

COOPERATIVE FOR EDUCATION AND AFFILIATES

**Consolidated Financial Statements
December 31, 2020
Independent Auditor's Report**

COOPERATIVE FOR EDUCATION AND AFFILIATES
December 31, 2020

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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 (a nonprofit organization) and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2020, 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 \$3,184,927 as of December 31, 2020, and total revenues of \$164,174 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)**

Opinion

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cooperative for Education and Affiliates as of December 31, 2020, 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.

Barnes, Dennig & Co., Ltd.

May 24, 2021
Cincinnati, Ohio

COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statement of Financial Position December 31, 2020

Assets

Cash and cash equivalents	\$ 2,042,135
Pledges and grants receivable, net	139,045
Inventories	33,097
Investments	208,840
Revolving fund asset	1,826,182
Other assets	147,898
Property and equipment, net	<u>1,294,468</u>
Total assets	<u>\$ 5,691,665</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 529,818
Deferred tour revenue	12,172
Rotary global grant agency funds	113,821
Revolving fund liability	<u>1,673,206</u>
Total liabilities	<u>2,329,017</u>

Net Assets

Without donor restrictions	3,189,290
With donor restrictions	<u>173,358</u>
Total net assets	<u>3,362,648</u>
Total liabilities and net assets	<u>\$ 5,691,665</u>

See accompanying notes to consolidated financial statements

COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statement of Activities Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
Contributions and grants:			
Contributions and grants	\$ 1,415,639	\$ 117,458	\$1,533,097
Sponsorships	543,223	-	543,223
Rotary International	484,464	-	484,464
Special events	194,045	-	194,045
Paycheck Protection Program (PPP) grant	188,200	-	188,200
Released from restrictions	251,700	(251,700)	-
	<u>3,077,271</u>	<u>(134,242)</u>	<u>2,943,029</u>
Total contributions and grants			
Delivery tours income	82,254	-	82,254
Income from revolving school fund	55,946	-	55,946
Investment return and other	49,256	-	49,256
	<u>3,264,727</u>	<u>(134,242)</u>	<u>3,130,485</u>
Total revenues and support			
Expenses			
Program services	2,223,839	-	2,223,839
General and administrative	202,354	-	202,354
Fundraising	292,393	-	292,393
	<u>2,718,586</u>	<u>-</u>	<u>2,718,586</u>
Total expenses			
Change in net assets	<u>546,141</u>	<u>(134,242)</u>	<u>411,899</u>
Net assets, beginning of year, as originally stated	2,686,098	264,651	2,950,749
Reclassifications	<u>(42,949)</u>	<u>42,949</u>	<u>-</u>
Net assets, beginning of year, as restated	<u>2,643,149</u>	<u>307,600</u>	<u>2,950,749</u>
Net assets, end of year	<u>\$ 3,189,290</u>	<u>\$ 173,358</u>	<u>\$3,362,648</u>

See accompanying notes to consolidated financial statements

COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statement of Functional Expenses Year Ended December 31, 2020

	Textbooks	Technology	Spark	Rise	Bridges	Total Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$175,852	\$ 169,170	\$182,534	\$300,077	\$320,941	\$1,148,574	\$ 59,126	\$ 199,552	\$1,407,252
Program materials	49,005	2,678	155,684	168	5,718	213,253	-	-	213,253
Travel	5,579	6,010	10,358	11,263	70,517	103,727	53	462	104,242
Employee benefits	25,050	23,844	28,942	50,079	32,654	160,569	3,861	15,386	179,816
Scholarships and grants	-	-	-	242,593	5,290	247,883	-	-	247,883
Payroll taxes	16,584	15,935	17,233	26,160	24,866	100,778	4,415	14,901	120,094
Occupancy	2,753	2,659	3,221	14,097	26,093	48,823	3,481	15,086	67,390
Depreciation	11,951	10,046	8,141	15,177	3,871	49,186	991	599	50,776
Office supplies and other	10,866	9,685	11,915	28,043	12,008	72,517	28,653	13,973	115,143
Professional fees	4,118	3,902	19,521	12,840	15,060	55,441	94,544	5,802	155,787
Special events	-	-	-	-	-	-	-	18,254	18,254
Insurance	534	-	-	-	-	534	5,534	-	6,068
Conferences and meetings	370	349	479	850	1,282	3,330	-	1,027	4,357
Information technology	565	565	565	5,089	12,440	19,224	1,696	7,351	28,271
	<u>\$303,227</u>	<u>\$ 244,843</u>	<u>\$438,593</u>	<u>\$706,436</u>	<u>\$530,740</u>	<u>\$2,223,839</u>	<u>\$ 202,354</u>	<u>\$ 292,393</u>	<u>\$2,718,586</u>

See accompanying notes to consolidated financial statements

COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statement of Cash Flows Year Ended December 31, 2020

Cash flows from operating activities	
Change in net assets	\$ 411,899
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	50,776
Net realized and unrealized gains on investments	(4,821)
Changes in:	
Pledges and grants receivable, net	100,982
Inventories	153,765
Other assets	49,629
Accounts payable and accrued expenses	8,149
Deferred tour revenue	5,035
Rotary global grant agency funds	(30,618)
Revolving fund asset (liability)	23,281
	<hr/>
Net cash provided by operating activities	768,077
	<hr/>
Cash flows from investing activities	
Purchase of investments	(13,292)
	<hr/>
Net change in cash	754,785
Cash and cash equivalents, beginning of year	1,287,350
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Cash and cash equivalents, end of year	<u>\$ 2,042,135</u>

See accompanying notes to consolidated financial statements

COOPERATIVE FOR EDUCATION AND AFFILIATES

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, 2020, 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.

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

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, 2020.

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 net assets without donor restriction.

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.

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

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.

Revenue Recognition

COED identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. COED evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. To determine the proper revenue recognition method, COED evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as single or more than one performance obligation.

Revenue from contracts with customers is primarily recognized from delivery tours income. These contracts consist of a single performance obligation as the promise to transfer the service is not separately identifiable from other promises in the contracts and, therefore, not distinct. Revenue is recognized by COED over the time its services are provided to the participant. COED generally uses the time elapsed method, an input measure, as it considers it to best depict the simultaneous consumption and delivery of its services. The determination of the method by which COED measures its progress towards the satisfaction of its performance obligations requires judgment.

The transaction price is stated in the contracts and is known at time of contract inception. There is no variable consideration associated with COED's contracts with customers and payment is due in advance of participating in the delivery tour.

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.

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Reclassifications

The net assets originally reported in the 2019 consolidated financial statements have been reclassified to accurately reflect the presentation of donor-restricted gifts received by Asociación COED and Canadian Friends of Cooperative for Education as of December 31, 2019. This reclassification had no impact on the total change in net assets for 2019.

Subsequent Event Evaluation

CoEd has evaluated subsequent events through May 24, 2021, which is the date the financial statements were available to be issued.

Recently Issued Accounting Standards

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, 2022.

CoEd is currently in the process of evaluating the impact of adoption of this ASU 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, 2020:

Financial assets at year end:	
Cash and cash equivalents	\$ 2,042,135
Pledges and grants receivable	139,045
Investments	208,840
Revolving fund asset	<u>1,826,182</u>
Total financial assets	4,216,202
Less amounts not available to be used within one year:	
Pledges and grants receivable due in one to five years	(14,200)
Revolving fund liability	(1,673,206)
Rotary global grant agency funds	<u>(113,821)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,414,975</u>

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 \$100,000, 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, 2020 consisted of the following:

Due within one year	\$ 124,845
Due in one to five years	<u>14,200</u>
	<u>\$ 139,045</u>

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, 2020, as the amount would be considered immaterial.

COOPERATIVE FOR EDUCATION AND AFFILIATES

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 4 FAIR VALUE MEASUREMENTS

Investments at fair value as of December 31, 2020 consisted of the following:

Level 1

Fixed income mutual funds	\$ 180,219
Equity exchange traded funds	24,472

Level 2

Money market funds and depository accounts	4,149
	<u>\$ 208,840</u>

Revolving fund assets at fair value as of December 31, 2020 consisted of the following:

Level 2

Money market funds and depository accounts	<u>\$ 1,826,182</u>
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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, 2020 consisted of the following:

Buildings	\$ 560,000
Building improvements	554,085
Motor vehicles	382,377
Land and land improvements	302,584
Office furniture and equipment	113,380
Less accumulated depreciation	<u>(617,958)</u>
	<u>\$ 1,294,468</u>

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 6 LINE OF CREDIT

CoEd has a \$100,000 line of credit that is due on demand and is collateralized by revolving fund assets. As of December 31, 2020 no amounts were borrowed against this line. Interest accrues at the prime rate, plus .52% (3.77% at December 31, 2020) and is payable monthly. The line of credit expires in August 2021.

NOTE 7 ACCRUED EMPLOYEE BENEFITS

Accrued employee benefits of \$500,388 as of December 31, 2020, 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, 2020 was \$113,821.

NOTE 9 REVOLVING FUND ASSET AND LIABILITY

The revolving fund asset 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, 2020, the balance of the revolving fund liability was \$1,673,206, which was off-set by the revolving fund asset balance of \$1,826,182.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 consisted of the following:

Time restricted	\$	77,273
Spark program		36,046
The Thousand Girls Initiative		28,400
Other programs		25,000
Rise program		4,139
Guatemala Education Center - capital		2,500
		<hr/>
	\$	<u>173,358</u>

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 11 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions for the year ended December 31, 2020 consisted of the following:

Expiration of time restricted	\$ 180,660
The Thousand Girls Initiative	43,354
Technology program	12,686
Guatemala Education Center - other	7,500
Guatemala Education Center - capital	7,500
	<u>251,700</u>
	<u>\$ 251,700</u>

NOTE 12 PAYROLL PROTECTION PROGRAM (PPP) GRANT

On April 16, 2020, COED entered into a term note pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (CARES Act) Paycheck Protection Program (the Program) for \$188,200. All or a portion of the note may be forgiven in accordance with the Program requirements. Interest on the outstanding principal balance will accrue at a fixed rate of 1.00%, but neither principal or interest are due and payable during the initial 6-month deferral period after issuance. After the initial 6-month deferral period expires, the outstanding principal balance that is not forgiven under the Program will convert to an amortizing loan payable in 18 equal installments of principal. On November 18, 2020, COED received notification from the bank that the loan was fully forgiven and used in accordance with the Program requirements. Accordingly, COED has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the derecognition of the liability. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the Paycheck Protection Program are "substantially met" and occur on or before the statement of financial position date.

NOTE 13 OPERATING LEASES

CoEd has a lease agreement for its office space in the United States that expires on December 31, 2024. Rent expense for this lease included in the statement of activities for the year ended December 31, 2020 was \$53,818.

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

2021	\$ 60,480
2022	66,960
2023	73,440
2024	79,920
	<u>280,800</u>
	<u>\$ 280,800</u>

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 14 RELATED PARTY TRANSACTIONS

During 2020, CoEd received professional services from a relative of a corporate officer, as well as a business where a board member is a shareholder. Total amounts paid to these related parties in 2020 was \$79,752. As of December 31, 2020, CoEd owed these related parties \$5,500. CoEd believes the services received and amounts paid are comparable to what could be purchased from an unrelated party.

NOTE 15 RETIREMENT PLAN

CoEd sponsors a voluntary defined-contribution 401(k) plan offered to all employees in the United States. Employer contributions to the Plan were \$9,603 in 2020.

NOTE 16 RISKS AND UNCERTAINTIES

CoEd's investments consist of mutual funds and exchange traded funds that invest in common stocks, U.S Government and fixed income securities. Investment securities are exposed to various risks, such as credit, market and interest rate. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at 2020. However, the diversification of CoEd's investments among various asset classes should mitigate the impact of any adverse changes on any one asset class. Investments are managed by the Board of Directors with advice and assistance from investment professionals.

NOTE 17 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. Consequently, there was disruption in COED's programs and negative impacts to its contributions and other revenues in 2020.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on COED's operations and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which COED operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

NOTE 18 SUBSEQUENT EVENTS

On February 4, 2021, COED entered into a term note pursuant to the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act as part of the Payroll Protection Program Second Draw Loans (the Program) for \$174,009. All or a portion of the note may be forgiven in accordance with the Program requirements. Interest on the outstanding principal balance will accrue at a fixed rate of 1.00%, but neither principle or interest are due and payable during the initial 12-month deferral period after issuance. After the initial 12-month deferral period expires, the outstanding principal balance that is not forgiven under the Program will convert to an amortizing loan payable in 48 equal installments of principal and interest.