

H&J Certified Public  
Accountants, Inc.

37131 Euclid Avenue

Willoughby, OH 44094

phone: 440.951.2997

fax: 440.951.0931

**REACHING HEIGHTS,  
CLEVELAND HEIGHTS-UNIVERSITY  
HEIGHTS PUBLIC  
SCHOOLS FOUNDATION**

**FINANCIAL STATEMENTS**

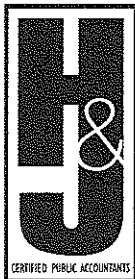
**JULY 31, 2008 AND 2007**

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF FINANCIAL POSITION JULY 31, 2008 AND 2007.....	2
STATEMENT OF ACTIVITIES Year Ended JULY 31, 2008 and Seven Months Ended JULY 31, 2007.....	3
STATEMENT OF CASH FLOWS Year Ended JULY 31, 2008 and Seven Months Ended JULY 31, 2007.....	4
NOTES TO THE FINANCIAL STATEMENTS .....	5 through 10



The CPA. Never Underestimate The Value.™

[www.h-jcpa.com](http://www.h-jcpa.com)



## INDEPENDENT AUDITOR'S REPORT

BOARD OF TRUSTEES  
REACHING HEIGHTS,  
CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION

We have audited the accompanying statement of financial position for the Reaching Heights, Cleveland Heights-University Heights Public Schools Foundation, as of July 31, 2008 and 2007, and the related statement of activities and statement of cash flows for the year and seven months then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Reaching Heights, Cleveland Heights-University Heights Public Schools Foundation as of July 31, 2008 and 2007 and the changes in its net assets and cash flows for the year and seven months then ended in conformity with accounting principles generally accepted in the United States.

Cleveland, Ohio  
February 2, 2009

H. J.  
*Certified Public Accountants*



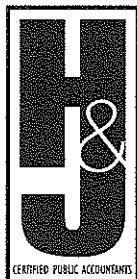
**REACHING HEIGHTS, CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION**

STATEMENT OF FINANCIAL POSITION

JULY 31, 2008 AND 2007

<b>ASSETS</b>	Permanently Restricted	Temporarily Restricted	Unrestricted	<b>2008</b>	2007
<b>CURRENT ASSETS</b>					
Cash & Cash Equivalents	\$ -	\$ 5,336	\$ 20,275	<b>\$ 25,611</b>	\$ 44,150
Short-Term Investments		22,603		<b>22,603</b>	20,772
Pledges Receivable - Short-Term	15,393			<b>15,393</b>	-
Restricted Cash & CD (Note 5)					22,400
	<u>15,393</u>	<u>27,939</u>	<u>20,275</u>	<b><u>63,607</u></b>	<u>87,322</u>
<b>PROPERTY AND EQUIPMENT (Note 2)</b>					
Furniture & Fixtures			9,546	<b>9,546</b>	9,546
Less: Accumulated Depreciation			(9,546)	<b>(9,546)</b>	(8,717)
					<u>829</u>
<b>OTHER ASSETS</b>					
Investments (Note 4)	40,554		87,313	<b>127,867</b>	162,195
Pledges Receivable - Long-Term	27,547			<b>27,547</b>	
Deposits			360	<b>360</b>	360
	<u>68,101</u>		<u>87,673</u>	<b><u>155,774</u></b>	<u>162,555</u>
	<u>\$ 83,494</u>	<u>\$ 27,939</u>	<u>\$ 107,948</u>	<b><u>\$ 219,381</u></b>	<u>\$ 250,706</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Fiscal Agent Payable	\$ -	\$ -	\$ -	<b>\$ -</b>	\$ 22,400
Accrued Expenses			8,570	<b>8,570</b>	11,031
Accrued Payroll & Related			5,000	<b>5,000</b>	1,734
			<u>13,570</u>	<b><u>13,570</u></b>	<u>35,165</u>
<b>NET ASSETS (Note 2)</b>					
Unrestricted - Operating			9,670	<b>9,670</b>	84,106
- Board-Designated			84,708	<b>84,708</b>	92,913
Total Unrestricted			94,378	<b>94,378</b>	177,019
Temporarily Restricted		27,939		<b>27,939</b>	38,522
Permanently Restricted	\$ 83,494			<b>83,494</b>	
	<u>83,494</u>	<u>27,939</u>	<u>94,378</u>	<b><u>205,811</u></b>	<u>215,541</u>
	<u>\$ 83,494</u>	<u>\$ 27,939</u>	<u>\$ 107,948</u>	<b><u>\$ 219,381</u></b>	<u>\$ 250,706</u>

See accompanying notes.



**REACHING HEIGHTS, CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION**

STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2008 AND SEVEN MONTHS ENDED JULY 31, 2007

	PERMANENTLY RESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	<b>2008</b>	2007
<b>PUBLIC SUPPORT AND REVENUES</b>					
<b>PUBLIC SUPPORT</b>					
Individuals & Other	\$ 84,494	\$ 8,368	\$ 34,292	<b>\$ 127,154</b>	\$ 34,335
DiGeronimo Foundation			6,000	<b>6,000</b>	
Wean Foundation			2,500	<b>2,500</b>	
Weiskopf Fund			500	<b>500</b>	1,300
Whole Foods					10,000
Jennings Foundation					7,500
AHS Foundation			5,000	<b>5,000</b>	
	<u>84,494</u>	<u>8,368</u>	<u>48,292</u>	<u><b>141,154</b></u>	<u>53,135</u>
<b>REVENUES</b>					
Spelling Bee			13,785	<b>13,785</b>	15,569
Other			7,209	<b>7,209</b>	2,514
Music Camp			8,579	<b>8,579</b>	9,045
Investment Income		1,031	5,707	<b>6,738</b>	6,057
Special Events - Concert Net			20	<b>20</b>	38,086
Unrealized Gain(Loss) on Securities			(11,323)	<b>(11,323)</b>	3,142
		<u>1,031</u>	<u>23,977</u>	<u><b>25,008</b></u>	<u>74,413</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>84,494</u>	<u>9,399</u>	<u>72,269</u>	<u><b>166,162</b></u>	<u>127,548</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>(1,000)</u>	<u>(19,982)</u>	<u>20,982</u>		
	83,494	(10,583)	93,251	<b>166,162</b>	127,548
<b>EXPENSES</b>					
Salaries, Employee Benefits & Taxes			83,257	<b>83,257</b>	35,764
Music Camp			14,294	<b>14,294</b>	12,017
Scholarships - Patti Fund			9,208	<b>9,208</b>	4,379
Tutoring - Many Villages			8,990	<b>8,990</b>	8,595
Occupancy			6,900	<b>6,900</b>	3,010
Printing & Publications			6,170	<b>6,170</b>	5,114
Telephone and Computer			5,151	<b>5,151</b>	1,272
Fundraising			4,362	<b>4,362</b>	564
Office Supplies & Miscellaneous			4,318	<b>4,318</b>	1,514
Spelling Bee			2,421	<b>2,421</b>	1,084
Professional Fees			2,300	<b>2,300</b>	750
Postage			1,933	<b>1,933</b>	826
Thank-A-Teacher			1,101	<b>1,101</b>	1,198
Pledge Bad Debt			1,000	<b>1,000</b>	
Depreciation			829	<b>829</b>	89
Insurance			505	<b>505</b>	83
Advertising & Promotion			315	<b>315</b>	482
Strategic Planning					3,000
<b>TOTAL EXPENSES</b>			<u>153,054</u>	<u><b>153,054</b></u>	<u>79,741</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	83,494	(10,583)	(59,803)	<b>13,108</b>	47,807
<b>GRANTS TO SCHOOLS AND OTHER</b>			<u>22,838</u>	<u><b>22,838</b></u>	<u>8,945</u>
<b>CHANGE IN NET ASSETS</b>	83,494	(10,583)	(82,641)	<b>(9,730)</b>	38,862
<b>NET ASSETS - Beginning</b>		<u>38,522</u>	<u>177,019</u>	<u><b>215,541</b></u>	<u>176,679</u>
<b>NET ASSETS - Ending (Note 2)</b>	<u>\$ 83,494</u>	<u>\$ 27,939</u>	<u>\$ 94,378</u>	<u><b>\$ 205,811</b></u>	<u>\$ 215,541</u>

See accompanying notes.



**REACHING HEIGHTS, CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION**

STATEMENT OF CASH FLOWS

YEAR ENDED JULY 31, 2008 AND SEVEN MONTHS ENDED JULY 31, 2007

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (9,730)	\$ 38,862
Adjustments to Reconcile Change in Net Assets to Cash Provided by(Used by) Operating Activities:		
Depreciation	829	89
Allowance for Uncollectible Pledges	1,000	
Discount on Long-Term Pledges	3,115	
Reinvested Interest	(1,831)	(516)
Decrease(Increase) in Pledges and Grants Receivable	(47,055)	10,000
Decrease in Prepaid Expenses		6,900
Increase in Current Liabilities	805	6,852
Total Adjustments	<u>(43,137)</u>	<u>23,325</u>
Net Cash Provided by(Used by) Operating Activities	<b>(52,867)</b>	62,187
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease(Increase) in Investments	<u>34,328</u>	<u>(43,213)</u>
Net Cash Provided by(Used by) Investing Activities	<u>34,328</u>	<u>(43,213)</u>
<b>INCREASE(DECREASE) IN CASH</b>	<b>(18,539)</b>	18,974
<b>CASH &amp; CASH EQUIVALENTS - Beginning</b>	<u>44,150</u>	<u>25,176</u>
<b>CASH &amp; CASH EQUIVALENTS - Ending</b>	<u>\$ 25,611</u>	<u>\$ 44,150</u>

See accompanying notes.



**REACHING HEIGHTS, CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2008 AND 2007

NOTES:

**NOTE 1. NATURE OF OPERATIONS**

MISSION STATEMENT

Founded in 1989, Reaching Heights mobilizes community resources to foster highly valued public schools that provide all Cleveland Heights-University Heights School District students a successful education.

INITIATIVE

Reaching Heights invigorates public support for the public schools and contributes to the education process by making grants and organizing special events and programs that:

- Support student achievement
- Support teacher collaboration and innovation
- Foster an atmosphere of appreciation
- Connect the community with the schools through events and information
- Celebrate public education and build community
- Promote public knowledge of education issues and successes

The Organization's website address is [www.reachingheights.org](http://www.reachingheights.org).

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

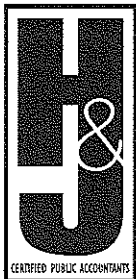
BASIS OF ACCOUNTING

The financial statements of the organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

BASIS OF PRESENTATION

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- **Unrestricted Net Assets** – Net assets that are not subject to donor-imposed stipulations.
- **Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time.



**REACHING HEIGHTS, CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2008 AND 2007

NOTES (CONTINUED):

- **Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of such assets would permit the Foundation to use all or part of the income earned on the asset.

CHANGE IN ACCOUNTING PERIOD

The Board voted to change the Organization's accounting period year-end to July from December beginning for the seven months ended July 31, 2007. These comparative financial statements therefore reflect twelve months of activity for 2008 and seven months for 2007.

RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentations in the current year financial statements.

FINANCIAL INSTRUMENTS

The amounts recorded on the Statement of Financial Position for the financial instruments approximate the fair value of those items.

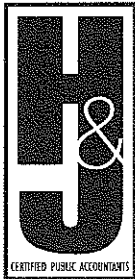
PROPERTY AND EQUIPMENT

These assets are stated at cost or fair market value at date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The depreciable lives of assets generally are ten years. Depreciation expense was \$829 in 2008 and \$89 in 2007.

The cost of assets retired or otherwise disposed of and the related accumulated depreciation has been eliminated from the accounts and any resulting gain or loss charged to revenue.

CONTRIBUTIONS

Contributions, including unconditional promises to give, are recorded at the date of pledge.



**REACHING HEIGHTS, CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2008 AND 2007

NOTES (CONTINUED):

All contributions are available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets are reported as restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, donor restricted contributions whose restrictions expire in the same reporting period as received are reported as contributions available for unrestricted use.

DONATED MATERIALS AND SERVICES

Donated services that replace personnel or purchased services needed for operations and donated materials are reflected as contributions in the accompanying statements at their estimated values at date of receipt.

No amounts have been reflected in the statements for donated fund raising and Board, Director or other volunteer services because they do not meet the requirements of FASB 116. However, a substantial number of volunteers have donated significant amounts of their time to programs of Reaching Heights and to its fund raising campaigns.

CASH FLOWS

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts on deposit that can be withdrawn on demand or mature within three months.

MAJOR FUNDING AND CONCENTRATION OF RISK

The major funding sources are as disclosed in the statement of activities (Page 3).

INCOME TAX STATUS

The Foundation was incorporated under the not-for-profit laws in the State of Ohio and is exempt from federal income taxation under code Section 501(c)(3).

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expense was \$315 for 2008 and \$482 for 2007.



**REACHING HEIGHTS, CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2008 AND 2007

NOTES (CONTINUED):

USE OF ESTIMATES

The preparation of financial statements 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.

**NOTE 3. COMMITMENTS**

Reaching Heights has a lease agreement for its facilities on an annual basis. Rents under the terms of this agreement are \$5,160 for 2008 and \$3,010 for 2007.

**NOTE 4. INVESTMENTS**

The Foundation carries investments at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

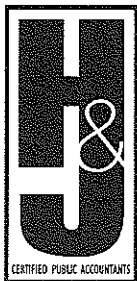
Investments at period end are valued at market and consist of the following:

	2008	2007
Money Market Funds	\$ 33,502	\$ 66,262
Mutual Fund	84,708	92,913
Equity Securities	<u>9,657</u>	<u>3,020</u>
	<u>\$ 127,867</u>	<u>\$ 162,195</u>

**NOTE 5. RESTRICTED CASH AND FISCAL AGENT PAYABLE**

The Foundation has received funds to administer and grant funds for use only in conjunction with certain schools and projects in the Cleveland Heights-University Heights Public School District. Generally these funds are raised by the parents, students and educators associated with the school who maintain discretion as to the grantee fund recipient. The fund balances at July 31, 2008 are as follows:

Restricted Cash - Beginning of Year	\$ 22,400
Receipts & Interest	4,952
Expenditures	<u>(27,352)</u>
Restricted Cash - End of Year	<u>\$ -</u>



**REACHING HEIGHTS, CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2008 AND 2007

NOTES (CONTINUED):

**NOTE 6. PERMANENTLY RESTRICTED NET ASSETS**

Pledges receivable, arising from an endowment campaign, are summarized as follows at period end:

Pledges Receivable			
Expected to be Collected in:			
Less than One Year	\$	15,393	
One to Five Years		<u>31,662</u>	
		47,055	
Less Discounts to Net Present Value at 4.00%		<u>(3,115)</u>	
		43,940	
Less: Allowance for Uncollectible Pledges		<u>(1,000)</u>	
Net Pledges Receivable	\$	<u>42,940</u>	
Current Portion	\$	15,393	
Long-Term		<u>27,547</u>	
	\$	<u>42,940</u>	

There are no permanently restricted net assets as of July 31, 2007.

**NOTE 7. TEMPORARILY RESTRICTED NET ASSETS**

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net asset and are reported in the statement of activities as assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

The components of temporarily restricted net assets as of July 31 are as follows:

Donor	Purpose/Time	2008	2007
Patti Family Foundation	Music Scholarships	\$ 21,023	\$ 21,897
Various	Many Villages Tutoring	3,780	12,770
Podis-Weiskopf Fund	Music Scholarships	1,700	2,500
Various	Canterbury Inclusion	<u>1,436</u>	<u>1,355</u>
		<u>\$ 27,939</u>	<u>\$ 38,522</u>



**REACHING HEIGHTS, CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION**

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2008 AND 2007

NOTES (CONTINUED):

**NOTE 8. FUNCTIONAL EXPENSES**

The allocation for functional expenses for the Foundation for the periods ended July 31, 2008 and July 31, 2007 (seven months) is summarized as follows:

<b>2008</b>	<u>PROGRAM</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Salaries & Related Expenses	\$ 70,768	\$ 8,326	\$ 4,163	\$ 83,257
Grants to Schools	22,838			22,838
Scholarships	9,208			9,208
Music Camp	14,294			14,294
Other Program Services	8,990			8,990
Indirect Expenses	18,925	14,892	1,067	34,884
Spelling Bee	2,421			2,421
	<u>\$ 147,444</u>	<u>\$ 23,218</u>	<u>\$ 5,230</u>	<u>\$ 175,892</u>
<b>2007</b>	<u>PROGRAM</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Salaries & Related Expenses	\$ 31,938	\$ 2,038	\$ 1,788	\$ 35,764
Grants to Schools	8,945			8,945
Scholarships	4,379			4,379
Music Camp	12,017			12,017
Other Program Services	8,595			8,595
Indirect Expenses	9,862	7,476	564	17,902
Spelling Bee			1,084	1,084
	<u>\$ 75,736</u>	<u>\$ 9,514</u>	<u>\$ 3,436</u>	<u>\$ 88,686</u>