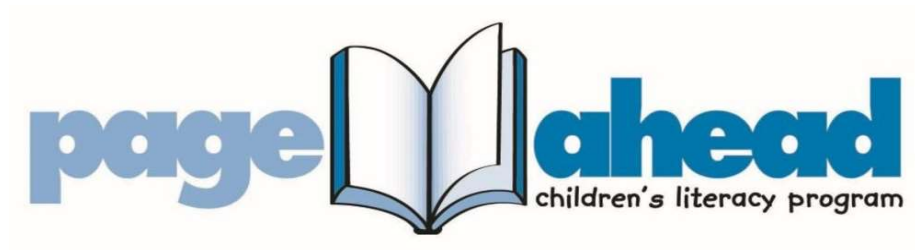


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FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED AUGUST 31, 2023 AND 2022



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FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Page Ahead
Seattle, Washington

Opinion

We have audited the accompanying financial statements of Page Ahead (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows 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 Page Ahead as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows 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 Audit of the Financial Statements section of our report. We are required to be independent of Page Ahead and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 Page Ahead's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, including omissions, 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 Page Ahead's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Page Ahead's ability to continue as a going concern for a reasonable period of time.

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

Jacobson Jarvis & Co, PLLC

Jacobson Jarvis & Co, PLLC
Seattle, Washington
December 14, 2023

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STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 695,189	\$ 527,330
Investments	-	60,000
Accounts receivable	24,778	4,501
Pledges receivable	11,174	15,192
Book inventory	80,335	76,669
Prepaid expenses and security deposits	1,838	4,549
Total Current Assets	<u>813,314</u>	<u>688,241</u>
Right-of-Use Asset - operating lease	197,182	-
Investments Held for Endowment	100,000	100,000
Security Deposits	5,648	5,648
Office Equipment, net	<u>6,553</u>	<u>8,827</u>
	<u>\$ 1,122,697</u>	<u>\$ 802,716</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 3,981	\$ 2,070
Accrued payroll liabilities	16,578	16,828
Deferred revenue	8,169	-
Operating lease - current	<u>65,629</u>	<u>-</u>
Total Current Liabilities	94,357	18,898
Operating Lease - net of current portion	<u>138,300</u>	<u>-</u>
Total Liabilities	232,657	18,898
Net Assets		
Without donor restrictions	776,706	603,642
With donor restrictions	<u>113,334</u>	<u>180,176</u>
Total Net Assets	<u>890,040</u>	<u>783,818</u>
	<u>\$ 1,122,697</u>	<u>\$ 802,716</u>

See notes to financial statements.

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STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support						
Contributions - foundations and corporations	\$ 348,894	\$ 337,363	\$ 686,257	\$ 264,767	\$ 208,197	\$ 472,964
Contributions - general public	231,186	-	231,186	275,697	-	275,697
Grants from government agencies	39,000	250,000	289,000	-	-	-
Special event revenue	234,707	-	234,707	242,292	-	242,292
Less: Special event direct benefit to donor	(22,392)	-	(22,392)	(17,746)	-	(17,746)
In-kind contribution	57,438	-	57,438	149,014	-	149,014
Bequests	50,000	-	50,000	59,414	-	59,414
Total Public Support	938,833	587,363	1,526,196	973,438	208,197	1,181,635
Revenue						
Program fee income	163,755	-	163,755	176,881	-	176,881
Other revenue	29,101	-	29,101	24,899	-	24,899
Total Revenue	192,856	-	192,856	201,780	-	201,780
Net Assets Released from Restrictions						
Satisfaction of purpose restrictions	654,205	(654,205)	-	204,535	(204,535)	-
Total Net Assets Released from Restrictions	654,205	(654,205)	-	204,535	(204,535)	-
Total Public Support, Revenue, and Other Support	1,785,894	(66,842)	1,719,052	1,379,753	3,662	1,383,415
Expenses						
Program services	1,351,013	-	1,351,013	1,161,031	-	1,161,031
Management and general	121,092	-	121,092	219,929	-	219,929
Fundraising	140,725	-	140,725	112,369	-	112,369
Total Expenses	1,612,830	-	1,612,830	1,493,329	-	1,493,329
Change in Net Assets	173,064	(66,842)	106,222	(113,576)	3,662	(109,914)
Net Assets - Beginning of Year	603,642	180,176	783,818	717,218	176,514	893,732
Net Asset - End of Year	\$ 776,706	\$ 113,334	\$ 890,040	\$ 603,642	\$ 180,176	\$ 783,818

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STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED AUGUST 31, 2023 AND 2022

	2023				2022			
	Total Program Services	Management and General	Fundraising	Total	Total Program Services	Management and General	Fundraising	Total
Cost of purchased books	\$ 870,301	\$ -	\$ -	\$ 870,301	\$ 739,431	\$ -	\$ -	\$ 739,431
Salaries and related expenses	231,869	62,451	96,384	390,704	210,462	54,923	89,525	354,910
In-kind expenses	101,191	-	-	101,191	93,349	102,323	-	195,672
Occupancy	92,764	8,347	3,229	104,340	81,312	10,056	2,681	94,049
Other	50,776	14,785	41,112	106,673	35,961	12,397	20,163	68,521
Professional fees and contract services	4,112	32,248	-	36,360	131	34,962	-	35,093
Special event venue expenses	-	27	22,392	22,419	385	-	17,746	18,131
Depreciation	-	3,234	-	3,234	-	5,268	-	5,268
Total expenses before direct benefit to donor	1,351,013	121,092	163,117	1,635,222	1,161,031	219,929	130,115	1,511,075
Less: Direct benefit to donor	-	-	(22,392)	(22,392)	-	-	(17,746)	(17,746)
Total Expenses	<u>\$ 1,351,013</u>	<u>\$ 121,092</u>	<u>\$ 140,725</u>	<u>\$ 1,612,830</u>	<u>\$ 1,161,031</u>	<u>\$ 219,929</u>	<u>\$ 112,369</u>	<u>\$ 1,493,329</u>

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STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash received from:		
Donors	\$ 1,364,797	\$ 1,385,428
Government agencies	289,000	25,000
Programs	163,755	176,881
Investment	9,354	2,124
Other revenue	7,638	37,372
Cash paid for:		
Personnel	(390,954)	(357,084)
Services and supplies	<u>(1,334,771)</u>	<u>(1,343,324)</u>
Net Cash Provided (Used) by Operating Activities	108,819	(73,603)
Cash Flows from Investing Activities		
Proceeds from maturities of certificates of deposit	60,000	40,000
Purchases of property and equipment	<u>(960)</u>	<u>(9,297)</u>
Net Cash Provided by Investing Activities	<u>59,040</u>	<u>30,703</u>
Changes in Cash and Cash Equivalents	167,859	(42,900)
Cash and Cash Equivalents - beginning of year	<u>527,330</u>	<u>570,230</u>
Cash and Cash Equivalents - end of year	<u>\$ 695,189</u>	<u>\$ 527,330</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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 children in communities of concentrated low income. Page Ahead, also known as Books for Kids, accomplishes its mission of promoting literacy primarily through the following programs (metrics stated below are unaudited):

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, 21,598 students in grades K-2 chose nearly 274,233 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, as well as through 19 little free libraries located in book desert neighborhoods in Seattle. In the past year, Page Ahead distributed approximately 8,893 new books to approximately 1,736 children. Sites are selected based upon the need of the population served at each site.

Page Ahead's early learning programs, Story Times and Story Leaders, encourage early language development in children, provide reading resources for families and support educators in small group reading instruction. Through Story Times, trained volunteers engage preschool and kindergarten students in positive reading experiences for learners of all types, and Story Leaders provides preschool teachers with shared reading training and free books for their students. Last year, 1,532 children and families in need received more than 13,002 new books through the Story Leaders program.

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.

Adoption of accounting principle

On September 1, 2022, Page Ahead adopted ASU 2016-02, Leases (Topic 842). This standard requires lessees to recognize a right of use asset and lease liability for material lease arrangements. Page Ahead used a modified retrospective approach and elected the effective method of implementation. Under the effective method, Page Ahead reports leases under the new guidance as of the date of implementation and presents leases under the previous guidance (ASC 840) for comparative periods.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

Page Ahead presents its financial statements on an accrual basis of accounting in accordance with FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, Page Ahead is required to report information regarding its financial position and activities based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets with donor restrictions when received. When a 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 restriction. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

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

	<u>2023</u>	<u>2022</u>
Book Up Summer	\$ 8,552	\$ 75,394
Story Leaders	4,782	4,782
Endowment (perpetual)	<u>100,000</u>	<u>100,000</u>
	<u>\$ 113,334</u>	<u>\$ 180,176</u>

Cash

Cash consists of general checking and savings accounts. Page Ahead maintains its cash in bank accounts that may exceed federally insured limits at times during the year. Page Ahead has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Investments

Investments consist of certificates of deposit and are reported at cost plus accrued interest in the statement of financial position.

Accounts Receivable

Receivables as of August 31, 2023 and 2022, consist primarily of pledges and grants receivable. Management reviews the collectability 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 material at August 31, 2023 or 2022, 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 using a weighted average. This value results in an amount that is lower than the net realizable value of the book inventory.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Concentration

For the years ended August 31, 2023 and 2022, Page Ahead had no revenue concentrations.

Support and revenue recognition

Page Ahead recognizes revenue from services when the services are provided. Page Ahead recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized until the conditions on which they depend have been met.

Many individuals donate significant amounts of time to the program 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 2,925 and 2,330 hours were donated during the years ended August 31, 2023 and 2022, 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.

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 fee income

Program fee income consists primarily of an administrative fee collected from participating schools or school districts. The fee is approximately \$5-7 per eligible child currently and represents a fraction of the cost of providing the program to each school. The fee is billed to schools in the spring of each school year after the number of participating children at each location is determined. Program income is recognized when the book fair takes place (point in time).

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind goods and services

Page Ahead receives donated books and professional services. Donated books are valued using a weighted average. Donated services are recorded as in-kind contributions and are recognized as revenue at estimated values at the date of receipt if they (a) create or enhance non-financial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services are utilized.

For the years ended August 31, in-kind contributions consisted of the following:

	<u>2023</u>	<u>2022</u>
Books	\$ 57,438	\$ 46,691
Professional services	-	102,323
	<u>\$ 57,438</u>	<u>\$ 149,014</u>

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and of 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.

Income taxes

The Internal Revenue Service has recognized Page Ahead as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE B - LIQUIDITY

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. 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, 2023 and 2022, 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.

	<u>2023</u>	<u>2022</u>
Financial Assets at Year-end		
Cash	\$ 695,189	\$ 527,330
Investments	100,000	160,000
Receivables	<u>35,952</u>	<u>19,692</u>
Total financial assets	831,141	707,022
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	<u>(13,334)</u>	<u>(80,176)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 717,807</u>	<u>\$ 526,846</u>

NOTE C - OFFICE EQUIPMENT

Office equipment consists of the following as of August 31:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 47,573	\$ 46,613
Less: Accumulated depreciation	<u>(41,020)</u>	<u>(37,786)</u>
Net property and equipment	<u>\$ 6,553</u>	<u>\$ 8,827</u>

NOTE D - LINE OF CREDIT

Page Ahead has an unsecured line of credit agreement with a bank for \$40,000 for both years ending August 31, 2023 and 2022. The agreement has no stated expiration date. Borrowings would bear interest at the daily finance charge rate plus 2.75% as determined by the financial institution. There were no outstanding borrowings as of August 31, 2023 or 2022.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE E - LEASE COMMITMENTS

Page Ahead has one operating lease expiring July 2026. The lease contains escalating lease rates. The lease is included in the Right of Use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and lease liabilities represent Page Ahead's obligation to make lease payments arising from the lease. The discount rate represents Page Ahead's election of the risk-free rate. Nonlease components, such as payments required for common area maintenance, insurance, and property taxes, are not included in the lease liability and are expensed as incurred.

The components of the lease costs for the years ended August 31 are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease costs	\$ 93,080	\$ 82,955

Supplemental cash flow information:

Weighted-average remaining lease term	2.92 years
Weighted-average discount rate	3.39%

Maturities of lease liabilities are as follows for the year ending August 31:

2024	\$ 71,531
2025	73,683
2026	<u>69,388</u>
	214,602
Less: present value discount	<u>(10,673)</u>
	<u>\$ 203,929</u>

NOTE F - 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 \$10,179 in the fiscal year 2023 and \$9,208 in the fiscal year 2022. These amounts represent matching contributions based on participants elective deferrals.

NOTE G - 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.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE G - ENDOWMENT (Continued)

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:

- (1) The duration and preservation of the fund;
- (2) The purposes of the organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investment;
- (6) Other resources of the organization; and
- (7) The investment policies of the organization.

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 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).

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE G - ENDOWMENT (Continued)

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, 2023 and 2022.

There were no changes in endowment net assets during the years ended August 31, 2023 or 2022.

The endowment fund as of August 31, 2023 and 2022, is invested entirely in certificates of deposit. Earnings during 2023 and 2022 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, 2023 or 2022.

NOTE H - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to August 31, 2023 through December 14, 2023, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at August 31, 2023, including the estimates inherent in the processing of financial statements.