

Tasks Unlimited, Inc.

Minneapolis, Minnesota

Financial Statements for
Tasks Unlimited, Inc.
Auditor's Report
For the Years Ended
December 31, 2017 and 2016



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter Evert & Associates

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Tasks Unlimited, Inc.
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of Tasks Unlimited, Inc., which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 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 financial position of Tasks Unlimited, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, Ltd.

Minneapolis, Minnesota
June 4, 2018

Certified Public Accountants

TASKS UNLIMITED, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 478,976	\$ 12,083	\$ 491,059	\$ 55,603	\$ -	\$ 55,603
In-kind Contributions	216,720	-	216,720	216,870	-	216,870
Governmental Grants and Contracts	1,008,320	-	1,008,320	1,078,209	-	1,078,209
Employment Revenue	5,031,963	-	5,031,963	5,195,314	-	5,195,314
Program Service Fees	1,613,859	-	1,613,859	1,441,626	-	1,441,626
Client Service Fees	1,768,795	-	1,768,795	1,826,994	-	1,826,994
Investment Income	267	-	267	449	-	449
Other Income	70,086	-	70,086	107,740	-	107,740
Total Support and Revenue	<u>10,188,986</u>	<u>12,083</u>	<u>10,201,069</u>	<u>9,922,805</u>	<u>-</u>	<u>9,922,805</u>
Expense:						
Program Services:						
Mental Health	1,718,455	-	1,718,455	1,587,044	-	1,587,044
Training Center	688,954	-	688,954	603,100	-	603,100
Lodge Program	977,607	-	977,607	1,029,442	-	1,029,442
Vocational Rehabilitation	5,371,844	-	5,371,844	5,349,046	-	5,349,046
Oakwood Residence	15,596	-	15,596	25,006	-	25,006
Total Program Services	<u>8,772,456</u>	<u>-</u>	<u>8,772,456</u>	<u>8,593,638</u>	<u>-</u>	<u>8,593,638</u>
Support Services:						
Management and General	1,003,959	-	1,003,959	1,011,070	-	1,011,070
Fundraising	186,308	-	186,308	106,350	-	106,350
Total Support Services	<u>1,190,267</u>	<u>-</u>	<u>1,190,267</u>	<u>1,117,420</u>	<u>-</u>	<u>1,117,420</u>
Total Expense	<u>9,962,723</u>	<u>-</u>	<u>9,962,723</u>	<u>9,711,058</u>	<u>-</u>	<u>9,711,058</u>
Change in Net Assets	226,263	12,083	238,346	211,747	-	211,747
Net Assets - Beginning of Year	<u>4,605,387</u>	<u>-</u>	<u>4,605,387</u>	<u>4,393,640</u>	<u>-</u>	<u>4,393,640</u>
Net Assets - End of Year	<u>\$ 4,831,650</u>	<u>\$ 12,083</u>	<u>\$ 4,843,733</u>	<u>\$ 4,605,387</u>	<u>\$ -</u>	<u>\$ 4,605,387</u>

The accompanying Notes to Consolidated Financial Statements
are an integral part of these statements.

TASKS UNLIMITED, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR 2016

	2017										2016	
	Program Services					Support Services					Total All Services	Total All Services
	Mental Health	Training Center	Lodge Program	Vocational Rehabil- itation	Oakwood Residence	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services		
Salary	\$ 1,141,988	\$ 479,978	\$ 216,061	\$ 3,439,644	\$ 7,068	\$ 5,284,739	\$ 563,290	\$ 128,737	\$ 692,027	\$ 5,976,766	\$ 5,873,216	
Payroll Taxes	73,150	41,823	19,214	283,504	1,040	418,731	28,912	12,458	41,370	460,101	453,326	
Benefits	181,690	62,858	28,845	900,685	460	1,174,538	59,922	13,896	73,818	1,248,356	1,185,659	
Total Personnel Costs	1,396,828	584,659	264,120	4,623,833	8,568	6,878,008	652,124	155,091	807,215	7,685,223	7,512,201	
Contract Expenses	308	210	697	323,312	-	324,527	-	-	-	324,527	328,351	
Building Maintenance and Security	1,107	98	63,084	219,014	41	283,344	80	-	80	283,424	273,442	
Miscellaneous Expenses	87,902	37,287	19,786	61,645	5,323	211,943	46,985	4,599	51,584	263,527	202,522	
Interest Expense	-	-	226,019	-	-	226,019	-	-	-	226,019	251,734	
Professional Fees and Contracts	52,243	3,011	500	18,689	-	74,443	118,626	15,934	134,560	209,003	190,566	
Utilities	11,181	20,006	71,059	26,508	328	129,082	36,944	240	37,184	166,266	140,801	
Transportation	88,141	6,945	10,246	33,977	1,280	140,589	2,182	1,310	3,492	144,081	149,538	
Equipment Expense	732	6,645	4,985	1,609	-	13,971	75,289	609	75,898	89,869	69,178	
Insurance Expense	374	36	24,776	21,936	55	47,177	22,884	-	22,884	70,061	69,694	
Office Supplies	11,125	7,002	1,377	15,169	1	34,674	13,396	4,985	18,381	53,055	49,372	
Printing	1,192	1,238	-	697	-	3,127	1,602	1,491	3,093	6,220	4,630	
Occupancy	-	-	3,437	-	-	3,437	-	-	-	3,437	6,162	
Depreciation	67,322	21,817	287,521	25,455	-	402,115	33,847	2,049	35,896	438,011	462,867	
Total Expense	<u>\$ 1,718,455</u>	<u>\$ 688,954</u>	<u>\$ 977,607</u>	<u>\$ 5,371,844</u>	<u>\$ 15,596</u>	<u>\$ 8,772,456</u>	<u>\$ 1,003,959</u>	<u>\$ 186,308</u>	<u>\$ 1,190,267</u>	<u>\$ 9,962,723</u>	<u>\$ 9,711,058</u>	

The accompanying Notes to Consolidated Financial Statements
are an integral part of this statement.

TASKS UNLIMITED, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services					Support Services			Total All Services	
	Mental Health	Training Center	Lodge Program	Vocational Rehabil- itation	Oakwood Residence	Total Program Services	Management & General	Fund- raising		Total Support Services
Salary	\$ 1,037,987	\$ 434,755	\$ 210,445	\$ 3,518,117	\$ 5,760	\$ 5,207,064	\$ 580,376	\$ 85,776	\$ 666,152	\$ 5,873,216
Payroll Taxes	77,755	31,390	16,415	269,826	420	395,806	54,693	2,827	57,520	453,326
Benefits	157,046	51,900	31,384	878,005	692	1,119,027	59,918	6,714	66,632	1,185,659
Total Personnel Costs	1,272,788	518,045	258,244	4,665,948	6,872	6,721,897	694,987	95,317	790,304	7,512,201
Contract Expenses	-	-	2,849	325,281	-	328,130	221	-	221	328,351
Building Maintenance and Security	956	30	63,875	208,438	63	273,362	80	-	80	273,442
Miscellaneous Expenses	53,751	39,923	33,117	4,925	7,696	139,412	56,650	6,460	63,110	202,522
Interest Expense	-	-	251,734	-	-	251,734	-	-	-	251,734
Professional Fees and Contracts	46,619	1,000	684	10,209	-	58,512	131,571	483	132,054	190,566
Utilities	11,035	6,907	73,792	27,077	8,900	127,711	13,090	-	13,090	140,801
Transportation	88,375	6,340	13,691	37,089	1,363	146,858	2,196	484	2,680	149,538
Equipment Expense	941	1,731	13,203	1,112	-	16,987	52,159	32	52,191	69,178
Insurance Expense	378	33	25,120	21,620	56	47,207	22,487	-	22,487	69,694
Office Supplies	8,184	4,920	1,352	18,572	-	33,028	15,635	709	16,344	49,372
Printing	-	-	282	613	-	895	3,228	507	3,735	4,630
Occupancy	215	2,770	3,121	-	56	6,162	-	-	-	6,162
Depreciation	103,802	21,401	288,378	28,162	-	441,743	18,766	2,358	21,124	462,867
Total Expense	\$ 1,587,044	\$ 603,100	\$ 1,029,442	\$ 5,349,046	\$ 25,006	\$ 8,593,638	\$ 1,011,070	\$ 106,350	\$ 1,117,420	\$ 9,711,058

The accompanying Notes to Consolidated Financial Statements
are an integral part of this statement.

TASKS UNLIMITED, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash	\$ 2,591,331	\$ 2,306,833
Accounts Receivable	1,137,278	2,504,932
Investments	520,581	14,823
Prepaid Expenses	191,137	191,397
Total Current Assets	4,440,327	5,017,985
Land, Buildings and Equipment - Net	5,519,640	5,368,297
TOTAL ASSETS	\$ 9,959,967	\$ 10,386,282
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 115,837	\$ 98,500
Accrued Expenses	667,506	701,534
Notes Payable	223,500	868,470
Total Current Liabilities	1,006,843	1,668,504
Notes Payable	4,109,391	4,112,391
Total Liabilities	5,116,234	5,780,895
Net Assets:		
Unrestricted	4,831,650	4,605,387
Temporarily Restricted	12,083	-
Total Net Assets	4,843,733	4,605,387
TOTAL LIABILITIES AND NET ASSETS	\$ 9,959,967	\$ 10,386,282

The accompanying Notes to Consolidated Financial Statements
are an integral part of these statements.

TASKS UNLIMITED, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 238,346	\$ 211,747
Total Adjustments	1,783,366	(924,285)
Net Cash Provided (Used) by Operating Activities	2,021,712	(712,538)
Cash Flows from Investing Activities:		
Purchases of Land, Buildings and Equipment	(589,354)	(149,285)
Proceeds from Sale of Land, Buildings and Equipment	-	240,000
Proceeds from Sale of Investments	502,696	7,803
Purchase of Investments	(1,002,586)	(162)
Net Cash Provided (Used) by Investing Activities	(1,089,244)	98,356
Cash Flows from Financing Activities:		
Payments on Notes Payable	(647,970)	(158,073)
Net Cash (Used) by Financing Activities	(647,970)	(158,073)
Net Increase (Decrease) in Cash	284,498	(772,255)
Cash - Beginning of Year	2,306,833	3,079,088
Cash - End of Year	\$ 2,591,331	\$ 2,306,833
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid For:		
Interest	\$ 9,299	\$ 34,864

The accompanying Notes to Consolidated Financial Statements
are an integral part of these statements.

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements of Tasks Unlimited, Inc. (Tasks Unlimited) include the accounts of Tasks Unlimited Training Center, Tasks Unlimited Lodges, Tasks Unlimited Building Services, Tasks Unlimited Mental Health Services, Oakwood Residence, Inc., Oakwood Lodge, Inc. and Interlodge Residence. Significant inter-company transactions have been eliminated. The Board of Directors of Tasks Unlimited controls each of the related corporations, except Oakwood Lodge, Inc., with its ability to select a majority of the members of the boards of directors of each corporation.

Organizational Purpose

The purpose of Tasks Unlimited is to assist adult residents of Minnesota who have severe and persistent mental illness, which impairs their ability to secure or maintain employment or to live independently. The goal is to enhance their adaptation to their illness and assist them in maximizing self-sufficiency, productivity and self-esteem. Tasks Unlimited seeks to fulfill this purpose by providing an array of integrated programs featuring vocational services. Tasks Unlimited is organized as a parent corporation and six subsidiary corporations, each with a specific pragmatic function designed to complement each other.

Tasks Unlimited, Inc. is the parent corporation that provides administrative, management, and staffing services for each of the subsidiary corporations on a contractual basis. It also has the responsibility for fundraising and development.

Tasks Unlimited Training Center is an entry point to the system of care by providing evaluation, screening, training and rehabilitation services. The Training Center prepares people for the Lodge Program or other community options. The residential component is licensed as a Rule 36-Fairweather variance intensive residential treatment program by the Department of Human Services, and as a boarding and lodging facility by the City of St. Louis Park.

Tasks Unlimited Lodges is a property management and leasing corporation that owns and maintains the buildings used for the lodge program and for administrative services.

Tasks Unlimited Building Services employs and provides vocational services to all clients in the Tasks Unlimited continuum of care under contract to the Minnesota Department of Rehabilitation Services. Vocational services are nationally accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF).

Tasks Unlimited Mental Health Services provides an array of psychological and mental health services including supportive counseling, financial planning, case management, information and referral, psychiatric consultation and medication monitoring, and recreation and leisure activities to Lodge residents and nonresidential JOB\$ clients under contracts with Hennepin, Ramsey, Anoka and Dakota counties.

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies (continued)

Oakwood Residence, Inc. provides therapeutic and educational services to mothers with mental illness designed to improve basic and social functioning to allow them to be reunited with their children in a safe, stable environment conducive to a healthy relationship between mother and child.

Oakwood Lodge, Inc. is a property management and leasing corporation that owns and maintains the building used for the family community support program.

Interlodge is an entry point to the system of care by providing evaluation, screening, training and rehabilitation services. Interlodge prepares people for the Lodge Program or other community options. The residential component is licensed as a Rule 36-Fairweather variance intensive residential treatment program by the Department of Human Services, and as a boarding and lodging facility by the City of Edina. As of December 31, 2014, Interlodge is no longer operational and Tasks Unlimited is working with attorneys to dissolve the corporation in 2018.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to Tasks Unlimited, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and purpose. A description of the net asset grouping is as follows:

Unrestricted Net Assets – Net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Land, buildings and equipment are reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of the net assets of Tasks Unlimited resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Investments

Tasks Unlimited carries its investments at fair value.

Land, Buildings and Equipment

All major expenditures for land, buildings and equipment over \$1,000 are capitalized at cost. Contributed land, buildings and equipment are recorded at fair market value at the date of donation. Depreciation of buildings and equipment is provided through the use of the straight-line method using estimated useful lives of individual assets.

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Doubtful Accounts

Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and Tasks Unlimited does not charge interest on accounts receivable balances. Tasks Unlimited reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. Tasks Unlimited provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. The allowance for doubtful accounts was \$50,000 and \$75,000 at December 31, 2017 and 2016, respectively.

Contributions

Contributions are recorded in the period when received or pledged. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions, except when the receipt and expiration occur in the same period, in which case the contribution is shown as unrestricted.

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Tasks Unlimited will record such disallowance at the time the final assessment is made.

Client Medical Services and Medical Assistance Fees

Client medical services and assistance fees are recorded at standard hourly rates. When the services are rendered, discounts are recorded to reduce standard fees to those negotiated with third-party payors and medical assistance. Accordingly, accounts receivable are recorded net of these discounts.

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are made, the basis for the allocation is as follows:

Salaries and related expenseAllocated based on actual FTE's.
Other expenseAllocated based on best estimates of management.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$716 and \$410 for the years ended December 31, 2017 and 2016, respectively.

Income Tax

Tasks Unlimited has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. Tasks Unlimited's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. Tasks Unlimited continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, Tasks Unlimited annually files a Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending December 31, 2014 and later remain subject to examination by the Internal Revenue Service

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

Subsequent Events

Tasks Unlimited has evaluated the effect that subsequent events would have on the financial statements through June 4, 2018, which is the date financial statements were available to be issued.

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

2. Financial Instruments

Significant Concentrations of Credit Risk

Tasks Unlimited provides services primarily within the Twin Cities area. The amounts due for services provided are substantially from local businesses, individuals and governmental units.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2017 and 2016, Tasks Unlimited maintained bank account balances in excess of insured amounts.

3. Land, Buildings and Equipment

A summary of land, buildings and equipment was as follows as of:

	<u>December 31,</u>		<u>Estimated</u>
	<u>2017</u>	<u>2016</u>	<u>Useful Lives</u>
Land	\$ 897,100	\$ 897,100	
Buildings and Improvements	7,860,896	7,788,293	5-27.5 years
Equipment and Furnishings	1,593,553	1,364,930	3-5 years
Vehicles	586,179	602,756	5-7 years
Building Improvements in Progress	<u>343,329</u>	<u>80,944</u>	
	11,281,057	10,734,023	
Less Accumulated Depreciation	<u>5,761,417</u>	<u>5,365,726</u>	
	<u>\$ 5,519,640</u>	<u>\$ 5,368,297</u>	

Depreciation expense of \$438,011 and \$462,867 was recorded for the years ended December 31, 2017 and 2016, respectively.

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

4. Investments

Tasks Unlimited held the following investments as of:

	December 31,			
	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Marketable Equity Securities	\$ 1,616	\$ 1,696	\$ 1,616	\$ 1,495
Certificates of Deposit	498,834	497,420	-	-
Mutual Funds	20,748	21,465	13,265	13,328
	\$ 521,198	\$ 520,581	\$ 14,881	\$ 14,823

Investment income included the following as of:

	December 31,	
	2017	2016
Realized and Unrealized Gains (Losses)	\$ (537)	\$ 287
Interest and Dividend Income	804	162
Total	\$ 267	\$ 449

5. Fair Value

Tasks Unlimited adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures (“ASC 820”). In accordance with ASC 820, “fair value” is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

5. Fair Value (continued)

The following is a summary of the inputs used to determine the fair value of the investments at December 31:

	2017			
	Level 1	Level 2	Level 3	Total
Marketable Equity Securities	\$ 1,696	\$ -	\$ -	\$ 1,696
Certificates of Deposit	497,420	-	-	497,420
Mutual Funds	21,465	-	-	21,465
Total	\$ 520,581	\$ -	\$ -	\$ 520,581
	2016			
	Level 1	Level 2	Level 3	Total
Marketable Equity Securities	\$ 1,495	\$ -	\$ -	\$ 1,495
Mutual Funds	13,328	-	-	13,328
Total	\$ 14,823	\$ -	\$ -	\$ 14,823

6. Notes Payable

The breakdown of notes payable was as follows as of:

	December 31,			
	2017		2016	
	Current Portion	Long-term Portion	Current Portion	Long-term Portion
No interest mortgage payable to Hennepin County Housing Community Works and Transit in October 2024 - HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	\$ -	\$ 127,000	\$ -	\$ 127,000
No interest mortgage payable to Hennepin County Housing Community Works and Transit in March 2024 - HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	101,430	-	101,430

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

6. Notes Payable (continued)

	December 31,			
	2017		2016	
	Current Portion	Long-term Portion	Current Portion	Long-term Portion
Accrued HUD fees payable March 2024.	-	8,102	-	8,102
No interest mortgage payable to Hennepin County Housing Community Works and Transit in November 2023 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	110,000	-	110,000
No interest mortgage payable to Hennepin County Housing Community Works and Transit in June 2025 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality]	-	224,500	-	224,500
No interest mortgage payable to Hennepin County Housing Community Works and Transit in February 2027 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	200,000	-	200,000
No interest mortgage payable to Hennepin County Housing Community Works and Transit in July 2028 – HUD Program – when the remaining balance becomes due. Secured by land and building at [Redacted to protect client confidentiality] .	-	150,000	-	150,000
No interest mortgage payable to Hennepin County Housing Community Works and Transit in June 2030 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	175,000	-	175,000
No interest mortgage payable to Hennepin County Housing Community Works and Transit in December 2025 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	100,000	-	100,000

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

6. Notes Payable (continued)

	December 31,			
	2017		2016	
	Current Portion	Long-term Portion	Current Portion	Long-term Portion
No interest mortgage payable to Hennepin County Housing Community Works and Transit in December 2025 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	100,000	-	100,000
No interest mortgage payable to Hennepin County Housing Community Works and Transit in November 2028 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	150,000	-	150,000
No interest mortgage payable to Hennepin County Housing Community Works and Transit in May 2033 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	310,000	-	310,000
No interest mortgage payable to Hennepin County Housing Community Works and Transit in August 2035 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	300,000	-	300,000
No interest mortgage payable to Minnesota Housing Finance Agency in May 2016 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	26,000	-	26,000
No interest mortgage payable to Minnesota Housing Finance Agency in June 2025 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	74,800	-	74,800
No interest mortgage payable to Minnesota Housing Finance Agency upon resale – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	75,000	-	75,000

TASKS UNLIMITED, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

6. Notes Payable (continued)

	December 31,			
	2017		2016	
	Current Portion	Long-term Portion	Current Portion	Long-term Portion
No interest mortgage payable to Minnesota Housing Finance Agency in November 2031 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	700,000	-	700,000
No interest mortgage payable to Minnesota Housing Finance Agency in July 2033 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	50,000	-	50,000
No interest mortgage payable to Minnesota Housing Finance Agency in February 2020 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	75,000	-	75,000
No interest mortgage payable to Minnesota Housing Finance Agency in February 2020 – HUD program. Secured by land and building at [Redacted to protect client confidentiality] .	-	75,000	-	75,000
No interest mortgage payable to Minnesota Housing Finance Agency in May 2020 – HUD program. Secured by land and building at [Redacted to protect client confidentiality] .	-	85,000	-	85,000
No interest mortgage payable to Minnesota Housing Finance Agency in October 2037 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	400,000	-	400,000
1% simple non-compounding interest mortgage payable to Housing and Redevelopment Authority in August 2026 – HUD Program. Secured by land and building at [Redacted to protect client confidentiality] .	-	144,559	-	144,559

TASKS UNLIMITED, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

6. Notes Payable (continued)

	December 31,			
	2017		2016	
	Current Portion	Long-term Portion	Current Portion	Long-term Portion
No interest mortgage payable to New Hope Economic Development Authority, due in monthly installments of \$250 through September 2026. Interest payable at Prime +2% upon default. Secured by land and building at [Redacted to protect client confidentiality] .	3,000	26,750	3,000	29,750
No interest mortgage payable to Northwest Community Revitalization Corp. and Hennepin County in September 2026. Secured by land and building at [Redacted to protect client confidentiality] .	-	88,000	-	88,000
No interest mortgage payable to Dakota County Community Development Agency upon default before June 2016 – HUD program. Secured by land and building at [Redacted to protect client confidentiality] .	220,500	-	220,500	-
No interest loan payable to City of Edina, due on resale. Secured by land and building at [Redacted to protect client confidentiality] .	-	33,250	-	33,250
No interest loan payable to Hennepin County 30 years from completion of the housing project. Secured by land and building at [Redacted to protect client confidentiality] .	-	200,000	-	200,000
4.75% interest mortgage payable to Wells Fargo Bank, due in monthly payments of \$5,047, with a final payment due in July 2017. The note was paid off in March 2017. Secured by land and building at [Redacted to protect client confidentiality] .	-	-	542,022	-
4.75% interest mortgage payable to Wells Fargo Bank, due in monthly payments of \$781, with a final payment due in July 2017. The note was paid off in March 2017. Secured by land and building at [Redacted to protect client confidentiality] .	-	-	102,948	-
	<u>\$ 223,500</u>	<u>\$ 4,109,391</u>	<u>\$ 868,470</u>	<u>\$ 4,112,391</u>

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

6. Notes Payable (continued)

Principal payments required are as follows:

<u>Due in the Year Ending December 31,</u>	
2018	\$ 223,500
2019	3,000
2020	238,000
2021	3,000
2022	3,000
2022 and succeeding years	<u>3,862,391</u>
	<u>\$ 4,332,891</u>

Tasks Unlimited maintains a \$500,000 line-of-credit with Wells Fargo Bank, due on demand which expires on January 1, 2019. Interest is due monthly at a prime rate plus 1.25% with a floor of 4.5%. The line-of-credit is secured by Tasks Unlimited's inventory, accounts receivable, and equipment.

Cash paid for interest was \$9,299 and \$34,864 for the years ended December 31, 2017 and 2016, respectively. The amount of in-kind loan interest from no interest or low interest loans at 5% was \$216,720 and \$216,870 for the years ended December 31, 2017 and 2016, respectively.

7. In-kind Contributions

Tasks Unlimited records in-kind contributions at fair market value at date of donation. In-kind contributions included the following as of:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Interest	<u>\$ 216,720</u>	<u>\$ 216,870</u>

8. Retirement Plan

Tasks Unlimited maintains a retirement annuity plan for all employees meeting the eligibility requirements. Retirement expense was \$726,184 and \$765,274 for the years ended December 31, 2017 and 2016, respectively.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts from the following as of:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Women's Recruitment and Retention	<u>\$ 12,083</u>	<u>\$ -</u>

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

10. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows as of:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Depreciation	\$ 438,011	\$ 462,867
Realized and Unrealized (Gain) on Investments	(267)	(449)
(Gain) on Sale of Land, Buildings, and Equipment	-	(41,581)
Contributed Investments	(5,601)	(11,065)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	17,337	(61,678)
Accrued Expenses	(34,028)	121,886
Decreases (Increases) in Current Assets:		
Accounts Receivable	1,367,654	(1,356,220)
Prepaid Expenses	260	(38,045)
Total Adjustments	<u>\$ 1,783,366</u>	<u>\$ (924,285)</u>

ADDITIONAL INFORMATION



Carpenter Evert & Associates

Certified Public Accountants

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952.831.0085 carpenterevert.com

Statement of Auditor's Responsibility

Board of Directors
Tasks Unlimited, Inc.
Minneapolis, Minnesota

We have audited the consolidated financial statements of Tasks Unlimited, Inc. as of and for the years ended December 31, 2017 and 2016, and our report thereon dated June 4, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The balance sheets and statements of activities and changes in net assets of Tasks Unlimited, Inc. in the consolidated group for the years ended December 31, 2017 and 2016, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Carpenter Evert and Associates, Ltd.

Certified Public Accountants

Minneapolis, Minnesota
June 4, 2018

TASKS UNLIMITED, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 478,976	\$ 12,083	\$ 491,059	\$ 55,603	\$ -	\$ 55,603
Investment Income	207	-	207	449	-	449
Inter-Company Service Fees	997,749	-	997,749	1,021,028	-	1,021,028
Other	29,900	-	29,900	(912)	-	(912)
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	-	-	-	-	-	-
Total Support and Revenue	<u>1,506,832</u>	<u>12,083</u>	<u>1,518,915</u>	<u>1,076,168</u>	<u>-</u>	<u>1,076,168</u>
Expense:						
Salary	692,027	-	692,027	666,152	-	666,152
Payroll Taxes	41,370	-	41,370	57,520	-	57,520
Benefits	73,818	-	73,818	66,632	-	66,632
Contract Expenses	-	-	-	221	-	221
Building Maintenance and Security	80	-	80	80	-	80
Miscellaneous Expenses	51,584	-	51,584	63,110	-	63,110
Professional Fees	134,560	-	134,560	132,054	-	132,054
Utilities	37,184	-	37,184	13,090	-	13,090
Transportation	3,492	-	3,492	2,680	-	2,680
Equipment Expense	75,898	-	75,898	52,191	-	52,191
Insurance Expense	22,884	-	22,884	22,487	-	22,487
Office Supplies	18,381	-	18,381	16,344	-	16,344
Printing	3,093	-	3,093	3,735	-	3,735
Occupancy	39,696	-	39,696	39,696	-	39,696
Depreciation	35,896	-	35,896	21,124	-	21,124
Total Expense	<u>1,229,963</u>	<u>-</u>	<u>1,229,963</u>	<u>1,157,116</u>	<u>-</u>	<u>1,157,116</u>
Change in Net Assets	276,869	12,083	288,952	(80,948)	-	(80,948)
Net Assets - Beginning of Year	<u>2,505,941</u>	<u>-</u>	<u>2,505,941</u>	<u>2,586,889</u>	<u>-</u>	<u>2,586,889</u>
Net Assets - End of Year	<u>\$ 2,782,810</u>	<u>\$ 12,083</u>	<u>\$ 2,794,893</u>	<u>\$ 2,505,941</u>	<u>\$ -</u>	<u>\$ 2,505,941</u>

See Statement of Auditor's Responsibility.

TASKS UNLIMITED, INC.
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash	\$ 113,254	\$ 132,264
Accounts Receivable	89,937	135,204
Inter-Company Accounts Receivable	2,120,498	2,249,013
Investments	520,581	14,823
Prepaid Expenses	<u>146,504</u>	<u>146,538</u>
Total Current Assets	2,990,774	2,677,842
Equipment and Leasehold Improvements - Net	<u>173,872</u>	<u>148,141</u>
TOTAL ASSETS	<u>\$ 3,164,646</u>	<u>\$ 2,825,983</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 115,837	\$ 83,554
Accrued Expenses	<u>253,916</u>	<u>236,488</u>
Total Current Liabilities	369,753	320,042
Net Assets		
Unrestricted	2,782,810	2,505,941
Temporarily Restricted	<u>12,083</u>	<u>-</u>
Total Net Assets	<u>2,794,893</u>	<u>2,505,941</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,164,646</u>	<u>\$ 2,825,983</u>

See Statement of Auditor's Responsibility.