



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8- 35353 -

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2013 AND ENDING December 31, 2013
(MM/DD/YY) (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
WIC Corp.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

100 South 6th Street, Suite 620B

(No. and Street)

Minneapolis

(City)

MN

(State)

55403

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Margaret Jones

612-341-2218

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mayer Hoffman McCann P.C.

(Name - if individual, state last, first, middle name)

222 South 9th Street, Suite 1000

(Address)

Minneapolis

(City)

MN

(State)

55402

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions



14046448

KW
3/8/14

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

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3/11/14

OATH OR AFFIRMATION

I, Linda Wilke, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of WIC Corp. as of December 31, 2013, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Brian H. Kertz

Notary Public

Linda S. Wilke

Signature

CFO / FINOP

Title

This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c-3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-1.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

WIC CORP.

FINANCIAL STATEMENTS

Years Ended December 31, 2013 and 2012



Mayer Hoffman McCann P.C.

An Independent CPA Firm

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
WIC Corp.
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of WIC Corp. (the Company) which comprise the statements of financial condition as of December 31, 2013, and 2012, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, 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 WIC Corp. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. 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 in Schedules I, II, and III 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 additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Schedules I, II, and III is fairly stated in all material respects in relation to the financial statements as a whole.

Maya Hoffman McCom P.C.

Minneapolis, Minnesota

February 24, 2014

WIC CORP.

STATEMENTS OF FINANCIAL CONDITION

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
ASSETS		
Cash	\$ 42,640	\$ 61,614
Accounts receivable	8,205	1,509
Clearing deposit	10,000	10,000
Investment securities	<u>55,040</u>	<u>39,441</u>
TOTAL ASSETS	<u>\$ 115,885</u>	<u>\$ 112,564</u>

<u>LIABILITIES</u>		
LIABILITIES		
Accrued income tax and expenses	\$ 1,319	\$ 1,594
Deferred tax liability	<u>800</u>	<u>890</u>
TOTAL LIABILITIES	<u>2,119</u>	<u>2,484</u>

<u>STOCKHOLDER'S EQUITY</u>		
CAPITAL CONTRIBUTED		
Common stock, par value \$.01, authorized 1,000,000 shares, issued and outstanding 12,000 shares	120	120
Additional paid-in capital	<u>41,880</u>	<u>41,880</u>
TOTAL CAPITAL CONTRIBUTED	42,000	42,000
RETAINED EARNINGS	<u>71,766</u>	<u>68,080</u>
TOTAL STOCKHOLDER'S EQUITY	<u>113,766</u>	<u>110,080</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 115,885</u>	<u>\$ 112,564</u>

See Notes to Financial Statements

WIC CORP.

STATEMENTS OF OPERATIONS

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
REVENUE		
Commissions and fees	\$ 40,471	\$ 31,676
Investment income	177	1,727
TOTAL REVENUE	<u>40,648</u>	<u>33,403</u>
EXPENSE		
Management fee	2,000	2,000
Trading fees	14,471	9,690
Other	19,261	15,794
TOTAL EXPENSES	<u>35,732</u>	<u>27,484</u>
INCOME BEFORE INCOME TAXES	4,915	5,919
INCOME TAXES	<u>1,229</u>	<u>1,487</u>
NET INCOME	<u>\$ 3,686</u>	<u>\$ 4,432</u>

See Notes to Financial Statements

WIC CORP.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

Years Ended December 31, 2013 and 2012

	<u>Common Stock Shares</u>	<u>Common Stock Amount</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance, December 31, 2011	12,000	\$ 120	\$ 41,880	\$ 63,648	\$ 105,648
Net income	-	-	-	4,432	4,432
Balance, December 31, 2012	12,000	120	41,880	68,080	110,080
Net income	-	-	-	3,686	3,686
Balance, December 31, 2013	<u>12,000</u>	<u>\$ 120</u>	<u>\$ 41,880</u>	<u>\$ 71,766</u>	<u>\$ 113,766</u>

See Notes to Financial Statements

WIC CORP.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,686	\$ 4,432
Adjustments to reconcile net income to net cash flows from operating activities:		
Change in unrealized (gain) loss	544	(634)
Reinvested dividends and interest	(721)	(1,093)
Decrease (increase) in operating assets:		
Accounts receivable	(6,696)	100
Increase (decrease) in operating liabilities:		
Commissions payable	(107)	-
Accrued and deferred income taxes	(258)	314
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(3,552)</u>	<u>3,119</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of investments	<u>(15,422)</u>	<u>1,279</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(15,422)</u>	<u>1,279</u>
NET INCREASE (DECREASE) IN CASH	(18,974)	4,398
CASH, BEGINNING OF YEAR	<u>61,614</u>	<u>57,216</u>
CASH, END OF YEAR	<u>\$ 42,640</u>	<u>\$ 61,614</u>

See Notes to Financial Statements

WIC CORP.
NOTES TO FINANCIAL STATEMENTS

(1) Nature of business and significant accounting policies

Nature of business - WIC Corp. (the Company) acts as an introducing broker and dealer in securities primarily consisting of stocks, bonds and mutual funds. It clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, who carries all the customer accounts and maintains the records pertaining thereto. The Company's customers consist primarily of individuals located in the upper Midwest area. The Company's principal source of business is the execution of security trades as directed by WCMI, the parent of WIC Corp., for WCMI's managed accounts.

The Company is a wholly owned subsidiary of WCMI, Inc. (WCMI).

A summary of the Company's significant accounting policies follows:

Cash and cash equivalents - The Company considers cash in demand deposit accounts and temporary investments purchased with an original maturity of three months or less to be cash equivalents.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investment securities - Investment securities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Investment securities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Investment securities valued using level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied. Changes in this fair value are recognized currently as unrealized gains or losses and included in the statement of income under the caption investment income.

Income recognition - Security transactions and their related commission revenue are recognized for accounting purposes on the trade date.

Income taxes - Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for differences in deductible temporary differences and operating losses and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the dates of enactment.

WIC CORP.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of business and significant accounting policies (continued)

Receivables and credit policies - Receivables from clearing organizations for commissions earned by the Company are paid within 30 days of trade date. Management has reviewed its outstanding receivable amounts and believes that all the receivables are collectible at December 31, 2013 and 2012.

Concentration of risk - The Company maintains its cash with high credit quality financial institutions. From time to time, the Company's balances in its bank accounts may exceed Federal Deposit Insurance Corporation limits. The Company periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. The Company has not experienced any losses with regards to balances in excess of insured limits or as a result of other concentrations of credit risk.

Subsequent events policy - Subsequent events have been evaluated through February 24, 2014 which is the date the financial statements were available to be issued.

(2) Investment securities

Fair value measurement definition and hierarchy - ASC Topic 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace including the existence and transparency of transactions between market participants. Assets and liabilities with readily available active quoted prices or for which fair value can be measured from actively quoted prices in an orderly market generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. ASC Topic 820 establishes a three-level valuation hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

WIC CORP.
NOTES TO FINANCIAL STATEMENTS

(2) Investment securities (continued)

The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary by types of assets and liabilities and is affected by a wide variety of factors, including, for example, whether the investment is established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for assets and liabilities categorized in Level 3.

Cost, fair value and aggregate unrealized gains and losses for investment securities measured on a recurring basis at December 31, 2013 and 2012 are as follows:

	<u>Fair Market</u>	<u>Cost</u>	<u>Unrealized</u>	
			<u>Gains</u>	<u>Losses</u>
2013				
Money market fund	\$ 23,490	\$ 23,490	\$ -	\$ -
Mutual funds-fixed income	<u>31,550</u>	<u>28,344</u>	<u>3,206</u>	<u>-</u>
Total investment securities	<u>\$ 55,040</u>	<u>\$ 51,834</u>	<u>\$ 3,206</u>	<u>\$ -</u>
	<u>Fair Market</u>	<u>Cost</u>	<u>Unrealized</u>	
			<u>Gains</u>	<u>Losses</u>
2012				
Money market fund	\$ 8,068	\$ 8,068	\$ -	\$ -
Mutual funds-fixed income	<u>31,373</u>	<u>27,624</u>	<u>3,749</u>	<u>-</u>
Total investment securities	<u>\$ 39,441</u>	<u>\$ 35,692</u>	<u>\$ 3,749</u>	<u>\$ -</u>

WIC CORP.
NOTES TO FINANCIAL STATEMENTS

(2) Investment securities (continued)

Fair value measurement definition and hierarchy - The fair values of all the investments are measured at December 31, 2013 and 2012 using quoted prices in active markets for identical assets (Level 1). Investment income reflected on the statement of income includes realized and unrealized gains and losses as follows:

	(Level 1)	
	Years Ended December 31,	
	2013	2012
Net realized gains (losses)	\$ -	\$ -
Net unrealized gains (losses)	(544)	634
Total realized and unrealized gains and losses	\$ (544)	\$ 634

(3) Customer transactions

The Company does not hold customer funds or securities and does not execute open market transactions for its customers. Accordingly, the Company is exempt from the requirement to maintain a "Special Reserve Account for the Exclusive Benefit of Customers" under provisions of SEC Rule 15c3-3 based on Paragraph k(2)(ii) of the rule.

(4) Related party transactions

The Company shares office facilities with its parent company. A management fee of \$2,000 was paid during the years ended December 31, 2013 and 2012 to cover certain operating expenses. The Company received revenue of \$40,471 and \$31,676 from its parent as reimbursement for the costs associated with the execution of security transactions and other services during the years ended December 31, 2013 and 2012, respectively.

(5) Net capital requirements

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15-to-1. The rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10-to-1.

At December 31, 2013, the Company had net capital and net capital requirements of \$100,159 and \$50,000, respectively. The Company's ratio of aggregate indebtedness to net capital was .021 to 1 at December 31, 2013.

WIC CORP.
NOTES TO FINANCIAL STATEMENTS

(6) Income tax expense

The components of the income tax provision for the years ended December 31, 2013 and 2012 are as follows:

	Years Ended December 31,	
	2013	2012
Currently (refundable) payable:		
Federal	\$ 729	\$ 987
State	500	500
Total income tax provision	\$ 1,229	\$ 1,487
Cash paid WCMI during the year for WIC's share of the taxes payable	\$ 1,487	\$ 1,215

The Company reviews and assesses its tax positions taken or expected to be taken in tax returns. Based on this assessment the Company determines whether it is more likely than not that the position would be sustained upon examination by tax authorities. The Company's assessment has not identified any significant positions that it believes would not be sustained under examination.

The Company files tax returns in the United States (U.S.) federal jurisdiction and in various state jurisdictions. Uncertain tax positions include those related to tax years that remain subject to examination. U.S. tax returns for fiscal years ended December 31, 2011, 2012, and 2013 remain subject to examination by federal tax authorities. Tax returns for state and local jurisdictions for fiscal years ended December 31, 2011 through 2013 remain subject to examination by state and local tax authorities.

The Company files a consolidated tax return with WCMI. Tax expense is allocated to each entity based on its income or loss at their respective effective tax rates.

(7) Financial instruments

Off-balance-sheet credit risk - In the normal course of business, the Company's activities involve the execution and settlement of various securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contracted obligations.

The Company's customer securities activities are transacted on a cash basis.

As a securities broker and dealer, the Company is engaged in various brokerage activities servicing primarily individual investors. The Company's exposure to credit risk associated with the nonperformance of these customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair the customer's ability to satisfy their obligations to the Company.

INDEPENDENT REGISTERED AUDITORS' REPORT ON ADDITIONAL INFORMATION

WIC CORP.
COMPUTATION OF AGGREGATE INDEBTEDNESS AND
NET CAPITAL PURSUANT TO RULE 15c3-1
December 31, 2013

Total ownership equity from Statement of Financial Condition	\$ 113,766
Additions:	
Other -	-
Deductions:	
Non-allowable assets (accounts receivable)	(8,205)
Net capital before haircuts on securities positions	105,561
Haircuts on securities:	
Trading and investment securities	5,402
Net capital	\$ 100,159
Aggregate indebtedness:	
Included in statement of financial condition:	
Accrued income tax and expenses	\$ 2,119
Computation of basic net capital requirement:	
Minimum net capital required (the greater of \$50,000 or 6-2/3% of aggregate indebtedness)	\$ 50,000
Capital in excess of minimum requirement	\$ 50,159
Ratio, aggregate indebtedness to net capital	2.1%

See Independent Registered Auditors' Report on Additional Information

WIC CORP.
RECONCILIATION OF THE COMPUTATION OF AGGREGATE INDEBTEDNESS
AND NET CAPITAL WITH THAT OF THE REGISTRANT AS FILED IN PART IIA OF FORM X-17A-5
December 31, 2013

There were no significant reconciling items to the Company's computations related to net capital under rule 15c3-1 of the Securities Exchange Act of 1934.

WIC CORP.
STATEMENT PURSUANT TO RULE 15c3-3
December 31, 2013

As more fully described in Note 3 of the notes to financial statements, the Company does not hold funds or securities of customers. Accordingly, the Company is exempt from the requirements of possession and control and to maintain a "Special Reserve Account for the Exclusive Benefit of Customers" under provisions of SEC Rule 15c3-3 based on Paragraph k(2) of the rule.

WIC CORP.
AUDITORS' REPORT ON INTERNAL
ACCOUNTING CONTROL
December 31, 2013

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL REQUIRED BY SEC RULE 17A-5(G)(1)
FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15C3-3**

Board of Directors
WIC Corp:

In planning and performing our audit of the financial statements of WIC Corp. (the Company), as of and for the years ended December 31, 2013 and 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons, and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulation Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Mark Hoffman M. C. C.", written in a cursive style.

Minneapolis, Minnesota
February 24, 2014