Financial Statements
December 31, 2013 and 2012

Lifetrack Resources, Inc. d/b/a Lifetrack

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Lifetrack Resources, Inc.
St. Paul, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of Lifetrack Resources, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 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 Lifetrack Resources, Inc. as of December 31, 2013 and 2012, 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.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued a report dated May 6, 2014, on our consideration of Lifetrack Resources, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lifetrack Resources, Inc.'s internal control over financial reporting and compliance.

Eide Bailly LLP

Minneapolis, Minnesota
May 6, 2014

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	$ 1,298,169	$ 1,534,367
Receivables		
Accounts, less allowance for doubtful accounts of $12,000 in 2013 and 2012	426,200	396,011
Promises to give, net	41,327	79,027
Grants	336,193	293,033
Inventory	184,855	172,113
Prepaid expenses and other assets	78,729	116,760
Total current assets	2,365,473	2,591,311
Property and Equipment, Net	1,936,609	2,039,768
Investments	967,949	830,001
Long-term Promises to Give, Net	30,441	38,441
Other Assets	82,380	60,963
	$ 5,382,852	$ 5,560,484
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 115,236	$ 104,776
Accrued expenses	315,516	321,275
Deferred revenue	38,600	21,600
Total current liabilities	469,352	447,651
Net Assets		
Unrestricted		
Undesignated	3,686,022	3,854,921
Board designated for endowment purposes	480,489	399,332
	4,166,511	4,254,253
Temporarily restricted	428,144	545,390
Permanently restricted	318,845	313,190
	4,913,500	5,112,833
	$ 5,382,852	$ 5,560,484

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenue				
Contributions	$ 167,305	$ 316,426	$ 5,655	$ 489,386
United Way	1,091,653	75,000	-	1,166,653
Program service fees				
Government	2,914,234	-	-	2,914,234
Non-government service fees	1,320,069	-	-	1,320,069
Innovative Packaging Solutions sales	1,363,729	-	-	1,363,729
Rent income	24,634	-	-	24,634
Interest income	3,585	-	-	3,585
Investment income	81,145	47,585	-	128,730
Miscellaneous	67,150	-	-	67,150
Net assets released from restrictions	556,257	(556,257)	-	-
Total support and revenue	7,589,761	(117,246)	5,655	7,478,170
Expenses				
Program services				
Employment and Business Services	2,808,562	-	-	2,808,562
Child & Family Healthy Development	3,103,805	-	-	3,103,805
Innovative Packaging Solutions cost of sales	460,526	-	-	460,526
Total program services	6,372,893	-	-	6,372,893
Supporting services				
Management and general	881,433	-	-	881,433
Fundraising	423,177	-	-	423,177
Total supporting services	1,304,610	-	-	1,304,610
Total expenses	7,677,503	-	-	7,677,503
Change in Operating Net Assets	(87,742)	(117,246)	5,655	(199,333)
Net Assets, Beginning of Year	4,254,253	545,390	313,190	5,112,833
Net Assets, End of Year	$ 4,166,511	$ 428,144	$ 318,845	$ 4,913,500

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenue				
Contributions	$ 159,505	$ 409,400	$ 11,980	$ 580,885
United Way	1,097,691	182,500	-	1,280,191
Program service fees				
Government	3,101,398	-	-	3,101,398
Non-government service fees	1,109,362	-	-	1,109,362
Innovative Packaging Solutions sales	867,116	-	-	867,116
Rent income	26,193	-	-	26,193
Interest income	4,256	-	-	4,256
Investment income	54,000	32,341	-	86,341
Miscellaneous	52,868	-	-	52,868
Net assets released from restrictions	504,071	(504,071)	-	-
Total support and revenue	6,976,460	120,170	11,980	7,108,610
Expenses				
Program services				
Employment and Business Services	2,685,676	-	-	2,685,676
Child & Family Healthy Development	3,028,548	-	-	3,028,548
Innovative Packaging				-
Solutions cost of sales	199,744	-	-	199,744
Total program services	5,913,968	-	-	5,913,968
Supporting services				
Management and general	890,327	-	-	890,327
Fundraising	307,035	-	-	307,035
Total supporting services	1,197,362	-	-	1,197,362
Total expenses	7,111,330	-	-	7,111,330
Change in Operating Net Assets	(134,870)	120,170	11,980	(2,720)
Net Assets, Beginning of Year	4,372,589	425,220	301,210	5,099,019
Inherent Contribution - Working Families Resources Center, Inc.	16,534	-	-	16,534
Net Assets, End of Year	$ 4,254,253	$ 545,390	$ 313,190	$ 5,112,833

Lifetrack Resources, Inc.
d/b/a Lifetrack
Statements of Functional Expenses
Year Ended December 31, 2013

	2013					
	Program Services			Supporting Services		
	Employment and Business Services	Child & Family Healthy Development	Total	Management and General	Fund Raising	Total Expenses
Personnel Costs						
Salaries and wages	$ 1,577,672	$ 2,075,204	$ 3,652,876	$ 403,314	$ 290,352	$ 4,346,542
Program participant wages	22,857	-	22,857	-	-	22,857
Payroll taxes and fringe benefits	399,698	561,356	961,054	107,760	72,507	1,141,321
Total personnel costs	2,000,227	2,636,560	4,636,787	511,074	362,859	5,510,720
Other Expenses						
Professional fees/purchased services	124,360	171,252	295,612	119,343	38,025	452,980
Supplies	22,092	48,523	70,615	23,410	1,060	95,085
Production materials	460,921	-	460,921	-	-	460,921
	-					
Occupancy	98,275	10,330	108,605	113,727	339	222,671
Travel and transportation	48,144	66,222	114,366	2,897	680	117,943
Printing and postage	10,619	18,433	29,052	21,963	4,296	55,311
	-					
Subscriptions, publications and media use	1,201	6,776	7,977	3,063	1,369	12,409
Telephone	14,221	11,838	26,059	6,459	1,003	33,521
Equipment rental and maintenance	5,194	2,615	7,809	14,606	43	22,458
	-					
Program participant assistance	103,820	10,065	113,885	-	-	113,885
Meetings, conferences and training	11,041	16,372	27,413	7,132	1,138	35,683
Depreciation and amortization	113,797	77,149	190,946	47,980	3,468	242,394
	-					
Special activities	63	15,062	15,125	375	7,397	22,897
Payments to sub-recipients	244,736	-	244,736	-	-	244,736
Other	10,377	12,608	22,985	9,404	1,500	33,889
Total other expenses	1,268,861	467,245	1,736,106	370,359	60,318	2,166,783
Total Expenses	$ 3,269,088	$ 3,103,805	$ 6,372,893	$ 881,433	$ 423,177	$ 7,677,503
Percentage of Total Expenses	43%	40%	83%	11%	6%	100%

	2012					
	Program Services			Supporting Services		
	Employment and Business Services	Child & Family Healthy Development	Total	Management and General	Fund Raising	Total Expenses
Personnel Costs						
Salaries and wages	$ 1,336,948	$ 2,003,303	$ 3,340,251	$ 411,618	$ 191,635	$ 3,943,504
Program participant wages	150,476	-	150,476	-	-	150,476
Payroll taxes and fringe benefits	443,459	625,432	1,068,891	126,612	55,866	1,251,369
Total personnel costs	1,930,883	2,628,735	4,559,618	538,230	247,501	5,345,349
Other Expenses						
Professional fees/purchased services	100,600	112,132	212,732	119,167	39,914	371,813
Supplies	18,659	63,545	82,204	11,829	852	94,885
Production materials	199,744	-	199,744	-	-	199,744
Occupancy	84,958	26,739	111,697	114,190	218	226,105
Travel and transportation	42,356	54,414	96,770	8,803	615	106,188
Printing and postage	5,197	8,418	13,615	9,016	5,683	28,314
Subscriptions, publications and media use	2,398	852	3,250	2,889	1,208	7,347
Telephone	11,106	9,618	20,724	10,321	335	31,380
Equipment rental and maintenance	6,218	1,807	8,025	9,151	25	17,201
Program participant assistance	38,914	9,208	48,122	-	-	48,122
Meetings, conferences and training	10,187	15,736	25,923	5,352	1,438	32,713
Depreciation and amortization	124,364	72,661	197,025	53,039	2,105	252,169
Special activities	137	15,868	16,005	391	6,040	22,436
Payments to sub-recipients	308,504	-	308,504	-	-	308,504
Other	1,195	8,815	10,010	7,949	1,101	19,060
Total other expenses	954,537	399,813	1,354,350	352,097	59,534	1,765,981
Total Expenses	$ 2,885,420	$ 3,028,548	$ 5,913,968	$ 890,327	$ 307,035	$ 7,111,330
Percentage of Total Expenses	41%	43%	83%	13%	4%	100%

See Notes to Financial Statements

	2013	2012
Operating Activities		
Change in net assets	$ (199,333)	$ (2,720)
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	242,394	252,169
Inherent contribution - Working Family Resources Center, Inc.	-	16,534
Net investment gain	(128,730)	(86,341)
Changes in operating assets and liabilities		
Receivables	(27,649)	150,742
Inventory	(12,742)	(30,905)
Prepaid expenses	38,031	(40,672)
Other assets	(21,417)	(3,976)
Accounts payable	10,460	(27,950)
Accrued expenses	(5,759)	13,999
Deferred revenue	17,000	5,475
Permanently restricted contributions	(5,655)	(11,980)
Net Cash (used for) from Operating Activities	(93,400)	234,375
Investing Activities		
Purchase of investments	(9,219)	(13,421)
Proceeds from sales of buildings and equipment	-	7,148
Purchase of equipment and building improvements	(139,234)	(173,098)
Net Cash used for Investing Activities	(148,453)	(179,371)
Financing Activities		
Permanently restricted contributions	5,655	11,980
Net Change in Cash and Cash Equivalents	(236,198)	66,984
Cash and Cash Equivalents, Beginning of Year	1,534,367	1,467,383
Cash and Cash Equivalents, End of Year	$ 1,298,169	$ 1,534,367

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Lifetrack Resources, Inc.'s (Lifetrack or the Organization) mission is *to work together to develop the strengths within children, families, and adults facing the greatest life challenges*. Services are provided through their focus on: Employment and Economic Opportunity and Child and Family Healthy Development. On August 1, 2012 Lifetrack Resources acquired Working Family Resource Center, Inc. (WFRC), a Minnesota nonprofit organization that educates and supports employees to effectively manage the demands of work and family. This strategic decision brings together complementary services and resources to the community, allowing families to access a greater spectrum of services including work-life education. On July 1, 2013, WFRC and its programs were fully dissolved into Lifetrack.

Employment and Economic Opportunity

Lifetrack is a large and successful nonprofit provider of employment services, including job search skills, training and placement, to low-income populations in the Twin Cities and greater Minnesota, based on numbers served and outcomes achieved. Lifetrack also maintains a strong network of over 400 local businesses and works with employer partners to offer industry-driven career training, job fairs, recruitment events, candidate assessment and screening, job placement and retention.

Child and Family Healthy Development

Lifetrack is committed to helping every child it serves improve in key developmental indicators and to seeing that their parents increase their knowledge of resources to meet their child's basic, health and developmental needs. Services focus on strengthening families and giving them the tools needed to succeed. Lifetrack offers classroom-based and home-based services for highly at-risk families. Additionally, through an in-house therapy team and network of partners, Lifetrack provides therapy services (e.g., speech, occupational, mental health) to children and adults, including support services to families with children who are deaf or hard of hearing. Lifetrack is certified as an Essential Community Provider by the Minnesota Department of Health.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Organization are excluded from this definition.

Receivables and Credit Policies

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on these receivables using the allowance method. The allowance is based on experience and other circumstances. Receivables are considered past-due based on contractual terms. The Organization does not charge interest on past due accounts. The Organization charges off uncollectible receivables against the allowance for doubtful accounts when all other options to pursue collection have been exhausted.

Promises to Give and Grants Receivable

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Grants receivable are primarily due from government agencies and are considered fully collectible. Accordingly, no allowance for doubtful accounts is required. If accounts become uncollectible, they are charged to operations when that determination is made.

Inventory

Inventory consists primarily of packaging materials and is maintained at Innovative Packaging Solutions, an employment training center, and is stated at the lower of cost or market determined by the first-in, first-out method.

Property and Equipment

Expenditures for the acquisition of property and equipment greater than $2,100 are capitalized at cost, and donated property and equipment are capitalized at fair value at the date of the donation. Depreciation is computed on the straight-line method over the following useful lives:

Building	30 years
Furniture and equipment	3-20 years

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Lifetrack reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2013 and 2012.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and realized and unrealized gains and losses are reported as increases/decreases in unrestricted and temporarily restricted net assets in the reporting period in which the income and gains and losses are recognized.

The Organization has a Donor Restricted Endowment Fund which is permanently restricted. Investment earnings are available to support the Organization's charitable efforts and are reported as unrestricted in the statement of activities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted Board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and quasi-endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Organization's Board of Directors. The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Innovative Packaging Solutions sales are recorded when goods are shipped.

Donated Services and Supplies

Volunteers contribute significant amounts of time to Lifetrack's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Lifetrack records donated professional services at the respective fair values of the services received.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 and those differences could be material.

Income Taxes

Lifetrack Resources, Inc. is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(viii), and has been determined not to be a private foundation under Section 509(a)(2). The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The entity has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The entity believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The entity would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, and foundations supportive of the Organization’s mission. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Subsequent Events

The Organization has evaluated subsequent events through May 6, 2014, the date which the financial statements were issued.

Note 2 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset or liability.

The Organization's investment assets are classified within Level 1 because they are comprised of open-end mutual funds, stocks and bonds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis, except at those measured at cost as identified below, at December 31, 2013 and 2012:

	2013			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual funds				
Financial	$ 3,696	$ -	$ -	$ 3,696
Large blend	246,751	-	-	246,751
Large growth	50,315	-	-	50,315
Large value	73,939	-	-	73,939
Mid blend	27,293	-	-	27,293
Mid growth	34,302	-	-	34,302
Small blend	25,358			25,358
Stocks				
Financial	5,799			5,799
Large core	69,774	-	-	69,774
Large growth	66,730	-	-	66,730
Large value	13,142	-	-	13,142
Mid core	7,874	-	-	7,874
Mid growth	16,961	-	-	16,961
Mid value	3,491	-	-	3,491
Bonds				
Corporate bond	9,298			9,298
Emerging markets bond	10,575	-	-	10,575
High yield bond fund	12,318	-	-	12,318
Intermediate-term bond	183,806	-	-	183,806
Other		-	-	
Large blend	69,873	-	-	69,873
Large value	14,072	-	-	14,072
Cash and money markets	22,582	-	-	22,582
Total assets at fair value	$ 967,949	$ -	$ -	$ 967,949

	2012							
	(Level 1)		(Level 2)		(Level 3)		Total	
Mutual funds								
Growth	$	4,705	$	-	$	-	$	4,705
Large core		51,131		-		-		51,131
Large growth		56,937		-		-		56,937
Large value		12,067		-		-		12,067
Mid core		8,714		-		-		8,714
Mid growth		5,693		-		-		5,693
Mid value		7,096		-		-		7,096
Stocks								
Large blend		144,492		-		-		144,492
Large growth		83,952		-		-		83,952
Large value		58,398		-		-		58,398
Mid blend		16,171		-		-		16,171
Mid growth		23,533		-		-		23,533
Small blend		17,011		-		-		17,011
Small growth		15,566		-		-		15,566
Bonds								
Emerging markets bond		12,211		-		-		12,211
High yield bond fund		12,272		-		-		12,272
Intermediate-term bond		202,451		-		-		202,451
Other				-		-		-
Large blend		70,571		-		-		70,571
Federated government obligations		24,946		-		-		24,946
Cash and money markets		2,084		-		-		2,084
Total assets at fair value	$	830,001	$	-	$	-	$	830,001

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended December 31, 2013 and 2012:

	2013		2012	
Investment and dividend loss	$	-	$	11,656
Net realized and unrealized gains		128,730		74,685
	$	128,730	$	86,341

Note 4 - Promises to Give

Promises to give as of December 31, 2013 and 2012 are as follows:

	2013	2012
Promises to give	$ 78,800	$ 129,500
Less allowance for uncollectibles	(3,973)	(3,973)
	$ 74,827	$ 125,527
Receivable in less than one year	$ 41,327	$ 79,027
Receivable in one to five years	36,000	44,000
	77,327	123,027
Less discounts to net present value	(5,559)	(5,559)
Net promises to give	$ 71,768	$ 117,468

Promises to give that are due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1%.

Note 5 - Property and Equipment

Property and equipment at December 31, 2013 and 2012 consist of the following:

	2013	2012
Land	$ 446,745	$ 446,745
Buildings and improvements	4,065,112	4,052,732
Equipment and software	2,762,406	2,635,551
Total property and equipment	7,274,263	7,135,028
Less accumulated depreciation and amortization	(5,337,654)	(5,095,260)
Net property and equipment	$ 1,936,609	$ 2,039,768

Note 6 - Line of Credit

The Organization has available a $500,000 line of credit with a bank, collateralized by substantially all assets of the Organization. Interest accrues monthly at the prime rate, with a minimum rate of 5.0%. At December 31, 2013, the interest rate was 5.0%. The line of credit agreement expires August 31, 2014. As of December 31, 2013 and 2012, there were no advances under the line of credit agreement.

Note 7 - Leases

As Lessee:

The Organization leases office facilities and equipment under leases expiring in 2015. The total expense incurred under these leases was $29,000 and $46,000 for the years ended December 31, 2013 and 2012, respectively.

Future minimum payments under these leases are:

Years ending December 31,	Amount
2014	$ 29,000
2015	30,000
	$ 59,000

As Lessor:

The Organization leases office space to tenants and billboard space under operating leases expiring in 2014. The total rental income received under these leases was $25,000 and $26,000 for the years ended December 31, 2013 and 2012, respectively.

Future minimum rentals under these leases are:

Years ending December 31,	Amount
2014	$ 19,000

Note 8 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets at December 31, 2013 and 2012, consist of:

	2013	2012
Employment and economic opportunity		
Employment services general support	$ 34,000	$ 25,833
Training services	25,000	100,000
Immigrant/refugee financial education	16,042	88,471
Total employment and business services	75,042	214,304
Child and family healthy development		
Families Together program	77,909	87,683
Home visiting programs	28,835	28,333
MN Hands & Voices	4,375	27,292
Other hearing related services	167,800	122,486
Total child and adult therapies	278,919	282,461
Management and general - for periods after December 31	74,183	48,625
	$ 428,144	$ 545,390

Net assets released from restrictions as follows during the years ended December 31, 2013 and 2012:

	2013	2012
Employment and economic opportunity		
Employment services general support	$ 44,833	$ 43,542
Training services	100,000	-
Immigrant/refugee financial education	89,930	11,529
Total employment and business services	234,763	55,071
Child and family healthy development		
Families Together program	103,046	165,629
Home visiting programs	123,498	196,667
MN Hands & Voices	30,417	9,583
Other family and child services	16,667	18,333
Total child and adult therapies	273,628	390,212
Management and general - for the year ended December 31	47,866	58,788
	$ 556,257	$ 504,071

Permanently Restricted

Permanently restricted net assets consist of mutual funds, stocks, bonds and other investments restricted by donors for investment in perpetuity. Earnings on endowment funds are unrestricted use of the Organization.

Note 9 - Endowment

The Organization’s endowment (the Endowment) consists of approximately four individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain unrestricted net assets designated for quasi-endowment by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization’s Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2013, there were no such donor stipulations. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

As of December 31, 2013 and 2012, the Organization had the following endowment net asset composition by type of fund:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restriced	Total
Donor-restricted endowment funds	$ -	$ 173,369	$ 318,845	$ 492,214
Board-designated quasi-endowment funds	480,489	-	-	480,489
	$ 480,489	$ 173,369	$ 318,845	$ 972,703

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restriced	Total
Donor-restricted endowment funds	$ -	$ 125,784	$ 313,190	$ 438,974
Board-designated quasi-endowment funds	399,332	-	-	399,332
	$ 399,332	$ 125,784	$ 313,190	$ 838,306

Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified periods as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that emphasize consistent growth of principal while avoiding excessive risk, primarily through asset diversification. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index. The Organization expects its endowment funds to produce an average rate of return over time (or over a period of three to five years) of at least 6% over inflation, net of new assets invested and net of fees incurred. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy of appropriating for distribution each year an amount not to exceed 5% of its annual endowment fund to the operating fund for use by the Board and consistent with donor designation. Annually, as part of the budget process, the determination of actual transfer amounts will be made. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the years ending December 31, 2013 and 2012 are as follows:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 399,332	$ 125,784	$ 313,190	$ 838,306
Investment return				
Investment income	81,157	47,585	-	128,742
Contributions	-	-	5,655	5,655
Endowment net assets, end of year	$ 480,489	$ 173,369	$ 318,845	$ 972,703

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 345,328	$ 93,447	$ 301,210	$ 739,985
Investment return				
Investment income	42,348	32,337	-	74,685
Net appreciation (realized and unrealized)	11,656	-	-	11,656
Contributions	-	-	11,980	11,980
Endowment net assets, end of year	$ 399,332	$ 125,784	$ 313,190	$ 838,306

Note 10 - Retirement Plans

The Organization makes contributions to the Lifetrack Resources, Inc. 403(b) plan, which was established on January 1, 2005, under Section 403(b) of the Internal Revenue Code. All regular staff employees except highly compensated employees are eligible to participate in this defined contribution plan. The Organization provides base and matching contributions to the plan for employees who are 21 years old and who have completed one year of service. Employer contributions to the 403(b) plan were $73,000 and $72,000 for the years ended December 31, 2013 and 2012, respectively.

The Organization maintains a Section 457 plan for highly compensated employees who are excluded from the 403(b) plan; currently one employee. The 457 plan is funded solely by employee salary reduction contributions. Pursuant to Board action, the salary of the affected employee was adjusted to provide an employer contribution in lieu of what would have been received through participation in the 403(b) plan.

The Organization also participates in a multiemployer defined benefit pension plan in which 16 other agencies also participate. Of the approximate 1,400 participants, approximately 11% are Lifetrack employees. Effective December 31, 2004, the plan froze benefit accruals and, as a result, employees do not earn additional defined benefits for future services.

Because the plan’s unfunded projected termination liability exceeds the fair market value of plan assets, continued annual contributions will be required in order to achieve full funding. If any participating agency defaults on their annual contributions, the remaining agencies assume the liability and contributions of the agency in default. Plan assets are invested based on a long term investment strategy and held approximately 30% in fixed income securities and 70% in equity accounts. The Organization made contributions of $201,480 and $200,704 in the years ended December 31, 2013 and 2012, respectively, which is recognized as pension cost.

The Organization adopted Accounting Standards Update 2011-09 (ASU No. 2011-09), *Disclosures about an Employer’s Participation in a Multiemployer Plan*, which requires additional disclosures about employers’ participation in multiemployer pension plans including information about the plan’s funded status if it is readily available.

The following table presents information concerning our participation in the multiemployer defined benefit pension plan:

	2013	2012
	Twin Cities Nonprofit Partners Pension Plan	Twin Cities Nonprofit Partners Pension Plan
EIN/Plan number	41-1973442/333	41-1973442/333
Plan year end	12/31/2013	12/31/2012
Pension Protection Act percent funded	97%	90%
Contributions by Lifetrack	$ 201,480	$ 200,704
Contributions as a percent of total combined	12.59%	12.54%
Rehabilitation plan status	N/A	N/A

Note 11 - Concentrations

The Organization receives a significant amount of support from the Greater Twin Cities United Way and program service fee revenue from other various governmental agencies. Any change in the level of funding from these entities could affect the activities of the Organization.

In 2013, the Organization recognized Innovative Packaging Solutions sales revenue of $1,402,000 with $1,168,000 or 83% of it from one major customer. At December 31, 2013, the Organization had accounts receivable from this customer of approximately $152,000.

In 2012, the Organization recognized Innovative Packaging Solutions sales revenue of $878,000 with $641,000 or 73% of it from one major customer. At December 31, 2012, the Organization had accounts receivable from this customer of approximately $100,000.

Note 12 - Contingencies

Financial assistance from federal, state and local governmental entities in the form of grants is subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Supplementary Information
December 31, 2013

Lifetrack Resources, Inc.
d/b/a Lifetrack

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

To the Board of Directors
Lifetrack Resources, Inc.
St. Paul, Minnesota

The Extended Employment Program – Schedule of Revenue and Expenses on page 25 is not a required part of the basic financial statements of Lifetrack Resources, Inc., but is supplementary information required by the State of Minnesota Department of Economic Security. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Eide Bailly LLP

Minneapolis, Minnesota
May 6, 2014

	Total Extended Employment		Supported Employment		Community Employment		Center-based Employment		SMI Project	
Revenue:	6/30/13	12/31/13	6/30/13	12/31/13	6/30/13	12/31/13	6/30/13	12/31/13	6/30/13	12/31/13
A MN DEED-EE Grants	$ 347,947	$ 247,123	$ 196,985	$ 108,409	$ -	$ -	$ -	$ -	$ 150,962	$ 138,714
B MN DEED -VR Svc Fees	107,426	94,148	63,786	64,548	-	-	-	-	43,640	29,600
C Host county	-	-	-	-	-	-	-	-	-	-
D Other county	-	-	-	-	-	-	-	-	-	-
E Contract income	-	-	-	-	-	-	-	-	-	-
F Sales/prime product	-	-	-	-	-	-	-	-	-	-
G Contributions/donations	-	-	-	-	-	-	-	-	-	-
H Other government grants	-	-	-	-	-	-	-	-	-	-
I Miscellaneous	-	7,367	-	10	-	-	-	-	-	7,357
J Total revenue	455,373	348,638	260,771	172,967	-	-	-	-	194,602	175,671
Expenses:										
Compensation:										
A Staff wages	167,438	156,719	88,802	81,366	-	-	-	-	78,636	75,353
B Staff benefits	38,714	34,971	20,903	18,359	-	-	-	-	17,811	16,612
C Staff payroll taxes	21,664	12,756	11,324	6,516	-	-	-	-	10,340	6,241
D Client wages	-	-	-	-	-	-	-	-	-	-
E Client benefits	-	-	-	-	-	-	-	-	-	-
F Client payroll taxes	-	-	-	-	-	-	-	-	-	-
G Client transportation	-	-	-	-	-	-	-	-	-	-
H Occupancy	8,568	7,878	4,383	4,253	-	-	-	-	4,185	3,626
I Program expenses	15,102	13,915	6,182	5,839	-	-	-	-	8,919	8,076
J Contract expenses	7,644	15,400	625	7,085	-	-	-	-	7,020	8,315
K General/administrative	167,815	141,867	76,142	61,870	-	-	-	-	91,672	79,997
L Miscellaneous	2,658	3,902	1,808	3,634	-	-	-	-	849	268
M Subtotal expenses	429,603	387,408	210,169	188,922	-	-	-	-	219,432	198,488
N Interest	-	-	-	-	-	-	-	-	-	-
O Depreciation and	-	-	-	-	-	-	-	-	-	-
amortization	2,577	2,472	1,315	1,337	-	-	-	-	1,262	1,136
P Total expenses	432,180	389,880	211,484	190,259	-	-	-	-	220,694	199,624
Change in Net Assets	$ 23,193	$ (41,242)	$ 49,287	$ (17,292)	$ -	$ -	$ -	$ -	$ (26,092)	$ (23,953)