

**EISNER&AMPER**

**THE PAGE EDUCATION FOUNDATION  
FOUNDED BY DIANE AND ALAN PAGE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 and 2021**



# THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Page Education Foundation  
Founded by Diane and Alan Page

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of The Page Education Foundation Founded by Diane and Alan Page (the "Foundation"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Page Education Foundation Founded by Diane and Alan Page as of June 30, 2022, 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.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Prior Period Financial Statements*

The financial statements of the Foundation as of and for the year ended June 30, 2021, were audited by another auditor, whose report dated May 12, 2022, expressed an unmodified opinion on those statements.

#### *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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for 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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

A stylized, handwritten-style signature of EisnerAmper LLP in black ink.

EISNERAMPER LLP  
Minneapolis, Minnesota  
May 11, 2023



# THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

## Statements of Financial Position

	June 30,	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,726,229	\$ 5,122,429
Certificates of deposit	1,389,101	-
Donor-restricted and endowment fund investments	3,742,591	3,989,852
Prepaid expenses	26,496	55,177
Cash value of life insurance	177,118	216,942
Property and equipment	28,504	40,362
Total assets	<u>\$ 10,090,039</u>	<u>\$ 9,424,762</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 3,046	\$ 11,088
Accrued expenses	16,045	10,811
Total liabilities	<u>19,091</u>	<u>21,899</u>
Net assets:		
Without donor restrictions	6,328,357	5,381,685
With donor restrictions	3,742,591	4,021,178
Total net assets	<u>10,070,948</u>	<u>9,402,863</u>
Total liabilities and net assets	<u>\$ 10,090,039</u>	<u>\$ 9,424,762</u>

# THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

## Statements of Activities

	Year Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and support:</b>						
Contributions - cash	\$ 2,195,184	\$ 326,750	\$ 2,521,934	\$ 1,454,020	\$ 814,923	\$ 2,268,943
Contributions - investments	56,096	23,050	79,146	49,023	-	49,023
Contributions - in-kind services	36,825	-	36,825	31,125	-	31,125
Events revenues, net of costs	347,582	-	347,582	468,840	-	468,840
Book sales, net of costs	14,474	-	14,474	4,500	-	4,500
Interest and dividends, net of investment expenses of \$16,416 and \$13,643, respectively	5,018	25,142	30,160	9,786	25,941	35,727
Realized (loss) gain on sale of investments	(401)	189,994	189,593	-	78,960	78,960
Unrealized (loss) gain on investments	(13,025)	(574,503)	(587,528)	(9,531)	717,463	707,932
(Decrease) increase in cash value life insurance, net of premiums	(39,824)	-	(39,824)	63,315	-	63,315
Forgiveness of Paycheck Protection Program loan payable	-	-	-	72,322	-	72,322
Loss on disposal of asset	-	-	-	(357)	-	(357)
Net assets released from restrictions	<u>269,020</u>	<u>(269,020)</u>	<u>-</u>	<u>697,225</u>	<u>(697,225)</u>	<u>-</u>
Total revenues and support	<u>2,870,949</u>	<u>(278,587)</u>	<u>2,592,362</u>	<u>2,840,268</u>	<u>940,062</u>	<u>3,780,330</u>
<b>Expenses:</b>						
Program services:						
Scholarships	1,165,750	-	1,165,750	996,088	-	996,088
Program and mentor management	<u>266,138</u>	<u>-</u>	<u>266,138</u>	<u>199,179</u>	<u>-</u>	<u>199,179</u>
Total program services	<u>1,431,888</u>	<u>-</u>	<u>1,431,888</u>	<u>1,195,267</u>	<u>-</u>	<u>1,195,267</u>
Support services:						
General and administration	241,008	-	241,008	224,549	-	224,549
Fundraising	<u>251,381</u>	<u>-</u>	<u>251,381</u>	<u>222,337</u>	<u>-</u>	<u>222,337</u>
Total support services	<u>492,389</u>	<u>-</u>	<u>492,389</u>	<u>446,886</u>	<u>-</u>	<u>446,886</u>
Total expenses	<u>1,924,277</u>	<u>-</u>	<u>1,924,277</u>	<u>1,642,153</u>	<u>-</u>	<u>1,642,153</u>
Changes in net assets	946,672	(278,587)	668,085	1,198,115	940,062	2,138,177
<b>Net assets</b>						
Beginning of year	<u>5,381,685</u>	<u>4,021,178</u>	<u>9,402,863</u>	<u>4,183,570</u>	<u>3,081,116</u>	<u>7,264,686</u>
End of year	<u>\$ 6,328,357</u>	<u>\$ 3,742,591</u>	<u>\$ 10,070,948</u>	<u>\$ 5,381,685</u>	<u>\$ 4,021,178</u>	<u>\$ 9,402,863</u>

See notes to financial statements

**THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE**

**Statement of Functional Expenses**

**Year Ended June 30, 2022**

(with summarized financial information for 2021)

	Program Services			Support Services			Total	
	Scholarships	Program and Mentor Management	Total Program Services	General and Administration	Fundraising	Total Support Services	2022	2021
Scholarships	\$ 1,165,750	\$ -	\$ 1,165,750	\$ -	\$ -	\$ -	\$ 1,165,750	\$ 996,088
Compensation	-	176,841	176,841	52,449	165,661	218,110	394,951	350,132
Payroll taxes	-	13,857	13,857	4,066	12,883	16,949	30,806	26,649
Employee benefits	-	4,183	4,183	5,174	4,970	10,144	14,327	11,599
Computer expense	-	-	-	27,289	-	27,289	27,289	20,914
Depreciation	-	-	-	11,858	-	11,858	11,858	12,083
Catering and facility rental	-	-	-	-	108,862	108,862	108,862	45,103
In-kind services	-	-	-	-	36,825	36,825	36,825	31,125
Insurance	-	-	-	3,971	-	3,971	3,971	3,954
Interest expense	-	-	-	-	-	-	-	722
Office rent	-	-	-	64,539	-	64,539	64,539	71,959
Office supplies and expense	-	1,697	1,697	7,182	21,231	28,413	30,110	23,545
Postage	-	262	262	2,529	2,471	5,000	5,262	4,090
Printing	-	1,040	1,040	4,688	7,151	11,839	12,879	7,465
Professional fees	-	30,773	30,773	54,028	-	54,028	84,801	33,792
Seminar expense	-	31,458	31,458	-	-	-	31,458	44,308
Supplies	-	6,027	6,027	-	27,617	27,617	33,644	25,434
Telephone	-	-	-	3,235	-	3,235	3,235	3,378
Total expenses	<u>1,165,750</u>	<u>266,138</u>	<u>1,431,888</u>	<u>241,008</u>	<u>387,671</u>	<u>628,679</u>	<u>2,060,567</u>	<u>1,712,340</u>
Less: Special event expenses and book costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,290)</u>	<u>(136,290)</u>	<u>(136,290)</u>	<u>(70,187)</u>
	<u>\$ 1,165,750</u>	<u>\$ 266,138</u>	<u>\$ 1,431,888</u>	<u>\$ 241,008</u>	<u>\$ 251,381</u>	<u>\$ 492,389</u>	<u>\$ 1,924,277</u>	<u>\$ 1,642,153</u>

See notes to financial statements

# THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

## Statement of Functional Expenses Year Ended June 30, 2021

	Program Services		Support Services		
	Program and Mentor		General and		
	Scholarships	Management	Administration	Fundraising	Total
Scholarships	\$ 996,088	\$ -	\$ -	\$ -	\$ 996,088
Compensation	-	138,784	57,673	153,675	350,132
Payroll taxes	-	10,801	3,923	11,925	26,649
Employee benefits	-	2,094	7,365	2,140	11,599
Computer expense	-	-	20,914	-	20,914
Depreciation	-	-	12,083	-	12,083
Catering and facility rental	-	-	-	45,103	45,103
In-kind services	-	-	-	31,125	31,125
Insurance	-	-	3,954	-	3,954
Interest expense	-	-	722	-	722
Office rent	-	-	71,959	-	71,959
Office supplies and expense	-	285	5,521	17,739	23,545
Postage	-	253	1,953	1,884	4,090
Printing	-	970	3,980	2,515	7,465
Professional fees	-	1,334	31,124	1,334	33,792
Seminar expense	-	44,308	-	-	44,308
Supplies	-	350	-	25,084	25,434
Telephone	-	-	3,378	-	3,378
Total expenses	<u>996,088</u>	<u>199,179</u>	<u>224,549</u>	<u>292,524</u>	<u>1,712,340</u>
Less: Special event expenses and book costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,187)</u>	<u>(70,187)</u>
	<u>\$ 996,088</u>	<u>\$ 199,179</u>	<u>\$ 224,549</u>	<u>\$ 222,337</u>	<u>\$ 1,642,153</u>

See notes to financial statements



# THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

## Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
<b>Operating activities:</b>		
Changes in net assets	\$ 668,085	\$ 2,138,177
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions of investments	(79,146)	(49,023)
Realized and unrealized net loss (gain) on investments	394,991	(725,934)
Depreciation expense	11,858	12,083
Loss on asset disposal	-	357
Forgiveness of Paycheck Protection Program loan payable	-	(71,600)
Decrease (increase) in cash value of life insurance	39,824	(63,315)
Changes in operating assets and liabilities:		
Prepaid expenses	28,681	673
Accounts payable and accrued expenses	(2,808)	15,380
Cash flows from operating activities	<u>1,061,485</u>	<u>1,256,798</u>
<b>Investing activities:</b>		
Purchases of property and equipment	-	(3,672)
Proceeds from sales of investments and maturities of certificates of deposit	314,174	1,310,242
Purchases of certificates of deposit	(1,400,000)	-
Purchases of investments	-	(7,768)
Increase in endowment fund cash	<u>(371,859)</u>	<u>(471,787)</u>
Cash flows from investing activities	<u>(1,457,685)</u>	<u>827,015</u>
Net (decrease) increase in cash and cash equivalents	<u>(396,200)</u>	<u>2,083,813</u>
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>5,122,429</u>	<u>3,038,616</u>
End of year	<u>\$ 4,726,229</u>	<u>\$ 5,122,429</u>
<b>Supplemental disclosures of cash flow information:</b>		
In-kind services	\$ 36,825	\$ 31,125
Income taxes paid	6,564	2,200

See notes to financial statements

# THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### [1] Organization

The Page Education Foundation Founded by Diane and Alan Page, d/b/a The Page Education Foundation ("Foundation") is a nonprofit corporation established in 1988 to promote the importance of education to minority youth in Minnesota. The Foundation provides services to children's programs, a scholarship program and an adult "Senior Mentor" program, which offer positive role models and community education and service to accomplish the Foundation's mission. The Foundation's principal source of revenue is from public contributions. The Foundation has also been the beneficiary of various types of donated and contributed services.

#### [2] Financial Statement Presentation

The financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

The Foundation is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Without Donor Restrictions - Resources over which the Board of Directors has discretionary control. Designated amounts, if any, represent those net assets which the Board has set aside for a particular purpose.

With Donor Restrictions - Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Foundation or passage of time. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from donor restrictions.

Revenues are reported as increases in without donor-restriction net assets unless the use of the related assets is limited by donor-imposed restrictions or other stipulations. Expenses are reported as decreases in without donor-restriction net assets. Expiration of donor-imposed restrictions on net assets, by the Foundation fulfilling the donor stipulations or by the passage of a specified time period, are reported as net assets released from donor-imposed restrictions.

Donated securities are recorded at their estimated fair values on the dates of donation or by their net asset values as determined by the Foundation's management. The Foundation's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

#### [3] Donated Services

The Foundation, from time-to-time, receives various forms of gifts-in-kind, which are contributions of non-financial assets, including pro-bono legal services. Donated services are recognized in the financial statements if the services (i) create or enhance financial assets or require specialized skills, (ii) are provided by individuals possessing these skills, and (iii) would typically need to be acquired if not provided by donation. The donated legal services are valued at the estimated prevailing rate for like services in the principal marketplace for use at the time the services are provided, and reported as an expense concurrently as utilized. During fiscal-years 2022 and 2021, the Foundation recorded in-kind legal services of \$36,825 and \$31,125, respectively.

# THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [4] Use of Estimates

The preparation of these financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that may affect certain reported amounts and disclosures in the financial statements and accompanying notes, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### [5] Functional Expenses

The costs of providing the Foundation's various program and support services have been summarized on a natural and functional basis in the statements of functional expenses. Accordingly, certain costs that are directly attributable to a specific functional area of the Foundation are reported as an expense to the appropriate program or support service. Natural expenses attributable to more than one functional expense category have been allocated among the programs and support services based on head count and resources utilized.

The paid staff positions include the Executive Director, Events Coordinator, Career Services and Internship Coordinator, Administrative Coordinator, Program and Outreach Coordinator, and Development Director. Salaries are prorated based on management's estimate of time spent on program services, general and administration and fundraising. In addition, other expenses are allocated based on management's estimate of the activity performed.

#### [6] Cash Equivalents and Credit Risk

All highly liquid investments, except those held for long-term investment, with an original maturity when purchased of three months or less are considered to be cash equivalents.

The majority of cash balances are maintained in one brokerage firm utilizing the brokerage firm's money market fund for excess cash. The balances are insured by the Security Investors Protection Corporation and the brokerage firm's private insurance up to agreed-upon limits.

The Foundation holds the remaining cash balances at a banking institution insured by Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The balance held at the banking institution was \$277,495 and \$324,285 at June 30, 2022 and 2021, respectively.

#### [7] Valuation of Investments and Income Recognition

Investments are reported at fair value. Fair value is 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. The Foundation's Board of Directors determines the Foundation's valuation policies utilizing information provided by investment advisors. See Note E for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

The Foundation's investments, in general, are subject to various risks, such as interest-rate, market and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term, and that such changes could materially affect the amounts reported in the financial statements.

# THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [7] Valuation of Investments and Income Recognition (continued)

Investment expenses include the services of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in the statements of activities are those specific fees charged by the Foundation's various investment managers in each fiscal year; however, they do not include those fees that are embedded in various other investment transactions.

#### [8] Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over an estimated useful life of three to seven years. Maintenance and repairs are expensed as incurred; major improvements of \$500 or more are capitalized based on the Foundation's policy.

#### [9] Revenue Recognition

Contributions and grants to the Foundation are recognized as revenue upon the receipt of either cash or other assets, or of unconditional pledges. Contributions and grants are recorded as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are not recorded as revenue until the donors' specified conditions have been met by requisite actions of the Foundation; if assets for conditional contributions are received prior to the satisfaction of those conditions, they would be recognized in the statements of financial position as funds received in advance. Contributions and grants to be received over periods longer than a single year are discounted to present value, at an interest rate commensurate with the risk involved.

The Foundation recognizes revenue when, or as, performance obligations are satisfied associated with contracts with customers. Revenue is measured as the amount of consideration the Foundation expects to receive in exchange for providing services. The primary source of revenue from contracts with customers for the Foundation is the revenue made on the sale of children's books. These sales contain one performance obligation, which is to provide the book to the customer. The consideration received is the price of each individual book. The revenue is recognized at a point in time, at the time of sale and exchange of the book. The book revenue totaled \$41,902 and \$29,584 for the years ended June 30, 2022 and 2021, respectively, and is classified under book sales on the statements of activities.

Payment typically takes place at the time of the sale, and there are no variable considerations or significant financing components. The Company elected the accounting policy to exclude sales taxes collected from customers from the transaction price.

#### [10] Income Taxes

The Foundation is subject to the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. The Foundation pays unrelated business income tax on income generated from book sales. The Foundation has recognized the liability related to unrelated business income tax, and because of the Foundation's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Foundation's financial statements.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations for years prior to 2019.

# THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [11] Adoption of Accounting Principle

In September 2020, the FASB issued Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, a not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; if utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; and (iv) the valuation techniques and inputs used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The standard requires the amendments to be applied on a retrospective basis in the year of adoption. The ASU is effective for annual reporting periods beginning after June 15, 2021, and accordingly, the Foundation adopted this pronouncement for its fiscal year ended June 30, 2022 on the retrospective basis. Analysis of the various provisions of the standard resulted in no significant changes in the way the Foundation recognized in-kind donations and, therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

#### [12] Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new guidance will require capitalization of a "right-of-use" asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. This update is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The Foundation is currently evaluating the impact this standard will have on its financial statements.

#### [13] Reclassifications

Certain reclassifications have been made in the June 30, 2021 financial statements to conform to the classification used in June 30, 2022. These reclassifications had no impact on net assets, changes in net assets or net cash flows as previously reported.

### NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has \$5,917,022 of financial assets consisting of cash and cash equivalents and certificates of deposit ("CDs") available within one year of the June 30, 2022 balance sheet date to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Foundation structured its financial assets to be available as its general expenditures, liabilities and other obligations become due.

### NOTE C - CERTIFICATES OF DEPOSIT

CDs are recorded at cost plus accrued interest. CDs at June 30, 2022 consisted of seven certificates with various financial institutions with a market value of \$1,389,099. The entire market value of the CDs was unrestricted and held in the non-endowment fund. The CDs bore interest of 0.20% to 1.75%, with the last CD maturing in August 2023.

## THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

### Notes to Financial Statements June 30, 2022 and 2021

#### NOTE D - NET ASSETS WITH DONOR RESTRICTIONS AND ACCOUNTING AND REPORTING FOR ENDOWMENT

The Foundation's endowment consists of donor-restricted funds established primarily for the purpose of providing scholarships. In the event of liquidation, the endowment fund may be utilized to wind up the Foundation's affairs. The investments are reported at fair value.

#### Interpretation of relevant law:

The Board of Directors of The Page Education Foundation has interpreted the 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, the Foundation classified a portion of donor-restricted net assets as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor-gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The Foundation had no Board-designated endowment funds, and substantially all donor-restricted endowment net assets are for future scholarships. Donor-restricted endowment net assets and changes in endowment net assets consisted of the following:

	<b>Scholarship Endowment Fund</b>
<b>Net assets at July 1, 2020:</b>	\$ 1,171,975
Contributions	<u>137,198</u>
<b>Net assets at June 30, 2021:</b>	1,309,173
Contributions	<u>111,280</u>
<b>Net assets at June 30, 2022:</b>	<b><u>\$ 1,420,453</u></b>

Donor-restricted assets include accumulated earnings from the endowment fund of \$2,322,138 and \$2,680,679 as of June 30, 2022 and 2021, respectively. No earnings were used by the Foundation during fiscal years 2022 or 2021.

#### Return Objectives, Strategies and Spending Policy

The Foundation has adopted investment objectives for endowment assets to preserve capital, maintain liquidity and maximize yield. The Foundation's policy is to have the endowments professionally managed and invested conservatively.

## THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

### Notes to Financial Statements June 30, 2022 and 2021

#### NOTE D - NET ASSETS WITH DONOR RESTRICTIONS AND ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

It is the Foundation's policy that before a draw from endowment funds can be taken, in order to provide for unexpected market downturns, that annual draws are not required and are made at the discretion of the Foundation's Board of Directors up to 5% of the fair value of the fund. Endowment draws are restricted to scholarship funding and cannot be made for any other purpose.

#### NOTE E - FAIR VALUE MEASUREMENTS

The framework for measuring fair value utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

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

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2022 and 2021.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

The preceding method described may produce a fair value calculation that may not be indicative of NAV or reflective of future fair values. Furthermore, although the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



# THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE E - FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth the Foundation's investment assets and fair value hierarchy as applicable:

Investment Assets at June 30, 2022			
	Level 1	Level 2	Level 3
Mutual funds:			
U.S. equities	\$1,784,050	\$ -	\$ -
International equities	<u>288,472</u>	<u>-</u>	<u>-</u>
Total investment assets measured at fair value	<u>2,072,522</u>	<u>-</u>	<u>-</u>
Money market fund - endowment fund			<u>1,670,069</u>
Total endowment fund			<u>\$3,742,591</u>

Investment Assets at June 30, 2021			
	Level 1	Level 2	Level 3
Mutual funds			
U.S. equities	\$ 2,300,000	\$ -	\$ -
International equities	<u>391,642</u>	<u>-</u>	<u>-</u>
Total investment assets measured at fair value	<u>2,691,642</u>	<u>-</u>	<u>-</u>
Money market fund - endowment fund			<u>1,298,210</u>
Total endowment fund			<u>\$ 3,989,852</u>

### NOTE F - CASH VALUE OF LIFE INSURANCE

The Foundation is the beneficiary of life insurance on the lives of two of the members of its Board of Directors. The face value of the life insurance policies is \$200,000 and is payable upon the death of both members.

### NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30,	
	2022	2021
Office equipment	\$ 66,743	\$ 66,743
Less accumulated depreciation	<u>38,239</u>	<u>26,381</u>
Property and equipment, net	<u>\$ 28,504</u>	<u>\$ 40,362</u>

In 2021, the Company disposed of assets with a cost of \$5,150, accumulated depreciation of \$4,793 and a loss on the disposal of \$357.



## THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

### Notes to Financial Statements June 30, 2022 and 2021

#### NOTE H - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

The Foundation applied and was approved for a \$71,600 Paycheck Protection Program ("PPP") loan under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act on May 7, 2020. The loan and accrued interest of \$722 were forgiven on May 14, 2021, and the Foundation included the loan and interest forgiveness in revenue and support.

#### NOTE I - SCHOLARSHIP COMMITMENTS

During the 2021-2022 school year, 470 out of the 526 students accepted all or part of their scholarship funds, ranging from \$2,000 to \$3,000. During the 2020-2021 school year, 525 of the 567 students accepted all or part of their scholarship funds, ranging from \$1,000 to \$2,500. The average scholarship was \$2,480 and \$1,897 in 2022 and 2021, respectively. All recipients attended colleges or universities located in Minnesota. Some students awarded scholarships decided for various reasons not to attend school or not to fulfill their community service requirement and, therefore, their scholarship money was not paid.

For the 2022-2023 school year, the Foundation estimates its maximum potential commitment of scholarship funds is approximately \$1.4 million.

#### NOTE J - OPERATING LEASE COMMITMENT

The Foundation leased its facilities under an operating lease that expires in February 2025. Rent expense, including real estate taxes and operating costs, was \$64,539 and \$71,959 for the years ended June 30, 2022 and 2021, respectively. Future minimum lease payments as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 40,599
2024	42,054
2025	<u>28,704</u>
Total	<u>\$ 111,357</u>

#### NOTE K - EMPLOYEE BENEFIT PLAN

The Foundation sponsors a simple IRA plan covering eligible employees. The annual 3% matching contribution was \$10,727 and \$9,799 for 2022 and 2021, respectively.

#### NOTE L - RELATED PARTIES

Members of the Board of Directors contributed cash and investments to the Foundation during 2022 and 2021. A Board member is the investment advisor of the Foundation's investment portfolio.

#### NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 11, 2023, the date the financial statements were available to be issued.