Financial Statements
December 31, 2015 and 2014

Lifetrack Resources, Inc.
d/b/a Lifetrack

Independent Auditor's Report

To the Board of Directors
Lifetrack Resources, Inc. d/b/a Lifetrack
St. Paul, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of Lifetrack Resources, Inc. d/b/a Lifetrack (the Organization), which comprise the statements of financial position as of December 31, 2015 and 2014, 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, 2015 and 2014, 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 April 28, 2016, 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
April 28, 2016

	2015	2014
Assets		
Cash and cash equivalents	$ 1,084,791	$ 1,020,663
Accounts receivable, net	400,553	364,337
Promises to give, net	403,255	203,601
Grants receivable	433,085	562,085
Inventory	60,585	170,071
Prepaid expenses	106,735	94,348
Property and equipment, net	1,523,164	1,778,921
Operating investments	471,979	-
Endowment investments	988,850	1,016,063
Other assets	105,976	95,993
Total assets	$ 5,578,973	$ 5,306,082
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 86,213	$ 90,965
Accrued expenses	494,916	412,817
Deferred revenue	42,050	36,850
Total liabilities	623,179	540,632
Net Assets		
Unrestricted		
Undesignated	3,210,158	3,196,114
Board-designated endowment	487,534	507,440
	3,697,692	3,703,554
Temporarily restricted	934,297	742,301
Permanently restricted	323,805	319,595
Total net assets	4,955,794	4,765,450
Total liabilities and net assets	$ 5,578,973	$ 5,306,082

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenue				
Contributions	$ 23,903	$ 921,550	$ 4,210	$ 949,663
United Way	1,281,619	93,000	-	1,374,619
Program service fees				
Government	3,937,370	-	-	3,937,370
Non-government service fees	1,284,284	-	-	1,284,284
Innovative Packaging Solutions sales	1,091,845	-	-	1,091,845
Rent income	23,928	-	-	23,928
Interest income	2,155	-	-	2,155
Net investment return	(3,668)	(11,557)	-	(15,225)
Miscellaneous	150,618	-	-	150,618
Gain on sale of asset	288,177	-	-	288,177
Net assets released from restrictions	810,997	(810,997)	-	-
Total support and revenue	8,891,228	191,996	4,210	9,087,434
Expenses				
Program services				
Employment and Economic Opportunity	3,339,402	-	-	3,339,402
Child & Family Healthy Development	3,637,908	-	-	3,637,908
Innovative Packaging Solutions cost of sales	398,111	-	-	398,111
Total program services	7,375,421	-	-	7,375,421
Supporting services				
Management and general	1,069,106	-	-	1,069,106
Fundraising	452,563	-	-	452,563
Total supporting services	1,521,669	-	-	1,521,669
Total expenses	8,897,090	-	-	8,897,090
Change in Net Assets	(5,862)	191,996	4,210	190,344
Net Assets, Beginning of Year	3,703,554	742,301	319,595	4,765,450
Net Assets, End of Year	$ 3,697,692	$ 934,297	$ 323,805	$ 4,955,794

	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	1,065,497	-	-	1,065,497
Fundraising	499,017	-	-	499,017
Total supporting services	1,564,514	-	-	1,564,514
Total expenses	8,757,539	-	-	8,757,539
Change in Net Assets	(462,957)	314,157	750	(148,050)
Net Assets, Beginning of Year	4,166,511	428,144	318,845	4,913,500
Net Assets, End of Year	$ 3,703,554	$ 742,301	$ 319,595	$ 4,765,450

	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	$ 1,985,444	$ 2,389,749	$ 4,375,193	$ 510,507	$ 259,168	$ 5,144,868
Program participant wages	41,519	-	41,519	-	-	41,519
Payroll taxes and fringe benefits	467,161	582,629	1,049,790	132,384	67,534	1,249,708
Total personnel costs	2,494,124	2,972,378	5,466,502	642,891	326,702	6,436,095
Other Expenses						
Professional fees/purchased services	155,857	311,711	467,568	166,938	98,060	732,566
Temporary production labor	14,379	-	14,379	6,595	-	20,974
Supplies	14,206	64,841	79,047	15,297	1,020	95,364
Production materials	398,111	-	398,111	-	-	398,111
Occupancy	91,556	9,445	101,001	128,672	392	230,065
Travel and transportation	62,615	81,649	144,264	4,017	216	148,497
Printing and postage	24,317	10,734	35,051	15,729	9,528	60,308
Subscriptions, publications and media use	705	1,784	2,489	3,690	841	7,020
Telephone	17,912	17,659	35,571	4,771	903	41,245
Equipment rental and maintenance	12,140	1,858	13,998	2,953	173	17,124
Program participant assistance	53,746	4,270	58,016	-	-	58,016
Meetings, conferences and training	11,542	29,543	41,085	12,702	2,934	56,721
Depreciation and amortization	102,621	65,955	168,576	48,168	3,182	219,926
Special activities	250	42,344	42,594	937	7,686	51,217
Payments to sub-recipients	275,281	-	275,281	-	-	275,281
Other	8,151	23,737	31,888	15,746	926	48,560
Total other expenses	1,243,389	665,530	1,908,919	426,215	125,861	2,460,995
Total Expenses	$ 3,737,513	$ 3,637,908	$ 7,375,421	$ 1,069,106	$ 452,563	$ 8,897,090
Percentage of Total Expenses	42%	41%	83%	12%	5%	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	$ 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	23,754	899	57,460
Total other expenses	1,438,710	457,585	1,896,295	515,887	69,930	2,482,112
Total Expenses	$ 4,011,415	$ 3,181,610	$ 7,193,025	$ 1,065,497	$ 499,017	$ 8,757,539
Percentage of Total Expenses	46%	36%	82%	12%	6%	100%

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	$ 190,344	$ (148,050)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	219,926	225,264
Gain on disposal of equipment	(288,177)	-
Net investment return	15,225	(42,640)
Contributions restricted to endowment	(4,210)	(750)
Changes in operating assets and liabilities		
Accounts receivable, net	(36,216)	61,863
Promises to give, net	(199,654)	(131,833)
Grants receivable	129,000	(225,892)
Inventory	109,486	14,784
Prepaid expenses	(12,387)	(15,619)
Other assets	(9,983)	(13,613)
Accounts payable	(4,752)	(24,271)
Accrued expenses	82,099	97,301
Deferred revenue	5,200	(1,750)
Net Cash from (used for) Operating Activities	195,901	(205,206)
Cash Flows from Investing Activities		
Purchase of investments	(459,991)	(5,474)
Proceeds from sales of buildings and equipment	493,000	-
Purchase of equipment and building improvements	(168,992)	(67,575)
Net Cash used for Investing Activities	(135,983)	(73,049)
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	4,210	750
Net Change in Cash and Cash Equivalents	64,128	(277,505)
Cash and Cash Equivalents, Beginning of Year	1,020,663	1,298,168
Cash and Cash Equivalents, End of Year	$ 1,084,791	$ 1,020,663

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.

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, 2015 and 2014, the allowance was $15,139, and $15,721, 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, 2015 and 2014, the allowance was $3,973.

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, 2015 and 2014.

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 return (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

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.

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, 2015 and 2014:

	2015			
	(Level 1)	(Level 2)	(Level 3)	Total
Operating investments				
Stocks				
Large blend	$ 195,263	$ -	$ -	$ 195,263
Large growth	32,985	-	-	32,985
Large value	79,944	-	-	79,944
Mid growth	23,766	-	-	23,766
Small growth	28,111	-	-	28,111
Bonds				
Emerging markets bond	28,443	-	-	28,443
High yield bond fund	23,720	-	-	23,720
Intermediate-term bond	47,468	-	-	47,468
Other				
Commodity	9,502	-	-	9,502
Cash and money markets (at cost)	2,777	-	-	2,777
	$ 471,979	$ -	$ -	$ 471,979

	2015			
	(Level 1)	(Level 2)	(Level 3)	Total
Endowment investments				
Mutual funds				
Large blend	$ 140,956	$ -	$ -	$ 140,956
Large growth	80,078	-	-	80,078
Large value	130,539	-	-	130,539
Mid growth	38,771	-	-	38,771
Mid value	39,948	-	-	39,948
Small blend	26,745	-	-	26,745
Small value	3,815	-	-	3,815
Stocks				
Large blend	52,552	-	-	52,552
Large growth	72,290	-	-	72,290
Large value	34,437	-	-	34,437
Mid blend	10,589	-	-	10,589
Mid growth	20,003	-	-	20,003
Mid value	6,312	-	-	6,312
Bonds				
Corporate bond	8,974	-	-	8,974
Emerging markets bond	9,193	-	-	9,193
High yield bond fund	10,458	-	-	10,458
Intermediate-term bond	181,043	-	-	181,043
Other				
Large blend	46,152	-	-	46,152
Mid value	17,731			17,731
Commodity	9,038			9,038
Real estate	9,942	-	-	9,942
Cash and money markets (at cost)	39,284	-	-	39,284
	$ 988,850	$ -	$ -	$ 988,850

	2014			
	(Level 1)	(Level 2)	(Level 3)	Total
Endowment investments				
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
	$ 1,016,063	$ -	$ -	$ 1,016,063

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended December 31, 2015 and 2014:

	2015	2014
Operating investments		
Interest and dividends	$ 4,332	$ -
Net realized and unrealized gain (loss)	12,654	-
Less investment management and custodial fees	(748)	-
	16,238	-
Endowment investments		
Interest and dividends	18,981	18,978
Net realized and unrealized gain (loss)	(40,908)	33,051
Less investment management and custodial fees	(9,536)	(9,389)
	(31,463)	42,640
	$ (15,225)	$ 42,640

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at December 31, 2015 and 2014:

	2015	2014
Within one year	$ 325,776	$ 161,258
In one to five years	87,011	51,875
	412,787	213,133
Less discounts to net present value at 1%	(5,559)	(5,559)
Less allowance for uncollectible promises to give	(3,973)	(3,973)
	$ 403,255	$ 203,601

At December 31, 2015 and 2014, two donors accounted for 73% and 64% of total promises to give, respectively. Two donors accounted for approximately 55% and 21% of total contribution revenue for the years ended December 31, 2015 and 2014, respectively.

The Organization has received a conditional promise to give totaling $25,000 which has not been recognized in the financial statements.

Note 5 - Property and Equipment

Property and equipment consist of the following at December 31, 2015 and 2014:

	2015	2014
Land	$ 388,745	$ 446,745
Buildings and improvements	3,823,982	4,084,739
Equipment and software	2,504,653	2,810,356
	6,717,380	7,341,840
Less accumulated depreciation and amortization	(5,194,216)	(5,562,919)
	$ 1,523,164	$ 1,778,921

Note 6 - Line of Credit

The Organization had available a $500,000 line of credit with a bank, collateralized by substantially all assets of the Organization. Interest accrued monthly at the prime rate with a minimum rate of 5.0%. The line of credit expired August 31, 2015, and was not renewed.

Note 7 - Leases

As Lessee:

The Organization leases office facilities and equipment under leases expiring in 2018. The total expense incurred under these leases was $29,000 for the years ended December 31, 2015 and 2014, respectively. Future minimum payment under the lease is $31,000 per year through 2018.

As Lessor:

The Organization leases office space to tenants under operating leases expiring in 2016. The total rental income received under these leases was $24,000 and $25,000 for the years ended December 31, 2015 and 2014, respectively. Future minimum rent under the lease is $17,000 for year ending December 31, 2016.

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, 2015, 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, 2015 and 2014, the Organization had the following endowment net asset composition by type of fund:

	Unrestricted	Temporarily Restricted	Permanently Restriced	Total
December 31, 2015				
Donor-restricted endowment funds	$ -	$ 177,511	$ 323,805	$ 501,316
Board-designated quasi-endowment funds	487,534	-	-	487,534
	$ 487,534	$ 177,511	$ 323,805	$ 988,850
December 31, 2014				
Donor-restricted endowment funds	$ -	$ 189,068	$ 319,595	$ 508,663
Board-designated quasi-endowment funds	507,440	-	-	507,440
	$ 507,440	$ 189,068	$ 319,595	$ 1,016,103

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, 2015 and 2014, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restriced	Total
2015				
Endowment net assets, beginning of year	$ 507,440	$ 189,068	$ 319,595	$ 1,016,103
Net investment return	(19,906)	(11,557)	-	(31,463)
Contributions	-	-	4,210	4,210
Endowment net assets, end of year	$ 487,534	$ 177,511	$ 323,805	$ 988,850
2014				
Endowment net assets, beginning of year	$ 480,489	$ 173,375	$ 318,845	$ 972,709
Investment income	26,951	15,689	-	42,640
Other	-	4	-	4
Contributions	-	-	750	750
Endowment net assets, end of year	$ 507,440	$ 189,068	$ 319,595	$ 1,016,103

Note 9 - Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 and 2014, consist of:

	2015	2014
Employment and economic opportunity		
Employment services general support	$ 44,434	$ 24,980
Immigrant/refugee financial education	27,145	68,750
	71,579	93,730
Child and family healthy development		
Families Together program	295,230	69,395
MN Hands & Voices	3,338	3,334
Other family and child services	30,000	48,000
	328,568	120,729
Management and general for periods after December 31	67,502	58,942
Campaign for Hope	289,137	279,832
	356,639	338,774
Unspent appreciation of endowment funds which must be appropriated for expenditure before use		
Restricted by donors for:		
Families Together	5,760	6,349
Hearing related programs	171,751	182,719
	177,511	189,068
	$ 934,297	$ 742,301

Net assets released from restrictions were as follows during the years ended December 31, 2015 and 2014:

	2015	2014
Employment and economic opportunity		
Employment services general support	$ 32,546	$ 42,020
Immigrant/refugee financial education	79,105	62,292
	111,651	104,312
Child and family healthy development		
Families Together program	217,161	176,774
MN Hands & Voices	7,996	9,041
Other family and child services	45,000	-
	270,157	185,815
Management and general -		
For the year ended December 31	68,491	63,320
Campaign for Hope	360,698	114,840
	429,189	178,160
	$ 810,997	$ 468,287

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, 2015 and 2014:

	2015	2014
Families Together	$ 12,780	$ 12,530
Hearing Related Services	171,658	171,658
General use	139,367	135,407
	$ 323,805	$ 319,595

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 $82,100 and $73,600 for the years ended December 31, 2015 and 2014, 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 $203,914 and $201,480 in the years ended December 31, 2015 and 2014, 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:

	2015	2014
	Twin Cities Nonprofit Partners Pension Plan	Twin Cities Nonprofit Partners Pension Plan
EIN/Plan number	41-1973442/333	41-1973442/333
Plan year end	12/31/2015	12/31/2014
Pension Protection Act percent funded	110%	113%
Contributions by Lifetrack	$ 203,914	$ 201,480
Contributions as a percent of total combined	12.74%	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 2015, the Organization recognized Innovative Packaging Solutions sales revenue of $1,211,130 with $910,198 or 75% of it from one major customer. At December 31, 2015, the Organization had accounts receivable from this customer of approximately $69,200.

In 2014, the Organization recognized Innovative Packaging Solutions sales revenue of $1,477,466 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.

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.

Note 13 - Subsequent Events

On February 15, 2016, Lifetrack agreed to a transfer of adult speech therapy staffing services to the HealthEast Care System effective April 24, 2016. For the year ending December 31, 2015, this contract consisted of $904,984 in revenue and direct program expense of $940,988 excluding any administration allocation.

The Organization has evaluated subsequent events through April 28, 2016, the date which the financial statements were available to be issued.

Supplementary Information
December 31, 2015

Lifetrack Resources, Inc.
d/b/a Lifetrack

Independent Auditor's Report on Supplementary Information

To the Board of Directors
Lifetrack Resources, Inc. d/b/a Lifetrack
St. Paul, Minnesota

The Extended Employment Program – Schedule of Revenue and Expenses on page 27 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
April 28, 2016

Lifetrack Resources, Inc.
d/b/a Lifetrack
Extended Employment Program – Schedule of Revenue and Expenses
For the Year Ended December 31, 2015

	Total Extended Employment		Supported Employment		Community Employment		Center-Based Employment		SMI Project	
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	$ 276,831	$ 257,746	$ 136,563	$ 170,027	$ -	$ -	$ -	$ -	$ 140,268	$ 87,720
B MN DEED - VR Svc Fees	55,320	50,560	55,320	50,560	-	-	-	-	-	-
C Host county	-	-	-	-	-	-	-	-	-	-
D Other county	-	-	-	-	-	-	-	-	-	-
E Contract income	-	-	-	-	-	-	-	-	-	-
F Sales/prime product	-	-	-	-	-	-	-	-	-	-
G Contributions/donations	-	99	-	99	-	-	-	-	-	-
H Other government grants	-	-	-	-	-	-	-	-	-	-
I Miscellaneous	2,279	3,235	2,279	3,235	-	-	-	-	-	-
J Total revenue	334,430	311,640	194,162	223,921	-	-	-	-	140,268	87,720
Expenses										
Compensation										
A Staff wages	172,309	155,185	122,118	123,411	-	-	-	-	50,191	31,773
B Staff benefits	30,662	26,406	21,420	21,021	-	-	-	-	9,242	5,386
C Staff payroll taxes	17,496	13,738	12,592	11,118	-	-	-	-	4,904	2,620
D Client wages	-	-	-	-	-	-	-	-	-	-
E Client benefits	-	-	-	-	-	-	-	-	-	-
F Client payroll taxes	-	-	-	-	-	-	-	-	-	-
G Client transportation	-	-	-	-	-	-	-	-	-	-
H Occupancy	10,828	10,449	5,998	7,515	-	-	-	-	4,830	2,934
I Program expenses	10,754	10,784	7,784	9,202	-	-	-	-	2,970	1,582
J Contract expenses	13,787	19,248	13,787	19,248	-	-	-	-	-	-
K General/administrative	145,334	122,427	74,013	77,467	-	-	-	-	71,321	44,960
L Miscellaneous	4,403	4,048	4,114	3,586	-	-	-	-	290	462
M Subtotal expenses	405,573	362,285	261,826	272,568	-	-	-	-	143,748	89,717
N Interest	-	-	-	-	-	-	-	-	-	-
O Depreciation and	-	-	-	-	-	-	-	-	-	-
amortization	2,581	2,269	1,575	1,639	-	-	-	-	1,006	630
P Total expenses	408,154	364,554	263,401	274,207	-	-	-	-	144,754	90,347
Change in Net Assets	$ (73,724)	$ (52,914)	$ (69,239)	$ (50,286)	$ -	$ -	$ -	$ -	$ (4,486)	$ (2,627)