COOPERATIVE FOR EDUCATION
AND AFFILIATES

Consolidated Financial Statements
December 31, 2018
Independent Auditor's Report
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Independent Auditor’s Report

To the Board of Directors
Cooperative for Education and Affiliates
Cincinnati, Ohio

We have audited the accompanying consolidated financial statements of Cooperative for Education and affiliates (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audit. We did not audit the financial statements of Asociacion COED, an affiliate, which statements reflect total assets of $2,671,243 as of December 31, 2018, and total revenues of $176,433 for the year then ended. Those statements, which were prepared in accordance with Income Tax Law of Guatemala, were audited by other auditors in accordance with International Standards on Auditing, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Asociacion COED, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Asociacion COED, prior to these conversion adjustments, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated 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 entity’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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.
Independent Auditor's Report (Continued)

Basis for Qualified Opinion

The opinion of the other auditors on the 2018 financial statements of Asociacion COED was qualified because the organization did not capitalize and subsequently depreciate computer equipment, furniture and software associated with its educational technology center programs. In the opinion of the other auditors, accounting principles generally accepted in the United States of America require capitalization and depreciation of these assets over their estimated useful life, of which the net book value as of December 31, 2018 is not reasonably estimable.

Qualified Opinion

In our opinion, based on our audit and the report of the other auditors, except for the effects of not capitalizing and depreciating assets associated with the educational technology center programs as discussed in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Cooperative for Education and affiliates as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Organization has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return, and other financial statement presentation items and enhanced disclosures. Our opinion is not modified with respect to that matter.

June 4, 2019
Cincinnati, Ohio
## Consolidated Statement of Financial Position
### December 31, 2018

### Assets
- Cash and cash equivalents: $1,297,182
- Pledges and grants receivable, net: 103,434
- Inventories: 163,422
- Investments: 174,149
- Revolving fund assets: 1,585,178
- Other assets: 188,800
- Property and equipment, net: 1,379,615

**Total assets:** $4,891,780

### Liabilities and Net Assets

#### Liabilities
- Accounts payable and accrued expenses: $471,551
- Deferred tour revenue: 46,224
- Rotary global grant agency funds: 86,635
- Revolving fund liability: 1,592,549

**Total liabilities:** 2,196,959

#### Without donor restrictions:
- Undesignated: 1,164,475
- Invested in property and equipment: 1,379,615

**Total without donor restrictions:** 2,544,090

#### With donor restrictions
- Without donor restrictions: 150,731

**Total net assets:** 2,694,821

**Total liabilities and net assets:** $4,891,780

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See accompanying notes to consolidated financial statements
COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statement of Activities
Year Ended December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues and support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and grants:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>$1,417,409</td>
<td>$120,732</td>
<td>$1,538,141</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>630,526</td>
<td>-</td>
<td>630,526</td>
</tr>
<tr>
<td>Rotary International</td>
<td>450,862</td>
<td>-</td>
<td>450,862</td>
</tr>
<tr>
<td>Special events</td>
<td>160,483</td>
<td>-</td>
<td>160,483</td>
</tr>
<tr>
<td>Released from restrictions</td>
<td>258,505</td>
<td>(258,505)</td>
<td>-</td>
</tr>
<tr>
<td>Total contributions and grants</td>
<td>2,917,785</td>
<td>(137,773)</td>
<td>2,780,012</td>
</tr>
<tr>
<td>Delivery tours income</td>
<td>117,185</td>
<td>-</td>
<td>117,185</td>
</tr>
<tr>
<td>Income from revolving school fund</td>
<td>88,495</td>
<td>-</td>
<td>88,495</td>
</tr>
<tr>
<td>Investment return and other</td>
<td>8,848</td>
<td>-</td>
<td>8,848</td>
</tr>
<tr>
<td>Total revenues and support</td>
<td>3,132,313</td>
<td>(137,773)</td>
<td>2,994,540</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>2,789,748</td>
<td>-</td>
<td>2,789,748</td>
</tr>
<tr>
<td>General and administrative</td>
<td>243,750</td>
<td>-</td>
<td>243,750</td>
</tr>
<tr>
<td>Fundraising</td>
<td>315,155</td>
<td>-</td>
<td>315,155</td>
</tr>
<tr>
<td>Total expenses</td>
<td>3,348,653</td>
<td>-</td>
<td>3,348,653</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(216,340)</td>
<td>(137,773)</td>
<td>(354,113)</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>2,760,430</td>
<td>288,504</td>
<td>3,048,934</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$2,544,090</td>
<td>$150,731</td>
<td>$2,694,821</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements
## Consolidated Statement of Functional Expenses

**Year Ended December 31, 2018**

<table>
<thead>
<tr>
<th>Textbooks</th>
<th>Technology</th>
<th>Spark</th>
<th>Rise</th>
<th>Bridges</th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$182,536</td>
<td>$189,523</td>
<td>$189,523</td>
<td>$299,978</td>
<td>$392,047</td>
<td>$1,253,607</td>
<td>$143,187</td>
<td>$196,883</td>
</tr>
<tr>
<td>Program materials</td>
<td>118,319</td>
<td>98,197</td>
<td>222,617</td>
<td>29,763</td>
<td>32,156</td>
<td>501,052</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>31,684</td>
<td>26,174</td>
<td>23,911</td>
<td>36,786</td>
<td>133,779</td>
<td>252,334</td>
<td>3,131</td>
<td>4,701</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>30,315</td>
<td>33,180</td>
<td>33,180</td>
<td>46,011</td>
<td>193,381</td>
<td>159,735</td>
<td>6,398</td>
<td>9,571</td>
</tr>
<tr>
<td>Scholarships and grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>159,735</td>
<td>-</td>
<td>159,735</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>17,016</td>
<td>17,700</td>
<td>17,700</td>
<td>26,409</td>
<td>30,808</td>
<td>109,633</td>
<td>10,655</td>
<td>14,650</td>
</tr>
<tr>
<td>Occupancy</td>
<td>13,671</td>
<td>15,687</td>
<td>15,687</td>
<td>27,056</td>
<td>29,173</td>
<td>101,274</td>
<td>7,336</td>
<td>11,003</td>
</tr>
<tr>
<td>Depreciation</td>
<td>28,544</td>
<td>26,349</td>
<td>18,664</td>
<td>27,446</td>
<td>8,783</td>
<td>109,786</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office supplies and other</td>
<td>5,533</td>
<td>6,586</td>
<td>5,730</td>
<td>9,093</td>
<td>18,472</td>
<td>45,414</td>
<td>25,674</td>
<td>16,471</td>
</tr>
<tr>
<td>Professional fees</td>
<td>6,521</td>
<td>10,126</td>
<td>7,299</td>
<td>8,842</td>
<td>11,604</td>
<td>44,392</td>
<td>9,912</td>
<td>251</td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>54,279</td>
</tr>
<tr>
<td>Accounting fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>29,829</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>858</td>
<td>1,001</td>
<td>1,001</td>
<td>1,287</td>
<td>3,815</td>
<td>6,960</td>
<td>4,276</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>270</td>
<td>2,064</td>
<td>270</td>
<td>1,531</td>
<td>3,815</td>
<td>7,950</td>
<td>1,261</td>
<td>1,891</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>53</td>
<td>53</td>
<td>53</td>
<td>2,518</td>
<td>1,553</td>
<td>4,230</td>
<td>655</td>
<td>870</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,585</td>
<td>-</td>
</tr>
<tr>
<td>Legal fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,436</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total | $435,320 | $426,640 | $535,635 | $676,455 | $715,698 | $2,789,748 | $243,750 | $315,155 | $3,348,653 |

See accompanying notes to consolidated financial statements.
COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statement of Cash Flows
Year Ended December 31, 2018

Cash flows from operating activities
Change in net assets $ (354,113)
Adjustments to reconcile change in net assets to net cash from operating activities
Depreciation 109,786
Changes in:
Pledges and grants receivable, net 171,977
Inventories 179,422
Other assets (36,654)
Accounts payable and accrued expenses 3,664
Revolving fund assets (liability) 274,579
Deferred tour revenue 15,726
Rotary global grant agency funds 17,460

Net cash provided by operating activities 381,847

Cash flows from investing activities
Purchase of property and equipment (41,428)
Purchase of investments (230,665)
Proceed from sale of investments 559,296

Net cash provided by investing activities 287,203

Net change in cash 669,050

Cash and cash equivalents, beginning of year 628,132

Cash and cash equivalents, end of year $ 1,297,182

See accompanying notes to consolidated financial statements
NOTE 1  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Cooperative for Education is a nonprofit corporation founded in June 1997 to provide underprivileged children in Guatemala better access to education through implementation of sustainable textbook, technology, reading and scholarship programs. Through these programs, Cooperative for Education strives to address the root causes of poverty in Guatemala. Cooperative for Education receives donations and support from individuals, corporations, foundations and other nonprofit organizations both domestically and internationally.

Asociación COED is a Guatemalan nonprofit association founded in July 2000 to help further the mission of Cooperative for Education by establishing an operating base in-country and working to plan and implement its program strategies. Asociación COED is primarily funded through donations by Cooperative for Education but also receives contributions locally. Cooperative for Education is the sole member of this organization.

Canadian Friends of Cooperative for Education is a Canadian nonprofit corporation founded in May 2015 to advance education by providing publicly available scholarships, bursaries and other forms of financial assistance to students who are impoverished, as well as to provide literacy programs and computer training to elementary and secondary school educators. Cooperative for Education is the sole member of this organization.

Principles of Consolidation

The consolidated financial statements include the accounts of Cooperative for Education, Asociación COED and Canadian Friends of Cooperative for Education and all figures are reported in United States Dollars (USD). All significant intercompany accounts and transactions have been eliminated. Unless otherwise noted, these consolidated entities are hereinafter referred to collectively as “CoEd”.

Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). CoEd is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net asset with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

CoEd considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2018, cash equivalents consisted primarily of depository money market accounts and certificates of deposit. CoEd maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits. CoEd has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.
NOTE 1  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventory consists of books to be used for the textbook and reading programs and balances are stated at the lower of cost or market. Valuation is determined by the first-in, first-out (FIFO) method.

Investments

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments. CoEd’s investments do not have a significant concentration of credit or market risk within any industry, specific institution or group of investments.

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. The cost of property and equipment greater than $3,500 is capitalized. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

In accordance with GAAP, CoEd assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, CoEd believes no impairments existed at December 31, 2018.

Foreign Currency Translation

The financial statements of Asociación COED and Canadian Friends of Cooperative for Education are reported in their functional currencies, Guatemalan Quetzales (GTQ) and Canadian Dollars (CAD), respectively. During consolidation, assets and liabilities are translated into United States Dollars (USD) at exchange rates in effect at the end of the year; revenues and expenses are translated at exchange rates in effect at the end of each month during monthly fiscal closing procedures. Translation gains and losses are included in changes in unrestricted net assets.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue without donor restrictions.
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long-lived assets must be maintained, CoEd reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenues when the conditions are substantially met and the gift becomes unconditional.

Income Taxes

CoEd is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. However, CoEd is subject to federal income tax on any unrelated business taxable income.

CoEd's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of supporting various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among the program services, general and administrative and fundraising categories based upon estimates of the time spent by CoEd's personnel.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Event Evaluation

CoEd has evaluated subsequent events through June 4, 2019, which is the date the financial statements were available to be issued.
NOTE 1  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of Adopting New Accounting Standards

In 2018, the Organization adopted Financial Accounting Services Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The update primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return, and other financial statement presentation items and enhanced disclosures. Net asset classifications have been reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two classes (net assets without donor restrictions and net assets with donor restrictions). In addition, updated disclosure requirements are presented regarding risk exposure and availability of cash for short-term use and expenses are reported by both natural and functional classification. The Organization adopted ASU 2016-14 as of January 1, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented except for the disclosing information about liquidity and availability of resources, which are permitted to be omitted for any periods presented before the period of adoption.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. This standard will be effective for the calendar year ending December 31, 2019.

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2020.

In June 2018, the FASB issued ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The standard clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The standard also requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. This standard will be effective for the calendar year ending December 31, 2019.

CoEd is currently in the process of evaluating the impact of adoption of these ASU’s on the financial statements.
COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements
(Continued)

NOTE 2 LIQUIDITY AND AVAILABILITY

The following financial assets are available for use within one year as of December 31, 2018:

Financial assets at year end:

- Cash and cash equivalents $1,297,182
- Pledges and grants receivable 103,434
- Investments 174,149
- Revolving fund assets 1,585,178

Total financial assets 3,159,943

Less amounts not available to be used within one year:
- Pledges and grants receivable due in one to five years (22,600)
- Revolving fund liability (1,592,549)
- Rotary global grant agency funds (86,635)

Financial assets available to meet general expenditures within one year $1,458,159

CoEd has $1,458,159 of financial assets available within one year of the date of the statement of financial position to meet cash needs for general expenditure. None of these financial assets are subject to donor or other contractual restriction that make them unavailable for general expenditure within one year of the date of the statement of financial position.

CoEd has a goal to maintain financial assets, consisting of cash and short-term investments, on hand to meet 60 days of normal operating expenses. CoEd’s cash management policy structures availability of cash as necessary for general expenditures, liabilities and other obligations as they become due. Additionally, as part of its liquidity management, CoEd invests cash in excess of daily requirements in short-term investments, primarily consisting of short-term fixed income securities. As more fully described in Note 6, CoEd also has a line of credit in the amount of $500,000, which may be drawn upon in the event of an unanticipated liquidity need.

NOTE 3 PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable as of December 31, 2018 consisted of the following:

- Due within one year $80,834
- Due in one to five years 22,600

Total $103,434

No amounts have been recorded as an allowance for doubtful accounts as CoEd considers all pledges and grants receivable to be fully collectible. Additionally, no discount on pledges and grants receivable has been recognized as of December 31, 2018, as the amount would be considered immaterial.
NOTE 4  FAIR VALUE MEASUREMENTS

Investments at fair value as of December 31, 2018 consisted of the following:

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>Fixed income mutual funds</td>
<td>$170,288</td>
</tr>
<tr>
<td>Level 2</td>
<td>Money market funds</td>
<td>3,861</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$174,149</strong></td>
</tr>
</tbody>
</table>

Revolving fund assets at fair value as of December 31, 2018 consisted of the following:

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>Fixed income exchange traded and mutual funds</td>
<td>$912,203</td>
</tr>
<tr>
<td></td>
<td>Equity exchange traded and mutual funds</td>
<td>151,064</td>
</tr>
<tr>
<td>Level 2</td>
<td>Money market funds</td>
<td>521,911</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$1,585,178</strong></td>
</tr>
</tbody>
</table>

Assets valued using Level 1 inputs have consistent observable prices; therefore, reliable fair market values for these assets are readily available. Exchange traded and mutual funds are valued at the closing price reported on the active market on which the individual securities are traded and these values are categorized as using Level 1 inputs.

Assets valued using Level 2 inputs use valuations of quoted prices for similar assets or liabilities in active markets. Level 2 securities include money market funds.

NOTE 5  PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2018 consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>$560,000</td>
</tr>
<tr>
<td>Building improvements</td>
<td>554,085</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>380,279</td>
</tr>
<tr>
<td>Land and land improvements</td>
<td>302,584</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>104,074</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(521,407)</td>
</tr>
<tr>
<td></td>
<td><strong>$1,379,615</strong></td>
</tr>
</tbody>
</table>

NOTE 6  LINE OF CREDIT

CoEd has a $500,000 revolving line of credit that is due on demand and is collateralized by revolving fund assets. As of December 31, 2018 no amounts were borrowed against this line. Interest accrues at the prime rate (5.50% at December 31, 2018) and is payable monthly. The line of credit expires in September 2019.
NOTE 7  ACCRUED EMPLOYEE BENEFITS

Accrued employee benefits of $436,386 as of December 31, 2018, consisted of government mandated employee benefits of Asociación COED employees.

NOTE 8  ROTARY GLOBAL GRANT AGENCY FUNDS

CoEd provides administrative support for Rotary global grant funds by temporarily housing fundraising collections in a separate cash account owned by CoEd. Once fundraising is completed, all funds are remitted to the Rotary Club for further processing. The amount of funds raised and due to be remitted to Rotary Clubs as of December 31, 2018 was $86,635.

NOTE 9  REVOLVING FUND ASSETS AND LIABILITY

The revolving fund assets and liability consists of deposits received from students and families for the renewal of textbooks and computer lab equipment as old books and equipment become outdated at participating schools. As of December 31, 2018, the balance of the revolving fund liability was $1,592,549, which was off-set by the revolving fund assets balance of $1,585,178.

NOTE 10  NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2018 consisted of the following:

Restrictions as to time and purpose:
- Pledges receivable $46,450

Restrictions as to purpose:
- Spark 49,981
- The Thousand Girls Initiative 16,800
- Guatemala Education Center - other 15,000
- Bridges program 12,500
- Guatemala Education Center - capital 10,000

Total $150,731

NOTE 11  NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions for the year ended December 31, 2018 consisted of the following:

Expiration of time restriction $123,505
- Guatemala Education Center - capital 67,500
- Bridges program 27,500
- Other programs 17,500
- Technology program 15,000
- Guatemala Education Center - other 7,500

Total $258,505
NOTE 12 OPERATING LEASES

CoEd has a lease agreement for its office space in the United States that expires on April 30, 2020. Rent expense for this lease included in the statements of activities for the year ended December 31, 2018 was $54,527.

Future minimum lease payments, including lease renewals, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$49,238</td>
</tr>
<tr>
<td>2020</td>
<td>16,533</td>
</tr>
<tr>
<td></td>
<td><strong>$65,771</strong></td>
</tr>
</tbody>
</table>

NOTE 13 RELATED PARTY TRANSACTIONS

Grant management, human resources, and other professional services were purchased from relatives of corporate officers in the amount of $32,100 in 2018. No amounts were due to these parties as of December 31, 2018. CoEd believes the services received and amounts paid are comparable to what could be purchased from an unrelated party.

NOTE 14 RETIREMENT PLAN

CoEd sponsors a voluntary defined-contribution 401(k) plan offered to all employees in the United States. There were no employer contributions to the Plan in 2018.