Financial Statements
December 31, 2014 and 2013

Lifetrack Resources, Inc.
d/b/a Lifetrack

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. (the Organizaion), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 the Organization as of December 31, 2014 and 2013, 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 4, 2015, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

Eide Bailly LLP

Minneapolis, Minnesota
May 4, 2015

	2014	2013
Assets		
Cash and cash equivalents	$ 1,020,663	$ 1,298,169
Accounts receivable, net	364,337	426,200
Promises to give, net	203,601	71,768
Grants	562,085	336,193
Inventory	170,071	184,855
Prepaid expenses and other assets	94,348	78,729
Property and equipment, net	1,778,921	1,936,609
Investments	1,016,063	967,949
Other assets	95,993	82,380
Total assets	$ 5,306,082	$ 5,382,852
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 90,965	$ 115,236
Accrued expenses	412,817	315,516
Deferred revenue	36,850	38,600
Total liabilities	540,632	469,352
Net Assets		
Unrestricted		
Undesignated	3,196,115	3,686,022
Board-designated endowment	507,440	480,489
	3,703,555	4,166,511
Temporarily restricted	742,301	428,144
Permanently restricted	319,595	318,845
Total net assets	4,765,451	4,913,500
Total liabilities and net assets	$ 5,306,083	$ 5,382,852

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenue				
Contributions	$ 206,947	$ 673,750	$ 750	$ 881,447
United Way	1,067,369	93,000	-	1,160,369
Program service fees				
Government	3,797,376	-	-	3,797,376
Non-government service fees	1,190,168	-	-	1,190,168
Innovative Packaging Solutions sales	1,383,215	-	-	1,383,215
Rent income	24,806	-	-	24,806
Interest income	1,922	-	-	1,922
Net investment return	26,946	15,694	-	42,640
Miscellaneous	127,546	-	-	127,546
Net assets released from restrictions	468,287	(468,287)	-	-
Total support and revenue	8,294,582	314,157	750	8,609,489
Expenses				
Program services				
Employment and Economic Opportunity	3,464,032	-	-	3,464,032
Child & Family Healthy Development	3,181,610	-	-	3,181,610
Innovative Packaging Solutions cost of sales	547,383	-	-	547,383
Total program services	7,193,025	-	-	7,193,025
Supporting services				
Management and general	1,065,496	-	-	1,065,496
Fundraising	499,017	-	-	499,017
Total supporting services	1,564,513	-	-	1,564,513
Total expenses	8,757,538	-	-	8,757,538
Change in Net Assets	(462,956)	314,157	750	(148,049)
Net Assets, Beginning of Year	4,166,511	428,144	318,845	4,913,500
Net Assets, End of Year	$ 3,703,555	$ 742,301	$ 319,595	$ 4,765,451

	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
Net investment return	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 Economic Opportunity	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 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

Lifetrack Resources, Inc.
d/b/a Lifetrack
Statement of Functional Expenses
Year Ended December 31, 2014

	Program Services			Supporting Services		
	Employment and Economic Opportunity	Child & Family Healthy Development	Total	Management and General	Fund Raising	Total Expenses
Personnel Costs						
Salaries and wages	$ 2,089,963	2,190,745	$ 4,280,708	$ 436,940	$ 340,817	$ 5,058,465
Program participant wages	312	-	312	-	-	312
Payroll taxes and fringe benefits	482,430	533,280	1,015,710	112,670	88,270	1,216,650
Total personnel costs	2,572,705	2,724,025	5,296,730	549,610	429,087	6,275,427
Other Expenses						
Professional fees/purchased services	252,459	161,173	413,632	202,198	40,698	656,528
Temporary production labor	27,951	-	27,951	6,131	-	34,082
Supplies	20,752	69,725	90,477	17,568	1,399	109,444
Production materials	547,383	-	547,383	-	-	547,383
Occupancy	97,623	6,909	104,532	156,420	278	261,230
Travel and transportation	62,275	71,213	133,488	3,496	415	137,399
Printing and postage	13,652	4,839	18,491	22,720	1,851	43,062
Subscriptions, publications and media use	592	1,046	1,638	940	4,848	7,426
Telephone	16,157	13,491	29,648	6,312	1,395	37,355
Equipment rental and maintenance	7,311	252	7,563	14,175	114	21,852
Program participant assistance	39,339	7,858	47,197	-	-	47,197
Meetings, conferences and training	14,634	18,637	33,271	12,021	2,930	48,222
Depreciation and amortization	109,589	62,260	171,849	49,641	3,774	225,264
Special activities	312	23,721	24,033	511	11,329	35,873
Payments to sub-recipients	212,335	-	212,335	-	-	212,335
Other	16,346	16,461	32,807	23,753	899	57,459
Total other expenses	1,438,710	457,585	1,896,295	515,886	69,930	2,482,111
Total Expenses	$ 4,011,415	$ 3,181,610	$ 7,193,025	$ 1,065,496	$ 499,017	$ 8,757,538
Percentage of Total Expenses	46%	36%	82%	12%	6%	100%

	Program Services			Supporting Services		
	Employment and Economic Opportunity	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	460,526	-	460,526	-	-	460,526
Occupancy	98,670	10,330	109,000	113,727	339	223,066
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%

	2014	2013
Operating Activities		
Change in net assets	$ (148,049)	$ (199,333)
Adjustment to reconcile change in net assets to net cash used for operating activities		
Depreciation and amortization	225,264	242,394
Net investment return	(42,640)	(128,730)
Contributions restricted to endowment	(750)	(5,655)
Changes in operating assets and liabilities		
Accounts receivable, net	61,863	(30,189)
Promises to give, net	(131,833)	45,700
Grants	(225,892)	(43,160)
Inventory	14,784	(12,742)
Prepaid expenses	(15,619)	38,031
Other assets	(13,613)	(21,417)
Accounts payable	(24,271)	10,460
Accrued expenses	97,301	(5,759)
Deferred revenue	(1,750)	17,000
Net Cash used for Operating Activities	(205,205)	(93,400)
Investing Activities		
Purchase of investments	(5,474)	(9,219)
Purchase of equipment and building improvements	(67,576)	(139,234)
Net Cash used for Investing Activities	(73,050)	(148,453)
Financing Activities		
Collections of contributions restricted to endowment	750	5,655
Net Change in Cash and Cash Equivalents	(277,505)	(236,198)
Cash and Cash Equivalents, Beginning of Year	1,298,169	1,534,367
Cash and Cash Equivalents, End of Year	$ 1,020,664	$ 1,298,169

Note 1 - Principal Activities and Significant Accounting Policies

Organization

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 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. At December 31, 2014 and 2013, the allowance was $15,721, and $11,710, respectively.

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. At December 31, 2014 and 2013, the allowance was $3,973 respectively.

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, 2014 and 2013.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses.

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.

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 Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization 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 Organization 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 Organization 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.

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.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through May 4, 2015, 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 tables present assets measured at fair value on a recurring basis at December 31, 2014 and 2013:

	2014			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual funds				
Large blend	$ 155,901	$ -	$ -	$ 155,901
Large growth	81,895	-	-	81,895
Large value	127,341	-	-	127,341
Mid growth	34,358	-	-	34,358
Mid value	28,871	-	-	28,871
Small blend	20,920	-	-	20,920
Small value	3,704	-	-	3,704
Stocks				
Large blend	68,499	-	-	68,499
Large growth	70,577	-	-	70,577
Large value	20,898	-	-	20,898
Mid blend	12,138	-	-	12,138
Mid growth	20,516	-	-	20,516
Mid value	11,733	-	-	11,733
Bonds				
Corporate bond	9,317	-	-	9,317
Emerging markets bond	10,164	-	-	10,164
High yield bond fund	11,825	-	-	11,825
Intermediate-term bond	187,904	-	-	187,904
Other				
Large blend	70,638	-	-	70,638
Treasury inflation protected	13,413	-	-	13,413
Cash and money markets (at cost)	55,451	-	-	55,451
Total assets at fair value	$ 1,016,063	$ -	$ -	$ 1,016,063

	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 blend	69,774	-	-	69,774
Large growth	66,730	-	-	66,730
Large value	13,142	-	-	13,142
Mid blend	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 (at cost)	22,582	-	-	22,582
Total assets at fair value	$ 967,949	$ -	$ -	$ 967,949

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended December 31, 2014 and 2013:

	2014	2013
Net realized and unrealized gains	$ 42,640	$ 128,730

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at December 31, 2014 and 2013:

	2014	2013
Within one year	$ 161,258	$ 41,327
In one to five years	51,875	36,000
	213,133	77,327
Less discounts to net present value at 1%	(5,559)	(5,559)
Less allowance for uncollectible promises to give	(3,973)	(3,973)
	$ 203,601	$ 71,768

At December 31, 2014 and 2013, two donors accounted for 64% and 87% of total promises to give, respectively. Two donors accounted for approximately 21% and 18% of total contribution revenue for the years ended December 31, 2014 and 2013, respectively.

The Organization has received a conditional promise to give totaling $75,000 which has not been recognized in the financial statements.

Note 5 - Property and Equipment

Property and equipment consist of the following at December 31, 2014 and 2013:

	2014	2013
Land	$ 446,745	$ 446,745
Buildings and improvements	4,084,739	4,065,112
Equipment and software	2,810,356	2,762,406
	7,341,840	7,274,263
Less accumulated depreciation and amortization	(5,562,919)	(5,337,654)
	$ 1,778,921	$ 1,936,609

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%. The line of credit agreement expires August 31, 2015. As of December 31, 2014 and 2013, 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 $30,000 and $29,000 for the years ended December 31, 2014 and 2013, respectively. Future minimum payment under the lease is $30,000 for year ending December 31, 2015.

As Lessor:

The Organization leases office space to tenants and billboard space under operating leases expiring in 2015. The total rental income received under these leases was $25,000 for the years ended December 31, 2014 and 2013, respectively. Future minimum rent under the lease is $17,000 for year ending December 31, 2015.

Note 8 - Endowments

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, 2014, 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, 2014 and 2013, the Organization had the following endowment net asset composition by type of fund:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restriced	Total
Donor-restricted endowment funds	$ -	$ 189,067	$ 319,595	$ 508,662
Board-designated quasi-endowment funds	507,440	-	-	507,440
	$ 507,440	$ 189,067	$ 319,595	$ 1,016,102

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restriced	Total
Donor-restricted endowment funds	$ -	$ 173,374	$ 318,845	$ 492,219
Board-designated quasi-endowment funds	480,489	-	-	480,489
	$ 480,489	$ 173,374	$ 318,845	$ 972,708

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, 2014 and 2013 are as follows:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 480,489	$ 173,374	$ 318,845	$ 972,708
Net investment return	26,951	15,689	-	42,640
Other	-	4	-	4
Contributions	-	-	750	750
Endowment net assets, end of year	$ 507,440	$ 189,067	$ 319,595	$ 1,016,102

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 399,332	$ 125,784	$ 313,190	$ 838,306
Investment income	81,157	47,573	-	128,730
Other	-	17	-	17
Contributions	-	-	5,655	5,655
Endowment net assets, end of year	$ 480,489	$ 173,374	$ 318,845	$ 972,708

Note 9 - Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 and 2013, consist of:

	2014	2013
Employment and economic opportunity		
Employment services general support	$ 24,980	$ 34,000
Training services	-	25,000
Immigrant/refugee financial education	68,750	16,042
	93,730	75,042
Child and family healthy development		
Families Together program	69,396	72,335
Home visiting programs	-	28,835
MN Hands & Voices	3,334	4,375
Other family and child services	48,000	-
	120,730	105,545
Management and general for periods after December 31	58,942	74,183
Campaign for Hope	279,832	-
	338,774	74,183
Unspent appreciation of endowment funds which must be appropriated for expenditure before use		
Restricted by donors for:		
Families together	6,349	5,574
Hearing related programs	182,718	167,800
	189,067	173,374
	$ 742,301	$ 428,144

Net assets released from restrictions were as follows during the years ended December 31, 2014 and 2013:

	2014	2013
Employment and economic opportunity		
Employment services general support	$ 42,020	$ 44,833
Training services	25,000	100,000
Immigrant/refugee financial education	37,292	89,930
	104,312	234,763
Child and family healthy development		
Families Together program	176,774	103,046
Home visiting programs	-	123,498
MN Hands & Voices	9,041	30,417
Other family and child services	-	16,667
	185,815	273,628
Management and general -		
For the year ended December 31	63,320	47,866
Campaign for Hope	114,840	-
	178,160	47,866
	$ 468,287	$ 556,257

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 available for the purposes specified by the donors, or in certain cases, for unrestricted use of the Organization. The permanently restricted net assets balances, classified by restriction on the use of earnings, are as follows at December 31, 2014 and 2013:

	2014	2013
Families Together	$ 12,530	$ 12,030
Hearing Related Services	171,658	171,658
General use	135,407	135,157
	$ 319,595	$ 318,845

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 $73,600 and $73,000 for the years ended December 31, 2014 and 2013, 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 $201,480 in the years ended December 31, 2014 and 2013, 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:

	2014	2013
	Twin Cities Nonprofit Partners Pension Plan	Twin Cities Nonprofit Partners Pension Plan
EIN/Plan number	41-1973442/333	41-1973442/333
Plan year end	12/31/2014	12/31/2013
Pension Protection Act percent funded	113%	97%
Contributions by Lifetrack	$ 201,480	$ 201,480
Contributions as a percent of total combined	12.59%	12.59%
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 2014, the Organization recognized Innovative Packaging Solutions sales revenue of $1,477, 446 with $1,307,908 or 89% of it from one major customer. At December 31, 2014, the Organization had accounts receivable from this customer of approximately $92,000.

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.

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, 2014

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 Employment and Economic Development. 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 4, 2015

Lifetrack Resources, Inc.
d/b/a Lifetrack
Extended Employment Program – Schedule of Revenue and Expenses
For the Year Ended December 31, 2014

	Total		Supported		Community		Center-Based		SMI	
Revenue	June 30	December 31	June 30	December 31	June 30	December 31	June 30	December 31	June 30	December 31
A MN DEED - EE Grants	$ 332,535	$ 311,432	$ 169,200	$ 180,142	$ -	$ -	$ -	$ -	$ 163,335	$ 131,291
B MN DEED - VR Svc Fees	46,395	51,280	46,395	51,280	-	-	-	-	-	-
C Host county	-	-	-	-	-	-	-	-	-	-
D Other county	-	-	-	-	-	-	-	-	-	-
E Contract income	200	380	200	380	-	-	-	-	-	-
F Sales/prime product	-	-	-	-	-	-	-	-	-	-
G Contributions/donations	-	-	-	-	-	-	-	-	-	-
H Other government grants	-	-	-	-	-	-	-	-	-	-
I Miscellaneous	992	4,595	963	4,595	-	-	-	-	30	-
J Total revenue	380,122	367,687	216,758	236,397	-	-	-	-	163,365	131,291
Expenses										
Compensation										
A Staff wages	141,006	182,447	73,859	130,566	-	-	-	-	67,147	51,880
B Staff benefits	25,876	32,267	13,534	23,101	-	-	-	-	12,342	9,166
C Staff payroll taxes	17,050	10,069	9,300	7,282	-	-	-	-	7,750	2,787
D Client wages	312	-	312	-	-	-	-	-	-	-
E Client benefits	-	-	-	-	-	-	-	-	-	-
F Client payroll taxes	38	-	38	-	-	-	-	-	-	-
G Client transportation	-	-	-	-	-	-	-	-	-	-
H Occupancy	11,206	12,821	6,412	7,592	-	-	-	-	4,795	5,229
I Program expenses	10,176	12,106	4,321	8,471	-	-	-	-	5,855	3,635
J Contract expenses	22,194	9,388	14,750	9,388	-	-	-	-	7,443	-
K General/administrative	120,058	151,376	47,569	88,207	-	-	-	-	72,489	63,170
L Miscellaneous	1,617	4,324	1,257	3,941	-	-	-	-	360	383
M Subtotal expenses	349,533	414,798	171,352	278,548	-	-	-	-	178,181	136,250
N Interest	-	-	-	-	-	-	-	-	-	-
O Depreciation and	-	-	-	-	-	-	-	-	-	-
amortization	2,491	2,601	1,410	1,530	-	-	-	-	1,081	1,072
P Total expenses	352,024	417,399	172,762	280,078	-	-	-	-	179,262	137,322
Change in Net Assets	$ 28,098	$ (49,712)	$ 43,996	$ (43,681)	$ -	$ -	$ -	$ -	$ (15,897)	$ (6,031)