



FINANCIAL STATEMENTS

**FOR THE YEAR ENDED AUGUST 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)**

AIM HIGH FOR HIGH SCHOOL

CONTENTS

Independent Auditors' Report	1-2
---	-----

Financial Statements

Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6

Notes to Financial Statements	7-20
--	------

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Aim High for High School

Report on the Financial Statements

We have audited the accompanying financial statements of Aim High for High School, which comprise the statement of financial position as of August 31, 2018, and the related statements of activities and changes 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.

Auditors' 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 auditors' 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 Aim High for High School as of August 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited Aim High for High School's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

San Francisco, California
February 5, 2019

AIM HIGH FOR HIGH SCHOOL

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2018

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 1,944,392	\$ 1,840,183
Promises to give, net	890,936	1,264,013
Grants receivable	634,125	624,000
Other receivable	--	2,545
Deposits and prepaid expenses	85,859	70,804
Property and equipment, net	<u>264,709</u>	<u>143,903</u>
Total Assets	<u>\$ 3,820,021</u>	<u>\$ 3,945,448</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 99,400</u>	<u>\$ 73,968</u>
Total Liabilities	<u>99,400</u>	<u>73,968</u>
Commitments		
Net Assets		
Unrestricted	2,149,645	1,817,629
Temporarily restricted	<u>1,570,976</u>	<u>2,053,851</u>
Total Net Assets	<u>3,720,621</u>	<u>3,871,480</u>
Total Liabilities and Net Assets	<u>\$ 3,820,021</u>	<u>\$ 3,945,448</u>

The accompanying notes are an integral part of these financial statements.

AIM HIGH FOR HIGH SCHOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
Support and Gains				
Contributions and gifts	\$ 3,129,534	\$ 2,026,371	\$ 5,155,905	\$ 5,092,186
Grants	--	634,125	634,125	624,000
In-kind contributions	174,392	--	174,392	132,217
Other income	53,883	--	53,883	55,610
Interest income	2,679	--	2,679	1,549
Net realized gain on sale of investment	--	--	--	5,164
Net assets released from restrictions	<u>3,143,371</u>	<u>(3,143,371)</u>	<u>--</u>	<u>--</u>
Total Support and Gains	<u>6,503,859</u>	<u>(482,875)</u>	<u>6,020,984</u>	<u>5,910,726</u>
Expenses				
Programs	4,434,824	--	4,434,824	4,247,863
Fundraising and development	1,066,681	--	1,066,681	999,453
General and administrative	<u>670,338</u>	<u>--</u>	<u>670,338</u>	<u>472,995</u>
Total Expenses	<u>6,171,843</u>	<u>--</u>	<u>6,171,843</u>	<u>5,720,311</u>
Change in Net Assets	332,016	(482,875)	(150,859)	190,415
Net Assets - Beginning	<u>1,817,629</u>	<u>2,053,851</u>	<u>3,871,480</u>	<u>3,681,065</u>
Net Assets - Ending	<u>\$ 2,149,645</u>	<u>\$ 1,570,976</u>	<u>\$ 3,720,621</u>	<u>\$ 3,871,480</u>

The accompanying notes are an integral part of these financial statements.

AIM HIGH FOR HIGH SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED AUGUST 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)**

	2018							2017	
	Summer	Programs			Supporting Services			Total	Total
		Teacher and Learning	Outdoor Education	Student Center	Total	Fundraising and Development	General and Administrative		
Salaries and related expenses	\$ 2,399,120	\$ 297,127	\$ 136,168	\$ 424,158	\$ 3,256,573	\$ 596,929	\$ 559,605	\$ 4,413,107	\$ 4,159,759
Facility rent	166,327	13,036	12,152	18,609	210,124	26,189	24,552	260,865	262,340
Professional services	75,965	9,356	4,288	13,843	103,452	35,033	17,621	156,106	124,971
Curriculum	220,821	26,956	25,504	5,316	278,597	12,857	639	292,093	281,971
Special events	163	--	--	2,730	2,893	262,595	16,471	281,959	205,843
Consultants	6,795	7,574	7,700	929	22,998	3,434	21,849	48,281	37,477
Transportation	122,199	7,101	57,393	2,556	189,249	4,623	2,756	196,628	169,116
In-kind facility rent	156,000	--	--	--	156,000	--	--	156,000	110,000
Insurance	28,263	2,678	1,227	3,824	35,992	5,381	5,045	46,418	79,881
General office expenses	62,515	13,076	2,393	14,288	92,272	58,231	7,941	158,444	102,931
Depreciation	11,264	--	--	--	11,264	--	--	11,264	22,145
Technology	34,570	663	--	444	35,677	17,376	5,553	58,606	63,885
Food	6,805	15,131	10,767	1,971	34,674	5,970	8,306	48,950	44,813
Other in-kind contributions	--	--	--	--	--	18,392	--	18,392	22,217
All others	1,638	87	3,334	--	5,059	19,671	--	24,730	32,962
Total	\$ 3,292,445	\$ 392,785	\$ 260,926	\$ 488,668	\$ 4,434,824	\$ 1,066,681	\$ 670,338	\$ 6,171,843	\$ 5,720,311

The accompanying notes are an integral part of these financial statements.

AIM HIGH FOR HIGH SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ (150,859)	\$ 190,415
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Allowance for uncollectible promises to give	23,792	32,550
Change in discount on promises to give	13,039	16,976
Net realized gain on sale of investments	--	(5,164)
Depreciation	11,264	22,145
Changes in operating assets and liabilities:		
Grants receivable	(10,125)	117,255
Promises to give	336,246	(427,795)
Other receivable	2,545	(2,039)
Deposits and prepaid expenses	(15,055)	(70,804)
Accounts payable and accrued liabilities	25,432	39,391
Net Cash Provided by (Used in) Operating Activities	<u>236,279</u>	<u>(87,070)</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	--	5,164
Purchase of software	(132,070)	(123,764)
Net Cash Used in Investing Activities	<u>(132,070)</u>	<u>(118,600)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	104,209	(205,670)
Cash and Cash Equivalents - Beginning	<u>1,840,183</u>	<u>2,045,853</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,944,392</u>	<u>\$ 1,840,183</u>

The accompanying notes are an integral part of these financial statements.

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE AND ORGANIZATION

Aim High for High School (“Aim High”), is a not-for-profit (“NFP”) organization providing a tuition-free summer enrichment program serving urban middle school students in the San Francisco Bay Area and Truckee/Tahoe, California. Founded in 1986, Aim High’s headquarters are located in San Francisco, California.

Aim High’s mission statement is as follows:

“Our mission at Aim High is to create life-changing opportunities during the summer and beyond. Our community: NURTURES the promise and potential of middle school students from low-income neighborhoods. PREPARES students for high school, setting them on the path to college and future success. INSPIRES the next generation of teachers and educational leaders.”

The Board of Directors serves as an oversight and policy-making body for Aim High.

BASIS OF ACCOUNTING

Aim High prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which involves the application of accrual accounting. Accordingly, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred regardless of the timing of cash flows.

CLASSIFICATION OF NET ASSETS

Aim High reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, the net assets of Aim High are classified and reported as described below:

Unrestricted

Those net assets and activities which represent the portion of expendable funds that are available to support Aim High’s operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily Restricted

Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CLASSIFICATION OF NET ASSETS (CONTINUED)

Permanently Restricted

Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

As of August 31, 2018, and for the year then ended, Aim High did not have net assets meeting the definition of permanently restricted.

ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables approximate fair value as these receivables are discounted based on the prevailing rates.

CASH AND CASH EQUIVALENTS

Aim High considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

GRANTS RECEIVABLE

Grants receivable represent uncollateralized obligations related to Aim High's grant contracts. Grant receivable are due under the terms of the grant agreements.

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROMISES TO GIVE

Unconditional promises to give are recognized as revenues or gains in the period such promises are made by the donor. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give which are scheduled to be received after one year are discounted at rates commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any.

Aim High uses the allowance method to account for uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

PROPERTY AND EQUIPMENT

Aim High capitalizes acquisitions of property and equipment with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities and changes in net assets.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Computer equipment	3 - 5 years
Program supplies	3 - 10 years
Leasehold improvement	5 years

Aim High continually evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of its long-lived assets or whether the remaining balance of its long-lived assets should be evaluated for possible impairment. If and when such factors, events or circumstances indicate that long-lived assets should be evaluated for possible impairment, Aim High will determine the fair value of the asset by making an estimate of expected future cash flows over the remaining lives of the respective assets and compare that fair value with the carrying value of the assets in measuring their recoverability. There were no impairment losses recognized during the year ended August 31, 2018.

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Grants

Aim High is a direct recipient of grants from the City and County of San Francisco, the City of Oakland, and other government agencies.

Contributions

Contributions are recognized as revenue when they are received or unconditionally promised, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities and changes in net assets. Such transactions are recorded as *net assets released from restrictions* and are reported separately from other transactions.

Contributed Goods and Services

Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Aim High reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. Aim High reclassifies temporarily restricted net assets to unrestricted net assets at that time. Aim High records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

Aim High is a qualified organization exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code (“IRC”) and franchise taxes under §23701d of the California Revenue and Taxation Code, respectively. Accordingly, it is exempt from federal and California income taxes and is not liable for federal unemployment taxes.

Management evaluated Aim High’s tax positions and concluded that they maintained their tax exempt status and had taken no uncertain tax positions that would require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

The 2014 through 2017 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2013 through 2017 tax years remain subject to examination by the California Franchise Tax Board. However, management is unaware of any pending examinations nor are there any in progress.

CONCENTRATIONS OF RISK

Financial Instruments

Financial instruments which potentially subject Aim High to concentrations of credit risk consist principally of cash and cash equivalents, promises to give, and grants receivable. Aim High maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. Aim High has not experienced any losses in such accounts. Concentrations of credit risk with respect to promises to give are limited because the promises are from numerous corporations and individuals. Concentration of credit risk with respect to grant receivable are limited as Aim High has not historically experienced any issues in receiving the grant. Management believes that Aim High is not exposed to any significant credit risk related to concentrations.

Contracts

Instructors and key administrative staff are employed on a contract basis. Instructor contracts cover the summer period from June through July, during which the summer program takes place. Administrative contracts cover the year September 1 through August 31. Generally, Aim High has been able to retain the services of desired instructors and key administrators and has not experienced any decline in its programs due to this concentration.

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Aim High's financial statements for the year ended August 31, 2017, from which the summarized information was derived.

RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to provide sweeping, new, globally applicable converged guidance concerning recognition and measurement of revenue. In addition, significant additional disclosures are required about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, and will replace virtually all existing revenue guidance, including most industry-specific guidance. The FASB also issued ASU 2015-14 which deferred the effective date of ASU 2014-09. The guidance is applicable for annual reporting periods beginning after December 15, 2018. Management is evaluating the impact of this new guidance.

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*. The new standard creates Topic 842, *Leases*, in the FASB *Accounting Standards Codification* ("FASB ASC") and supersedes FASB ASC 840, *Leases*. Entities that hold numerous equipment and real estate leases, in particular those with numerous operating leases, will be most affected by the new guidance. The amendments in ASU 2016-02 are expected to impact the statement of financial position by adding lease-related assets and liabilities. This may affect compliance with contractual agreements and loan covenants.

The main difference between the existing guidance on accounting for leases and the new standard is that operating leases will now be recorded in the statement of financial position as assets and liabilities. Current U.S. GAAP requires only capital (finance) leases to be recognized in the statement of financial position and amounts related to operating leases are reflected in the statement of activities and changes in net assets as rent expense and in disclosures to the financial statements.

For operating leases, a lessee is required to do the following:

- Recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- Recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis
- Classify all cash payments within operating activities in the statement of cash flows
- In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply.

An entity that elects to apply practical expedients will use the effective date of the new lease standard as the date of initial application and will not have to adjust their comparative period financial statements for the effects of the new lease standard, or make the new required lease disclosures for periods before the effective date. The new transition method changes when an entity initially applies the transition requirements of ASC 842; however, it does not change how those requirements are applied. Entities that elect this transition option will include the disclosures that were required under ASC 840 for each comparative period presented in the financial statements prepared post-adoption, as well as the prior year annual balance sheet disclosures (e.g. operating and/or capital lease maturity tables). The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2019. Early application of the amendments is permitted for all entities.

On August 18, 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, representing the completion of the first phase of a two-phase project to amend not-for-profit financial reporting requirements as set out in FASB ASC 958, *Not-for-Profit Entities*.

This standard eliminates:

- The distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions).
- The current requirement to present or disclose the indirect method (reconciliation) when using the direct method of reporting cash flows.
- The requirement for NFPs to report investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses.

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- The option to use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset.

NFPs will reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption. This amendment eliminates the current option that in the absence of explicit donor stipulations, had allowed an NFP to delay reporting of an expiration of a donor imposed restriction for the acquisition or construction of a long-lived asset by electing to report the expiration over time (as the asset is used or consumed) rather than when placed in service.

ASU 2016-14 also requires enhanced disclosures about:

- Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
- Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
- Quantitative information and additional qualitative information in the notes as necessary, that communicates the availability of an NFP's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the statement of financial position date.
- Amounts of expenses by both their natural classification and their functional classification and the methods used to allocate costs among program and support functions.
- Underwater endowment funds.

NFP entities are required to adopt this standard for annual reporting periods beginning after December 15, 2017. Management is evaluating the impact of this new guidance.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 applies to all entities, including business entities that receive or make contributions of cash and other assets (except for transfers of assets from government entities to business entities).

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

ASU 2018-08 provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. Making this determination is important because distinguishing between contributions and exchange transactions determines which guidance is applied. For contributions, an entity should follow the guidance in FASB ASC 958-605, Not-for-Profit Entities—Revenue Recognition, whereas, for exchange transactions, an entity should follow other guidance (for example, FASB ASC 606, Revenue from Contracts with Customers).

Impact on Classification of Grants and Other Contracts.

ASU 2018-08 could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current U.S. GAAP. Accounting for the grant or contract as a contribution is expected to be less costly than applying FASB ASC 606 (including the additional disclosure requirements). ASU 2018-08 also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The ASU requires entities to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Additionally, ASU 2018-08 modifies the simultaneous release option currently in U.S. GAAP, which allows a NFP to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions, if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns.

Aim High would apply the standard to annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Management is evaluating the impact of this new guidance.

RECLASSIFICATIONS

Certain amounts in the 2017 financial statements have been reclassified to conform to 2018 presentation. These reclassifications have no effect on previously reported net assets or change in net assets.

AIM HIGH FOR HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 2 - PROMISES TO GIVE

Unconditional promises to give at August 31, 2018, consist of the following:

	Due in Less Than 1 Year	Due in 1 to 5 Years	Total
Temporarily restricted:			
Inherent time restriction:			
Individuals	\$ 205,867	\$ 35,000	\$ 240,867
Foundations	425,000	205,000	630,000
Partners	11,900	--	11,900
Discount on promises to give	--	(13,039)	(13,039)
Allowance for doubtful accounts	<u>(1,000)</u>	<u>(22,792)</u>	<u>(23,792)</u>
	<u>641,767</u>	<u>204,169</u>	<u>845,936</u>
Purpose and inherent time restrictions:			
Tahoe	<u>35,000</u>	<u>10,000</u>	<u>45,000</u>
Promises to Give, Net	<u>\$ 676,767</u>	<u>\$ 214,169</u>	<u>\$ 890,936</u>

All long-term promises to give are stated at their present values. Management has discounted these promises to give at 5%. Promises to give without purpose restrictions, such as individuals, foundations, and public promises to give are recorded as temporarily restricted due to inherent time restrictions. These donors have not imposed restrictions on the usage of these funds and the promises to give will be reclassified as unrestricted by reporting the cash receipts as net assets released from restrictions when the promises to give became due.

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2018, consist of the following:

Computer equipment	\$ 1,871
Program supplies	28,658
Leashold improvements	<u>22,234</u>
	52,763
Less: accumulated depreciation	<u>(43,888)</u>
	8,875
Work in progress - software	<u>255,834</u>
Total	<u><u>\$ 264,709</u></u>

For the year ended August 31, 2018, depreciation expense was \$11,264

NOTE 4 - UNRESTRICTED NET ASSETS

Unrestricted net assets at August 31, 2018, are as follows:

Net investment in property and equipment	\$ 264,709
Undesignated	<u>1,884,936</u>
Total	<u><u>\$ 2,149,645</u></u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at August 31, 2018, may be expended for:

Promises to give - inherent time restrictions	\$ 845,936
Promises to give - Tahoe and inherent time restrictions	45,000
Grants - San Francisco	600,000
Grants - Oakland	34,125
Restricted for fiscal year 2019	<u>45,915</u>
Total	<u><u>\$ 1,570,976</u></u>

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 6 - CONTRIBUTIONS, GIFTS, AND GRANTS

Contributions, gifts, and grants for the year ended August 31, 2018, were as follows:

Foundations	\$ 2,120,980
Individuals	2,062,159
Corporate	752,969
Public	766,085
Partners	83,900
Discount on pledges	<u>3,937</u>
Total	<u><u>\$ 5,790,030</u></u>

NOTE 7 - IN-KIND CONTRIBUTIONS

During the year ended August 31, 2018, Aim High conducted its summer program at seventeen locations. For thirteen of the locations, Aim High was granted the use of these facilities at no cost. The fair value of the in-kind contributed rent for the year ended August 31, 2018, was \$156,000. There were also other in-kind contributions with a total value of \$18,392 for the year ended August 31, 2018.

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions for the year ended August 31, 2018, were as follows:

Program sites	\$ 2,373,897
Expiration of inherent time restrictions on promises to give	<u>769,474</u>
Total	<u><u>\$ 3,143,371</u></u>

NOTE 9 - RETIREMENT PLAN

Aim High established a defined contribution retirement plan (the "Plan"), through the Teachers Insurance and Annuity Association ("TIAA"). The Plan covers all employees who are 21 years of age or older. Aim High makes an equal matching contribution of up to 5% of each eligible employee's annual compensation to the Plan, to a fully-funded, immediately vested TIAA retirement annuity contract for each individual participating in the Plan. The participating employees may contribute additional, unmatched amounts, up to the maximum amount allowable by the IRC. During the year ended August 31, 2018, Aim High contributed \$80,096 to the Plan.

AIM HIGH FOR HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Aim High leases its office facility under a monthly operating lease expiring in March 2020. Aim High also leases its various facility locations on a month-to-month basis. In addition, Aim High is obligated under a non-cancelable operating lease agreement for equipment through June 2021. Future minimum rental payments for Aim High's office facility and equipment for the years ending August 31, are as follows:

For the Years Ending August 31,	Office Facility	Equipment	Total
2019	\$ 195,264	\$ 10,596	\$ 205,860
2020	113,904	10,596	124,500
2021	--	8,830	8,830
Total	<u>\$ 309,168</u>	<u>\$ 30,022</u>	<u>\$ 339,190</u>

For the year ended August 31, 2018, total rent expense for office facility and equipment incurred by Aim High was \$407,971.

Aim High is subleasing office space to two tenants. One of these tenants is a member of the Board of Directors. The Board member's lease is at a monthly amount of \$500. The lease agreement commenced in August 2011 and is on a month-to-month basis. During the year ended August 31, 2018, Aim High received \$52,720 of rental income, \$6,000 of which was received from the Board member.

Aim High receives funding under annual grants and contracts from local agencies. If a significant reduction in the level of funding provided by these governmental agencies were to occur, it may have an effect on Aim High's programs and activities. Grants which are derived from restricted funding provided by government grants and contracts, are subject to audit by the governmental agencies. Should such an audit disclose unallowed costs, Aim High may be liable to the funding agency for reimbursement of such costs. In management's opinion, the effect of any potential unallowed costs would be immaterial to the financial statements as of August 31, 2018, and for the year then ended.

AIM HIGH FOR HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

NOTE 11 - SUBSEQUENT EVENTS

In November 2018, Aim High received a Board designated endowment stock contribution for approximately \$5 million.

Aim High has evaluated all subsequent events through February 5, 2019, the date the financial statements were available to be issued. Except for the matter noted above, Aim High identified no matters requiring adjustment to, or disclosure in, the financial statements.