

AIM HIGHER FOUNDATION

Financial Statements

Years Ended June 30, 2024 and 2023

AIM HIGHER FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Aim Higher Foundation
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Aim Higher Foundation (a nonprofit organization) (“the Foundation”), which comprise the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities, cash flows, and functional expenses for the years 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 the Foundation as of June 30, 2024 and 2023 and the changes in its net assets and its cashflows for the years then ended 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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audits of Financial Statements section of our report. We are required to be independent of the Foundation 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.

Responsibility of Management 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 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 the Foundation’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audits 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 auditor’s 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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 audits, significant audit findings, and certain internal control related matters that we identified during the audit.

Boulay PLLP

Minneapolis, Minnesota
December 30, 2024

AIM HIGHER FOUNDATION
Statements of Financial Position

ASSETS	June 30	
	2024	2023
Current Assets		
Cash and cash equivalents	\$ 1,023,494	\$ 836,764
Contributions receivable	465,127	1,195,455
Grants receivable, current portion	400,000	400,000
Memorial scholarship program		
Restricted cash and cash equivalents	20,000	20,000
Program receivable, current portion	4,953	3,953
Other current assets	33,606	8,473
Total current assets	<u>1,947,180</u>	<u>2,464,645</u>
Long-Term Assets		
Memorial scholarship program		
Restricted cash and cash equivalents	232,281	249,480
Program receivable, long-term portion, net of present value discount	-	952
Contribution receivable, long-term portion, net of present value discount	57,943	416,673
Beneficial interest in community fund, primarily endowment funds	943,598	878,384
Investments, long-term	2,274,049	2,137,572
Property and equipment, net	1,826	2,557
Right-of-use assets	33,958	53,699
	<u>3,543,655</u>	<u>3,739,317</u>
Total Assets	<u>\$ 5,490,835</u>	<u>\$ 6,203,962</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 28,196	\$ 9,023
Scholarships payable	2,550,000	2,330,000
Memorial scholarship program, designated scholarships	20,000	20,000
Accrued compensation	21,126	19,005
Current maturities of operating lease obligations	19,707	19,701
Deferred event income	15,000	-
Total current liabilities	<u>2,654,029</u>	<u>2,397,729</u>
Long-Term Liabilities		
Memorial scholarship program, designated scholarships	232,281	249,480
Long-term operating lease obligations, net of current portion	13,632	31,530
	<u>245,913</u>	<u>281,010</u>
Total Liabilities	2,899,942	2,678,739
Net Assets		
Without donor restrictions	762,798	607,914
With donor restrictions	1,828,095	2,917,309
Total net assets	<u>2,590,893</u>	<u>3,525,223</u>
Total Liabilities and Net Assets	<u>\$ 5,490,835</u>	<u>\$ 6,203,962</u>

Notes to Financial Statements are an integral part of these Statements.

AIM HIGHER FOUNDATION
Statement of Activities
For the Year Ending June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support Income and Revenue:			
Contributions	\$ 1,312,483	\$ 458,746	\$ 1,771,229
Night of Light Event Income:			
Table income	26,000	-	26,000
Ticket income	11,600	-	11,600
Sponsorship income	427,729	-	427,729
Auction income	68,016	-	68,016
Event expense	(162,898)	-	(162,898)
Total special event income, net	370,447	-	370,447
Investment income	161,440	93,815	255,255
Total revenue	1,844,370	552,561	2,396,931
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	1,641,775	(1,641,775)	-
Total support income (loss) and revenue	3,486,145	(1,089,214)	2,396,931
Expenses:			
Program services:			
Student-based scholarships	2,667,002	-	2,667,002
Total program expenses	2,667,002	-	2,667,002
Supporting services expenses:			
General and administrative	277,062	-	277,062
Fundraising expenses	387,197	-	387,197
Total supporting services expenses	664,259	-	664,259
Total expenses	3,331,261	-	3,331,261
Change in Net Assets	154,884	(1,089,214)	(934,330)
Net Assets - Beginning of Year	607,914	2,917,309	3,525,223
Net Assets - End of Year	762,798	\$ 1,828,095	\$ 2,590,893

Notes to Financial Statements are an integral part of this Statement.

AIM HIGHER FOUNDATION
Statement of Activities
For the Year Ending June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support Income and Revenue:			
Contributions	\$ 1,205,653	\$ 625,473	\$ 1,831,126
Night of Light Event Income:			
Table income	41,400	-	41,400
Ticket income	10,700	-	10,700
Sponsorship income	204,100	-	204,100
Auction income	34,766	-	34,766
Event expense	(111,526)	-	(111,526)
Total special event income, net	179,440	-	179,440
Investment Income	74,245	66,514	140,759
Total revenue	1,459,338	691,987	2,151,325
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	1,653,606	(1,653,606)	-
Total support income (loss) and revenue	3,112,944	(961,619)	2,151,325
Expenses:			
Program services:			
Student-based scholarships	2,450,440	-	2,450,440
Total program expenses	2,450,440	-	2,450,440
Supporting services expenses:			
General and administrative	403,324	-	403,324
Fundraising expenses	227,442	-	227,442
Total supporting services expenses	630,766	-	630,766
Total expenses	3,081,206	-	3,081,206
Change in Net Assets	31,738	(961,619)	(929,881)
Net Assets - Beginning of Year	576,176	3,878,928	4,455,104
Net Assets - End of Year	\$ 607,914	\$ 2,917,309	\$ 3,525,223

Notes to Financial Statements are an integral part of this Statement.

AIM HIGHER FOUNDATION
Statements of Cash Flows

For the years ended June 30,	2024	2023
Cash Flows used for Operating Activities		
Change in net assets	\$ (934,330)	\$ (929,881)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	731	1,535
Bad debt expense	-	100,000
Investment income	(146,354)	(79,525)
Dividends and interest reinvested, net of fees paid	(80,058)	(37,224)
Deferred rent	-	(923)
Contributions received restricted for endowment	-	(100,000)
Donated stock	(38,000)	(20,132)
Noncash lease expense	1,849	-
Change in assets and liabilities		
Contributions and grants receivable	1,068,610	1,091,462
Other current assets	(25,133)	524
Memorial designated scholarship receivable	20,400	20,400
Memorial designated scholarship payable	(17,199)	(17,993)
Accounts payable	19,173	3,714
Deferred revenues	15,000	-
Accrued compensation	2,121	11,349
Scholarships payable	220,000	179,000
Net cash provided by operating activities	106,810	222,306
Cash Flows used for Investing Activities		
Proceeds of beneficial interest in community funds	28,600	27,000
Purchase of investments	(2,462,279)	(703,616)
Proceeds from the sale of investments	2,496,400	500,000
Net cash provided by (used for) investing activities	62,721	(176,616)
Cash Flows from Financing Activities		
Contributions received restricted for endowment	-	100,000
Net cash from financing activities	-	100,000
Net Increase in Cash, Cash Equivalents and Restricted Cash	169,531	145,690
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	1,106,244	960,554
Cash, Cash Equivalents and Restricted Cash - End of Year	1,275,775	\$ 1,106,244
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash	\$ 1,023,494	\$ 836,764
Memorial scholarship program restricted cash - current portion	20,000	20,000
Memorial scholarship program restricted cash - long-term	232,281	249,480
	\$ 1,275,775	\$ 1,106,244
Supplemental Disclosure of Non-cash Investing Activities		
Donated stock	\$ 38,000	\$ 20,132

Notes to Financial Statements are an integral part of these Statements.

AIM HIGHER FOUNDATION
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Expenses	Supporting Services			Total Expenses
	Scholarships	General & Administrative	Fundraising	Total Supporting Services	
Salaries and wages	\$ 106,200	\$ 144,861	\$ 268,374	\$ 413,235	\$ 519,435
Payroll taxes and benefits	15,299	21,668	38,745	60,413	75,712
Professional services	7,788	61,418	24,568	85,986	93,774
Scholarships	2,522,360	-	-	-	2,522,360
Rent and utilities	6,881	11,068	24,171	35,239	42,120
Supplies and equipment	3,398	8,109	1,533	9,642	13,040
Telephone and internet	265	3,282	725	4,007	4,272
Postage	115	1,128	276	1,404	1,519
Computers and technology	2,716	3,634	9,272	12,906	15,622
Depreciation	173	120	438	558	731
Travel and meetings	-	1,852	-	1,852	1,852
Insurance	-	2,933	-	2,933	2,933
Marketing and advertising	1,807	2,948	7,382	10,330	12,137
Special event	-	166,765	-	166,765	166,765
Bank charges and filing fees	-	8,574	6,713	15,287	15,287
Uncollectible accounts	-	1,600	5,000	6,600	6,600
Total functional expenses	2,667,002	439,960	387,197	827,157	3,494,159
Less special event expenses, direct benefit to donor	-	(162,898)	-	(162,898)	(162,898)
Totals	\$ 2,667,002	\$ 277,062	\$ 387,197	\$ 664,259	\$ 3,331,261

Notes to Financial Statements are an integral part of this Statement.

AIM HIGHER FOUNDATION
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Expenses	Supporting Services			Total Expenses
	Scholarships	General & Administrative	Fundraising	Total Supporting Services	
Salaries and wages	\$ 91,841	\$ 150,712	\$ 157,546	\$ 308,258	\$ 400,099
Payroll taxes and benefits	11,771	19,887	20,071	39,958	51,729
Professional services	9,425	73,121	17,062	90,183	99,608
Scholarships	2,318,360	-	-	-	2,318,360
Rent and utilities	7,533	14,950	13,880	28,830	36,363
Supplies and equipment	2,966	4,328	4,092	8,420	11,386
Telephone and internet	1,133	1,733	1,863	3,596	4,729
Printing	-	-	-	-	-
Postage	177	303	294	597	774
Computers and technology	1,991	3,031	3,305	6,336	8,327
Depreciation	378	462	695	1,157	1,535
Travel and meetings	-	1,361	-	1,361	1,361
Insurance	-	2,784	-	2,784	2,784
Marketing and advertising	4,865	5,649	8,634	14,283	19,148
Special event	-	122,644	-	122,644	122,644
Bank charges and filing fees	-	12,385	-	12,385	12,385
Uncollectible accounts	-	101,500	-	101,500	101,500
Total functional expenses	2,450,440	514,850	227,442	742,292	3,192,732
Less special event expenses, direct benefit to donor	-	(111,526)	-	(111,526)	(111,526)
Totals	\$ 2,450,440	\$ 403,324	\$ 227,442	\$ 630,766	\$ 3,081,206

Notes to Financial Statements are an integral part of this Statement.

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Founded in 2013 as a volunteer organization, the Aim Higher Foundation is an independent 501(c)3 organization that strives to ensure that Catholic schools are accessible to children from all backgrounds. Originally formed as the AHF Catholic Education Foundation, the organization's name was changed in 2014 to the Aim Higher Foundation.

The Aim Higher Foundation (the Foundation) provides student-based, tuition-assistance scholarships to children from families with demonstrated financial need to attend a Catholic school offering grades K-8 in the Archdiocese of Saint Paul and Minneapolis.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis. The Foundation reports information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions, as follows:

- Net assets without donor restrictions – net assets that are not subject to donor-imposed stipulations.
- Net assets with donor restrictions – net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Non-cash contributions of goods, which meet certain recognition requirements, are recorded at their estimated fair value at the date of receipt. Donated securities valued at approximately \$38,000 and \$20,000 were recorded for the years ended June 30, 2024 and 2023, respectively.

Certain Foundation programs and administrative functions are performed partially by volunteers. Accounting standards require donated services to be recognized only if they would typically need to be purchased, require a special skill, and are performed by an individual possessing that skill or in the event such services create or enhance a nonfinancial asset. These donated volunteer hours do not meet the requirements for recognition under generally accepted accounting standards and have therefore not been recognized in the accompanying financial statements.

Accounting Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant management estimates include the valuation of receivables and the related allowance for doubtful accounts, valuation of beneficial interests, the present value of contribution receivables, and the functional allocation of expenses. It is at least reasonably possible that these estimates will change in the near term.

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Cash and Cash Equivalents

The Foundation considers checking and money market accounts to be cash and cash equivalents. The Foundation maintains its operating cash primarily at two financial institutions. At times throughout the year, the Foundation's cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The long-term portion of the cash restricted for the Memorial Scholarship Program is reflected separately within long-term assets.

Contributions and Grants Receivable

Contributions, which include grants, are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises that are expected to be collected within one year are recorded at their net realizable value. The unconditional promises that are expected to be collected in future years are recorded at the present value of expected future cash flows, using the interest rate applicable to the year in which the promise is made. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities. Conditional promises to give are not included as support until the conditions are substantially met.

The Memorial Scholarship Program receivables are further discussed in Note 7.

The Foundation follows a policy of providing an allowance for credit losses. Accounts are considered past due if payment is not made on a timely basis. Accounts considered uncollectible are written off. No allowance was recorded as of June 30, 2024 and 2023.

Investments and Beneficial Interests in Investments Held by Others

The Foundation has short-term agency funds and long-term beneficiary interest endowment funds held at the Catholic Community Foundation. These funds are pooled with other organizations' funds and invested in a diversified portfolio of marketable equity and fixed income securities, as well as limited marketability investments, including private equities, absolute return investments, and real estate. Funds held at the Catholic Community Foundation are reported at net asset value using the practical expedient under Accounting Standards Update (ASU) 820 as reported to the Aim Higher Foundation by the Catholic Community Foundation. Donated investments are initially recorded at the estimated fair value on the date of donation.

Investment income, including realized and unrealized gains and losses, is accounted for within the categories of without donor restriction and with donor restriction net assets, based upon the existence or absence of donor restrictions.

In general, the funds are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain funds, it is reasonably possible that changes in the values of the funds may occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Fair Value of Financial Instruments

The Foundation's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis adheres to the Financial Accounting Standards Board (FASB) fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying value of cash and equivalents, promises to give receivables, accounts payable, grant income and other working capital items approximate fair value at June 30, 2024 and 2023 due to the short maturity of these investments. The fair value of investments is disclosed in Note 6.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at the fair value on the date of gift. Depreciation is provided over estimated useful lives for equipment on a straight-line basis. Major expenditures for property and equipment with determinable lives are capitalized at cost and depreciated. Repairs and maintenance are charged to expense when incurred. The estimated useful lives range from 3 to 5 years for equipment.

Special Event Income and Revenue

The Foundation receives special event revenue from its annual fundraising event, the Night of Light Celebration, which is held every Fall. The donations made at the event are generally received without donor restrictions. Table, ticket, and sponsorship income for the event is recorded net of the cost of the event dinner and other similar benefit provided to the donor. Table, ticket, and sponsorship revenue received in advance of the event is recorded as deferred income until the event is held, at which point it is recognized as revenue without donor restrictions.

Scholarships Payable

Student scholarships are recorded once approved to be paid by the Board of Directors. At June 30, 2024 and 2023, scholarships payable of \$2,550,000 and \$2,330,000, respectively, were recorded. At June 30, 2024 the scholarship payable included \$400,000 of scholarships approved for the Catholic Services Appeal. At June 30, 2023 the scholarship payable included \$400,000 of scholarships approved for the Catholic Services Appeal Foundation as discussed in Note 8.

The Memorial Scholarship Program designated scholarships payable are agency-type funds and are further discussed in Note 7.

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Functional Allocation of Expense

The financial statements report certain functional categories of expenses that are attributable to program or supporting services of the Foundation. When allocations are required, they are based on specific identification and/or time spent on program or supporting services activities. Administrative expenses typically include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. The primary expenses that are allocated include salaries, payroll taxes, and benefits and occupancy expenses which are allocated on the basis of estimates of time and effort.

Leases

The Foundation determines if an arrangement is a lease at inception. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an asset includes the right to obtain substantially all of the economic benefits of the underlying asset and the right to direct how and for what purpose the asset is used. Right-of-use (ROU) assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Foundation uses the implicit rate when readily determinable. The Foundation has elected to use a risk-free rate in determining the present value of lease payments for all asset classes. The Foundation's lease terms include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. For lease agreements that contain both lease and non-lease components, the Foundation has elected to account for the lease and non-lease components as a single component.

Rent expense, including the effects of lease incentives, is recognized on a straight-line basis over the term of the lease.

Income Taxes

The Foundation is a nonprofit entity and therefore exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes.

The Foundation follows guidance for accounting for uncertainty in income taxes and has evaluated whether they have any significant tax uncertainties that would require recognition or disclosure. Primarily due to the exempt status, the Foundation does not have any significant tax uncertainties that would require recognition or disclosure. The Foundation is no longer subject to U.S. federal, state, or local tax examinations for years before fiscal 2020.

Recently Adopted Accounting Pronouncements

In June 2016 and related amendments, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326). This guidance changes the methodology to be used to measure credit losses for certain financial instruments and financial assets, including trade receivables. The new methodology requires the recognition of an allowance that reflects the current estimate of credit losses expected to be incurred over the life of the financial asset. The adoption of the guidance did not have a material impact on the Foundation's financial statements.

Subsequent Events

The Foundation has evaluated all other subsequent events through December 30, 2024, the date which the financial statements were available to be issued.

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

2. CONCENTRATIONS

During the year ended June 30, 2024, two donors represented 44% of total support and revenue. Contributions and grants receivable from two donors represented 59% of contributions and grants receivable at June 30, 2024. Contributions received at the Night of Light event represented 14% of total support and revenue for the year ended June 30, 2024.

During the year ended June 30, 2023, two donors represented 49% of total support and revenue. Contributions and grants receivable from four donors represented 64% of contributions and grants receivable at June 30, 2023, and two of these donors serve on the Board of Directors for the Foundation. Contributions received at the Night of Light event represented 18% of total support and revenue for the year ended June 30, 2023.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at June 30:

	2024	2023
Total contributions receivable	\$ 523,070	\$ 1,612,128
Less: allowance for credit losses	-	-
Net contributions receivable	<u>\$ 523,070</u>	<u>\$ 1,612,128</u>
	2024	2023
Receivable in less than one year	\$ 465,127	\$ 1,195,455
Receivable in 1-5 years	60,900	445,700
Total contributions receivable	526,027	1,641,155
Less: discount to net present value	(2,957)	(29,027)
Net contributions receivable	523,070	1,612,128
Less: current portion of contributions receivable	(465,127)	(1,195,455)
Long-term portion of contributions receivable	<u>\$ 57,943</u>	<u>\$ 416,673</u>

4. GRANTS RECEIVABLE

Grants receivable consist of the following at June 30:

	2024	2023
Receivable in less than one year	\$ 400,000	\$ 400,000
Receivable in 1-2 years	-	-
Total grants receivable	400,000	400,000
Less: discount to net present value	-	-
Net grants receivable	400,000	400,000
Less: current portion of grants receivable	(400,000)	(400,000)
Long-term portion of grants receivable	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2024 and 2023, grants receivable totaled \$400,000 and represent grant funds receivable from Catholic Services Appeal, which are further discussed in Note 8.

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

5. INVESTMENTS AND BENEFICIAL INTEREST IN INVESTMENTS HELD BY OTHERS

Investments and beneficial interest in investments held by others, including those held in support of the Foundation's endowment programs (Note 14), are primarily held in two fund accounts at Catholic Community Foundation. Management held funds for short-term purposes for support of general operations, this account was closed in fiscal 2023. Management holds funds for the purpose of generating earnings over many years and consistently classifies these funds as long-term assets.

The Foundation transferred assets to the Catholic Community Foundation, which is holding them as an agency type fund for the benefit of the Foundation in a short-term capital preservation fund. This agreement can be terminated by either party, and any amount can be withdrawn from the fund, including principal and interest. No variance power over the fund has been given to the Catholic Community Foundation.

The Foundation also transferred assets to the Catholic Community Foundation, which is holding them as an endowed component fund for the benefit of the Foundation in two different long-term growth balanced funds. The Foundation has named themselves as beneficiary of the earnings and has granted the Catholic Community Foundation with variance power should the situation ever arise that the Foundation was no longer in business to utilize the distributions. The funds are subject to the Catholic Community Foundation's investment and spending policies, which currently result in a distribution to the Foundation of four percent, which is reviewed annually and considers market conditions. The Foundation reports the net asset value of the funds as Beneficial Interest in Assets Held by Others in the Statement of Financial Position and reports distributions received as investment income. Changes in the value of the funds are reported as gains or losses in the Statement of Activities. The Foundation received approximately \$29,000 and \$27,000 in distributions during fiscal year 2024 and 2023, respectively.

The Foundation has an investment account with a financial institution. The investment portfolio is comprised of fixed income mutual funds and exchange traded funds which are considered Level 1 investments in the fair value hierarchy. The balance of this investment account was approximately \$2,274,000 and \$2,138,000 as of June 30, 2024 and 2023, respectively.

Investments and beneficial interest in investments held by others consist of the following instruments at June 30:

	2024	2023
Investments:		
Fixed Income Mutual Funds	\$ 1,258,676	\$ 975,526
Exchange Traded Funds	1,015,373	1,162,046
Total Long-Term Investments	<u>\$ 2,274,049</u>	<u>\$ 2,137,572</u>
Beneficial Interest:		
Catholic Community Foundation – Investment Pool:		
Long-Term Pool for Balanced Growth	<u>\$ 943,598</u>	<u>\$ 878,384</u>

Changes in the beneficial endowment funds for the years ended June 30, 2024 and 2023 are as follows:

Beginning Balance, July 1, 2022	\$ 738,870
Amounts invested in funds	100,000
Share of appreciation of funds	66,514
Distributions received	(27,000)
Ending Balance, June 30, 2023	<u>\$ 878,384</u>
Amounts invested in funds	-
Share of appreciation of funds	93,815
Distributions received	(28,601)
Ending Balance, June 30, 2024	<u>\$ 943,598</u>

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

6. FAIR VALUE

The following tables provide information on those assets that are measured at fair value on a recurring basis:

	June 30, 2024			
	Fair Value Carrying Amount in Statement of Financial Position	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Fixed Income Funds	\$ 1,258,676	\$ 1,258,676	\$ -	\$ -
Exchange Traded Funds	1,015,373	1,015,373	-	-
Total Assets Measured at Fair Value	2,274,049	\$ 2,274,049	\$ -	\$ -
Assets Measured Using Net Asset Value Under the Practical Expedient: Catholic Community Foundation – Investment Pool: Long-Term Pool for Balanced Growth				
	943,598			
Total Investments to Statement of Financial Position	\$ 3,217,647			
	June 30, 2023			
	Fair Value Carrying Amount in Statement of Financial Position	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Fixed Income Funds	\$ 975,526	\$ 975,526	\$ -	\$ -
Exchange Traded Funds	1,162,046	1,162,046	-	-
Total Assets Measured at Fair Value	2,137,572	\$ 2,137,572	\$ -	\$ -
Assets Measured Using Net Asset Value Under the Practical Expedient Catholic Community Foundation – Investment Pool: Long-Term Pool for Balanced Growth				
	878,384			
Total Investments to Statement of Financial Position	\$ 3,015,956			

The Foundation determines the fair value of all Level 1 financial assets based on quoted market prices in an active market. The Foundation decided to elect the practical expedient under ASC 820 to measure their beneficial interest investments using net asset value. There have been no changes in methodologies or transfers between fair value measurement levels during the year ended June 30, 2023.

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

The reconciliation of beginning and ending balances for assets measured at fair value on a recurring basis using level three inputs is summarized as follows:

	Short-Term Pool	Long-Term Pool
Beginning Balance, July 1, 2022	\$ 99,566	\$ 738,870
Purchases	-	100,000
Withdrawals	(101,020)	(27,000)
Investment return, net	1,454	66,514
Ending Balance, June 30, 2023	\$ -	\$ 878,384
Purchases	-	-
Withdrawals	-	(28,601)
Investment return, net	-	93,815
Ending Balance, June 30, 2024	\$ -	\$ 943,598

As previously noted, investments and beneficial interest in investments held at the Catholic Community Foundation are pooled with other organizations' funds and invested in a diversified portfolio of marketable equity and fixed income securities as well as limited marketability investments, including private equities, absolute return investments, and real estate. A substantial portion of the underlying assets of the pooled investments at Catholic Community Foundation are measured at fair value using Level 1 and Level 2 inputs. Aim Higher Foundation's ownership in such investments is represented by an undivided interest in the above pooled investment portfolios managed by Catholic Community Foundation, not in the underlying assets themselves. The undivided interests in these pooled portfolios are not themselves publicly traded nor can they be valued based on observable direct or indirect inputs. Due to the inability to directly observe these inputs, the Foundation has elected to apply the practical expedient under ASC 820 allowing them to measure the investments using net asset value.

7. JOHN M. NASSEFF MEMORIAL SCHOLARSHIP PROGRAM

In 2018, the Foundation created the John M. Nasseff Memorial Scholarship Program (Memorial Scholarship Program). Under the terms of the Memorial Scholarship Program, the Foundation receives a 2% administrative fee of all funds received, and the remaining net funds are then allocated 10% to Aim Higher student scholarships at St. Paul schools and 90% for scholarships at a specified school. The Foundation recognizes the 2% administrative fee as service revenue, the 10% allocated funds as Aim Higher contributions received with donor restrictions (restricted for scholarships at St. Paul schools), and the 90% allocated funds that are designated for scholarships at the specified school are considered agency-type funds. The agency-type funds are not recognized as the Foundation's contribution revenue but are rather recorded as a liability (the "Memorial Scholarship Program, designated scholarships") until they are paid. The terms of the Memorial Scholarship Program also specify that the Foundation is to hold unspent scholarship funds received as restricted cash within the Aim Higher Foundation accounts.

During the year ended June 30, 2024, the Foundation received \$500 on behalf of the Memorial Scholarship Program. A total of approximately \$18,000 of Memorial Scholarship Program scholarships were paid in fiscal year 2024.

During the year ended June 30, 2023, the Foundation did not receive any funds on behalf of the Memorial Scholarship Program. A total of approximately \$18,000 of Memorial Scholarship Program scholarships were paid in fiscal year 2023.

At June 30, 2024 and 2023, the Foundation had cash totaling approximately \$252,000 and \$269,000, respectively, held in support of this Program, of which approximately \$252,000 and \$269,000, respectively, is recorded as segregated restricted cash (both current and long term) on the statement of financial position, and the remaining amounts are included within operating cash.

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

At June 30, 2024 and 2023, the Memorial Scholarship Program grant receivable was as follows.

	2024	2023
Memorial Scholarship Program grant receivable		
Receivable in less than one year	\$ 4,953	\$ 3,953
Receivable in 1-5 years	-	1,000
Total grant receivable	4,953	4,953
Less: discount to net present value (rate of 5%)	-	(48)
Net Memorial Scholarship Program grant receivable	4,953	4,905
Less: current portion of grant receivable	(4,953)	(3,953)
Long-term portion of grant receivable	<u>\$ -</u>	<u>\$ 952</u>

The balance of the Memorial Scholarship Program designated scholarship liability was as follows at June 30:

	2024	2023
Memorial Scholarship Program, designated scholarship liability		
Current portion	\$ 20,000	\$ 20,000
Long-term portion	232,281	249,480
Total	<u>\$ 252,281</u>	<u>\$ 269,480</u>

Additionally, the net asset balance of the unspent donor-restricted Aim Higher Foundation Memorial Scholarship Program funds was approximately \$29,000 at both June 30, 2024 and 2023 (see Note 10).

8. CATHOLIC SERVICES APPEAL FOUNDATION AND CATHOLIC SERVICES APPEAL SCHOLARSHIP PROGRAM

The Foundation entered into an agreement with Catholic Services Appeal Foundation (CSAF) in which the Foundation collaborated with CSAF to facilitate additional student scholarships with funds CSAF provided. The agreement ended in the fall of 2023 upon board approved dissolution of CSAF. Under this program, the Foundation determined and approved which students would receive these scholarships and submitted a funding request to CSAF. Upon funding approval by CSAF, the Foundation recognized a grant receivable and related donor restricted contribution and also recorded the scholarship payable and related scholarship expense for the approved scholarships to the students. The grant receivable was then satisfied when the grant funds were received from CSAF, and the scholarship payable was satisfied when the funds were disbursed by the Foundation for the student scholarships. Upon the dissolution of CSAF, the Archdiocese of Saint Paul & Minneapolis decided to relaunch the appeal in a new partnership with the Foundation under the title of the Catholic Services Appeal (CSA). The CSA functions using a similar structure and timing of the CSAF program.

During fiscal 2024, the Foundation approved \$400,000 of such scholarships and CSA agreed to contribute \$400,000 to the Foundation to be distributed as these scholarships. At June 30, 2024, the Foundation has therefore recorded a \$400,000 grant receivable and related contribution from CSA. The Foundation recorded a \$400,000 scholarship payable and scholarship expense for the student scholarships approved prior to June 30, 2024 but which will be paid in fiscal year 2025. A total of \$400,000 contribution revenue and \$400,000 of related scholarship expense has been recognized during the year ended June 30, 2024 related to this program.

During fiscal 2023, the Foundation approved \$400,000 of such scholarships and CSAF agreed to contribute \$400,000 to the Foundation to be distributed as these scholarships. At June 30, 2023, the Foundation has therefore recorded a \$400,000 grant receivable and related contribution revenue from CSAF. The Foundation recorded a \$400,000 scholarship payable and scholarship expense for the student scholarships approved prior to June 30, 2023 of which were paid in fiscal year 2024. A total of \$400,000 related scholarship expense has been recognized during the year ended June 30, 2023 related to this program.

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

9. SCHOLARSHIPS PAYABLE

Scholarships payable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
CSA scholarship program	\$ 400,000	\$ -
CSAF scholarship program	-	400,000
Board approved Aim Higher Foundation scholarships	2,150,000	1,930,000
Total scholarship payable	<u>\$ 2,550,000</u>	<u>2,330,000</u>

10. NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2024</u>	<u>2023</u>
<u>Subject to Expenditure for Specified Purposes:</u>		
Memorial Scholarship Program	\$ 29,076	\$ 29,076
Capital Campaign and Night of Light pledges, time restrictions	602,068	1,767,624
Student scholarships	257,427	246,300
	<u>\$ 888,571</u>	<u>\$ 2,043,000</u>
<u>Subject to Foundation Spending Policy and Appropriation (Endowments):</u>		
Invested in perpetuity, endowments	\$ 733,407	\$ 733,407
Unappropriated amounts above original gifts and required accumulations:		
Accumulated investment income	206,117	140,902
	<u>939,524</u>	<u>874,309</u>
Total net assets with donor restrictions	<u>\$ 1,828,095</u>	<u>\$ 2,917,309</u>

Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses or otherwise satisfying the restrictions specified by donors as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
CSA & CSAF Scholarship Programs:		
Scholarships approved and accrued	\$ 400,000	\$ 400,000
Total CSA & CSAF Scholarship Programs	400,000	400,000
Other student scholarships	-	-
Expiration of time restrictions; Campaign, Night of Light, and operating grants	1,241,775	1,253,606
Total	<u>\$ 1,641,775</u>	<u>\$ 1,653,606</u>

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

11. LEASE OBLIGATIONS

Operating Lease

The Foundation had two operating leases for office space and related storage space that expire February 28, 2026. As of July 1, 2024 the Foundation entered into a lease amendment that includes relocation from the original lease premises and extends the lease term through February 28, 2030. The office lease requires monthly base rent, plus additional amounts for a pro rata share of operating expenses. In accordance with generally accepted accounting principles, the Foundation recognizes rental expense on a straight-line basis and records the difference between the accumulated monthly lease payments and the accumulated straight-line expense incurred as deferred rent.

Scheduled maturities of lease liabilities were as follows at June 30, 2024:

	Total Operating Leases (Rounded)
2025	\$ 20,400
2026	13,800
Total lease payments	34,200
Less amounts representing interest	(861)
Total lease liabilities	\$ 33,339

The components of lease expense consist of the following for the year ended June 30, 2024:

Operating lease expense	\$ 20,061
Variable lease expense	13,689
Total lease expense	\$ 33,750

Supplemental cash flow and other information relates to leases is as follows as of and for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 21,910
Weighted average remaining lease term – operating leases (years)	1.67
Weighted average discount rate – operating leases	4.49%

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

12. RELATED PARTY INFORMATION

Contributions received from Aim Higher Foundation Board members totaled approximately \$211,000 and \$141,000 for the years ended June 30, 2024 and 2023, respectively. Contributions and grants receivable from Aim Higher Foundation Board members were approximately \$108,000 and \$748,000 at June 30, 2024 and 2023, respectively.

Contributions received from Aim Higher Foundation employees totaled approximately \$4,000 and \$3,000 for the years ended June 30, 2024 and 2023, respectively. Contributions and grants receivable from employees were approximately \$6,000 and \$4,000 at June 30, 2024 and 2023, respectively.

13. AIM EVER HIGHER CAMPAIGN

During fiscal year 2020, the Foundation began a capital fund-raising campaign, the "Aim Ever Higher Campaign," to raise additional funding to enable the Foundation to increase the number of need-based, tuition-assistance scholarships. The significant multimillion-dollar campaign was to raise additional funding over an 18-month period. Pledges to the campaign were typically received over a three to five-year period and were recognized as time-restricted revenue when the donor makes a firm commitment to give.

The Foundation received approximately \$653,000 and \$650,000 in contributions from donors related to the campaign for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, approximately \$523,000 and \$1,612,000, respectively, is a contribution receivable, net of an approximate discount to present value of \$3,000 and \$29,000, respectively.

The Foundation incurred approximately \$17,000 and \$169,000 in expenses related to the campaign during fiscal 2024 and 2023, respectively. The total amount of expenses is included within the fundraising expenses shown in the Statement of Functional Expenses for fiscal 2024 and 2023.

14. ENDOWMENT FUNDS

The Foundation's endowments consist of various donor-restricted funds established primarily for scholarships. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Net assets subject to donor-imposed restrictions are recorded within net assets with donor restrictions.

Endowment and Restricted Net Asset Composition by Type of Fund

	June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Beneficiary endowment funds	\$ -	\$ 943,598	\$ 943,598
Total	\$ -	\$ 943,598	\$ 943,598
	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Beneficiary endowment funds	\$ -	\$ 878,384	\$ 878,384
Total	\$ -	\$ 878,384	\$ 878,384

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Changes in Endowment and Restricted Net Assets

	Year Ended June 30, 2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets - beginning of year	\$ -	\$ 878,384	\$ 878,384
Investment income	-	93,815	93,815
Release of board designations	-	-	-
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	(28,601)	(28,601)
Net assets - end of year	<u>\$ -</u>	<u>\$ 943,598</u>	<u>\$ 943,598</u>

	Year Ended June 30, 2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets - beginning of year	\$ -	\$ 738,870	\$ 738,870
Investment income	-	66,514	66,514
Release of board designations	-	-	-
Contributions	-	100,000	100,000
Appropriation of endowment assets for expenditure	-	(27,000)	(27,000)
Net assets - end of year	<u>\$ -</u>	<u>\$ 878,384</u>	<u>\$ 878,384</u>

Net investment income is comprised of interest, dividends, fees, and both realized and unrealized gains and losses.

AIM HIGHER FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

15. LIQUIDITY AND AVAILABILITY

The following represents the Foundation's approximate financial assets at June 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year because of donor restrictions, board designations, or other contractual considerations:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 1,023,000	\$ 837,000
Current maturities of contributions receivable	465,000	1,195,000
Current maturities of grants receivable (\$400,000 specified for scholarship payable)	400,000	400,000
Memorial Scholarship Program		
Restricted cash	20,000	20,000
Grant receivable, current portion	5,000	4,000
Investments, short-term	-	-
Investments, long-term	2,274,000	2,138,000
Non-current contributions receivable	58,000	417,000
Total financial assets	<u>4,245,000</u>	<u>5,011,000</u>
Less amounts unavailable for general expenditure within one year:		
Grants receivable, committed to specified scholarships payable	(400,000)	(400,000)
Memorial Scholarship Program		
Restricted cash	(20,000)	(20,000)
Grant receivable	(5,000)	(4,000)
Donor restricted net assets, subject to expenditures for specified purposes (Note 10)	(889,000)	(2,043,000)
Investments, long-term	<u>(2,274,000)</u>	<u>(2,138,000)</u>
Total financial assets not available for general expenditures within one year	<u>(3,588,000)</u>	<u>(4,605,000)</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 657,000</u>	<u>\$ 406,000</u>

Net assets with donor restrictions are specifically restricted for use towards the Foundation's program services and are not available to meet general expenditures. Although such funds may ultimately be used within one year, their use is restricted by the donors and therefore the funds are not considered available for the general use of the Foundation. The contribution receivables of approximately \$523,000 and \$1,612,000 at June 30, 2024 and 2023, respectively, related to the Aim Ever Higher campaign are subject to time restrictions and are included within net assets with donor restrictions. When these contribution receivables are received, they are available for general expenditures. The Memorial Scholarship Program restricted cash and grant receivables are subject to restrictions imposed by the grantors to the Fund and are not available for the general use of the Foundation.

The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation has policies in place to manage cash flow, liquidity, and risk. Cash in excess of daily requirements is invested in short-term investments and money market funds.