



Creating Pathways

A newsletter for friends of AccountAbility Minnesota

tax & financial services
for those in need

Summer 2013

**563 volunteered, 12,602 served,
\$23.5 million returned, 665 saved
\$1.1 million to date**

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Minnesota**

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Taxes are complicated and the majority of the people we serve prefer to put their tax preparation in trusted, professional hands. If it wasn't for our 563 trained and certified volunteers, most of our customers would be paying hundreds of dollars to have their taxes prepared.

To date this year volunteers helped 12,602 customers, like Nicole and John, file their taxes and claim a collective \$23.5 million in refunds.

"After trying to do our taxes twice, without success, I was relieved to hear about AccountAbility Minnesota because obviously I did not know what I was doing and I couldn't afford to pay to have them done," said John.

John heard about AccountAbility Minnesota (AAM) through his coworker. Before that, he'd been looking for paid preparers to help with his

2012 taxes and was shocked to find they'd have to pay an average of \$400 in fees. For low- to moderate-income families on a budget, \$400 goes a long way. For John and Nicole's family of four, it is equivalent to two weeks of groceries.

"Money doesn't stretch like it used to in the past and free tax prep services that save families unnecessary fees is crucial," said Nicole.

Last year, John and Nicole's refund helped them pay off their second daughter's baby delivery fees. "If we did not have that refund, we would have had to deplete our savings," said Nicole. This year, John and Nicole plan to invest their tax refund and put some savings away for their two daughters' futures.

This tax season, with the "Got Some, Save Some" campaign (see page 3) 665 customer saved a record \$1.1 million of their refunds for their children, emergencies, car repairs, and more.

"It is really difficult to keep up with the nuances that come in and out of the tax code. We are grateful to AAM and the awesome volunteers for doing that for us!

We're lucky to be able to keep our entire refund, which we'll save for our daughters' future."



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Executive Director's note from Tracy Fischman



Substantially increase the financial security of low-income taxpayers. Develop new services to help customers better manage their finances. Generate and share innovative thinking at the local, state, and national level.

These are excerpts from our current strategic plan that we launched earlier this year. If you haven't read the strategic plan yet, you can access it on our website at www.accountabilitymn.org.

In our current environment, there is real potential to expand free tax and financial services to meet the needs of more low- and moderate-income taxpayers. There is space in the market for innovative solutions that address the complex financial challenges that our customers face and that strengthen their lives and the communities in which they live.

We are acutely aware that far too many of our customers pay exorbitant fees to file their taxes and access their refunds. Many are shut out of mainstream financial institutions and utilize high-cost products and services such as payday lenders and check cashers. And a quarter all Minnesota households do not have enough savings to weather an emergency.

Our new strategic plan positions us to do more to move a greater number of people along the path of economic security.

As we roll out this plan, we are grappling with exciting and sometimes paradoxical information as we map out our potential pathways to growth. We recognize that inherent tensions

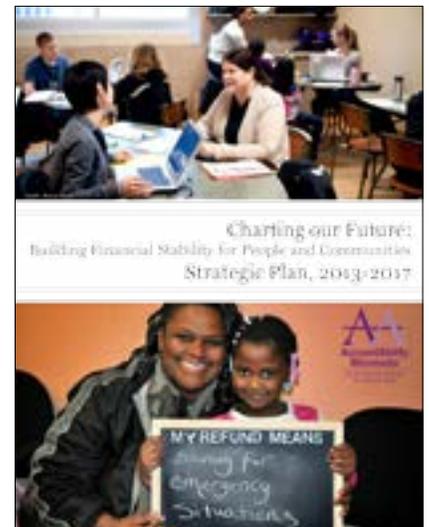
exist – pushes and pulls – as we deliberate how to allocate our existing resources and strategically pursue new funding and investments. We are weighing questions about our value proposition – about the trade-offs between breadth of service and depth of impact.

I know that our growth must be deliberate and smart. It means not trying to do everything or trying it all at once. (Not wanting to do it all at once is not my strong suit, so that's a tension for me, too.)

Smart growth instead means understanding where the demand and opportunity lie. It means listening to the people we serve and engaging them more fully in our work. It means understanding where we'll see the biggest return on investment or most significant impact on people and communities. And it means knowing when to do and when to partner.

I hope that you are as excited as we are to see this plan come to fruition. I hope that you will walk this path with us and support us along the way as we grow and expand our work to improve the financial lives and well-being of those we serve. And I hope you will provide us with your feedback, thoughts, and concerns, too.

You will hear more about the strategic plan in this newsletter from our Board President, Kirsten Anderson. You also will read about exciting increases to state funding for the Renter's Credit and free tax programs, and you will read stories about our customers, funders, and volunteers. Lastly, we share our tax season outcomes.



Saving on a low income is not impossible

When I first started my internship with AccountAbility Minnesota (AAM), I was under the assumption that low-income earners find saving challenging, if not impossible. How does one save when there is little coming in? But after getting to know this work and the determination of hardworking families, and talking to staff at AAM, my assumption was debunked.

Nicole Smith is a financial service specialist at AAM. She works at the Minneapolis Urban League tax clinic on the North side helping our customers make the most of tax time by providing savings accounts, prepaid debit cards, credit reports, and more.

Nicole offers services she's once taken advantage of. She purchased her very first savings bond as a customer at an AAM tax clinic. Coming from a low-income household, she knows the assumptions made about savings but more importantly knows the possibilities created through education and access to resources.

"Myths and stigmas exist that low-income people can't or don't save," said Nicole. "And that just isn't true."

Myth: Low-income people can't save.

Nicole reminded me that everyone, regardless of income level, struggles with savings.

"People might think that all low-income individuals are struggling to get by and that they need to pay bills or pay down debt. That's not always the case. Not everyone that is low-income is struggling with bills and debt."

Nicole says savings is about the mind-set and right opportunity. If people are given the education and tools to save, they can and will.

"Our work and the 'Got Some, Save Some' campaign is a good example," said Nicole. "Many of our customers want to save and for the majority of them, tax time is the time to do it when the money to save is there. I have conversations, I educate, I change their mind-set about the value of saving, and I provide tools for them to do it on the spot."

Myth: Saving a small amount has little impact.

There is mounting evidence that savings accounts, even with small amounts, have a large and positive impact on lives.

According to St. Louis: Center for Social Development, children with savings dedicated for college education are four times more likely to attend college. Not to mention that a little adds up over time – putting away \$20 a week adds up to roughly \$1,000 a year,

enough to cover an emergency.

It's about making your money work for you.

For Nicole, it's the one-on-one conversations about saving that make a difference, that move people from thinking about it to doing it.

"I sit down with customers and explain that when I'm talking about saving, I'm not talking about taking your money away from you," said Nicole. "I'm teaching you skills to make your money work for you instead of the money working you."

Nicole believes that the more people understand savings, the more they will resist the urge to spend their refund.

Working with Nicole, AAM staff, and customers taught me the valuable lesson that having the right resources and education is the first step in saving, that everyone has the potential to save, and that there is no savings too small.



By Kate Siess, intern, economics major at Oglethorpe University

AccountAbility Minnesota launched the "Got Some, Save Some" social marketing campaign this tax season. The goal was to get more people saving some of their refund.

As a result, 665 taxpayers, more than double last year's amount, saved a collective \$1.1 million.

Families saved for emergencies, children's future, college, car repairs, and more.

Funders

(\$1,000 level & above)

Allianz Life Insurance Company of North America

Ameriprise Financial

Bank of the West

B.C. Gamble and P.W. Skogmo Fund of The Minneapolis Foundation

Citizens Community Federal

Deluxe Corp. Foundation

F.R. Bigelow Foundation

Gilligan Foundation

Great River Energy

Greater Twin Cities United Way

IBM

Initiative Foundation

Internal Revenue Service

James A. & Marilyn R. Dodge Fund of The Minneapolis Foundation

Minnesota Department of Revenue

Minnesota Society of Certified Public Accountants

Northwest Area Foundation

One Beacon

Otto Bremer Foundation

Pohlad Family Foundation

RBC Foundation USA

Republic Bank

The Fredrikson & Byron Foundation

The Jaye F. And Betty F. Dyer Foundation

The Saint Paul Foundation

Thrivent Financial for Lutherans Foundation

US Bancorp Foundation

Wells Fargo Foundation Minnesota

Q&A: Growth in the strategic plan



In March, AccountAbility Minnesota (AAM) launched a five-year strategic plan.

The plan, titled “Charting our Future: Building Financial Stability for People and Communities,” is an ambitious one. Through it, we seek to reach more people with services and go deeper into the financial lives with some. We also aim to advocate with and on behalf of our customers to strengthen policy that affects them.

Anticipating questions our stakeholders may have about the strategic plan’s content and direction, we interviewed Board President Kirsten Anderson about the growth in and timing of the plan.

Why such ambitious growth in the strategic plan?

AAM is uniquely positioned to grow because of our knowledge base, our relationships within the community, and our capacity to imagine a brighter future. We are in an environment where we have an opportunity to respond to the increased need that we see.

We’ve been successfully operating on a growth trajectory for the past few years and it has yielded tremendous value for clients and communities in Minnesota. We are ready to

capitalize on that momentum to create greater solutions for those seeking greater financial stability.

Why does growth now make sense for the organization?

This world is a very different place than it was 40 years ago when we were founded. The financial services sector does not always see our customers as we see them, which is full of potential. Our growth is, in part, in response to our value-based notion that we can deliver essential services and products that are in the best interest of our customers.

Moreover, local and national landscapes have shifted quite dramatically in recent years and, in that, AAM has become increasingly known as a sector- and thought-leader. Associated with that is hope and expectation for more. And frankly we are in an environment that is seeking more.

When the Board and staff gathered for a day-long session to determine what we should pursue through the strategic plan it was clear that everyone was cognizant of the opportunities before us and ambitious about pursuing growth.

We believe that we have the opportunity to step up, to make the case, to create the opportunity, and add value. And we seek to emulate our organizational vision in which all people have the resources and services they need to be financially stable.

What excites you about this plan?

I’m excited about the plan as a whole. I think that our ability to grow and consider new opportunities for our customers is dependent on continuing to provide high quality service in partnership with our volunteers, donors, and community partners.

I’m excited to see space in the plan for investment by those of us that have a deep love for AAM and its overall stability. There is wonderful and strong work being done by staff to steward the resources they’ve been given. And as we chart our future, I know we’ll remain steadfast to the conviction of our founders – that the ability to pay for services should not determine access to or quality of services received.



A long-time volunteer and influential leader

One of my earliest memories of Jeff Holland, a tax volunteer and outgoing board member, was delivering a volunteer appreciation gift to him during the last week of tax season. It was a giant sugar cookie with “I heart taxes” written on it in icing. He thanked me but quickly informed me that the cookie was incorrect -- it should have said “I heart tax *preparation*.” The word preparation was missing.

Jeff pays incredible attention to detail, especially when it comes to taxes. Or rather tax *preparation*. It’s that ability to hone in and dissect complicated situations that makes him a great tax preparer and quality reviewer. Jeff also has the ability to think strategically and keep his eye on the bottom line, which made him an excellent Board member. On staff, we often times find ourselves putting our “Jeff hats” on when vetting new ideas or projects. Is it a smart move? What’s our return on investment? How can we leverage technology?

Jeff first heard about AAM through a colleague. He started volunteering in 2003 as a tax preparer and joined the Board just a year later when he heard we were looking for members. He has been an integral part of AAM’s tax program and the leadership team here at AAM through the past decade, which included significant change and growth for the organization, having moved from solely providing tax services to adding an array of financial services that build financial security.

In asking him about his commitment to AAM, he responded:

“Working with AAM has been a great experience right from the start. I appreciated being able to interact directly with the people

who are benefiting from our work and to hear their stories and successes. I also like being a part of, and helping to lead, an organization that knows what it’s good at and that acts with that knowledge. One that knows when to grow and when to partner.”

During the most recent strategic planning process Jeff was an important voice and guide to staff. His experience on the ground in the tax clinics as a volunteer, coupled with his attention to detail and the bottom line, helped us to look at growth from multiple angles.

During a recent conversation with another volunteer and Board member, Leo Gabriel, he had this to say about his colleague, which I believe captures Jeff well: “Jeff’s work inspires me. He has earned respect by his long-term tenure of service, volunteering at tax clinics and on the board. Jeff is a leader, and his humble spirit and welcoming smile contributes to his effectiveness as a leader. Whether or not he realizes it, Jeff influences those around him.”

Jeff works in technology for Delta Air Lines and is an avid bike rider training for his first triathlon. In addition to volunteering at AAM, he volunteers for other organizations, including AFS Intercultural Program. Originally from Rhode Island, he and his wife live in St. Paul with their three cats and a rabbit.

By Adam Fajteck, volunteer and donor relations director

AccountAbility Minnesota
Creekside Community Center
Eastside Financial Center
East Side Neighborhood Services
Hallie Q. Brown Center,
Martin Luther King Center
Hennepin Technical College
Hope Community Center
Latino Economic Development
Center (LEDC)
Minneapolis Urban League
Neighborhood Development
Alliance (NeDA)
Neighborhood House
ResourceWest

Technical assistance recipients

Community Action Duluth, *Duluth*
Community Action Partnership
of Suburban Hennepin
(CAPSH), *Suburban Hennepin
County*
Lakes & Pines Community
Action Council, *Mora*
Northwest Indian OIC
Bemidji
Prairie Five Community Action
Council, *Madison*
Sabathani Community Center
Minneapolis
Tri-County Action Program
St. Cloud
Tri-County Community Action
Brainerd & Little Falls
U.S. Federal Credit Union
Minneapolis
West Central Minnesota
Communities Action,
Alexandria & Elbow Lake
Western Community Action, Inc.
Jackson & Marshall
White Earth Investment Initiative
White Earth Reservation

Financial services partners

Affinity Plus Federal Credit Union
Community Financial Resources
Sunrise Banks
US Federal Credit Union

Working together to move communities forward financially



The Otto Bremer Foundation is an organization that takes its mission and meaning very seriously: *To assist people in achieving full economic, civic and social participation in and for the betterment of their communities.*

According to Diane Benjamin, one of AccountAbility Minnesota's (AAM) program officers at the Foundation, they see community embedded in all levels of our work, from our volunteer-based work to training organizations across the state.

"AAM has the ability to focus on the small and big picture. You provide excellent service to people walking through your doors but you don't lose sight of moving communities forward financially," said Benjamin. "We also appreciate how you leverage community volunteers – you're engaging people in the community to do the work. You are not a top down effort."

The Foundation has been funding AAM for more than 10 years. Their investments have ranged from our training and technical assistance work in Greater Minnesota to the "Got Some, Save Some" campaign to program evaluation.

One of the things that the Foundation is highly interested in is helping people who have traditionally lacked the ability to be financially self-sufficient and get ahead.

"We work in many communities across the region and have found that no matter how affluent the community there is usually a portion of it that is locked out, that aren't being included and therefore aren't able to live complete and full lives," said Benjamin. "Some of that is due to economic barriers. That is why, in addition to basic needs, it's important to fund organizations like AAM that

help people get and maintain financial assets."

The Foundation recognizes that an important part of gaining financial assets is accessing and maximizing one's earned income and being able to save some of it.

"For many years the Otto Bremer Foundation has recognized the unmet need that AAM is addressing," said Tracy Fischman, executive director of AAM. "We have a great ally in the Foundation. They believe in us and are willing to take risks with us."

What excites the Foundation about AAM, in addition to community work, is its innovation. According to Benjamin, we at AAM are constantly asking ourselves how we could be better, do better, and enhance what we're doing.

"At the end of 2012, we wanted to fund a set of asset development projects in St. Paul, and approached AAM to apply," said Benjamin. "Instead of immediately saying they'd fill a funding gap they proposed using the funding to assess their "Got Some, Save Some" campaign in ways that would help them go deeper with services and propel them forward to a new level."

The Foundation's support makes it possible for AAM to continue to create access to free tax prep and asset building services in Greater Minnesota. It also makes it possible for AAM to continue to create and test new ideas and strategies.

"Our experience with AAM has been one of good work and innovation," said Benjamin. "We trust in what AAM does and have high expectations for them."

New state budget includes increased funding for Renters' Credit and free tax prep

Tamika went from being homeless to living in a town home in four years. She worked hard to get to where she is today raising three boys, working, and going to school to earn her degree as an IV technician.

She is vigilant about her finances and taxes. As the sole provider for her family, saving – particularly having a three month cushion – is important to her. She saves most of her tax refund every year.

Tamika wouldn't be able to build that safety net if it wasn't for tax credits like the Earned Income Tax Credit, Child Tax Credit, and Minnesota's Renters' Credit.

The Renters' Credit is designed to offset the cost of property taxes that landlord's build into the rent that they charge. According to the Minnesota Department of Revenue, more than 300,000 low- and moderate-income Minnesota households, over one-quarter of which include seniors or people with severe disabilities, claim the credit.

In 2011, renters experienced \$26 million in cuts to the credit. Nearly 300,000 Minnesota households lost an average of \$87 because of this cut. About 7,300 Minnesota households lost their entire credits.

In partnership with and through the leadership of our colleagues like the Minnesota Budget Project, we advocated during the recent budget session this spring for improvements to the credit and for cuts to be restored.

Although the 2011 cuts were not fully restored, the new tax bill signed into law on May 23 by Governor Dayton contained \$15.5 million in improvements to the Renter's Credit.

With the improvements, more households will receive larger property tax refunds in 2014, depending upon their income and rent paid. The maximum refund has been increased from \$1,620 to \$2,000 and households with incomes between \$31,030 and \$57,170 may be newly eligible or see increased refunds as the "threshold" – the percentage of income one must pay in rent to qualify – was decreased.

Also included in the recent budget was an increase in funding for free tax preparation programs. This year, \$400,000 was allocated to support programs like AAM across the state. That's double the funding previously provided. With more funding, greater access to free and high quality services will be available to people across the state.

Tax time makes a significant difference for families – like Tamika's – that work hard to get ahead. It's important that our state continues to support the financial security of all Minnesotans.





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Volunteer of the Year Awards

It takes 563 volunteers to make tax season happen at AccountAbility Minnesota (AAM). Without their skill, dedication, and passion we could not do what we do. Although each one of them deserves an award, below are this year's recipients voted on by fellow volunteers.

Tax Site Specialist of the Year:

Debrah Engen {3 years}



Debrah believes in the services we offer and treats each taxpayer with dignity and respect. She is excellent at managing the clinic's flow, updating fellow volunteers and staff about unique situations, and ensuring customers know what to expect.

Preparer of the Year: Tim Graham

{3 years}



Tim is the epitome of an all-star volunteer. His passion and dedication for our mission is seen in his willingness to volunteer anywhere, anytime. His quiet and humble nature, patience with customers, and desire to keep learning is a true asset.

Reviewer of the Year: Linda Ruecker

{5 years}



Linda demonstrates the true meaning of dedication. While quiet and humble, she is very knowledgeable about tax law, goes out of her way to help others, and is an integral part of the team. She is patient and supportive to new staff and volunteers.

Rookie of the Year: Brice Zabel

{1 year}



Brice has an unparalleled attention to detail. Everything from how to best utilize the power cords to figuring out complicated tax situations. Every week he came in with a new thought or idea of how to be more efficient as a site, often with the smallest of intricacies that others may not see. When coupled with his knowledge and willingness to learn and grow, he became an invaluable asset.

Financial Advocate of the Year: Brian Iverson

{1 year}



Brian quickly established himself as a wonderful addition to the AAM team. He volunteered twice a week and became a friendly face that everyone remembered. Brian's financial services knowledge made him a valuable asset, but his responsive and friendly approach helped him translate complicated information with great customer service. He has a "never say never" attitude, a helpful approach and an overall enthusiasm that is contagious to all he encounters.