

Financial statements of:

ACHIEVE!MINNEAPOLIS

Years ended
June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Achieve!Minneapolis
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Achieve!Minneapolis (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

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. 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 Achieve!Minneapolis as of June 30, 2021 and 2020, 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 Matter

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, 2021 and the Schedule of functional expenses flow-through funds for the year ended June 30, 2021 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, Doherty, Kauter
Andrew E. Schmitt*

March 15, 2022

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and cash equivalents	\$ 7,251,712	\$ 6,272,527
Accounts receivable	348,466	524,027
Contributions receivable, net	1,304,570	2,655,902
Other assets	42,023	17,711
Beneficial interest in assets held by others	903,666	769,323
Property and equipment, net	<u>39,341</u>	<u>63,373</u>
 Total assets	 <u><u>\$ 9,889,778</u></u>	 <u><u>\$ 10,302,863</u></u>
Liabilities and net assets:		
Accounts payable	\$ 407,188	\$ 416,405
Accrued:		
Payroll	94,423	68,407
Vacation	101,774	97,912
Grants and gifts payable	191,227	252,353
Other liabilities	<u>11,385</u>	<u>19,633</u>
 Total liabilities	 <u>805,997</u>	 <u>854,710</u>
Net assets:		
Without donor restrictions:		
Undesignated	852,760	869,713
Designated by the Board for operating reserve	<u>675,697</u>	<u>675,697</u>
Total net assets without donor restrictions	<u>1,528,457</u>	<u>1,545,410</u>
With donor restrictions	<u>7,555,324</u>	<u>7,902,743</u>
 Total net assets	 <u>9,083,781</u>	 <u>9,448,153</u>
 Total liabilities and net assets	 <u><u>\$ 9,889,778</u></u>	 <u><u>\$ 10,302,863</u></u>

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and support:						
Contributions	\$ 547,913	\$ 1,918,982	\$ 2,466,895	\$ 392,570	\$ 5,919,078	\$ 6,311,648
Contributions, PPP					489,700	489,700
Contract income	1,558,102		1,558,102	1,700,698		1,700,698
Earned income	52,742		52,742	67,512		67,512
Change in fair value of beneficial interest in assets held by others		243,212	243,212		6,461	6,461
Interest income	21,115	2,822	23,937	31,380		31,380
Special events, net of direct benefits to donors (2021 \$11,725 and 2020 \$54,536)	81,275	85,000	166,275	21,114	60,000	81,114
Miscellaneous		300	300			
Total revenue and support	<u>2,261,147</u>	<u>2,250,316</u>	<u>4,511,463</u>	<u>2,213,274</u>	<u>6,475,239</u>	<u>8,688,513</u>
Net assets released from restrictions	<u>2,597,735</u>	<u>(2,597,735)</u>		<u>3,204,158</u>	<u>(3,204,158)</u>	
	<u>4,858,882</u>	<u>(347,419)</u>	<u>4,511,463</u>	<u>5,417,432</u>	<u>3,271,081</u>	<u>8,688,513</u>
Expenses:						
Program services	4,136,964		4,136,964	4,469,048		4,469,048
Management and general	556,867		556,867	546,773		546,773
Fundraising	182,004		182,004	187,018		187,018
Total expenses	<u>4,875,835</u>		<u>4,875,835</u>	<u>5,202,839</u>		<u>5,202,839</u>
Change in net assets	(16,953)	(347,419)	(364,372)	214,593	3,271,081	3,485,674
Net assets, beginning	<u>1,545,410</u>	<u>7,902,743</u>	<u>9,448,153</u>	<u>1,330,817</u>	<u>4,631,662</u>	<u>5,962,479</u>
Net assets, ending	<u>\$ 1,528,457</u>	<u>\$ 7,555,324</u>	<u>\$ 9,083,781</u>	<u>\$ 1,545,410</u>	<u>\$ 7,902,743</u>	<u>\$ 9,448,153</u>

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (364,372)	\$ 3,485,674
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,240	37,921
Discount on contributions receivable	39,025	127,376
Change in beneficial interest in assets held by others	(134,343)	153,202
(Increase) decrease in:		
Accounts receivable	175,561	(186,625)
Contributions receivable	1,312,307	(2,624,107)
Other assets	(24,312)	8,008
Increase (decrease) in:		
Accounts payable	(9,217)	164,468
Accrued expenses	29,878	26,671
Other liabilities	(8,248)	(6,955)
Grants and gifts payable	(61,126)	6,516
Net cash provided by operating activities	<u>987,393</u>	<u>1,192,149</u>
Cash flows used in investing activities, purchase of property and equipment	<u>(8,208)</u>	<u>(17,714)</u>
Change in cash and cash equivalents	979,185	1,174,435
Cash and cash equivalents, beginning of year	<u>6,272,527</u>	<u>5,098,092</u>
Cash and cash equivalents, end of year	<u><u>\$ 7,251,712</u></u>	<u><u>\$ 6,272,527</u></u>

	Minneapolis Public Schools priorities	Scholarships, awards & school funds	Career & college readiness	Total program services	Management and general	Fundraising	Direct benefits to donors	Total
Salaries	\$ 121,945	\$ 119,387	\$ 1,936,502	\$ 2,177,834	\$ 246,947	\$ 116,421		\$ 2,541,202
Employee benefits	7,477	10,430	189,230	207,137	22,778	13,763		243,678
Payroll taxes	9,372	8,776	120,370	138,518	18,421	8,315		165,254
Payroll fees and other	222	259	5,113	5,594	2,225	206		8,025
Total employee compensation	139,016	138,852	2,251,215	2,529,083	290,371	138,705		2,958,159
Gifts and grants	687,750	384,595	500	1,072,845				1,072,845
Rent	1,871	23,363	63,706	88,940	10,291	5,101		104,332
Telephone and internet	759	59	4,911	5,729	9,999	198		15,926
Equipment			295	295	70,817	22,568		93,680
Insurance					14,628			14,628
Licenses and fees			6,388	6,388	4,367	519		11,274
Printing, postage and office supplies		39	3,121	3,160	1,713	4,570		9,443
Program:								
Materials and supplies			5,235	5,235				5,235
Student wages			30,917	30,917				30,917
Meeting and other expenses			45,561	45,561				45,561
Consultants and professional fees	27,652	186,139	88,582	302,373	136,665	1,440		440,478
PR, outreach, networking and website			2,570	2,570	8,946	607		12,123
Event Expense				-	2,189	5,831	\$ 11,725	19,745
Staff:								
Development and training	86		6,111	6,197	2,764	651		9,612
Parking, mileage and travel			1,304	1,304	659	41		2,004
Other	1,478	11,300	1,414	14,192	(4,940)	106		9,358
	858,612	744,347	2,511,830	4,114,789	548,469	180,337	11,725	4,855,320
Depreciation	834	977	20,364	22,175	8,398	1,667		32,240
Total expenses by function	859,446	745,324	2,532,194	4,136,964	556,867	182,004	11,725	4,887,560
Less expenses included with revenues on the statement of activities:								
Direct benefits to donors							(11,725)	(11,725)
Total expenses included in the expense section on the statement of activities	\$ 859,446	\$ 745,324	\$ 2,532,194	\$ 4,136,964	\$ 556,867	\$ 182,004	\$ -	\$ 4,875,835

	Minneapolis Public Schools priorities	Scholarships, awards & school funds	Career & college readiness	Total program services	Management and general	Fundraising	Direct benefits to donors	Total
Salaries	\$ 112,299	\$ 95,094	\$ 1,798,733	\$ 2,006,126	\$ 230,103	\$ 118,313		\$ 2,354,542
Employee benefits	5,434	7,671	181,659	194,764	17,312	13,683		225,759
Payroll taxes	8,451	7,127	133,763	149,341	17,998	8,619		175,958
Payroll fees and other	206	245	5,215	5,666	3,476	248		9,390
Total employee compensation	126,390	110,137	2,119,370	2,355,897	268,889	140,863		2,765,649
Gifts and grants	885,292	657,421		1,542,713				1,542,713
Rent	1,619	21,049	62,927	85,595	16,893	5,813		108,301
Telephone and internet	1,339	108	3,775	5,222	9,121			14,343
Equipment			3,360	3,360	64,981	21,317		89,658
Insurance					12,484			12,484
Licenses and fees			1,866	1,866	5,218	269		7,353
Printing, postage and office supplies			4,921	4,921	4,964	8,228		18,113
Program:								
Materials and supplies	1,310		3,826	5,136				5,136
Student wages			7,381	7,381				7,381
Student transportation and activity fees	(228)		5,980	5,752				5,752
Meeting and other expenses			43,442	43,442	456			43,898
Consultants and professional fees	44,563	235,941	58,563	339,067	111,799	270		451,136
PR, outreach, networking and website			1,271	1,271	8,376	394		10,041
Event Expense			318	318	5,554	6,888	\$ 54,536	67,296
Staff:								
Development and training			5,244	5,244	4,620	346		10,210
Parking, mileage and travel	6		11,727	11,733	2,121	178		14,032
Other	4,782	14,404	2,499	21,685	24,012	261		45,958
	1,065,073	1,039,060	2,336,470	4,440,603	539,488	184,827	54,536	5,219,454
Depreciation	1,121	907	26,417	28,445	7,285	2,191		37,921
Total expenses by function	1,066,194	1,039,967	2,362,887	4,469,048	546,773	187,018	54,536	5,257,375
Less expenses included with revenues on the statement of activities:								
Direct benefits to donors							(54,536)	(54,536)
Total expenses included in the expense section on the statement of activities	\$ 1,066,194	\$ 1,039,967	\$ 2,362,887	\$ 4,469,048	\$ 546,773	\$ 187,018	\$ -	\$ 5,202,839

ACHIEVE!MINNEAPOLIS

1. Nature of business and significant accounting policies:

Nature of business and major programs:

Achieve!Minneapolis Overview: Sparking success in college, career and life:

As the strategic nonprofit partner of Minneapolis Public Schools (MPS), Achieve!Minneapolis (AchieveMpls) rallies community support and delivers best-in-class programs to inspire and equip young people in Minneapolis and Saint Paul for careers, college and life. Our vision is that all young people have full and equitable access to postsecondary educational and career opportunities, creating a more just and vibrant community.

While our high schools prepare students academically, AchieveMpls helps ensure that each student graduates with the resources, support and confidence they need to achieve their career and postsecondary dreams. AchieveMpls recognizes the value in every path to personal and economic success and provides caring guidance and expertise to empower each student to pursue the best options for their career and college goals – including two or four-year college, apprenticeships, technical training, employment or other opportunities.

AchieveMpls accomplishes this work through proven, interconnected career and college readiness programs that are available to students from their first day of ninth grade through high school graduation. These include Career & College Centers in 11 Minneapolis Public Schools and four Saint Paul Public Schools (SPPS) high schools; Step Up paid summer career experiences and work readiness training (in partnership with the City of Minneapolis); the new Achieve College Internships program for college students, including alums of Step Up; and volunteer programs that connect students with career exploration volunteers and mentors.

AchieveMpls also hosts public events focusing on career and college readiness, workforce development, and a wide variety of issues that impact young people and schools. These events are designed to both inform and engage the local community in providing greater resource support and advocacy for students and schools.

AchieveMpls also serves as the Minneapolis Public Schools foundation, securing major grants for key district priorities and administering school and department funds, student scholarships and small grants for classrooms and staff.

Through the Organization's agreement with MPS, which is in effect until June 30, 2022, the two organizations are considered financially interrelated entities as a result of MPS board representation and ongoing economic interest in the net assets of AchieveMpls and thus contributions the Organization receives on behalf of MPS and related expenses incurred are included in the Organization's financial statements.

Minneapolis Public Schools Partnership:

In addition to being a strong program partner through its 11 Career & College Centers in MPS high schools, AchieveMpls also serves as the nonprofit foundation for MPS. In this role it assists the district in raising millions in corporate and foundation grants for key district priorities such as STEM (Science, Technology, Engineering and Math), AVID (Advancement via Individual Determination) and college and career readiness programs. AchieveMpls also processes over \$1 million each year in private donations to MPS schools and departments and distributes funds to support a variety of MPS activities, ranging from classroom supplies to artists and field trips. AchieveMpls also administers 75-100 college scholarships for MPS graduates each year and awards small grants for classrooms, staff professional development and field trips.

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

Nature of business and major programs (continued):

AchieveMpls Career & College Readiness Program:**Career & College Centers:**

At the heart of AchieveMpls' work are its Career & College Centers (CCCs), which are embedded in 11 Minneapolis Public Schools and four Saint Paul Public Schools high schools. The CCC team provides a wide range of equity-focused career and college readiness services, working one-on-one with young people to build the kind of trusting, long-term relationships that are essential for creating post-graduation plans and career success.

Staffed by career and college readiness professionals that include licensed counselors, teachers and social workers, the CCCs serve over 15,000 students each year with personalized career exploration advising, career events with local professionals, college fairs and tours, college rep visits, assistance with FAFSA, financial aid and college applications, advice on resume writing and job interviewing, connections with internship and job opportunities, and links to other college access providers.

AchieveMpls career exploration programming – which is based in these school centers – connects students with a 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. AchieveMpls also brings employers into high schools to meet with students via career speaker events and takes students out into the community to participate in interactive worksite tours.

Program data shows that BIPOC students who utilize AchieveMpls school centers enroll in postsecondary programs at 74% higher rates than those who do not, and lower income students enroll at 67% higher rates. That means with AchieveMpls support, more students are pursuing the education and training they need for meaningful careers and financial independence.

With the closing of public schools during the 2020-21 school year due to COVID-19, CCC services transitioned to remote platforms, including phone support, texting, web sites, video chats and other technology. In collaboration with school district and community partners, the CCC team offered virtual advising and a wide range of targeted career and college planning support to help students keep their post-graduation plans on track.

Internship Programs:**Step Up Youth Employment:**

Step Up prepares today's youth for tomorrow's careers by recruiting, training and placing hundreds of Minneapolis youth (ages 14-21) in paid internships each year with over 200 regional employers, from Fortune 500 companies and small businesses to public agencies and nonprofits. A partnership of the City of Minneapolis, AchieveMpls, CareerForce Minneapolis 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):

AchieveMpls Career & College Readiness Program (continued):**Internship Programs (continued):****Step Up Youth Employment (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 30,000 internships since 2003, yielding a competitive talent pipeline, a stronger economy and millions of dollars in wages for Step Up interns. It also collaborates with corporate, government and higher education partners to provide sector-specific trainings, networking events and industry-recognized credentials through four career pipelines in STEM, healthcare, design and financial services. Interns collectively earn over \$3 million in wages each summer for themselves and their families.

During the COVID-19 pandemic, Step Up was one of the few programs in the U.S. to continue offering summer career opportunities for young people. Hundreds of Minneapolis youth completed Step Up in-person or remote work readiness training, along with paid internships or Step Up's paid online Career Exploration Program.

Achieve College Internships:

Founded in 2020, the new Achieve College Internships program provides career-building opportunities for college juniors – including former Step Up participants and African American male scholars – who are underrepresented in Twin Cities companies and local internship programs. In collaboration with the Minnesota Private College Fund, AchieveMpls has partnered with 50 global businesses, local companies and community-based organizations to provide high-quality paid summer internships, mentors and professional networking for 67 college students. The program also helps employers strengthen their recruitment and retention of talented, diverse students who want to launch their careers in the Twin Cities.

Volunteering with AchieveMpls:

In a typical year, hundreds of Twin Cities community members and employees from local companies volunteer with high school students by introducing them to new careers and education opportunities, hosting company worksite tours, participating in Step Up mock interviews, and providing other career exploration support. However, due to the COVID-19 pandemic – with our volunteer opportunities scaled back or transitioned to remote platforms to ensure safety – over 250 dedicated community members provided virtual support for students through career panels, Step Up Mock Interviews, Achieve College Internships “job winner” events and other work readiness and career exploration opportunities.

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 off-site work-site tours, students explore new career fields, meet local professionals, see workers in action at their companies and learn the steps they need to take toward specific fields and industries. In the 2020-21 school year, 55 volunteers from 50 Twin Cities companies participated in COVID-safe remote career panels which were live-streamed or recorded for later use with students.

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

Nature of business and major programs (continued):

Volunteering with AchieveMpls:

Each year, hundreds of 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. 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 2021, we hosted the Step Up mock interviews virtually over six nights, with more than 170 volunteers interviewing and coaching Step Up participants via the Zoom platform.

Local business professionals also volunteer with **Achieve College Internships** participants through our “Job Winner” events. This year, 28 talent acquisition professionals shared their career and industry insights with college interns, followed by one-on-one mock job interviews to help them practice and get feedback on their interview and presentation skills in preparation for future job interviews.

In addition to these volunteer opportunities, employees from several AchieveMpls partner companies also volunteer their time with Step Up and Achieve College Internships participants as **work readiness trainers, career exposure event leaders and financial literacy and career skills event facilitators**. Again, many of these opportunities were postponed or held virtually in 2021 due to the pandemic.

AchieveMpls General Public Engagement Events:

Each year AchieveMpls hosts several public events that are designed to inform and spark conversations on a wide range of issues impacting our students and schools, and connect the local community with opportunities to support and advocate for young people.

AchieveMpls EDTalks features compelling short talks and conversations with cutting-edge educators, youth advocates, journalists, artists, researchers, policymakers and others on a wide range of equity-focused issues that impact our young people and public education. Launched in 2012 and based on the TEDTalks model, EDTalks raises public awareness of critical topics and strengthens community engagement and advocacy with and on behalf of our young people. It also provides a platform for creative leaders to showcase innovative ideas, share successes in their work, gain insight and feedback from colleagues, connect with community audiences and identify growth opportunities. EDTalks videos and podcasts can be found at <https://www.achievempls.org/edtalks>.

In partnership with Minneapolis Public Schools (MPS), **Principal Partner Day** is an annual event that matches Twin Cities business, philanthropy, media and civic leaders one-on-one with MPS principals for a half-day of job shadowing at their schools. Participants get a rare behind-the-scenes experience at an MPS school, see their principal in action and interact with staff and students. Following their school experience, participants share insights and explore possible next steps in response to what they’ve seen and heard that day. This event had to be cancelled in 2020 and 2021 due to the COVID-19 pandemic.

Achieve101 (live event) and **Lunchbreak with AchieveMpls** (virtual event) events provide opportunities for community members to learn first-hand about our career and college readiness work in high schools. Participants meet with our professional staff, hear from students who utilize our career and college planning services, and learn how they can support students as volunteers, Step Up and Achieve College Internships employers, donors and community partners.

1. Nature of business and significant accounting policies (continued):**COVID-19 pandemic:**

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary business closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy including the Organization's operations and certain programs.

The extent to which the COVID-19 pandemic impacts the Organization's future results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

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, 2021 and 2020.

Concentration of credit risk:

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

Concentrations of contributions and contributions receivable:

No concentration of contributions were present for the year ended June 30, 2021. Contributions from one foundation accounted for 62% of contributions for the year ended June 30, 2020. Contributions receivable from one foundation constituted 94% and 96% of the contribution receivable balance at June 30, 2021 and 2020, respectively.

Cash and cash equivalents:

Cash and cash equivalents consist of bank deposits and money market accounts.

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

Accounts receivable:

The Organization recognizes receivables at net realizable value. Accordingly, the Organization provides for bad debts using the allowance method, which is based on management judgment considering historical information. An allowance is provided for accounts when a significant pattern of uncollectability has occurred. 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, 2021 and 2020, there were no material balances that were deemed uncollectible, therefore, no reserve for uncollectible accounts was considered necessary at either year end.

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 the Organization 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.

Contributions receivable and contributions:

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. 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 receivable are considered collectible and therefore there is no allowance for doubtful accounts.

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

Beneficial interest in assets held by others:

The Organization has established a charitable fund at The Minneapolis Foundation (TMF). The charitable fund is invested in TMF's long-term growth strategy fund, and the Organization is the named beneficiary. The Organization 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 the Organization 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 the Organization. The fund is held and invested by TMF for the Organization's 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. The Organization, 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 the Organization's financial statements. These funds total \$1,598,661 and \$1,223,230 as of June 30, 2021 and 2020, respectively.

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.

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.

Reclassifications:

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

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

Fair value measurements:

The Organization 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 the Organization 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:

The Organization 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 the Organization 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. The Organization's tax returns are subject to review and examination by federal and state authorities. Management has evaluated the Organization's tax positions and determined that there are no positions which are considered uncertain.

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.

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

Subsequent events:

The Organization has evaluated the effects subsequent events would have on the financial statements through March 15, 2022, which is the date of the financial statements were available for issuance.

Subsequent to year end, the Board of Directors approved to legally change the Organization’s name to Achieve Twin Cities.

2. Liquidity and availability:

The following represents the Organization’s financial assets at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 7,251,712	\$ 6,272,527
Accounts receivables	348,466	524,027
Contributions receivable, net	<u>1,304,570</u>	<u>2,655,902</u>
Total financial assets	<u>8,904,748</u>	<u>9,452,456</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	7,555,324	7,902,743
Less net assets with purpose restrictions to be met in less than a year	(7,555,324)	(6,668,886)
Designated net assets by the board	<u>675,697</u>	<u>675,697</u>
	<u>675,697</u>	<u>1,909,554</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 8,229,051</u>	<u>\$ 7,542,902</u>

The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1,300,000). As part of the Organization’s liquidity plan, the Organization invests cash in excess of daily requirements in money market funds. The Board of Directors of the Organization has designated \$675,697 of unrestricted net assets as a general operating reserve as of June 30, 2021 and 2020.

3. Contributions receivable:

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

	<u>2021</u>	<u>2020</u>
Within one year	\$ 1,343,595	\$ 1,534,977
In one to five years	<u>-</u>	<u>1,248,301</u>
Gross contributions receivable	1,343,595	2,783,278
Less discount to net present value at 4.25%	<u>(39,025)</u>	<u>(127,376)</u>
Total contributions receivable, net	<u>\$ 1,304,570</u>	<u>\$ 2,655,902</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>2021</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>\$ 903,666</u>	<u>\$ 903,666</u>
	<u>2020</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>\$ 769,323</u>	<u>\$ 769,323</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, 2021 and 2020:

Beneficial interest in assets held by others – includes the expected future distributions the Organization 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 the Organization 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 the Organization’s Level 3 financial assets for the years ended June 30, 2021 and 2020:

	<u>Beneficial interest in assets held by others</u>
Balance, July 1, 2019	\$ 922,525
Change in fair value	6,461
Administrative fees*	(9,663)
Distributions	<u>(150,000)</u>
Balance, June 30, 2020	769,323
Change in fair value	243,212
Administrative fees*	(8,869)
Distributions	<u>(100,000)</u>
Balance, June 30, 2021	<u>\$ 903,666</u>

*Included in program services expenses.

5. Property and equipment:

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

	<u>2021</u>	<u>2020</u>
Tenant improvements	\$ 33,865	\$ 46,216
Equipment	114,338	179,374
Software	1,500	62,743
Website development	40,810	76,720
Furniture	<u>5,400</u>	<u>5,763</u>
	195,913	370,816
Less accumulated depreciation	<u>156,572</u>	<u>307,443</u>
	<u>\$ 39,341</u>	<u>\$ 63,373</u>

6. Commitments:

Leases:

The Organization rents office space and equipment under operating lease agreements that expire at various times through February 2024. In addition to the minimum rent, the Organization is also obligated to pay its share of operating costs. In 2021 and 2020 rent expense and related costs were \$104,332 and \$108,301, respectively.

Future minimum rental expenses are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2022	\$ 54,809
2023	56,100
2024	5,354

7. Retirement plan:

The Organization 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. The Organization made employer matching contributions of \$41,475 and \$36,758 for the years ended June 30, 2021 and 2020, respectively.

8. Net assets with donor restrictions:

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose or period:		
Scholarships, special awards and school funds	\$ 2,595,894	\$ 2,276,831
MPS Arts	114,564	127,474
AVID (Advancement via Individual Determination)	10,409	123,234
STEM (Science, Technology, Engineering & Math)	1,520,160	2,038,061
MPS Other Strategic Initiatives	637,456	410,540
Career and College Initiative	2,420,919	2,603,971
STEP-UP Program	158,922	224,862
STEP-UP Student Wages	-	37,770
General operating, time restricted	<u>97,000</u>	<u>60,000</u>
Total net assets with donor restrictions	<u>\$ 7,555,324</u>	<u>\$ 7,902,743</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>2021</u>	<u>2020</u>
Purpose/time fulfilled:		
Scholarships, special awards and school funds	\$ 552,162	\$ 785,332
MPS Arts	20,160	29,340
AVID (Advancement via Individual Determination)	112,825	331,237
STEM (Science, Technology, Engineering & Math)	593,380	515,509
MPS Other Strategic Initiatives	66,517	91,164
Career and College Initiative	962,831	932,380
STEP-UP Program	131,740	14,085
STEP-UP Student Wages	44,520	9,033
Paycheck protection program (see Note 9)	-	489,700
General operating, time restricted	<u>113,600</u>	<u>6,378</u>
Total net assets released from restrictions	<u>\$ 2,597,735</u>	<u>\$ 3,204,158</u>

9. Paycheck Protection Program loan and contribution:

In April of 2020, the Organization received a Small Business Administration Paycheck Protection Program loan (PPP loan) for \$489,700. Under the terms of the loan, the principal can be forgiven if the funds are spent on eligible expenses, such as payroll, benefits, rent and utilities. Based on the tracking of eligible expenses, management believes the loan will be forgiven based on current guidelines provided by the Small Business Administration. If any of the funds remain a loan, the loan has a maturity date of two years from the loan date and an interest rate of 1% per annum with deferral of payments for the first 10 months.

The Organization elected to account for the PPP loan under conditional contribution guidance. The Organization initially recorded the amount received as a refundable advance followed by a reduction in the advance and recognition of revenue as the PPP loan conditions were substantially met in the year ended June 30, 2020. Therefore \$489,700 was recorded as a PPP contribution, as of June 30, 2020. The Organization received full loan forgiveness on May 7, 2021.

SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNCTIONAL EXPENSES

EXCLUDING FLOW-THROUGH FUNDS

YEAR ENDED JUNE 30, 2021

ACHIEVE!MINNEAPOLIS

	Minneapolis Public Schools priorities	Scholarships, awards & school funds	Career & college readiness	Total program services	Management and general	Fundraising	Total
Salaries	\$ 121,945	\$ 119,387	\$ 1,936,502	\$ 2,177,834	\$ 246,947	\$ 116,421	\$ 2,541,202
Employee benefits	7,477	10,430	189,230	207,137	22,778	13,763	243,678
Payroll taxes	9,372	8,776	120,370	138,518	18,421	8,315	165,254
Payroll fees and other	222	259	5,113	5,594	2,225	206	8,025
Total employee compensation	139,016	138,852	2,251,215	2,529,083	290,371	138,705	2,958,159
Rent	1,871	8,086	63,706	73,663	10,291	5,101	89,055
Telephone and internet	759	59	4,911	5,729	9,999	198	15,926
Equipment	-	-	295	295	70,817	22,568	93,680
Insurance	-	-	-	-	14,628	-	14,628
Licenses and fees	-	-	6,388	6,388	4,367	519	11,274
Printing, postage and office supplies	-	39	3,121	3,160	1,713	4,570	9,443
Program:							
Materials and supplies	-	-	5,235	5,235	-	-	5,235
Student wages	-	-	-	-	-	-	-
Meeting and other expenses	-	-	3,591	3,591	-	-	3,591
Consultants and professional fees	12,026	120,264	88,582	220,872	136,665	1,440	358,977
PR, outreach, networking and website	-	-	2,570	2,570	8,946	607	12,123
Event Expense	-	-	-	-	2,189	5,831	8,020
Staff:							
Development and training	86	-	6,111	6,197	2,764	651	9,612
Parking, mileage and travel	-	-	1,304	1,304	659	41	2,004
Other	-	-	1,414	1,414	(4,940)	106	(3,420)
	153,758	267,300	2,438,943	2,860,001	548,469	180,337	3,588,807
Depreciation	834	977	20,364	22,175	8,398	1,667	32,240
Total expenses	\$ 154,592	\$ 268,277	\$ 2,459,307	\$ 2,882,176	\$ 556,867	\$ 182,004	\$ 3,621,047

ACHIEVE!MINNEAPOLIS

	Minneapolis Public Schools Partnership		City of Mpls	Total
	Minneapolis Public Schools priorities	Scholarships, awards & school funds	Career & college readiness	
Gifts and grants	\$ 687,750	\$ 384,595		\$ 1,072,345
Rent		15,277		15,277
Program:				
Student wages			\$ 30,917	30,917
Meeting and other expenses			41,970	41,970
Consultants and professional fees	15,626	65,875		81,501
Other	1,478	11,300		12,778
Total expenses	<u>\$ 704,854</u>	<u>\$ 477,047</u>	<u>\$ 72,887</u>	<u>\$ 1,254,788</u>