



**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2016  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)**

# AIM HIGH FOR HIGH SCHOOL

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Aim High for High School**

***Report on the Financial Statements***

We have audited the accompanying financial statements of Aim High for High School (Aim High), which comprise the statement of financial position as of August 31, 2016, 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, 2016, 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***

The 2015 financial statements of Aim High for High School were audited by Lautze & Lautze, CPA's & Financial Advisors, whose practice was combined with Marcum LLP as of June 1, 2016, and whose report dated March 10, 2015 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

San Francisco, California  
May 18, 2017

# AIM HIGH FOR HIGH SCHOOL

## STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2016

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 2,045,853	\$ 2,319,379
Cash held for others	--	11,922
Grants receivable	591,255	592,790
Promises to give, net	1,035,744	524,057
Other receivable	506	--
Deposits and prepaid expenses	--	10,826
Property and equipment, net	<u>42,284</u>	<u>50,740</u>
<b>Total Assets</b>	<u><u>\$ 3,715,642</u></u>	<u><u>\$ 3,509,714</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 6,632	\$ 58,073
Accrued liabilities	27,945	--
Cash held for others	<u>--</u>	<u>11,922</u>
<b>Total Liabilities</b>	<u>34,577</u>	<u>69,995</u>
<b>Commitments</b>		
<b>Net Assets</b>		
Unrestricted	2,567,229	2,913,887
Temporarily restricted	<u>1,113,836</u>	<u>525,832</u>
<b>Total Net Assets</b>	<u>3,681,065</u>	<u>3,439,719</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 3,715,642</u></u>	<u><u>\$ 3,509,714</u></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, 2016**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>Support and Gains</b>				
Contributions and gifts	\$ 2,522,307	\$ 2,139,869	\$ 4,662,176	\$ 4,208,917
Grants	591,255	--	591,255	623,990
In-kind contributions	110,000	--	110,000	108,850
Other income	58,039	--	58,039	38,896
Interest income	2,400	--	2,400	3,716
Net assets released from restrictions	<u>1,537,165</u>	<u>(1,537,165)</u>	<u>--</u>	<u>--</u>
<b>Total Support and Gains</b>	<u>4,821,166</u>	<u>602,704</u>	<u>5,423,870</u>	<u>4,984,369</u>
<b>Expenses</b>				
Programs	3,830,772	--	3,830,772	3,308,017
Fundraising and development	925,839	--	925,839	746,679
General and administrative	<u>411,213</u>	<u>--</u>	<u>411,213</u>	<u>336,579</u>
<b>Total Expenses</b>	<u>5,167,824</u>	<u>--</u>	<u>5,167,824</u>	<u>4,391,275</u>
<b>Change in Net Assets Before Losses From Bad Debts</b>	(346,658)	602,704	256,046	593,094
<b>Losses From Bad Debts</b>	<u>--</u>	<u>(14,700)</u>	<u>(14,700)</u>	<u>(10,627)</u>
<b>Change in Net Assets</b>	(346,658)	588,004	241,346	582,467
<b>Net Assets - Beginning</b>	<u>2,913,887</u>	<u>525,832</u>	<u>3,439,719</u>	<u>2,857,252</u>
<b>Net Assets - Ending</b>	<u>\$ 2,567,229</u>	<u>\$ 1,113,836</u>	<u>\$ 3,681,065</u>	<u>\$ 3,439,719</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, 2016  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)**

	2016							2015	
	Programs					Supporting Services		Total	Total
	Summer	Teacher and Learning	Outdoor Education	Student Center	Total	Fundraising and Development	General and Administrative		
Salaries and related expenses	\$ 2,172,820	\$ 216,917	\$ 95,940	\$ 266,748	\$ 2,752,425	\$ 532,915	\$ 284,708	\$ 3,570,048	\$ 2,859,747
Facility rent	203,477	11,218	8,231	14,088	237,014	25,836	17,115	279,965	255,216
Professional services	45,068	49,074	1,929	5,893	101,964	12,254	40,632	154,850	237,744
Curriculum	207,191	43,044	13,627	2,326	266,188	--	--	266,188	221,665
Special events	6,322	11,239	--	4,090	21,651	222,118	--	243,769	174,074
Consultants	5,900	6,850	--	9,121	21,871	31,511	--	53,382	162,529
Transportation	100,870	8,178	49,262	2,841	161,151	1,854	3,525	166,530	127,797
In-kind facility rent	110,000	--	--	--	110,000	--	--	110,000	90,000
Insurance	47,704	539	381	7,497	56,121	10,631	11,197	77,949	75,179
General office expenses	32,857	4,287	948	10,023	48,115	54,641	22,840	125,596	71,810
Depreciation	--	--	--	--	--	--	8,456	8,456	34,152
Technology	30,033	15	211	98	30,357	14,289	13,884	58,530	24,914
Food	18,580	3,122	177	2,036	23,915	7,632	8,856	40,403	20,378
Other in-kind contributions	--	--	--	--	--	--	--	--	18,850
Other	--	--	--	--	--	12,158	--	12,158	17,220
<b>Total</b>	<u>\$ 2,980,822</u>	<u>\$ 354,483</u>	<u>\$ 170,706</u>	<u>\$ 324,761</u>	<u>\$ 3,830,772</u>	<u>\$ 925,839</u>	<u>\$ 411,213</u>	<u>\$ 5,167,824</u>	<u>\$ 4,391,275</u>

*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, 2016  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	2016	2015
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 241,346	\$ 582,467
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Allowance for uncollectible promises to give	14,700	10,627
Change in discount on promises to give	15,600	(845)
Depreciation, net	8,456	34,152
Changes in operating assets and liabilities:		
Grant receivable	1,535	(180,150)
Promises to give	(541,987)	64,339
Other receivable	(506)	6,204
Deposits and prepaid expenses	10,826	69,256
Accrued liabilities	27,945	--
Accounts payable	(51,441)	9,152
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>(273,526)</u>	<u>595,202</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of equipment	<u>--</u>	<u>(22,234)</u>
<b>Net Cash Used in Investing Activities</b>	<u>--</u>	<u>(22,234)</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(273,526)	572,968
<b>Cash and Cash Equivalents - Beginning</b>	<u>2,319,379</u>	<u>1,746,411</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 2,045,853</u>	<u>\$ 2,319,379</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, 2016**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***PURPOSE AND ORGANIZATION***

Aim High for High School (Aim High), is a not-for-profit organization providing a tuition-free summer enrichment program serving urban middle school students in the 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, 2016**

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**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, 2016, 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. Cash and cash equivalents restricted as to their use are not included in cash and cash equivalents, regardless of liquidity.

***GRANTS RECEIVABLE***

Grants receivable represent uncollateralized obligations related to Aim High's grant contracts. Grants 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, 2016

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### 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, on the contributions.

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, 2016.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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

***AGENCY***

In December of 2014, Aim High entered into an agency agreement to process and pay the final invoices of the Louis R. Lurie Foundation (the Foundation) due to its closure. The Foundation funded Aim High with sufficient cash that would allow for the full payment of the Foundation's liabilities and leave a reserve that will revert to Aim High.

In the event that the reserve is not sufficient to pay the invoices, Aim High has personal guarantees from the grantor/trustee of the Foundation to fund the shortfall. Cash and cash equivalents after payment of all remaining liabilities was \$11,461, which was donated to AIM High during the year ended August 31, 2016.

***REVENUE RECOGNITION***

***Grants***

Aim High is a direct recipient of grants from the City of San Francisco, 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. 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 FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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

***REVENUE RECOGNITION (CONTINUED)***

***Contributed Goods and Services (continued)***

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.

***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 2012 through 2015 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2011 through 2015 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 and promises to give. 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. Management believes that Aim High is not exposed to any significant credit risk related to concentrations.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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

***CONCENTRATIONS OF RISK (CONTINUED)***

***Contracts***

Instructors and key administrative staff are employed on a contract basis. Instructor contracts cover the summer period 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.

***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, 2015, 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)*, and its international counterpart, IFRS 15, 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.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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

***RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)***

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 largely are reflected in the financial statement of activities and changes in net assets as rent expense on the statement 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
- 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 the practical expedients will, in effect, continue to account for leases that start before the effective date in accordance with previous U.S. GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous U.S. GAAP. Management is evaluating the impact of this new guidance.

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 (NFP) financial reporting requirements as set out in FASB ASC 958, *Not-for-Profit Entities*.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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

***RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)***

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).
- Removes the current requirement to present or disclose the indirect method (reconciliation) when using the direct method of reporting cash flows.
- Requires NFPs to report investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses.
- Requires NFPs 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.
- Qualitative information that communicates how an NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position.



**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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

***RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)***

- 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, 2018. Management is evaluating the impact of this new guidance.

**NOTE 2 – CASH HELD FOR OTHERS**

Cash held for others at August 31, 2016, is as follows:

Balance - Beginning	\$ 11,922
Cash disbursements	<u>(11,922)</u>
<b>Balance - Ending</b>	<b><u><u>\$ --</u></u></b>

# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED AUGUST 31, 2016**

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### NOTE 3 - PROMISES TO GIVE

Unconditional promises to give at August 31, 2016, consist of the following:

	Due in Less Than 1 Year	Due in 1 to 5 Years	Total
Temporarily restricted:			
Inherent time restriction:			
Individuals	\$ 19,833	\$ --	\$ 19,833
Foundations	340,000	550,000	890,000
Partners	13,000	--	13,000
Public	15,000	--	15,000
Corporate	20,037	--	20,037
Gala	20,900	--	20,900
Discount on promises to give	--	(16,976)	(16,976)
Allowance for doubtful accounts	(12,860)	(15,352)	(28,212)
	<u>415,910</u>	<u>517,672</u>	<u>933,582</u>
Purpose restriction:			
Truckee/Tahoe	85,000	--	85,000
South Bay	21,500	--	21,500
Allowance for doubtful accounts	(4,338)	--	(4,338)
	<u>102,162</u>	<u>--</u>	<u>102,162</u>
<b>Total</b>	<u>\$ 518,072</u>	<u>\$ 517,672</u>	<u>\$ 1,035,744</u>

All long-term promises to give are stated at their present values. Management has discounted these promises to give at 1.56%. Promises to give without purpose restrictions, such as individuals, corporate, public, and fundraising 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 are paid.

**AIM HIGH FOR HIGH SCHOOL**  
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**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment at August 31, 2016, consist of the following:

Computer equipment	\$ 124,929
Program supplies	59,194
Leashold improvements	<u>22,234</u>
	206,357
Less: accumulated depreciation	<u>(164,073)</u>
<b>Total</b>	<b><u><u>\$ 42,284</u></u></b>

For the year ended August 31, 2016, depreciation expense was \$8,456.

**NOTE 5 - UNRESTRICTED NET ASSETS**

Unrestricted net assets at August 31, 2016, are as follows:

Net investment in property and equipment	\$ 42,284
Undesignated	<u>2,524,945</u>
<b>Total</b>	<b><u><u>\$ 2,567,229</u></u></b>

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at August 31, 2016, may be expended for:

Inherent time restrictions	\$ 933,582
Promises to give - Tahoe/Truckee, net	81,307
Promises to give - South Bay, net	20,855
Oakland	41,082
Truckee/Tahoe	28,585
Ann Ladd Memorial Fund	<u>8,425</u>
<b>Total</b>	<b><u><u>\$ 1,113,836</u></u></b>

**AIM HIGH FOR HIGH SCHOOL**  
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**NOTE 7 - CONTRIBUTIONS AND GIFTS**

Contributions and gifts for the year ended August 31, 2016, were as follows:

Foundations	\$ 1,838,799
Individuals	810,779
Gala	731,564
South Bay	251,000
Oakland	218,296
Truckee/Tahoe	82,741
Corporate	185,835
Marin	150,112
Partners	39,000
Headlands	85,500
Napa	99,500
San Francisco	75,000
Ann Ladd Memorial Fund	6,650
Partners	13,000
Teaching and Learning	90,000
Discount on promises to give	<u>(15,600)</u>
<b>Total</b>	<b><u>\$ 4,662,176</u></b>

**NOTE 8 - IN-KIND CONTRIBUTIONS**

During the year ended August 31, 2016, Aim High conducted its summer program at fifteen locations. For nine of the locations, Aim High was granted the use of various facilities at no cost. The fair value of the in-kind contributed rent for the year ended August 31, 2016, was \$110,000.

**NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions for the year ended August 31, 2016, were as follows:

Expiration of inherent time restrictions	
on promises to give	\$ 1,232,565
Program sites	<u>304,600</u>
<b>Total</b>	<b><u>\$ 1,537,165</u></b>

# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2016

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### NOTE 10 - RETIREMENT PLAN

Aim High established a defined contribution retirement plan (the Plan), through the Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF). The Plan covers all employees who are 21 years of age or older. Aim High contributes 5% of each eligible employee's annual compensation to the Plan, to a fully-funded, immediately vested TIAA/CREF 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 law. During the year ended August 31, 2016, Aim High contributed \$152,857 to the Plan.

### NOTE 11 - COMMITMENTS

Aim High leases its office facility under a monthly operating lease expiring 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 Year Ending August 31,	Office Facility	Equipment	Total
2017	\$ 189,576	\$ 10,596	\$ 200,172
2018	191,946	10,596	202,542
2019	195,264	10,596	205,860
2020	113,904	10,596	124,500
2021	—	8,830	8,830
<b>Total</b>	<b>\$ 690,690</b>	<b>\$ 51,214</b>	<b>\$ 741,904</b>

For the year ended August 31, 2016, total rent expense for office facility and equipment incurred by Aim High was \$376,250 and \$17,934, respectively.

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, 2016, Aim High received \$54,720 of rental income, \$6,000 of which was received from the Board member.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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**NOTE 12 - SUBSEQUENT EVENTS**

Aim High has evaluated all subsequent events through May 18, 2017, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements have been identified.