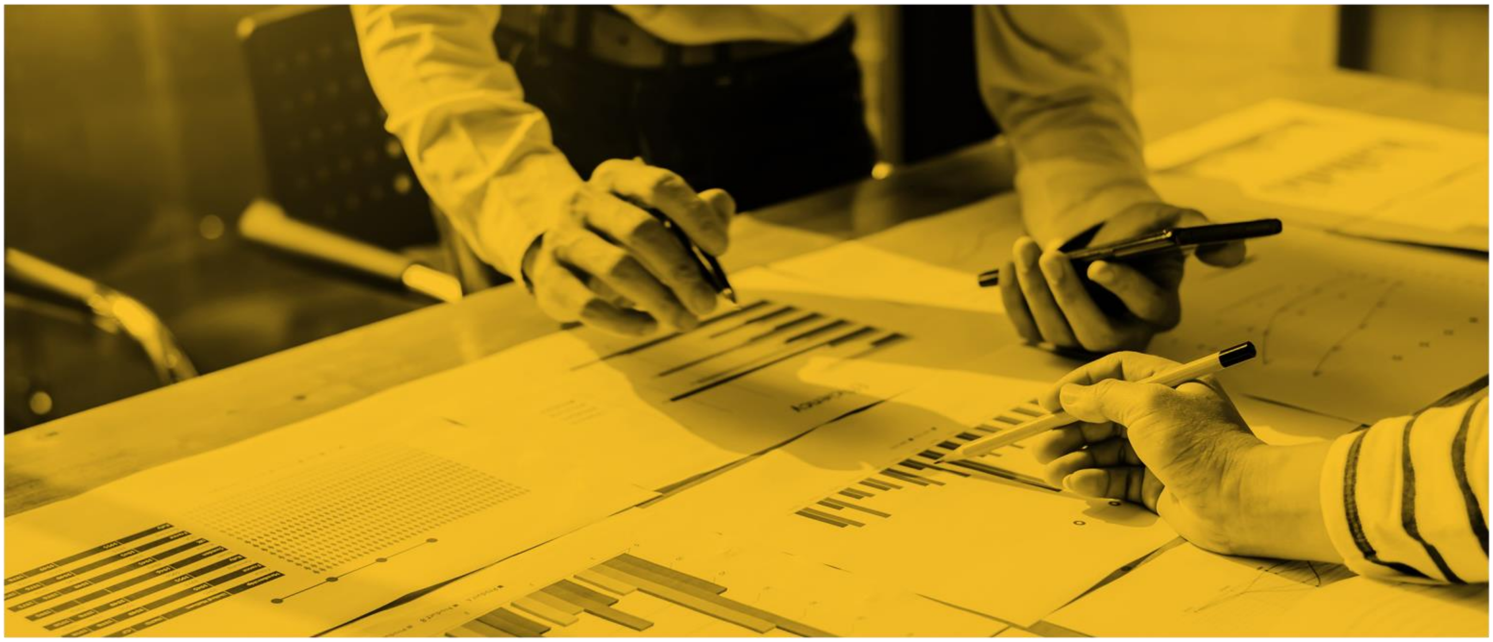

Annual Financial Report

Twin Cities R!SE

Minneapolis, Minnesota

For the years ended September 30, 2021 and 2020

Lighting the path forward

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Twin Cities R!SE
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For the Years Ended September 30, 2021 and 2020

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Twin Cities R!SE
Minneapolis, Minnesota

Report on Financial Statements

We have audited the accompanying financial statements of Twin Cities R!SE (the Organization), a Minnesota not-for-profit corporation, which comprise of the statements of financial position as of September 30, 2021 and 2020 and the related statements of activities, 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 Organization'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 Organization'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 financial statement presentation.

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 the Organization as of September 30, 2021 and 2020, 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 of America.

Abdo

Abdo
Minneapolis, Minnesota
February 24, 2022

FINANCIAL STATEMENTS

Twin Cities R!SE
Statements of Financial Position
September 30, 2021 and 2020

Assets	2021	2020
Current Assets		
Cash and cash equivalents	$ 1,369,414	$ 1,726,641
Cash and cash equivalents - empowerment campaign	1,772,511	2,427,338
Certificate of deposits	250,028	-
Pledges receivable	699,000	991,688
Pay for Performance receivable	209,000	44,000
Other receivables	30,855	83,494
Prepaid expenses	131,521	109,849
Total Current Assets	4,462,329	5,383,010
Furniture and Equipment		
Leasehold improvements	708,839	708,839
Furniture and equipment	57,389	87,127
Computer equipment and software	143,188	228,141
Projects in progress	13,082	13,082
Total Furniture and Equipment, Cost	922,498	1,037,189
Less Accumulated Depreciation	(820,994)	(819,800)
Total Furniture and Equipment, Net	101,504	217,389
Intangible Assets		
Cloud computing implementation costs	268,324	264,824
Less accumulated amortization	(131,083)	(42,614)
Total Intangible Assets, Net	137,241	222,210
Other Non-current Assets		
Pledges receivable (net of discount of $19,748 and $59,149, respectively)	510,252	1,000,851
Other assets	-	12,043
Total Other Non-current Assets	510,252	1,012,894
Total Assets	$ 5,211,326	$ 6,835,503
Liabilities		
Current Liabilities		
Accounts payable	$ 42,736	$ 57,674
Accrued liabilities	162,086	212,860
Accrued rent	-	685
Deferred revenue	148,283	131,215
Total Liabilities	353,105	402,434
Net Assets		
Without donor restrictions	1,580,397	2,015,880
With donor restrictions	3,277,824	4,417,189
Total Net Assets	4,858,221	6,433,069
Total Liabilities and Net Assets	$ 5,211,326	$ 6,835,503

See Independent Auditor's Report and Notes to the Financial Statements.

Twin Cities R!SE

Statements of Activities

For the Years Ended September 30, 2021 and 2020

	2021	2020
Revenue and Other Support Without Donor Restriction		
Public Support		
Contributions	$ 1,366,349	$ 1,757,933
In-kind contributions	380	4,244
Special events revenues, net of direct expenses of $25,000 and $70,509 for 2021 and 2020, respectively	194,663	279,663
Total Public Support	1,561,392	2,041,840
Program Related Revenue		
Placement and retention fees	683,000	447,000
Customer and business training	133,812	122,121
Contract services	-	119,688
Total Program Related Revenue	816,812	688,809
Government grants	106,009	704,471
Other income	11,555	33,839
Total Revenue and Other Support Without Donor Restriction	2,495,768	3,468,959
Net Assets Released from With Donor Restrictions for Expenses		
Net assets released from restrictions - purpose/time met	818,722	481,500
Net assets released from restrictions - empowerment campaign	542,143	508,508
Total Net Assets Released from Restrictions for Expenses	1,360,865	990,008
Total Without Donor Restriction Revenue and Other Support and Releases for Expenses	3,856,633	4,458,967
Expenses		
Program services - training	2,989,637	3,307,416
Supporting services		
Management and general	751,501	548,995
Fundraising	554,478	519,077
Total Expenses	4,295,616	4,375,488
Excess (Deficiency) of Without Donor Restriction Revenue and Other Support and Releases for Expenses Over Expenses	$ (438,983)	$ 83,479
Net Assets Without Donor Restrictions		
Excess (deficiency) of without donor restriction revenue and other support and releases for expenses over expenses	$ (438,983)	$ 83,479
Net assets released from donor restrictions - purchases of furniture and equipment	3,500	136,560
Increase in Net Assets Without Donor Restrictions	(435,483)	220,039
Net Assets With Donor Restrictions		
Public support contributions	225,000	1,834,579
Net assets released from donor restrictions	(1,364,365)	(1,126,568)
Increase (Decrease) in Net Assets With Donor Restrictions	(1,139,365)	708,011
Net Assets, Beginning	6,433,069	5,505,019
Net Assets, Ending	$ 4,858,221	$ 6,433,069

See Independent Auditor's Report and Notes to the Financial Statements.

Twin Cities R!SE

Statements of Functional Expenses

For the Years Ended September 30, 2021 and 2020

	2021			
	Program Services	Management and General	Fundraising	Total Expenses
Expenses				
Payroll and benefits	$ 2,102,424	$ 510,742	$ 452,438	$ 3,065,604
Occupancy costs	155,103	25,211	25,410	205,724
Participant training, support and assessment	290,425	-	-	290,425
Consultants and professional fees	130,477	126,692	9,731	266,900
Supplies and equipment	59,324	20,305	11,499	91,128
Marketing	50,982	-	11,466	62,448
Miscellaneous	6,255	17,791	6,503	30,549
Travel and meals	3,542	715	596	4,853
Recruitment	6,431	1,146	4,455	12,032
Telephone and internet	31,156	5,385	5,531	42,072
Insurance	-	13,890	-	13,890
Staff development	4,340	1,014	283	5,637
Total Functional Expenses Prior to Depreciation and Amortization	2,840,459	722,891	527,912	4,091,262
Depreciation and amortization	149,178	28,610	26,566	204,354
Total Expenses	$ 2,989,637	$ 751,501	$ 554,478	$ 4,295,616

	2020			
	Program Services	Management and General	Fundraising	Total Expenses
Expenses				
Payroll and benefits	$ 2,190,879	$ 296,807	$ 353,497	$ 2,841,183
Occupancy costs	192,092	21,577	27,883	241,552
Participant training, support and assessment	288,637	166	-	288,803
Consultants and professional fees	194,734	147,348	25,421	367,503
Supplies and equipment	71,186	13,971	11,800	96,957
Marketing	31,227	164	24,727	56,118
Miscellaneous	7,896	33,901	11,570	53,367
Travel and meals	14,926	3,151	1,859	19,936
Recruitment	3,801	2,073	11,974	17,848
Telephone and internet	18,620	2,234	2,910	23,764
Insurance	8,604	5,192	1,316	15,112
Staff development	9,581	2,023	1,947	13,551
Total Functional Expenses Prior to Depreciation and Amortization	3,032,183	528,607	474,904	4,035,694
Depreciation and amortization	275,233	20,388	44,173	339,794
Total Expenses	$ 3,307,416	$ 548,995	$ 519,077	$ 4,375,488

Twin Cities R!SE
Statements of Cash Flows
For the Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ (1,574,848)	$ 928,050
Adjustment to reconcile change in net assets		
to net cash provided (used) by operating activities		
Depreciation and amortization	204,354	339,794
Change in assets		
Pledges receivable, net	783,287	(760,364)
Pay for Performance receivable	(165,000)	121,000
Other receivables	52,639	192,384
Prepaid expenses	(21,672)	(12,799)
Other assets	12,043	-
Change in liabilities		
Accounts payable	(14,938)	(26,763)
Accrued liabilities	(50,774)	42,589
Accrued rent	(685)	(3,352)
Deferred revenue	17,068	33,990
Net Cash Provided (Used) by Operating Activities	(758,526)	854,529
Cash Flows from Investing Activities		
Purchase of furniture, equipment and leasehold improvements	-	(250,151)
Capitalized cloud computing implementation costs	(3,500)	(128,086)
Purchase of investments	(250,028)	-
Proceeds from redemption of investments	-	750,053
Net Cash Provided (Used) by Investing Activities	(253,528)	371,816
Change in Cash and Cash Equivalents	(1,012,054)	1,226,345
Cash and Cash Equivalents, Beginning	4,153,979	2,927,634
Cash and Cash Equivalents, Ending	$ 3,141,925	$ 4,153,979
Supplemental Non-Cash Transactions		
Disposal of fully depreciated assets	$ 114,691	$ 137,925

See Independent Auditor's Report and Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Twin Cities R!SE (the Organization), based in Minneapolis, Minnesota, is an organization dedicated to providing employers with skilled workers - primarily men from communities of color - by training under - and unemployed adults for skilled jobs that pay a living wage. The Organization uses a market-driven approach to job preparation and long-term job retention that is financially sustainable, has a meaningful impact on concentrated poverty and can influence industry practices and government policy.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

C. Classification of Net Assets

The Organization follows standards for external financial reporting by not-for-profit organizations and that require resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. A description of the two net asset categories follows:

Net Assets Without Donor Restrictions (Unrestricted) - Resources over which the Board of Directors has discretionary control, including amounts designated by Board action for specific purposes and undesignated amounts.

Net Assets With Donor Restrictions (Restricted) - Those resources subject to a donor-imposed restriction which will be satisfied by actions of the Organization or the passage of time. These resources can also be subject to a donor-imposed restriction that require them to be maintained permanently. At September 30, 2021 and September 30, 2020, the Organization had no permanently restricted resources.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, all highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

E. Certificate of Deposits

Certificate of deposits represents those deposits with a maturity date ranging from four to twelve months. Those certificates of deposits with a maturity of three months or less are included with cash and cash equivalents.

F. Pledges Receivable

Pledges are recorded at the amount management expects to collect from outstanding balances. Management provided for probable uncollected amounts through a charge to earnings and a credit to a valuation allowance. The valuation allowance was determined based on historical experience and management's analysis of specific balances. Pledges are recorded after being discounted to anticipated net present value of the future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. There are no conditional promises to give as of September 30, 2021 and 2020.

Note 1: Summary of Significant Accounting Policies (Continued)

G. Software Implementation Costs

During the year ended September 30, 2021, the organization incurred costs for software development. Cost related to the development and implementation have been capitalized and the cost will be amortized over future periods over estimated useful lives of three to five years As of September 30, 2021 and September 30, 2020, total capitalized costs related to the implementation were $268,324 and $264,824, respectively. Due to not meeting the capitalization requirements under the accounting standard, certain expenses were recognized during the fiscal years ended September 30, 2021 and September 30, 2020 related to data migration in connection with the implementation.

H. Furniture, Equipment and Leasehold Improvements

Furniture, equipment, and leasehold improvements with an individual cost of $3,000 and a useful life of more than three years are recorded at cost or, in the case of contributed property, at fair market value at date of contribution and depreciated over their useful lives. Depreciation is computed using the straight-line method over estimated useful lives of three to five years. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in the change in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred.

I. Revenue Recognition

General

Unrestricted, single-year contributions are recognized as revenue in the year received or unconditionally pledged. In the event of a multi-year contribution, the Organization recognizes the first year as unrestricted with the remaining contribution as restricted. These multi-year contributions are then released from restricted net assets based upon the passage of time provided no other restrictions exist.

All contributions are available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Grants

Revenues from cost reimbursement grant awards are recognized as costs are incurred. Grant expenditures in excess of the related grant monies drawn-down or received are recorded as grant funds receivable. Revenues from Pay for Performance grant awards are recognized as outcomes are realized.

Contributed Services and Materials

The Organization records various types of in-kind support, including professional services and materials.

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Contributions of tangible assets are recognized at fair market value when received. The amounts recorded as in-kind support are offset by either (1) like amounts included in expenses or (2) like amounts capitalized as fixed assets.

Note 1: Summary of Significant Accounting Policies (Continued)

J. Excess (Deficiency) of Unrestricted Revenue and Other Support and Releases for Expenses Over Expenses

Excess of unrestricted revenue and other support and release for expenses over expenses does not include net assets released from restrictions used to pay for costs capitalized in association with leasehold improvements, equipment, and cloud computing software implementation.

K. Functional Allocation of Expenses

The costs of providing programs and administration of the Organization have been summarized on a functional basis. Accordingly, certain costs have been allocated between program, management and general and fundraising. Costs that can be identified with specific program or support services are charged directly to that program or support service. Costs common to multiple functions have been allocated to program services and supporting services based on the best estimates of management.

L. Use of Estimates

The 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. Accordingly, actual results could differ from those estimates.

M. New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Organization for the year ended September 30, 2023. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.

N. Subsequent Events

Subsequent events have been evaluated through February 24, 2022, which is the date the financial statements were available to be issued.

Note 2: Receivables

A. Pledges Receivable

Pledges receivable represent amounts committed by donors that have not been received by the Organization. Pledges due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3.5 percent.

Pledges receivable consist of the following:

	2021	2020
Amounts Due in:		
Less than one year	$ 699,000	$ 991,688
More than one year	530,000	1,060,000
Totals	1,229,000	2,051,688
Less: Net present value discount	(19,748)	(59,149)
Total Pledge Receivables	$ 1,209,252	$ 1,992,539

B. Other Receivables

Other receivables primarily include contractual training fees and grants. The Organization uses historical experience with collecting these other receivables for determining an allowance for doubtful accounts. Allowance for doubtful accounts had a balance of $0 for the years ended September 30, 2021 and 2020.

Note 3: Line of Credit

The Organization has a $250,000 revolving line of credit with Sunrise Banks which matures on May 28, 2022. The line of credit carries a variable interest rate of Prime, as published in the Wall Street Journal Midwest Edition, plus 1.5 percent. In addition, the line of credit includes certain annual covenants, which were met during the years ended September 30, 2021 and 2020. During the 2021 and 2020 fiscal years, no amounts were drawn against the line of credit.

Note 4: Net Assets With Donor Restrictions

Temporarily restricted net assets at September 30, 2021 and 2020 consisted of the following:

	2021	2020
Empowerment Campaign	$ 2,115,699	$ 2,661,342
Time Restriction	1,162,125	1,755,847
Total	$ 3,277,824	$ 4,417,189

The Organization launched the Empowerment Campaign in the spring of 2016 to take its successful program and business model to change-making scale. The three main focus areas of the campaign include build or purchase a building to accommodate future growth and reduce on-going expenses; invest in internship scholarships to enable more individuals to attend and complete the program; and to dramatically expand its successful Empowerment Institute to build capacity with other organizations so they can improve their own results.

Note 5: Contributed Services and Goods

The Organization has recognized $130 and $4,244 of revenue for contributed participant support in 2021 and 2020, respectively, with a like amount included as an expense. The Organization also recognized $250 of in-kind gift cards for the year ended September 30, 2021.

Participant support consists of contributed materials provided to participants and are recorded as program services. In addition, many individuals have donated significant amounts of their time in organizational governance, program services and fundraising efforts. No amounts have been reflected in the statements for these donated hours as they do not meet the accounting principles criteria for recognition.

Note 6: Operating Leases

The Organization leases certain equipment and office space under operating lease agreements expiring at various dates through June 2025. In addition to base rental payments, certain office leases require the Organization to pay its proportionate share of real estate taxes, special assessment and maintenance costs. The expense is being recognized on a straight-line basis over the life of the lease, as a result accrued rent at September 30, 2021 and 2020 is $0 and $685, respectively. Rent expense under operating leases was approximately $184,144 and $222,410 for the years ended September 30, 2021 and 2020, respectively.

Approximate minimum future annual lease payments required under these leases at September 30, 2021 are as follows:

For the Year Ended September 30,	Amount
2022	$ 91,664
2023	7,308
2024	7,308
2025	5,481
Total	$ 111,761

Note 7: Income Tax Status

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is a non-private foundation and contributions to the Organization may qualify as a charitable tax deduction by the contributor.

Note 8: Employee Benefit Plan

The Organization sponsors a 403(b) retirement plan for all of its employees meeting minimum eligibility requirements. The Plan provides that the Organization may elect to match contributions up to a maximum percentage of the employee's contribution. The match percentage is determined annually and may change at any time. The Organization made matching contributions to the Plan of $65,814 and $45,516 for the years ended September 30, 2021 and 2020, respectively.

Note 9: COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the worlds during 2020 and 2021 has caused significant volatility in U. S. and international markets. There is significant uncertainty around the breath and duration of business disruptions related to COVID-19, as well as its impact on the U. S. and international economies and, as such the Organization is unable to determine if it will have a material impact to its operations. In response, the Organization created an online Learning Management System to deliver its training services through a virtual classroom replacing in person training services. The Minnesota Department of Employment and Economic Development along with other donors provided funding to ensure the Organization could provide participants with the needed technology to participate. Additionally, the Organization was awarded a Paycheck Protection Plan (PPP) loan from the SBA of $500,500 in April of 2020. In accordance with AICPA guidance, the Organization recognized the entire loan amount as a governmental grant in the year ending September 30, 2020. The PPP funds in addition to increased philanthropic revenue offset a decrease in earned income resulting from the disruption of in person training. The loan was fully forgiven in March of 2021.

Note 10: Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position sheet, comprise of the following:

	2021	2020
Cash and Cash Equivalents	$ 3,141,925	$ 4,153,979
Certificate of Deposits	250,028	-
Pledges Receivable, Net	1,209,252	1,992,539
Pay for Performance Receivable	209,000	44,000
Other Receivables	30,855	83,494
Total Financial Assets	4,841,060	6,274,012
Less: amounts unavailable for general expenditure within one year, due to:		
Net assets with donor restrictions	(2,657,824)	(3,776,189)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,183,236	$ 2,497,823

As part of our liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization invests cash in excess of monthly requirements in savings, money market funds and a tiered certificate of deposit structure which provides the organization with the flexibility to match liquidity needs as they arise.

The Organization's Finance Committee and executive management continuously monitor the liquidity of the Organization. Executive management routinely monitors cash reserves which fund operations and program services and transfers funds between investment instruments to ensure availability.