

Tasks Unlimited, Inc.
Minneapolis, Minnesota

Consolidated Financial Statements
Auditor's Report
For the Years Ended
December 31, 2018 and 2017



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

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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, 2018 and 2017, 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, 2018 and 2017, 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 3, 2019

Certified Public Accountants

TASKS UNLIMITED, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 245,563	\$ 15,000	\$ 260,563	\$ 478,976	\$ 12,083	\$ 491,059
In-kind Contributions	223,312	-	223,312	216,720	-	216,720
Governmental Grants and Contracts	1,186,396	-	1,186,396	1,008,320	-	1,008,320
Employment Revenue	5,312,783	-	5,312,783	5,031,963	-	5,031,963
Program Service Fees	1,537,173	-	1,537,173	1,613,859	-	1,613,859
Client Service Fees	1,838,398	-	1,838,398	1,768,795	-	1,768,795
Investment Income	7,985	-	7,985	267	-	267
Other Income	48,791	-	48,791	70,086	-	70,086
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	12,083	(12,083)	-	-	-	-
Total Support and Revenue	10,412,484	2,917	10,415,401	10,188,986	12,083	10,201,069
Expense:						
Program Services:						
Mental Health	1,830,128	-	1,830,128	1,718,455	-	1,718,455
Training Center	620,827	-	620,827	688,954	-	688,954
Lodge Program	1,044,874	-	1,044,874	977,607	-	977,607
Vocational Rehabilitation	5,527,576	-	5,527,576	5,371,844	-	5,371,844
Oakwood Residence	9,312	-	9,312	15,596	-	15,596
Total Program Services	9,032,717	-	9,032,717	8,772,456	-	8,772,456
Support Services:						
Management and General	1,111,972	-	1,111,972	1,003,959	-	1,003,959
Fundraising	164,998	-	164,998	186,308	-	186,308
Total Support Services	1,276,970	-	1,276,970	1,190,267	-	1,190,267
Total Expense	10,309,687	-	10,309,687	9,962,723	-	9,962,723
Change in Net Assets From Operations	102,797	2,917	105,714	226,263	12,083	238,346
Other Changes in Net Assets:						
Gain on Sale of Building	758,942	-	758,942	-	-	-
Change in Net Assets	861,739	2,917	864,656	226,263	12,083	238,346
Net Assets - Beginning of Year	4,831,650	12,083	4,843,733	4,605,387	-	4,605,387
Net Assets - End of Year	\$ 5,693,389	\$ 15,000	\$ 5,708,389	\$ 4,831,650	\$ 12,083	\$ 4,843,733

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, 2018
WITH COMPARATIVE TOTALS FOR 2017

	2018									2017	
	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		
Salary	\$ 1,189,697	\$ 416,995	\$ 212,303	\$ 3,508,864	\$ 2,665	\$ 5,330,524	\$ 605,628	\$ 117,991	\$ 723,619	\$ 6,054,143	\$ 5,976,766
Payroll Taxes	96,043	26,126	16,195	251,928	382	390,674	52,514	11,729	64,243	454,917	460,101
Benefits	150,348	49,383	26,542	937,585	313	1,164,171	53,530	12,877	66,407	1,230,578	1,248,356
Total Personnel Costs	<u>1,436,088</u>	<u>492,504</u>	<u>255,040</u>	<u>4,698,377</u>	<u>3,360</u>	<u>6,885,369</u>	<u>711,672</u>	<u>142,597</u>	<u>854,269</u>	<u>7,739,638</u>	<u>7,685,223</u>
Building Maintenance and Security	110	47	67,403	292,999	-	360,559	80	-	80	360,639	283,424
Miscellaneous Expenses	110,471	58,786	72,061	7,760	3,599	252,677	74,238	7,173	81,411	334,088	263,527
Contract Expenses	34	-	327	327,679	-	328,040	-	-	-	328,040	324,527
Professional Fees and Contracts	96,332	15,318	13,934	45,366	611	171,561	71,108	5,208	76,316	247,877	209,003
Interest Expense	-	-	212,195	-	-	212,195	-	-	-	212,195	226,019
Utilities	19,076	21,732	84,416	27,105	718	153,047	35,424	-	35,424	188,471	166,266
Equipment Expense	1,898	1,455	9,046	1,503	-	13,902	144,656	297	144,953	158,855	89,869
Transportation	98,621	6,712	16,134	32,585	964	155,016	1,389	664	2,053	157,069	144,081
Insurance Expense	576	40	26,874	23,303	60	50,853	22,763	-	22,763	73,616	70,061
Office Supplies	8,241	6,176	174	36,187	-	50,778	10,840	331	11,171	61,949	53,055
Printing	515	124	-	769	-	1,408	1,048	8,405	9,453	10,861	6,220
Occupancy	505	505	2,908	-	-	3,918	-	-	-	3,918	3,437
Depreciation	57,661	17,428	284,362	33,943	-	393,394	38,754	323	39,077	432,471	438,011
Total Expense	<u>\$ 1,830,128</u>	<u>\$ 620,827</u>	<u>\$ 1,044,874</u>	<u>\$ 5,527,576</u>	<u>\$ 9,312</u>	<u>\$ 9,032,717</u>	<u>\$ 1,111,972</u>	<u>\$ 164,998</u>	<u>\$ 1,276,970</u>	<u>\$ 10,309,687</u>	<u>\$ 9,962,723</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, 2017

	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	\$ 1,141,988	\$ 479,978	\$ 216,061	\$ 3,439,644	\$ 7,068	\$ 5,284,739	\$ 563,290	\$ 128,737	\$ 692,027	\$ 5,976,766
Payroll Taxes	73,150	41,823	19,214	283,504	1,040	418,731	28,912	12,458	41,370	460,101
Benefits	181,690	62,858	28,845	900,685	460	1,174,538	59,922	13,896	73,818	1,248,356
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
Building Maintenance and Security	1,107	98	63,084	219,014	41	283,344	80	-	80	283,424
Miscellaneous Expenses	87,902	37,287	19,786	61,645	5,323	211,943	46,985	4,599	51,584	263,527
Contract Expenses	308	210	697	323,312	-	324,527	-	-	-	324,527
Professional Fees and Contracts	52,243	3,011	500	18,689	-	74,443	118,626	15,934	134,560	209,003
Interest Expense	-	-	226,019	-	-	226,019	-	-	-	226,019
Utilities	11,181	20,006	71,059	26,508	328	129,082	36,944	240	37,184	166,266
Equipment Expense	732	6,645	4,985	1,609	-	13,971	75,289	609	75,898	89,869
Transportation	88,141	6,945	10,246	33,977	1,280	140,589	2,182	1,310	3,492	144,081
Insurance Expense	374	36	24,776	21,936	55	47,177	22,884	-	22,884	70,061
Office Supplies	11,125	7,002	1,377	15,169	1	34,674	13,396	4,985	18,381	53,055
Printing	1,192	1,238	-	697	-	3,127	1,602	1,491	3,093	6,220
Occupancy	-	-	3,437	-	-	3,437	-	-	-	3,437
Depreciation	67,322	21,817	287,521	25,455	-	402,115	33,847	2,049	35,896	438,011
Total Expense	\$ 1,718,455	\$ 688,954	\$ 977,607	\$ 5,371,844	\$ 15,596	\$ 8,772,456	\$ 1,003,959	\$ 186,308	\$ 1,190,267	\$ 9,962,723

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

TASKS UNLIMITED, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash	\$ 3,038,110	\$ 2,591,331
Accounts Receivable	823,816	1,137,278
Investments	1,028,374	520,581
Prepaid Expenses	212,059	191,137
Total Current Assets	5,102,359	4,440,327
Land, Buildings and Equipment - Net	5,004,658	5,519,640
TOTAL ASSETS	\$ 10,107,017	\$ 9,959,967
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 111,799	\$ 115,837
Accrued Expenses	656,938	667,506
Notes Payable	223,500	223,500
Total Current Liabilities	992,237	1,006,843
Notes Payable	3,406,391	4,109,391
Total Liabilities	4,398,628	5,116,234
Net Assets:		
Without Donor Restrictions	5,693,389	4,831,650
With Donor Restrictions	15,000	12,083
Total Net Assets	5,708,389	4,843,733
TOTAL LIABILITIES AND NET ASSETS	\$ 10,107,017	\$ 9,959,967

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, 2018 AND 2017

<u>Increase (Decrease) in Cash</u>	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 864,656	\$ 238,346
Adjustments to Reconcile Change in Net Assets to Net Net Cash Provided by Operating Activities:		
Depreciation	432,471	438,011
Unrealized (Gain) Loss on Investments	5,561	(267)
Contributed Securities	(939)	(5,601)
(Gain) Loss on sale of Land, Buildings and Equipment	(758,942)	-
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(4,038)	17,337
Accrued Expenses	(10,568)	(34,028)
Decreases (Increases) in Current Assets:		
Accounts Receivable	313,462	1,367,654
Prepaid Expenses	(20,922)	260
Net Cash Provided by Operating Activities	<u>820,741</u>	<u>2,021,712</u>
Cash Flows from Investing Activities:		
Purchases of Land, Buildings and Equipment	(358,547)	(589,354)
Proceeds from Sale of Land, Buildings and Equipment	1,200,000	-
Proceeds from Sale of Investments	964,748	502,696
Purchase of Investments	(1,477,163)	(1,002,586)
Net Cash Provided (Used) by Investing Activities	<u>329,038</u>	<u>(1,089,244)</u>
Cash Flows from Financing Activities:		
Payments on Notes Payable	(703,000)	(647,970)
Net Cash (Used) by Financing Activities	<u>(703,000)</u>	<u>(647,970)</u>
Net Increase in Cash	446,779	284,498
Cash - Beginning of Year	<u>2,591,331</u>	<u>2,306,833</u>
Cash - End of Year	<u>\$ 3,038,110</u>	<u>\$ 2,591,331</u>
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid For:		
Interest	<u>\$ -</u>	<u>\$ 9,299</u>

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

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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, 2018 AND 2017

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. Management began the process to dissolve the corporation in 2019.

Oakwood Lodge, Inc. is a property management and leasing corporation that owns and maintains the building used for the family community support program. Management began the process to dissolve the corporation in 2019

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, 2015, Interlodge is no longer operational and the organization was dissolved on November 21, 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:

Without Donor Restrictions – Net assets that are not restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Land, buildings and equipment are reported as net assets without donor restrictions.

With Donor Restrictions– 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, 2018 AND 2017

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 at both December 31, 2018 and 2017.

Contributions

Contributions are recorded in the period when received or pledged. If donor-imposed restrictions accompany the contribution, the amount is recorded with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Net assets with donor restrictions are reclassified to net assets without donor restrictions 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 without donor restrictions.

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, 2018 AND 2017

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.

Income Tax

Tasks Unlimited and the consolidated organizations have 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. Each consolidated organization 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) for each organization.

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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Tasks Unlimited has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively for the periods ended December 31, 2018 and 2017, as required.

Subsequent Events

Tasks Unlimited has evaluated the effect that subsequent events would have on the financial statements through June 3, 2018, which is the date financial statements were available to be issued.

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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, 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>Useful Lives</u>
Land	\$ 842,100	\$ 897,100	
Buildings and Improvements	6,889,718	7,860,896	5-27.5 years
Equipment and Furnishings	1,603,859	1,593,553	3-5 years
Vehicles	585,688	586,179	5-7 years
Building Improvements in Progress	<u>591,946</u>	<u>343,329</u>	
	10,513,311	11,281,057	
Less Accumulated Depreciation	<u>5,508,653</u>	<u>5,761,417</u>	
	<u>\$ 5,004,658</u>	<u>\$ 5,519,640</u>	

Depreciation expense of \$432,471 and \$438,011 was recorded for the years ended December 31, 2018 and 2017, respectively.

4. Liquidity and Availability

The following represents Tasks Unlimited's financial assets at December 31, 2018:

Financial Assets	
Cash	\$ 3,038,110
Accounts Receivable	823,816
Investments	<u>1,028,374</u>
Total Financial Assets	4,890,300
Less amounts not available to be used within one year	
Net Assets with Donor Restrictions	<u>15,000</u>
Financial assets available for general expenditures within one year	<u>\$ 4,875,300</u>

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

4. Liquidity and Availability (continued)

Net assets with donor restrictions are removed from financial assets available for general expenditures within one year if it is likely that the restriction will not be satisfied during normal operations in 2019.

As part of their liquidity plan, Tasks Unlimited has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. They also maintain an investment portfolio to get a higher return on excess cash. If needed, Tasks Unlimited has a \$1,000,000 line-of-credit available to aid in liquidity.

5. Investments

Tasks Unlimited held the following investments as of:

	December 31,			
	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Marketable Equity Securities	\$ 1,616	\$ 1,910	\$ 1,616	\$ 1,696
Certificates of Deposit	599,237	592,826	498,834	497,420
Mutual Funds	180,110	179,586	20,748	21,465
Marketable Debt Securities	253,588	254,052	-	-
	<u>\$ 1,034,551</u>	<u>\$ 1,028,374</u>	<u>\$ 521,198</u>	<u>\$ 520,581</u>

Investment income included the following as of:

	December 31,	
	2018	2017
Realized and Unrealized Gains (Losses)	\$ (5,552)	\$ (537)
Interest and Dividend Income	13,357	804
Total	<u>\$ 7,985</u>	<u>\$ 267</u>

6. 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
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6. Fair Value (continued)

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

	2018			
	Level 1	Level 2	Level 3	Total
Marketable Equity Securities	\$ 1,910	\$ -	\$ -	\$ 1,910
Certificates of Deposit	592,826	-	-	592,826
Mutual Funds	179,586	-	-	179,586
Marketable Debt Securities	254,052	-	-	254,052
Total	\$ 1,028,374	\$ -	\$ -	\$ 1,028,374

	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

7. Notes Payable

The breakdown of notes payable was as follows as of:

	December 31,			
	2018		2017	
	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 8032-34 Portland Avenue South, Bloomington.	\$ -	\$ 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 6733 Lyndale Avenue, Richfield.		- 101,430		- 101,430

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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7. Notes Payable (continued)

	December 31,			
	2018		2017	
	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 7915 Stevens Avenue South, Bloomington.	-	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 4029 Utica Avenue, St. Louis Park.	-	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 3370-3374 Lilac Drive, Golden Valley.	-	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 6312-14 France Avenue South, Edina.	-	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 7908-12 Beard Avenue North, Brooklyn Park.	-	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 8230 13 th Avenue South, Bloomington.	-	100,000	-	100,000

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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7. Notes Payable (continued)

	December 31,			
	2018		2017	
	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 2575 Brogger Circle, Golden Valley.	-	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 4125-27 Jordan Avenue North, New Hope.	-	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 7817-21 Vincent Avenue North, Brooklyn Park.	-	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 5141-45 Williams Avenue South, Edina.	-	300,000	-	300,000
No interest mortgage payable to Minnesota Housing Finance Agency in May 2016 – HUD Program. Secured by land and building at 8230 13 th Avenue South, Bloomington.	-	26,000	-	26,000
No interest mortgage payable to Minnesota Housing Finance Agency in June 2025 – HUD Program. Secured by land and building at 4029 Utica Avenue, St. Louis Park.	-	74,800	-	74,800
No interest mortgage payable to Minnesota Housing Finance Agency upon resale – HUD Program. Secured by land and building at 6312-14 France Avenue South, Edina.	-	75,000	-	75,000

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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7. Notes Payable (continued)

	December 31,			
	2018		2017	
	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 3012 West 44 th Street, Minneapolis.	-	-	-	700,000
No interest mortgage payable to Minnesota Housing Finance Agency in July 2033 – HUD Program. Secured by land and building at 7908-12 Beard Avenue North, Brooklyn Park.	-	50,000	-	50,000
No interest mortgage payable to Minnesota Housing Finance Agency in February 2020 – HUD Program. Secured by land and building at 4125-27 Jordan Avenue, New Hope.	-	75,000	-	75,000
No interest mortgage payable to Minnesota Housing Finance Agency in February 2020 – HUD program. Secured by land and building at 1789-91 Randolph Avenue, St. Paul.	-	75,000	-	75,000
No interest mortgage payable to Minnesota Housing Finance Agency in May 2020 – HUD program. Secured by land and building at 13016-20 County Rd. 5, Burnsville.	-	85,000	-	85,000
No interest mortgage payable to Minnesota Housing Finance Agency in October 2037 – HUD Program. Secured by land and building at 5141-5145 Williams Avenue South, Edina.	-	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 2112 St. Clair Avenue, St. Paul.	-	144,559	-	144,559

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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7. Notes Payable (continued)

	December 31,			
	2018		2017	
	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 3579-81 Independence Avenue, New Hope.	3,000	23,750	3,000	26,750
No interest mortgage payable to Northwest Community Revitalization Corp. and Hennepin County in September 2026. Secured by land and building at 3579-81 Independence Avenue, New Hope.	-	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 13016-20 County Rd. 5, Burnsville.	220,500	-	220,500	-
No interest loan payable to City of Edina, due on resale. Secured by land and building at 6312-14 France Avenue South, Edina.	-	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 6212-6214 France Avenue South, Edina.	-	200,000	-	200,000
	<u>\$ 223,500</u>	<u>\$ 3,406,391</u>	<u>\$ 223,500</u>	<u>\$ 4,109,391</u>

TASKS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

7. Notes Payable (continued)

Principal payments required are as follows:

<u>Due in the Year Ending December 31,</u>	
2019	\$ 223,500
2020	238,000
2021	3,000
2022	3,000
2023	113,000
2024 and succeeding years	<u>3,049,391</u>
	<u>\$ 3,629,891</u>

Tasks Unlimited maintains a \$1,000,000 line-of-credit with Wells Fargo Bank, due on demand which expires on January 1, 2020. 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 \$0 and \$9,299 for the years ended December 31, 2018 and 2017, respectively. The amount of in-kind loan interest from no interest or low interest loans at 5% was \$212,195 and \$216,720 for the years ended December 31, 2018 and 2017, respectively.

8. 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>2018</u>	<u>2017</u>
Interest	\$ 212,195	\$ 216,720
Equipment	<u>11,117</u>	<u>-</u>
	<u>\$ 223,312</u>	<u>\$ 216,720</u>

9. Retirement Plan

Tasks Unlimited maintains a retirement annuity plan for all employees meeting the eligibility requirements. Retirement expense was \$798,835 and \$726,184 for the years ended December 31, 2018 and 2017, respectively.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Purpose Restriction:		
Capital Improvements	\$ 15,000	\$ -
Women's Recruitment and Retention	<u>-</u>	<u>12,083</u>
	<u>\$ 15,000</u>	<u>\$ 12,083</u>