

Financial statements of:

ACHIEVE TWIN CITIES

Years ended
June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Achieve Twin Cities
Minneapolis, Minnesota

Opinion

We have audited the financial statements of Achieve Twin Cities, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Achieve Twin Cities as of June 30, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Achieve Twin Cities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Achieve Twin Cities' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Achieve Twin Cities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Achieve Twin Cities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses excluding flow-through funds for the year ended June 30, 2025 and the schedule of functional expenses flow-through funds for the year ended June 30, 2025 are presented for the purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Schechter-DickkenKanter
Andrews & Selcer Ltd.*

January 30, 2026
Minneapolis, MN

	<u>2025</u>	<u>2024</u>
Assets:		
Cash and cash equivalents	\$ 7,693,705	\$ 9,185,536
Accounts receivable	359,529	565,450
Contributions receivable	148,586	1,680,122
Other assets	48,899	73,947
Beneficial interest in assets held by others	453,389	492,795
Operating lease, right-of-use asset	128,449	160,079
Property and equipment, net	<u>103,698</u>	<u>123,668</u>
Total assets	<u>\$ 8,936,255</u>	<u>\$ 12,281,597</u>
Liabilities and net assets:		
Accounts payable	\$ 358,262	\$ 838,555
Accrued expenses:		
Payroll	1,077	-
Vacation	127,187	122,526
Grants and gifts payable	291,382	275,060
Operating lease liability	139,539	172,543
Other liabilities	<u>195</u>	<u>-</u>
Total liabilities	<u>917,642</u>	<u>1,408,684</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,721,932	1,841,755
Designated by the Board for operating reserve	<u>1,175,697</u>	<u>1,175,697</u>
Total net assets without donor restrictions	<u>2,897,629</u>	<u>3,017,452</u>
With donor restrictions	<u>5,120,984</u>	<u>7,855,461</u>
Total net assets	<u>8,018,613</u>	<u>10,872,913</u>
Total liabilities and net assets	<u>\$ 8,936,255</u>	<u>\$ 12,281,597</u>

ACHIEVE TWIN CITIES

	2025			2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and support:						
Contributions of cash and other financial assets	\$ 432,426	\$ 1,933,402	\$ 2,365,828	\$ 1,260,068	\$ 1,959,512	\$ 3,219,580
Contributions of nonfinancial assets	-	-	-	9,210	1,361	10,571
Contract income	1,759,035	-	1,759,035	2,708,759	-	2,708,759
Earned income	20,680	-	20,680	21,336	-	21,336
Change in fair value of beneficial interest in assets held by others	-	42,857	42,857	-	54,801	54,801
Interest income	263,336	20,560	283,896	335,140	49,231	384,371
Special events, net of direct benefits to donors (2025 \$64,788 and 2024 \$53,738)	122,128	98,500	220,628	131,200	75,000	206,200
Miscellaneous	10	-	10	-	-	-
Total revenue and support	2,597,615	2,095,319	4,692,934	4,465,713	2,139,905	6,605,618
Net assets released from restrictions	4,829,796	(4,829,796)	-	4,892,619	(4,892,619)	-
	7,427,411	(2,734,477)	4,692,934	9,358,332	(2,752,714)	6,605,618
Expenses:						
Program services	6,273,731		6,273,731	7,291,635		7,291,635
Management and general	644,119		644,119	688,940		688,940
Fundraising	629,384		629,384	356,931		356,931
Total expenses	7,547,234		7,547,234	8,337,506	-	8,337,506
Change in net assets	(119,823)	(2,734,477)	(2,854,300)	1,020,826	(2,752,714)	(1,731,888)
Net assets, beginning	3,017,452	7,855,461	10,872,913	1,996,626	10,608,175	12,604,801
Net assets, ending	\$ 2,897,629	\$ 5,120,984	\$ 8,018,613	\$ 3,017,452	\$ 7,855,461	\$ 10,872,913

See notes to financial statements.

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,854,300)	\$ (1,731,888)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	27,301	35,021
Loss on disposal of equipment	-	214
Change in discount on contributions receivable	-	(139,234)
Decrease in beneficial interest in assets held by others	39,406	51,773
Change in operating assets and liabilities:		
Accounts receivable	205,921	(214,694)
Contributions receivable	1,531,536	1,682,838
Other assets	25,048	(28,719)
Accounts payable	(480,293)	584,580
Accrued expenses	5,738	(39,152)
Operating lease, right-of-use asset and lease liability	(1,374)	12,249
Grants and gifts payable	16,322	(102,744)
Other liabilities	195	-
	<u>(1,484,500)</u>	<u>110,244</u>
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(7,331)	(127,238)
Additional funding of beneficial interest in assets held by others	-	(27,100)
	<u>(7,331)</u>	<u>(154,338)</u>
Net cash used in investing activities		
Change in cash and cash equivalents	(1,491,831)	(44,094)
Cash and cash equivalents, beginning of year	9,185,536	9,229,630
Cash and cash equivalents, end of year	<u>\$ 7,693,705</u>	<u>\$ 9,185,536</u>
Non-cash investing and financing activity,		
Operating right-of-use asset in exchange for operating lease liability		<u><u>\$ 183,072</u></u>

	Minneapolis Public Schools Foundation	Subsidies and other flow- through	Career & college initiatives	Total program services	Management and general	Fundraising	Direct benefits to donors	Total
Salaries	\$ 193,230	\$ 1,504	\$ 3,226,806	\$ 3,421,540	\$ 259,079	\$ 294,962		\$ 3,975,581
Employee benefits	29,840	-	467,994	497,834	35,842	42,778		576,454
Payroll taxes and other	15,246	140	249,502	264,888	19,615	22,131		306,634
Payroll fees and other	-	-	1,653	1,653	14,325	83		16,061
Total employee compensation	238,316	1,644	3,945,955	4,185,915	328,861	359,954		4,874,730
Staff:								
Development and training	-	-	5,115	5,115	3,633	1,005		9,753
Parking, mileage and travel	-	-	7,338	7,338	3,132	436		10,906
Rent	2,211	-	29,132	31,343	5,110	3,054		39,507
Telephone and internet	34	-	269	303	13,796	269		14,368
Maintenance and technology services	-	-	12,004	12,004	107,189	230,093		349,286
Insurance	-	-	-	-	24,879	-		24,879
Licenses, fees and subscriptions	-	-	18,457	18,457	18,382	7,138		43,977
Printing, postage and office supplies	36	-	-	36	7,212	4,927		12,175
Gifts and grants	1,655,676	-	-	1,655,676	-	-		1,655,676
Program:								
Materials and supplies	23	-	16,235	16,258	-	-		16,258
Student wages	-	251,020	-	251,020	-	-		251,020
Student transportation and activity fees	-	-	5,077	5,077	-	-		5,077
Meeting and other expenses	78	-	33,561	33,639	-	-		33,639
Consultants and professional fees	377	-	26,308	26,685	76,950	-		103,635
PR, outreach, networking and website	-	-	10,355	10,355	18,076	5,950		34,381
Event Expense	-	-	-	-	500	14,864	\$ 64,788	80,152
In-kind expense	-	-	-	-	-	-		-
Other	8,084	-	180	8,264	15,344	1,694		25,302
	1,904,835	252,664	4,109,986	6,267,485	623,064	629,384	64,788	7,584,721
Depreciation	119	-	6,127	6,246	21,055	-	-	27,301
Total expenses by function	1,904,954	252,664	4,116,113	6,273,731	644,119	629,384	64,788	7,612,022
Less expenses included with revenues on the statement of activities, direct benefits to donor	-	-	-	-	-	-	(64,788)	(64,788)
Total expenses included in the expense section on the statement of activities	\$ 1,904,954	\$ 252,664	\$ 4,116,113	\$ 6,273,731	\$ 644,119	\$ 629,384	\$ -	\$ 7,547,234

	Minneapolis Public Schools Foundation	Subsidies and other flow- through	Career & college initiatives	Total program services	Management and general	Fundraising	Direct benefits to donors	Total
Salaries	\$ 269,286	\$ 320	\$ 3,478,465	\$ 3,748,071	\$ 263,095	\$ 239,797		\$ 4,250,963
Employee benefits	38,075	-	440,592	478,667	33,570	31,141		543,378
Payroll taxes and other	20,632	-	273,501	294,133	20,493	17,978		332,604
Payroll fees and other	-	83	1,506	1,589	13,759	631		15,979
Total employee compensation	327,993	403	4,194,064	4,522,460	330,917	289,547		5,142,924
Staff:								
Development and training	65	-	10,877	10,942	4,692	2,533		18,167
Parking, mileage and travel	5	-	15,181	15,186	1,707	303		17,196
Rent	4,163	-	34,258	38,421	7,375	3,073		48,869
Telephone and internet	250	-	1,407	1,657	12,288	323		14,268
Maintenance and technology services	-	-	2,345	2,345	87,704	23,527		113,576
Insurance	-	-	-	-	20,306	-		20,306
Licenses and fees	-	-	18,154	18,154	13,777	2,963		34,894
Printing, postage and office supplies	155	-	152	307	9,978	10,904		21,189
Gifts and grants	2,333,930	-	-	2,333,930	-	-		2,333,930
Program:								
Materials and supplies	65	-	13,811	13,876	-	-		13,876
Student wages	-	190,805	-	190,805	-	-		190,805
Student transportation and activity fees	-	-	4,206	4,206	-	-		4,206
Meeting and other expenses	37	-	54,113	54,150	-	-		54,150
Consultants and professional fees	9,095	-	38,602	47,697	135,488	4,875		188,060
PR, outreach, networking and website	-	-	18,017	18,017	11,348	2,141		31,506
Event expense	-	-	-	-	-	13,714	\$ 53,738	67,452
In-kind expense	-	-	1,361	1,361	9,210	-	-	10,571
Other	9,206	-	243	9,449	18,861	1,968	-	30,278
	2,684,964	191,208	4,406,791	7,282,963	663,651	355,871	53,738	8,356,223
Depreciation	475	-	8,197	8,672	25,289	1,060	-	35,021
Total expenses by function	2,685,439	191,208	4,414,988	7,291,635	688,940	356,931	53,738	8,391,244
Less expenses included with revenues on the statement of activities, direct benefits to donor	-	-	-	-	-	-	(53,738)	(53,738)
Total expenses included in the expense section on the statement of activities	\$ 2,685,439	\$ 191,208	\$ 4,414,988	\$ 7,291,635	\$ 688,940	\$ 356,931	\$ -	\$ 8,337,506

1. Nature of business and significant accounting policies:

Nature of business and major programs:

Achieve Twin Cities Overview: Sparking success in careers, college, and life:

As one of the Upper Midwest's leading career and college readiness organizations, Achieve Twin Cities rallies community support and delivers best-in-class programs to inspire and equip young people in Minneapolis and Saint Paul, Minnesota for careers, college, and life. Our vision is that all students have full and equitable access to postsecondary education and career opportunities, creating a more just and vibrant community. Founded in 2002, Achieve Twin Cities has provided career and college readiness services for over 95,000 students, equipping them to achieve in-demand, rewarding careers while contributing to a diverse talent pipeline that supports the health and vitality of our workforce and community.

While our high schools prepare students academically, Achieve Twin Cities helps ensure that each student graduates with the one-on-one guidance, resources, and confidence they need to achieve their career and postsecondary dreams and secure meaningful, life-sustaining careers and financial independence. Achieve Twin Cities recognizes the value in every path to personal and economic success and provides caring guidance and expertise to empower each student to pursue their best options for their career and postsecondary goals, including two or four-year college, apprenticeships, technical training, employment, or many other opportunities.

As a universal service provider, Achieve Twin Cities accomplishes this work through proven, interconnected career and college readiness services in 28 Minneapolis Public Schools (MPS) and Saint Paul Public Schools (SPPS) high schools, which are available to students from their first day of ninth grade through high school graduation. It also provides paid summer internships, work readiness training and career mentoring for Minneapolis youth through the Step Up Youth Employment Program (in partnership with the City of Minneapolis).

In addition, Achieve Twin Cities hosts public events that inform and spark conversations related to career and college readiness, workforce development and other critical issues that impact young people and schools, and connects our local community with opportunities to support and advocate for young people.

Achieve Twin Cities also serves as the Minneapolis Public Schools nonprofit foundation, administering major grants for key district priorities and managing \$4-5 million in private funds for MPS schools and departments, college scholarships for MPS graduates and mini-grants for district staff development and classroom projects.

Through Achieve Twin Cities' agreement with MPS, which is in effect until June 30, 2026, the two organizations are considered financially interrelated entities as a result of MPS board representation and ongoing economic interest in the net assets of Achieve Twin Cities and thus contributions Achieve Twin Cities receives on behalf of MPS and related expenses incurred are included in Achieve Twin Cities' financial statements.

1. Nature of business and significant accounting policies (continued):

Nature of business and major programs (continued):

Achieve Twin Cities Career & College Initiative Programs:**School-based Career and College Readiness Program:**

Achieve Twin Cities is a universal career and college readiness provider, working in partnership with Minneapolis Public Schools and Saint Paul Public Schools to help students develop individualized plans for life after high school. In collaboration with school counselors in 28 high schools, we provide one-on-one guidance and connect students with a wide range of postsecondary and career opportunities, including two and four-year college, apprenticeships, training programs, employers, and other options to help them explore and plan for purposeful, life sustaining careers. These services are accessible to 17,000 high school students each year, with over 10,000 students participating directly in our activities, including 93% of seniors.

Our professional team – which includes licensed counselors, social workers, admissions experts, educators and youth workers – work one-on-one with students to build the kind of trusting, long-term relationships that are essential for creating post-graduation plans and career success. They offer personalized career exploration advising, career events with local professionals, college fairs and tours, college rep visits, assistance with college, financial aid and FAFSA applications, support with resume writing and job interviewing, connections with internship and job opportunities, and links to other college access providers.

Achieve Twin Cities career exploration programming – fully integrated into these high school services – connects students with a wide variety of career and training opportunities that help them prepare to access family-supporting, high-demand and high-growth careers more quickly after high school. Achieve Twin Cities also brings employers into high schools to meet with students via career speakers and career fair events.

Program data shows that 93% of students who utilize Achieve Twin Cities' school-based services graduate with a career pathway plan. Lower income students and students of color who utilize these services enroll in postsecondary programs at 50%+ higher rates than those who do not. With Achieve Twin Cities' support, more students are pursuing the education and training they need for meaningful careers and financial independence.

Step Up Youth Employment Program:

Step Up prepares today's youth for tomorrow's careers by recruiting, training, and placing hundreds of Minneapolis youth (ages 14-21) in paid summer internships with over 50 regional employers, from Fortune 500 companies and small businesses to public agencies and nonprofits. A program of the City of Minneapolis, in partnership with Achieve Twin Cities, the Minnesota Department of Employment and Economic Development, and Project for Pride in Living, Step Up is one of the nation's leading youth employment programs and leverages a collective that spans 15 industries and multiple sectors.

1. Nature of business and significant accounting policies (continued):

Nature of business and major programs (continued):

Step Up Youth Employment Program (continued):

Step Up supports historically underrepresented youth in Minneapolis who are ready to navigate the professional world. It also helps organizations diversify their workforce and build a base of young, skilled workers for the entire region. Step Up has provided over 34,500 internship experiences since 2003, yielding a competitive talent pipeline, a stronger economy and millions of dollars in wages for Step Up interns. Interns collectively earn over \$1.69 million in summer wages for themselves and their families.

Volunteer Programs:

Each year, over 500 Twin Cities community members and employees from local companies volunteer with Achieve Twin Cities to introduce high school students to new careers, education opportunities and skills through school-based career events, Step Up mock interviews, and other career exploration support.

School-based career exploration events:

Connect volunteers with high school students to share their career journeys and insights on a wide range of career and training opportunities. Through in-school career speaker events and fairs, students explore new career fields, meet local professionals, and learn the steps they need to take toward specific fields and industries. In the 2024-25 school year, 149 individuals from 184 Twin Cities companies and organizations served as career volunteers.

Each spring, community volunteers participate in the annual **Step Up mock interviews**, interviewing and coaching Step Up youth participants one-on-one in preparation for their summer internship interviews and other career opportunities. The mock interviews are part of Step Up work readiness training, which each intern must complete before they are matched with their summer employer. In spring of 2025, 160 volunteers participated in the Step Up mock interviews.

In addition to these volunteer opportunities, employees from Achieve Twin Cities partner companies also volunteer their time with Step Up and Achieve Twin Cities college internships participants as **work readiness trainers, career exposure event leaders, and financial literacy and career skills event facilitators**.

Public Engagement Events:

Achieve Twin Cities also hosts public events that inform and spark conversations on a wide range of issues impacting our students and public schools and connect our local community with opportunities to support and advocate for young people.

In partnership with Minneapolis Public Schools, the annual **Principal Partner Day** matches Twin Cities business, philanthropy, media and civic leaders one-on-one with principals for a half-day job shadowing at their schools. Participants get a rare behind-the-scenes experience at a Minneapolis school, see their principal in action and interact with staff and students. Following their school experience, they gather with other event participants to share insights and explore next steps in response to what they've seen and heard that day.

1. Nature of business and significant accounting policies (continued):

Nature of business and major programs (continued):

Public Engagement Events (continued):

Achieve 101 and **Lunchbreak with Achieve Twin Cities** provide opportunities for community members to hear directly from our career and college readiness (CCR) staff experts, visit our school-based centers and explore CCR and youth workforce issues. Participants hear from Achieve Twin Cities program leaders and other partners in this work, meet young people who utilize our services and learn how they can support students as career event volunteers, internship employers, and donor partners.

Minneapolis Public Schools Partnership:

In addition to being a strong program partner through career and college readiness services in MPS high schools, Achieve Twin Cities also serves as the nonprofit foundation for MPS. In this role, it administers major grants for STEM programs, educator pathway programs and other district priorities. It also manages \$4-5 million in private funds for MPS schools and departments, administers college scholarships for MPS graduates and awards mini-grants for district staff development and classroom projects.

Basis of presentation:

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no donor-imposed restrictions that were perpetual in nature as of June 30, 2025 and 2024.

Concentration of credit risk:

Financial instruments, which potentially subject Achieve Twin Cities to concentration of credit risk, consist primarily of cash deposits. Achieve Twin Cities maintains cash accounts at financial institutions where at times the cash balances exceed the federally insured limit of \$250,000. Achieve Twin Cities has not experienced any loss associated with the practice.

Concentrations of contributions and contributions receivable:

Achieve Twin Cities had a concentration of one and two donors 14% and 35% of contributions of cash and other financial assets for the years ended June 30, 2025 and 2024, respectively. Contributions receivable from three and one organizations constituted 94% and 74% of the contribution receivable balance at June 30, 2025 and 2024, respectively.

1. Nature of business and significant accounting policies (continued):

Concentrations of contract income and accounts receivable:

Achieve Twin Cities has a concentration of contract income where four and three entities constitute 95% and 84% of contract income for the years ended June 30, 2025 and 2024, respectively. Achieve Twin Cities also had a concentration of accounts receivable where two entities constitute 91% and 89% of accounts receivable for the years ended June 30, 2025 and 2024, respectively.

Cash and cash equivalents:

Achieve Twin Cities considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and cash equivalents consist of bank deposits and money market accounts.

Accounts receivable:

Achieve Twin Cities recognizes receivables at net realizable value. Accounts receivables are made up of government grants and contracts. Accordingly, Achieve Twin Cities provides for credit losses using the expected loss model, which is based on management judgment considering Achieve Twin Cities' exposure to credit risk and the measurement of credit losses. An allowance is considered based on the payor types. Services are sold on an unsecured basis. When all collection efforts have been exhausted, the accounts are written off against the allowance. With respect to accounts receivable at June 30, 2025 and 2024, there were no material balances that were deemed uncollectible, therefore, no reserve for uncollectible accounts was considered necessary at either year end.

Opening and closing balances for accounts receivable arising from contracts with customers include the following as of:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>July 1, 2024</u>
Accounts receivable, trade	<u>\$ 359,529</u>	<u>\$ 565,450</u>	<u>\$ 350,756</u>

Contributions receivable and contributions:

Contributions are recognized when the donor makes an unconditional promise to give to Achieve Twin Cities. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires or is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions through net assets released from restrictions. A conditional promise to give includes a measurable performance or other barrier, and a right of return of funds if the condition is not met. A conditional contribution is recorded as revenue and/or receivable when the conditions on which they depend are substantially met or explicitly waived by the donor, that is, when the conditional contribution becomes unconditional.

Contributions that are expected to be collected within one year are recorded at their net realizable value. Grants and promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise to give is received. Amortization of the discount is included in contributions. Conditional promises to give are not included as support until such time as the conditions are substantially met. Contributions receivables are considered collectible and therefore there is no allowance for doubtful accounts.

1. Nature of business and significant accounting policies (continued):**Contract and earned income:**

Government grants and contracts are generally considered exchange transactions and recorded as revenues, specifically contract and earned income, when the related costs are incurred. Amounts received prior to the cost being incurred are recorded as refundable advances. Amounts expended but not yet reimbursed have been recorded as accounts receivable. Management believes Achieve Twin Cities is not exposed to significant credit risk related to accounts receivable. Expenditures under government grants and contracts are subject to review by the granting authority. If, as a result of such a review, expenditures are determined to be unallowable, the disallowance will be recorded at the time the assessment for refund is made.

Beneficial interest in assets held by others:

Achieve Twin Cities has established a charitable fund at The Minneapolis Foundation (TMF). The charitable fund is invested in TMF's long-term growth strategy fund and Achieve Twin Cities is the named beneficiary. Achieve Twin Cities has granted variance power to TMF, which allows TMF to modify any condition or restriction on its distributions for any specified charitable purposes or to any specified organization if, in the sole judgment of TMF's Board of Directors, such restrictions or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Additional contributions from Achieve Twin Cities or donors can be made to the charitable fund; however, TMF has authority to accept contributions to the fund from others. Annual distributions are based on TMF's distribution formula and are directed at the recommendation of Achieve Twin Cities. The fund is held and invested by TMF for Achieve Twin Cities' benefit and is reported at the fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Additionally, various donors and the former MPS Foundation have established several other charitable funds held at TMF where TMF has been granted variance power and MPS is the named beneficiary. Achieve Twin Cities, as MPS's strategic nonprofit partner, makes recommendations to TMF with respect to the distributions of these scholarships, teacher awards and special education funds. Since MPS is the named beneficiary of these funds, they are not recorded in Achieve Twin Cities' financial statements. These funds total \$1,665,648 and \$1,580,016 as of June 30, 2025 and 2024, respectively.

Leases:

Achieve Twin Cities leases a building. This qualifies as an operating lease and is included in the operating lease right-of-use (ROU) assets and operating lease liabilities in its statement of financial position (see Note 6). Operating lease ROU assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term at the commencement date. Achieve Twin Cities used the stated interest rate in the lease agreement in determining the present value of lease payments. Operating lease ROU assets are reduced by lease incentives received. Achieve Twin Cities has adopted other accounting policy elections related to this standard including election of not recognizing ROU assets and lease liabilities arising from short-term leases for any class of underlying assets.

Property and equipment:

Property and equipment are carried at cost, with the exception of donated equipment which is recorded at fair market value at date of gift. Depreciation of property and equipment is provided for on a straight-line basis over their estimated useful lives. The cost of maintenance and repairs is charged to expense as incurred; significant renewals or betterments are capitalized.

1. Nature of business and significant accounting policies (continued):

Functional allocation of expenses:

Expenses which are related to a specific program or supporting service are charged directly to that service. Salaries, rent, and related expenses are allocated based on employee estimates of their dedicated time to each program. These estimates are reviewed by appropriate supervisors, then used by management when creating the functional allocation.

Fair value measurements:

Achieve Twin Cities has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument in its entirety.

The three levels of the fair value hierarchy under GAAP guidance are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Achieve Twin Cities has the ability to access.

Level 2 – Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; and Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

Income taxes:

Achieve Twin Cities is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. It is the policy of Achieve Twin Cities to assess any uncertain tax provisions and, if necessary, record a tax asset or liability, and the related income tax expense, for any uncertain tax provisions. Achieve Twin Cities' tax returns are subject to review and examination by federal and state authorities. Management has evaluated Achieve Twin Cities' tax positions and determined that there are no positions which are considered uncertain.

1. Nature of business and significant accounting policies (continued):

Use of estimates:

The timely preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent events:

Achieve Twin Cities has evaluated the effects subsequent events would have on the financial statements through January 30, 2026, which is the date of the financial statements were available for issuance.

2. Liquidity and availability:

The following represents Achieve Twin Cities' financial assets at June 30:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 7,693,705	\$ 9,185,536
Accounts receivable	359,529	565,450
Contributions receivable, net	<u>148,586</u>	<u>1,680,122</u>
Total financial assets	<u>8,201,820</u>	<u>11,431,108</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	5,120,984	7,855,461
Less net assets with purpose restrictions to be met in less than a year	(2,223,004)	(5,306,316)
Less net assets with passage of time restrictions to be met in less than a year	(98,500)	-
Designated net assets by the board	<u>1,175,697</u>	<u>1,175,697</u>
	<u>3,975,177</u>	<u>3,724,842</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,226,643</u>	<u>\$ 7,706,266</u>

Achieve Twin Cities' goal is generally to maintain financial assets to meet 90 days of general operating expenses (approximately \$1,400,000). As part of Achieve Twin Cities' liquidity plan, Achieve Twin Cities invests cash in excess of daily requirements in money market funds. The Board of Directors of Achieve Twin Cities has designated \$1,175,697 of unrestricted net assets as a general operating reserve as of June 30, 2025 and 2024.

3. Contributions receivable:

Unconditional contributions receivable are estimated to be collected as follows at June 30:

	<u>2025</u>	<u>2024</u>
Collectible within one year	\$ 148,586	\$ 1,655,122
Collectible in one to five years	<u>-</u>	<u>25,000</u>
Total contributions receivable	<u>\$ 148,586</u>	<u>\$ 1,680,122</u>

4. Beneficial interest in assets held by others and fair value measurements:

Fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30 are as follows:

	<u>2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by others - TMF Investment Pool			<u>\$ 453,389</u>	<u>\$ 453,389</u>

	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by others – TMF Investment Pool			<u>\$ 492,795</u>	<u>\$ 492,795</u>

The following is a description of the valuation methodologies used for Level 3 financial assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024:

Beneficial interest in assets held by others – includes the expected future distributions Achieve Twin Cities expects to receive from TMF where the fair value of these assets held by TMF is based on the fair value of the TMF Investment Pool as reported by TMF. These funds are not redeemable by Achieve Twin Cities and thus are included in level 3 of the fair value hierarchy.

4. Beneficial interest in assets held by others and fair value measurements (continued):

The following table provides a summary of changes in fair value of Achieve Twin Cities' Level 3 financial assets for the years ended June 30, 2025 and 2024:

	<u>Beneficial interest in assets held by others</u>
Balance, July 1, 2023	\$ 517,468
Change in fair value	54,801
Administrative fees*	(6,575)
Distributions	(100,000)
Additional funding to TMF	<u>27,101</u>
Balance, June 30, 2024	492,795
Change in fair value	42,857
Administrative fees*	(5,263)
Distributions	<u>(77,000)</u>
Balance, June 30, 2025	<u>\$ 453,389</u>

*Included in program services expenses.

5. Property and equipment:

Property and equipment consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Tenant improvements	\$ 107,017	\$ 107,017
Equipment	<u>63,658</u>	<u>119,849</u>
	170,675	226,866
Less accumulated depreciation	<u>66,977</u>	<u>103,198</u>
	<u>\$ 103,698</u>	<u>\$ 123,668</u>

6. Operating Lease:

Achieve Twin Cities entered into a new lease in October 2023 that expires February 2029 with one five-year renewal option. Prior to October 2023, Achieve Twin Cities rented office space under an operating lease agreement that expired in September 2023.

In 2025 and 2024 rent expense and related costs were \$39,508 and \$48,869, respectively.

The weighted-average remaining lease term is 44 and 56 months for the operating lease as of June 30, 2025 and 2024, respectively. The weighted-average discount rate is 4.00% for the operating lease as of June 30, 2025 and 2024, respectively.

6. Operating Lease (continued):

Future minimum lease payments for operating lease liability as of June 30, 2025:

Year ending June 30	Amount
2026	\$ 40,438
2027	41,566
2028	42,695
2029	<u>25,485</u>
	150,184
Less amount representing interest	<u>10,645</u>
 Total operating lease liability	 <u>\$ 139,539</u>

7. Retirement plan:

Achieve Twin Cities sponsors a defined contribution retirement plan, which is a 403(b). Employees with one or more years of service are eligible for a discretionary employer matching contribution. Achieve Twin Cities made employer matching contributions of \$84,678 and \$86,054 for the years ended June 30, 2025 and 2024, respectively.

8. Net assets with donor restrictions:

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose or period:		
ATC – Step Up Program	\$ 27,000	\$ 50,000
ATC – Career & college readiness centers	723,333	2,388,030
ATC – Other program initiatives	52,500	496,660
ATC – General operating	98,500	75,000
MPS – Other strategic initiatives	1,882,137	2,387,847
MPS – Scholarships & special awards	668,416	657,459
MPS – School funds	<u>1,669,098</u>	<u>1,800,465</u>
 Total net assets with donor restrictions	 <u>\$ 5,120,984</u>	 <u>\$ 7,855,461</u>

8. Net assets with donor restrictions (continued):

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time specified by the donors for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Purpose/time fulfilled:		
ATC – College internships	\$ -	\$ 7,500
ATC – Step Up Program	70,000	74,211
ATC – Career & college readiness centers	2,062,047	1,305,094
ATC – Other program initiatives	870,030	1,001,799
ATC – General operating	75,000	87,600
MPS – Other strategic initiatives	487,551	1,552,334
MPS – Scholarships & special awards	229,337	222,290
MPS – School funds	<u>1,035,831</u>	<u>641,791</u>
Total net assets released from restrictions	<u>\$ 4,829,796</u>	<u>\$ 4,892,619</u>

SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNCTIONAL EXPENSES

EXCLUDING FLOW-THROUGH FUNDS

YEAR ENDED JUNE 30, 2025

ACHIEVE TWIN CITIES

	Minneapolis Public Schools Foundation	Career & college initiatives	Total program services	Management and general	Fundraising	Total
Salaries	\$ 193,230	\$ 3,226,806	\$ 3,420,036	\$ 259,079	\$ 294,962	\$ 3,974,077
Employee benefits	29,840	467,994	497,834	35,842	42,778	576,454
Payroll taxes and other	15,246	249,502	264,748	19,615	22,131	306,494
Payroll fees and other	-	1,653	1,653	14,325	83	16,061
Total employee compensation	238,316	3,945,955	4,184,271	328,861	359,954	4,873,086
Staff:						
Development and training	-	5,115	5,115	3,633	1,005	9,753
Parking, mileage and travel	-	7,338	7,338	3,132	436	10,906
Rent	2,211	29,132	31,343	5,110	3,054	39,507
Telephone and internet	34	269	303	13,796	269	14,368
Maintenance and technology services	-	12,004	12,004	107,189	230,093	349,286
Insurance	-	-	-	24,879	-	24,879
Licenses, fees and subscriptions	-	18,457	18,457	18,382	7,138	43,977
Printing, postage and office supplies	36	-	36	7,212	4,927	12,175
Gifts and grants	-	-	-	-	-	-
Program:	-	-	-	-	-	-
Materials and supplies	23	16,235	16,258	-	-	16,258
Student transportation and activity fees	-	5,077	5,077	-	-	5,077
Meeting and other expenses	78	33,561	33,639	-	-	33,639
Consultants and professional fees	377	26,308	26,685	76,950	-	103,635
PR, outreach, networking and website	-	10,355	10,355	18,076	5,950	34,381
Event Expense	-	-	-	500	14,864	15,364
In-kind expense	-	-	-	-	-	-
Other	-	180	180	15,344	1,694	17,218
	<u>241,075</u>	<u>4,109,986</u>	<u>4,351,061</u>	<u>623,064</u>	<u>629,384</u>	<u>5,603,509</u>
Depreciation	119	6,127	6,246	21,055	-	27,301
Total	<u>\$ 241,194</u>	<u>\$ 4,116,113</u>	<u>\$ 4,357,307</u>	<u>\$ 644,119</u>	<u>\$ 629,384</u>	<u>\$ 5,630,810</u>

ACHIEVE TWIN CITIES

	Minneapolis Public Schools Foundation	Subsidies & other flow-through	Total
Salaries	\$ -	\$ 1,504	\$ 1,504
Payroll taxes and other	-	140	140
Gifts and grants	1,655,676	-	1,655,676
Program student wages	-	251,020	251,020
Other	8,084	-	8,084
Total	\$ 1,663,760	\$ 252,664	\$ 1,916,424