

*Financial statements of:*

**ACHIEVE!MINNEAPOLIS**

Years ended  
June 30, 2017 and 2016

	Page
Independent auditor's report	1
Financial statements:	
Statements of financial position	2
Statements of activities and change in net assets	3
Statements of cash flows	4
Statements of functional expenses	5-6
Notes to financial statements	7-19
Supplementary information:	
Achieve!Minneapolis statement of expenses, excluding MPS flow-through funds	20
Minneapolis Public Schools statement of expenses flow-through funds	21



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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, 2017 and 2016, the related statements of activities and change in net assets, functional expenses and cash flows 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, 2017 and 2016, 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.

## Report on Supplementary Information – Statements of Functional Expenses by Unit

Achieve!Minneapolis statement of expenses, excluding MPS flow-through funds and the Minneapolis Public Schools statement of expenses flow-through funds by unit are presented for the purposes of additional analysis and is 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*

January 8, 2018

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 5,261,181	\$ 4,414,850
Investments	1,040,167	1,390,660
Accounts receivable	251,612	213,371
Pledges receivable, net	2,915,187	175,495
Prepaid expenses	25,453	42,130
Property and equipment, net	<u>68,039</u>	<u>57,360</u>
 Total assets	 <u>\$ 9,561,639</u>	 <u>\$ 6,293,866</u>
<b>Liabilities and net assets:</b>		
Accounts payable	\$ 389,769	\$ 461,160
Accrued:		
Payroll	62,803	43,319
Vacation	66,377	43,706
Grants and gifts payable	167,047	179,119
Capital lease payable	<u>4,620</u>	<u>10,164</u>
 Total liabilities	 <u>690,616</u>	 <u>737,468</u>
<b>Net assets:</b>		
Unrestricted:		
Undesignated	690,259	615,606
Board designated	<u>675,697</u>	<u>549,677</u>
Total unrestricted net assets	<u>1,365,956</u>	<u>1,165,283</u>
Temporarily restricted	<u>7,505,067</u>	<u>4,391,115</u>
 Total net assets	 <u>8,871,023</u>	 <u>5,556,398</u>
 Total liabilities and net assets	 <u>\$ 9,561,639</u>	 <u>\$ 6,293,866</u>

See notes to financial statements.

## ACHIEVE!MINNEAPOLIS

	2017		
	Unrestricted	Temporarily restricted	Total
Revenue and support:			
Contributions	\$ 480,342	\$ 6,567,203	\$ 7,047,545
Contract income	1,191,651		1,191,651
Earned income	63,440	-	63,440
Investment income (loss)	1,020	136,031	137,051
Interest income	8,307		8,307
Special events	163,662	-	163,662
In-kind contributions	-	80,672	80,672
Miscellaneous	20,754		20,754
Total revenue and support	1,929,176	6,783,906	8,713,082
Net assets released from restrictions	3,669,954	(3,669,954)	-
	5,599,130	3,113,952	8,713,082
Expenses:			
Program services	4,675,941		4,675,941
Management and general	607,679		607,679
Fundraising	114,837		114,837
Total expenses	5,398,457		5,398,457
Change in net assets	200,673	3,113,952	3,314,625
Net assets, beginning	1,165,283	4,391,115	5,556,398
Net assets, ending	\$ 1,365,956	\$ 7,505,067	\$ 8,871,023

See notes to financial statements.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED JUNE 30

2016		
Unrestricted	Temporarily restricted	Total
\$ 583,490	\$ 1,527,375	\$ 2,110,865
1,077,868	-	1,077,868
143,227	-	143,227
1,213	(28,577)	(27,364)
7,763		7,763
64,848	91,900	156,748
6,356	-	6,356
22,442	-	22,442
1,907,207	1,590,698	3,497,905
3,272,933	(3,272,933)	-
5,180,140	(1,682,235)	3,497,905
4,335,449		4,335,449
469,830		469,830
203,523		203,523
5,008,802		5,008,802
171,338	(1,682,235)	(1,510,897)
993,945	6,073,350	7,067,295
<u>\$ 1,165,283</u>	<u>\$ 4,391,115</u>	<u>\$ 5,556,398</u>

**ACHIEVE!MINNEAPOLIS**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,314,625	\$ (1,510,897)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	37,487	26,866
Net investment (income) loss	(126,822)	37,563
(Increase) decrease in:		
Accounts receivable	(38,241)	(164,037)
Pledges receivable	(2,739,692)	1,022,190
Prepaid expenses	16,677	(21,581)
Increase (decrease) in:		
Accounts payable	(71,391)	(411,024)
Accrued expenses	42,155	(3,599)
Grants and gifts payable	(12,072)	90,975
Net cash provided by (used in) operating activities	<u>422,726</u>	<u>(933,544)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(48,165)	(13,301)
Proceeds from the sale of investments	477,314	46,000
Net cash provided by (used in) investing activities	<u>429,149</u>	<u>32,699</u>
Cash flows used in financing activities, capital lease payments	<u>(5,544)</u>	<u>(6,007)</u>
Increase (decrease) in cash and cash equivalents	846,331	(906,852)
Cash and cash equivalents, beginning of year	<u>4,414,850</u>	<u>5,321,702</u>
Cash and cash equivalents, end of year	<u>\$ 5,261,181</u>	<u>\$ 4,414,850</u>

See notes to financial statements.



	Minneapolis Public Schools priorities	Scholarships, awards, school funds	Career & college initiative	STEP-UP student wages	Total program services	Management and general	Fundraising	Total
Salaries	\$ 121,442	\$ 77,807	\$ 1,579,509		\$ 1,778,758	\$ 299,290	\$ 58,331	\$ 2,136,379
Employee benefits	9,560	11,621	132,484		153,665	36,585	6,439	196,689
Payroll taxes	9,201	6,205	123,850		139,256	23,436	4,707	167,399
Payroll fees and other	140	141	4,161		4,442	2,727	93	7,262
Total employee compensation	140,343	95,774	1,840,004		2,076,121	362,038	69,570	2,507,729
Staff:								
Development and training	75	-	11,708		11,783	8,349	564	20,696
Parking, mileage and travel	29	15	4,392		4,436	3,984	210	8,630
Rent	-	-	-		-	29,082	-	29,082
Telephone and Internet	660	-	3,078		3,738	10,499	660	14,897
Equipment	-	-	717		717	44,287	14,025	59,029
Insurance	-	-	-		-	10,478	-	10,478
Licenses and fees	272	-	6,562		6,834	5,257	495	12,586
Printing, postage and office supplies	1,644	162	10,236		12,042	6,041	10,836	28,919
Gifts and grants	1,004,109	1,044,433	2,500		2,051,042	-	-	2,051,042
Program:								
Materials and supplies	3,843	-	3,121		6,964	-	-	6,964
Student wages	-	-	2,690	\$ 187,863	190,553	-	-	190,553
Student transportation and activity fees	9,140	-	2,488		11,628	-	-	11,628
Meeting and other expenses	125	40	28,553		28,718	-	-	28,718
Consultants and professional fees	77,530	43,014	14,729		135,273	63,300	-	198,573
PR, outreach, networking and website	-	-	8,906		8,906	12,176	7,385	28,467
In-kind	-	-	80,172		80,172	500	-	80,672
Other	3,103	15,957	1,347		20,407	18,373	8,212	46,992
Pledges uncollected	-	-	-		-	25,315	-	25,315
	1,240,873	1,199,395	2,021,203	187,863	4,649,334	599,679	111,957	5,360,970
Depreciation	696	1,272	24,639		26,607	8,000	2,880	37,487
Total expenses	\$ 1,241,569	\$ 1,200,667	\$ 2,045,842	\$ 187,863	\$ 4,675,941	\$ 607,679	\$ 114,837	\$ 5,398,457

See notes to financial statements.

	Minneapolis Public Schools priorities	Scholarships, awards, school funds	Career & college initiative	STEP-UP student wages	Total program services	Management and general	Fundraising	Total
Salaries	\$ 101,490	\$ 82,255	\$ 1,231,048		\$ 1,414,793	\$ 233,829	\$ 127,661	\$ 1,776,283
Employee benefits	10,033	13,148	105,604		128,785	34,775	12,593	176,153
Payroll taxes	8,591	6,674	102,229		117,494	19,780	10,501	147,775
Payroll and other fees	118	152	3,903		4,173	2,276	149	6,598
<b>Total employee compensation</b>	<b>120,232</b>	<b>102,229</b>	<b>1,442,784</b>		<b>1,665,245</b>	<b>290,660</b>	<b>150,904</b>	<b>2,106,809</b>
Staff:								
Development, training and conferences	-	-	4,499		4,499	6,265	616	11,380
Parking, mileage and travel	94	9	3,797		3,900	1,735	43	5,678
Rent	621	1,794	17,459		19,874	4,246	1,711	25,831
Telephone and Internet	1,091	746	9,508		11,345	1,940	1,787	15,072
Equipment	625	1,918	18,892		21,435	19,147	9,491	50,073
Insurance	-	-	-		-	10,468	-	10,468
Licenses and fees	83	-	6,693		6,776	4,319	79	11,174
Printing, postage and office supplies	170	92	11,410		11,672	5,283	12,277	29,232
Gifts and grants	1,318,673	839,487	-		2,158,160	28	-	2,158,188
Program:								
Materials and supplies	10,270	-	872		11,142	-	-	11,142
Student wages	-	-	-	\$ 147,357	147,357	-	-	147,357
Student transportation and activity fees	3,151	-	1,075		4,226	-	-	4,226
Meeting and other expenses	75	-	22,720		22,795	800	-	23,595
Consultants and professional fees	128,623	77,827	2,250		208,700	75,401	10,519	294,620
PR, outreach, networking and website	206	-	3,893	90	4,189	27,037	12,907	44,133
In-kind	-	-	5,172		5,172	1,184	-	6,356
Other	95	11,654	41		11,790	5,334	-	17,124
Pledges uncollected	-	-	-		-	9,478	-	9,478
	1,584,009	1,035,756	1,551,065	147,447	4,318,277	463,325	200,334	4,981,936
Depreciation	461	837	15,874	-	17,172	6,505	3,189	26,866
<b>Total expenses</b>	<b>\$ 1,584,470</b>	<b>\$ 1,036,593</b>	<b>\$ 1,566,939</b>	<b>\$ 147,447</b>	<b>\$ 4,335,449</b>	<b>\$ 469,830</b>	<b>\$ 203,523</b>	<b>\$ 5,008,802</b>

See notes to financial statements.

## **ACHIEVE!MINNEAPOLIS**

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### 1. Nature of business and significant accounting policies:

Nature of business and major programs:

#### **AchieveMpls Mission and Overview:**

As the strategic nonprofit partner of Minneapolis Public Schools (MPS), we rally community support to inspire and equip Minneapolis students for careers, college and life. Our vision is that all young people have full access to educational and career opportunities, resulting in a more equitable and vibrant Minneapolis. While MPS prepares students academically, AchieveMpls helps ensure that all students graduate with the resources, support and confidence they need to achieve their career and post-secondary dreams and keep our city strong and vibrant.

Minneapolis has one of the country's widest racial employment and wage gaps, and by 2020, 74% of all jobs in our state will require high-quality post-secondary education. At the same time, local companies are facing a growing worker shortage, with an estimated 500,000 jobs going unfilled in the coming decade.

In this time of tremendous challenge and opportunity, AchieveMpls is working hard to close these gaps by equipping Minneapolis students with one-on-one career and college planning tools and guidance through our Career & College Centers in eleven MPS high schools; work readiness training, paid internships and professional connections through our STEP-UP Achieve youth employment program (part of the City of Minneapolis STEP-UP program); and a wide volunteer network of caring adult professionals and mentors who serve as Graduation Coaches, career event presenters, mock interviewers and trainers each year.

#### **Minneapolis Public Schools Partnership:**

As part of our historic relationship with Minneapolis Public Schools (MPS)—which stretches back to our founding in 2002—AchieveMpls provides career and college readiness programs for MPS students, and also supports the district by raising millions in corporate and foundation support for key MPS priorities, and managing over 130 MPS school and department funds, college scholarships and mini-grants for MPS staff and classrooms.

In partnership with MPS leadership, we pursue major grant support for such priorities as STEM (Science, Technology, Engineering and Math) education, AVID (Advancement via Individual Determination) college readiness programs, and human capital development programs. In 2017, we were instrumental in securing a \$4 million, three-year grant from the Cargill Foundation to support MPS STEM and college readiness programs and our AchieveMpls Career & College Centers in MPS high schools. In addition to this fundraising, in 2016-17 AchieveMpls also:

- Processed over \$1.2M in contributions to MPS school and department funds and distributed over \$800,000 to support activities ranging from classroom supplies and school equipment to guest artists and therapy dogs
- Administered over 80 college scholarship awards for MPS seniors and recent graduates that were worth over \$110,000
- Awarded over \$90,000 in grants for MPS classrooms, field trip grants and professional development for MPS teachers

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

Nature of business and major programs (continued):

**Minneapolis Public Schools Partnership (continued):**

Each year AchieveMpls also partners with MPS on our annual Principal Partner Day, an invitation-only event that strategically matches 30 Twin Cities business and civic leaders with MPS principals for a half-day shadowing experience. Participants get a behind-the-scenes view of a MPS school, engage in in-depth conversations with their principal, learn about daily challenges facing school leaders, meet MPS staff and students and share their feedback and strategies with principals and other participants.

**Career & College Centers (CCCs):**

AchieveMpls Career & College Centers (CCCs) help thousands of MPS students make their career and post-secondary dreams come true. Located in ten MPS high schools, our CCCs are hubs for post-secondary planning and are available to all 9,000 MPS high school students. We provide individualized support to over 3,500 students each year—particularly students from lower-income families and students of color. We offer the personal attention and strategic guidance that all students need to create a plan for career success after graduation, whether that means college, technical training, apprenticeships or other opportunities. Our resources include:

- Post-secondary school fairs, tours and recruiter visits
- Career exploration events with local professionals
- ACT and SAT test preparation
- Post-secondary application assistance
- FAFSA, financial aid and scholarship assistance
- Resume writing, job interview and other skills workshops

We proactively engage underserved students and strive to ensure that all students complete critical milestone for future success. For most youth, this means taking the ACT, completing the FAFSA, applying for post-secondary education and securing financial aid. For others, this can be applying for an internship, securing a full-time job, entering an apprenticeship, or other opportunity. In the 2016-2017 academic year:

- 3,974 individual students—42% of all MPS high school students—made 13,971 visits to our CCCs.
- Nearly 87% of high school seniors visited a CCC at least once to seek individual help
- 86% of seniors who visited their CCC completed a college application, compared to 79% of all seniors
- Nearly two out of three students who accessed one-on-one guidance were low-income youth
- 74% of students who worked with our CCC Coordinators were students of color

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

Nature of business and major programs (continued):

**Career & College Centers (CCCs) (continued):**

Our CCC coordinators track several key indicators on post-secondary planning and personally follow up with every senior to ensure they have a post-graduation plan. In the 2016-2017 academic year:

- Of *graduating* seniors 98% applied to a post-secondary school or reported having a plan for life after graduation.
- To date, according to the Federal FAFSA database, 928 students completed a FAFSA in a school served by our CCCs, 118 more students than the prior year.
- 71% of seniors reported completing a Free Application for Federal Student Aid (FAFSA) or a Minnesota Dream ACT state application (for undocumented immigrants).

We also launched a new Career Readiness Initiative (CRI) through our Career & College Centers that focuses on individualized and experiential career exposure to help students make better informed decisions about their post-secondary plans. In 2016-2017, we hired four new CRI staff, including two Career Readiness Coordinators, one Career Readiness Manager, and one Career Exposure Associate, which are all overseen by AchieveMpls' Senior Program Director. Although CRI was piloted at two of our 11 Career & College school sites (Roosevelt and Edison high schools), CRI staff are responsible for conducting all career exposure activities in schools where our CCCs are located.

At our Roosevelt and Edison CRI pilot schools, 806 (44.2% of the total 1,824 population) unique students logged 3,276 visits to the CCCs for an average of 4.1 interactions per student. This includes all CCC services rendered, including assisting youth with college-specific counseling. Drilling down further, 554 of those students received career access and exploration-specific services from our CRI Coordinators, comprising 1,128 of all logged interactions. In other words, 69% of all students served by the CCCs at Edison and Roosevelt received assistance with career planning activities and 34% of all services rendered were career pathway related.

Through CRI, we have made significant progress in delivering and refining direct services, building relationships, and developing district-wide replicable practices to connect MPS students to career opportunities that will help them access family-supporting, high-demand, high-growth careers more quickly after high school.

**STEP-UP Achieve Youth Employment Program:**

Each year, STEP-UP Achieve—directed by AchieveMpls and part of the City of Minneapolis STEP-UP program—places over 700 diverse and talented Minneapolis young people (ages 16-21) in paid professional internships with approximately 140 top Minneapolis-St. Paul employers, from Fortune 500 companies to small businesses, public agencies and nonprofits. One of the country's leading youth employment programs, STEP-UP Achieve is preparing tomorrow's workforce today through work readiness training certified by the Minneapolis Regional Chamber of Commerce, career-oriented internships, and industry-focused certifications.

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

Nature of business and major programs (continued):

**STEP-UP Achieve Youth Employment Program (continued):**

The program serves youth who face some of the greatest barriers to employment, particularly youth from low income families, youth of color, youth from immigrant families, and youth with disabilities. STEP-UP Achieve helps organizations identify and nurture young talent for their industries, provides youthful energy and tech savvy in the workplace, and offers opportunities for employees to gain valuable supervisory and mentoring experience. STEP-UP Achieve has provided over 8,700 internship opportunities since 2004, yielding tremendous benefits for young people, businesses and our regional economy. In 2016-2017:

- STEP-UP Achieve partnered with over 130 Twin Cities companies, nonprofits and public agencies to provide 765 paid summer and school year internships in 15 industries.
- Interns earned \$1.7 million in wages at their work sites.
- STEP-UP Achieve provided work-readiness training for 2,077 low-income youth from STEP-UP Achieve and STEP-UP Discover (a City of Minneapolis-led STEP-UP component for younger students).
- 91% of STEP-UP Achieve interns came from low-income families; 91% were youth of color; 63% were potentially first-generation college students; 51% were first or second generation immigrants.
- 94% of interns who participated in our survey said their internship was a valuable learning experience; 93% said STEP-UP Achieve prepared them to become valuable contributors to the future workforce.
- 97% of STEP-UP Achieve supervisors surveyed said the program was a success at their organization; 90% said that if they had a job opening they would consider hiring their intern as an employee; 88% said their intern had made a valuable contribution to the workplace.

STEP-UP Achieve also collaborates with dozens of corporate, higher education and government partners across the Twin Cities for our STEP-UP Achieve Career Pipelines, which provide focused career exposure resources and opportunities for students. Employers and experts in STEM, healthcare, design, and financial services partner to develop sector-specific trainings, networking events and industry-recognized credentials for Minneapolis youth. In 2016-2017 our STEP-UP Achieve Career Pipeline activities included:

- **STEM Pipeline:** Our annual Creative Crash Course event connected STEP-UP Achieve interns who are interested in technology careers with Twin Cities tech leaders and entrepreneurs. Hosted by CoCo Minneapolis, 42 interns joined 24 trainers from local technology companies and startups for a full day of design thinking exercises and product creation competitions. Our STEM Pipeline also coordinated an IT Training Credential for 19 interns, which required completion of a 21-hour class led by a community college IT instructor and featuring lectures and hands-on activities. This certification program introduced students to Scratch, Linux, Python, computer security and careers and education in IT. We also partnered with the Minnesota High Tech Association to provide these trainees with worksite tours to Minnesota State IT Services, Jamf Software, Century Link, and Best Buy.

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

Nature of business and major programs (continued):

**STEP-UP Achieve Youth Employment Program (continued):**

- **Healthcare Pipeline:** 151 STEP-UP Achieve interns participated in our day-long Pre-Employment Training for Healthcare (PETH) and Health Careers Fair, which prepared them for their summer healthcare jobs, connected them with local healthcare professionals and introduced them to the wide range of health careers and underlying skills essential to success. In another Healthcare Pipeline activity, 6 interns completed the annual week-long Scrubs Camp, a summer healthcare immersion camp at Augsburg University organized by our partners at Healthforce Minnesota.
- **Financial Services Pipeline:** 37 interns who were interested in financial services careers participated in our annual Financial Services Careers Day hosted by our pipeline partner, the Federal Reserve Bank of Minneapolis. Interns learned about the wide range of financial careers, heard a presentation by Federal Reserve Sr. Vice President Duane Carter, practiced networking skills and participated in professional development sessions. 30 volunteers from some of our most dedicated Financial Services Pipeline partners participated in the event, including Piper Jaffray, TCF Bank, Thrivent Financial, U.S. Bank and Wells Fargo.

**AchieveMpls Volunteer Programs:**

In 2016-17, over 780 community members donated 4,776 hours to MPS students through AchieveMpls volunteer opportunities. They mentored students as Graduation Coaches, inspired them with stories of their professional journeys at our career exploration events, served as STEP-UP mock interviewers and work readiness trainers, and offered workshops in financial literacy and career skills.

**Graduation Coaches:** Over 130 AchieveMpls Graduation Coaches provided personalized support to 232 MPS ninth and 74 twelfth grade students, helping them to graduate on time, prioritize their academic goals and plan for life after high school. Students met with their Graduation Coach twice each month at their school. They benefitted from a positive relationship with an adult outside of the family, gained greater confidence and strengthened their study skills, relationship-building, career exploration and post-secondary planning. 69% of seniors who participated in the program and started the year off track graduated on time. Ninth grade students who participated in the program had on average a GPA that was .17 higher than similar students who did not participate.

**Career Exploration Events:** Our career events brought 250 volunteers into MPS high schools to share their career insights and advice with students at 9 MPS high schools. Students learned about the highlights and challenges of a wide range of professional fields and how to begin preparing now for great careers –including some careers they'd never heard of before. Of the 1,466 students who completed a career exposure event survey, 95% said that their speakers were engaging or very engaging, and 81% reported that they had learned about a new career.

**STEP-UP Mock-Interviews:** AchieveMpls also provides opportunities for hundreds of community members to volunteer at our annual four-night STEP-UP Mock Interviews at the Minneapolis Convention Center, where they interview and coach hundreds of STEP-UP interns as part of their work readiness training.

**Other Volunteer Opportunities:** Through our STEP-UP Achieve youth employment program, employees from participating and partner companies volunteer with our interns as work readiness trainers, career exposure event leaders, and financial literacy and career skills facilitators.

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

Nature of business and major programs (continued):

**AchieveMpls Public Education Events:**

AchieveMpls hosts several public events throughout the year to engage our local community by strengthening knowledge and support of public education and Minneapolis students. These events include:

- **EDTalks**, a lively series of happy hour events held four times each year and featuring compelling short talks on cutting-edge issues impacting education and our young people, as well as opportunities for participants to get engaged with students via AchieveMpls and partner organizations.
- **Education Partners Luncheon**, our largest annual event for 600+ business, education and civic leaders with keynotes by nationally-renowned educators, journalists, business and policy leaders.
- **Principal Partner Day**, which matches 30 TwinCities community leaders with MPS principals for a half-day of job shadowing, feedback and dialogue with other participants.
- **Achieve101**, which provides an exclusive glimpse into our Career & College Center programs, features stories from our students and staff, and introduces participants to opportunities to become volunteers, STEP-UP Achieve employers and funders.

Basis of presentation:

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

*Unrestricted* - Unrestricted net assets consist of resources available for current operations and over which the Organization has discretionary control. Unrestricted net assets also include a board designated reserve.

*Temporarily Restricted* - Temporarily restricted net assets are subject to donor-imposed restrictions that will be met by the actions of the Organization or the passage of time.

*Permanently Restricted* - Permanently restricted net assets consist of resources for which the use has been permanently restricted by donors. There were no permanently restricted net assets as of June 30, 2017 and 2016.

Cash and cash equivalents:

Cash and cash equivalents consist of bank deposits and money market accounts. At times the amounts on deposit may exceed the insured limit of the institutions.



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

The Organization carried its investments at The Minneapolis Foundation (TMF) at fair value and realized and unrealized gains and losses are reflected in the statement of activities. Investments include a beneficial interest in TMF Investment Pool whose value was determined by the fair market value assigned to holdings by TMF.

The Organization has entered into a CDARS (the Certificate of Deposit Account Registry Service) Deposit Placement Agreement. Under the program, funds are placed with a custodian bank in certificates of deposit issued by a variety of participating banks in the name of the Organization. This allows the Organization to avoid exceeding FDIC limits at a particular financial institution. The maturity on these certificates of deposit range from thirteen weeks to two years and are carried at face value, which approximates fair value. During 2015, this program was concluded. The remaining certificates of deposits matured during the year ended June 30, 2017.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

**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 uncollectibility 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, 2017 and 2016, there were no material balances that were deemed uncollectible, therefore, no reserve for uncollectible accounts was considered necessary at either year end.

**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 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.

**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):

## Contributions and pledges receivable:

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 classified to unrestricted net assets.

Contributions that are expected to be collected within one year are recorded at their net realizable value. Grants and pledges 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 pledge is received. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until such time as the conditions are substantially met.

## 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. There were no such donations in 2017 and 2016. 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 income as incurred; significant renewals or betterments are capitalized.

The Organization implies a time restriction, based on the assets' estimated useful lives, on donated equipment and equipment purchased using donor restricted cash.

## 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.

## Concentration of pledges receivable:

Pledges receivable from one foundation constituted 82% and 91% of the net pledge receivable balance at June 30, 2017 and 2016, respectively.

## Functional expenses:

Expenses have been allocated by function among program and supporting services classifications based upon direct expenditures and estimates made by the Organization's management.

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;
- 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.

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

Reclassifications:

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation.

Subsequent events:

The Organization evaluated for subsequent events through January 8, 2018, the date the financial statements were available for issuance.

2. Investments:

Investments consist of the following:

	<u>2017</u>	<u>2016</u>
Beneficial interest in TMF investment pool	\$ 1,040,167	\$ 986,865
Certificates of deposit held in CDARS program		403,795
	<u>\$ 1,040,167</u>	<u>\$ 1,390,660</u>
Investment income was as follows:		
Interest and dividends, net of expenses	\$ 1,020	\$ 1,213
Unrealized gains (losses)	136,031	(28,577)
Investment fees	<u>(10,229)</u>	<u>(10,199)</u>
	<u>\$ 126,822</u>	<u>\$ (37,563)</u>

3. Funds held by others:

The Organization transferred assets to The Minneapolis Foundation (TMF) to establish a charitable fund where the Organization has specified itself as the beneficiary. TMF refers to this fund as an “agency fund” held for the Organization. Annual distributions are based on recommendations from the Organization. Unspent funds are reported as beneficial interests in the TMF investment pool.

The Organization is a beneficiary of several other designated funds at TMF. These funds total \$1,250,895 and \$1,140,478 for June 30, 2017 and 2016, respectively. These funds are not included in these financial statements since the initial donations to begin the funds were contributed directly to TMF and the Organization does not have variance power over these funds. In accordance with TMF’s spending policy, the Organization makes recommendations to TMF with respect to the distributions of these scholarships, teacher awards and special education funds. Annual distributions are based on these recommendations and are limited to TMF’s endowment distribution rate. Depending on the underlying funds, distributions may be sent to the Organization to then distribute to award recipients, or they may be sent directly to the recipients by TMF.

4. Pledges receivable:

Pledges receivable are due from the following organizations:

	<u>2017</u>	<u>2016</u>
Foundations	\$ 2,562,398	
Individuals and other	<u>531,250</u>	\$ 175,495
	<b>3,093,648</b>	175,495
Less discount of 5% to net present value total	<u>(178,461)</u>	<u>0</u>
	<b><u>\$ 2,915,187</u></b>	<b><u>\$ 175,495</u></b>

Gross pledges receivable are due as follows:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 531,250	\$ 69,495
One to five years	<u>2,562,398</u>	<u>106,000</u>
	<b><u>\$ 3,093,648</u></b>	<b><u>\$ 175,495</u></b>

5. Property and equipment:

Property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Tenant improvements	\$ 23,346	\$ 23,346
Equipment	98,013	82,156
Software	62,743	61,243
Website development	76,719	45,910
Furniture	<u>5,665</u>	<u>5,665</u>
	<b>266,486</b>	218,320
Less accumulated depreciation	<u>198,447</u>	<u>160,960</u>
	<b><u>\$ 68,039</u></b>	<b><u>\$ 57,360</u></b>

Included in equipment at June 30, 2017 are cost and accumulated depreciation on a copier of \$22,177 and \$17,095, respectively. At June 30, 2016, the amounts were \$22,177 and \$11,551, respectively. The lease requires monthly payments of \$462 and expires May 2018.

6. Commitments:

Leases:

The Organization rents office space and equipment under operating lease agreements that expire at various times through June 2019. In addition to the minimum rent, the Organization is also obligated to pay its share of operating costs.

Future minimum rental expenses are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2018	\$ 26,286
2019	701

7. Retirement plan:

The Organization sponsors defined contribution retirement plans. Matching contributions under the section 403(b) retirement plan, which covers employees with one or more year of service, were \$40,042 and \$37,044 for the years ended June 30, 2017 and 2016, respectively.

8. Net assets:

Temporarily restricted net assets are restricted for the following purposes or time:

	<u>2017</u>	<u>2016</u>
Temporarily restricted net assets:		
Scholarships, special awards and school funds	\$ 2,447,338	\$ 2,140,312
MPS Arts	136,945	121,283
AVID (Advancement via Individual Determination)	1,343,026	453,040
Collaborative for Education Excellence	165	165
STEM (Science, Technology, Engineering & Math)	1,053,847	617,452
MPS Other Strategic Initiatives	92,525	64,297
Career and College Initiative	154,896	70,000
Career and College Centers	1,901,473	413,969
STEP-UP Program	89,312	86,656
STEP-UP Student Wages	278,614	304,025
General operating, time restricted	<u>6,926</u>	<u>119,916</u>
Total Temporarily restricted net assets	<u>\$ 7,505,067</u>	<u>\$ 4,391,115</u>

The Board of Directors of Achieve have designated \$675,697 and \$549,677 as a general operating reserve as of June 30, 2017 and 2016, respectively.

9. Fair value:

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization values all other assets and liabilities, refer to Note 1, Summary of Significant Accounting Policies.

	<b>2017</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in TMF Investment Pool	<u>\$ 1,040,167</u>			<u>\$ 1,040,167</u>
	<b>2016</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in TMF Investment Pool	<u>\$ 986,865</u>			<u>\$ 986,865</u>

The following table provides a summary of changes in fair value of the Organization’s Level 1 financial assets for the years ended June 30, 2017 and 2016:

	<u>Beneficial interest in TMF investment pool</u>
Balance, July 1, 2015	\$ 1,071,641
Investment losses	(28,577)
Administrative fees	(10,199)
Withdrawals	<u>(46,000)</u>
Balance, June 30, 2016	986,865
Investment gains	<b>136,031</b>
Administrative fees	<b>(10,229)</b>
Withdrawals	<u><b>(72,500)</b></u>
Balance, June 30, 2017	<u><b>\$ 1,040,167</b></u>

The investments are held at The Minneapolis Foundation. The assets are held and invested in the Long-Term Growth Strategy fund. The Organization records the value of the investments based on information received from The Minneapolis Foundation.

ACHIEVE!MINNEAPOLIS STATEMENT OF  
EXPENSES EXCLUDING FLOW-THROUGH FUNDS  
YEAR ENDED JUNE 30, 2017

**ACHIEVE!MINNEAPOLIS**

	Minneapolis Public Schools priorities	Scholarships, awards, school funds	Career & college initiative	Total program services	Management and general	Fundraising	Total
Salaries	\$ 121,442	\$ 77,807	\$ 1,579,509	\$ 1,778,758	\$ 299,290	\$ 58,331	\$ 2,136,379
Employee benefits	7,892	11,473	103,652	123,017	29,832	4,996	156,499
Payroll taxes	9,201	6,205	123,850	139,256	23,436	4,707	167,399
403b benefit	1,668	1,346	28,832	31,846	6,753	1,443	40,042
Payroll fees and other	140	141	4,161	4,442	2,727	93	7,262
<b>Total employee compensation</b>	<b>140,343</b>	<b>96,972</b>	<b>1,840,004</b>	<b>2,077,319</b>	<b>362,038</b>	<b>69,570</b>	<b>2,508,927</b>
<b>Staff:</b>							
Development and training	75	-	11,708	11,783	8,349	564	20,696
Parking, mileage and travel	29	15	4,392	4,436	3,984	210	8,630
Rent	-	-	-	-	29,082	-	29,082
Telephone and Internet	660	-	3,078	3,738	10,499	660	14,897
Equipment	-	-	717	717	44,287	14,025	59,029
Insurance	-	-	-	-	10,478	-	10,478
Licenses and fees	-	-	6,562	6,562	5,257	495	12,314
Printing, postage and office supplies	22	117	10,236	10,375	6,041	10,836	27,252
Gifts and grants	-	194	2,500	2,694	-	-	2,694
<b>Program:</b>							
Materials and supplies	-	-	3,121	3,121	-	-	3,121
Student wages	-	-	2,690	2,690	-	-	2,690
Student transportation and activity fees	-	-	2,488	2,488	-	-	2,488
Meeting and other expenses	-	40	28,553	28,593	-	-	28,593
Consultants and professional fees	-	-	14,729	14,729	63,225	-	78,029
PR, outreach, networking and website	-	-	8,906	8,906	12,176	7,385	28,467
In-kind	-	-	80,172	80,172	500	-	80,672
Other	-	351	1,347	1,698	18,373	8,212	28,283
Pledges uncollected	-	-	-	-	25,315	-	25,315
	141,129	97,689	2,021,203	2,260,021	599,604	111,957	2,971,657
Depreciation	696	1,272	24,639	26,607	8,000	2,880	37,487
<b>Total expenses</b>	<b>\$ 141,825</b>	<b>\$ 98,961</b>	<b>\$ 2,045,842</b>	<b>\$ 2,286,628</b>	<b>\$ 607,604</b>	<b>\$ 114,837</b>	<b>\$ 3,009,144</b>



MINNEAPOLIS PUBLIC SCHOOLS STATEMENT OF  
EXPENSES FLOW-THROUGH FUNDS  
YEAR ENDED JUNE 30, 2017

**ACHIEVE!MINNEAPOLIS**

	Minneapolis Public Schools priorities	Scholarships, awards, school funds	SU wage subsidies	Total
Staff parking, mileage and travel		148		148
Licenses and fees	272			272
Printing, postage and office supplies	1,622	45		1,667
Gifts and grants	1,004,109	1,044,239		2,048,348
Program:				
Materials and supplies	3,843			3,843
Student wages			187,863	187,863
Student transportation and activity fees	9,140			9,140
Meeting and other expenses	125			125
Consultants and professional fees	77,530	43,014		120,544
Other	3,103	15,606		18,709
Total expenses	<u>\$ 1,099,744</u>	<u>\$ 1,103,052</u>	<u>\$ 187,863</u>	<u>\$ 2,390,659</u>