Financial statements of:

ACHIEVE!MINNEAPOLIS

Year ended
June 30, 2014

SCHECHTER DOKKEN KANTER
CERTIFIED PUBLIC ACCOUNTANTS • ADVISORS

INDEPENDENT AUDITOR'S REPORT

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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 statement of financial position as of June 30, 2014, the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit 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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during the year the Organization made certain adjustments to restate beginning net assets to remove investments for which the Organization does not have variance power. Our opinion is not modified with respect to this matter.

Schechter Dokken Kanter
Andrews & Selcer Ltd.

November 20, 2014

ACHIEVE!MINNEAPOLIS

JUNE 30, 2014

Assets:		
Cash and cash equivalents	$	4,364,999
Investments		3,392,945
Accounts receivable		40,276
Pledges receivable, net		2,420,827
Prepaid expenses		12,150
Property and equipment, net		51,068
Total assets	$	10,282,265
Liabilities and net assets:		
Accounts payable	$	530,101
Accrued:		
Payroll		44,941
Vacation		50,260
Grants and gifts payable		63,968
Capital lease payable		21,715
Total liabilities		710,985
Net assets:		
Unrestricted:		
Undesignated		503,515
Board designated		457,258
Total unrestricted net assets		960,773
Temporarily restricted		8,610,507
Total net assets		9,571,280
Total liabilities and net assets	$	10,282,265

See notes to financial statements.

	Unrestricted	Temporarily restricted	Total
Revenue and support:			
Contributions	$ 289,036	$ 5,697,737	$ 5,986,773
Contract income	988,215		988,215
Earned income	95,547		95,547
Net investment income	10,273	173,560	183,833
Special events	51,218	60,000	111,218
Miscellaneous	29,304		29,304
Total revenue and support	1,463,593	5,931,297	7,394,890
Net assets released from restrictions	4,008,907	(4,008,907)	
	5,472,500	1,922,390	7,394,890
Expenses:			
Program services	4,946,305		4,946,305
Management and general	204,266		204,266
Fundraising	197,576		197,576
Total expenses	5,348,147		5,348,147
Change in net assets	124,353	1,922,390	2,046,743
Net assets, beginning, restated	836,420	6,688,117	7,524,537
Net assets, ending	$ 960,773	$ 8,610,507	$ 9,571,280

See notes to financial statements.

ACHIEVE!MINNEAPOLIS

Cash flows from operating activities:	
Change in net assets	$ 2,046,743
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	29,435
Unrealized gains on investments	(156,326)
(Increase) decrease in:	
Accounts receivable	(2,560)
Contributions receivable	(2,128,446)
Prepaid expenses	3,686
Increase (decrease) in:	
Accounts payable	101,359
Accrued expenses	(3,079)
Grants and gifts payable	5,847
Net cash used in operating activities	(103,341)
Cash flows from investing activities:	
Purchases of property and equipment	(2,671)
Proceeds from the sale of investments	2,451,365
Purchase of investments	(1,550,000)
Net cash provided by investing activities	898,694
Cash flows used in financing activities, capital lease payments	(462)
Increase in cash and cash equivalents	794,891
Cash and cash equivalents, beginning of year	3,570,108
Cash and cash equivalents, end of year	$ 4,364,999
Supplemental cash flow information:	
Non-cash financing activities, equipment financed through capital lease	$ 22,177

See notes to financial statements.

ACHIEVE!MINNEAPOLIS

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Minneapolis Public Schools priorities	Scholarships, awards, school funds	Career & college initiative	STEP-UP student wages	Total program services	Management and communications	Fundraising	Total
Salaries	$ 127,190	$ 63,913	$ 1,081,375		$ 1,272,478	$ 227,404	$ 133,480	$ 1,633,362
Employee benefits	10,607	11,309	84,877		106,793	29,329	13,029	149,151
Payroll taxes	11,389	5,938	98,231		115,558	20,715	11,943	148,216
Payroll and other fees	120	113	2,849		3,082	1,312	223	4,617
Total employee compensation	149,306	81,273	1,267,332		1,497,911	278,760	158,675	1,935,346
Staff:								
Development, training and conferences			4,571		4,571	3,743	1,290	9,604
Parking, mileage and travel	218	25	4,457		4,700	2,702	173	7,575
Rent	1,254	1,192	12,594		15,040	3,535	2,077	20,652
Telephone and internet	1,616	449	7,969		10,034	1,468	1,287	12,789
Equipment	1,334	1,270	13,442		16,046	15,150	8,633	39,829
Insurance						10,070		10,070
Licenses and fees	379		1,958		2,337	6,566	550	9,453
Printing, postage and office supplies	1,487	104	11,300		12,891	6,290	8,104	27,285
Gifts and grants	1,885,638	739,609			2,625,247			2,625,247
Program:								
Materials and supplies	39,121	138	29,000	$ 165	68,424			68,424
Student wages				212,665	212,665			212,665
Consultants and professional fees	166,680	35,210	63,638		265,528	20,473		286,001
PR, outreach, networking and website	2,309		4,809		7,118	7,808	12,744	27,670
Other	404	12,493	1,780		14,677	7,608	683	22,968
Overhead	15,398	8,704	141,242		165,344	(165,344)		
Pledges uncollected	2,198	936			3,134			3,134
	2,267,342	881,403	1,564,092	212,830	4,925,667	198,829	194,216	5,318,712
Depreciation	1,259	1,175	18,204		20,638	5,437	3,360	29,435
Total expenses	$ 2,268,601	$ 882,578	$ 1,582,296	$ 212,830	$ 4,946,305	$ 204,266	$ 197,576	$ 5,348,147

See notes to financial statements.

1. Nature of business and significant accounting policies:

Nature of business and major programs:

Achieve!Minneapolis (AchieveMpls or the Organization) is the nonprofit partner of the Minneapolis Public Schools (MPS). Our mission is to mobilize a wide web of community support and resources to ensure academic achievement, equitable opportunities, and career and college readiness for all students. Over the last decade we have placed more than 6,500 low-income youth in paid summer jobs, helped raise the college-going rate for MPS graduates by more than ten percentage points, and engaged over 1,000 businesses and nonprofits to support public education in our city.

While MPS focuses on preparing students academically, we are creating a comprehensive system of programs and partnerships to offer students the non-academic skills, resources, and experiences they need to succeed in the 21st Century workplace. The three programs in our Career and College Initiative make a long-term impact on students' lives by showing them the tangible connections between academic effort and future success. Failure to see this connection is the number one reason high school dropouts cite for leaving school.

The Career and College Centers:

Through generous donor funding, AchieveMpls Career and College Centers (CCC) are open to every student, every day, in every comprehensive MPS high school to help thousands of young people in Minneapolis fulfill their life ambitions. CCC coordinators offer individual guidance to thousands of students on college searches, financial aid, and career opportunities. They host workshops for students and parents, organize college visits, and bring hundreds of business and community leaders into the schools to engage with students.

All ten CCC coordinators are AchieveMpls employees and members of the school counseling team. They devote the vast majority of their time to one-on-one support for individual students, with special focus on potential first-generation college students whose family members have not navigated the process to attain post-secondary education. With constantly improving technological resources providing real-time data on student progress, CCC coordinators are now meeting individually with all juniors and seniors, including seeking out those who do not come proactively to the centers, to ensure that every student in their building approaches graduation with an academic and financial plan for success. For the vast majority of students this will mean taking the ACT, securing financial aid, and applying for college. For other students, this could mean a decision to apply for an internship, a full-time job, or military service.

In the last two years, AchieveMpls leaders have worked with their counterparts in the Minneapolis Public School leadership team to adopt a joint definition of career and college readiness and to deploy new technologies to help us better track who we serve and how they are achieving. Last year, for the first time, we tracked every student we served in the CCCs by scanning student IDs. This rich data enables us to identify the gaps in service delivery and build strategies to reach the students with the greatest need for intervention and support. Using this data, AchieveMpls and MPS are working together to ensure every student achieves a highly-focused number of critical college-going milestones:

- meeting at least one college representative
- completing financial aid applications, including the FAFSA
- taking the ACT and other post-secondary tests
- completing at least one college application before graduation

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

Nature of business and major programs (continued):

The Career and College Centers (continued):

We are also working with outside partners to achieve these goals. For instance, AchieveMpls staff worked closely with volunteers from General Mills' marketing, consumer insights, and promotions departments who conducted student and parents interviews and other research to better understand how we can raise MPS students' rate of federal financial aid form (FAFSA) completion. Research shows that students who complete the FAFSA are four times more likely to enroll in college, but currently only about half of MPS students enroll each year. In partnership with MPS, our goal is to raise FAFSA completion rates by identifying barriers to completion, connecting with influencers who can help overcome these barriers, and developing a stronger messaging strategy to reach students and parents. We are also working with undocumented students and families to ensure they apply for college funding through the Minnesota Dream Act, an effort by the state to ensure that students ineligible for federal funds can still attend college.

STEP-UP Achieve:

Since 2004, the STEP-UP Achieve program—in partnership with the City of Minneapolis—has placed more than 6,500 students in paid summer internships and helped thousands of community members connect with low-income youth as work supervisors and mock interview volunteers. As STEP-UP co-chairs, former mayor R.T. Rybak and U.S. Bank Chairman, President & CEO Richard Davis lead the public-private partnership at the heart of our model. By partnering with over 160 employers—including Wells Fargo, U.S. Bank, Best Buy, Target, HealthPartners, and Thrivent—STEP-UP Achieve connects metro businesses to their next generation workforce. All STEP-UP interns are low-income; 88% are people of color, and 20% were born outside the United States.

This year, more than 750 STEP-UP Achieve interns had the opportunity to:

- attend Work Readiness Training certified by the Minneapolis Chamber of Commerce
- explore their career interests
- gain valuable on-the-job experience and coaching
- make strong and long-lasting professional connections with a huge network of employers
- engage in skill-building and career-laddering they can use in school and in future employment

In the spring, future interns receive a four-week Work Readiness Training focused on professional communication, workplace expectations, interview techniques, resume-building, networking, and other job skills. In recent years we have reduced class sizes, improved trainer quality, incorporated more interactive activities, and strengthened the emphasis on helping students understand professional expectations in the workplace. The training culminates in a series of mock job interviews with hundreds of volunteers from the city's professional community. Students who successfully complete their training and internship receive a credential certified by the Minneapolis Chamber of Commerce.

We are working with our partners to extend the STEP-UP experience beyond the summer by offering school-year work opportunities for advanced interns at dozens of businesses. And we are partnering with the Minneapolis Public Schools Office of Work-Based Learning to offer full-semester "capstone" experiences that allow our highest-achieving interns to receive flexible scheduling and academic credit for their out-of-school jobs.

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

Nature of business and major programs (continued):

STEP-UP Achieve (continued):

We also help students jump-start their professional development by connecting them to certifications in fields like healthcare and information technology. Dozens of Twin Cities employers are choosing to build a 21st Century workforce by joining STEP-UP Career Pipelines in STEM, Healthcare, Financial Services, Outdoor/Environmental, and Legal Services. Employers and educators in these industries are working together to design trainings, outreach, networking events, and industry-recognized certifications for Minneapolis youth.

For example, the STEM committee holds an annual STEM expo and a day-long entrepreneurship training with Google and local tech start-ups. It also allows STEP-UP interns to earn post-secondary credit in I.T. coursework from Minneapolis Community and Technical College (MCTC). All healthcare interns participate in a Pre-employment to Healthcare (PETH) training and have the opportunity to learn skills from medical professionals with a week-long SCRUBS camp and monthly trainings with The Ladder, a nonprofit that brings together high schoolers, medical school students, and healthcare professionals. The healthcare pipeline is also offering STEP-UP Achieve students the opportunity to take Certified Nursing Assistant training at MCTC. Finally, STEP-UP interns now have the chance to train for official Microsoft Excel Certification via free online courses in their workplace and in-person professional development classes.

We are working with a consulting team from McKinsey and Company to evaluate strategies for expanding youth employment opportunities within the Twin Cities metro and to outline options for replicating the STEP-UP model in other communities nationally. We have already assisted the City of St. Paul with the design and implementation of their new Right Track Youth Jobs program.

AchieveMpls Outreach & Partnerships:

We believe the health of our city is fundamentally intertwined with the educational achievement of our youth. The AchieveMpls Outreach and Partnerships (OPs) team educates community members about their stake in the success of Minneapolis students and creates opportunities for hundreds of volunteers to take action and directly support students. The OPs team hosts community forums on education issues; matches 500 high school juniors and seniors with volunteer Graduation Coaches; organizes 9 career fairs with diverse presenters from dozens of professions; and is building a citywide alumni network to unite Minneapolis Public School graduates in service to the next generation of students.

Graduation Coaches - are community volunteers who make a commitment to mentor a high school student and help him or her stay on track to go to college and be ready for a great career. This year, over 400 volunteers are matched with 480 students in four high schools to meet monthly over the course of the year and help students plan their future and ensure they are on track to graduate high school and go on to college. Using a structured curriculum, Coaches share their own life experiences, connect students to academic and community resources, teach problem-solving skills, and ensure students understand the steps they must take now to meet their future college and career goals. In addition to these universal topics, at the beginning of the mentorship students set a personal academic goal for the year and work with their coach to achieve it. In coordination with AchieveMpls Career and College Centers, Graduation Coaches are a crucial element in our ambitious goal that every MPS student will complete the necessary milestones and be on track for college by the time they graduate.

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

Nature of business and major programs (continued):

AchieveMpls Outreach & Partnerships (continued):

MPS Career Fairs - take place in 9 of the city's public high schools and reach thousands of students. With over 200 volunteers representing dozens of occupations and industries, the goal of career fairs is to educate students about the jobs they're already interested in and to expose them to careers they might never have imagined. The OPs team works with diversity networks, such as the National Association of Black Accountants, to employ diverse volunteers who look like the students they are meeting. Students have participated in a 3-D simulation of painting a car and listened to the career journeys of the Minneapolis Chief of Police, City Council members, and a Hennepin County Judge.

Minneapolis Alumni Connection - (MAC) is a network of 25-40 year-old alumni of Minneapolis public high schools who are committed to supporting public education in Minneapolis. MAC's goals are to support current MPS students in preparing for college and careers and to connect MPS alumni from all backgrounds for increased personal and professional success. MAC is led by a Steering Committee and holds networking events and volunteer opportunities throughout the year. MAC also hosts the CollegeCrewMpls.org blog, which features college advice and reflections written by new MPS graduates for current MPS students who are looking at college options.

Emerging Leaders - are students who come together in every MPS high school to become "college access ambassadors" with a plan to build leadership skills and help their classmates graduate ready for college and careers. This year, more than 100 students will meet twice a month in AchieveMpls Career & College Centers to explore leadership skills, learn about college-going statistics at their school, and design projects tailored to the needs of their peers.

EDTalks - is an innovative series of events that engage young professionals in public education issues. Each EDTalks program features experts delivering 20-minute presentations on compelling education issues, followed by Q&A and networking. Topics range from brain science and early childhood development to technology in the classroom, the DREAM Act, and more. Each EDTalks event is recorded and posted as an online video. EDTalks is a partnership between AchieveMpls, Twin Cities Public Television, the Citizens League, Young Education Professionals of the Twin Cities, and Young Professionals of Minneapolis.

The *Our Cities, Our Schools* - program delivers to faith-based communities, businesses and civic organizations presentations designed to educate their staff and members about public education in Minneapolis, career and college readiness, and workforce development. Presentations are organized and delivered by AchieveMpls staff and community experts. Our staff works with groups to tailor the events to their specific needs, with speakers on particular topics and opportunities for small-group discussion.

Community Partner Workshops for MPS Students - Minneapolis' leading businesses recognize that their future depends on the success of Minneapolis youth. A key goal for Outreach and Partnerships is to help businesses create effective and impactful opportunities for their employees to share their unique skillsets with MPS students. For instance:

- **Deloitte** offers a four-week interview/resume skills workshop
- **PwC** offers an eight-week financial literacy curriculum at three MPS high schools
- **Wells Fargo** sends "Success Coaches" to Washburn High School for a seven-week career skills workshop

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

Nature of business and major programs (continued):

Support for Minneapolis Public Schools:

AchieveMpls works closely with MPS to accomplish our shared goal of every student career and college ready. Together we are working hard to close the achievement gap and dramatically improve outcomes for all students in Minneapolis. We raise millions of dollars from corporations and foundations for MPS for career and college readiness, early literacy, focused instruction, STEM education, teacher and principal quality, and other strategic priorities. We also support MPS by managing individual school funds, student scholarships, and professional development grants for teachers and staff. Since 2004, this collaborative work has resulted in increased graduation rates, ACT test-taking and college matriculation, as well as a significant decline in student drop-out rates.

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.

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, 2014.

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.

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.

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.

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

Accounts receivable:

The Organization recognizes receivables at net realizable value. Accordingly, the Organization provides for bad debts using the allowance method, which is based on management judgment considering historical information. An allowance is provided for accounts when a significant pattern of 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, 2014, there were no material balances that were deemed uncollectible. Therefore no reserve for uncollectible accounts was considered necessary at 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.

As a condition of receiving certain grants, the Organization is obligated to arrange specified matching funds from sources other than the grantor. The Organization was able to secure a matching arrangement with the City of Minneapolis whereby the City of Minneapolis provided a $100,000 match on a federal program grant. The funds were paid directly by the City of Minneapolis to the program participants; therefore, these matching funds are not recorded in the financial statements of the Organization.

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.

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. 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.

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

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 contributions receivable:

Contributions receivable from one foundation constituted 94% of the net pledges receivable balance.

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.

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. The tax returns for the years 2011 through 2013 are open to examination by federal and state authorities.

Subsequent events:

The Organization evaluated for subsequent events through November 20, 2014, the date the financial statements were available for issuance.

2. Investments:

Investments consist of the following:

Beneficial interest in TMF investment pool	$	1,090,793
Certificates of deposit held in CDARS program		2,302,152
	$	3,392,945

Investment income was as follows:

Interest and dividends, net of expenses	$	10,273
Unrealized gains		173,560
	$	183,833

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. In accordance with TMF's spending policy, AchieveMpls makes recommendations to TMF with respect to the distributions of these scholarship, 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 AchieveMpls to then distribute to award recipients, or they may be sent directly to the recipients by TMF. Total funds of $1,128,336 are not included in these financial statements since the initial donations to begin the funds were contributed directly to TMF.

4. Pledges receivable:

Pledges receivable are due from the following organizations:

Minnesota Community Foundation	$	50,000
Cargill Foundation		2,450,000
Individuals and other		92,858
		2,592,858
Less:		
Discount of 5% to net present value total		172,031
	$	2,420,827

Gross pledges receivable are due as follows:

Less than one year	$	1,452,858
One to five years		1,140,000
	$	2,592,858

All pledges are considered collectible.

5. Property and equipment:

Property and equipment consist of the following:

Tenant improvements	$	26,093
Equipment		46,563
Software		55,481
Website development		35,911
		164,048
Less accumulated depreciation		112,980
	$	51,068

6. Contributed goods and services:

Contributed goods and services have been valued at their estimated fair value. The value of the items included in the financial statements is as follows:

Consultants and professional fees	$ 891

7. Commitments:

Leases:

The Organization rents office space and equipment under operating lease agreements that expire at various times through June 2016. 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:

Year ending June 30	Amount
2015	$ 11,027
2016	701

Purchase obligations:

The Organization has various supplier commitments in place that provide services to be used by the Organization in conducting its operating activities. As of June 30, 2014, the Organization had the following purchase obligations:

Year ending June 30	Amount
2015	$ 33,592
2016	33,592
2017	30,792

8. 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 $35,704.

9. Net assets:

Temporarily restricted net assets are for the following purposes:

Scholarships, special awards and school funds	$ 2,206,649
MPS Arts	154,281
AVID (Advancement via Individual Determination)	1,269,603
Collaborative for Education Excellence	1,420,457
STEM (Science, Technology, Engineering & Math)	1,570,879
MPS Other Strategic Initiatives	472,051
Career and College Initiative	1,082,700
STEP-UP student wages	268,465
General operating	165,422
	$ 8,610,507

10. 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.

	Level 1	Level 2	Level 3	Total
Beneficial interest in TMF Investment Pool			$1,090,793	$1,090,793

10. Fair value (continued):

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended June 30, 2014:

	Beneficial interest in TMF investment pool
Balance, July 1, 2013	$ 937,566
Investment gains	164,227
Withdrawals	(11,000)
Balance, June 30, 2014	$ 1,090,793

11. Restatement:

During the year, the Organization made adjustments to remove investments held at The Minneapolis Foundation (TMF) over which TMF has variance power. These adjustments resulted in a decrease in beginning net assets as of July 1, 2013, as follows:

Unrestricted	$ 0
Temporarily restricted	91,216
Permanently restricted	154,536
	$ 245,752

The change in net assets previously reported for the year ending June 30, 2013, was reduced by $16,241.