

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, 2020 and 2019

## Contents

	Page
Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statements of activities	6
Statements of cash flows	7
Notes to the financial statements	8
Supplementary Information	
Schedule of Expenditures of Federal Awards for the year ended September 30, 2020	19
Notes to the Schedule of Expenditures of Federal Awards for the year ended September 30, 2020	28
Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29
Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	31
Schedule of Findings and Questioned Costs for the year ended September 30, 2020	33

---

**GRANT THORNTON LLP**

75 State Street, 13<sup>th</sup> Floor  
Boston, MA 02109

**D** +1 617 723 7900

**F** +1 617 723 3640

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Trustees  
Education Development Center, Inc.

**Report on the financial statements**

We have audited the accompanying financial statements of Education Development Center, Inc. ("EDC"), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the notes to the financial statements.

**Management's responsibility for the financial statements**

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

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Education Development Center, Inc. as of September 30, 2020 and 2019, 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.

**Other matters***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 (CFR) 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 the 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 auditing standards generally accepted in the United States of America. In our opinion, the 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 27, 2021, 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.



Boston, Massachusetts  
January 27, 2021

**Education Development Center, Inc.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of September 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 39,187,445	\$ 12,426,173
Investments	539,797	536,848
Accounts receivable electronically drawable via federal payments management system	3,621,570	4,633,616
Accounts receivable, less allowance for doubtful accounts of \$52,177 and \$28,000, respectively	2,769,436	7,209,567
Unbilled costs on contracts, less allowance for doubtful accounts of \$116,055 and \$74,901, respectively	10,453,575	19,318,710
Prepaid expenses and advances	2,311,194	5,499,761
Total current assets	58,883,017	49,624,675
<b>EQUIPMENT AND IMPROVEMENTS</b>		
Equipment	18,932,441	18,506,975
Leasehold improvements	13,514,885	12,975,289
	32,447,326	31,482,264
Less accumulated depreciation and amortization	(25,781,776)	(24,235,658)
Net equipment and improvements	6,665,550	7,246,606
<b>OTHER ASSETS</b>		
	377,505	391,108
Total assets	\$ 65,926,072	\$ 57,262,389
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 6,793,000	\$ 5,442,537
Accrued expenses	10,289,061	8,324,892
Advances on contracts, current portion	10,296,486	8,703,564
Tax-exempt bonds payable, current portion	556,876	556,876
Total current liabilities	27,935,423	23,027,869
Advances on contracts, net of current portion	3,818,336	3,374,672
Deferred rent	4,050,264	2,705,190
Tax-exempt bonds payable, net of current portion	232,032	788,907
Total liabilities	36,036,055	29,896,638
<b>NET ASSETS</b>		
Without donor restrictions	29,499,960	26,839,571
With donor restrictions	390,057	526,180
Total net assets	29,890,017	27,365,751
Total liabilities and net assets	\$ 65,926,072	\$ 57,262,389

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

Education Development Center, Inc.

STATEMENTS OF ACTIVITIES

For the years ended September 30, 2020 and 2019

	2020			2019		
	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	\$ 145,475,813	\$ -	\$ 145,475,813	\$ 159,088,110	\$ -	\$ 159,088,110
Fees for service, royalties and sales	757,088	-	757,088	2,006,363	-	2,006,363
Investment, contributions, and other income	242,013	55,333	297,346	455,977	295,108	751,085
In-kind revenue	195,433	-	195,433	101,967	-	101,967
Net assets released from restrictions	191,456	(191,456)	-	163,733	(163,733)	-
Total revenues and other support	146,861,803	(136,123)	146,725,680	161,816,150	131,375	161,947,525
Operating expenses:						
Salaries and employee benefits	78,369,943	-	78,369,943	77,715,988	-	77,715,988
Materials, supplies and other	23,397,812	-	23,397,812	27,621,217	-	27,621,217
Travel	7,730,765	-	7,730,765	13,147,513	-	13,147,513
Professional services	6,200,193	-	6,200,193	4,907,326	-	4,907,326
In-kind expense	195,433	-	195,433	101,967	-	101,967
Subcontracts	28,889,792	-	28,889,792	35,224,834	-	35,224,834
Total operating expenses	144,783,938	-	144,783,938	158,718,845	-	158,718,845
Change in net assets from operations	2,077,865	(136,123)	1,941,742	3,097,305	131,375	3,228,680
Nonoperating activities						
Gain of sale of internet IP addresses	1,182,925	-	1,182,925	-	-	-
Loss on disposal of leasehold improvements	(600,401)	-	(600,401)	-	-	-
Total nonoperating gains, net	582,524	-	582,524	-	-	-
Change in net assets	2,660,389	(136,123)	2,524,266	3,097,305	131,375	3,228,680
Net assets at beginning of year	26,839,571	526,180	27,365,751	23,742,266	394,805	24,137,071
Net assets at end of year	\$ 29,499,960	\$ 390,057	\$ 29,890,017	\$ 26,839,571	\$ 526,180	\$ 27,365,751

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

**Education Development Center, Inc.**

**STATEMENTS OF CASH FLOWS**

**For the years ended September 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 2,524,266	\$ 3,228,680
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Gain of sale of internet IP addresses	(1,182,925)	-
Loss on disposal of leasehold improvements	600,401	-
Depreciation and amortization	1,546,118	2,307,270
Net realized and unrealized gains on investments	(882)	(243)
Changes in operating accounts		
Accounts receivable electronically drawable	1,012,046	(643,486)
Accounts receivable	4,440,131	140,689
Unbilled costs on contracts	8,865,135	2,715,708
Prepaid expenses and advances	3,188,567	(3,403,835)
Other assets	13,604	1,915
Accounts payable	1,350,463	(1,063,589)
Accrued expenses	1,964,170	(728,911)
Advances on contracts	2,036,585	(2,230,287)
Deferred rent	1,345,075	(352,652)
	<b>27,702,754</b>	<b>(28,741)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of internet IP addresses	1,182,925	-
Purchase of equipment and improvements	(1,565,464)	(1,217,376)
Purchase of investments	(8,500)	(4,184)
Sales and maturities of investments	6,433	2,521
	<b>(384,606)</b>	<b>(1,219,039)</b>
<b>Cash flows from financing activities</b>		
Repayments of tax-exempt bonds	(556,876)	(556,876)
	<b>(556,876)</b>	<b>(556,876)</b>
Net increase (decrease) in cash and cash equivalents	26,761,272	(1,804,656)
Cash and cash equivalents at beginning of year	12,426,173	14,230,829
Cash and cash equivalents at end of year	<b>\$ 39,187,445</b>	<b>\$ 12,426,173</b>

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

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

**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, 2020 and 2019, 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, 2020 and 2019 totaled \$191,456 and \$163,733, respectively, related to specific program expenditures.

***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.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

***In-Kind Revenue and Expense***

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 in-kind revenue and expense.

EDC's in-kind revenue and expense from donations are summarized for the years ended September 30, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
In-kind revenue	\$ 195,433	\$ 101,967
In-kind expenses		
Salaries and benefits	\$ 92,158	\$ 1,299
Materials, supplies and other	103,275	100,668
Total expenses	<u>\$ 195,433</u>	<u>\$ 101,967</u>

***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.

***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 \$20,296,731 and \$7,736,581 at September 30, 2020 and 2019, 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 mutual funds and certificates of deposits are carried at fair value. The fair value of mutual funds is based upon quoted market prices. The fair value of certificates of deposit is 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, 2020 and 2019. Unbilled costs on contracts represent amounts due to EDC from federal, state and private sources that have not been invoiced at September 30, 2020 and 2019, but where services have been provided. Generally, these costs are billed monthly in accordance with the terms of the contract.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

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, 2020 and 2019.

***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 ten 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. Depreciation and amortization expense related to equipment and improvements totaled \$1,546,118 and \$2,307,270 for the years ended September 30, 2020 and 2019, respectively, and is included in materials, supplies, and other expenses in the statements of activities.

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 \$348,048 and \$841,989 in 2020 and 2019, respectively. As of September 30, 2020 and 2019, net capitalized software costs totaled \$2,246,592 and \$2,652,806, 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, 2020 and 2019, costs for in progress equipment and improvements totaled \$559,052 and \$1,224,755, respectively, which are included in equipment and improvements in the accompanying statements of financial position.

***Recent Adopted Accounting Pronouncements***

In fiscal year 2020, EDC adopted ASU 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive revenue model for entities to use in accounting for revenue arising from contracts with customers. The guidance supersedes most current revenue recognition guidance, including industry-specific guidance, and ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating transaction price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. EDC applied the standard using the modified retrospective transition method. This guidance did not have a material impact on EDC's financial statements and related disclosures.

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2020 and 2019**

EDC also adopted ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) in fiscal year 2020. The FASB issued this update to clarify and improve the scope and accounting guidance for contributions received and made. The amendments of this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. EDC applied the standard using a modified prospective approach as of October 1, 2019. This guidance did not have a material impact on EDC's financial statements and related disclosures.

***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 2020, EDC recognized \$72.6M of revenue from non-exchange conditional grants and contracts. At September 30, 2020, EDC had \$97.7 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 2020, EDC recognized \$73.6M 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 \$66.7 million at September 30, 2020.

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, 2020 is EDC's only open indirect cost rate year.

***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, 2020 and 2019, the total of accounts receivable and unbilled costs on contracts from the U.S. Government was \$9,897,575 and \$23,995,925, respectively.

***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.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

***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, 2020 and 2019, the total of leasehold allowances to be amortized was \$2,143,970 and \$1,375,990, 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.

***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***

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 the new guidance on its financial statements.

**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.
- 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, 2020 and 2019, EDC had no assets or liabilities recorded based upon Level 3 inputs.

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2020 and 2019**

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

	<b>2020</b>		
	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Total</b>
Certificates of deposits	\$ -	\$ 518,478	\$ 518,478
Mutual funds	21,319	-	21,319
	<u>\$ 21,319</u>	<u>\$ 518,478</u>	<u>\$ 539,797</u>
	<b>2019</b>		
	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Total</b>
Certificates of deposits	\$ -	\$ 512,599	\$ 512,599
Mutual funds	24,249	-	24,249
	<u>\$ 24,249</u>	<u>\$ 512,599</u>	<u>\$ 536,848</u>

Investments include a certificate of deposit with a cost of \$518,420 and a current value of \$518,478, which serves as collateral for a Standby Letter of Credit issued in lieu of a cash security deposit in connection with EDC's lease of facility space in Waltham, Massachusetts.

**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.

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

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 39,187,445	\$ 12,426,173
Investments	539,797	536,484
Unbilled costs on contracts, net	10,453,575	19,318,710
Accounts receivable, net	6,391,006	11,843,183
	<u>\$ 56,571,823</u>	<u>\$ 44,124,550</u>

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2020 and 2019**

**NOTE 5 - TAX-EXEMPT BONDS PAYABLE**

During December 2010, EDC entered into a tax-exempt bond financing arrangement. The Massachusetts Development Finance Agency issued two tax exempt revenue bonds dated December 29, 2010 with an original maturity date of January 1, 2016, totaling \$8,916,381. The bonds are held by RBS Citizen's N.A. One bond's original principal amount was \$5,771,576 with a fixed interest rate of 3.95%. The other bond's original principal amount was \$3,144,805 with a fixed interest rate of 3.25%. The purpose of the financing arrangement was to fund the cost of improving and equipping EDC's leased premises located in Waltham, Massachusetts and the payment of costs of issuance of the bonds. During January 2014, EDC refinanced the bonds with RBS Citizen's N.A. with a new maturity date of January 1, 2019, totaling \$5,837,135. One bond's original principal amount was \$4,040,103 with a fixed interest rate of 3.00%. The other bond's original principal amount was \$1,797,032 with a fixed interest rate of 2.65%. During July 2018, EDC refinanced the bonds with RBS Citizen's N.A. with a new maturity date of March 1, 2022. One bond's original principal amount was \$1,668,738 with a fixed interest rate of 4.00%. The outstanding principal on this bond was \$659,734 at September 30, 2020. The other bond's original principal amount was \$326,734 with a fixed interest rate of 4.00%. The outstanding principal on this bond was \$129,174 at September 30, 2020.

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, 2020 and 2019.

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

<u>Years ending September 30:</u>	<u>Amount</u>
2021	\$ 578,491
2022	234,388
Total minimum bond payments	812,879
Less: Amount representing interest	(23,971)
Present value of minimum bond payments	788,908
Less current portion	(556,876)
Tax-exempt bonds, noncurrent portion	\$ 232,032

**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 February 22, 2020. The expiration date is March 31, 2021, 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, 2020 and 2019. Total interest expense related to the line of credit for the years ended September 30, 2020 and 2019 was \$0 and \$2, respectively.

**NOTE 7 - CASH PAID FOR INTEREST**

The total cash paid for interest during fiscal years ended September 30, 2020 and 2019 was \$44,892 and \$68,127, respectively.

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2020 and 2019**

**NOTE 8 - 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>2020</u>	<u>2019</u>
Federal government	\$ 119,545,967	\$ 131,207,848
State government	1,947,028	1,266,973
Private and local municipalities	<u>23,982,818</u>	<u>26,613,289</u>
Total revenue	<u>\$ 145,475,813</u>	<u>\$ 159,088,110</u>

**NOTE 9 - 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.

	<b>FY2020</b>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 67,108,606	\$ 11,238,077	\$ 23,260	\$ 78,369,943
Materials, supplies and other	19,242,319	4,752,031	3,863	23,998,213
Travel	7,606,793	123,909	63	7,730,765
Professional services	5,257,381	942,306	506	6,200,193
In-kind expense	195,433	-	-	195,433
Subcontracts	<u>28,889,792</u>	<u>-</u>	<u>-</u>	<u>28,889,792</u>
Total operating expense	<u>\$ 128,300,324</u>	<u>\$ 17,056,323</u>	<u>\$ 27,692</u>	<u>\$ 145,384,339</u>

	<b>FY2019</b>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 66,967,873	\$ 10,745,210	\$ 2,905	\$ 77,715,988
Materials, supplies and other	23,720,208	3,817,917	83,092	27,621,217
Travel	12,968,891	177,623	999	13,147,513
Professional services	3,897,437	1,009,840	49	4,907,326
In-kind expense	101,967	-	-	101,967
Subcontracts	<u>35,224,834</u>	<u>-</u>	<u>-</u>	<u>35,224,834</u>
Total operating expense	<u>\$ 142,881,210</u>	<u>\$ 15,750,590</u>	<u>\$ 87,045</u>	<u>\$ 158,718,845</u>

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

**NOTE 10 - 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 \$4,473,078 and \$4,484,939 in 2020 and 2019, 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, 2020 and 2019, the trust and plan assets were \$21,319 and \$24,249, respectively. The assets and a corresponding liability are included in the accompanying statements of financial position.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

***Operating Lease Commitments***

EDC leases office facilities under operating lease arrangements which expire through 2031. The majority of the lease commitments relate to EDC's headquarters. EDC's headquarters are located in Waltham, Massachusetts under a new 10-year lease extension, now expiring on October 31, 2031. 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 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.

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

	<b>Amount</b>
<u>Years ending September 30:</u>	
2021	\$ 4,090,199
2022	4,642,717
2023	4,264,154
2024	3,778,451
2025	3,210,779
Thereafter	19,101,568
	<u>\$ 39,087,868</u>

Rent expense was \$4,873,697 and \$4,610,932 for 2020 and 2019, respectively.

***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.

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2020 and 2019**

***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 \$208,435 in 2020 and \$352,204 in 2019. The accrued unpaid claims were \$0 and \$36,780 at September 30, 2020 and 2019, 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.

***COVID-19***

In March 2020, the World Health Organization declared COVID-19 a pandemic, which resulted in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, and stay at home orders. The outbreak has adversely impacted the level of economic activity around the world and disrupted normal business activity in every sector of the economy. As the COVID-19 pandemic is complex and rapidly evolving, a reasonable estimate as to the duration and severity of the pandemic and its impact on EDC's changes in net assets, financial position or cash flows cannot be determined.

**NOTE 12 - SUBSEQUENT EVENTS**

EDC has evaluated subsequent events from the statement of financial position date through January 27, 2021, the date at which the financial statements were issued, and determined there were no items requiring adjustment to or disclosure within these financial statements.

**SUPPLEMENTARY INFORMATION**

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Total Subcontract Expenditures
<b>Department of Agriculture</b>					
USDA Mali Food for Education	10.608	Catholic Relief Services - U.S.C.C.B.	SUB-AGR P1918-660 07	\$ 382,107	\$ -
<b>Total Department of Agriculture</b>				<b>382,107</b>	<b>-</b>
<b>Defense Suicide Prevention office</b>					
Metrics and Measurement Approaches for Suicide Prevention (NTVI Travel SP Metrics)	12.U01	NTVI FED, LLC	SA-DSPO-EDC-50013-04	(773)	-
<b>Total Defense Suicide Prevention office</b>				<b>(773)</b>	<b>-</b>
<b>Department of Justice</b>					
Vision 21 Integrated Services for Victims Program	16.582	Direct	2017-VF-GX-K143	143,588	-
7th Generation II: the 7th Generation National Tribal Mentoring Program	16.731	Direct	2010-MU-FX-0009	3,904	-
BJA-Nat. OfficerSafety In	16.738	International Association of Chiefs of Police (IACP)	NONE	402,514	-
BJA OfficerSafety&Wellness	16.738	International Association of Chiefs of Police (IACP)	2019-DP-BX-K006	5,871	-
Subtotal CFDA#16.738				408,385	-
<b>Total Department of Justice</b>				<b>555,877</b>	<b>-</b>
<b>Department of NASA</b>					
Exploring Weather/Climate	43.001	Gulf of Maine Research Institute	NNX16AB94A 30-NASARS-15-EDC	445,545	-
<b>Total Department of NASA</b>				<b>445,545</b>	<b>-</b>
<b>Department of Veterans Affairs</b>					
VetChange Maintenance	64.U01	Direct	GS-10F-0406P VA241-16-F-0268 101-C08320	207,486	55,000
Veteran Awareness of Evidence Based Psychotherapies	64.U02	Direct	VA259-17-C-0324 554C90004	13,789	19,510
Expanding EBP Engagement	64.U03	Direct	36C25918C0322 554-C90341	123,720	17,118
<b>Total Department of Veterans Affairs</b>				<b>344,995</b>	<b>91,628</b>
<b>Department of Education</b>					
Comp Center Region 2	84.283	WESTED	S-17109	439,040	-
Ready To Learn Television (Ready To Learn 2015-2020) Year 5	84.U01	Corporation for Public Broadcasting (CPB)	U295A150003 33042-EDU	3,633,728	1,431,358
Technical Assistance for Investing in Innovation	84.U02	Westat	ED-OII-12-C-0076 s6057-003 Task Order 5	(1,099)	-
Social Emotional Learning	84.U03	MA Dept of Elementary	CTDOE-196319ATAR cont. S2EDDEVEN	775,587	173,519
ALI Impact Evaluation	84.U04	Abt Associates	50687	92,695	-
<b>Total Department of Education</b>				<b>4,939,951</b>	<b>1,604,877</b>
<b>Institute of Museum and Library Services (IMLS)</b>					
MOS Evaluation Coaching	45.U01	Museum of Science Boston	NONE	24,893	-
NYSCI 21st CCLC MakerSTEM	84.U05	New York Hall of Science (NYSCI)	NONE	48,486	-
<b>Total Institute of Museum and Library Services (IMLS)</b>				<b>73,379</b>	<b>-</b>

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Total Subcontract Expenditures
<b>Department of Health and Human Services</b>					
Implementing the Living Life Skills Curriculum in Botswana	93.067	Direct	1U2GPS002750-01	(3,879)	-
Children's Safety Network Program (2016 CSN)	93.110	Direct	U49MC28422-06-00	884,009	140,955
Maximizing Online Dissemination and E-Learning of HIV Care Strategies (Year 3 MODEL HIV)	93.118	Direct	1U62PS004242-03	2,294	-
Injury Control Research Centers (CDC-ICRC) Outreach Core	93.136	UNIVERSITY OF ROCHESTER	417369-G 3R49CE002093-05 UR FAO GR501361	16,984	-
Suicide Prevention Resource Center (SPRC)	93.243	Direct	1U79SM062297-05	6,022,683	113,698
ACF CoIIN	93.600	American Academy of Pediatrics	90HC0013-04-03 719183 EDC-CoIIN	9	-
ASTHO Opioids & Suicide	93.U01	Association of State and Territorial Health Officials	2326	27,938	-
SAMHSA COE Y2T11 Tribal	93.U02	Direct	HHSS283201200024I HHSS28342003T	31,305	5,405
CAPT CORE Block TO Mgmt	93.U03	Direct	HHSS283201200024I	4,826	4,596
Support for Maternal, Infant, and Early Childhood Home Visiting Program Awardees to Build Capacity for Performance Measurement and Continuous Quality Improvement	93.U04	Direct	HHSH250201400047I	804,869	258,691
CDC Core SVIPP (NCIPN)	93.U05	Massachusetts Department of Public Health (MA DPH)	HEALTHSAFEPROHH40000 INTF3416HH4300522021	55,492	-
WI PTTC	93.U06	UNIVERSITY OF WISCONSIN	923K705 A 017617 923K705 A 017617	256,000	-
SC2 Evaluation Year 4	93.U07	Garibay Group	NONE	1,600	-
PTTC - Rutgers Year 1	93.U08	Rutgers, The State University of New Jersey	1035056	218,795	-
MassTapp	93.U09	Massachusetts Department of Public Health (MA DPH)	INTF2330M78500824160	1,428,480	431,626
CoE-IECMHC	93.U10	Georgetown University (Center for Child & Human Development)	CON-0013220 GR413644 PO-0119077	20,000	-
Belmont DFC Evaluation Y2	93.U11	Wayside Multi-Service	NONE	11,979	-
SMVF TA Center Sub FY2020	93.U12	Policy Research Associate	1153-0003-001-001	46,207	-
URMC Outreach Support	93.U13	University of Rochester	PUR00017572	13,849	-
ECCS CoIIN Consultant FY20	93.U14	National Institute for Children's Health Quality, Inc. (NICHQ)	NONE	21,423	-
HRSA Ending the Epidemic	93.U15	New York City Department of Health and Mental Hygiene	Contract 20-EDC-01	9,786	-
PDG B-5 TA Center	93.U16	SRI International	HHSP233201500041I	23,916	-
Training, Technical Assistance and Evaluation Support for Implementation of Essentials for Childhood: Safe, Stable, Nurturing Relationships and Environments (Essentials for Childhood 2015)	93.U17	Educational Services, Inc. - DC	C901-000	1,157	-
AMSR - State of Delaware DSCYF	93.U18	State of Delaware, Department of Services for Children, Youth and Their Families	DPBHS (EDC-SAFETY) cont 19-15735	2,405	-
AMSR - Ohio State University	93.U19	OSU-College of SocialWork	PO # RF01608099	41,250	-
MA Sustainability + Consu	93.U20	Massachusetts Department of Public Health (MA DPH)	INTF2400HH4300522405	25,000	-
CT Opioid Prev Curr Guide	93.U21	State Education Resource Center of CT (SERC)	NONE	48,114	-
PS-MADPH SOR Communities	93.U22	Direct	INFT2400HH4300522415	126,662	-
PS-KY BHDID Toolkits	93.U23	Kentucky Department of Behavioral Health	PON2 729-2000000088	56,863	-
PS - Virginia	93.U24	Virginia Dept. of BH&DS	eVA Order# EP3064731 Ariba Req# PR8751787	5,272	-
SAMHSAs FR-CARA	93.U25	City of New Bedford, MA	20510048	6,628	-
PS - CT Dept of Mental He	93.U26	Connecticut Dept of Mental Health & Addiction	21MHA1004	24,850	-
ZSI - Iowa DPH Academy	93.U27	Iowa Department of Public Health	588 9 SM03	113,800	-
<b>Total Department of Health and Human Services</b>				<b>10,350,566</b>	<b>954,971</b>

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Total Subcontract Expenditures
<b>Agency for International Development</b>					
EQUIP #3: Leader	98.001	Direct	GDG-A-00-03-00010-00	(1,264)	-
Education Recovery Support Activity (ERSA) Mali - General Costs	98.001	Direct	AID-688-A-15-00005	1,629,905	349,298
Advancing Youth Project (AYP)	98.001	Direct	AID-669-A-11-00001	(20,703)	-
Rwanda HD	98.001	Direct	AID-696-A-17-00005	4,464,063	1,899,076
Djibouti WFD General	98.001	Direct	AID-603-A-17-00001	4,651,360	828,053
Integrated Youth Development Activity in the DRC (DRC IYDA)	98.001	Direct	72066018CA00003	6,364,753	2,582,002
Promoting Opportunities through Training, Education, Transition Investments, and Livelihoods for Youth (POTENTIAL) Project - Ethiopia Short Title: POTENTIAL Ethiopia	98.001	Save the Children Federation, Inc.	AID-663-A-15-00006 9999000902	162,665	-
UNICEF Mali	98.001	United Nations Children's Fund (UNICEF)	NONE	(3,534)	-
Lebanon Higher Education	98.001	Direct	72026819CA00004	1,512,569	44,004
Philippines Opportunity 2.0	98.001	Direct	72049220CA00003	1,398,635	-
Egypt Teach for Tomorrow	98.001	Direct	72026320CA00003	464,038	59,981
AWARE 3 (USAID)	98.001	Direct	72049720FA00002	90,000	-
USAID Rwanda Employment a	98.001	Carleton College	720-696-20-CA-00001	8,164	-
Subtotal CFDA#98.001				20,720,651	5,762,414
Niger Food for Peace Yr1	98.007	CATHOLIC RELIEF SERVICES	NE-FY19-SUBAGR_ cont P1703-672_01_00	498,006	-
Read Philippines Project	98.U01	Direct	AID-492-C-13-00004	5,842	-
Building Evidence and Capacity to Increase Equitable Access to Education in Crisis and Conflict-Affected Environments - Year 1 (MOBIS ECAFE Goal 3 Year 1)	98.U02	Direct	AID-OAA-M-14-00007	407,447	19,992
South Africa School-Based Sexuality and HIV Prevention Education Activity Short Title: SA HIV Prev Ed	98.U03	Direct	AID-674-C-15-00002	4,651,220	119,294
ABE-ACR Ghana Home Office	98.U04	Direct	AID-641-TO-16-00002	(679)	-
Mali SIRA Field Labor/ODC	98.U05	Direct	AID-688-TO-16-00005	7,284,346	2,305,900
DRC OVC ELIKIA	98.U06	Direct	AID-660-C-16-00001	2,204,649	720,459
Liberia AQE	98.U07	Direct	AID-669-TO-17-00001	10,590,910	516,675
USAID Honduras Reading	98.U08	Direct	AID-522-C-17-00002	5,222,420	253,745
Northern Nigeria Education Initiative Plus (NEI+) Activity Short Title: Nigeria NEI+	98.U09	Creative Associates International, Inc	AID-620-C-15-00002 EDC-2015-001	3,159,535	-
USAID Lets Read	98.U10	Direct	72061119C00001	8,987,718	1,002,959
Philippine Ed&Yth Emplbty	98.U11	Philippines Businesses for Education	72049218CA00006	36,422	-
Global Book Alliance in Action	98.U12	Direct	7200AA19F00009	1,477,064	-
Uganda ICYD	98.U13	Direct	72061720C00001	145,925	-
<b>Total Agency for International Development</b>				<b>65,391,476</b>	<b>10,701,438</b>
<b>Library of Congress</b>					
TPS E.Region Investig.	42.U01	TPS Eastern Region at WU	NONE	10,867	-
<b>Total Library of Congress</b>				<b>10,867</b>	<b>-</b>
<b>Department of Commerce</b>					
NOAA 21st CCLC Evaluation	11.U01	North American Association for Environmental Education (NAAEE)	NONE	20,000	-
<b>Total Department of Commerce</b>				<b>20,000</b>	<b>-</b>

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Total Subcontract Expenditures
<b>Research and Development Cluster</b>					
<b>US Air Force</b>					
Air Force Zero Suicide Academy	10.200	University of Pennsylvania	E16-012476	1,836	-
<b>Total US Air Force</b>				<b>1,836</b>	<b>-</b>
<b>National Parks Services</b>					
Mission 6	15.RD	Thirteen / WNET New York	WNET 97784 v 2	3,553	-
<b>Total National Parks Services</b>				<b>3,553</b>	<b>-</b>
<b>Library of Congress</b>					
TPS Research Partnership	42.RD	Direct	GA16C0088	113,333	-
Library of Congress Eval	42.RD	Direct	LCCLL20P0015	39,088	-
<b>Total Library of Congress</b>				<b>152,421</b>	<b>-</b>
<b>Department of NASA</b>					
NASA @ My Library	43.001	Space Science Institute	00741	141,586	-
<b>Total Department of NASA</b>				<b>141,586</b>	<b>-</b>
<b>Department of Institute of Museum and Library Services</b>					
BCM IMLS	45.RD	BOSTON CHILDREN'S MUSEUM	NONE	17,460	-
<b>Total Department of Institute of Museum and Library Services</b>				<b>17,460</b>	<b>-</b>
<b>National Endowment for the Humanities</b>					
Mission US 7	45.RD	Thirteen / WNET New York	NONE	(3,989)	-
<b>Total National Endowment for the Humanities</b>				<b>(3,989)</b>	<b>-</b>
<b>National Science Foundation</b>					
Engineering&Empathy(E2K2)	47.041	BOSTON CHILDREN'S MUSEUM	1932631 NSF 1932631 001	24,758	-
Building on Strengths (BOS)	47.049	IOWA STATE UNIVERSITY	4200405B	19,371	-
CRC: Center for Innovative Research on Cyberlearning (CIRCL)	47.070	Digital Promise Global	2018-0073	102,679	-
Online Professional Development for Exploring Computer Science	47.070	Direct	CNS-1640117	155,934	9,045
NYCDOE CSP RPP	47.070	Direct	CNS 1837280	251,282	69,391
CT Integration Framework	47.070	Direct	CNS-1838523	90,334	25,006
ECS for HS Students	47.070	The Learning Partnership	NONE	85,085	-
Subtotal CFDA#47.070				685,314	103,442

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Total Subcontract Expenditures
Creating Pathways for Big Data Careers (Big Data Pathways)	47.076	Direct	DRL-1501927	28,805	4,190
STELAR Center 2016-2019	47.076	Direct	1614697	562,941	25,473
Skills 21 STEM Starter	47.076	EdAdvance (Education Connection)	12061	24,690	-
Visual Access to Mathematics: Professional Development for Teachers of English Learners (VAM: PD for Teachers of ELS)	47.076	Direct	DRL-1503057	328,447	18,112
Broadening Participation of Elementary School Teachers and Students in Computer Science through STEM Integration and Statewide Collaboration (CS-STEM-IC (1-6))	47.076	Direct	DRL-1543136	119,491	-
Investing Digital Badges as Alternative Credentials to Broaden STEM Participation Among Unrepresented Youth	47.076	Direct	1614727	225,828	43,966
Zoom In! Learning Science with Data	47.076	Direct	1621289	412,066	66,012
Strengthening Mathematics Intervention Classes: Identifying and Addressing Challenges to Improve Instruction for Struggling Learners	47.076	Direct	1621294	222,377	-
Bringing a Rigorous Computer Science Principles Course to the Largest School System in the United States (Computer Science MSP)	47.076	Direct	DRL-1441075	544,337	-
IDEAS:Investing Designing	47.076	Direct	1614436	251,307	251,270
Supporting Success in Algebra: A Study of the Implementation of Transition to Algebra	47.076	Direct	DRL-1621011	706,199	153,074
Workshop to Develop an Interdisciplinary Framework for Integrating Computational Thinking in K-12 Science, Mathematics, Technology, and Engineering Education; Oct. 2016-Waltham, MA	47.076	Direct	DRL-1647018	63,154	146,204
Collaborative Research: Mathematics Immersion for Secondary Teachers at Scale	47.076	Direct	DRL-1719555	660,805	-
Think Math + C: Integrating Programming Into a Comprehensive K-5 Mathematics Curriculum	47.076	Direct	1741792	476,809	62,819
Strengthening Data Literacy across the Curriculum	47.076	Direct	1813956	271,183	91,964
FOMEF	47.076	Direct	FAIN 1821444	239,644	68,605
STEM+C PI Meeting	47.076	Direct	DRL-1844719	281,941	-
Strategies Project	47.076	Boston College	DRL1512996 5102961-02	3,134	-
Change Makers: Urban Youth Food Justice Ambassadors	47.076	Boston College	DRL-1713460 5105231-01	45,979	-
Transparent Soil	47.076	Boston College	DRL - 1759152 5105971-01	76,353	-
DATA- Data Analytics Tech	47.076	Columbus State Community	1617-003	12,965	-
Developing Guidelines for Designing Challenges and Rewarding Interactive Science Exhibits	47.076	Museum of Science Boston	1612577 4570-EDC-01	1,780	-
Project Build: Building Using an Interactive Learning Design	47.076	Space Science Institute	DRL-1657593 0000778	18,373	-
Cyberchase: Mobile Adventures in STEM	47.076	Thirteen / WNET New York	1713444	7,004	-
CryptoClub Afterschool and Online: Broad Implementation	47.076	UNIVERSITY OF CHICAGO	1724481 FP066007-B	58,007	-
R&P Collaboratory UW (R&P Collaboratory UW)	47.076	University of Washington	UWSC9036 15254	11,139	-
Digital Media and Parent/Child Engagement Resources to Increase Preschool Computational Thinking	47.076	WGBH	1612642 K201700185	86,431	-
Researching the Integration of Computational Thinking into Math Instruction in Urban and Rural Preschools	47.076	WGBH	1640135 K201701355 P.O. # TBD	4,935	-
CADRE	47.076	Direct	FAIN 1813076	514,554	-
Insights+C	47.076	Direct	DRL-1841189 20188090600000000880	653,503	61,653
Seeding the Future DRK12	47.076	Boston College	DRL-1814001 5107041-01	84,474	-
NSF AGEP	47.076	Direct	FAIN: 1841985	213,291	-
Monkeys DRK-12 [COLLABORA	47.076	Direct	1814039	346,438	-

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Total Subcontract Expenditures
Intrepid AISL	47.076	Intrepid Sea, Air & Space Museum	1811155 2018-10-1	6,070	-
NGPS Home-School Connecti	47.076	Digital Promise Global	FAIN 1813280	170,135	-
NSF INCLUDES HUB	47.076	SRI International	HRD-1818635 PO33535	483,739	-
BPE STEM Urban School	47.076	BostonPlan For Excellence	1758773-01	62,996	-
IDEAS 2	47.076	Direct	FAIN 1850289	370,846	156,595
Data Literacy Art and ID	47.076	Direct	1908030	25,575	-
YM - NSF Design & Develop	47.076	Direct	FAIN 1907904	328,177	-
Streams of Data	47.076	Direct	DRL-1906264	390,307	-
Mentoring Data Pathways	47.076	Direct	FAIN: 1902568	162,244	32,679
WeatherX	47.076	Direct	DRL-1850447	384,380	167,865
Math + C	47.076	Direct	FAIN 1934161	485,530	-
NGPM DCA	47.076	Direct	FAIN 1933698	376,224	65,000
STEM-OPS	47.076	Direct	HRD-1931045	763,147	445,215
NSF DCL Women Vets Conf	47.076	Direct	1932651	71,122	-
Computational Sci Pathway	47.076	Direct	1934112	597,287	95,480
ISU CORE SSDSM	47.076	Iowa State University	1920753 021093A	109,722	2,268
ARX21	47.076	EdAdvance	2019-0321	34,820	-
4CSTEM Scholars	47.076	Cape Cod Community	1930184 2020-01	4,142	-
STELAR Center Rebid 2020	47.076	Direct	FAIN: 1949200	157	-
EME2L	47.076	Boston College	5109541-01	1,020	-
ITEST SISTEM	47.076	Direct	1949266	9,943	-
Learning CS Game Design	47.076	Georgia Southern University	G1781-2027948-SUB1	314	-
Subtotal CFDA#47.076				12,396,281	1,964,019
NSF STEM Eval Community	47.083	Direct	OIA-1650215	28,549	-
Bringing Science Home with PEEP: A Research-Driven Approach to Engaging Diverse, Low Income Families in Hands on Science Exploration	47.RD	WGBH	DRL-1612643 K201700423	71,140	-
IMSTE Evaluation	47.RD	American Association for the Advancement of Science	2401-A	473	-
Evaluation of Pathways of	47.RD	American Museum of Natrual History	1561637	47,082	-
DFS STEM+C	47.RD	Digital Forensic Solutions	DRL-1640107	8,750	-
EcoMOD STEM C+	47.RD	Harvard Graduate School	NONE	486	-
IMPAQ	47.RD	IMPAQ International	1515586 2578	3,449	-
The Inter-Mountain Science, Technology, Engineering and Mathematics Launch Pilot (IM STEM)	47.RD	National Alliance for Partnerships in Equity Edu	NONE	9,219	-
STAR Phase 2 (STAR P2)	47.RD	Space Science Institute	DRL-1421427 00663	25,822	-
Review of RISE Implementa	47.RD	Trustees of Tufts College	NONE	3,078	-
SciGirls Code	47.RD	Twin Cities Public Television	DRL-1543209 21231-01-03637	350	-
NW PULSE: Transforming Undergraduate Life Sciences Education	47.RD	WASHINGTON STATE UNIVERSI	25122	1,972	-
START Immuno Biotech	47.RD	Shoreline Community College	NONE	23,394	-
LEAP National	47.RD	Franklin Institute	NONE	46,568	-
Connecting Undergraduate Research with Public through Innovative Technologies	47.RD	Boston College	5001933 EAGLE-0000078762	(2,413)	-
Integrate to Innovate	47.RD	Maine Mathematics & Scien	19-501-07	13,325	-
BEAT (Aerospace)	47.RD	Everett community College	NONE	10,254	-

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Total Subcontract Expenditures
BC Science Theatre	47.RD	Dorothy and Charles Mosesian Center for the Arts	NONE	16,549	-
Making Cultural Heritage	47.RD	GLOBAL KIDS	NONE	9,916	-
Ocean Tracks Manuscript	47.RD	Regents of the University of California - San Diego	92052457	17,558	-
ASCEND	47.RD	Willamette University	NONE	29,903	-
STAR P3	47.RD	Space Science Institute	SUBCON 01016	30,743	-
Adelphi Noyce	47.RD	Adelphi University	NONE	8,120	-
ECS for CPS RAPID	47.RD	The Learning Partnership	NONE	10,048	-
Open Sci	47.RD	UNIVERSITY OF GEORGIA	NONE	1,255	-
<b>Total National Science Foundation</b>				<b>13,541,314</b>	<b>2,067,461</b>
<b>Department of Veterans Affairs</b>					
National Center for PTSD Educational Products	64.RD	Direct	VA241-P-2438,GS-10-F VA405C40204	52,393	-
<b>Total Department of Veterans Affairs</b>				<b>52,393</b>	<b>-</b>
<b>Department of Education</b>					
Goal 1 Elk Grove	84.305	Direct	R305A170383	288,810	29,563
Analyzing Diagrams: A Support For English Learners (ADSEL)	84.305	Direct	R305A170297	272,099	-
MVY Orientation RCT	84.305	Direct	R305L170008	86,336	19,969
Subtotal CFDA#84.305				647,245	49,532
SMILE Evaluation	84.324	Direct	R324L170003	15,254	-
Future Quest Island 2018	84.327	University of Massachusetts, Boston	H327S180002 B000770387	43,799	-
MFA EIR	84.411	Direct	U411B180037	1,262,189	707,134
MassCan-PACE CS in MA	84.411	Direct	U411C190275	351,462	55,000
Subtotal CFDA#84.411				1,613,651	762,134
Developing and Supporting Assessment Practices Year 3 (DSAP Year 3)	84.RD	Direct	CT20160719*0194	178	-
REL-NEI: Regional Educational Laboratory - Northeast and Islands	84.RD	Direct	ED-IES-17-C-0008	5,463,449	954,730
REL Midwest 2017-2022	84.RD	AMERICAN INSTITUTES FOR RESEARCH IN THE BEHAVIORAL SCIENCES, INC	ED-IES-17-C-0007 0425000001	320,851	-
Time Snaps Phase II	84.RD	Electric Funstuff	NONE	64,075	-
Fractions Quest	84.RD	Fablevision	NONE	1,896	-
State Pre-Kindergarten Program Professional Development Technical Assistance Provider (RI Pre-K	84.RD	Rhode Island Department of Education	3441660-13	813,520	-
RI Pre-K-K Trans Summit	84.RD	Rhode Island Department of Education	3578127-3	256,706	-
REL-APP TO2 Travel	84.RD	SRI International	P24288-002	46,805	-
Foundations of Inclusive Practice Courses	84.RD	Direct	CT-DOE-197800EDC (cont)19CISMH1176	24,506	-
Mix Libris	84.RD	Fablevision	NONE	617	-
REL APP Travel	84.RD	SRI International	P24281-003	321,065	-
Killer Snails	84.RD	Killer Snails, LLC	NONE	17,730	-
Comp Center-Region 1	84.RD	American Institutes for Research (AIR)	04890 0489000001	169,604	-
RIDE WBL CS Pathway	84.RD	Rhode Island Department of Education	1659614	82,225	-
REL-NEI: Regional Education Laboratory - Northeast and Islands 2012-2017	84.RD	Direct	ED-IES-12-C-0009	(377)	-
Education Technical Assistance and Support Services (EDTASS)	84.RD	Westat	ED-ESE-15-A-0016/001 6377-S-004 TO 1	(2,093)	-
<b>Total Department of Education</b>				<b>9,900,706</b>	<b>1,766,396</b>

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Total Subcontract Expenditures
<b>Millennium Challenge Corporation</b>					
Education Consultant Services for Morocco II - Base PeriodShort: MCC Morocco Base	85.RD	Direct	MCC-14-CL-0001	8,475	-
<b>Total Millennium Challenge Corporation</b>				<b>8,475</b>	<b>-</b>
<b>Department of Health and Human Services</b>					
Home Visiting Collaborative Improvement and Innovation Network Year 3 (HV CoIIN_Y3)	93.110	Direct	UF4MC26525-06	1,505,215	197,319
SRP2: Testing - Research	93.136	UNIVERSITY OF ROCHESTER	417200-G 3R49CE002093-0551	8,842	-
NIHM SIMmersion Research	93.242	SIMmersion Immersive Simulations	R44MH114710 5066-EDC	68,335	-
ZSI - An Evaluation of the National Zero Suicide Model Across Learning Healthcare Systems Year 2	93.242	Henry Ford Health Systems	B11175_EDC	(3)	-
ZS Model Eval Year 3	93.242	Henry Ford Health Systems	B11198_EDC	35,639	-
ZS Model Eval Year 4	93.242	Henry Ford Health Systems	B11211_EDC	9,207	-
Subtotal CFDA#93.242				113,178	-
National Center for Afterschool and Summer Enrichment (NCASE Y1)	93.575	Direct	90TA0001-05-000	1,668,056	413,903
National Center on Early Childhood Health and Wellness (NCECHW) - OHS Funding	93.600	American Academy of Pediatrics	FAIN 90HC0013-05-01 719190 EDC	967,277	-
National Center on Health	93.600	American Academy of Pediatrics	719104-EDC	5,209	-
Subtotal CFDA#93.600				972,486	-
IVSP: Transform Rochester	93.865	UNIVERSITY OF ROCHESTER	P50HD096698 417569G / URFAO (cont.)	21,484	-
TA Fed HomeV-Kickoff Meet	93.RD	Direct	HSH250201600001C	1,775,024	353,627
Chicago - ReCAST Eval Yr1 (Chicago Dept. Pub. Health - SAMHSA HHS)	93.RD	Direct	Task Order 0001 51588	142,658	20,925
Rhode Island Professional Development and Technical Assistance Center (RI PD & TA Center DHS	93.RD	Rhode Island Department of Administration	3356819-10	526	-
Grants for Injury Control Research Centers - Research Core (Yr4 CDC-ICRC Research Core)	93.RD	University of Rochester	3R49CE002093-05 417371-G	20,170	-
SEPA HK Maker Lab -NIH	93.RD	Columbia University	1 R25OD021905-01	54,876	-
IHS ZS in-person Academ	93.RD	Indian Health Service	HHSI236201600022A	29,517	-
Trauma Informed Care	93.RD	James Bell Associates Inc	HHSP233201500133I TO# HHSP23337009T	7,916	-
Belmont DFC Evaluation	93.RD	Wayside Multi-Service	NONE	57	-
MHAT Evaluation	93.RD	Wayside Multi-Service	NONE	14,452	-
CELP PD&TA 19-20	93.RD	Rhode Island Department of Human Services	CCAP-PDTA 20-01 3654017	1,409,763	280,946
NCPFCE Year 5	93.RD	Boston Children's Hospital - Brazelton Touchpoints Ctr	NONE	148,028	-
TA for Tribal Home Visiting (PATH II)	93.RD	Zero to Three	2019090376	15,750	-
Tribal Eval Institute	93.RD	James Bell Associates Inc	HHSP233201500133I 75P00119F37011	1,184	-
S. W. Human Devel. TA	93.RD	South West Human Develop.	NONE	5,550	-
National Center for the Application of Prevention Technologies (CAPT)	93.RD	Direct	HHSS277200800004C	9,018	-
MIECHV TARC Task1	93.RD	HRSA ACQUISITIONS BRANCH,	75R60219D00040 TO # 75R60220F34001	112,425	-
<b>Total Department of Health and Human Services</b>				<b>8,036,175</b>	<b>1,266,720</b>

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Total Subcontract Expenditures
<b>Agency for International Development</b>					
Ethiopia READ II	98.001	CREATIVE ASSOCIATES INTER	LOA #72066318CA00004	4,932,830	-
RWAP (Indonesia)	98.001	Research Triangle Institute	AID-497-A-17-00004 2-330-0215842-52904L	94,085	-
Subtotal CFDA#98.001				5,026,915	-
WFD Youth Project-Hondura	98.RD	Banyan Global	AID-522-TO-16-00003 EDC-YP-TO-522-TO-00	43,190	-
Connecting the Mekong through Education and Training (COMET ) - Component 3: Developing Tomc	98.RD	Direct	AID-486-C-14-00001	17,234	-
Leading through Learning	98.RD	Direct	7200AA20M00008	92,710	-
<b>Total Agency for International Development</b>				<b>5,180,049</b>	-
<b>Total Research and Development</b>				<b>37,031,979</b>	<b>5,100,577</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 119,545,969</b>	<b>\$ 18,453,491</b>

**Education Development Center, Inc.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended September 30, 2020**

**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, 2020. 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 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

---

**GRANT THORNTON LLP**

75 State Street, 13<sup>th</sup> Floor  
Boston, MA 02109

**D** +1 617 723 7900

**F** +1 617 723 3640

**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, the financial statements of Education Development Center, Inc. (“EDC”), which comprise the statement of financial position as of September 30, 2020, 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 27, 2021.

**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”) to design 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 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 EDC’s internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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 determination of financial statement amounts. 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*.

**Intended purpose**

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.



Boston, Massachusetts  
January 27, 2021

---

**GRANT THORNTON LLP**

75 State Street, 13<sup>th</sup> Floor  
Boston, MA 02109

**D** +1 617 723 7900

**F** +1 617 723 3640

## **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**

We have audited the compliance of Education Development Center, Inc. (“EDC”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020. EDC’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

#### **Management’s responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to EDC’s federal programs.

#### **Auditor’s responsibility**

Our responsibility is to express an opinion on compliance for each of EDC’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about EDC’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of EDC’s compliance.

#### **Opinion on each major federal program**

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, 2020.

## Report on internal control over compliance

Management of EDC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered EDC's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of EDC's 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 first paragraph of this section 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. However, material weaknesses may exist that have not been identified.

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.



Boston, Massachusetts  
January 27, 2021

**Education Development Center, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended September 30, 2020**

**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   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes   X   no

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Assistance Listings Number</u>
Research and Development Cluster	Various – see Schedule of Expenditures of Federal Awards for detail
Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000
Auditee qualified as low-risk auditee?	<u>  X  </u> yes <span style="margin-left: 100px;">_____ no</span>

**Section II - Financial Statement Findings**

None noted.

**Section III - Federal Award Findings and Questioned Costs**

None noted.