in value as follows:

	<u>2013</u>
Mutual funds	\$751,176
Variable annuity contracts	<u>62,748</u>
Net investment gains	<u>\$813,924</u>

# NONPROFIT ASSOCIATION OF THE MIDLANDS 403(b) PLAN

## NOTES TO FINANCIAL STATEMENTS December 31, 2013 and 2012

### NOTE 7 - INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN - UNAUDITED (Continued)

All investments are participant directed. The following investments represent 5% or more of the Plan's net assets available for benefits as of December 31:

	<u>2013</u>	<u>2012</u>
Fidelity Advisor Freedom 2020 Fund	\$ 892,749	\$ 242,317
Fidelity Advisor Freedom 2025 Fund	379,352	140,833
Fidelity Advisor Freedom 2030 Fund	755,572	395,632
Fidelity Advisor Freedom 2040 Fund	330,814	-
PIMCO Total Return Fund Institutional	-	195,399
Nationwide Investor Destinations Conservative Fund	336,870	145,062
American Funds Growth Fund of America	-	140,826

### NOTE 8 - FAIR VALUE MEASUREMENTS

The framework for measuring fair values provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2013 and 2012.

**NONPROFIT ASSOCIATION OF THE MIDLANDS 403(b) PLAN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

**NOTE 8 - FAIR VALUE MEASUREMENTS - (Continued)**

*Money Market Funds:* Valued at cost, which is equal to the net asset value of shares held at year end.

*Mutual Funds:* Valued at the net asset value of shares held by the Plan at year-end.

*Variable Annuity Contracts:* Valued at contract value which approximates fair value. The contract value is subject to surrender charges but these would not materially affect the value of the investments. Participants can liquidate their investments at any time without any other redemption restrictions.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's asset at Fair Value as of December 31, 2013 and 2012:

	<u>Fair Value</u>	<b>Fair Value Measurements at Reporting Date Using:</b>	
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>
<b><u>December 31, 2013</u></b>			
Money market funds	\$ 69,511	\$ 69,511	\$ -
Mutual funds			
Specialty funds	441	441	-
International funds	298,865	298,865	-
Small – Cap funds	363,008	363,008	-
Mid – Cap funds	142,899	142,899	-
Large – Cap funds	864,706	864,706	-
Balanced funds	3,982,144	3,982,144	-
Bond funds	394,698	394,698	-
Total mutual funds	6,046,761	6,046,761	-
Variable Annuity Contracts	<u>253,236</u>	<u>-</u>	<u>253,236</u>
Total investments	<u>\$6,369,508</u>	<u>\$6,116,272</u>	<u>\$253,236</u>

**NONPROFIT ASSOCIATION OF THE MIDLANDS 403(b) PLAN**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2013 and 2012

**NOTE 8 - FAIR MARKET VALUE MEASUREMENTS – (Continued)**

<u>December 31, 2012</u>	<u>Fair Value</u>	Fair Value Measurements at Reporting Date Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money market funds	\$ 48,248	\$ 48,248	\$ -
Mutual funds			
International funds	149,825	149,825	-
Small – Cap	197,806	197,806	-
Mid – Cap funds	68,723	68,723	-
Large – Cap funds	391,067	391,067	-
Balanced funds	1,559,502	1,559,502	-
Bonds funds	<u>237,609</u>	<u>237,609</u>	-
Total mutual funds	2,604,532	2,604,532	-
Total investments	<u>\$2,652,780</u>	<u>\$2,652,780</u>	<u>\$ -</u>

**NOTE 9 – PLAN MERGER**

On June 27, 2012, the board of Goodwill Industries of Greater Nebraska, Inc. resolved to merge all assets of the Goodwill Industries of Greater Nebraska, Inc. Employee Retirement Plan with the Plan effective January 1, 2013. On January 3, 2013 the majority of these assets were transferred from the Lincoln National Life Insurance Company to the Nationwide Trust Company. The assets remaining at Lincoln National Life Insurance Company are inactive participants or participants with outstanding loan balances. The total amount from this merger transferred into the Plan for 2013 was \$2,057,323. All current contributions are being remitted to Nationwide Trust Company.

**NOTE 10 – RECLASSIFICATION**

Certain amounts in the prior year's financial statement have been reclassified to conform to the current year's financial statements presentation.

**SUPPLEMENTARY INFORMATION**

**Nonprofit Association of the Midlands 403(b) Plan**  
**EIN 47-0778684 PN 001**  
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)  
December 31, 2013

(a)	(b) Identity of Issue	(c) Description of investment including maturity date, interest rate, par or maturity value		(e) Current Value
*	Nationwide Money Market Institutional	63,257.57	Units	\$69,511
	Invsco Divrs Divd Inv	76,440.44	Units	160,395
	American Funds Fundamental Investors R5	112,545.71	Units	185,037
	AllBer Disc Gr K	47,993.79	Units	80,441
	American Funds Growth Fund of Amer R5	181,421.97	Units	312,507
	Ave Maria Rising Dividend Fund	47,261.20	Units	112,131
	American Fund New World R5	81,939.03	Units	138,037
	Baron Partners Fund	27,256.12	Units	62,458
	Calverst Social Index I	3,394.73	Units	3,480
*	Nationwide Investor Destinations Conservative Fund	226,547.03	Units	336,870
	Dodge & Cox International Stock Fund	38,109.07	Units	61,248
	Fidelity Advisor Freedom 2010 Fund	127,286.28	Units	186,270
	Fidelity Advisor Freedom 2015 Fund	168,514.32	Units	250,478
	Fidelity Advisor Freedom 2020 Fund	605,354.32	Units	892,749
	Fidelity Advisor Freedom 2025 Fund	249,719.14	Units	379,352
	Fidelity Advisor Freedom 2030 Fund	505,655.50	Units	755,572
	Fidelity Advisor Freedom 2035 Fund	212,111.33	Units	322,441
	Fidelity Advisor Freedom 2040 Fund	218,442.96	Units	330,814
	Fidelity Advisor Freedom 2045 Fund	251,266.35	Units	281,261
	Fidelity Advisor Freedom 2050 Fund	223,447.47	Units	246,336
	Goldman Sachs Short Duration Government Institutional	45,001.34	Units	47,441
	Harbor International Fund	38,520.17	Units	99,579
	Parnassus Core Equity	3,377.66	Units	3,483
	JPMorgan Small Cap Equity Fund A	48,742.11	Units	204,625
	MFS Massachusetts Investors Trust R4	23,396.30	Units	50,832
	Allianz Tech A	58.98	Units	111
	Allianz NFJ Small-Cap Value A	71,339.03	Units	158,383
	PIMCO Low Duration Fund Institutional	44,187.91	Units	52,814
	PIMCO Total Return Fund Institutional	65,993.37	Units	90,929
	RydexSGI Transport Adv.	40.03	Units	86
	Vanguard 500 Index Sgnl	24,283.16	Units	36,841
	Vanguard St Bd Index Inv.	120,224.38	Units	146,980
	Vanguard GNMA Investor Fund	44,191.48	Units	56,534
	WR Ivy Science Tech Y	82.07	Units	244
*	Lincoln National Life Insurance Company		Variable Annuity Contracts	253,236
*	Participant Loans		Interest Rate = 4.25% to 4.5%	77,448
				<b>\$6,446,956</b>

\* Represents a party-in-interest

**Nonprofit Association of the Midlands 403(b) Plan**  
**EIN 47-0778684 PN 001**  
**Form 5500 Sch H, Line 4a --- Schedule of Delinquent Participant Contributions**  
**December 31, 2013**

**Total that Constitutes Nonexempt Prohibited Transactions**

<u>Participant Contributions Transferred Late to Plan</u>	<u>Check Here If Late Participant Loan Repayments Are Included</u>	<u>Contributions Not corrected</u>	<u>Contributions Corrected Outside VFCP</u>	<u>Contributions Pending Correction in VFCP</u>	<u>Total Fully Corrected Under VFCP and PTE 2001-51</u>
\$25,005	X	\$--	\$25,005	\$--	\$--