

Independent Auditors' Reports as
Required by Title 2 *U.S. Code of
Federal Regulations Part 200*, Uniform
Administrative Requirements, Cost
Principles, and Audit Requirements for
Federal Awards and *Government
Auditing Standards* and Related
Information

Education Development Center, Inc.

September 30, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Education Development Center, Inc.

Report on the financial statements**Opinion**

We have audited the financial statements of Education Development Center, Inc. ("EDC"), which comprise the statements of financial position as of September 30, 2022, and 2021, and the related statements of activities, and cash flows for the years 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 EDC as of September 30, 2022, and 2021, 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 EDC 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 the 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 EDC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's 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 US GAAS and *Government 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 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 US GAAS and *Government 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 EDC'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 EDC'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.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023 on our consideration of EDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of EDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EDC's internal control over financial reporting and compliance.

Grant Thornton LLP

Boston, Massachusetts
January 30, 2023

Education Development Center, Inc.
STATEMENTS OF FINANCIAL POSITION
September 30,

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 24,766,647	\$ 27,655,069
Investments	20,713,858	12,599,956
Accounts receivable electronically drawable via federal payments management system	5,308,454	5,069,026
Accounts receivable, less allowance for doubtful accounts of \$54,860 and \$111,155, respectively	7,081,195	5,324,957
Unbilled costs on contracts, less allowance for doubtful accounts of \$94,411 and \$72,644, respectively	12,186,427	11,450,688
Prepaid expenses and advances	3,579,982	2,759,106
Total current assets	73,636,563	64,858,802
Equipment and improvements		
Equipment	20,793,594	19,206,928
Leasehold improvements	2,569,587	13,536,033
	23,363,181	32,742,961
Less accumulated depreciation and amortization	(18,373,168)	(27,193,576)
Net equipment and improvements	4,990,013	5,549,385
Other assets	403,229	378,986
Total assets	\$ 79,029,805	\$ 70,787,173
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 8,162,603	\$ 6,790,518
Accrued expenses	11,686,617	15,159,700
Advances on contracts, current portion	11,180,705	8,809,466
Loan payable, current portion	628,571	-
Tax-exempt bonds payable, current portion	-	232,032
Total current liabilities	31,658,496	30,991,716
Advances on contracts, net of current portion	211,583	147,552
Deferred rent	666,095	4,333,655
Loan payable, net of current portion	3,614,286	-
Total liabilities	36,150,460	35,472,923
Net assets		
Without donor restrictions	42,293,731	34,826,245
With donor restrictions	585,614	488,005
Total net assets	42,879,345	35,314,250
Total liabilities and net assets	\$ 79,029,805	\$ 70,787,173

The accompanying notes are an integral part of these financial statements.

Education Development Center, Inc.

STATEMENTS OF ACTIVITIES

Years ended September 30,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities						
Revenues and other support						
Award revenue and program income	\$ 182,072,472	\$ -	\$ 182,072,472	\$ 166,217,659	\$ -	\$ 166,217,659
Fees for service, royalties and sales	1,166,491	-	1,166,491	1,134,827	-	1,134,827
Contributions of nonfinancial assets	1,370,407	-	1,370,407	1,588,010	-	1,588,010
Contributions of cash and other financial assets	67,366	118,049	185,415	90,919	132,937	223,856
Other income	-	-	-	14,400	-	14,400
Net assets released from restrictions	20,440	(20,440)	-	34,989	(34,989)	-
Total revenues and other support	184,697,176	97,609	184,794,785	169,080,804	97,948	169,178,752
Operating expenses:						
Salaries and employee benefits	91,237,112	-	91,237,112	82,389,415	-	82,389,415
Materials, supplies and other	26,039,816	-	26,039,816	26,615,169	-	26,615,169
Travel	6,720,821	-	6,720,821	4,716,074	-	4,716,074
Professional services	7,926,345	-	7,926,345	6,536,662	-	6,536,662
In-kind expense	1,370,407	-	1,370,407	1,588,010	-	1,588,010
Subcontracts	43,646,833	-	43,646,833	41,980,304	-	41,980,304
Total operating expenses	176,941,334	-	176,941,334	163,825,634	-	163,825,634
Change in net assets from operations	7,755,842	97,609	7,853,451	5,255,170	97,948	5,353,118
Nonoperating activities						
Investment (loss)/income	(2,742,702)	-	(2,742,702)	71,115	-	71,115
Gain on lease termination	2,454,346	-	2,454,346	-	-	-
Total nonoperating gains, net	(288,356)	-	(288,356)	71,115	-	71,115
Change in net assets	7,467,486	97,609	7,565,095	5,326,285	97,948	5,424,233
Net assets at beginning of year	34,826,245	488,005	35,314,250	29,499,960	390,057	29,890,017
Net assets at end of year	\$ 42,293,731	\$ 585,614	\$ 42,879,345	\$ 34,826,245	\$ 488,005	\$ 35,314,250

The accompanying notes are an integral part of these financial statements.

Education Development Center, Inc.

STATEMENTS OF CASH FLOWS

Years ended September 30,

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 7,565,095	\$ 5,424,233
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,809,913	1,411,800
Net realized and unrealized losses (gains) on investments	2,925,596	(40,814)
Changes in operating accounts:		
Accounts receivable electronically drawable	(239,428)	(1,447,457)
Accounts receivable	(1,756,238)	(2,555,520)
Unbilled costs on contracts	(735,739)	(997,113)
Prepaid expenses and advances	(820,876)	(447,912)
Other assets	(24,243)	(1,482)
Accounts payable	1,372,085	(2,482)
Accrued expenses	(3,473,083)	4,870,638
Advances on contracts	2,435,270	(5,157,803)
Deferred rent	(3,667,560)	283,391
	<u>7,390,792</u>	<u>1,339,479</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of equipment and improvements	(3,250,541)	(295,635)
Purchase of investments	(30,020,137)	(12,023,627)
Sales and maturities of investments	18,980,639	4,283
	<u>(14,290,039)</u>	<u>(12,314,979)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Repayments of tax-exempt bonds	(232,032)	(556,876)
Proceeds from loan payable	4,400,000	-
Repayment of loan payable	(157,143)	-
	<u>4,010,825</u>	<u>(556,876)</u>
Net cash provided by (used in) financing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,888,422)	(11,532,376)
Cash and cash equivalents at beginning of year	27,655,069	39,187,445
Cash and cash equivalents at end of year	\$ 24,766,647	\$ 27,655,069
Supplemental disclosures:		
Cash paid during the year for interest	\$ 36,058	\$ 21,912

The accompanying notes are an integral part of these financial statements.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 1 - NATURE OF ORGANIZATION

Education Development Center, Inc. (“EDC”) is a global nonprofit organization that works with public sector and private partners, harnessing the power of people and systems to improve education, health promotion and care, workforce preparation, communications technologies, and civic engagement. EDC’s mission is to create learning opportunities for people around the world, empowering them to pursue healthier, more productive lives. EDC’s services include research, training, educational materials and strategy, with activities ranging from seed projects to large-scale national and international initiatives. EDC’s major sources of revenue are grants and contracts from the Federal Government and private sources.

EDC’s principal headquarters are located in Massachusetts. Other significant U.S.-based operations are located in Chicago, New York City, and Washington D.C. International project locations vary according to project activities and currently are principally conducted in Africa and Southeast Asia.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

EDC’s financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Net assets and revenues, expenses, gains and losses are classified based on the existence or the absence of donor-imposed restrictions. Accordingly, the net asset classifications are defined as follows:

Without donor restrictions

Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

With donor restrictions

Net assets subject to donor-imposed stipulations that may or will be met either by the passage of time and/or actions of EDC. This category may include net assets subject to donor-imposed stipulations that required funds to be permanently held. Generally, the donors of these assets permit the use of all or part of the income earned on these assets. At September 30, 2022 and 2021, EDC had no permanently held net assets with donor restrictions.

EDC reports contributions of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets released from restriction during the years ended September 30, 2022 and 2021 totaled \$20,440 and \$34,989, respectively, related to specific program expenditures.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

Contributions

Contributions without donor restrictions, including unconditional pledges, are recognized as revenue when donors' commitments are received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Donated securities are recorded at fair value at the date of the gift. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of estimated future cash flows.

In-Kind Revenue and Expense/Contributions of Nonfinancial Assets

When an award contains a cost sharing (or grantee contribution) requirement, EDC and/or its program partners must contribute resources to the program without receiving reimbursement for those resources from the sponsor. To meet the requirement, EDC and its partners reach out to other organizations and individuals to contribute to the program. The in-kind contributions are generally in the form of donated materials, equipment, or specialized volunteer services. The fair value of the in-kind donations are credited to the benefiting program and recorded in the statements of activities as contributions of nonfinancial assets, and in-kind expenses.

EDC's in-kind revenue and expense from donations are summarized for the years ended September 30, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Contributions of nonfinancial assets	<u>\$ 1,370,407</u>	<u>\$ 1,588,010</u>
In-kind expenses		
Services	\$ 617,512	\$ 1,317,062
Materials and Supplies	708,865	270,948
Training Venues	<u>44,030</u>	<u>-</u>
Total expenses	<u>\$ 1,370,407</u>	<u>\$ 1,588,010</u>

All contributed nonfinancial services and assets were utilized by the organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

Contributed services were valued at the estimated fair market value of rates for similar skilled facilitators, developers and trainers using current rates from the numerous local training institutes.

Contributed materials and supplies were valued at the estimated fair market value using the current price of similar items.

Contributed training venues were valued at estimated fair market value using the current rental rates for the venues.

Foreign Currency Transactions

Expenses of international operations are measured generally using local currency. Expenses are translated at weighted-average rates of exchange in effect during the year. Foreign currency transaction gains and losses are included as direct program costs.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

Cash and Cash Equivalents

Financial instruments with original maturities of three months or less at purchase are classified as cash equivalents. Included in cash equivalents are investments in a U.S. government-backed money market fund which totaled \$7,235 and \$10,333,315 at September 30, 2022 and 2021, respectively.

EDC deposits its cash in major domestic and international financial institutions. Domestic accounts are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, domestic cash will be in excess of the FDIC insured limit of \$250,000. International cash is not insured. EDC has not experienced any losses related to uninsured deposit amounts and does not believe it is exposed to significant credit risks with respect to those deposits.

Investments

Investments, which consist of exchange traded funds, mutual funds, corporate bonds, and certificates of deposits are carried at fair value. The fair value of exchange traded funds and mutual funds is based upon quoted market prices. The fair value of certificates of deposit and corporate bonds are based upon matrix pricing of similar securities. Changes in fair values are reflected in the statement of activities as gains or losses on investments and are included in investment income.

Accounts Receivable and Unbilled Costs on Contracts

Accounts receivable represent amounts due to EDC from federal, state and private sources that have been invoiced but not collected at September 30, 2022 and 2021. Unbilled costs on contracts represent amounts due to EDC from federal, state and private sources that have not been invoiced at September 30, 2022 and 2021, but where services have been provided. Generally, these costs are billed monthly in accordance with the terms of the contract.

Certain federal sources make payments to EDC for expenses incurred on grants using a letter of credit. EDC draws funds from the federal letter of credit weekly based upon incurred expenses. Accounts receivable that are drawn electronically via the federal payment management system represent amounts due to EDC from federal sources. These are generally for expenditures of the prior week that had not been drawn from the letter of credit as of September 30, 2022 and 2021.

Equipment and Leasehold Improvements

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over estimated service lives using the straight-line method. Equipment and furniture is generally depreciated over a period of seven to 10 years; computer equipment and software is depreciated over a period of three to seven years; and leasehold improvements are amortized over the lesser of estimated useful lives of the improvements or the term of the respective leases.

EDC develops internal use software from time to time for international communication, reporting, and for other information and communication requirements. EDC capitalizes the direct costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, and testing. Costs incurred during the project planning phase along with the post-implementation stages of internal use computer software development are expensed as incurred. Capitalized internal use software development costs are generally amortized over three years.

The capitalization and ongoing assessment of recoverability of internal use software development costs requires judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life. EDC capitalized internal use software development costs of \$196,660 and \$201,062 in 2022 and 2021, respectively. As of September 30, 2022

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

and 2021, net capitalized software costs totaled \$1,399,115 and \$1,769,664, respectively, which are included in equipment and improvements in the accompanying statements of financial position.

EDC uses equipment and improvements in progress accounts to record costs incurred on “in progress” fixed asset projects. Amounts in these accounts are not depreciated. When the projects are completed and the assets are ready for use, the project costs are removed from the equipment and improvements in progress account and depreciation begins. As of September 30, 2022 and 2021, costs for in progress equipment and improvements totaled \$509,818 and \$580,386, respectively, which are included in equipment and improvements in the accompanying statements of financial position.

Award Revenue and Program Income

EDC recognizes revenue from external organizations for services provided under exchange and non-exchange grants and contracts. Unconditional grants and contracts are recognized as revenue in the period received in the appropriate net asset category, based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are present, the associated revenue is reported as an increase in net assets with restriction and are reclassified to net assets without donor restrictions when the restrictions are met. Grants and contracts revenues whose restrictions are met in the same reporting period are reported as net assets without donor restriction.

Revenues from non-exchange transactions may be subject to conditions in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). EDC recognizes revenue earned from conditional non-exchange grants and contracts as these conditions are satisfied. During 2022, EDC recognized \$82.1 million of revenue from non-exchange conditional grants and contracts. At September 30, 2022, EDC had \$65.9 million of conditional grants and contracts not recognized as revenue in the statements of activities.

Revenues from exchange transactions are recognized as EDC satisfies performance obligations, which in some cases, mirrors the timing of when related costs are incurred. During 2022, EDC recognized \$101.3 million of revenue from exchange transactions. Grants and contracts, for which the contractual performance obligations have not yet been made or the right to recognize revenue is dependent on future events, totaled \$139.1 million at September 30, 2022.

As of September 30, 2022, EDC has committed approximately \$45 million of future funding to subrecipients under grant and contractual agreements. The related expenses will be recognized once the related barriers are met by the recipients.

Concentration of Credit Risk

Financial instruments which potentially subject EDC to credit risk consist principally of accounts receivable and unbilled costs on contracts. Credit risk with receivables and unbilled costs on contracts is concentrated among several federal agencies. At September 30, 2022 and 2021, the total of accounts receivable and unbilled costs on contracts from the U.S. Government was \$6,890,512 and \$8,618,306, respectively.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

EDC received 10% or more of its revenues and support from the following sources for the years ended September 30, 2022 and 2021, respectively:

For the year ended September 30, 2022:

	<u>Revenue</u>	<u>% of Total Revenue</u>
U.S. Agency for International Development	\$ 97,241,696	53%
U.S. Department of Health and Human Services	\$ 25,962,332	14%

For the year ended September 30, 2021:

	<u>Revenue</u>	<u>% of Total Revenue</u>
U.S. Agency for International Development	\$ 82,170,816	49%
U.S. Department of Health and Human Services	\$ 26,227,011	15%

EDC records reimbursement of indirect costs relating to grants and contracts at provisional billing rates. The recorded income generated by the provisional rates is adjusted at the close of each fiscal year to reflect any variance between the provisional rates and rates based on actual cost. The actual cost rate is audited by the Federal Government after the fact and a final rate agreement is arrived at via this process. Historically, the actual final rates and EDC's estimated final rates have not been materially different. Accordingly, no provision has been made in the financial statements relative to possible disallowances pertinent to years where the provisional rate has not been finalized by the Federal Government. The fiscal year ended September 30, 2022 is EDC's only open indirect cost rate year.

Advances on Contracts

Advances on contracts are received principally from private sources. Advances represent funding amounts received but unearned as project expenditures have not been incurred.

Deferred Rent

EDC accounts for rent expense using the straight-line method to recognize monthly expenses equally over the term of the leases. Deferred rent includes the remaining value of tenant improvement allowances provided by landlords to be amortized on a straight-line basis over the remaining term of the leases. At September 30, 2022 and 2021, the total of leasehold allowances to be amortized was \$0 and \$1,941,066, respectively.

Income Taxes

EDC is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"), and is generally exempt from income taxes pursuant to Section 501(a) of the Code. EDC is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

Use of Estimates

In preparing the financial statements in conformity with US GAAP, management is required 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Contributions of Nonfinancial Assets

In fiscal year 2022, EDC adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind for not-for-profit (“NFP”) organizations. NFP’s are required to disclose a disaggregation of contributed nonfinancial assets recognized within statement of activities by category that depicts the type of contributed nonfinancial assets and whether the assets were either monetized or utilized during the reporting period. The guidance did not have a material impact on EDC’s financial statements and related disclosures.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its balance sheet/statement of financial position. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The ASU is effective for fiscal year 2023 for EDC. EDC is evaluating the impact of this pronouncement, which is expected to result in an increase in assets and liabilities on the statement of financial position. The organization’s lease commitments as of September 30, 2022 are included in note 10.

NOTE 3 - FAIR VALUE MEASUREMENTS

EDC determines the fair value of an asset or liability based on the established fair value hierarchy which gives precedence to fair value measurements calculated using observable inputs over those using unobservable inputs. Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

- Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date;
- Level 2 - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Certificates of deposit are purchased and sold through a brokerage company, thus are considered to be traded in a secondary market; and
- Level 3 - Pricing inputs are unobservable for the investments and include situations where there is little, if any, market activity for the investment at the reporting date. The inputs into the determination of fair value require significant judgment or estimation. At September 30, 2022 and 2021, EDC had no assets or liabilities recorded based upon Level 3 inputs.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

The fair value of investments was as follows at September 30:

	2022		Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	
Certificates of deposits	\$ -	\$ 1,033,842	\$ 1,033,842
Exchange traded funds	\$ 19,648,076	-	19,648,076
Mutual funds	31,940	-	31,940
	<u>\$ 19,680,016</u>	<u>\$ 1,032,842</u>	<u>\$ 20,713,858</u>
	2021		
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Certificates of deposits	\$ -	\$ 518,741	\$ 518,741
Corporate bonds	-	12,046,794	12,046,794
Mutual funds	34,421	-	34,421
	<u>\$ 34,421</u>	<u>\$ 12,565,535</u>	<u>\$ 12,599,956</u>

Investments include certificates of deposit with a cost and a current value of \$514,838 and \$518,682 as of September 30, 2022 and 2021, which serve as collateral for a standby letter of Credit issued in lieu of a cash security deposit in connection with one of EDC's leased facilities.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of EDC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, EDC invests cash in excess of daily requirements in money market accounts. To help manage unanticipated liquidity needs, EDC has a committed line of credit of \$4.5 million which it could draw upon. EDC's business is funded primarily by U.S. government grants and contracts. At the beginning of a fiscal year, the majority of the year's budgeted expenses are already obligated/committed by sponsors. Most of the remainder of the year's budgeted expenses are contractually agreed upon and become obligated during the year. EDC monitors spending and requires management approval to spend beyond currently obligated amounts. EDC collects most of its receivables within 45 to 60 days of incurring the associated expense.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

EDC's financial assets available to management for general expenditure within one year as of September 30, are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 24,766,647	\$ 27,655,069
Investments	20,713,858	12,599,956
Unbilled costs on contracts, net	12,186,427	11,450,688
Accounts receivable, net	<u>12,389,649</u>	<u>10,393,983</u>
	<u>\$ 70,056,581</u>	<u>\$ 62,099,696</u>

Investments within the table above include the certificate of deposit which serves as collateral for the lease standby letter of credit, and is therefore not available for expenditure.

NOTE 5 - BONDS AND LOAN PAYABLE

Two bonds Issued by RBS Citizen's N.A. with a combined original principal amount of \$1,995,472 and fixed interest rate of 4.00%, matured on March 1, 2022. The outstanding principal at September 30, 2021 was \$232,032 and \$0 at September 30, 2022.

During fiscal year 2022, EDC entered into an agreement with Citizens Bank, N.A. for a 7-year term loan in the amount of \$4,400,000, with a fixed interest rate of 3.00% and a maturity date of July 14, 2029. The outstanding principal on this loan was \$4,242,857 at September 30, 2022.

The financing arrangement includes covenants that require, among other things, maintenance of certain financial ratios. EDC was in compliance with these covenants at September 30, 2022 and 2021.

Future minimum principal payments under this financing arrangement are as follows:

<u>Years Ending September 30:</u>	<u>Amount</u>
2023	\$ 628,571
2024	628,571
2025	628,571
2026	628,571
2027	628,571
Thereafter	<u>1,100,000</u>
	4,242,857
Less current portion	<u>(628,571)</u>
Loan payable, noncurrent portion	<u>\$ 3,614,286</u>

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE 6 - LINE OF CREDIT

EDC has a revolving line of credit with a bank which is renewed on an annual basis. The line of credit was renewed on June 14, 2022. The current expiration date is March 31, 2023, when it is anticipated that the line of credit will be renewed again for one year at similar terms. Borrowings are limited to 75% of accounts receivable, not to exceed a maximum total borrowing of \$4,500,000. The line of credit is secured by a security interest in substantially all of the assets of EDC. There were no amounts outstanding under this line of credit at September 30, 2022 and 2021. Total interest expense related to the line of credit for the years ended September 30, 2022 and 2021 was \$0 and \$0, respectively.

NOTE 7 - AWARD REVENUE AND PROGRAM INCOME

EDC's revenue from awards and program income was provided by the following funding sources for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Federal government	\$ 152,297,681	\$ 137,337,956
State government	3,683,341	1,893,504
Private and local municipalities	<u>26,091,450</u>	<u>26,986,199</u>
 Total revenue	 <u>\$ 182,072,472</u>	 <u>\$ 166,217,659</u>

NOTE 8 - FUNCTIONAL EXPENSES

EDC uses individual project numbers to capture and identify all expenses incurred. This allows EDC to record all expenses in the categories of Program, Management & General and Fundraising with minimal allocation. EDC records all expenses in one of the six categories below. Salaries and benefits, materials, supplies and other; travel; professional services; in-kind and subcontracts expenses are charged directly to the expense category. Employee benefits are allocated to salaries based on a percentage of salaries. Not shown separately below, facilities and telecommunications expenses are allocated using calculated hourly rates and are charged based on hours worked, and indirect expenses are allocated based on a percentage of modified direct expenses and on a percentage of subcontracts.

	<u>2022</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 80,056,138	\$ 11,180,974	\$ -	\$ 91,237,112
Materials, supplies and other	22,337,341	3,702,475	-	26,039,816
Travel	6,654,308	66,513	-	6,720,821
Professional services	6,913,952	1,012,393	-	7,926,345
In-kind expense	1,370,407	-	-	1,370,407
Subcontracts	<u>43,646,833</u>	<u>-</u>	<u>-</u>	<u>43,646,833</u>
 Total operating expense	 <u>\$ 160,978,979</u>	 <u>\$ 15,962,355</u>	 <u>\$ -</u>	 <u>\$ 176,941,334</u>

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

	2021			
	Program Services	Management and General	Fundraising	Total
Salaries and employee benefits	\$ 71,331,656	\$ 11,057,759	\$ -	\$ 82,389,415
Materials, supplies and other	22,784,694	3,830,475	-	26,615,169
Travel	4,704,581	11,493	-	4,716,074
Professional services	5,626,822	909,840	-	6,536,662
In-kind expense	1,588,010	-	-	1,588,010
Subcontracts	41,980,304	-	-	41,980,304
Total operating expense	\$ 148,016,067	\$ 15,809,567	\$ -	\$ 163,825,634

NOTE 9 - RETIREMENT PLANS

Defined Contribution Retirement Plan

After six months of service, employees working more than half-time are eligible to participate in a defined contribution retirement plan (the "Plan"). The Plan calls for EDC to contribute 10% of each participant's regular compensation. Contributions to the Plan were \$4,751,533 and \$4,579,455 in 2022 and 2021, respectively. All benefits under this plan vest on the date on which the Plan contribution was made. Each participant has a non-forfeitable right to 100% of his or her accrued benefit derived from employer contributions. In addition, EDC maintains a Supplemental Retirement Annuity Plan which is funded entirely by employee contributions.

Deferred Compensation

EDC has entered into deferred compensation arrangements with certain executives in the form of an IRC 457(b) plan. The Plan documents describe the terms of vesting and ultimate withdrawal of the trust assets. As of September 30, 2022 and 2021, the trust and plan assets were \$31,940 and \$34,421, respectively. The assets and a corresponding liability are included in the accompanying statements of financial position.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

EDC leases office facilities under various operating lease arrangements. The majority of the lease commitments relate to EDC's headquarters which are located in Waltham, Massachusetts. Such leases generally provide for additional payments for taxes, utilities and annual increases in base rent as defined in each lease. The leases for the Waltham, Massachusetts, Chicago, Illinois and Washington, D.C. facilities each contain a renewal option at end of the current lease. The lease for the New York, New York facility does not contain a renewal option.

During fiscal year 2022, EDC entered an agreement to end existing Waltham, Massachusetts facility lease, resulting in a non-operating gain of \$2,454,346. During fiscal year 2022, EDC entered a new lease at a new location in Waltham, Massachusetts.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

The following is a schedule of minimum rental payments under operating leases:

<u>Years Ending September 30:</u>	<u>Amount</u>
2023	\$ 2,195,504
2024	2,990,600
2025	2,244,156
2026	1,647,483
2027	1,691,612
Thereafter	<u>10,414,444</u>
	<u>\$ 21,183,799</u>

Rent expense was \$3,010,983 and \$4,410,419 for 2022 and 2021, respectively, and is included within material, supplies and others within the accompanying statements of activities.

Legal Contingencies

EDC is involved in legal proceedings arising out of its normal course of operations. In management's opinion, the ultimate liability, if any, which may arise from these proceedings would not have a material effect on EDC's net assets or results of activities.

Self-Insurance

EDC is self-insured for employee dental benefits. Employee dental claims are processed by a third-party administrator and are billed to EDC monthly. The total expense incurred under this self-insured plan was \$305,583 in 2022 and \$351,545 in 2021. The accrued unpaid claims were \$34,277 and \$32,524 at September 30, 2022 and 2021, respectively, and are included in accrued expenses in the accompanying statements of financial position. EDC caps the annual benefit at \$1,500 (per covered employee).

Government Contracts

EDC receives significant financial assistance from numerous government agencies in the form of contracts and grants. Expenditures of funds under these programs require compliance with the agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of EDC. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial position, changes in net assets and cash flows of EDC.

NOTE 11 - SUBSEQUENT EVENTS

EDC has evaluated subsequent events from the statement of financial position date through January 30, 2023, the date at which the financial statements were issued.

SUPPLEMENTARY INFORMATION

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Federal Expenditures	Amount Provided to Subrecipients
Department of Agriculture					
USDA Mali Food for Education	10.608	Catholic Relief Services U.S.C.C.B. (CRS)	ML21.SBAGR.410505. cont. 28651.01.00	\$ 651,562	\$ -
Food for Education (FFE)	10.608	Catholic Relief Services U.S.C.C.B. (CRS)	FFE-522-2020-007-00	414,049	-
Total Department of Agriculture				1,065,611	-
Department of Commerce					
NOAA 21st CCLC Evaluation	11.U01	North American Association for Environmental Education (NAAEE)	NONE	120,000	-
Total Department of Commerce				120,000	-
Department of Justice					
Vision 21 Integrated Services for Victims Program	16.582	Direct	2017-VF-GX-K143	(852)	-
Common Trust Initiativ	16.817	International Association of Chiefs of Police (IACP)	2018-GJ-BX-K035	4,434	-
BJA-Nat. OfficerSafety In	16.738	International Association of Chiefs of Police (IACP)	2018-DP-BX-K001	202,851	-
BJAOfficerSafety&Wellness	16.738	International Association of Chiefs of Police (IACP)	2019-DP-BX-K006	108,304	-
Subtotal AL#16.738				311,155	-
Consultation- Virtual L	16.U01	International Association of Chiefs of Police (IACP)	NONE	3,455	-
Online Course-Victims	16.U02	International Association of Chiefs of Police (IACP)	NONE	66,552	-
Consultation-Virtual L	16.U03	International Association of Chiefs of Police (IACP)	NONE	38,814	-
PS - DEA 5 Stakeholder Pr	16.U04	Direct	GS-10F-0406P 15DDHQ21F00000747	13,209	-
PS - DEA Task 1	16.U05	Direct	15DDHQ22P00000340	16,348	-
Total Department of Justice				453,115	-
Library of Congress					
LOC Impact Study	42.U01	Direct	LCCLL21C0001	65,872	-
Total Library of Congress				65,872	-
Institute of Museum and Library Services					
MOS Evaluation Coaching	45.U01	Museum of Science Boston	NONE	7,500	-
Total Institute of Museum and Library Services				7,500	-
Department of Veterans Affairs					
Manchester VAMC site visi	64.U01	Direct	Cont # 36C24120P0998 608C08105	77,000	-
Total Department of Veterans Affairs				77,000	-
Department of Education					
Comp Center Region 2	84.283	West Ed	S-17109	433,161	-
Social Emotional Learning	84.U01	MA Dept of Elementary	CTDOE-196319ATAR cont. S2EDDEVCE	890,581	76,838
Burlington CI 2021-2022	84.U02	Burlington School District, VT	NONE	77,365	-
UW-Summer Step Up-2022	84.U03	Direct	UW# 3108	17,226	-
NYSCI 21st CCLC MakerSTEM	84.U04	New York Hall of Science (NYSCI)	NONE	42,608	-
Total Department of Education				1,460,941	76,838
Department of Health and Human Services					
Children's Safety Network Program (2016 CSN)	93.110	Direct	U49MC28422-08-00	826,925	137,016
HV CoIIN 3.0	93.110	Direct	UF4MC26525-09	67,643	-
Subtotal AL#93.110				894,568	137,016
CDC COVID-19 MH Response	93.136	Safe States Alliance	NONE	32	-
CDC Transforming Communit	93.136	Safe States Alliance	N417CE924917	223,636	-
Subtotal AL#93.136				223,668	-

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Federal Expenditures	Amount Provided to Subrecipients
Suicide Prevention Resource Center (SPRC)	93.243	Direct	1U79SM062297-05	\$ (2,869)	\$ -
Health & Wellness Ctr OHS	93.600	Direct	90HC000022-03-00	6,823,158	2,856,875
HRSA BHWD-TAE Yr1	93.732	University of Wisconsin (UW)	000001712	521,383	-
CDC Health Equity OST Y1	93.858	Direct	1 NU58DP007084-05-00 PMS=22NU58DP007084	25,005	-
SPRC FY21 - 25	93.U01	University of Oklahoma (OU)	C3144301 & 20001176	3,795,276	-
ASTHO Opioids & Suicide	93.U02	Association of State and Territorial Health Officials	2326	10,000	-
WI PTTT	93.U03	University of Wisconsin (UW)	923K705 A 017617	263,536	-
PTTC - Rutgers Year 1	93.U04	Rutgers, The State University of New Jersey		150,500	-
MassTapp	93.U05	Massachusetts Department of Public Health (MA DPH)	INTF2330M78500824160	1,540,534	434,800
URMC Outreach Support	93.U06	University of Rochester	PO signed 2/17/20 PUR00017572	17,050	-
Alabama Transitions 3 Yrs	93.U07	Alabama Department of Early Childhood Education	C20079025	64,526	-
Rocky Mountain Followup	93.U08	Rocky Mountain Crisis Partners	NONE	11,150	-
Missouri DV/SP Training	93.U09	Missouri Behavioral Health Council	NONE	14,952	-
COVID-19 Emergency Resp	93.U10	Chickasaw Nation	OB16566510 CHQ2107921	149,385	-
Eval Drug Free Comms Y4	93.U11	Wayside Youth & Family Support Network	NONE	9,949	-
SPRC FY2022 Supplemental	93.U12	University of Oklahoma (OU)	SV2021621-15	458,161	-
Colorado Collaborative	93.U13	Colorado Department of Public Health & Environment, Office of Suicide Prevention	2022*2054	69,971	-
RI CELP Hub 2021	93.U14	Rhode Island Department of Human Services	CCAP-EDPDTA 22-01 3744959	1,386,033	104,916
HK Maker Follow-up	93.U15	Columbia University	1R25GM142072-01 \ COLUM-0000195623	40,000	-
SPF Rx	93.U16	Massachusetts Department of Public Health (MA DPH)	INTF2400HH2500224501	98,182	-
SMVF TA Center FY2022	93.U17	Policy Research Associate	1153-0005	39,166	-
SAMHSA PTTC Reg 5-Supplem	93.U18	University of Wisconsin	22-8819 MSN01797546	55,000	-
SPF Rx Year 2	93.U19	Massachusetts Department of Public Health (MA DPH)	500224	32,185	-
AMSR - State of Delaware DSCYF	93.U20	State of Delaware, Department of Services for Children, Youth and Their Families	DPBHS (EDC-SAFETY) cont 19-15735	16,445	-
AMSR - Kentucky DBH Task4	93.U21	AMSR - Kentucky DBH Task4	PON2: 729 2100001120	9,000	-
AMSR - Kentucky DBH Task5	93.U22	AMSR - Kentucky DBH Task4	PON2: 729 2100001120	86,975	-
AMSR Illinois DPH	93.U23	Illinois Dept of Public H	23202002J	173,908	-
MA Sustainability + Consu	93.U24	Massachusetts Department of Public Health (MA DPH)	INTF2400HH4300522405	25,774	-
SAMHSAs FR-CARA	93.U25	City of New Bedford, MA	20510048	91,900	-
PS - PTTC ME Region 1	93.U26	Acdare Educational Institute of Maine, Inc	NONE	7,500	-
PS-NACCHO Training COL	93.U27	National Association of City and County Health Officials	6NU38OT000306-04-01 2022-041503	116,771	-
ZSI - Iowa 2021	93.U28	Iowa Dept. Public Health	588 2 SM03	59,466	-
ZSI-NY Office of Mental H	93.U29	Research Foundation for Mental Hygiene, Inc.	156258	40,000	-
ZSI - South Dakota FY22	93.U30	State of South Dakota Department of Social Services	22-0800 22SC08E072	25,100	-
Total Department of Health and Human Services				17,343,308	3,533,607
Agency for International Development					
Rwanda HD	98.001	Direct	AID-696-A-17-00005	365,279	60,846
Djibouti WFD General	98.001	Direct	AID-603-A-17-00001	2,959,836	121,320
Integrated Youth Development Activity in the DRC (DRC IYDA)	98.001	Direct	72066018CA00003	6,205,997	1,928,996
Lebanon Higher Education	98.001	Direct	72026819CA00004	1,522,315	351,898
PhilippinesOpportunity2.0	98.001	Direct	72049220CA00003	7,173,918	1,679,219
Egypt Teach for Tomorrow	98.001	Direct	72026320CA00003	2,950,191	752,380
AWARE 3 (USAID)	98.001	Direct	72049720FA00002	202,500	-
USAID Rwanda Employment a	98.001	Carleton College	720-696-20-CA-00001	855,342	514,912
Egypt Teacher Excellence	98.001	Direct	72026322CA00004	758,437	-
South Sudan Youth (Y4Y)	98.001	Direct	72066822CA00002	135,087	-
Vietnam YSEALI	98.001	Direct	72044022CA00004	7,723	-
Subtotal AL#98.001				23,136,625	5,409,571
Niger Food for Peace Yr1	98.007	Catholic Relief Services U.S.C.C.B. (CRS)	NE-FY19-SUBAGR cont P1703-672 01 00	290,769	-
South Africa School-Based Sexuality and HIV Prevention Education Activity				579,850	36,841
Short Title: SA HIV Prev Ed	98.U01	Direct	AID-674-C-15-00002	-	-
Mali SIRA Field Labor/ODC	98.U02	Direct	AID-688-TO-16-00005	3,947,894	650,177
Liberia AQE	98.U03	Direct	AID-669-TO-17-00001	37,199	-
USAID Honduras Reading	98.U04	Direct	AID-522-C-17-00002	7,060,170	-
Time to Learn in Zambia	98.U05	Direct	AID-611-C-12-00002	-	(7,790)
USAID Lets Read	98.U06	Direct	72061119C00001	10,032,788	2,095,540
Global Book Alliance in Action	98.U07	Direct	7200AA19F00009	3,575,990	118,909
Uganda ICYD	98.U08	Direct	72061720C00001	30,722,920	12,748,232
The Youth Activity Liberia	98.U09	Direct	72066921C00005	4,391,962	769,886
So Africa Health Activity	98.U10	Direct	72067422C00003	5,773,366	-
Total Agency for International Development				89,549,533	21,821,366

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Federal Expenditures	Amount Provided to Subrecipients
Research and Development Cluster					
Department of Defense					
DoD Civics Education	12.006	Direct	HQ00342110013	\$ 729,142	\$ 151,931
DOD BEST Evaluation	12.U01	Building Engineering and Science Talent (BEST)	NONE	120,000	-
Total Department of Defense				849,142	151,931
US Army					
FY22 AEOP Eval	12.630	Battelle Memorial Institute	W911SR-15-2-001 000840146	478,467	-
Total US Army				478,467	-
Department of Justice					
Research on Elder Abuse	16.560	Direct	2020-75-CX-0003	152,170	-
Total Department of Justice				152,170	-
Department of NASA					
NASA @ My Library	43.001	Space Science Institute	00741	68,820	-
NASA Spectrum	43.001	Sonoma State University	80NSSC21M0004 120488	329,625	172,560
Real World Real Science 2	43.001	Gulf of Maine Research Institute	NNX16AB94A-000007 30-NASARS-21 EDC	167,327	-
Total Department of NASA				565,772	172,560
Department of Institute of Museum and Library Services					
BCM IMLS	45.U01	BOSTON CHILDREN'S MUSEUM	NONE	15,173	-
Total Department of Institute of Museum and Library Services				15,173	-
National Science Foundation					
Engineering&Empathy(E2K2)	47.041	BOSTON CHILDREN'S MUSEUM	1932631 NSF 1932631 001	40,588	-
Online Professional Development for Exploring Computer Science	47.070	Direct	CNS-1640117	117,790	45,863
NYCDOE CSP RPP	47.070	Direct	CNS 1837280	379,000	116,546
CT Integration Framework	47.070	Direct	CNS-1838523	75,199	16,671
ECS eTextiles PD	47.070	Direct	FAIN: 2031182	129,206	-
HS Pathways-Data Careers	47.070	Direct	FAIN: 2031479	224,326	39,234
CIRCLS	47.070	Digital Promise Global	NONE	50,569	-
Connected Prisons	47.070	Direct	FAIN: 2125220	42,134	-
Subtotal AL#47.070				1,018,224	218,314
Creating Pathways for Big Data Careers (Big Data Pathways)	47.076	Direct	DRL-1501927	98,428	-
Strengthening Mathematics Intervention Classes: Identifying and Addressing Challenges to Improve Instruction for Struggling Learners	47.076	Direct	1621294	73,641	-
Bringing a Rigorous Computer Science Principles Course to the Largest School System in the United States (Computer Science MSP)	47.076	Direct	DRL-1441075	19,096	(3,165)
Supporting Success in Algebra: A Study of the Implementation of Transition to Algebra	47.076	Direct	DRL-1621011	414,980	37,523
Think Math + C: Integrating Programming Into a Comprehensive K-5 Mathematics Curriculum	47.076	Direct	1741792	13,612	-
Strengthening Data Literacy across the Curriculum	47.076	Direct	1813956	154,079	25,930
DATA- Data Analytics Tech	47.076	Columbus State Community	1617-003 B0017726	8,329	-
CryptoClub Afterschool and Online: Broad Implementation	47.076	UNIVERSITY OF CHICAGO	1724481 FP066007-B	25,148	-
CADRE	47.076	Direct	FAIN 1813076	72,069	-
Insights+C	47.076	Direct	DRL-1841189 20188090600000000880	588,709	68,269
Seeding the Future DRK12	47.076	Boston College	DRL-1814001 5107041-01	11,937	-
NSF AGEPE	47.076	Direct	FAIN: 1841985	175,216	-
Monkeys DRK-12 [COLLABORA	47.076	Direct	1814039	268,005	-
NGPS Home-School Connecti	47.076	Digital Promise Global	FAIN 1813280	184,802	-
NSF INCLUDES HUB	47.076	SRI International	HRD-1818635 PO33535	382,073	-

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Federal Expenditures	Amount Provided to Subrecipients
BPE STEM Urban School	47.076	BostonPlan For Excellence	1758773-01	\$ 51,405	\$ -
IDEAS 2	47.076	Direct	FAIN 1850289	595,510	387,697
Data Literacy Art and ID	47.076	Direct	1908030	27,310	-
YM - NSF Design & Develop	47.076	Direct	FAIN 1907904	387,147	-
Streams of Data	47.076	Direct	DRL-1906264	341,482	-
Mentoring Data Pathways	47.076	Direct	FAIN: 1902568	171,208	42,727
WeatherX	47.076	Direct	DRL-1850447	298,080	81,311
Math + C	47.076	Direct	FAIN 1934161	720,365	29,326
NGPM DCA	47.076	Direct	FAIN 1933698	429,835	78,988
STEM-OPS	47.076	Direct	HRD-1931045	1,151,393	603,814
NSF DCL Women Vets Conf	47.076	Direct	1932651	45,931	-
Computational Sci Pathway	47.076	Direct	1934112	1,061,753	166,535
ARX21	47.076	EdAdvance (Education Connection)	2019-0321	65,283	-
4CSTEM Scholars	47.076	Cape Cod Community	1930184 2020-01	8,879	-
STELAR Center Rebid 2020	47.076	Direct	FAIN: 1949200	956,372	180,734
Complexly for ELLs	47.076	Direct	2005586	97,460	-
EME2L	47.076	Boston College	5109541-01	21,820	-
ITEST SYSTEM	47.076	Direct	1949266	321,380	120,940
Learning CS Game Design	47.076	Georgia Southern University	G1781-2027948-SUB1	10,159	-
Intrinsic Motivation Eval	47.076	UNIVERSITY OF ROCHESTER	2005571 417842G/URFAO:GR5111 subaward # cont - 20	10,545	-
Transforming PreK Spatial	47.076	Direct	FAIN: 2048883	444,839	235,608
Noyce Teacher Retention	47.076	Direct	FAIN: 2050641	503,720	315,894
College Mathematicians	47.076	Drake University	2021161 103262-01	96,690	-
Wombat AISL	47.076	WGBH Educational Foundation	K195603	97,912	-
La Fuerza-STEM	47.076	Direct	FAIN: 2115621	536,277	325,186
Teaching with SOSx Mobile	47.076	The Nurture Nature Center	2101310 NSFDRK3	77,151	-
Cyberchase Mobile 2	47.076	Thirteen / WNET New York	WNET 120401	155,452	-
Early Elementary CT	47.076	New York Hall of Science (NYSCI)	DRL-2101547 NSF0035	166,728	-
CADRE 2021	47.076	Direct	FAIN: 2100823	622,560	96,452
Bank Street Noyce Capacit	47.076	BANK STREET COLLEGE OF ED	NONE	14,218	-
BC Hydro Code	47.076	Boston College	DRL-2048994 5112281-01	41,267	-
PHD Math students study	47.076	Carnegie Mellon University	HRD-2207795 1122939-458942	41,704	-
ITEST Birdbots	47.076	Columbia University - Teachers College	DRL-2147699 513158 UZ208957	1,282	-
CT Framework Validation	47.076	Direct	DRL-2219314	6,442	-
Subtotal AL#47.076				12,067,683	2,793,769
START Immuno Biotech	47.U01	Shoreline Community College	NONE	(5,875)	-
LEAP National	47.U02	Franklin Institute	NONE	36,621	-
BEAT (Aerospace)	47.U03	Everett community College	NONE	1,145	-
Making Cultural Heritage	47.U04	GLOBAL KIDS	NONE	539	-
STAR P3	47.U05	Space Science Institute	SUBCON 01016	37,832	-
Adelphi Noyce	47.U06	Adelphi University	NONE	14,390	-
TKU Evaluation	47.U07	New York University (NYU)	SiB0008011 / Si0008741 / SiB0010612	67,596	-
Open Sci	47.U08	UNIVERSITY OF GEORGIA	NONE	12,399	-
PULSE RECOGNITION	47.U09	DARTMOUTH COLLEGE	NONE	9,455	-
SciGirls National Parks	47.U10	Twin Cities Public Television	21653-3396	77,686	-
NAPE INCLUDES PG	47.U11	National Alliance for Partnerships in Equity (NAPE)		4,287	-
ASCEND 2	47.U12	John Carroll University	NONE	27,049	-
SSI TEAM2	47.U13	Space Science Institute	SUBCON 01056	26,092	-
PEER Evaluation-Base Yr	47.U14	Nevada State College	NONE	8,244	-
AMNH Staying in Sci Eval	47.U15	American Museum of Natural History	NONE	24,991	-
Total National Science Foundation				13,468,946	3,012,083
Department of Veterans Affairs					
VetChange Develop&Support	64.U01	Direct	36C24121P1022	89,106	28,125
Total Department of Veterans Affairs				89,106	28,125
Department of Education					
Goal 1 Elk Grove	84.305	Direct	R305A170383	123,701	8,046
Analyzing Diagrams: A Support For English Learners (ADSEL)	84.305	Direct	R305A170297	112,038	-
Mission US IES	84.305	Direct	R305A210223	1,128,330	392,002
Subtotal AL#84.305				1,364,069	400,048

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Federal Expenditures	Amount Provided to Subrecipients
Future Quest Island 2018	84.327	University of Massachusetts, Boston	H327S180002 B000770387	\$ 97,443	\$ -
MFA EIR	84.411	Direct	U411B180037	1,539,150	781,018
MassCan-PACE CS in MA	84.411	Direct	U411C190275	595,169	148,616
BJC curr. EIR	84.411	Direct	S411C200074	511,868	73,026
Subtotal AL#84.411				2,646,187	1,002,660
REL-NEI: Regional Educational Laboratory - Northeast and Islands	84.U01	Direct	ED-IES-17-C-0008	1,289,689	231,295
State Pre-Kindergarten Program Professional Development Technical Assistance Provider (RI Pre-K Program) Base Year - State Funding	84.U02	Rhode Island Department of Education	3441660-13	241,236	-
RI Pre-K-K Trans Summit	84.U03	Rhode Island Department of Education	3578127-7	158,934	-
REL APP Travel	84.U04	SRI International	P24281-003	53,776	-
Comp Center-Region 1	84.U05	American Institute for Research	04890 0489000001	148,043	-
RIDE WBL CS Pathway	84.U06	Rhode Island Department of Education	1659614	120,000	-
Ready to Learn 20-25-Yr1	84.U07	Corporation for Public Broadcasting (CPB)	35070-EDU	1,499,320	144,333
1.1 REL Kickoff	84.U08	Direct	91990022C0013	2,606,136	235,346
Total Department of Education				10,224,833	2,013,682
Department of Health and Human Services					
Home Visiting Collaborative Improvement and Innovation Network Year 3 (HV CoIIN Y3)	93.110	Direct	UF4MC26525-08	1,376,356	186,294
ZS Model Eval Year 5	93.242	Henry Ford Health Systems	5U01MH114087-05 B11234 EDC	50,503	-
National Center for Afterschool and Summer Enrichment (NCASE Y1)	93.575	Direct	90TA0001-05-000	1,702,914	373,446
OPRE School-Age Analysis	93.575	Direct	90YE0240	43,404	22,973
Subtotal AL#93.575				1,746,318	396,419
National Center on Early Childhood Health and Wellness (NCECHW) - OHS Funding	93.600	American Academy of Pediatrics	FAIN 90HC0013-05-01 719190 EDC	(749)	-
IVSP: Transform Rochester	93.865	UNIVERSITY OF ROCHESTER	417569G / URFAO / GR510787	21,283	-
NIA IMPACT Collaborat Yr1	93.866	BROWN UNIVERSITY	3U54AG063546-03 00002067	13,873	-
Chicago - ReCAST Eval Yr1 (Chicago Dept. Pub. Health - SAMHSA HHS)	93.U01	Direct	Task Order 0001 51588	1,475	1,100
Colorado DPHE Zero Suicid	93.U02	Direct	17 FHLA 98009 / 18 FHLA 108038 / 19 FHLA 113390 / 2017*3276 Amendment #3 / 2017*3276 Option Letter #1	52,000	-
CELP PD&TA 19-20	93.U03	Rhode Island Department of Human Services	CCAP-PDTA 20-01 3654017	182,685	86,360
MIECHV TARC Task1	93.U04	HRSA ACQUISITIONS BRANCH,	75R60219D00040 TO # 75R60220F34001	5,008,720	2,364,453
OPRE Eval Planning Grant	93.U05	Direct	90YE0259	49,861	-
NYSOI SEPA Evaluation	93.U06	NEW YORK HALL OF SCIENCE	NONE	49,350	-
MIECHV Innovation TA	93.U07	Direct	75R60219D00040	67,350	-
Total Department of Health and Human Services				8,619,025	3,034,626
Agency for International Development					
FLIER	98.001	Direct	72066021CA00008	3,362,934	1,006,440
Leading through Learning	98.U01	Direct	7200AA20M00008	4,329,230	1,473,462
Total Agency for International Development				7,692,164	2,479,902
Total Research and Development Cluster				42,154,798	10,892,909
Total Expenditures of Federal Awards				\$ 152,297,678	\$ 36,324,718

Education Development Center, Inc.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Education Development Center, Inc. ("EDC") under programs of the federal government for the year ended September 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of EDC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of EDC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

EDC has elected not to use the de minimus indirect cost rate allowed under the Uniform Guidance.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Education Development Center, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Education Development Center, Inc. (“EDC”), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2023.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered EDC’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of EDC’s internal control. Accordingly, we do not express an opinion on the effectiveness of EDC’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of EDC’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether EDC’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our

audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of EDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EDC's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Boston, Massachusetts
January 30, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Education Development Center, Inc.

Report on compliance for each major federal program

Opinion on each major federal program

We have audited the compliance of Education Development Center (“EDC”) with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget’s *OMB Compliance Supplement* that could have a direct and material effect on EDC’s major federal program for the year ended September 30, 2022. EDC’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, EDC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of EDC 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of EDC’s compliance with the compliance requirements referred to above.

Responsibilities of management for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to EDC’s federal programs.

Auditor's responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on EDC's compliance based on our audit. 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 US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about EDC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 EDC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of EDC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a

material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in EDC's internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Boston, Massachusetts
January 30, 2023

Education Development Center, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financing reporting:

Material weakness(es) identified?	_____	yes	_____	<u> x </u>	no
Significant deficiency(ies) identified?	_____	yes	_____	<u> x </u>	none reported
Noncompliance material to financial statements noted?	_____	yes	_____	<u> x </u>	no

Federal Awards

Internal control over major program:

Material weakness(es) identified?	_____	yes	_____	<u> x </u>	no
Significant deficiency(ies) identified?	_____	yes	_____	<u> x </u>	none reported

Type of auditors' report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	yes	_____	<u> x </u>	no
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Identification of major programs:

Name of Federal Program	Federal Assistance Listings Number
Research and Development Cluster	Various – see Schedule of Expenditures of Federal awards for details

Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
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Auditee qualified as low-risk auditee?	<u> x </u>	yes	_____	no
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Education Development Center, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended September 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.