

TASKS UNLIMITED, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TASKS UNLIMITED, INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tasks Unlimited, Inc.
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Tasks Unlimited, Inc. (a nonprofit organization) and affiliates, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 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.

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tasks Unlimited, Inc. and affiliates as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 13 to the financial statements, beginning net asset balances were restated to reflect the correction of errors in the prior year financial statements. The corrections included adjustments for unrecorded net assets with donor restrictions and the overstatement of accrued expenses. Our opinion is not modified with respect to that matter.

Other Matters**Report on Supplementary Consolidating Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information shown on pages 17 through 18 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021, on our consideration of Tasks Unlimited, Inc. and affiliates' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Tasks Unlimited, Inc. and subsidiaries' 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 Tasks Unlimited, Inc. and affiliates' internal control over financial reporting and compliance.

*Mahoney Ulbrich
Christiansen Russ P.A.*

June 24, 2021

TASKS UNLIMITED, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

Current assets:	
Cash	\$ 3,681,720
Accounts receivable, net	1,044,901
Investments	2,584,270
Grants receivable	30,000
Prepaid expenses	163,277
Total current assets	<u>7,504,168</u>
Property and equipment, net	<u>4,755,755</u>
Total assets	<u>\$ 12,259,923</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 62,442
Accrued expenses	653,804
Current portion of debt	88,000
Total current liabilities	<u>804,246</u>
Debt, less current portion	3,077,057
PPP loans	1,207,500
Total liabilities	<u>5,088,803</u>
Net assets without donor restrictions	
Board designated	380,553
Undesignated	6,075,616
Total net assets without donor restrictions	<u>6,456,169</u>
Net assets with donor restrictions	<u>714,951</u>
Total net assets	<u>7,171,120</u>
Total liabilities and net assets	<u>\$ 12,259,923</u>

See accompanying notes to consolidated financial statements.

TASKS UNLIMITED, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Employment revenue	\$ 5,477,149	\$ -	\$ 5,477,149
Government grants and contracts	2,914,415	-	2,914,415
Program service fees	1,227,647	-	1,227,647
Contributions	789,675	571,378	1,361,053
Client service fees	736,798	-	736,798
Other income	194,242	-	194,242
Investment income, net	27,531	-	27,531
Net assets released from restrictions	69,994	(69,994)	-
Total revenues and support	<u>11,437,451</u>	<u>501,384</u>	<u>11,938,835</u>
Expenses:			
Program services:			
Vocational rehabilitation	6,123,385	-	6,123,385
Mental health	1,706,467	-	1,706,467
Training center	768,166	-	768,166
Lodge program	682,686	-	682,686
Outreach services	587,116	-	587,116
Total program services	<u>9,867,820</u>	<u>-</u>	<u>9,867,820</u>
Management and general	1,129,276	-	1,129,276
Fundraising	247,972	-	247,972
Total expenses	<u>11,245,068</u>	<u>-</u>	<u>11,245,068</u>
Change in net assets	<u>192,383</u>	<u>501,384</u>	<u>693,767</u>
Net assets, beginning of year	<u>6,263,786</u>	<u>213,567</u>	<u>6,477,353</u>
Net assets, end of year	<u>\$ 6,456,169</u>	<u>\$ 714,951</u>	<u>\$ 7,171,120</u>

See accompanying notes to consolidated financial statements.

TASKS UNLIMITED, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services						Management and general	Fund-raising	Total
	Mental health	Training center	Lodge program	Vocational rehabilitation	Outreach services	Total program services			
Salaries	\$ 1,224,535	\$ 555,595	\$ 118,903	\$ 3,837,388	\$ 153,365	\$ 5,889,786	\$ 572,456	\$ 174,548	\$ 6,636,790
Payroll taxes	89,850	40,906	8,898	289,456	11,921	441,031	40,763	12,582	494,376
Benefits	146,784	67,229	19,285	1,015,537	13,641	1,262,476	61,903	18,582	1,342,961
Total salaries and related	1,461,169	663,730	147,086	5,142,381	178,927	7,593,293	675,122	205,712	8,474,127
Occupancy	267	315	3,894	-	76,752	81,228	-	-	81,228
Building maintenance and security	6,833	7,713	66,134	320,455	200,905	602,040	168,977	3,805	774,822
Miscellaneous expenses	4,723	1,606	7,785	32,166	-	46,280	841	26,935	74,056
Utilities	4,823	-	74,510	58,002	-	137,335	-	-	137,335
Subscriptions and memberships	6,148	5,478	25	588	2,422	14,661	5,461	1,109	21,231
Professional fees and contracts	54,656	5,252	4,020	179,285	80,168	323,381	72,342	2,872	398,595
Transportation	59,463	4,683	6,415	14,147	14,017	98,725	70	60	98,855
Equipment rental expense	2,132	8,585	10,300	19,516	4,886	45,419	14,112	389	59,920
Insurance expense	3,025	1,419	41,062	10,379	-	55,885	24,112	-	79,997
Supplies	35,961	27,571	17,492	258,837	24,431	364,292	12,592	577	377,461
Printing and postage	171	14	-	51	276	512	4,193	4,007	8,712
Bank, payroll, and other fees	20	109	-	1,517	100	1,746	58,250	914	60,910
Bad debt expense	10,000	-	10,000	15,324	-	35,324	-	-	35,324
Meals and entertainment	1,461	1,708	125	-	398	3,692	-	371	4,063
Telephone	9,762	18,660	2,057	24,968	3,834	59,281	36,176	68	95,525
Internet	420	788	6,819	4,487	-	12,514	-	-	12,514
Depreciation	45,433	20,535	284,962	41,282	-	392,212	57,028	1,153	450,393
	\$ 1,706,467	\$ 768,166	\$ 682,686	\$ 6,123,385	\$ 587,116	\$ 9,867,820	\$ 1,129,276	\$ 247,972	\$ 11,245,068
Allocation percentages	<u>15%</u>	<u>7%</u>	<u>6%</u>	<u>54%</u>	<u>5%</u>	<u>88%</u>	<u>10%</u>	<u>2%</u>	<u>100%</u>

See accompanying notes to consolidated financial statements.

TASKS UNLIMITED, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020

	<u>2020</u>
Cash flows from operating activities:	
Change in net assets	\$ 693,767
Adjustments to reconcile the change in net assets to net cash from operating activities:	
Depreciation	450,393
(Gain) loss on investments	4,474
Loan forgiveness	(259,102)
Changes in operating assets and liabilities:	
Accounts receivable	(7,854)
Grants receivable	(30,000)
Prepaid expenses	4,065
Accounts payable	(16,065)
Accrued expenses	(58,751)
Net cash from operating activities	<u>780,927</u>
Cash flows from investing activities:	
Payments for property and equipment	(224,322)
Proceeds from sale of investments	1,549,000
Purchase of investments	(2,080,439)
Net cash from investing activities	<u>(755,761)</u>
Cash flows from financing activities:	
Proceeds from PPP loans	1,207,500
Repayment of debt	(3,000)
Net cash from financing activities	<u>1,204,500</u>
Net increase in cash	1,229,666
Cash - beginning of year	<u>2,452,054</u>
Cash - end of year	<u>\$ 3,681,720</u>

See accompanying notes to consolidated financial statements.

TASKS UNLIMITED, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

1. ORGANIZATION

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

Tasks Unlimited, Inc. (TUI) is the parent corporation that provides administrative, management, and staffing services for each of the subsidiary corporations on a contractual basis. It also has the responsibility for fundraising, development, and outreach services. Outreach services program includes employment assistance and career development services.

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

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

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

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

Revenue and support are primarily from contributions, government grants and contracts, employment revenue, program, and client service fees.

(Continued)

TASKS UNLIMITED, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements of Tasks Unlimited include the accounts of TTC, TUL, TUBS, and TUMHS. Significant inter-company transactions have been eliminated. The Board of Directors of Tasks Unlimited controls each corporation with its ability to select a majority of the members of each corporation's board of directors.

Use of 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 and disclosure of contingent 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.

Financial Statement Presentation - Revenues and support are classified based on the presence or absence of donor restrictions and are reported in the following net asset categories:

- Without donor restrictions represent the portion of net assets that are not subject to donor restrictions.
- With donor restrictions represents net assets that arose from contributions that are restricted by donors for specific purposes or time periods.

Cash Equivalents - Tasks Unlimited considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Investments - Investments are recorded at fair value. Investment income is recognized when earned. The change in unrealized gains and losses is included in changes in net assets.

Fair Value Measurements - Tasks Unlimited determines fair value, when necessary, based on the assumptions that market participants would use when pricing the asset or liability. Valuation inputs are categorized using the following fair value hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs that are observable, directly or indirectly, other than the quoted prices included in Level 1; and
- Level 3 - inputs that are unobservable for the asset or liability, which are typically based on an organization's own assumptions, as there is little, if any, related market activity.

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TASKS UNLIMITED, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable - Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and Tasks Unlimited does not charge interest on accounts receivable balances. Tasks Unlimited reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. Tasks Unlimited provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. The allowance for doubtful accounts was \$50,915 as of December 31, 2020.

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

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

Tasks Unlimited reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. To date, no impairment of long-lived assets has been recorded.

Contributions - Individual contributions, government grants, and foundation grants are recognized when the donor makes an unconditional commitment to give. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions and transferred to net assets without donor restrictions when restrictions expire. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Services and Materials - Contributed materials are recorded as contributions at their fair value when received. Contributed services are recorded when the service creates or enhances a nonfinancial asset or the service requires specialized skills, is provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation.

Government Grants and Contracts - Grants and contracts are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are classified as deferred revenue in the accompanying statement of financial position. Expenditures under government contracts are subject to review by the granting authority.

(Continued)

TASKS UNLIMITED, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

To the extent, if any, that such a review reduces expenditures allowable under these contracts, Tasks Unlimited will record such disallowance at the time the final assessment is made.

Grant awards that are contributions – Unconditional grants are reported at fair value the date the grant is received. Conditional grants are recognized only when the conditions on which they depend are substantially met and the grant becomes unconditional. Grants that qualify as conditional contributions are recorded as invoiced to the funding sources.

Grant awards that are exchanges – Grant and contract revenue is received from various funding agencies in exchange for specific services provided by Tasks Unlimited. Revenue is recognized at the time services are provided to which the grants and contracts are limited.

Employment Revenue – Employment revenue from vocational services, such as janitorial and mail room services, are recognized at the time the service is provided. Contracts with the federal government are based on square footage and are billed monthly at a fixed rate. Contracts with local county governments are based on direct labor hours worked.

Program Service Fees – Tenants of TUL are billed monthly room rental fees at a flat rate based on unit type. Members of TUMHS are billed small monthly program service fees based on income or unearned income and applicable county rates. These fees are recorded as revenue at the time the service is provided.

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

Functional Expenses - Expenses are recorded to program and support services directly when possible. Payroll and related expenses are allocated based on actual full-time equivalents (FTE's) for salaried individuals, and directly to the program and support services for hourly workers. Other expenses are allocated based on departmental budgets.

Income Taxes – TUI, TUL, TTC, TUBS, and TUMHS all have tax-exempt status under Section 501(c)(3) and are exempt from Minnesota income taxes under applicable Minnesota Statutes, except to the extent an entity has taxable income from activities that are not related to its exempt purpose. Management believes Tasks Unlimited does not have any unrelated business income or uncertain tax positions. Management evaluates the operations of each entity annually for uncertain tax positions, for potential income tax exposure from unrelated business income, and for the potential loss of nonprofit status.

(Continued)

TASKS UNLIMITED, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Each organization has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020, comprise the following:

	<u>2020</u>
Cash	\$ 3,681,720
Accounts receivable	1,044,901
Investments	1,519,543
Grants receivable	<u>30,000</u>
	6,276,164
Less: unavailable for general expenditures within one year:	
Net assets with donor restrictions	(714,951)
Board designated net assets	<u>(380,289)</u>
Assets available for general expenditures within one year	<u>\$ 5,180,924</u>

Net assets with donor restrictions are removed from financial assets available for general expenditures within one year if it is likely that the restriction will not be satisfied during normal operations in 2021.

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

4. INVESTMENTS

Tasks Unlimited held the following investments as of December 31:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	\$ 2,438,855	\$ 2,444,382
Mutual funds	3,252	4,152
Brokerage account cash	135,736	135,736
	<u>\$ 2,577,843</u>	<u>\$ 2,584,270</u>

(Continued)

TASKS UNLIMITED, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

4. INVESTMENTS (Continued)

Investment income included the following as of December 31:

	2020
Realized and unrealized gains (losses)	\$ (4,474)
Interest and dividend income	32,005
	\$ 27,531

5. FAIR VALUE MEASUREMENTS

Significant assets that were measured at fair value on a recurring basis were as follows as of December 31:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 2,444,382	\$ -	\$ 2,444,382
Mutual funds	4,152	-	-	4,152
Brokerage account cash	-	-	-	135,736
	\$ 4,152	\$ 2,444,382	\$ -	\$ 2,584,270

The valuation methodology used for investments measured at fair value are: mutual funds (Level 1) are valued based on quoted prices; certificates of deposit (Level 2) are valued based on quoted prices for similar assets. There have been no changes in the methodology used.

6. PROPERTY AND EQUIPMENT

		Estimated useful lives
Land	\$ 894,100	-
Buildings and improvements	7,662,566	5-27.5 years
Equipment and furnishings	1,940,211	3-5 years
Vehicles	397,473	5-7 years
Building improvements in progress	47,566	-
	10,941,916	
Less accumulated depreciation	(6,186,161)	
	\$ 4,755,755	

(Continued)

TASKS UNLIMITED, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

7. DEBT

The breakdown of notes payable was as follows, as of December 31:

Hennepin County	\$2,247,930
MHFA	209,800
Greater Minnesota Housing Fund	400,000
Ramsey County HRA	165,327
New Hope EDA	20,750
NW Comm. Revitalization Corp./Hennepin County	88,000
City of Edina	33,250
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	3,165,057
Less current portion	(3,000)
Less current portion (forgivable)	(85,000)
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	\$ 3,077,057
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Hennepin County Mortgage Loans - Mortgages payable without interest to Hennepin County Housing Community Works and Transit, with principal payments deferred until between 2023 and 2039. Mortgages are financed through U.S. Department of Housing and Urban Development (HUD) Home Investments Partnerships program.

MHFA Mortgage Loans - Mortgages payable without interest to Minnesota Housing Finance Agency, with principal payments deferred until between 2023 and 2025. Financed through a HUD program.

Greater Minnesota Housing Fund Mortgage Loan - Mortgages payable without interest to Minnesota Housing Finance Agency (Greater Minnesota Housing Fund), with principal payments deferred until between 2037. Financed through a HUD program.

City of St. Paul Housing and Redevelopment Authority (HRA) Loan - Mortgage payable with 1% simple non-compounding interest to Housing and Redevelopment Authority. Principal and accrued interest are payable in August 2026. Financed through a HUD Program.

New Hope Economic Development Authority Loan - Mortgage payable without interest to New Hope Economic Development Authority, due in monthly installments of \$250 through September 2026. Default interest rate would be prime plus 2%.

(Continued)

TASKS UNLIMITED, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

7. DEBT (Continued)

Northwest Community Revitalization Corp. and Hennepin County Mortgage Loan - Mortgage payable without interest to Northwest Community Revitalization Corp. and Hennepin County in September 2026. Financed through a HUD Program.

City of Edina Mortgage Loan - Mortgage payable without interest to City of Edina due on resale.

Maturities of debt for the years ending December 31 are as follows:

2021	\$ 88,000
2022	3,000
2023	163,000
2024	239,532
2025	502,300
Thereafter	<u>2,169,225</u>
	<u>\$ 3,165,057</u>

Interest expense was \$1,317 at December 31, 2020.

8. PAYCHECK PROTECTION PROGRAM LOAN

In 2020, TUI received \$636,500 and TUBS received \$571,000 under the Paycheck Protection Program (PPP), which was developed in response to the COVID-19 pandemic. All or a portion of these loans may be forgiven if the proceeds are used for payroll and other eligible costs in accordance with the requirements of the PPP. If the proceeds are not used in accordance with PPP guidelines, the loan will be required to be repaid in monthly installments including interest at 1% through May 2022.

9. LINE OF CREDIT

Tasks Unlimited maintains a \$1,000,000 line of credit with Wells Fargo Bank, due on demand which expires on April 1, 2022. Interest is due monthly commencing on May 1, 2021, at the Wells Fargo prime rate plus .500% with a floor of 5.000%. The line of credit is secured by inventory, accounts receivable, and equipment. At December 31, 2020, there was no balance outstanding on the line of credit.

(Continued)

TASKS UNLIMITED, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

10. NET ASSETS

Net assets with donor restrictions - Net assets with donor restrictions are for the following purposes:

Purpose Restriction:

Envision (tiny homes) project	\$ 393,237
Capital repairs and improvements	130,219
Skills training	97,525
Telehealth project	50,000
Other	43,970
	<hr/>
	\$ 714,951
	<hr/>

Board Designated - The Board established a designated reserve with a balance of \$380,553 at December 31, 2020 as a source of cash for TUBS to hire staff to expand services and build new services to bridge the decrease in reimbursement rates for supported employment. The funds are expected to be utilized over a 3- to 4-year period until billing and service increases are sufficient to offset the increased staff expenses.

11. RETIREMENT PLANS

Tasks Unlimited maintains two retirement plans for employees who meet eligibility requirements. The 403(b) Plan of Tasks Unlimited allows employee elective deferrals and employer matching contributions. In 2020, Tasks Unlimited matched 150% of employee contributions up to 4% of an employee's qualified wages.

The 401(a) Plan of Tasks Unlimited Building Services provides additional income for retirement for eligible employees. Employer contributions for each employee are calculated based the prevailing wage contract associated with that employee. Employee deferrals are not allowed under this plan.

Retirement plan expense was \$132,629 for the 403(b) plan, and \$751,057 for the 401(a) plan for the year ended December 31, 2020.

(Continued)

TASKS UNLIMITED, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

12. CONCENTRATIONS AND CONTINGENCIES

Tasks Unlimited maintains its cash at two financial institutions. Balances may, at times, exceed federally insured limits. Tasks Unlimited has not experienced any losses as a result of these deposits. As of December 31, 2020, deposits exceeded the federally insured limit by \$3,276,909.

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

A nationwide public health emergency developed in 2020. Many states have enacted measures to combat the global pandemic resulting from a novel strain of coronavirus known as COVID-19. Measures have included regulatory restrictions on individual and business activities as well as recommendations for further voluntary curtailment of activities. There has been no significant impact on Tasks Unlimited's operations. The future potential impact of these issues is unknown and therefore no estimate can be made at this time.

13. CORRECTION OF ERRORS AND RESTATEMENT

During 2020, Tasks Unlimited noted that its 2019 balance of net assets with donor restrictions should have been \$213,567. This amount was not recorded in 2019. In addition, accrued expenses were overstated by \$76,012 in 2019 due to the incorrect recording of liabilities in prior years. These corrections are reflected in the 2020 financial statements as follows:

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>
As previously reported	\$ 6,401,341	\$ -
Change in restricted net assets	(213,567)	213,567
Change in accrued expenses	76,012	-
As restated	<u>\$ 6,263,786</u>	<u>\$ 213,567</u>

The corrections had no impact on the change in net assets in 2019.

14. SUBSEQUENT EVENTS

Tasks Unlimited's two Paycheck Protection Program (PPP) loans were forgiven in February 2021.

Tasks Unlimited has evaluated subsequent events through June 24, 2021, the date the financial statements were available to be issued.

CONSOLIDATING FINANCIAL STATEMENTS

TASKS UNLIMITED, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2020

	TUI	TUL	TTC	TUBS	TUMHS	Eliminations	Total
ASSETS							
Current assets:							
Cash	\$ 826,626	\$ (3,583)	\$ 98,853	\$ 2,642,744	\$ 117,080	\$ -	\$ 3,681,720
Accounts receivable, net	113,611	15,513	83,631	673,823	158,323	-	1,044,901
Investments	2,584,270	-	-	-	-	-	2,584,270
Grants receivable	30,000	-	-	-	-	-	30,000
Prepaid expenses	162,457	-	-	-	820	-	163,277
Total current assets	<u>3,716,964</u>	<u>11,930</u>	<u>182,484</u>	<u>3,316,567</u>	<u>276,223</u>	<u>-</u>	<u>7,504,168</u>
Due from intercompany	217,781	-	-	5,833,728	-	(6,051,509)	-
Property and equipment, net	112,949	4,368,461	3,540	100,222	170,583	-	4,755,755
Total assets	<u>\$ 4,047,694</u>	<u>\$ 4,380,391</u>	<u>\$ 186,024</u>	<u>\$ 9,250,517</u>	<u>\$ 446,806</u>	<u>\$ (6,051,509)</u>	<u>\$ 12,259,923</u>
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable	\$ 10,503	\$ 3,002	\$ 5,583	\$ 1,915	\$ 41,439	\$ -	\$ 62,442
Accrued expenses	323,483	-	-	330,321	-	-	653,804
Current portion of debt	-	88,000	-	-	-	-	88,000
Total current liabilities	<u>333,986</u>	<u>91,002</u>	<u>5,583</u>	<u>332,236</u>	<u>41,439</u>	<u>-</u>	<u>804,246</u>
Due to intercompany	-	3,386,576	1,403,040	-	1,261,893	(6,051,509)	-
PPP loans	636,500	-	-	571,000	-	-	1,207,500
Debt, less current portion	-	3,077,057	-	-	-	-	3,077,057
Total liabilities	<u>970,486</u>	<u>6,554,635</u>	<u>1,408,623</u>	<u>903,236</u>	<u>1,303,332</u>	<u>(6,051,509)</u>	<u>5,088,803</u>
Net assets:							
Without donor restrictions:							
Board designated	-	-	-	380,553	-	-	380,553
Undesignated	2,362,257	(2,174,244)	(1,222,599)	7,966,728	(856,526)	-	6,075,616
Total net assets with out donor restrictions	<u>2,362,257</u>	<u>(2,174,244)</u>	<u>(1,222,599)</u>	<u>8,347,281</u>	<u>(856,526)</u>	<u>-</u>	<u>6,456,169</u>
With donor restrictions	714,951	-	-	-	-	-	714,951
Total net assets	<u>3,077,208</u>	<u>(2,174,244)</u>	<u>(1,222,599)</u>	<u>8,347,281</u>	<u>(856,526)</u>	<u>-</u>	<u>7,171,120</u>
Total liabilities and net assets	<u>\$ 4,047,694</u>	<u>\$ 4,380,391</u>	<u>\$ 186,024</u>	<u>\$ 9,250,517</u>	<u>\$ 446,806</u>	<u>\$ (6,051,509)</u>	<u>\$ 12,259,923</u>

See accompanying notes to consolidated financial statements.

TASKS UNLIMITED, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	TUI	TUL	TTC	TUBS	TUMHS	Eliminations	Total
Revenues and support:							
Employment revenue	\$ -	\$ -	\$ -	\$ 5,477,149	\$ -	\$ -	\$ 5,477,149
Government grants and contracts	366,822	-	839,975	-	1,707,618	-	2,914,415
Contributions	1,110,053	251,000	-	-	-	-	1,361,053
Program service fees	-	-	-	1,227,647	-	-	1,227,647
Client service fees	-	467,971	103,606	-	165,221	-	736,798
Other income	(470,750)	8,109	90,173	178,587	47,142	340,981	194,242
Investment income, net	27,354	-	-	177	-	-	27,531
Intercompany	-	130,641	-	-	-	(130,641)	-
Total revenues and support	<u>1,033,479</u>	<u>857,721</u>	<u>1,033,754</u>	<u>6,883,560</u>	<u>1,919,981</u>	<u>210,340</u>	<u>11,938,835</u>
Expenses:							
Program services:							
Mental health	-	-	-	-	1,754,343	(47,876)	1,706,467
Training center	-	-	805,785	-	-	(37,619)	768,166
Lodge program	-	682,686	-	-	-	-	682,686
Vocational rehabilitation	-	-	-	6,146,035	-	(22,650)	6,123,385
Outreach services	587,116	-	-	-	-	-	587,116
Total program services	587,116	682,686	805,785	6,146,035	1,754,343	(108,145)	9,867,820
Management and general	1,151,772	-	-	-	-	(22,496)	1,129,276
Fundraising	247,972	-	-	-	-	-	247,972
Total expenses	<u>1,986,860</u>	<u>682,686</u>	<u>805,785</u>	<u>6,146,035</u>	<u>1,754,343</u>	<u>(130,641)</u>	<u>11,245,068</u>
Change in net assets before inter-entity allocations	(953,381)	175,035	227,969	737,525	165,638	340,981	693,767
Inter-entity administrative allocations	1,023,397	(78,597)	(90,468)	(661,524)	(192,808)	-	-
Change in net assets	70,016	96,438	137,501	76,001	(27,170)	340,981	693,767
Net assets, beginning of year	3,007,192	(2,270,682)	(1,360,100)	8,271,280	(829,356)	(340,981)	6,477,353
Net assets, end of year	<u>\$ 3,077,208</u>	<u>\$ (2,174,244)</u>	<u>\$ (1,222,599)</u>	<u>\$ 8,347,281</u>	<u>\$ (856,526)</u>	<u>\$ -</u>	<u>\$ 7,171,120</u>

See accompanying notes to consolidated financial statements.