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

**FINANCIAL STATEMENTS**

**JULY 31, 2009 AND 2008**

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## INDEPENDENT AUDITOR'S REPORT

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

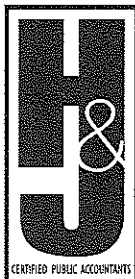
We have audited the accompanying statement of financial position for the Reaching Heights, Cleveland Heights-University Heights Public Schools Foundation, as of July 31, 2009 and 2008, and the related statement of activities and statement of cash flows for the years ended. These financial statements 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, 2009 and 2008 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Cleveland, Ohio  
November 10, 2009

*H·J*  
*Certified Public Accountants*



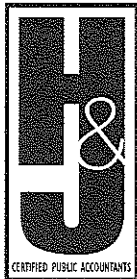
**REACHING HEIGHTS, CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS  
PUBLIC SCHOOLS FOUNDATION**

STATEMENT OF FINANCIAL POSITION

JULY 31, 2009 AND 2008

<b>ASSETS</b>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS</b>					
Cash & Cash Equivalents	\$ -	\$ -	\$ 33,702	<b>\$ 33,702</b>	\$ 25,611
Short-Term Investments		20,152	113	<b>20,265</b>	22,603
Pledges Receivable - Short-Term	14,000			<b>14,000</b>	15,393
	<u>14,000</u>	<u>20,152</u>	<u>33,815</u>	<b><u>67,967</u></b>	<u>63,607</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>	(9,546)
	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>-</u></b>	<u>-</u>
<b>OTHER ASSETS</b>					
Investments (Note 4)	51,033		50,366	<b>101,399</b>	127,867
Pledges Receivable - Long-Term	14,361			<b>14,361</b>	27,547
Deposits			360	<b>360</b>	360
	<u>65,394</u>	<u>-</u>	<u>50,726</u>	<b><u>116,120</u></b>	<u>155,774</u>
	<u>\$ 79,394</u>	<u>\$ 20,152</u>	<u>\$ 84,541</u>	<b><u>\$184,087</u></b>	<u>\$219,381</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accrued Expenses	\$ -	\$ -	\$ 7,760	<b>\$ 7,760</b>	\$ 8,570
Accrued Payroll & Related			3,300	<b>3,300</b>	5,000
	<u>-</u>	<u>-</u>	<u>11,060</u>	<b><u>11,060</u></b>	<u>13,570</u>
<b>NET ASSETS (Note 2)</b>					
Unrestricted - Operating			109	<b>109</b>	9,670
- Board-Designated			73,372	<b>73,372</b>	84,708
Total Unrestricted	-	-	73,481	<b>73,481</b>	94,378
Temporarily Restricted		20,152		<b>20,152</b>	27,939
Permanently Restricted	79,394			<b>79,394</b>	83,494
	<u>79,394</u>	<u>20,152</u>	<u>73,481</u>	<b><u>173,027</u></b>	<u>205,811</u>
	<u>\$ 79,394</u>	<u>\$ 20,152</u>	<u>\$ 84,541</u>	<b><u>\$184,087</u></b>	<u>\$219,381</u>

See accompanying notes.



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

STATEMENT OF ACTIVITIES

YEARS ENDED JULY 31, 2009 AND 2008

	PERMANENTLY RESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	<b>2009</b>	2008
<b>PUBLIC SUPPORT AND REVENUES</b>					
<b>PUBLIC SUPPORT</b>					
Individuals & Other	\$ -	\$ 2,930	\$ 56,571	<b>\$ 59,501</b>	\$127,154
Jennings Foundation		7,500		<b>7,500</b>	-
DiGeronimo Foundation			5,000	<b>5,000</b>	6,000
AHS Foundation			5,000	<b>5,000</b>	5,000
Wean Foundation			2,500	<b>2,500</b>	2,500
Dominion Foundation			1,000	<b>1,000</b>	-
Weiskopf Fund				-	500
	<u>-</u>	<u>10,430</u>	<u>70,071</u>	<u><b>80,501</b></u>	<u>141,154</u>
<b>REVENUES</b>					
Spelling Bee			17,802	<b>17,802</b>	13,785
Music Camp			11,126	<b>11,126</b>	8,579
Other	900		-	<b>900</b>	7,229
Investment Income(Loss)		495	(8,567)	<b>(8,072)</b>	(4,585)
	<u>900</u>	<u>495</u>	<u>20,361</u>	<u><b>21,756</b></u>	<u>25,008</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>900</u>	<u>10,925</u>	<u>90,432</u>	<u><b>102,257</b></u>	<u>166,162</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>(5,000)</u>	<u>(18,712)</u>	<u>23,712</u>	<u>-</u>	<u>-</u>
	<u>(4,100)</u>	<u>(7,787)</u>	<u>114,144</u>	<u><b>102,257</b></u>	<u>166,162</u>
<b>EXPENSES</b>					
Salaries, Employee Benefits & Taxes			65,104	<b>65,104</b>	83,257
Music Camp			14,373	<b>14,373</b>	14,294
Tutoring - Many Villages			8,304	<b>8,304</b>	8,990
Occupancy			7,260	<b>7,260</b>	6,900
Printing & Publications			6,853	<b>6,853</b>	6,170
Scholarships - Patti Fund			5,561	<b>5,561</b>	9,208
Professional Fees			5,525	<b>5,525</b>	2,300
Telephone & Computer			2,297	<b>2,297</b>	5,151
Fund Raising			2,144	<b>2,144</b>	4,362
Office Supplies & Miscellaneous			1,359	<b>1,359</b>	4,318
Postage			1,031	<b>1,031</b>	1,933
Insurance			515	<b>515</b>	505
Thank-A-Teacher			339	<b>339</b>	1,101
Spelling Bee			306	<b>306</b>	2,421
Advertising & Promotion			150	<b>150</b>	315
Pledge Bad Debt				-	1,000
Depreciation				-	829
<b>TOTAL EXPENSES</b>	<u>-</u>	<u>-</u>	<u>121,121</u>	<u><b>121,121</b></u>	<u>153,054</u>
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)</b>	<u>(4,100)</u>	<u>(7,787)</u>	<u>(6,977)</u>	<u><b>(18,864)</b></u>	<u>13,108</u>
<b>GRANTS TO SCHOOLS &amp; OTHER</b>			<u>13,920</u>	<u><b>13,920</b></u>	<u>22,838</u>
<b>CHANGE IN NET ASSETS</b>	<u>(4,100)</u>	<u>(7,787)</u>	<u>(20,897)</u>	<u><b>(32,784)</b></u>	<u>(9,730)</u>
<b>NET ASSETS - Beginning</b>	<u>83,494</u>	<u>27,939</u>	<u>94,378</u>	<u><b>205,811</b></u>	<u>215,541</u>
<b>NET ASSETS - Ending (Note 2)</b>	<u><b>\$ 79,394</b></u>	<u><b>\$ 20,152</b></u>	<u><b>\$ 73,481</b></u>	<u><b>\$173,027</b></u>	<u><b>\$205,811</b></u>

See accompanying notes.



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

STATEMENT OF CASH FLOWS

YEARS ENDED JULY 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<b>\$(32,784)</b>	\$(9,730)
Adjustments to Reconcile Change in Net Assets to Cash Used by Operating Activities:		
Depreciation		829
Allowance for Uncollectible Pledges		1,000
Discount on Long-Term Pledges	<b>(900)</b>	3,115
Decrease(Increase) in Pledges & Grants Receivable	<b>15,479</b>	(47,055)
Increase(Decrease) in Current Liabilities	<b>(2,510)</b>	805
Total Adjustments	<b><u>12,069</u></b>	<u>(41,306)</u>
Net Cash Used by Operating Activities	<b>(20,715)</b>	(51,036)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in Investments	<b><u>28,806</u></b>	<u>32,497</u>
Net Cash Provided by Investing Activities	<b><u>28,806</u></b>	<u>32,497</u>
INCREASE(DECREASE) IN CASH	<b>8,091</b>	(18,539)
CASH & CASH EQUIVALENTS - Beginning	<b><u>25,611</u></b>	<u>44,150</u>
CASH & CASH EQUIVALENTS - Ending	<b><u>\$ 33,702</u></b>	<u>\$25,611</u>

See accompanying notes.



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

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2009 AND 2008

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**

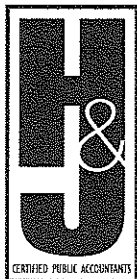
BASIS OF ACCOUNTING

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, 2009 AND 2008**

**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.

**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 \$-0- in 2009 and \$829 in 2008.

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.

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.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**JULY 31, 2009 AND 2008**

NOTES (CONTINUED):

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 \$150 for 2009 and \$315 for 2008.

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 \$7,260 for 2009 and \$5,160 for 2008.



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

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2009 AND 2008

NOTES (CONTINUED):

**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:

	<u>2009</u>	<u>2008</u>
Money Market Funds	\$ 22,450	\$ 37,735
Mutual Fund	74,553	84,708
Equity Securities	<u>4,396</u>	<u>5,424</u>
	<u>\$ 101,399</u>	<u>\$ 127,867</u>

**NOTE 5. 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	\$ 14,000
One to Five Years	<u>17,576</u>
	31,576
Less Discounts to Net Present Value at 4.00%	<u>(2,215)</u>
	29,361
Less: Allowance for Uncollectible Pledges	<u>(1,000)</u>
Net Pledges Receivable	<u>\$ 28,361</u>
Current Portion	\$ 14,000
Long-Term	<u>14,361</u>
	<u>\$ 28,361</u>



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

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2009 AND 2008

NOTES (CONTINUED):

**NOTE 6. 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:

<u>Donor</u>	<u>Purpose/Time</u>	<u>2009</u>	<u>2008</u>
Patti Family Foundation	Music Scholarships	\$ 16,897	\$ 21,023
Various	Many Villages Tutoring	2,119	3,780
Various	Canterbury Inclusion	1,136	1,436
Podis-Weiskopf Fund	Music Scholarships		1,700
		<u>\$ 20,152</u>	<u>\$ 27,939</u>

**NOTE 7. FUNCTIONAL EXPENSES**

The allocation for functional expenses for the Foundation for the periods ended July 31 is summarized as follows:

<u>2009</u>	<u>PROGRAM</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Salaries & Related Expenses	\$ 55,339	\$ 6,510	\$ 3,255	\$ 65,104
Grants to Schools	13,920			13,920
Scholarships	8,304			8,304
Music Camp	14,373			14,373
Other Program Services	8,304			8,304
Indirect Expenses	20,599	2,368	710	23,677
Spelling Bee	1,359			1,359
	<u>\$ 122,198</u>	<u>\$ 8,878</u>	<u>\$ 3,965</u>	<u>\$ 135,041</u>
<u>2008</u>	<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>



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

**NOTES TO THE FINANCIAL STATEMENTS**

**JULY 31, 2009 AND 2008**

NOTES (CONTINUED):

**NOTE 8. FIN 48 ACCOUNTING POLICY DEFERRAL**

In June, 2006, the FASB issued Interpretation No. 48 (FIN 48) Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109 (SFAS 109). This interpretation clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS 109, Accounting for Income Taxes. FIN 48 details how companies should recognize, measure, present and disclose uncertain tax positions that have been or are expected to be taken. As such, financial statements will reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts. Management has elected to defer the application of FAS FIN 48, Accounting for Uncertain Tax Positions, in accordance with FSP FIN 48-3 until the year ending December 31, 2009. The Company will continue to follow FAS 5, Accounting for Contingencies, until it adopts FIN 48. When adopted, FIN 48 will not have a material impact on the consolidated financial statements of the Company.