

# **ANNUAL FINANCIAL REPORT**

TWIN CITIES RISE  
MINNEAPOLIS, MINNESOTA

FOR THE YEARS ENDED  
SEPTEMBER 30, 2025 AND 2024



Twin Cities RISE  
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For the Years Ended September 30, 2025 and 2024

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Twin Cities R!SE  
Minneapolis, Minnesota

### Opinion

We have audited the accompanying financial statements of Twin Cities R!SE (the Organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Twin Cities R!SE as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Twin Cities R!SE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Twin Cities R!SE's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**Abdo**  
Minneapolis, Minnesota  
February 26, 2026



FINANCIAL STATEMENTS

Twin Cities RISE  
Statements of Financial Position  
September 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,789,313	\$ 4,367,555
Certificates of deposit	1,215,670	730,115
Accounts receivable	293,178	581,114
Pledges receivable	132,675	110,000
Grants receivable	60,855	149,164
Government grants receivable	12,666	41,929
Other receivables - employee retention credit	-	163,785
Other receivables	5,233	9,465
Prepaid expenses	101,977	112,313
Total Current Assets	6,611,567	6,265,440
Property and Equipment		
Leasehold improvements	708,839	708,839
Furniture and equipment	42,485	57,389
Computer equipment and software	69,410	210,009
Construction in progress	45,631	6,744
Total Property and Equipment, Cost	866,365	982,981
Less Accumulated Depreciation	(748,058)	(925,345)
Total Property and Equipment, Net	118,307	57,636
Intangible Assets		
Cloud computing implementation costs	482,589	401,589
Less accumulated amortization	(374,403)	(341,693)
Total Intangible Assets, Net	108,186	59,896
Other Non-Current Assets		
Pledges receivable, net of current portion	-	50,000
Operating right-of-use asset	539,308	393,554
Total Other Non-Current Assets	539,308	443,554
Total Assets	\$ 7,377,368	\$ 6,826,526

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

Twin Cities R!SE  
Statements of Financial Position (Continued)  
September 30, 2025 and 2024

	2025	2024
Liabilities		
Current Liabilities		
Accounts payable	\$ 148,243	\$ 95,913
Accrued liabilities	303,215	238,858
Deferred revenue	-	23,100
Operating lease liability, current	153,234	155,610
Total Current Liabilities	604,692	513,481
Noncurrent Liabilities		
Operating lease liability, noncurrent	393,562	237,953
Total Liabilities	998,254	751,434
Net Assets		
Without donor restrictions		
Undesignated	2,188,666	1,792,619
Board designated	3,609,287	2,850,000
Total Without Donor Restriction	5,797,953	4,642,619
With donor restrictions	581,161	1,432,473
Total Net Assets	6,379,114	6,075,092
Total Liabilities and Net Assets	\$ 7,377,368	\$ 6,826,526

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

Twin Cities R!SE  
Statements of Activities  
For the Year Ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	\$ 1,860,130	\$ 50,000	\$ 1,910,130
In-kind contributions	28,284	-	28,284
Government grants	938,610	-	938,610
Special events, net of direct expenses of \$160,946	209,534	-	209,534
Total Support	3,036,558	50,000	3,086,558
Revenue			
Placement and retention fees	940,000	-	940,000
Customer and business training	205,270	-	205,270
Investment income	192,796	-	192,796
Employee retention credit	1,009,188	-	1,009,188
Other income	4,975	-	4,975
Total Revenue	2,352,229	-	2,352,229
Net assets released from restrictions	901,312	(901,312)	-
Total Support and Revenue	6,290,099	(851,312)	5,438,787
Expenses			
Program services	3,821,922	-	3,821,922
Supporting services			
Management and general	536,960	-	536,960
Fundraising	775,883	-	775,883
Total supporting services	1,312,843	-	1,312,843
Total Expenses	5,134,765	-	5,134,765
Change in Net Assets	1,155,334	(851,312)	304,022
Net Assets, October 1	4,642,619	1,432,473	6,075,092
Net Assets, September 30	\$ 5,797,953	\$ 581,161	\$ 6,379,114

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

Twin Cities R!SE  
Statements of Activities (Continued)  
For the Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	\$ 4,418,354	\$ 163,418	\$ 4,581,772
In-kind contributions	13,636	-	13,636
Government grants	953,013	-	953,013
Special events, net of direct expenses of \$133,480	348,113	-	348,113
Total Support	5,733,116	163,418	5,896,534
Revenue			
Placement and retention fees	1,059,600	-	1,059,600
Customer and business training	125,675	-	125,675
Investment income	179,911	-	179,911
Other income	518	-	518
Total Revenue	1,365,704	-	1,365,704
Net assets released from restrictions	502,720	(502,720)	-
Total Support and Revenue	7,601,540	(339,302)	7,262,238
Expenses			
Program services	3,417,040	-	3,417,040
Supporting services			
Management and general	784,554	-	784,554
Fundraising	581,465	-	581,465
Total supporting services	1,366,019	-	1,366,019
Total Expenses	4,783,059	-	4,783,059
Change in Net Assets	2,818,481	(339,302)	2,479,179
Net Assets, October 1	1,824,138	1,771,775	3,595,913
Net Assets, September 30	\$ 4,642,619	\$ 1,432,473	\$ 6,075,092

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

Twin Cities R!SE  
Statements of Functional Expenses  
For the Year Ended September 30, 2025

	2025			Total Expenses
	Program Services	Supporting Services		
		Management and General	Fundraising	
Expenses				
Payroll and benefits	\$ 2,592,932	\$ 338,070	\$ 675,851	\$ 3,606,853
Participant training, support and assessment	510,675	-	-	510,675
Consultants and professional fees	262,371	20,566	20,359	303,296
Occupancy costs	146,041	65,317	22,985	234,343
Supplies and equipment	95,136	42,965	15,344	153,445
Marketing	48,951	6,347	11,202	66,500
Depreciation and amortization	40,379	13,208	2,415	56,002
Software and technology support	27,840	19,482	5,330	52,652
Staff development	38,064	9,292	5,035	52,391
Telephone and internet	27,029	12,207	4,359	43,595
Insurance	14,374	6,379	2,306	23,059
Travel and meals	13,633	960	2,838	17,431
Credit card processing fees	-	-	7,859	7,859
Event expense	4,497	-	-	4,497
Miscellaneous	-	2,167	-	2,167
	<u>\$ 3,821,922</u>	<u>\$ 536,960</u>	<u>\$ 775,883</u>	<u>\$ 5,134,765</u>
Total Expenses				

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

Twin Cities R!SE  
Statements of Functional Expenses (Continued)  
For the Year Ended September 30, 2024

	2024			Total Expenses
	Program Services	Supporting Services Management and General	Fundraising	
Expenses				
Payroll and benefits	\$ 2,274,720	\$ 384,669	\$ 426,126	\$ 3,085,515
Participant training, support and assessment	543,587	-	-	543,587
Consultants and professional fees	121,060	266,657	71,180	458,897
Occupancy costs	153,164	43,761	21,881	218,806
Supplies and equipment	86,431	24,695	12,347	123,473
Staff development	41,494	15,321	7,022	63,837
Marketing	49,721	3,052	7,859	60,632
Software and technology support	34,958	19,227	4,078	58,263
Telephone and internet	31,359	8,960	4,480	44,799
Depreciation and amortization	31,140	9,650	3,817	44,607
Event expense	18,406	1,286	12,540	32,232
Insurance	13,630	3,894	1,947	19,471
Travel and meals	13,007	2,983	1,557	17,547
Credit card processing fees	-	-	6,362	6,362
Miscellaneous	4,363	399	269	5,031
	<u>\$ 3,417,040</u>	<u>\$ 784,554</u>	<u>\$ 581,465</u>	<u>\$ 4,783,059</u>

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

Twin Cities RISE  
Statements of Cash Flows  
For the Years Ended September 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 304,022	\$ 2,479,179
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	56,002	44,607
Change in market value of certificates of deposit	1,062	924
Amortization of operating right-of-use asset	162,299	151,101
Change in assets		
Accounts receivable	287,936	(365,571)
Pledges receivable	27,325	387,507
Grants receivable	88,309	-
Government grants receivable	29,263	-
Other receivables - employee retention credit	163,785	-
Other receivables	4,232	(11,659)
Prepaid expenses	10,336	85,527
Change in liabilities		
Accounts payable	52,330	29,472
Accrued liabilities	64,357	85,554
Deferred revenue	(23,100)	(324,791)
Operating lease liability	(154,820)	(153,867)
Net Cash Provided by Operating Activities	1,073,338	2,407,983
Cash Flows from Investing Activities		
Purchase of furniture, equipment and leasehold improvements	(83,963)	(33,185)
Capitalized cloud computing implementation costs	(81,000)	(22,941)
Purchase of investments	(1,212,437)	(730,115)
Proceeds from sale of investments	725,820	549,076
Net Cash Used by Investing Activities	(651,580)	(237,165)
Change in Cash and Cash Equivalents	421,758	2,170,818
Cash and Cash Equivalents, Beginning	4,367,555	2,196,737
Cash and Cash Equivalents, Ending	\$ 4,789,313	\$ 4,367,555
Supplemental Non-Cash Transactions		
Disposal of fully depreciated assets	\$ 200,578	\$ -
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 308,053	\$ 454,210

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

Twin Cities R!SE  
Notes to the Financial Statements  
September 30, 2025 and 2024

**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 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 generational 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. 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.

**C. 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.

**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. Accounts Receivable and Allowance for Credit Losses**

Accounts receivable primarily include contractual training and placement fees. The Organization uses historical experience, current conditions, and reasonable and supportable forecasts about collectability for determining an allowance for credit losses. No allowance for credit losses has been provided as of September 30, 2025 and 2024 since management expects receivables to be collectible.

**G. Pledges Receivable**

Unconditional promises to give that are expected to be collected are recorded as contributions receivable at net realizable value on the statement of financial position. 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. There were no conditional promises to give, and no valuation allowance or discount recorded as of September 30, 2025 and 2024.

Twin Cities RISE  
Notes to the Financial Statements  
September 30, 2025 and 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

**H. Grants Receivable**

The Organization's grants receivable balance primarily consists of amounts due from various corporations and foundations. Grants receivables are reported at their estimated net realizable value. Historically, collection losses have been immaterial. Based on a review of significant outstanding balances, management has concluded that no allowance for uncollectible accounts is necessary. Management evaluates the collectability of receivables on an individual basis, considering the length of time the receivable has been outstanding and the likelihood of collection. Any receivable balance deemed uncollectible after all reasonable collection efforts have been exhausted will be written off when it is determined that further collection efforts are not cost-justified. Conditional grants are not included as support until the conditions are met. All grant receivables are expected to be collected in the year ending September 30, 2026.

**I. Government Grants Receivable**

Government grants receivable consist of amounts due from state and local agencies and are expected to be collected within one year. Based on management's assessment of each amount at year end, collection of these amounts is reasonably certain and, therefore, no allowance for uncollectible accounts is needed.

**J. Property and Equipment**

Property and equipment 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. 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. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Property and Equipment	Useful Life
Furniture and equipment	3 - 5 years
Computer equipment & software	3 - 5 years
Leasehold improvements	The shorter of the lease term or 7 years

**K. Cloud Computing Implementation Costs**

The Organization has incurred costs for software development beginning in the year ended September 30, 2022. Costs related to the development and implementation have been capitalized and the cost will be amortized over estimated useful lives of three to five years. As of September 30, 2025 and 2024, total capitalized costs related to the implementation was \$482,589 and \$401,589.

Twin Cities RISE  
Notes to the Financial Statements  
September 30, 2025 and 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

**L. Leases**

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in noncurrent liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Operating ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities. The Organization has made the following elections related to leases:

- The Organization has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.
- The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.
- The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

**M. Support**

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports grants and contributions as restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor 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. Net Assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

**N. Contributed 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.

Twin Cities RISE  
Notes to the Financial Statements  
September 30, 2025 and 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

**O. Revenue Recognition**

The Organization's revenues are derived from training fees and placement and retention fees. The performance obligation related to the training fees is satisfied upon completion of the training; therefore, the Organization recognizes revenue at a point in time. The performance obligation related to the placement and retention fees is satisfied upon placing participants in full-time roles and the retention in those roles; therefore, the Organization recognizes revenue at a point in time.

**Contract Balances**

Performance obligations completed in advance of the billings for training and placement fees result in contract assets, which are recorded as accounts receivable in the statement of financial position.

The timing of revenue recognition, billings, and cash collection results in deferred revenues (contract liabilities) which are recorded on the statement of financial position. All deferred revenue is classified as current and will be recognized over the next year.

The beginning and ending contract balances were as follows:

	September 30, 2025	September 30, 2024	October 1, 2023
Contract Assets			
Training fees	\$ 22,900	\$ 39,245	\$ -
Placement fees	<u>270,278</u>	<u>541,869</u>	<u>176,298</u>
Total Contract Assets	<u>\$ 293,178</u>	<u>\$ 581,114</u>	<u>\$ 176,298</u>
Contract Liabilities			
Training fees	<u>\$ -</u>	<u>\$ 13,100</u>	<u>\$ -</u>

**P. Concentration of Credit Risk**

The Organization's cash balances with banks are insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC limits of \$250,000. Management does not believe that this presents a significant risk to the Organization.

**Q. 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.

**R. 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.

Twin Cities RISE  
Notes to the Financial Statements  
September 30, 2025 and 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

**S. Subsequent Events**

Subsequent events have been evaluated through February 26, 2026, which is the date the financial statements were available to be issued.

On January 21, 2026, the Organization renewed the line of credit. The terms of the agreement remain the same and the new maturity date is April 21, 2027.

**T. Reclassifications**

Certain prior year amounts have been reclassified for consistency with the current year presentation. Net assets have not been affected by these reclassifications.

**Note 2: Fair Value Measurements**

Fair value measurement accounting literature establishes a fair value hierarchy based on the priority of the inputs to the valuation methodologies used to measure fair value. 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 different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1** - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

**Level 2** - Inputs that included quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

**Level 3** - Inputs that are unobservable inputs for the assets or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls into is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2025 and 2024.

*Certificates of Deposit:* Valued at investment basis and accrued interest.

The Organization's investments reported at fair value in the accompanying statement of financial position consist of the following:

	Level 1	Level 2	Level 3	Total
September 30, 2025				
Certificates of deposit	\$ -	\$ 1,215,670	\$ -	\$ 1,215,670
September 30, 2024				
Certificates of deposit	\$ -	\$ 730,115	\$ -	\$ 730,115

Twin Cities R!SE  
Notes to the Financial Statements  
September 30, 2025 and 2024

**Note 3: Pledges Receivable**

Pledges receivable represent amounts committed by donors that have not been received by the Organization. Pledges receivable consist of the following as of September 30:

	2025	2024
Amounts Due in:		
Less than one year	\$ 132,675	\$ 110,000
More than one year	-	50,000
Total Pledges Receivable	\$ 132,675	\$ 160,000

**Note 4: Line of Credit**

The Organization has a \$250,000 revolving line of credit with Sunrise Banks which was set to mature on January 21, 2026. The line of credit carries a variable interest rate of Prime, as published in the Wall Street Journal Midwest Edition. In addition, the line of credit includes certain annual covenants, which were met during the years ended September 30, 2025 and 2024. During the 2025 and 2024 fiscal years, no amounts were drawn against the line of credit. Subsequent to year end, the Organization renewed the line of credit, which has a new maturity date of April 21, 2027.

**Note 5: Board Designated Net Assets**

The Board of Directors of the Organization has designated funds to be set aside for future allocation and use as determined by the Board at a later date. The Board of Directors shall review and determine the specific allocation as deemed necessary by the Board. Board designated net assets were \$3,609,287 and \$2,850,000 at September 30, 2025 and 2024, respectively.

**Note 6: Net Assets With Donor Restrictions**

Restricted net assets consist of the following as of September 30:

	2025	2024
Empowerment campaign	\$ 474,917	\$ 1,183,302
Time restriction	50,000	-
Office remodel	38,967	88,256
Cultural diversity project	17,277	160,915
Total	\$ 581,161	\$ 1,432,473

The Organization launched the Empowerment Campaign in the spring of 2016 to take its successful program and business model to change-making scale. The 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; with a focus in program innovation, growth and outcomes results.

Twin Cities R!SE  
Notes to the Financial Statements  
September 30, 2025 and 2024

**Note 7: In-Kind Donations**

The Organization received contributed goods and services during 2025 and 2024 as detailed below:

Item	2025	2024
Auction items	\$ 27,484	\$ 10,186
Professional services	800	3,450
Total	\$ 28,284	\$ 13,636

Fair value techniques – All in-kind contributions are valued using estimated wholesale prices of identical or similar products or services if purchased in the region.

Donor restrictions and use – All in-kind contributions are not restricted. The Organization does not sell in-kind contributions. Professional services are used for administrative services. Auction items are used for fundraising.

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 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 \$75,736 and \$62,324 for the years ended September 30, 2025 and 2024, respectively, which are included in payroll and benefits on the statements of functional expenses.

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**Note 9: Leases**

On March 27, 2024, the Organization entered into an operating lease agreement for office space with Minneapolis Public Housing Authority in and for the City of Minneapolis. The agreement specifies monthly lease payments of \$13,364, initially set to continue until March 29, 2027. On August 25, 2025, the Organization executed the first amendment to this lease agreement, extending the lease term through March 31, 2029.

Additional information about the Organization's lease for the years ending September 30, 2025 and 2024 is as follows:

<b>Lease expense (included in operating expenses)</b>	<u>2025</u>	<u>2024</u>
Operating lease expense	<u>\$ 162,919</u>	<u>\$ 157,604</u>
 <b>Other Information</b>		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 160,370	\$ 160,370
ROU assets obtained in exchange for operating lease liabilities	308,053	454,210
Weighted-average remaining lease term in years for operating leases	3.50	2.50
Weighted-average discount rate for operating leases	1.54%	1.54%

Maturities of lease liabilities are as follows:

<u>Year Ending September 30,</u>	<u>Operating</u>
2026	\$ 160,370
2027	160,370
2028	160,370
2029	80,185
Total undiscounted cash flows	<u>561,295</u>
Less: present value discount	<u>(14,499)</u>
 Total Lease Liabilities	 <u><u>\$ 546,796</u></u>

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**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:

	2025	2024
Cash and cash equivalents	\$ 4,789,313	\$ 4,367,555
Certificate of deposits	1,215,670	730,115
Accounts receivable	293,178	581,114
Pledges receivable	132,675	110,000
Grants receivable	60,855	149,164
Government grants receivable	12,666	41,929
Other receivables - employee retention credit	-	163,785
Other receivables	5,233	9,465
Total financial assets	6,509,590	6,153,127
Less: amounts unavailable for general expenditure within one year, due to:		
Net assets with donor restrictions	(531,161)	(1,432,473)
Board designated net assets	(3,609,287)	(2,850,000)
Total financial assets unavailable	(4,140,448)	(4,282,473)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,369,142	\$ 1,870,654

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.