



**FINANCIAL STATEMENTS**

**AS OF AUGUST 31, 2021 AND FOR THE YEAR THEN ENDED  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

# AIM HIGH FOR HIGH SCHOOL

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## 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, (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

San Francisco, California  
December 20, 2021

# AIM HIGH FOR HIGH SCHOOL

## STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2021

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,725,316	\$ 4,096,448
Promises to give, net	1,765,504	1,604,000
Grants receivable	926,124	--
Investments	10,331,932	7,061,392
Deposits and prepaid expenses	6,460	55,119
Property and equipment, net	<u>14,493</u>	<u>101,421</u>
<b>Total Assets</b>	<u>\$ 16,769,829</u>	<u>\$ 12,918,380</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 144,423	\$ 197,225
PPP Loan	<u>--</u>	<u>446,090</u>
<b>Total Liabilities</b>	<u>144,423</u>	<u>643,315</u>
<b>Net Assets</b>		
Without donor restrictions	13,496,787	10,520,033
With donor restrictions	<u>3,128,619</u>	<u>1,755,032</u>
<b>Total Net Assets</b>	<u>16,625,406</u>	<u>12,275,065</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 16,769,829</u>	<u>\$ 12,918,380</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, 2021  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue, Gains, and Other Support</b>				
Contributions and gifts	\$ 4,247,608	\$ 2,348,230	\$ 6,595,838	\$ 6,146,498
Grants	--	1,677,174	1,677,174	176,079
In-kind contributions	45,790	--	45,790	4,738
Other income	21,414	--	21,414	57,462
Investment income	248,376	--	248,376	141,500
Net unrealized and realized gains on investments	1,021,503	--	1,021,503	610,167
Net assets released from restrictions	<u>2,651,817</u>	<u>(2,651,817)</u>	<u>--</u>	<u>--</u>
<b>Total Revenue, Gains, and Other Support</b>	<u>8,236,508</u>	<u>1,373,587</u>	<u>9,610,095</u>	<u>7,136,444</u>
<b>Expenses</b>				
Educational programs	3,822,796	--	3,822,796	2,622,427
Fundraising and development	997,201	--	997,201	1,211,243
General and administrative	<u>885,847</u>	<u>--</u>	<u>885,847</u>	<u>644,081</u>
<b>Total Expenses</b>	<u>5,705,844</u>	<u>--</u>	<u>5,705,844</u>	<u>4,477,751</u>
<b>Income From Operations</b>	2,530,664	1,373,587	3,904,251	2,658,693
<b>Non-Operating</b>				
PPP Loan forgiveness	<u>446,090</u>	<u>--</u>	<u>446,090</u>	<u>--</u>
<b>Change in Net Assets</b>	2,976,754	1,373,587	4,350,341	2,658,693
<b>Net Assets - Beginning</b>	<u>10,520,033</u>	<u>1,755,032</u>	<u>12,275,065</u>	<u>9,616,372</u>
<b>Net Assets - Ending</b>	<u>\$ 13,496,787</u>	<u>\$ 3,128,619</u>	<u>\$ 16,625,406</u>	<u>\$ 12,275,065</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, 2021**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

	2021				2020			
	Educational Programs			Total	Supporting Services			Total
	Summer	Teaching and Learning	Admissions and Student Opportunities		Fundraising and Development	General and Administrative	Total	
Salaries and related expenses	\$ 1,956,977	\$ 223,104	\$ 679,620	\$ 2,859,701	\$ 791,337	\$ 546,561	\$ 4,197,599	\$ 3,328,382
Curriculum	445,153	10,863	270	456,286	4,350	11,140	471,776	54,531
Facility rent	143,841	9,281	28,273	181,395	32,920	22,737	237,052	216,217
Consultants	10,376	2,722	16,740	29,838	33,852	136,496	200,186	117,045
Professional services	67,881	7,565	23,046	98,492	34,979	18,534	152,005	140,845
General office expenses	56,811	22,076	16,567	95,454	36,102	7,890	139,446	106,842
Depreciation	--	--	--	--	--	86,928	86,928	88,412
Technology	2,622	950	2,672	6,244	43,095	31,102	80,441	50,062
Insurance	22,388	2,529	7,703	32,620	8,969	6,195	47,784	53,840
In-kind facility rent	42,000	--	--	42,000	--	--	42,000	--
Other	25	400	--	425	11,367	12,946	24,738	18,363
Food	16,525	536	109	17,170	179	4,892	22,241	14,551
Transportation	2,873	--	298	3,171	551	426	4,148	12,966
Special events	--	--	--	--	(500)	--	(500)	270,957
Other In-kind contributions	--	--	--	--	--	--	--	4,738
<b>Total</b>	<u>\$ 2,767,472</u>	<u>\$ 280,026</u>	<u>\$ 775,298</u>	<u>\$ 3,822,796</u>	<u>\$ 997,201</u>	<u>\$ 885,847</u>	<u>\$ 5,705,844</u>	<u>\$ 4,477,751</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, 2021  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 4,350,341	\$ 2,658,693
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for long-term purposes	(816,000)	--
Donated marketable securities	(210,757)	(150,047)
Allowance for uncollectible promises to give	1,170	(3,660)
Change in discount on promises to give	(105,289)	(36,321)
Net unrealized and realized gains on investments	(1,021,503)	(610,167)
Depreciation	86,928	88,412
PPP Loan forgiveness	(446,090)	--
Changes in operating assets and liabilities:		
Promises to give	(57,385)	190,568
Grants receivable	(926,124)	262,487
Other receivable	--	2,661
Deposits and prepaid expenses	48,659	33,353
Accounts payable and accrued expenses	(52,802)	31,687
<b>Net Cash Provided by Operating Activities</b>	<u>851,148</u>	<u>2,467,666</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from the sale of investments	210,267	151,550
Purchase of investments	(2,248,547)	(1,090,885)
<b>Net Cash Used in Investing Activities</b>	<u>(2,038,280)</u>	<u>(939,335)</u>
<b>Cash Flows From Financing Activities</b>		
Collections of contributions restricted for long-term purposes	816,000	--
Proceeds from PPP Loan	--	446,090
<b>Net Cash Provided by Financing Activities</b>	<u>816,000</u>	<u>446,090</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(371,132)	1,974,421
<b>Cash and Cash Equivalents - Beginning</b>	<u>4,096,448</u>	<u>2,122,027</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 3,725,316</u>	<u>\$ 4,096,448</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, 2021**

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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 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 the accrual method of accounting; consequently, 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***

U.S. GAAP requires that Aim High report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of Aim High are classified and reported as described below:

***Without Donor Restrictions***

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.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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

***CLASSIFICATION OF NET ASSETS (CONTINUED)***

***With Donor Restrictions***

Donor-restricted net assets represent those net assets which are donor restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; (d) the acquisition of long-lived assets; (e) assets donated with stipulations by the donor that they be used for a specified purpose, be preserved, and not be sold; or (f) be invested to provide a permanent source of income.

***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***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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. Grants receivable are due under the terms of the grant agreements.

***PROMISES TO GIVE***

Unconditional promises to give are recognized as revenue in the period such promises are made by the donor. Unconditional promises to give which are scheduled to be received after one year are discounted at rates commensurate with the risks involved.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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

***PROMISES TO GIVE (CONTINUED)***

Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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.

***INVESTMENTS***

Investments traded on national exchanges are recorded at fair value as determined by the exchanges' quoted prices; unrealized gains and losses are included in the statement of activities and changes in net assets.

Aim High's Finance Committee is responsible for establishing investment criteria and overseeing Aim High's investments.

***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 FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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

***IMPAIRMENT OF LONG-LIVED ASSETS***

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisal, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated realizable value. No impairment loss was incurred during the year ended August 31, 2021.

***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 governmental agencies. Grants revenue is recognized when Aim High has unconditional right to reimbursement of funds according to the grant agreement for the contracted services being delivered and the related eligible costs are incurred.

***Contributions***

Aim High recognizes all unconditional contributions when they are received or unconditionally promised, regardless of compliance with restrictions. Contributions are recognized based on the existence or absence of donor-imposed restrictions. Contributions with donor-imposed restrictions may be expendable or are required to be held permanently.

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 support without donor-imposed restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as support with donor-imposed restrictions. 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 support with donor-imposed restrictions when the donor-imposed restriction is met.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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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 either (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. For the year ended August 31, 2021, Aim High received in-kind contributions with a total value of \$31,090, of which \$25,000 was for in-kind services.

***INVESTMENT INCOME***

Interest is recorded as earned. Dividends are recorded on the ex-dividend date. Net investments include realized and unrealized gains and losses on investments bought and sold as well as held during the year.

***FUNCTIONAL ALLOCATION OF EXPENSES***

The costs of providing educational programs, fundraising and development, and general and administrative services have been summarized in the statements of activities and changes in net assets and functional expenses. Accordingly, expenses have been allocated based on an allocation of time for salaries and related expenses, square footage for depreciation and related costs, specific identification for certain expenses including professional services, and estimates made by management for other expenses.

***INCOME TAXES***

Aim High is a qualified organization exempt from federal income and California franchise 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.

U.S. GAAP requires management to evaluate the tax positions taken and recognize a tax liability (or asset) if Aim High has taken an uncertain position that is more-likely-than-not would not be sustained upon examination by taxing authorities. Management evaluated Aim High’s tax positions and concluded that it maintained its tax-exempt status and had taken no uncertain tax positions that would require adjustment to the financial statements. Therefore, no provision or liability for unknown income taxes has been included in the financial statements. Aim High’s tax returns are subject to examination by federal and state taxing authorities. However, there are no examinations in progress nor are there any pending.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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

***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, grants receivable, and investments. 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 grants receivable are limited as Aim High has not historically experienced any issues in receiving the grant. Aim High attempts to limit its credit risk associated with investments by utilizing outside investment managers to place Aim High's investments and cash equivalents with highly rated corporate and financial institutions. 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.

***SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AND RECLASSIFICATION***

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 as of August 31, 2020, and for the year then ended, from which the summarized information was derived.

***ADOPTED ACCOUNTING PRONOUNCEMENTS***

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 eliminates, adds and modifies certain disclosure requirements for fair value measurements. Aim High adopted ASU 2018-13 on July 1, 2020, and it did not have a material impact on Aim High's financial statements.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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

***RECENT ACCOUNTING PRONOUNCEMENTS***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following: a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. This ASU's effective date had two one-year delays and is now effective for fiscal years beginning after December 15, 2021; and early application is permitted. Management is evaluating the impact of this guidance.

In June 2016, FASB issues ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments. The standard's main goal is to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope. The standard is effective for fiscal years beginning after December 31, 2022. Early adoption is permitted. Management is evaluating the impact of this new guidance and believes it will not have a material impact.

On September 17, 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 provides guidance concerning presentation and disclosure for contributed nonfinancial assets for nonprofit organizations, including additional presentation and disclosure rules for recognized contributed services. It does not change the recognition and measurement requirements for contributed nonfinancial assets.

This ASU requires the nonprofit organization to present donated nonfinancial assets separately in the statement of activities and changes in net assets from contributions of cash or other financial assets. The additional disclosure rules require disclosure of nonfinancial assets by category and for each category; the disclosure is required to include the following:

- Qualitative information about whether contributed nonfinancial assets were either monetized or used during the reporting period. If used, a description of the programs or other activities in which those assets were used;
- The nonprofit organization's policy (if any) for monetizing rather than using contributed nonfinancial assets;
- A description of any associated donor-imposed restrictions;
- A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition.
- The principal market (or most advantageous market) used to arrive at a fair value measurement if it is a market in which the recipient nonprofit is prohibited by donor-imposed restrictions from selling or using the contributed nonfinancial asset.

# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED AUGUST 31, 2021

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

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

The guidance should be applied on a retrospective basis, and is applicable for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. Management is evaluating the impact of this new guidance.

#### NOTE 2 - PROMISES TO GIVE AND GRANTS RECEIVABLE

Aim High's unconditional promises to give and grants receivable at August 31, 2021, consisted of the following:

	Due in Less Than 1 Year	Due in 1 to 5 Years	<u>Total</u>
<b>With Donor Restrictions</b>			
Inherent time restriction:			
Individuals	\$ 260,500	\$ 251,666	\$ 512,166
Foundations	667,735	375,000	\$ 1,042,735
Discount on promises to give	--	(38,454)	\$ (38,454)
Allowance for doubtful accounts	<u>(15,362)</u>	<u>(10,371)</u>	<u>\$ (25,733)</u>
	<u>912,873</u>	<u>577,841</u>	<u>1,490,714</u>
Purpose and inherent time restrictions:			
Oakland	127,620		127,620
San Francisco	798,504	--	798,504
Tahoe	10,000	--	10,000
North Bay	175,000	--	175,000
Central Office	100,000	--	100,000
Endowment	10,000	--	10,000
Allowance for doubtful accounts	<u>(20,210)</u>	<u>--</u>	<u>(20,210)</u>
	<u>1,200,914</u>	<u>--</u>	<u>1,200,914</u>
<b>Total</b>	<u>\$ 2,113,787</u>	<u>\$ 577,841</u>	<u>\$ 2,691,628</u>



# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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### NOTE 2 - PROMISES TO GIVE AND GRANTS RECEIVABLE (CONTINUED)

At August 31, 2021, three donors comprised 48% of promises to give. All long-term promises to give are stated at their net 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 net assets with donor-imposed restrictions 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 net assets without donor-imposed restrictions by reporting the cash receipts as net assets released from restrictions when the promises to give became due.

### NOTE 3 - FAIR VALUE MEASUREMENTS

Aim High's financial assets or liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. The levels of the fair value hierarchy are as follows:

#### *Level 1*

Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

#### *Level 2*

Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities from those willing to trade in markets that are not active, or other inputs that are derived principally from or corroborated by observable market data by correlation or other means for the term of the instrument. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

#### *Level 3*

Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurements. Unobservable inputs reflect Aim High's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used during the year ended August 31, 2021.

# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED AUGUST 31, 2021

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#### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

##### *MUTUAL FUNDS*

Valued at the daily closing price as reported by the fund. Mutual funds held by Aim High are open-ended mutual funds that are registered with the U. S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by Aim High are deemed to be actively traded.

The following table provides information as of August 31, 2021, about Aim High's financial assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Mutual funds	<u>\$ 10,331,932</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,331,932</u>

#### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2021, consisted of the following:

Computer equipment	\$ 262,665
Program supplies	28,658
Leasehold improvement	<u>22,234</u>
	313,557
Less: accumulated depreciation	<u>(299,064)</u>
<b>Total</b>	<u><u>\$ 14,493</u></u>

For the year ended August 31, 2021, depreciation expense for property and equipment was \$86,928.

# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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### NOTE 5 - PPP LOAN

On April 24, 2020, Aim High entered a loan agreement with First Republic Bank (the “Bank”) for the issuance of a Small Business Administration (“SBA”) Paycheck Protection Program Loan (“PPP Loan”) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), in the amount of \$446,090. The PPP Loan payments are deferred for a ten-month period. Principal and interest payments commence one month after the deferral period expires. The PPP Loan accrues interest at 1% per annum, and the PPP Loan matures on April 24, 2022. The PPP Loan is intended to help businesses impacted by the economic impact from the COVID-19 virus. As part of the CARES Act, a portion or all of the PPP Loan may be forgiven by the SBA if the principal is used for limited purposes that qualify for forgiveness under the SBA requirements. On August 17, 2021, Aim High received forgiveness of the entire PPP Loan and all accrued interest. As a result, during the year ended August 31, 2021, a gain in the amount of \$446,090 has been recognized and is presented as PPP Loan forgiveness in the statement of activities and changes in net assets.

### NOTE 6 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at August 31, 2021, are as follows:

Board designated endowment	\$ 7,330,521
Net investment in property and equipment	14,493
Undesignated	<u>6,151,773</u>
<b>Total</b>	<b><u>\$ 13,496,787</u></b>

# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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### NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2021, net assets with donor restrictions were restricted for the following purposes or period:

#### Subject to Passage of Time

Promises to give - inherent time restrictions	\$ 1,490,714
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#### Subject to Passage of Time and Specific Purpose

Oakland	127,620
San Francisco	304,790
Tahoe	10,000
North Bay	175,000
Central Office	100,000
Endowment	10,000
	<u>727,410</u>

#### Subject to Expenditure for Specific Purpose

Napa	13,362
San Francisco	56,538
Eva Gunther	10,000
Ann Ladd	4,140
Tahoe	10,455
	<u>94,495</u>

#### Contributed by Donors to be Held in Perpetuity

Alec Lee Fund for Aspiring Teachers	<u>816,000</u>
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<b>Total</b>	<b><u>\$ 3,128,619</u></b>
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**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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**NOTE 8 - CONTRIBUTIONS, GIFTS, AND GRANTS**

Contributions, gifts, and grants for the year ended August 31, 2021, were as follows:

Individuals	\$ 1,964,407
Foundations	3,344,933
Corporate	339,209
Public	1,677,174
Partners	26,000
Endowment gifts	816,000
Decrease in discount on promises to give	<u>105,289</u>
<b>Total</b>	<b><u><u>\$ 8,273,012</u></u></b>

The above table excludes in-kind contributions.

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

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the year ended August 31, 2021, as follows:

Program sites	\$ 1,922,737
Expiration of inherent time restrictions on promises to give	<u>729,080</u>
<b>Total</b>	<b><u><u>\$ 2,651,817</u></u></b>

**NOTE 10 - ENDOWMENT**

Aim High's endowment consists of one Board designated fund established for the long-term financial benefit of Aim High and its educational goals and objectives by providing annual support to Aim High and a newly created permanently restricted fund named Alec Lee Fund for Aspiring Teachers. Distributions from this fund will support aspiring educators. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. These funds include funds designated by the Board of Directors to function as endowments.

# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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### NOTE 10 - ENDOWMENT (CONTINUED)

#### *INTERPRETATION OF RELEVANT LAW*

The Board of Directors have interpreted California's enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift absent explicit donor stipulations to the contrary. As a result of this interpretation, Aim High classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment fund. The remaining portion of the donor-restricted endowment fund that is not classified as in net assets with donor restrictions is classified as expendable net assets with restrictions until those amounts are appropriated for expenditure by Aim High in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Aim High considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Aim High and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Aim High
- (7) The investment policies of Aim High

The following is a table of endowment net asset composition by type of fund as of August 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund - Original gift	\$ 6,066,168	\$ 816,000	\$ 6,882,168
Undistributed endowment earnings	<u>1,264,353</u>	<u>--</u>	<u>1,264,353</u>
<b>Total</b>	<u>\$ 7,330,521</u>	<u>\$ 816,000</u>	<u>\$ 8,146,521</u>

# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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### NOTE 10 - ENDOWMENT (CONTINUED)

#### *INTERPRETATION OF RELEVANT LAW (CONTINUED)*

The following is a table of changes in endowment net assets for the year ended August 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Assets</b>			
- September 1, 2020	\$ 6,066,168	\$ --	\$ 6,066,168
Investment return:			
Investment income	228,543	--	228,543
Net appreciation (realized and unrealized)	1,035,810	--	1,035,810
Contributions	<u>--</u>	<u>816,000</u>	<u>816,000</u>
<b>Endowment Net Assets</b>			
- August 31, 2021	<u>\$ 7,330,521</u>	<u>\$ 816,000</u>	<u>\$ 8,146,521</u>

#### *Return Objectives and Risk Parameters*

Aim High has adopted investment and spending policies to obtain a long-term investment return at least equal to the Endowment's spending rate plus the rate of inflation, thereby preserving the real market value of the Endowment over time. Actual returns in any given year may vary from this amount. Investment will be made to target a mix of asset classes including equity, debt, and others with distinct risk characteristics to provide broad diversification and to not expose the endowment to unacceptable levels of risk.

#### *Strategies Employed for Achieving Objectives*

Endowment assets are to be invested in a diverse portfolio that includes common stocks, preferred stocks, debt obligations, commingled vehicles, and cash. Mutual funds and exchange-traded funds comprised of these investments are also permitted. No more than 5% of the endowment market value is to be invested in the securities of a single issuer with the exception of mutual funds and exchange traded funds.

#### *Spending Policy and Investment Objectives*

Subject to the Board's discretion, the endowment policy provides that distributions to the general operating fund for the next year are equal to 70% of the current year distributions adjusted by the inflation rate plus 1.2% of the endowment's market value. For the year ended August 31, 2021, the Board decided not to make a distribution.

# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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### NOTE 11 - RETIREMENT PLAN

Aim High established a defined contribution retirement plan (the “Plan”), through the Teachers Insurance and Annuity Association (“TIAA”). The Plan covers eligible 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, 2021, Aim High contributed \$119,586 to the Plan.

### NOTE 12 - COMMITMENTS AND CONTINGENCIES

Aim High leases its office facility under a monthly operating lease expiring in March 2025. Aim High also leases its various facility locations on a month-to-month basis. In addition, Aim High had a non-cancelable operating lease agreement for equipment through October 2024. Future minimum rental payments for Aim High’s office facility and equipment are as follows:

For the Years Ending August 31,	Office Facility	Equipment	Total
2022	\$ 213,275	\$ 11,556	\$ 224,831
2023	215,940	11,556	227,496
2024	219,673	11,556	231,229
2025	<u>128,143</u>	<u>1,926</u>	<u>130,069</u>
<b>Total</b>	<u>\$ 777,031</u>	<u>\$ 36,594</u>	<u>\$ 813,625</u>

For the year ended August 31, 2021, total rent expense for office facility and equipment incurred by Aim High was \$265,720.

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, 2021, Aim High received \$21,180 of rental income, \$6,000 of which was received from the Board member.

Aim High receives funding under annual grants and contracts from local governmental 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



# AIM HIGH FOR HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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### NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2021, and for the year then ended.

### NOTE 13 - LIQUIDITY AND FINANCIAL RESOURCES

Aim High regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on investment of its funds. To meet liquidity needs, Aim High has cash and cash equivalents available. Contributions receivable that are considered current are expected to be collected from donors within one year from the date of the statement of financial position, however some amounts are donor-restricted.

The Board of Directors meet quarterly to review Aim High's statement of financial position and discuss what may be a reasonable cash position to maintain.

Financial assets available as of August 31, 2021, to meet cash needs for general expenditures within one year are as follows:

Cash and cash equivalents	\$ 3,725,316
Promises to give and grants receivable, current portion	2,113,787
Investments	<u>10,331,932</u>
<b>Total Financial Assets</b>	16,171,035
Investments held for Board designated endowment	(7,330,521)
Permanently endowed funds	(816,000)
Donor restricted	<u>(1,637,905)</u>
<b>Financial Assets Available to Meet General Expenditures Within One Year</b>	<u>\$ 6,386,609</u>

Aim High has more than \$3,725,000 in cash and cash equivalents and approximately \$3,000,000 in investments, net of endowment funds; available for Aim High's general expenditures, liabilities and other obligations as they come due. Management monitors Aim High's cash flow needs to ensure enough cash is available to cover operating costs and liquidity is sustained throughout the year.

**AIM HIGH FOR HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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**NOTE 14 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

For the year ended August 31, 2021, the statement of cash flows does not include non-cash financing activities of \$446,090, for the forgiveness of the PPP Loan.

**NOTE 15 - RISK AND UNCERTAINTY**

In March 2020, the World Health Organization declared the outbreak of COVID-19 virus as a pandemic, which continues to spread throughout the United States. Aim High has been actively evaluating the impact of the COVID-19 virus as it relates to Aim High's operations and does not yet know the full extent of the impact, if any, that this may have on Aim High. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The CARES Act was enacted on March 27, 2020. Among the business provisions, the CARES Act provided for various payroll tax incentives, changes to net operating loss carryback and carryforward rules, business interest expense limitation increases, PPP loans, and bonus depreciation on qualified improvement property. As discussed in Note 5, Aim High obtained a PPP Loan.

**NOTE 16 - SUBSEQUENT EVENTS**

Aim High has evaluated all subsequent events through December 20, 2021, the date the financial statements were available to be issued. No events were identified that require recognition or disclosure in the financial statements.