

AIM HIGH FOR HIGH SCHOOL
FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022



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**AIM HIGH FOR HIGH SCHOOL
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FOUR MONTHS ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Aim High for High School
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Aim High for High School (Aim High) (a California nonprofit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the four-month period then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aim High as of December 31, 2022, and the change in its net assets and its cash flows for the four-month period ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pasadena, California
May 15, 2023

**AIM HIGH FOR HIGH SCHOOL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

ASSETS

Cash and Cash Equivalents	\$ 4,142,764
Restricted Cash	418,998
Contributions Receivable, Net	3,256,823
Investments	12,814,556
Deposits and Prepaid Expenses	<u>53,278</u>
Total Assets	<u>\$ 20,686,419</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 319,796
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NET ASSETS

Without Donor Restrictions:	
Board-Designated Endowment	5,829,934
Undesignated	<u>5,649,401</u>
Total Net Asset Without Donor Restrictions	11,479,335
With Donor Restrictions	<u>8,887,288</u>
Total Net Assets	<u>20,366,623</u>

Total Liabilities and Net Assets	<u>\$ 20,686,419</u>
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See accompanying Notes to Financial Statements.

**AIM HIGH FOR HIGH SCHOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOUR MONTHS ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE, GAINS, AND OTHER SUPPORT			
Contributions and Gifts	\$ 1,608,011	\$ 2,335,133	\$ 3,943,144
Other Income	2,000	-	2,000
Net Assets Released from Restrictions	50,000	(50,000)	-
Total Operating Revenue, Gains, and Other Support	1,660,011	2,285,133	3,945,144
OPERATING EXPENSES			
Program	762,793	-	762,793
General and Administrative	324,191	-	324,191
Fundraising and Development	382,538	-	382,538
Total Operating Expenses	1,469,522	-	1,469,522
INCOME FROM OPERATIONS	190,489	2,285,133	2,475,622
NONOPERATING ACTIVITY			
Interest Income and Dividends	173,177	-	173,177
Net Unrealized and Realized Losses on Investments	(254,258)	(44,162)	(298,420)
Total Nonoperating Activity	(81,081)	(44,162)	(125,243)
CHANGE IN NET ASSETS	109,408	2,240,971	2,350,379
Net Assets - Beginning of Period	11,369,927	6,646,317	18,016,244
NET ASSETS - END OF PERIOD	\$ 11,479,335	\$ 8,887,288	\$ 20,366,623

See accompanying Notes to Financial Statements.

**AIM HIGH FOR HIGH SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOUR MONTHS ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries and Related Expenses	\$ 632,115	\$ 165,817	\$ 275,855	\$ 1,073,787
Professional Services	48,677	75,546	31,144	155,367
Occupancy	44,703	14,527	27,731	86,961
General Office and Administrative Expenses	13,738	39,050	34,085	86,873
Technology	7,793	17,238	5,017	30,048
Insurance	8,105	2,384	5,403	15,892
Supplies and Curriculum	5,021	3,875	114	9,010
Other Expenses	-	2,221	-	2,221
Transportation	2,641	3,533	3,189	9,363
 Total	 <u>\$ 762,793</u>	 <u>\$ 324,191</u>	 <u>\$ 382,538</u>	 <u>\$ 1,469,522</u>

See accompanying Notes to Financial Statements.

**AIM HIGH FOR HIGH SCHOOL
STATEMENT OF CASH FLOWS
FOUR MONTHS ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 2,350,379
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Contributions Restricted for Endowment	(318,500)
Change in Discount on Promises to Give	(110,124)
Net Unrealized and Realized Losses on Investments	298,420
Changes in Operating Assets and Liabilities:	
Promises to Give	(252,646)
Deposits and Prepaid Expenses	(39,865)
Accounts Payable and Accrued Expenses	(26,607)
Net Cash Provided by Operating Activities	<u>1,901,057</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(172,248)
CASH FLOWS FROM FINANCING ACTIVITIES	
Collections of Contributions Restricted for Endowment	<u>318,500</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,047,309
Cash and Cash Equivalents - Beginning of Period	<u>2,514,453</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u><u>\$ 4,561,762</u></u>
RECAP OF CASH AND CASH EQUIVALENTS	
Cash and Cash Equivalents	\$ 4,142,764
Restricted Cash	<u>418,998</u>
Total Cash and Cash Equivalents	<u><u>\$ 4,561,762</u></u>

See accompanying Notes to Financial Statements.

**AIM HIGH FOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose and Organization

Aim High for High School (Aim High) is a nonprofit 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 trustees serves as an oversight and policy-making body for Aim High.

Financial Statement Presentation

The financial statements of Aim High have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to nonprofit entities. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Aim High and changes therein have been classified and are reported as follows:

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 trustees for specific purposes.

With Donor Restrictions – Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**AIM HIGH FOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022**

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

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

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. 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.

Fair Value Measurements

Aim High reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

**AIM HIGH FOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022**

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

Fair Value Measurements (Continued)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Revenue and Revenue Recognition

Contributions and grants are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give that is, those with a measurable performance or other barrier and a right to return are not recognized until the conditions on which they depend have been substantially met. Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions to be received after one year are discounted at a discount rate consistent with general principles for present value measurement. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Aim High is a direct recipient of cost-reimbursement grants. 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.

**AIM HIGH FOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022**

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

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.

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.

Estimates

The preparation of financial statements in conformity with 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.

Concentrations of Credit Risk

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. Aim High deposits its cash with high quality financial institutions, and management believes Aim High is not exposed to significant credit risk on those amounts. For the four-month period ended December 31, 2022, two donors contributed 39% of total contributions and gifts. As of December 31, 2022, three donors accounted for 46% of contributions receivable.

Aim High continually monitors its receivables and establishes valuation reserves as considered appropriate.

**AIM HIGH FOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022**

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

Contingencies

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 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 December 31, 2022, and for the four-month period then ended.

New Accounting Pronouncements Effective in Future Accounting Periods

ASU 2016-02, *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. It is effective for fiscal year beginning after December 15, 2021. Management will be evaluating the effects of this new standard.

Subsequent Events

We have evaluated subsequent events through May 15, 2023, the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

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 trustees meets 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 December 31, 2022, to meet cash needs for general expenditures within one year are as follows:

**AIM HIGH FOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

Cash and Cash Equivalents	\$ 4,142,764
Contributions Receivable Expected Within One Year	2,786,833
Investments	<u>12,814,556</u>
Total Financial Assets	19,744,153
Investments Held for Board-Designated Endowment	(5,829,934)
Permanently Endowed Funds	(5,414,526)
Donor Restricted	<u>(3,472,762)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 5,026,931</u></u>

NOTE 3 CONTRIBUTIONS RECEIVABLE

Aim High's unconditional promises to give at December 31, 2022, consisted of the following:

Within One Year	\$ 2,786,833
In One to Five Years	<u>549,000</u>
Total	3,335,833
Less: Discount to Net Present Value	(33,067)
Less: Allowance for Uncollectable Promises to Give	<u>(45,943)</u>
Total	<u><u>\$ 3,256,823</u></u>

All long-term promises to give are stated at their net present values. Management has discounted these promises to give at 7.27%. Long-term 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 4 FAIR VALUE MEASUREMENTS

At December 31, 2022, Aim High's fair value measurement of investments measured on a recurring basis are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Growth and Bond Mutual Funds	<u>\$ 12,814,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,814,556</u>

**AIM HIGH FOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022**

NOTE 5 NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2022, net assets with donor restrictions were restricted for the following purposes or period:

Subject to Passage of Time:	
Contributions Receivable - Inherent Time Restrictions	\$ 2,896,202
Subject to Expenditure for Specific Purpose:	
Aspiring Teacher's Program	140,000
Summer Programs	436,560
Total Subject to Expenditure for Specific Purpose	<u>576,560</u>
Endowment:	
Restricted in Perpetuity	
Alec Lee Fund for Aspiring Teachers	<u>5,696,525</u>
Total Restricted in Perpetuity	5,696,525
Accumulated Endowment Loss	<u>(281,999)</u>
Total Endowment	5,414,526
 Total	 <u><u>\$ 8,887,288</u></u>

During the four-month period ended December 31, 2022, \$50,000 of time restrictions expired for contributions receivable.

NOTE 6 ENDOWMENTS

Aim High's endowments 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 perpetually restricted fund named Alec Lee Fund for Aspiring Teachers. Distributions from this fund will support aspiring educators. As required by 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 trustees to function as endowments.

Interpretation of Relevant Law

The board of trustees 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.

**AIM HIGH FOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022**

NOTE 6 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

- The duration and preservation of the fund,
- The purposes of Aim High and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of Aim High, and
- The investment policies of Aim High.

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 four-month period ended December 31, 2022, the board decided not to make a distribution from the donor-restricted endowment funds.

**AIM HIGH FOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022**

NOTE 6 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

The following is a table of endowment net asset composition by type of fund as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 5,414,526	\$ 5,414,526
Board-Designated Funds	5,829,934	-	5,829,934
Total	<u>\$ 5,829,934</u>	<u>\$ 5,414,526</u>	<u>\$ 11,244,460</u>

The following is a table of changes in endowment net assets for the four-month period ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Period	\$ 5,891,536	\$ 5,140,188	\$ 11,031,724
Investment Return:			
Investment Income	90,800	65,094	155,894
Net Loss (Realized and Unrealized)	(152,402)	(109,256)	(261,658)
Contributions	-	318,500	318,500
Endowment Net Assets - End of Period	<u>\$ 5,829,934</u>	<u>\$ 5,414,526</u>	<u>\$ 11,244,460</u>

NOTE 7 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 four-month period ended December 31, 2022, Aim High contributed \$53,785 to the Plan.

**AIM HIGH FOR HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOUR MONTHS ENDED DECEMBER 31, 2022**

NOTE 8 COMMITMENTS

Aim High leases its office facility under a monthly operating lease expiring in April 2025. Aim High also leases its various facility locations on a month-to-month basis. In addition, Aim High has a noncancelable operating lease agreement for equipment through November 2024. Future minimum rental payments for Aim High's office facility and equipment are as follows:

<u>Year Ending December 31,</u>	<u>Office Facility</u>	<u>Equipment</u>	<u>Total</u>
2023	\$ 218,073	\$ 11,556	\$ 229,629
2024	219,672	10,593	230,265
2025	54,918	-	54,918
Total	<u>\$ 492,663</u>	<u>\$ 22,149</u>	<u>\$ 514,812</u>

For the four-month period ended December 31, 2022, total rent expense for office facility and equipment incurred by Aim High was \$72,048.

Aim High is subleasing office space to a tenant, a member of the Board of Trustees. 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 four-month period ended December 31, 2022, Aim High received \$2,000 of rental income, of which all was received from the board member.



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