Financial statements of:

ACHIEVE TWIN CITIES

Years ended
June 30, 2022 and 2021

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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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows 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, 2022 and 2021, 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, 2022 and the schedule of functional expenses flow-through funds for the year ended June 30, 2022 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 Dokken Kanter
Andrews & Selcer Ltd.

March 9, 2023
Minneapolis, MN

	2022	2021
Assets:		
Cash and cash equivalents	**$ 8,300,262**	$ 7,251,712
Accounts receivable	**437,290**	348,466
Contributions receivable, net	**231,552**	1,304,570
Other assets	**38,950**	42,023
Beneficial interest in assets held by others	**645,636**	903,666
Property and equipment, net	**56,360**	39,341
Total assets	**$ 9,710,050**	$ 9,889,778
Liabilities and net assets:		
Accounts payable	**$ 258,292**	$ 407,188
Accrued:		
Payroll	**134,017**	94,423
Vacation	**153,035**	101,774
Grants and gifts payable	**378,923**	191,227
Other liabilities	**6,545**	11,385
Total liabilities	**930,812**	805,997
Net assets:		
Without donor restrictions:		
Undesignated	**1,106,980**	852,760
Designated by the Board for operating reserve	**675,697**	675,697
Total net assets without donor restrictions	**1,782,677**	1,528,457
With donor restrictions	**6,996,561**	7,555,324
Total net assets	**8,779,238**	9,083,781
Total liabilities and net assets	**$ 9,710,050**	$ 9,889,778

See notes to financial statements.

ACHIEVE TWIN CITIES

	2022			2021		
	Without donor restrictions	**With donor restrictions**	**Total**	Without donor restrictions	With donor restrictions	Total
Revenue and support:						
Contributions of cash and other financial assets	**$ 494,877**	**$ 2,473,168**	**$ 2,968,045**	$ 547,913	$ 1,918,982	$ 2,466,895
Contributions of nonfinancial assets	**43,000**		**43,000**			
Contract income	**2,488,556**	**10,000**	**2,498,556**	1,558,102		1,558,102
Earned income	**38,660**		**38,660**	52,742		52,742
Change in fair value of beneficial interest in assets held by others		**(28,237)**	**(28,237)**		243,212	243,212
Interest income	**23,067**	**2,774**	**25,841**	21,115	2,822	23,937
Special events, net of direct benefits to donors (2022 $31,597 and 2021 $11,725)	**44,903**	**116,500**	**161,403**	81,275	85,000	166,275
Miscellaneous	**1,000**		**1,000**		300	300
Total revenue and support	**3,134,063**	**2,574,205**	**5,708,268**	2,261,147	2,250,316	4,511,463
Net assets released from restrictions	**3,132,968**	**(3,132,968)**		2,597,735	(2,597,735)	
	6,267,031	**(558,763)**	**5,708,268**	4,858,882	(347,419)	4,511,463
Expenses:						
Program services	**5,210,170**		**5,210,170**	4,136,964		4,136,964
Management and general	**596,113**		**596,113**	556,867		556,867
Fundraising	**206,528**		**206,528**	182,004		182,004
Total expenses	**6,012,811**		**6,012,811**	4,875,835		4,875,835
Change in net assets	**254,220**	**(558,763)**	**(304,543)**	(16,953)	(347,419)	(364,372)
Net assets, beginning	**1,528,457**	**7,555,324**	**9,083,781**	1,545,410	7,902,743	9,448,153
Net assets, ending	**$ 1,782,677**	**$ 6,996,561**	**$ 8,779,238**	$ 1,528,457	$ 7,555,324	$ 9,083,781

See notes to financial statements.

ACHIEVE TWIN CITIES

	2022	2021
Cash flows from operating activities:		
Change in net assets	**$ (304,543)**	$ (364,372)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	**38,496**	32,240
Discount on contributions receivable	**-**	39,025
(Decrease) increase in beneficial interest in assets held by others	**258,030**	(134,343)
(Increase) decrease in:		
Accounts receivable	**(88,824)**	175,561
Contributions receivable	**1,073,018**	1,312,307
Other assets	**3,073**	(24,312)
Increase (decrease) in:		
Accounts payable	**(148,896)**	(9,217)
Accrued expenses	**90,855**	29,878
Other liabilities	**(4,840)**	(8,248)
Grants and gifts payable	**187,696**	(61,126)
Net cash provided by operating activities	**1,104,065**	987,393
Cash flows used in investing activities, purchase of property and equipment	**(55,515)**	(8,208)
Change in cash and cash equivalents	**1,048,550**	979,185
Cash and cash equivalents, beginning of year	**7,251,712**	6,272,527
Cash and cash equivalents, end of year	**$ 8,300,262**	$ 7,251,712

See notes to financial statements.

ACHIEVE TWIN CITIES

	Minneapolis Public Schools priorities	Scholarships, awards & school funds	Career & college initiatives	Total program services	Management and general	Fundraising	Direct benefits to donors	Total
Salaries	$ 101,612	$ 154,024	$ 2,514,417	$ 2,770,053	$ 231,689	$ 135,538		$ 3,137,280
Employee benefits	8,996	15,722	244,195	268,913	22,600	15,953		307,466
Payroll taxes	7,673	11,053	186,359	205,085	16,309	9,434		230,828
Payroll fees and other	405	358	8,319	9,082	3,267	1,129		13,478
Total employee compensation	118,686	181,157	2,953,290	3,253,133	273,865	162,054		3,689,052
Gifts and grants	679,883	958,422	(500)	1,637,805				1,637,805
Rent	955	6,451	65,081	72,487	10,555	5,482		88,524
Telephone and internet	611	54	4,349	5,014	9,230	363		14,607
Equipment			2,804	2,804	83,728	19,725		106,257
Insurance					18,262			18,262
Licenses and fees			13,064	13,064	4,626	504		18,194
Printing, postage and office supplies		51	3,598	3,649	5,291	11,234		20,174
Program:								
Materials and supplies			4,009	4,009				4,009
Student wages			105,120	105,120				105,120
Student transportation and activity fees			814	814				814
Meeting and other expenses			19,676	19,676				19,676
Consultants and professional fees			36,049	36,049	56,222			92,271
PR, outreach, networking and website			19,105	19,105	45,468	1,523		66,096
Event Expense			6,700	6,700	17,459	1,189	$ 31,597	56,945
Staff:								
Development and training	232		7,126	7,358	35,639	450		43,447
Parking, mileage and travel			2,294	2,294	327	140		2,761
Other	588	10,075	1,426	12,089	7,880	1,929		21,898
	800,955	1,156,210	3,244,005	5,201,170	568,552	204,593	31,597	6,005,912
Depreciation	356		8,644	9,000	27,561	1,935		38,496
Total expenses by function	801,311	1,156,210	3,252,649	5,210,170	596,113	206,528	31,597	6,044,408
Less expenses included with revenues on the statement of activities:								
Direct benefits to donors							(31,597)	(31,597)
Total expenses included in the expense section on the statement of activities	$ 801,311	$ 1,156,210	$ 3,252,649	$ 5,210,170	$ 596,113	$ 206,528	$ -	$ 6,012,811

See notes to financial statements.

ACHIEVE TWIN CITIES

	Minneapolis Public Schools priorities	Scholarships, awards & school funds	Career & college initiatives	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

See notes to financial statements.

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 (formerly named Achieve!Minneapolis or AchieveMpls) 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 guidance, support and resources for over 80,000 students in its first 20 years.

While our high schools prepare students academically, Achieve Twin Cities helps ensure that each student graduates with the resources, support and confidence they need to achieve their career and postsecondary dreams. Achieve 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 and many other opportunities.

As a universal service provider, Achieve Twin Cities accomplishes this work through proven, interconnected career and college initiative programs that are available to all students from their first day of ninth grade through high school graduation. These include career and college readiness services in 26 Minneapolis Public Schools and Saint Paul Public Schools high schools; Step Up paid summer career experiences and work readiness training (in partnership with the City of Minneapolis); and the new Achieve College Internships program for college students.

Achieve Twin Cities also hosts public engagement 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 resource support and advocating for students and public schools.

Achieve Twin Cities also serves as the Minneapolis Public Schools' nonprofit 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, 2023, 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 the Organization receives on behalf of MPS and related expenses incurred are included in the Organization's financial statements.

Minneapolis Public Schools (MPS) Partnership:

In addition to being a strong program partner through career and college readiness services for 20 MPS high schools, Achieve Twin Cities 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), Girls in Engineering, Mathematics, and Science (GEMS) and Guys in Science and Engineering (GISE) and college and career readiness programs. Achieve Twin Cities 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. Achieve Twin Cities 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):

Achieve Twin Cities Career & College Initiative Programs:

Career and College Readiness (CCR) Services:

At the heart of Achieve Twin Cities' work are its career and college readiness services, which are embedded in 26 Minneapolis Public Schools and Saint Paul Public Schools high schools. The CCR team provides a wide range of equity-focused career and college readiness guidance and programs, 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, Achieve programs are available to all 18,000 students each year in each district 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.

Achieve Twin Cities career exploration programming – fully integrated into these high school services – 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. Achieve Twin Cities 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 95% of students who utilize Achieve Twin Cities school-based services graduate with a career pathway plan. BIPOC students who utilize these services enroll in postsecondary programs at 69% higher rates than those who do not, and lower income students enroll at 79% higher rates. That means with Achieve Twin Cities support, more students are pursuing the education and training they need for meaningful careers and financial independence.

Internship Programs:

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 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, Achieve Twin Cities, 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.

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 31,000 internship experiences 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 $2 million in wages each summer for themselves and their families.

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

Nature of business and major programs (continued):

Achieve Twin Cities Career & College Initiative Program (continued):

Internship Programs (continued):

Achieve College Internships:

Launched in 2020, the new Achieve College Internships program provides career-building opportunities for college juniors – including Step Up alums, Minneapolis and Saint Paul public schools graduates, Wallin Scholars and Minnesota Private College Fund Black Men's Success Initiative scholars – who are underrepresented in Twin Cities companies and local internship programs. Achieve Twin Cities has partnered with 60 global businesses, local companies and community-based organizations to provide high-quality paid summer internships, mentors and professional networking for over 100 students from 20 colleges and universities. 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 Programs:

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 Achieve College Internships professional training, and providing other career exploration support.

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 worksite 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 2021-22 school year, 130 individuals from 90 Twin Cities companies and organizations served as career volunteers.

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 2022, due to COVID-19 pandemic restrictions, we hosted the Step Up mock interviews virtually, with 186 volunteers who interviewed and coached Step Up participants.

Local business professionals also volunteer with **Achieve College Internships** participants through our "Job Winner" events. This year, 23 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 Achieve Twin Cities 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**. Many of these opportunities were held virtually in 2022 due to the pandemic.

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

Nature of business and major programs (continued):

Public Engagement Events:

Each year Achieve Twin Cities hosts 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.

Launched in 2012, **Achieve Twin Cities 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. Based on the TEDTalks model, EDTalks raises public awareness of critical topics and strengthens community engagement and advocacy for our young people and public schools. All EDTalks videos and podcasts can be found on the Achieve Twin Cities website and YouTube channel.

In partnership with Minneapolis Public Schools (MPS), the annual **Principal Partner Day** 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, they gather to share insights and explore possible next steps in response to what they’ve seen and heard that day. This event was cancelled in 2022 due to the COVID-19 pandemic.

Achieve101 and **Lunchbreak with Achieve Twin Cities** provide opportunities for community members to learn about our career and college readiness expertise, professional team, school-based services and internship programs. Participants hear from our program leaders, learn about students who utilize our career and college planning services and the impact of their work on their career pathways, and find out how they can support students as internships employers, volunteers, donors and community partners.

COVID-19 pandemic:

In March of 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 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. Certain programs in both fiscal year 2022 and 2021 were affected by the sporadic waves of COVID-19 cases and in response the Organization adapted programming as needed to virtual platforms and at times rescheduling or in limited cases cancellations.

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

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, 2022 and 2021.

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:

The Organization had a concentration of one donor constituting 11% of contributions of cash and other financial assets for the year ended June 30, 2022. The Organization had no concentration of contributions for the year ended June 30, 2021. Contributions receivable from three organizations constituted 76% and contributions from one organization constituted 94% of the contribution receivable balance at June 30, 2022 and 2021, respectively.

Cash and cash equivalents:

The Organization 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:

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, 2022 and 2021, there were no material balances that were deemed uncollectible, therefore, no reserve for uncollectible accounts was considered necessary at either year end.

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 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.

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.

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

Beneficial interest in assets held by others (continued):

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 $1,465,555 and $1,598,661 as of June 30, 2022 and 2021, 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.

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.

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

Fair value measurements (continued):

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.

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.

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:

The Organization has evaluated the effects subsequent events would have on the financial statements through March 9, 2023, which is the date of the financial statements were available for issuance.

2. Liquidity and availability:

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

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	**$ 8,300,262**	$ 7,251,712
Accounts receivable	**437,290**	348,466
Contributions receivable, net	**231,552**	1,304,570
Total financial assets	**8,969,104**	8,904,748
Less amounts not available to be used within one year:		
Net assets with donor restrictions	**6,996,560**	7,555,324
Less net assets with purpose restrictions to be met in less than a year	**(3,658,183)**	(3,132,968)
Designated net assets by the board	**675,697**	675,697
	4,014,074	5,098,053
Financial assets available to meet general expenditures over the next twelve months	**$ 4,955,030**	$ 3,806,695

The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $1,325,000). 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, 2022 and 2021.

3. Contributions receivable:

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

	2022	2021
Gross contributions receivable, collectible within one year	**$ 231,552**	$ 1,343,595
Less discount to net present value at 4.25%	**-**	(39,025)
Total contributions receivable, net	**$ 231,552**	$ 1,304,570

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:

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interest in assets held by others - TMF Investment Pool			**$ 645,636**	**$ 645,636**

	2021			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others – TMF Investment Pool			$ 903,666	$ 903,666

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, 2022 and 2021:

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.

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, 2022 and 2021:

	Beneficial interest in assets held by others
Balance, July 1, 2020	$ 769,323
Change in fair value	243,212
Administrative fees*	(8,869)
Distributions	(100,000)
Balance, June 30, 2021	903,666
Change in fair value	**(28,237)**
Administrative fees*	**(8,393)**
Distributions	**(221,400)**
Balance, June 30, 2022	**$ 645,636**

*Included in program services expenses.

5. Property and equipment:

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

	2022	2021
Tenant improvements	**$ 33,865**	$ 33,865
Equipment	**144,968**	114,338
Software	-	1,500
Website development	**-**	40,810
Furniture	**5,400**	5,400
	184,233	195,913
Less accumulated depreciation	**127,873**	156,572
	$ 56,360	$ 39,341

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 2022 and 2021 rent expense and related costs were $88,524 and $104,332, respectively.

Future minimum rental expenses are as follows:

Year ending June 30	Amount
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 $49,639 and $41,475 for the years ended June 30, 2022 and 2021, respectively.

8. Net assets with donor restrictions:

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

	2022	2021
Subject to expenditure for specified purpose or period:		
Scholarships, special awards and school funds	**$ 2,506,045**	$ 2,595,894
MPS Arts	**84,993**	114,564
AVID (Advancement via Individual Determination)	**10,409**	10,409
STEM (Science, Technology, Engineering & Math)	**971,227**	1,520,160
MPS Other Strategic Initiatives	**979,907**	637,456
Career and College Readiness	**2,223,696**	2,420,919
STEP-UP Program	**103,784**	158,922
General operating, time restricted	**116,500**	97,000
Total net assets with donor restrictions	**$ 6,996,561**	$ 7,555,324

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:

	2022	2021
Purpose/time fulfilled:		
Scholarships, special awards and school funds	**$ 1,025,930**	$ 552,162
MPS Arts	**29,631**	20,160
AVID (Advancement via Individual Determination)	**-**	112,825
STEM (Science, Technology, Engineering & Math)	**575,992**	593,380
MPS Other Strategic Initiatives	**120,209**	66,517
Career and College Readiness	**1,113,068**	952,492
Achieve College Internships	**31,500**	10,339
STEP-UP Program	**139,638**	131,740
STEP-UP Student Wages	**-**	44,520
General operating, time restricted	**97,000**	113,600
Total net assets released from restrictions	**$ 3,132,968**	$ 2,597,735

ACHIEVE TWIN CITIES

	Minneapolis Public Schools priorities	Scholarships, awards & school funds	Career & college initiatives	Total program services	Management and general	Fundraising	Total
Salaries	$ 101,612	$ 154,024	$ 2,514,417	$ 2,770,053	$ 231,689	$ 135,538	$ 3,137,280
Employee benefits	8,996	15,722	244,195	268,913	22,600	15,953	307,466
Payroll taxes	7,673	11,053	186,359	205,085	16,309	9,434	230,828
Payroll fees and other	405	358	8,319	9,082	3,267	1,129	13,478
Total employee compensation	118,686	181,157	2,953,290	3,253,133	273,865	162,054	3,689,052
Gifts and grants	-	-	(500)	(500)	-	-	(500)
Rent	955	6,451	65,081	72,487	10,555	5,482	88,524
Telephone and internet	611	54	4,349	5,014	9,230	363	14,607
Equipment	-	-	2,804	2,804	83,728	19,725	106,257
Insurance	-	-	-	-	18,262	-	18,262
Licenses and fees	-	-	13,064	13,064	4,626	504	18,194
Printing, postage and office supplies	-	51	3,598	3,649	5,291	11,234	20,174
Program:							
Materials and supplies	-	-	4,009	4,009	-	-	4,009
Student transportation and activity fees	-	-	814	814	-	-	814
Meeting and other expenses	-	-	19,676	19,676	-	-	19,676
Consultants and professional fees	-	-	36,049	36,049	56,222	-	92,271
PR, outreach, networking and website	-	-	19,105	19,105	45,468	1,523	66,096
Event Expense	-	-	6,700	6,700	17,459	1,189	25,348
Staff:							
Development and training	232	-	7,126	7,358	35,639	450	43,447
Parking, mileage and travel	-	-	2,294	2,294	327	140	2,761
Other	-	-	1,426	1,426	7,880	1,929	11,235
	120,484	187,713	3,138,885	3,447,082	568,552	204,593	4,220,227
Depreciation	356	-	8,644	9,000	27,561	1,935	38,496
Total expenses	$ 120,840	$ 187,713	$ 3,147,529	$ 3,456,082	$ 596,113	$ 206,528	$ 4,258,723

ACHIEVE TWIN CITIES

	Minneapolis Public Schools Partnership		Subsidies	
	Minneapolis Public Schools priorities	Scholarships, awards & school funds		Total
Gifts and grants	$ 679,883	$ 958,422	$ -	$ 1,638,305
Program:				
Student wages	-	-	105,120	105,120
Other	588	10,075	-	10,663
Total expenses	$ 680,471	$ 968,497	$ 105,120	$ 1,754,088