



# Page Ahead Children's Literacy Program

Financial Statements  
Year Ended August 31, 2020

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO  
International Limited, a UK company limited by guarantee.



# **Page Ahead Children's Literacy Program**

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Financial Statements  
Year Ended August 31, 2020

# Page Ahead Children's Literacy Program

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## **Independent Auditor's Report**

To the Board of Directors  
Page Ahead Children's Literacy Program  
Seattle, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Page Ahead Children's Literacy Program, which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Page Ahead Children's Literacy Program as of August 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matter - Report on Summarized Comparative Information***

The financial statements of Page Ahead Children's Literacy Program as of and for the year ended August 31, 2019, were audited by Peterson Sullivan LLP, whose partners and professional staff joined BDO USA, LLP as of November 1, 2019, and has subsequently ceased operations. Peterson Sullivan LLP expressed an unmodified opinion on those statements in their report dated December 12, 2019.

Therefore, the summarized August 31, 2019, financial statement information presented herein is consistent, in all material respects, with the audited financial statements from which it was derived.

*BDO USA, LLP*

March 5, 2021

## Financial Statements

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## Page Ahead Children's Literacy Program

### Statement of Financial Position (with Comparative Totals for 2019)

<i>August 31,</i>	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 576,414	\$ 513,541
Investments	100,000	100,000
Receivables	159,205	31,979
Book inventory	62,759	86,869
Scholastic book fair credits receivable	2,518	9,510
Prepaid expenses	1,613	5,637
<b>Total Current Assets</b>	<b>902,509</b>	<b>747,536</b>
Investments held for endowment	100,000	100,000
Long-term receivables	20,000	-
Security deposits	4,475	4,475
Office equipment, net	6,372	3,191
<b>Total Assets</b>	<b>\$ 1,033,356</b>	<b>\$ 855,202</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 20,768	\$ 24,763
<b>Total Current Liabilities</b>	<b>20,768</b>	<b>24,763</b>
Long-term debt	53,142	-
<b>Total Liabilities</b>	<b>73,910</b>	<b>24,763</b>
<b>Net Assets</b>		
Without donor restrictions	611,263	636,947
With donor restrictions	348,183	193,492
<b>Total Net Assets</b>	<b>959,446</b>	<b>830,439</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,033,356</b>	<b>\$ 855,202</b>

*See accompanying notes to financial statements.*

# Page Ahead Children's Literacy Program

## Statement of Activities (with Comparative Totals for 2019)

Year Ended August 31,	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Support and Revenue</b> (excluding in-kind revenue)				
Contributions - general public	\$ 199,347	\$ 139,135	\$ 338,482	\$ 404,549
Contributions - foundations and corporations	380,845	189,363	570,208	321,460
Special event revenue	168,108	-	168,108	232,512
Less: Special event direct benefit to donor	(7,358)	-	(7,358)	(21,814)
Bequests	-	-	-	100,000
Program share income	71,690	-	71,690	74,965
Other income	3,102	-	3,102	1,988
Net assets released from restrictions	173,807	(173,807)	-	-
<b>Total Support and Revenue</b>	<b>989,541</b>	<b>154,691</b>	<b>1,144,232</b>	<b>1,113,660</b>
<b>Expenses</b>				
Program services, including purchased books	758,809	-	758,809	796,229
Management and general	105,376	-	105,376	111,686
Fundraising	115,007	-	115,007	85,754
<b>Total Expenses</b> (excluding in-kind expenses)	<b>979,192</b>	<b>-</b>	<b>979,192</b>	<b>993,669</b>
<b>Change in Net Assets before In-Kind Activities</b>	<b>10,349</b>	<b>154,691</b>	<b>165,040</b>	<b>119,991</b>
<b>In-Kind Activities and Scholastic Book Fair Credits</b>				
Books donated	52,307	-	52,307	31,904
Books received in-kind and distributed	(90,405)	-	(90,405)	(65,618)
Scholastic book fair credits	2,065	-	2,065	4,226
In-kind services received	-	-	-	3,600
In-kind services expense	-	-	-	(3,600)
<b>Net In-Kind Activities</b>	<b>(36,033)</b>	<b>-</b>	<b>(36,033)</b>	<b>(29,488)</b>
<b>Change in Net Assets</b>	<b>(25,684)</b>	<b>154,691</b>	<b>129,007</b>	<b>90,503</b>
<b>Net Assets, beginning of year</b>	<b>636,947</b>	<b>193,492</b>	<b>830,439</b>	<b>739,936</b>
<b>Net Assets, end of year</b>	<b>\$ 611,263</b>	<b>\$ 348,183</b>	<b>\$ 959,446</b>	<b>\$ 830,439</b>

*See accompanying notes to financial statements.*

## Page Ahead Children's Literacy Program

### Statement of Functional Expenses (with Comparative Totals for 2019)

Year Ended August 31,	2020				2019
	Program Services	Management and General	Fundraising	Total	
Cost of purchased books	\$ 476,996	\$ -	\$ -	\$ 476,996	\$ 515,673
Salaries and related expenses	175,545	53,533	93,731	322,809	266,925
Occupancy	67,894	6,242	2,302	76,438	73,159
Other	28,933	21,762	18,374	69,069	79,034
Professional fees and contract services	9,441	29,425	600	39,466	58,878
Special event venue expenses	-	-	7,358	7,358	21,814
<b>Total Expenses, excluding in-kind expenses</b>	<b>758,809</b>	<b>110,962</b>	<b>122,365</b>	<b>992,136</b>	<b>1,015,483</b>
Less: Direct benefit to donor	-	-	(7,358)	(7,358)	(21,814)
<b>Total expenses included in expense section on the statement of activities</b>	<b>758,809</b>	<b>110,962</b>	<b>115,007</b>	<b>984,778</b>	<b>993,669</b>
In-kind expenses	90,405	-	-	90,405	69,218
<b>Total Expenses - 2020</b>	<b>\$ 849,214</b>	<b>\$ 110,962</b>	<b>\$ 115,007</b>	<b>\$ 1,075,183</b>	<b>\$ -</b>
<b>Total Expenses - 2019</b>	<b>\$ 861,847</b>	<b>\$ 115,286</b>	<b>\$ 85,754</b>	<b>\$ -</b>	<b>\$ 1,062,887</b>

*See accompanying notes to financial statements.*

# Page Ahead Children's Literacy Program

## Statement of Cash Flows (with Comparative Totals for 2019)

<i>Year Ended August 31,</i>	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 121,594	\$ 90,503
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,109	291
Changes in operating assets and liabilities		
Receivables	(147,226)	49,952
Book inventory	32,627	(21,730)
Scholastic book fair credits receivable	6,992	11,058
Prepaid expenses	4,024	(3,965)
Accounts payable and accrued expenses	(3,995)	12,208
<b>Net Cash Flows from Operating Activities</b>	<b>15,125</b>	<b>138,317</b>
<b>Cash Flows from Investing Activity</b>		
Purchases of property and equipment	(5,394)	(3,326)
<b>Cash Flows from Financing Activities</b>		
Cash received from long-term debt (PPP loan)	53,142	-
<b>Net Change in Cash</b>	<b>62,873</b>	<b>134,991</b>
<b>Cash, beginning of year</b>	<b>513,541</b>	<b>378,550</b>
<b>Cash, end of year</b>	<b>\$ 576,414</b>	<b>\$ 513,541</b>

*See accompanying notes to financial statements.*

# Page Ahead Children's Literacy Program

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *Nature of Organization/Activities*

Page Ahead Children's Literacy Program (Page Ahead) was incorporated as a nonprofit corporation on March 22, 1993, under the laws of the State of Washington, to provide literacy services to at-risk children. Page Ahead, also known as Books for Kids, accomplishes its mission of promoting literacy primarily through the following programs:

- Book Up Summer aims to mitigate the summer learning loss experienced primarily by children from low-income families. This evidence-based program is designed to increase access to books, inspire children to read by allowing them to choose the books they want and, ultimately, reduce the literacy achievement gap in Washington. Through Book Up Summer, 12,400 students in grades K-2 chose nearly 149,000 books to take home to read over the summer.
- The Books for Kids program gives new books to children at motivational events in collaboration with partner sites. In the past year, Page Ahead distributed approximately 7,400 new books to approximately 2,650 at-risk children. Sites are selected based upon the need of the population served at each site.
- The Family Involvement Program provides educational support for parents and encourages early language development in children. Through story times, trained volunteers engage preschool and kindergarten students in positive reading experiences for learners of all types.
- Over the course of a year, low-income preschoolers hear 8 million fewer words than children from affluent families. Page Ahead's newest program, Story Leaders, aims to close this word gap by empowering families in need through literacy training and access to books. Last year, more than 990 children and families in need received nearly 8,800 new books.

Page Ahead has its main office facilities in Seattle, Washington, and operates throughout Washington State. Support for Page Ahead comes from monetary and in-kind donations from individuals, corporations, municipalities, and foundations.

#### *Summarized Information from Prior Year*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with Page Ahead's financial statements as of and for the year ended August 31, 2019, from which the summarized information was derived.

#### *Use of 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 the 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.

# Page Ahead Children’s Literacy Program

## Notes to Financial Statements

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### ***Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. Page Ahead reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions and certain grants are recorded depending on the existence and/or nature of any donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

### ***Net Assets with Donor Restrictions***

Some net assets with donor restrictions are temporary in nature and consist of unexpended contributions restricted for particular programs or time periods. Other net assets have perpetual donor restrictions, where the principal of the contributions is restricted in perpetuity and the income from which is utilized for the purposes specified by the donors. Net assets with temporary donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as time restrictions are met.

Net assets with donor restrictions are as follows at August 31:

	2020	2019
<b>Net Assets with Purpose or Time Restrictions</b>		
Book Up Summer Program	\$ 87,928	\$ 67,372
Story Leaders Program	21,120	21,120
Story Time Program	-	5,000
<b>Net Assets with Perpetual Restrictions</b>		
Perpetual endowment restrictions	100,000	100,000
	<b>\$ 209,048</b>	<b>\$ 193,492</b>

### ***Revenue Recognition***

#### **Contributions Revenue**

Contributions, including pledges receivable, are recognized as they are made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Many individuals donate significant amounts of time to the daily operations of Page Ahead. The value of their contributed time is not reflected in the accompanying financial statements because their tasks do not require specialized skills. About 3,200 and 5,700 hours were donated during the years ended August 31, 2020 and 2019, respectively. This total does not include hours donated by the Board of Directors or its committees.

#### **Special Event Revenue**

Page Ahead hosts events to raise funds for its operations and recognizes revenue from the events when the event takes place or when donations are received.

# Page Ahead Children's Literacy Program

## Notes to Financial Statements

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### **Bequests**

Page Ahead recognizes revenue from bequests when (1) the bequest becomes an unconditional promise to give and (2) when the amount to be received can be estimated. This is usually when the deceased person's will has gone through probate.

### **Program Share Income**

Program share income consists primarily of an administrative fee collected from participating schools or school districts. The fee is based on the number of children served at the partner school.

### **Scholastic Book Fair Credits**

Scholastic book fair credits are generated through book fairs held by an unrelated company, Scholastic Corporation ("Scholastic"). Area companies host book fairs for their employees and for each book sold, Page Ahead receives half the sales price as credits from Scholastic to purchase books. Revenue is recognized when the credits are acknowledged by Scholastic.

### **Cash**

Page Ahead's cash balances include checking and savings accounts with federally insured banking institutions. Page Ahead actively monitors cash balances so that they do not exceed federally insured limits.

### **Investments**

Investments consist of certificates of deposit at both August 31, 2020 and 2019. Investments are reported at cost plus accrued interest in the statement of financial position.

### **Receivables**

Receivables as of August 31, 2020 and 2019, consist primarily of pledges and grants receivable. Management reviews the collectibility of receivables on a periodic basis and determines the appropriate amount of any allowance. Page Ahead charges off receivables to the allowance when management determines that a receivable is not collectible. No allowance was considered necessary at August 31, 2020 or 2019, and all receivables are expected to be collected during the next year.

### **Book Inventory**

Inventory consists of new books that are either purchased or donated. Purchased books are valued at the cost Page Ahead pays to purchase the books. Donated books are valued on a weighted average, using the prior year ending average cost. This value results in an amount that is lower than the net realizable value of the book inventory.

### **Office Equipment and Depreciation**

Fixed assets are stated at cost, if purchased, and at estimated fair value, if donated, and are depreciated on the straight-line method over the estimated useful lives of the assets. Fixed assets with a cost greater than \$500 are capitalized. Donations of fixed assets are recognized as unrestricted support in the year of the donation.

# Page Ahead Children's Literacy Program

## Notes to Financial Statements

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### ***Long-Term Debt***

In May 2020, Page Ahead received a loan through the SBA Paycheck Protection Program (PPP Loan) in the amount of \$53,142. The loan bears interest at 1% per annum and is due in May 2022.

The PPP Loan is forgivable in certain situations to promote continued employment and to provide liquidity to small businesses harmed by the COVID-19 outbreak. The application for these funds required Page Ahead to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the organization. This certification further required Page Ahead to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to its operations. Based on preliminary estimates, Page Ahead believes it will be able to use all of the PPP Loan funds for forgivable purposes based on the current allowable rules.

### ***Federal Income Tax***

Page Ahead is a nonprofit organization as defined in Internal Revenue Code Section 501(c)(3) and is exempt from federal income taxes under Internal Revenue Code Section 501(a).

### ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and functional expenses. Certain expenses are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include salaries and related expenses which are allocated on the basis of estimates of time and effort, and occupancy costs which are allocated on a square footage basis. Professional fees and contract services expenditures are based on actual expenses charged to each program or supporting function.

### ***Recent Accounting Pronouncement Not Yet Adopted***

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The pronouncement was issued to clarify the principles for recognizing revenue, and the core principle of the guidance is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the organization satisfies a performance obligation

In May 2020, the FASB voted to approve the proposed deferral of the effective date for Topic 606 for one year for all privately held and most non-profit entities that have not yet issued financial statements at the date the final ASU is issued which was June 3, 2020. As such, Page Ahead is electing to defer implementation of Topic 606 until the year ending August 31, 2021.

# Page Ahead Children’s Literacy Program

## Notes to Financial Statements

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### *Subsequent Events*

Page Ahead has evaluated subsequent events through the date these financial statements were available to be issued, which was March 5, 2021.

### **2. Liquidity and Availability of Resources**

Page Ahead strives to maintain liquid financial assets sufficient to cover 120 days of general expenditures. Increasing cash reserves are used to expand future programming sustainably. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

Page Ahead has net assets with donor restrictions that are designated for activities planned and budgeted for during the next 12 months.

The following table reflects Page Ahead’s financial assets as of August 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor time restrictions greater than one year.

	2020	2019
<b>Financial Assets at Year-End</b>		
Cash	\$ 576,414	\$ 513,541
Investments	200,000	200,000
Receivables	179,205	31,979
<b>Total Financial Assets</b>	<b>955,619</b>	<b>745,520</b>
Less: Amounts not available to be used within one year		
Investments held for endowment	(100,000)	(100,000)
Net assets with donor restrictions greater than one year	(20,000)	(61,167)
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 935,619</b>	<b>\$ 684,353</b>

### **3. Concentrations**

For the years ended August 31, 2020, and 2019, 15% of Page Ahead’s total revenue was from one donor each year. It was a different donor each year.

# Page Ahead Children’s Literacy Program

## Notes to Financial Statements

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### 4. Office Equipment

Office equipment consists of the following as of August 31:

	2020	2019	Estimated Useful Lives
Office equipment	\$ 47,232	\$ 41,838	3-7 years
Less: Accumulated depreciation	(39,756)	(38,647)	
<b>Net Property and Equipment</b>	<b>\$ 7,476</b>	<b>\$ 3,191</b>	

### 5. Line of Credit

Page Ahead has an unsecured line of credit agreement with a bank for \$40,000 for both 2020 and 2019. The agreement has no stated expiration date. Borrowings would bear interest at the daily finance charge rate as determined by the financial institution. There were no outstanding borrowings as of August 31, 2020 or 2019.

### 6. Commitments

Page Ahead occupies office space under an operating lease expiring in July 2021. The lease contains escalating lease rates and requires Page Ahead to pay its pro rata share of triple net charges such as property taxes and insurance. Rent expense for office space was \$72,697 and \$68,755 in fiscal years 2020 and 2019, respectively. Future minimum lease payments for the year ending August 31, 2021 total \$56,485.

### 7. Retirement Plan

Page Ahead has an IRA SIMPLE Master plan that covers substantially all employees. Employer matching contributions may range from 1% to 3% of compensation for each calendar year and are 100% vested at all times. Employer contributions amounted to \$7,343 in the fiscal year 2020 and \$5,281 in the fiscal year 2019. These amounts represent matching contributions based on participants' elective deferrals.

### 8. Related-Party Transactions

Page Ahead receives donations from board members and staff. For the years ended August 31, 2020, and 2019, the total contributions received from board members and staff totaled \$16,337 and \$21,215, respectively.

### 9. Endowment

Page Ahead’s endowment consists of funds donated subject to a donor-imposed restriction that the principal amount donated must be maintained in an investment account and cannot be used by Page Ahead, but the income earned on the account may be used for purposes specified by the donor. As required by GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# Page Ahead Children's Literacy Program

## Notes to Financial Statements

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### ***Interpretation of Relevant Law***

The Board of Directors of Page Ahead has interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Page Ahead classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, plus (b) the original value of subsequent gifts to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted is classified as unappropriated endowment earnings until those amounts are appropriated for expenditure by Page Ahead in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Page Ahead considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

### ***Return Objectives and Risk Parameters***

Page Ahead has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Page Ahead must hold in perpetuity or for a donor-specified period.

### ***Strategies Employed for Achieving Objectives***

To satisfy its objectives, Page Ahead relies on a total return strategy in which investment returns are achieved through current yield (interest). Page Ahead targets fixed-income investments to achieve its return objectives within prudent risk constraints. The endowment investments are made exclusively with certificates of deposit (institution rated AA or better with maturities of 12 months or less).

### ***Spending Policy and How the Investment Objectives Relate to Spending Policy***

Page Ahead has a policy of retaining principal and distributing any income. The distributions are to be made annually in an amount equal to the income from the previous year. If the income is not to be distributed immediately following the year in which they were earned, then the amount equal to the income shall be retained within the endowment fund for distribution within the next two years.

### ***Summary of Endowment Activity***

Endowment net assets consisted of \$100,000 of donor-restricted endowment funds and are classified as net assets with donor restrictions at both August 31, 2020 and 2019.

# Page Ahead Children's Literacy Program

## Notes to Financial Statements

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There were no changes in endowment net assets during the years ended August 31, 2020 or 2019.

The endowment fund as of August 31, 2020 and 2019, is invested entirely in certificates of deposit. Earnings during 2020 and 2019 were not significant.

### *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires. There were no deficiencies of this nature at August 31, 2020 or 2019.

### **10. COVID-19 and The CARES Act**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on Page Ahead's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Page Ahead is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. Page Ahead applied for a PPP loan for \$53,142 and received the funds in May 2020 (see Note 1).