

**ACHIEVE!MINNEAPOLIS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**JUNE 30, 2009 AND 2008**

ACHIEVE!MINNEAPOLIS

FINANCIAL STATEMENTS

For the Years Ended June 30, 2009 and 2008

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To the Board of Directors  
Achieve!Minneapolis  
Minneapolis, Minnesota

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of Achieve!Minneapolis as of June 30, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Achieve!Minneapolis' management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

*Mahoney Ulbrich  
Christiansen Russ P.A.*

Saint Paul, Minnesota  
December 22, 2009

ACHIEVE!MINNEAPOLIS

STATEMENTS OF FINANCIAL POSITION

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 3,166,990	\$ 3,678,694
Certificates of deposit	1,400,000	1,122,073
Investments	1,064,944	1,551,486
Accounts receivable	72,411	207,018
Contributions receivable	1,913,821	1,976,500
Prepaid expenses	13,060	24,322
Property and equipment, net	25,320	90,921
Investments - endowment funds	466,833	630,907
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 8,123,379</u>	<u>\$ 9,281,921</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 269,491	\$ 92,727
Accrued vacation	76,470	70,340
Grants and gifts payable	122,000	65,850
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>467,961</u>	<u>228,917</u>
Net assets:		
Unrestricted:		
Undesignated	690,745	718,596
Board designated	93,811	121,301
Total unrestricted net assets	<u>784,556</u>	<u>839,897</u>
Temporarily restricted	6,322,794	7,665,039
Permanently restricted	548,068	548,068
	<u>                    </u>	<u>                    </u>
Total net assets	<u>7,655,418</u>	<u>9,053,004</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 8,123,379</u>	<u>\$ 9,281,921</u>

See accompanying notes to financial statements.

ACHIEVE!MINNEAPOLIS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2009 and 2008

	2009			2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions	\$ 248,610	\$ 4,296,276	\$ -	\$ 4,544,886	\$ 231,117	\$ 4,718,203	\$ -	\$ 4,949,320
Contract income	503,894	-	-	503,894	639,681	-	-	639,681
Earned income	9,756	-	-	9,756	13,510	-	-	13,510
Interest and dividends	67,426	59,729	-	127,155	171,870	155,693	-	327,563
Change in value of funds held at a community foundation	(109,134)	(401,728)	-	(510,862)	(19,250)	(292,185)	-	(311,435)
Special events, net	46,856	59,075	-	105,931	47,775	25,650	-	73,425
Support from MPS	70,144	-	-	70,144	114,164	-	-	114,164
In-kind contributions	21,328	67,335	-	88,663	32,330	-	-	32,330
Miscellaneous	319	-	-	319	(43)	-	-	(43)
Net assets released from restrictions	5,422,932	(5,422,932)	-	-	5,073,499	(5,073,499)	-	-
Total support and revenue	6,282,131	(1,342,245)	-	4,939,886	6,304,653	(466,138)	-	5,838,515
Expenses:								
Program services	5,639,100	-	-	5,639,100	5,416,703	-	-	5,416,703
Management and general	356,166	-	-	356,166	421,690	-	-	421,690
Fundraising	342,206	-	-	342,206	394,945	-	-	394,945
Total expenses	6,337,472	-	-	6,337,472	6,233,338	-	-	6,233,338
Loss on disposition of fixed assets	-	-	-	-	69	-	-	69
Total expenses and losses	6,337,472	-	-	6,337,472	6,233,407	-	-	6,233,407
Change in net assets	(55,341)	(1,342,245)	-	(1,397,586)	71,246	(466,138)	-	(394,892)
Net assets, beginning, as restated	839,897	7,665,039	548,068	9,053,004	768,651	8,131,177	548,068	9,447,896
Net assets, ending	\$ 784,556	\$ 6,322,794	\$ 548,068	\$ 7,655,418	\$ 839,897	\$ 7,665,039	\$ 548,068	\$ 9,053,004

See accompanying notes to financial statements.

ACHIEVE!MINNEAPOLIS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2009

2009

	Minneapolis Public Schools Initiatives	Business Partners Program	STEP-UP	College and Career Centers	Total Program Services	Management and General	Fundraising	Total
Employee compensation:								
Salaries	\$ 162,886	-	\$ 287,275	\$ 845,352	\$ 1,295,513	\$ 201,944	\$ 194,603	\$ 1,692,060
Employee benefits	24,833	-	24,661	76,322	125,816	31,971	24,810	182,597
Payroll taxes	7,980	-	20,355	60,886	89,221	14,740	13,465	117,426
Total employee compensation	195,699	-	332,291	982,560	1,510,550	248,655	232,878	1,992,083
Occupancy	6,167	-	7,153	3,388	16,708	3,576	2,824	23,108
Telephone	2,159	-	2,457	2,353	6,969	3,335	1,130	11,434
Copying and printing	7,654	-	8,275	7,138	23,067	3,634	14,241	40,942
Supplies	100,884	757	1,953	5,137	108,731	5,392	923	115,046
Equipment and maintenance	1,841	-	8,905	14,171	24,917	10,492	9,516	44,925
Postage	1,592	-	3,441	696	5,729	819	2,899	9,447
Insurance	-	-	389	-	389	11,743	306	12,438
Consultants	393,935	18,103	8,664	45,984	466,686	16,221	48,428	531,335
Dues and subscriptions	823	-	280	14,829	15,932	10,348	914	27,194
Conferences and meetings	44,188	188	3,274	6,117	53,767	2,098	1,205	57,070
Travel	27,629	330	1,582	6,744	36,285	2,702	2,435	41,422
Training	1,590	-	375	8,818	10,783	3,106	210	14,099
Investment/bank fees	10,124	-	-	-	10,124	19,293	85	29,502
Marketing/communications	1,504	-	3,300	6,508	11,312	6,421	2,699	20,432
In-kind media advertisements	-	-	-	-	-	-	21,328	21,328
Gifts and grants	2,760,554	-	-	-	2,760,554	-	-	2,760,554
Scholarships	435,846	-	-	-	435,846	-	-	435,846
Program expense	10,518	-	59,965	4,913	75,396	-	-	75,396
Bad debts	-	-	-	-	-	4,051	-	4,051
Miscellaneous	630	-	264	258	1,152	361	185	1,698
Depreciation	70	-	-	64,133	64,203	3,919	-	68,122
Total functional expenses	\$ 4,003,407	\$ 19,378	\$ 442,568	\$ 1,173,747	\$ 5,639,100	\$ 356,166	\$ 342,206	\$ 6,337,472

See accompanying notes to financial statements.

ACHIEVE!MINNEAPOLIS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

2008

	Minneapolis Public Schools Initiatives	Business Partners Program	STEP-UP	College and Career Centers	Total Program Services	Management and General	Fundraising	Total
Employee compensation:								
Salaries	\$ 148,310	-	\$ 287,798	\$ 804,559	\$ 1,240,667	\$ 208,007	\$ 200,215	\$ 1,648,889
Employee benefits	26,257	-	29,191	74,655	130,103	25,467	22,920	178,490
Payroll taxes	6,884	-	20,559	56,444	83,887	16,014	14,220	114,121
Total employee compensation	181,451	-	337,548	935,658	1,454,657	249,488	237,355	1,941,500
Occupancy	763	175	6,088	4,029	11,055	3,198	4,203	18,456
Telephone	1,035	-	2,203	5,090	8,328	3,506	2,141	13,975
Copying and printing	5,708	2,010	32,237	6,050	46,005	5,374	8,927	60,306
Supplies	2,685	56	5,161	12,345	20,247	7,631	512	28,390
Equipment and maintenance	998	-	7,845	37,480	46,323	17,245	4,499	68,067
Postage	385	8	3,819	2,308	6,520	1,015	3,523	11,058
Insurance	-	-	-	-	-	10,717	-	10,717
Consultants	69,281	22,222	12,185	114,050	217,738	39,179	80,326	337,243
Dues and subscriptions	766	-	431	12,892	14,089	7,229	2,146	23,464
Conferences and meetings	27,376	-	584	10,006	37,966	2,428	2,024	42,418
Travel	5,379	543	6,772	10,919	23,613	9,829	3,491	36,933
Training	646	-	562	14,475	15,683	12,993	4,006	32,682
Investment/bank fees	325	-	595	1,777	2,697	27,750	402	30,849
Marketing/communications	23,877	-	760	1,809	26,446	10,145	8,947	45,538
In-kind media advertisements	-	-	-	-	-	-	32,330	32,330
Gifts and grants	3,135,938	-	-	-	3,135,938	-	-	3,135,938
Scholarships	112,634	-	-	-	112,634	-	-	112,634
Program expense	13,204	5,601	145,323	3,294	167,422	-	64	167,486
Bad debts	-	-	-	-	-	8,946	-	8,946
Miscellaneous	257	-	1,360	1,767	3,384	942	49	4,375
Depreciation	-	-	-	65,958	65,958	4,075	-	70,033
Total functional expenses	\$ 3,582,708	\$ 30,615	\$ 563,473	\$ 1,239,907	\$ 5,416,703	\$ 421,690	\$ 394,945	\$ 6,233,338

See accompanying notes to financial statements.

ACHIEVE!MINNEAPOLIS

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2009 and 2008

Increase (Decrease) in Cash

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,397,586)	\$ (394,892)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	68,122	69,413
Loss on disposition of fixed assets	-	69
Contributions of securities	-	(8,162)
Loss (gain) on investments	470,592	309,720
Reinvestment of investment income	(2,134)	(208,438)
Accounts receivable	134,607	(124,867)
Contributions receivable	62,679	1,171,607
Prepaid expenses	11,262	8,697
Grants and gifts payable	56,150	(2,825)
Accounts payable	176,764	(66,943)
Accrued vacation	6,130	41,337
Agency funds payable	-	(455)
Net cash from operating activities	<u>(413,414)</u>	<u>794,261</u>
Cash flows from investing activities:		
Purchase of investments and certificates of deposit	(3,029,986)	(2,160,101)
Proceeds from the sale of investments	2,934,217	2,279,041
Payments for property and equipment	<u>(2,521)</u>	<u>(4,715)</u>
Net cash from investing activities	<u>(98,290)</u>	<u>114,225</u>
Increase (decrease) in cash	(511,704)	908,486
Cash, beginning of year	<u>3,678,694</u>	<u>2,770,208</u>
Cash, end of year	<u>\$ 3,166,990</u>	<u>\$ 3,678,694</u>

See accompanying notes to financial statements.

# ACHIEVE!MINNEAPOLIS

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2009 and 2008

### 1. ORGANIZATION

Achieve!Minneapolis (the Organization) was formed by the merger of Youth Trust and the Minneapolis Public Schools Foundation on January 31, 2002.

The Organization's mission is to galvanize community resources to help all Minneapolis Public School (MPS) students succeed in school and become productive members of society. The Organization fulfills this mission by being a trusted intermediary that provides efficient and effective service to community partners, schools, students and parents by:

- **Convening** leaders around issues that support school transformation; being a catalyst for educational change to maximize student achievement; working collaboratively to leverage opportunities for students, schools teachers, and administrators;
- **Connecting** services that support and address the emerging needs of today's students to improve academic success and overcome barriers that hinder the learning process;
- **Advocating** for quality education by generating public support and awareness;
- **Soliciting**, prioritizing and aligning financial and other resources with MPS strategic direction;
- **Measuring** the reach of the Organization by setting goals and evaluating successes.

Descriptions of the Organization's major programs are as follows:

- **MPS Initiatives** – The Organization facilitates the development of school employer partnerships designed to increase student learning and build long-term alliances. Partnership programs include mentoring, tutoring, school supply and book drives, career exploration, school staff professional development, and literacy initiatives. Examples of MPS Initiatives are:

**High School Transformation** - The overall objective of this initiative is to significantly improve the high school graduation rate by creating innovative small learning communities (SLC) strengthening the connections between students and teachers and providing a more personalized education.

**Arts for Academic Achievement** – Arts for Academic Achievement connects artists with MPS teachers to build innovative teaching tactics and an arts-infused curriculum.

**Principal Leadership and Teacher Training** - Professional development nurtures future principals, supports MPS newest principals and encourages the continuous improvement of veteran principals. Fellowships for principals and scholarships for teachers to support their continuing education will encourage quality teachers and leaders committed to the Minneapolis Public Schools.

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# ACHIEVE!MINNEAPOLIS

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2009 and 2008

### 1. ORGANIZATION (Continued)

**Post-secondary scholarships** - Scholarships for MPS graduates help defray the rising cost of post-secondary education, serve as an incentive for students to graduate and to represent the value our community places on higher education.

**Principal For A Day®** - Principal for a Day gives local business, higher education, civic and community leaders the opportunity to shadow a MPS principal for a day. Participants gain insight into the needs of public schools and demonstrate how critical community engagement is to student success.

- **Business Partners Program** – This program, funded by the City of Minneapolis, connects students in nonprofit summer jobs with mentors from the business community. Mentors offer guidance to students to ensure that they learn the skills necessary to be successful in the workplace.
- **STEP-UP Summer Jobs Program** – STEP-UP places Minneapolis youth, aged 16-21 in meaningful summer employment where students learn workplace skills, explore career paths, and start building a professional network. The Organization manages the program, which is funded by the City of Minneapolis. STEP-UP staff recruits employers, trains students, places students in jobs aligned with their career interests, and provides support to students and supervisors throughout the summer.
- **AchieveMpls College and Career Centers Initiative** – The Initiative builds on existing school, community, and government programs to ensure all Minneapolis high school students have a thoughtful plan and the skills for a successful life after high school. The Initiative builds a system that provides career exploration and career readiness opportunities, assists students with college exploration and application processes and helps students make informed choices about future education and career paths. It also makes technology, information and dedicated staff readily available to all students and is both autonomous from the district and integrated into school curriculum. The Initiative is funded entirely by private sources.

The Organization is supported in its mission primarily by contributions from foundations and individuals, through contracts with the City of Minneapolis, and by interest and dividends earned on investments.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

ACHIEVE!MINNEAPOLIS

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2009 and 2008

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

- Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions that are permanently restricted by donors for specific purposes.

**Contributions** - Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires or is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets.

As indicated in Note 1, the Organization raises and monitors funding for various MPS initiatives. Management has concluded that the Organization is *financially interrelated* with MPS, and thus, in accordance with SFAS No. 136 "Transfers of Assets to a Not-for-profit Organization or Charitable Trust That Raises or Holds Contributions for Others," the Organization records as contribution revenue all contributions that it raises for those initiatives. These contributions were approximately 79% of the Organization's total support and revenue for 2009.

**In-kind Contributions** - Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a non-financial asset or the service requires specialized skills that would need to be purchased if not provided by donation. Contributed materials and space are recorded when received at their fair value.

**Government Grants and Contracts** - Government grants and contracts are generally considered exchange transactions and recorded as revenues 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 that the Organization is not exposed to significant credit risk related to accounts receivable.

**Special Events** - Special events are reported net of related direct costs of \$21,509 and \$17,359 for 2009 and 2008.

**Cash, Cash Equivalents, and Concentration of Credit Risk** - The Organization considers all highly liquid investments with maturities of three months or less, except for certificates of deposit, to be cash equivalents.

The Organization places its cash with several financial institutions. At times the amounts on deposit exceed the insured limit of the institutions and expose the Organization to a collection risk. The Organization has not experienced any losses as a result of these deposits.

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