

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, 2021 and 2020

## 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, 2021	19
Notes to the schedule of expenditures of federal awards for the year ended September 30, 2021	22
Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	23
Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	25
Schedule of findings and questioned costs for the year ended September 30, 2021	27

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**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, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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 the 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, 2021 and 2020, 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 audit was 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 audit 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 28, 2022, on our consideration of the 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 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 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 the EDC's internal control over financial reporting and compliance.



Boston, Massachusetts  
January 28, 2022

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

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 27,655,069	\$ 39,187,445
Investments	12,599,956	539,797
Accounts receivable electronically drawable via federal payments management system	5,069,026	3,621,570
Accounts receivable, less allowance for doubtful accounts of \$111,155 and \$52,177, respectively	5,324,957	2,769,436
Unbilled costs on contracts, less allowance for doubtful accounts of \$72,644 and \$116,055, respectively	11,450,688	10,453,575
Prepaid expenses and advances	2,759,106	2,311,194
Total current assets	64,858,802	58,883,017
<b>Equipment and improvements</b>		
Equipment	19,206,928	18,932,441
Leasehold improvements	13,536,033	13,514,885
	32,742,961	32,447,326
Less accumulated depreciation and amortization	(27,193,576)	(25,781,776)
Net equipment and improvements	5,549,385	6,665,550
<b>Other assets</b>		
	378,986	377,505
Total assets	\$ 70,787,173	\$ 65,926,072
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 6,790,518	\$ 6,793,000
Accrued expenses	15,159,700	10,289,061
Advances on contracts, current portion	8,809,466	10,296,486
Tax-exempt bonds payable, current portion	232,032	556,876
Total current liabilities	30,991,716	27,935,423
Advances on contracts, net of current portion	147,552	3,818,336
Deferred rent	4,333,655	4,050,264
Tax-exempt bonds payable, net of current portion	-	232,032
Total liabilities	35,472,923	36,036,055
<b>Net assets</b>		
Without donor restrictions	34,826,245	29,499,960
With donor restrictions	488,005	390,057
Total net assets	35,314,250	29,890,017
Total liabilities and net assets	\$ 70,787,173	\$ 65,926,072

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

Education Development Center, Inc.

STATEMENTS OF ACTIVITIES

For the years ended September 30, 2021 and 2020

	2021			2020		
	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	\$ 166,217,659	\$ -	\$ 166,217,659	\$ 145,475,813	\$ -	\$ 145,475,813
Fees for service, royalties and sales	1,134,827	-	1,134,827	757,088	-	757,088
Investment, contributions, and other income	176,434	132,937	309,371	242,013	55,333	297,346
In-kind revenue	1,588,010	-	1,588,010	195,433	-	195,433
Net assets released from restrictions	34,989	(34,989)	-	191,456	(191,456)	-
Total revenues and other support	169,151,919	97,948	169,249,867	146,861,803	(136,123)	146,725,680
Operating expenses:						
Salaries and employee benefits	82,389,415	-	82,389,415	78,369,943	-	78,369,943
Materials, supplies and other	26,615,169	-	26,615,169	23,397,812	-	23,397,812
Travel	4,716,074	-	4,716,074	7,730,765	-	7,730,765
Professional services	6,536,662	-	6,536,662	6,200,193	-	6,200,193
In-kind expense	1,588,010	-	1,588,010	195,433	-	195,433
Subcontracts	41,980,304	-	41,980,304	28,889,792	-	28,889,792
Total operating expenses	163,825,634	-	163,825,634	144,783,938	-	144,783,938
Change in net assets from operations	5,326,285	97,948	5,424,233	2,077,865	(136,123)	1,941,742
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	5,326,285	97,948	5,424,233	2,660,389	(136,123)	2,524,266
Net assets at beginning of year	29,499,960	390,057	29,890,017	26,839,571	526,180	27,365,751
Net assets at end of year	\$ 34,826,245	\$ 488,005	\$ 35,314,250	\$ 29,499,960	\$ 390,057	\$ 29,890,017

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,**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 5,424,233	\$ 2,524,266
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gain of sale of internet IP addresses	-	(1,182,925)
Loss on disposal of leasehold improvements	-	600,401
Depreciation and amortization	1,411,800	1,546,118
Net realized and unrealized gains on investments	(40,814)	(882)
Changes in operating accounts		
Accounts receivable electronically drawable	(1,447,457)	1,012,046
Accounts receivable	(2,555,520)	4,440,131
Unbilled costs on contracts	(997,113)	8,865,135
Prepaid expenses and advances	(447,912)	3,188,567
Other assets	(1,482)	13,604
Accounts payable	(2,482)	1,350,463
Accrued expenses	4,870,638	1,964,170
Advances on contracts	(5,157,803)	2,036,585
Deferred rent	283,391	1,345,075
	<u>1,339,479</u>	<u>27,702,754</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of internet IP addresses	-	1,182,925
Purchase of equipment and improvements	(295,635)	(1,565,464)
Purchase of investments	(12,023,627)	(8,500)
Sales and maturities of investments	4,283	6,433
	<u>(12,314,979)</u>	<u>(384,606)</u>
<b>Cash flows from financing activities</b>		
Repayments of tax-exempt bonds	(556,876)	(556,876)
	<u>(556,876)</u>	<u>(556,876)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,532,376)</b>	<b>26,761,272</b>
Cash and cash equivalents at beginning of year	<u>39,187,445</u>	<u>12,426,173</u>
Cash and cash equivalents at end of year	<u><u>\$ 27,655,069</u></u>	<u><u>\$ 39,187,445</u></u>

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

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2021 and 2020**

**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, 2021 and 2020, 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, 2021 and 2020 totaled \$34,989 and \$191,456, 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, 2021 and 2020

***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, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
In-kind revenue	<u>\$ 1,588,010</u>	<u>\$ 195,433</u>
In-kind expenses		
Contractual services	\$ 1,317,062	\$ 92,158
Materials, supplies and other	<u>270,948</u>	<u>103,275</u>
Total expenses	<u>\$ 1,588,010</u>	<u>\$ 195,433</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 \$10,333,315 and \$20,296,731 at September 30, 2021 and 2020, 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 corporate bonds, 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, 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.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2021 and 2020

***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, 2021 and 2020. Unbilled costs on contracts represent amounts due to EDC from federal, state and private sources that have not been invoiced at September 30, 2021 and 2020, 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, 2021 and 2020.

***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. Depreciation and amortization expense related to equipment and improvements totaled \$1,411,800 and \$1,546,118 for the years ended September 30, 2021 and 2020, 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 \$201,062 and \$348,048 in 2021 and 2020, respectively. As of September 30, 2021 and 2020, net capitalized software costs totaled \$1,769,664 and \$2,246,592, 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, 2021 and 2020, costs for in progress equipment and improvements totaled \$580,386 and \$559,052, 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.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2021 and 2020

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 2021, EDC recognized \$76.6 million of revenue from non-exchange conditional grants and contracts. At September 30, 2021, EDC had \$102 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 2021, EDC recognized \$92.4 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 \$71.9 million at September 30, 2021.

As of September 30, 2021, EDC has committed approximately \$46 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.

EDC received 10% or more of its revenues and support from the following sources for the years ended September 30, 2021 and 2020:

For the year ended September 30, 2021:

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

For the year ended September 30, 2020:

	Revenue	% of Total Revenue
U.S. Agency for International Development	\$ 70,571,524	48%
U.S. Department of Health and Human Services	\$ 18,386,739	13%
U.S. Department of Education	\$ 14,840,657	10%

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, 2021 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, 2021 and 2020, the total of accounts receivable and unbilled costs on contracts from the U.S. Government was \$8,618,306 and \$9,897,575, respectively.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2021 and 2020

***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, 2021 and 2020, the total of leasehold allowances to be amortized was \$1,941,066 and \$2,143,970, 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***

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 the new guidance on its financial statements.

Gifts-In-Kind

In September 2020, the FASB issued 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 organizations. ASU 2020-07 will be effective for EDC for the year ended September 30, 2022.

**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;

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2021 and 2020**

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, 2021 and 2020, EDC had no assets or liabilities recorded based upon Level 3 inputs.

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

	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>
	2020		
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
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>

Investments include a certificate of deposit with a cost of \$518,682 and a current value of \$518,741, 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.

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2021 and 2020**

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 27,655,069	\$ 39,187,445
Investments	12,081,215	21,319
Unbilled costs on contracts, net	11,450,688	10,453,575
Accounts receivable, net	<u>10,393,983</u>	<u>6,391,006</u>
	<u>\$ 61,580,955</u>	<u>\$ 56,053,345</u>

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

**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 \$194,040 at September 30, 2021. 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 \$37,992 at September 30, 2021.

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, 2021 and 2020.

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

<u>Years ending September 30:</u>	<u>Amount</u>
2022	\$ 234,388
Less: Amount representing interest	<u>(2,356)</u>
Present value of minimum bond payments	232,032
Less current portion	<u>(232,032)</u>
Tax-exempt bonds, noncurrent portion-	<u>\$ -</u>

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2021 and 2020**

**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 March 12, 2021. The current expiration date is March 31, 2022, 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, 2021 and 2020. Total interest expense related to the line of credit for the years ended September 30, 2021 and 2020 was \$0 and \$0, respectively.

**NOTE 7 - CASH PAID FOR INTEREST**

The total cash paid for interest during fiscal years ended September 30, 2021 and 2020 was \$21,912 and \$44,892, respectively.

**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>2021</u>	<u>2020</u>
Federal government	\$ 137,337,956	\$ 119,545,967
State government	1,893,504	1,947,028
Private and local municipalities	<u>26,986,199</u>	<u>23,982,818</u>
 Total revenue	 <u>\$ 166,217,659</u>	 <u>\$ 145,475,813</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.

	<u>FY2021</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
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	<u>41,980,304</u>	<u>-</u>	<u>-</u>	<u>41,980,304</u>
 Total operating expense	 <u>\$ 148,016,067</u>	 <u>\$ 15,809,567</u>	 <u>\$ -</u>	 <u>\$ 163,825,634</u>

**Education Development Center, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2021 and 2020**

	FY2020			
	Program Services	Management and General	Fundraising	Total
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	28,889,792	-	-	28,889,792
<b>Total operating expense</b>	<b>\$ 128,300,324</b>	<b>\$ 17,056,323</b>	<b>\$ 27,692</b>	<b>\$ 145,384,339</b>

**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 \$4,579,455 and \$4,473,078 in 2021 and 2020, 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, 2021 and 2020, the trust and plan assets were \$34,421 and \$21,319, 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 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 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.

Subsequent to September 30, 2021 EDC terminated its existing Waltham lease and entered into a new lease agreement which reduced the amount of space being leased and extended the lease term by approximately 18 months.

Education Development Center, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2021 and 2020

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

	<u>Amount</u>
<u>Years ending September 30:</u>	
2022	\$ 2,637,659
2023	2,034,970
2024	2,531,831
2025	1,926,828
2026	1,647,480
Thereafter	<u>12,106,060</u>
	<u>\$ 22,874,828</u>

Rent expense was \$4,410,419 and \$4,873,697 for 2021 and 2020, 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 \$351,545 in 2021 and \$208,435 in 2020. The accrued unpaid claims were \$32,524 and \$0 at September 30, 2021 and 2020, 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 28, 2021, the date at which the financial statements were issued.

SUPPLEMENTARY INFORMATION

Education Development Center, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Expenditures
<b>Department of Agriculture</b>					
Food for Education (FFE)					
USDA Mail Food for Education	10.608	Catholic Relief Services U.S.C.B. (CRS)	SUB-AGR P1918-660 07	\$ 135,000	\$ -
USDA Mail Food for Education	10.608	Catholic Relief Services U.S.C.B. (CRS)	ML 21 SBAGR410505, cont. 28651.01.00	433,743	-
Food for Education (FFE)	10.608	Catholic Relief Services U.S.C.B. (CRS)	FFE-023-2020-007-00	94,654	-
<b>Total Food for Education and Total Department of Agriculture</b>				<b>663,397</b>	<b>-</b>
<b>Department of Justice</b>					
Edward Byrne Memorial Justice Assistance Grant:					
BJA-Nat. Officer Safety	16.738	International Association of Chiefs of Police (IACP)	NONE	151,024	-
BJA/Officer Safety & Wellness	16.738	International Association of Chiefs of Police (IACP)	2019-OR-BX-K006	371,189	-
Subtotal AL#16.738				522,213	-
Consultation- Virtual					
PS - DEA 5 Stakeholder	16.101	International Association of Chiefs of Police (IACP)	NONE	19,359	-
	16.102	Direct	GS-10F-0406P 120QH21F0000747	39,856	-
<b>Total Department of Justice</b>				<b>591,428</b>	<b>-</b>
<b>Department of NASA</b>					
Aerospace Education Services Program -					
Exploring Weather/Climate	43.001	Gulf of Maine Research Institute	NNX16A94A 30-NASARS-1S-EDC	106,975	-
<b>Total Department of NASA</b>				<b>106,975</b>	<b>-</b>
<b>Department of Veterans Affairs</b>					
VetChange Maintenance					
Manchester VAMC site visit	64.101	Direct	GS-10F-0406P V4241-16-F-0268 523-C08320	122,786	55,000
	64.102	Direct	Cont # 36C24120P0998 608C08105	83,000	-
<b>Total Department of Veterans Affairs</b>				<b>205,786</b>	<b>55,000</b>
<b>Department of Education</b>					
Comprehensive Centers -					
Comp Center Region 2					
Ready To Learn Television (Ready To Learn 2015-2020) Year 5	84.101	West Ed	S-17109	893,869	184,898
Social Emotional Learning	84.102	Corporation for Public Broadcasting (CPB)	U295A150003 33042 EDU	759,616	83,679
Profile Cybersecurity	84.103	MA Dept of Elementary	CTDOE-196319ATAR, cont. SZEDDEVGEN	45,000	-
	84.103	Burke Hill Community College	NONE	-	-
<b>Total Department of Education</b>				<b>2,125,117</b>	<b>268,577</b>
<b>Institute of Museum and Library Services (IMLS)</b>					
MOS Evaluation Coaching					
NYSCI 21st CCLC MakerSTEM	45.101	Museum of Science Boston	NONE	22,807	-
	84.101	New York Hall of Science (NYSCI)	NONE	63,735	-
<b>Total Institute of Museum and Library Services (IMLS)</b>				<b>86,542</b>	<b>-</b>
<b>Department of Health and Human Services</b>					
Maternal and Child Health Federal Consolidated Programs -					
Children's Safety Network Program (2016 CSN)					
	93.110	Direct	U49MC28422-07-00	1,045,566	188,732
CDC COVID-19 MH Response					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.136	Safe States Alliance	NONE	289,009	-
Suicide Prevention Resource Center (SPRC)	93.243	Direct	1U75EM062297-05	9,290	-
SPRC FY21 - 25	93.243	University of Oklahoma (OU)	C1344301 & 20001176	3,766,350	-
<b>Total Substance Abuse and Mental Health Services Projects of Regional and National Significance</b>				<b>3,775,644</b>	<b>-</b>
Head Start -					
Health & Wellness Ch OHS					
ASTHO Opioids & Suicide	93.600	Direct	90HC000022-01-00	6,292,555	3,288,435
CDC Core SVPP (NCPIN)	93.103	Association of State and Territorial Health Officials	2326	22,662	-
WI PFTC	93.104	Massachusetts Department of Public Health (MA DPH)	HEALTHSAFEPROC0400000 RFF3416H4430522021	95,907	-
PFTC - Rutgers Year 1	93.105	University of Wisconsin (UW)	923K705 A 017617 923K705 A 017617	258,881	-
SMF - TA Center 2019	93.106	Rutgers, The State University of New Jersey	INTF2330M7500824160	209,202	-
MassTapp	93.107	Policy Research Associates	1153-0003-001-001	26,580	-
Bethmont DFC Evaluation Y2	93.108	Massachusetts Department of Public Health (MA DPH)	INTF2330M7500824160	1,315,643	355,630
SMF - TA Center Sub FY2020	93.109	Waysside Multi-Service Center	NONE	12,021	-
HRSA Outreach Support	93.110	Policy Research Associates	1153-0003-001-001	95	-
HRSA Ending the Epidemic	93.111	University of Rochester	PUR00017372	32	-
FDG B-5 TA Center	93.112	New York City Department of Health and Mental Hygiene	Contract 20-EDC-01	346,214	-
Alabama Transitions 3 Yrs	93.113	SR International	HRSP233015000411	104,103	-
SMF - TA Center FY2021	93.114	Alabama Department of Early Childhood Education	C20007626	107,514	-
Science Club Summer Camp	93.115	Policy Research Associates	1153-0004	35,617	-
Colorado State DV Webinar	93.116	Garbay Group	NONE	3,032	-
Rosky Mountain Fellowship	93.117	Colorado Department of Public Health & Environment, Office of Suicide Prevention	PO FHLA 202100007688	24,990	-
Missouri DV/SP Training	93.118	Rosky Mountain Crisis Partners	NONE	20,000	-
COVID-19 Emergency Resp	93.119	Missouri Behavioral Health Council	NONE	14,952	-
Ending the Epidemic pt. 2	93.120	Chickasaw Nation	OB 16066910 CHQ2107921	127,111	-
AMSR - State of Delaware DSICYP	93.121	Public Health Solutions	Contract 21-EDC-01	326,000	-
AMSR - Kentucky DBH Task1	93.122	State of Delaware, Department of Services for Children, Youth and Their Families	DPBHS (EDC-SAFETY) cont 19-15735	1,560	-
AMSR - Kentucky DBH Task2	93.123	AMSR - Kentucky DBH Task1	PONZ: 729 2100001120	117,260	-
AMSR - Kentucky DBH Task3	93.124	AMSR - Kentucky DBH Task2	PONZ: 729 2100001120	120,000	-
AMSR - Kentucky DBH Task4	93.125	AMSR - Kentucky DBH Task3	PONZ: 729 2100001120	87,695	-
MA Sustainability - Consu	93.126	AMSR - Kentucky DBH Task4	PONZ: 729 2100001120	9,000	-
SMHSA FRICARA	93.127	Massachusetts Department of Public Health (MA DPH)	INTF2409H44300522405	24,226	-
PS - CT SERC Tools	93.128	City of New Bedford, MA	20510048	108,045	-
PS - MD Council Evaluation	93.129	State Education Resource Center of CT (SERC)	NONE	40,100	-
ZSI - South Dakota DBH 2	93.130	Maryland Developmental DC	21-SSP-1	20,000	-
ZSI - Iowa Department of Public Health	93.132	Adcare Educational Institute of Maine, Inc	NONE	7,500	-
		State of South Dakota Department of Social Services	21-090 21SC080E34	23,630	-
		Iowa Department of Public Health	588 1 SMO3	186,158	-
<b>Total Department of Health and Human Services</b>				<b>16,193,890</b>	<b>3,832,796</b>
<b>Agency for International Development</b>					
USAD Foreign Assistance for Programs Overseas:					
Education Recovery Support Activity (ERSA) Mail - General Costs					
Rwanda HD	98.001	Direct	AID-488-A-15-00005	(618)	-
	98.001	Direct	AID-696-A-17-00005	2,094,380	848,483
Djibouti WFD General	98.001	Direct	AID-603-A-17-00001	5,206,918	1,389,499
Integrated Youth Development Activity in the DRC (DRC IYDA)	98.001	Direct	T2060160000003	7,836,609	2,983,028
POTENTIAL Etiopsa	98.001	Save the Children Federation, Inc.	AID-463-A-15-00006 9999900002	(3,713)	-
Lebanon Higher Education	98.001	Direct	72028819CA00004	1,347,299	94,306
Philippines Opportunity 2	98.001	Direct	72049220CA00003	5,963,966	648,948
Egypt Teach for Tomorrow	98.001	Direct	72020230CA00003	2,169,945	548,721
AWARE 3 (USAID)	98.001	Direct	72049220FA00002	157,500	-
Subtotal AL#98.001				24,979,880	6,732,389
Food for Peace Development Assistance Program -					
Niger Food for Peace Y11					
South Africa School Based Sexuality and HIV Prevention Education Activity Short Title: SA HIV Prev Ed	98.107	Catholic Relief Services U.S.C.B. (CRS)	NE-FY19-SUBAGR, cont P1703-672_01_00	375,690	-
Mail SIRA Field Labor/ODC	98.102	Direct	AID-488-TO-16-00005	5,875,962	222,362
DRC OVC ELIKIA	98.103	Direct	AID-600-C-16-00001	8,589,644	1,870,518
Libera ADE	98.104	Direct	AID-680-TG-17-00001	1,164,054	440,389
USAD Honduras Reading	98.105	Direct	AID-680-TG-17-00001	5,775,818	162,678
Northern Nigeria Education Initiative Plus (NEH+) Activity/Short Title: Nigeria NEH+	98.106	Direct	AID-620-C-15-00002 EDC-2015-001	7,148,695	-
USAD Lets Read	98.107	Create Associates International, Inc	72061119C00001	1,969,079	-
Global Book Alliance in Action	98.108	Direct	72061119C00001	7,454,507	1,538,001
Uganda ICYD	98.109	Direct	72061119C00001	1,236,977	-
The Youth Activity Libera	98.110	Direct	72061120C00001	13,665,963	7,066,512
			72066821C00005	501,636	-
<b>Total Agency for International Development</b>				<b>78,558,875</b>	<b>18,032,400</b>
<b>Department of Commerce</b>					
NDAA 21st CCLC Evaluation					
	11.101	North American Association for Environmental Education (NAAEE)	NONE	25,000	-
<b>Total Department of Commerce</b>				<b>25,000</b>	<b>-</b>
<b>Research and Development Cluster</b>					
Library of Congress					
Library of Congress Eval	42.101	City of	LCOLL20P0015	80,667	-
<b>Total Library of Congress</b>				<b>80,667</b>	<b>-</b>
<b>Department of NASA</b>					
Aerospace Education Services Program -					
NASA @ My Library	43.001	Space Science Institute	00741	92,246	-
NASA Spectrum	43.001	Sonoma State University	BONS9AC21M0004 120488	170,163	49,999
Real World Real Science 2	43.001	Gulf of Maine Research Institute	NNX16A94A-000007 30-NASARS-21 EDC	111,391	-
Subtotal AL#43.001				373,800	49,999
NISE Net Equity Planning					
TFI M2M EVALUATION	43.101	Arizona State University	PD-21-00025084	90,000	-
	43.102	The Franklin Institute SM	NONE	15,000	-
<b>Total Department of NASA</b>				<b>478,800</b>	<b>49,999</b>

Education Development Center, Inc.  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Expenditures
<b>Department of Institute of Museum and Library Services</b>					
ICM IMLS	45.L01	BOSTON CHILDREN'S MUSEUM	NONE	\$ 28,480	\$ -
<b>Total Department of Institute of Museum and Library Services</b>				<b>28,480</b>	<b>-</b>
<b>National Endowment for the Humanities</b>					
Mission US 7	45.L01	Thirteen / WNET New York	NONE	17,021	-
<b>Total National Endowment for the Humanities</b>				<b>17,021</b>	<b>-</b>
<b>National Science Foundation</b>					
ISI TEAM2	43.U01	Space Science Institute	SUBCON 01056	2,272	-
Engineering Grants - Engineering&Empathy(E2K2)	47.041	BOSTON CHILDREN'S MUSEUM	1932631 NSF 1932631 001	36,521	-
Computer and Information Science and Engineering					
Online Professional Development for Exploring Computer Science	47.070	Direct	CNS-164017	147,800	32,024
NYCDOE CSP RPP	47.070	Direct	CNS 183720	638,509	365,133
CT Integration Framework	47.070	Direct	CNS-183823	46,066	-
ECS for HS Students	47.070	Direct	The Learning Partnership	36,615	-
ECS eTextiles PD	47.070	Direct	FAIN 2031182	68,891	-
HS Pathways Data Careers	47.070	Direct	FAIN 2031479	198,190	25,000
CIRCLE	47.070	Direct	Contract 1161	84,320	-
Connected Prisons	47.070	Direct	FAIN 2125220	81	-
<b>Subtotal AL#47.070</b>				<b>1,190,377</b>	<b>422,156</b>
<b>Education and Human Resources</b>					
Creating Pathways for Big Data Careers (Big Data Pathways)	47.076	Direct	DRL-1501927	67,599	15,000
STELAR Center 2016-2019	47.076	Direct	1614887	791,445	4,357
Visual Access to Mathematics: Professional Development for Teachers of English Learners (VAM: PD for Teachers of ELS)	47.076	Direct	DRL-1503057	86,153	-
Broadening Participation of Elementary School Teachers and Students in Computer Science through STEM Integration and Statewide Collaboration (CS-STEM-IC (1-4))	47.076	Direct	DRL-1543136	188,323	-
Strengthening Mathematics Intervention Classes: Identifying and Addressing Challenges to Improve Instruction for Struggling Learners	47.076	Direct	1621204	140,962	-
Bringing a Rigorous Computer Science Principles Course to the Largest School System in the United States (Computer Science MSP)	47.076	Direct	DRL-1441075	179,032	76,130
IDEAS Investing Designing	47.076	Direct	1614436	1,508	1,436
Supporting Success in Algebra: A Study of the Implementation of Transition to Algebra	47.076	Direct	DRL-1621011	553,724	132,291
Collaborative Research: Mathematics Immersion for Secondary Teachers at Scale	47.076	Direct	DRL-1719555	330,964	-
Think Math + C: Integrating Programming into a Comprehensive K-5 Mathematics Curriculum	47.076	Direct	1711762	137,886	19,042
Strengthening Data Literacy across the Curriculum	47.076	Direct	1813966	201,077	46,585
FOAME	47.076	Direct	FAIN 1821444	89,448	4,374
Change Makers: Urban Youth Food Justice Ambassadors	47.076	Direct	DRL-1713465 5105231-01	28,444	-
Transparent Soil	47.076	Direct	DRL - 1759152 5105971-01	7,464	-
DATA: Data Analytics Tech	47.076	Direct	1617-003 80017726	16,697	-
Developing Guidelines for Designing Challenges and Rewarding Interactive Science Exhibits	47.076	Direct	Museum of Science Boston	6,550	-
Project Build: Building Using an Interactive Learning Design	47.076	Direct	Space Science Institute	1612577 4510100C-01	6,116
CyberClub After-school and Online: Broad Implementation	47.076	Direct	UNIVERSITY OF CHICAGO	29,290	-
RAP Collaboratory UW (RAP Collaboratory UW)	47.076	Direct	UW950036 15254	7,993	-
CAJRE	47.076	Direct	FAIN 1812076	602,402	-
Insights-C	47.076	Direct	DRL-1841189 201808090000000000000000	597,505	57,453
Seeding the Future DRK12	47.076	Direct	DRL-1814001 5107041-01	127,679	-
NSF ASEP	47.076	Direct	FAIN: 1841985	208,823	-
Monkeys DRK-12 [COLLABORATION]	47.076	Direct	1814039	112,665	-
NGPS Home-School Connection	47.076	Direct	FAIN 1813280	129,692	-
NSF INCLUDES HUB	47.076	Direct	HRD-1818635 PO33335	426,891	-
INSF STEM Urban School	47.076	Direct	1708733-01	71,625	-
ES&E 2	47.076	Direct	FAIN 1805289	300,388	186,802
Data Literacy Art and ID	47.076	Direct	1908030	46,345	-
YM - NSF Design & Develop	47.076	Direct	FAIN 1907004	432,444	-
Streams of Data	47.076	Direct	DRL-1905384	495,534	-
Mentoring Data Pathways	47.076	Direct	FAIN: 1902568	75,787	30,413
WeatherX	47.076	Direct	DRL-1850447	339,404	137,938
MATH + C	47.076	Direct	FAIN 1924161	729,453	34,576
NSPML DCA	47.076	Direct	FAIN 1933596	622,283	146,729
STEM-OPS	47.076	Direct	HRD-1931045	894,221	478,991
NSF DCL Women Vets Conf	47.076	Direct	1932051	164,047	-
Computational Sci Pathway	47.076	Direct	1934112	1,019,972	178,321
ISU CORE S2SDSM	47.076	Direct	Iowa State University	167,917	(2,088)
ARX1	47.076	Direct	EduAdvantage (Education Connection)	45,045	-
4CSTEM Scholars	47.076	Direct	Cape Cod Community	1609184 2020-01	9,115
STELAR Center Reinv 2020	47.076	Direct	FAIN: 1942000	200,038	53,528
Complexity for ELLs	47.076	Direct	2005586	122,551	-
EMEL	47.076	Direct	Boston College	5109541-01	17,148
ITEST SYSTEM	47.076	Direct	1949265	319,911	106,063
Learning CS Game Design	47.076	Direct	G1781-2027948-SUB1	8,448	-
Intrinsic Motivation Eval	47.076	Direct	UNIVERSITY OF ROCHESTER	2,973	-
Transforming PreK Spatial	47.076	Direct	FAIN: 2049883	42,668	5,087
Noyes Teacher Rotation	47.076	Direct	FAIN: 2005641	116,209	35,082
College Mathematicians	47.076	Direct	2021161 103262-01	9,682	-
La Fuerza-STEM	47.076	Direct	FAIN: 2115621	15,061	-
Teaching with SOEx Mobile	47.076	Direct	The Nature Network Center	8,000	-
<b>Subtotal AL#47.076</b>				<b>11,452,772</b>	<b>1,747,840</b>
<b>DPS STEM-C</b>					
STAR Phase 2 (STAR P2)	47.L02	Digital Forensic Solutions	DRL-1640107	10,271	-
START Immuno Biotech	47.L03	Space Science Institute	DRL-1421427 00663	3,612	-
LEAP National	47.L04	Shoreline Community College	NONE	5,925	-
BEAT (Anapocae)	47.L05	Franklin Institute	NONE	38,159	-
BC Science Theatre	47.L06	Everett Community College	NONE	956	-
Making Cultural Heritage	47.L07	Dorothy and Charles Mosesian Center for the Arts	NONE	4,609	-
ASCEND	47.L08	GLOBAL KIDS	NONE	1,122	-
STAR P3	47.L09	Wilmette University	NONE	15,151	-
Adephi Noyes	47.L10	Space Science Institute	SUBCON 01016	37,375	-
ECG for CPS RAPID	47.L11	Adephi University	NONE	6,717	-
TKU Evaluation	47.L12	The Learning Partnership	NONE	20,102	-
Open Sci	47.L13	New York University (NYU)	S1800901150200841	84,140	-
PULSE RECOGNITION	47.L14	UNIVERSITY OF GEORGIA	NONE	14,888	-
Sofia National Park	47.L15	DARTMOUTH COLLEGE	NONE	11,865	-
NAPE INCLUDES PQ	47.L16	Twin Cities Public Television	21053-3296	74,168	-
ASCEND	47.L17	National Alliance for Partnerships in Equity (NAPE)	NONE	5,713	-
		John Carroll University	NONE	13,848	-
<b>Total National Science Foundation</b>				<b>13,918,092</b>	<b>2,169,096</b>
<b>Department of Education</b>					
<b>Education Research, Development and Dissemination:</b>					
Goal 1 Elk Grove	84.305	Direct	R305A170383	134,631	5,280
Analyzing Diagrams: A Support For English Learners (ADEEL)	84.305	Direct	R305A170297	187,662	-
Mission US IES	84.305	Direct	R305A210223	38,387	-
<b>Subtotal AL#84.305</b>				<b>360,680</b>	<b>5,280</b>
<b>Special Education Technology and Media Services for Individuals with Disabilities - Future Quest Island 2018</b>	84.327	University of Massachusetts, Boston	H3275180002 8000770387	89,557	-
<b>Investing in Innovation (I3) Fund</b>					
MFA ER	84.411	Direct	U4118180037	1,277,604	648,596
MassCan-PACE CS in MA	84.411	Direct	U411C190275	600,460	116,550
BJC curr. ER	84.411	Direct	S411C200074	107,276	18,541
<b>Subtotal AL#84.411</b>				<b>1,985,340</b>	<b>783,687</b>
<b>REL-NEI: Regional Educational Laboratory - Northeast and Islands</b>					
REL Midwest 2017-2022	84.L01	Direct	ED-IES-17-C-0008	6,221,975	710,270
State Pre-K-Kindergarten Program Professional Development Technical Assistance Provider (R) Pre-K Program Base Year - State Funding	84.L03	American Institute for Research	ED-IES-17-C-0007 042500001	288,627	-
R) Pre-K-K Trans Summit	84.L04	Rhode Island Department of Education	3578127-	158,365	-
Foundations of Inclusive Practice Courses	84.L05	Direct	CT-DOE-18780EDEC (cont)1908MH1176	164,714	-
REL APP Travel	84.L06	SR International	P24261-003	273,541	-
Comp Center-Region 1	84.L07	American Institute for Research	04890 0489000001	253,987	-
RIDE WBL CS Pathway	84.L08	Rhode Island Department of Education	1659614	127,775	-
Ready to Learn 20-25-Y1	84.L09	Corporation for Public Broadcasting (CPB)	35070-EDU	899,210	68,134
<b>Total Department of Education</b>				<b>11,344,397</b>	<b>1,687,274</b>
<b>Department of Health and Human Services</b>					
<b>Maternal and Child Health Federal Consolidated Programs -</b>					
Home Visiting Collaborative Improvement and Innovation Network Year 3 (HV CoIn_Y3)	93.110	Direct	UF4MC2625-06	1,545,664	125,877
Injury Prevention and Control Research and State and Community Based Programs	93.136	UNIVERSITY OF ROCHESTER	417200-G 3R49ACE02093-0501	299	-
SBPC: Testing - Research					
<b>Mental Health Research Grants:</b>					
NIMH Eisenhower Research	93.242	SR International	R44MH14710 5066-EDC	54,120	-
ZS Model Eval Year 3	93.242	Henry Ford Health Systems	B11198_EDC	(39)	-
ZS Model Eval Year 4	93.242	Henry Ford Health Systems	B11211_EDC	35,353	-
ZS Model Eval Year 5	93.242	Henry Ford Health Systems	SU01MR114087-05 B11234_EDC	1,052	-
<b>Subtotal AL#93.242</b>				<b>90,486</b>	<b>-</b>

Education Development Center, Inc.  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Project Title	Federal Assistance Listings #	Pass-Through Grantor	Agreement ID #	Expenditures	Expenditures
<b>Child Care and Development Block Grant:</b>					
National Center for After-school and Summer Enrichment (NCASE Y1)	93.575	Direct	907A0001-05-000	\$ 2,244,584	\$ 826,380
OPRE School-Age Analysis	93.575	Direct	90VE0240	44,965	-
Subtotal AL#93.575				2,289,549	826,380
<b>Child Health and Human Development Extramural Research -</b>					
IVSP: Transform Rochester	93.865	UNIVERSITY OF ROCHESTER	P50H0096698-4179299 / URFAG (cont.) GR510787	31,273	-
Chicago - ReCAST Eval Y1 (Chicago Dept. Pub. Health - SAMHSA HHS)	93.L01	Direct	Task Order 0001 51588	155,122	38,579
SEPA Hk Maker Lab - NH	93.L02	Columbia University	1 R25O0001905-01	43,144	-
Colorado DPHE Zero Suicide	93.L03	Direct	17 FHLA 98009	101,383	-
MHAT Evaluation	93.L04	Waysside Multi-Service Center	NONE	12,012	-
CELP PDS/TA 19-20	93.L05	Rhode Island Department of Human Services	CCAP-PD/TA 20-01 3654017	1,555,485	151,000
NCFICE Year 5	93.L06	Boston Children's Hospital - Brazealton Touchpoints Center	NONE	44,883	-
MECHV TARC Task1	93.L07	HRSA ACQUISITIONS BRANCH	75R60219000040 TO # 75R60220F34001	5,063,822	2,297,583
<b>Total Department of Health and Human Services</b>				<b>11,833,122</b>	<b>3,438,419</b>
<b>Department of Interior</b>					
TA for Tribal Home Visit	93.L01	Zero to Three	2020080513	9,975	-
<b>Total Department of Interior</b>				<b>9,975</b>	<b>-</b>
<b>Agency for International Development</b>					
<b>USAID Foreign Assistance for Programs Overseas:</b>					
Ethiopia READ II	98.001	CREATIVE ASSOCIATES INTER	LOA #72066318CA00004	2,120,995	-
FLIER	98.001	Direct	72066021CA00008	72,885	-
Subtotal AL#98.001				2,193,880	-
Leading through Learning	98.L01	Direct	72004A20800008	1,418,058	301,401
<b>Total Agency for International Development</b>				<b>3,611,938</b>	<b>301,401</b>
<b>Department of Justice</b>					
<b>National Institute of Justice Research, Evaluation, and Development Project Grants -</b>					
Research on Elder Abuse	16.500	Direct	2020-75-CX-0003	84,611	-
<b>Total Department of Justice</b>				<b>84,611</b>	<b>-</b>
<b>Department of Defense</b>					
<b>National Defense Education Program -</b>					
DoD Civics Education	12.006	Direct	HQ00342110013	11,847	-
OOD BEST Evaluation	12.L01	Building Engineering and Science Talent (BEST)	NONE	80,000	-
<b>Total Department of Defense</b>				<b>91,847</b>	<b>-</b>
<b>Total Research and Development</b>				<b>38,796,950</b>	<b>7,827,887</b>
<b>GRAND TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 137,337,960</b>	<b>\$ 29,716,870</b>

**Education Development Center, Inc.**

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

**For the year ended September 30, 2021**

**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, 2021. 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.

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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, the financial statements of the Education Development Center, Inc. (“EDC”), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 28, 2022.

**Internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 the 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 the 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*.

**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 the 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 the EDC's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Grant Thornton LLP*

Boston, Massachusetts  
January 28, 2022

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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**

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, 2021. The EDC’s major federal programs are 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 the EDC’s federal programs.

#### **Auditor’s responsibility**

Our responsibility is to express an opinion on compliance for each of the EDC’s major federal programs 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 the 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 the EDC’s compliance.

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

In our opinion, the EDC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

## Report on internal control over compliance

Management of the 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 the 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 each 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 the 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 the 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.

*Grant Thornton LLP*

Boston, Massachusetts  
February 9, 2022

**Education Development Center, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended September 30, 2021**

**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:

Name of Federal Program	Federal Assistance Listings Number
USAID Foreign Assistance for Programs Overseas	98.001, 98.U01 - 98.U10
Head Start Cluster	93.600
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243
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.