

Cooperative for Education and Affiliates

**Consolidated Financial Statements
December 31, 2025 and 2024, and
Independent Auditors' Report**

COOPERATIVE FOR EDUCATION AND AFFILIATES
December 31, 2025 and 2024

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Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Cooperative for Education (a nonprofit organization) and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Asociación COED, an affiliate, which statements reflect total assets of \$3,999,408 and \$3,800,221 as of December 31, 2025 and 2024, respectively, and total revenues of \$233,577 and \$165,644, respectively, for the years then ended. Those statements, which were prepared in accordance generally accepted accounting standards taken from the Income Tax Law in force in Guatemala, were audited by other auditors, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Asociación 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 Asociación COED, prior to these conversion adjustments, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Cooperative for Education and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cooperative for Education and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

**Independent Auditor's Report
(Continued)**

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cooperative for Education and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cooperative for Education and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



August 13, 2026
Cincinnati, Ohio

COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statements of Financial Position December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 2,402,604	\$ 1,786,846
Certificates of deposit	635,992	611,864
Pledges and grants receivable, net	9,741,537	313,849
Investments	3,137,172	738,610
Revolving fund asset	2,234,604	1,838,756
Inventories	129,503	132,992
Other assets	128,703	91,520
Property and equipment, net	1,186,115	1,194,758
Beneficial interest in trust	<u>73,346</u>	<u>70,125</u>
Total assets	<u><u>\$ 19,669,576</u></u>	<u><u>\$ 6,779,320</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 818,392	\$ 756,496
Deferred revenue	58,225	71,503
Rotary global grant agency funds	43,239	84,005
Revolving fund liability	<u>1,201,049</u>	<u>1,189,479</u>
Total liabilities	<u>2,120,905</u>	<u>2,101,483</u>
Net Assets		
Without donor restrictions	3,952,387	3,996,493
With donor restrictions	<u>13,596,284</u>	<u>681,344</u>
Total net assets	<u>17,548,671</u>	<u>4,677,837</u>
Total liabilities and net assets	<u><u>\$ 19,669,576</u></u>	<u><u>\$ 6,779,320</u></u>

See accompanying notes to consolidated financial statements

COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statement of Activities Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support			
Contributions and grants	\$ 1,176,902	\$ 13,904,637	\$ 15,081,539
Sponsorships and special events	756,999	-	756,999
Rotary International	514,765	-	514,765
Total support	2,448,666	13,904,637	16,353,303
Revenue			
Delivery tours income	211,246	-	211,246
Investment return, net and other	429,440	10,996	440,436
Change in value of beneficial interest in trust	3,221	-	3,221
Total revenue	643,907	10,996	654,903
Net assets released from restrictions	1,000,693	(1,000,693)	-
Total support and revenue	4,093,266	12,914,940	17,008,206
Expenses			
Program services	3,286,636	-	3,286,636
General and administrative	280,657	-	280,657
Fundraising	570,079	-	570,079
Total expenses	4,137,372	-	4,137,372
Change in net assets	(44,106)	12,914,940	12,870,834
Net assets, beginning of year	3,996,493	681,344	4,677,837
Net assets, end of year	<u>\$ 3,952,387</u>	<u>\$ 13,596,284</u>	<u>\$ 17,548,671</u>

See accompanying notes to consolidated financial statements

COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statement of Activities Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions and grants	\$ 1,216,188	\$ 633,918	\$ 1,850,106
Sponsorships	785,149	-	785,149
Rotary International	559,240	-	559,240
Total support	2,560,577	633,918	3,194,495
Revenue			
Delivery tours income	221,851	-	221,851
Investment return, net and other	273,856	7,600	281,456
Change in value of beneficial interest in trust	1,415	-	1,415
Total revenue	497,122	7,600	504,722
Net assets released from restrictions	640,238	(640,238)	-
Total support and revenue	3,697,937	1,280	3,699,217
Expenses			
Program services	3,103,976	-	3,103,976
General and administrative	279,571	-	279,571
Fundraising	396,700	-	396,700
Total expenses	3,780,247	-	3,780,247
Change in net assets	(82,310)	1,280	(81,030)
Net assets, beginning of year	4,078,803	680,064	4,758,867
Net assets, end of year	\$ 3,996,493	\$ 681,344	\$ 4,677,837

See accompanying notes to consolidated financial statements

COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statement of Functional Expenses Year Ended December 31, 2025

	Casa Sofia and CFM	Textbooks	Technology	Spark	Rise	Bridges	Total Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 210,654	\$ 111,206	\$ 135,991	\$ 202,083	\$ 457,326	\$ 344,394	\$ 1,461,654	\$ 171,981	\$ 429,954	\$ 2,063,589
Scholarships and grants	-	-	-	-	551,156	-	551,156	-	-	551,156
Program materials	51,075	64,458	31,138	173,293	12,935	845	333,744	337	-	334,081
Professional services	45,061	28,306	27,946	30,106	36,416	34,773	202,608	52,377	310	255,295
Employee benefits	27,246	16,237	20,796	32,956	68,654	29,577	195,466	11,933	29,834	237,233
Payroll taxes	17,790	10,082	12,539	19,092	41,881	26,589	127,973	12,643	31,608	172,224
Travel	2,579	9,886	21,346	25,360	33,779	32,944	125,894	300	20,641	146,835
Office supplies and other	27,155	11,273	13,376	17,024	34,918	16,945	120,691	2,426	4,998	128,115
Occupancy	4,842	2,744	2,842	3,332	13,992	26,786	54,538	3,519	15,248	73,305
Information technology	-	1,465	1,465	1,465	13,185	32,229	49,809	4,395	19,045	73,249
Depreciation	-	11,124	9,347	7,569	13,914	3,004	44,958	47	200	45,205
Insurance	-	-	-	-	-	1,914	1,914	20,235	-	22,149
Conferences and meetings	-	2,273	2,415	3,125	4,971	2,629	15,413	-	9,845	25,258
Advertising and promotion	-	41	24	24	212	517	818	464	8,396	9,678
	<u>\$ 386,402</u>	<u>\$ 269,095</u>	<u>\$ 279,225</u>	<u>\$ 515,429</u>	<u>\$ 1,283,339</u>	<u>\$ 553,146</u>	<u>\$ 3,286,636</u>	<u>\$ 280,657</u>	<u>\$ 570,079</u>	<u>\$ 4,137,372</u>

See accompanying notes to consolidated financial statements

COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statement of Functional Expenses Year Ended December 31, 2024

	Textbooks	Technology	Spark	Rise	Bridges	Total Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 189,900	\$ 189,900	\$ 204,262	\$ 378,224	\$ 447,405	\$ 1,409,691	\$ 85,120	\$ 287,280	\$ 1,782,091
Scholarships and grants	-	-	-	394,850	-	394,850	-	-	394,850
Program materials	60,960	28,888	165,685	-	-	255,533	-	-	255,533
Professional fees	7,120	6,729	9,522	89,234	17,200	129,805	157,660	6,241	293,706
Employee benefits	30,674	30,068	35,419	57,251	37,041	190,453	4,244	16,574	211,271
Payroll taxes	17,287	17,287	18,644	31,791	33,939	118,948	6,288	21,222	146,458
Travel	21,263	18,421	27,033	35,014	223,140	324,871	252	13,637	338,760
Office supplies and other	17,674	17,114	23,251	46,430	13,813	118,282	9,223	4,364	131,869
Occupancy	3,712	3,562	4,461	16,323	26,516	54,574	3,493	15,137	73,204
Information technology	1,276	1,276	1,276	11,485	28,074	43,387	3,828	16,589	63,804
Depreciation	11,184	9,404	7,624	14,348	4,033	46,593	187	806	47,586
Insurance	-	-	-	-	-	-	8,474	-	8,474
Conferences and meetings	1,430	5,239	1,851	3,281	3,858	15,659	349	11,768	27,776
Advertising and promotion	39	39	39	352	861	1,330	453	3,082	4,865
	<u>\$ 362,519</u>	<u>\$ 327,927</u>	<u>\$ 499,067</u>	<u>\$ 1,078,583</u>	<u>\$ 835,880</u>	<u>\$ 3,103,976</u>	<u>\$ 279,571</u>	<u>\$ 396,700</u>	<u>\$ 3,780,247</u>

See accompanying notes to consolidated financial statements

COOPERATIVE FOR EDUCATION AND AFFILIATES

Consolidated Statements of Cash Flows Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 12,870,834	\$ (81,030)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	45,205	47,586
Net realized and unrealized gains on investments	(235,523)	(95,537)
Non-cash lease expense	-	552
Change in beneficial interest in trust	(3,221)	(1,415)
Changes in:		
Pledges and grants receivable, net	(9,427,688)	(127,699)
Inventories	3,489	43,537
Other assets	(37,183)	(8,707)
Accounts payable and accrued expenses	61,896	94,377
Deferred revenue	(13,278)	3,768
Rotary global grant agency funds	(40,766)	(6,394)
Revolving fund asset (liability)	(384,278)	(180,557)
Net cash provided by (used in) operating activities	<u>2,839,487</u>	<u>(311,519)</u>
Cash flows from investing activities		
Purchase of certificate of deposit	(24,128)	(611,864)
Purchase of property and equipment	(36,562)	-
Purchase of investments	(2,738,470)	(217,676)
Proceeds from sale of investments	575,431	248,597
Net cash used in investing activities	<u>(2,223,729)</u>	<u>(580,943)</u>
Net change in cash and cash equivalents	615,758	(892,462)
Cash and cash equivalents, beginning of year	<u>1,786,846</u>	<u>2,679,308</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,402,604</u></u>	<u><u>\$ 1,786,846</u></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 (CoEd) 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. During 2025, CoEd assumed responsibility for the operation and reconstruction of two educational institutions previously established by the Sisters of the Precious Blood. See Note 2 for additional information.

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 CoEd but also receives contributions locally. Cooperative for Education is the sole member of this organization. The operations of Asociación COED's are considered direct and integral components of CoEd's operations.

Canadian Friends of Cooperative for Education (Canadian Friends) 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. The operations of Canadian Friends are considered direct and integral components of CoEd's operations.

The Guatemala Literacy Project, LLC was incorporated on July 28, 2023 to organize a network of individual Rotarians, Rotary clubs and districts, and Cooperative for Education with a common interest in improving education for underserved students in Guatemala. The LLC is comprised of Rotarian volunteers who work collaboratively by securing Global Grants from The Rotary Foundation and serve as ambassadors to promote and support mutually-agreed-upon projects and activities. Cooperative for Education is the sole member of this entity.

Principles of Consolidation

The consolidated financial statements include the accounts of Cooperative for Education, Asociación COED, Canadian Friends of Cooperative for Education, and the Guatemala Literacy Project, LLC 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.

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

CoEd considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2025 and 2024, cash equivalents consisted primarily of depository money market accounts. 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.

Asociación COED maintains cash in bank accounts held in Guatemala to be used to fund operations. There are no restrictions to the availability to use these funds or transfer assets to other related entities.

Canadian Friends maintains cash in bank accounts held in Canada to be used to solicit donations in Canada and transfer funds to support the mission of CoEd. There are no restrictions to the availability to use these funds or transfer assets to other related entities.

Certificates of Deposit

CoEd holds \$635,992 as of December 31, 2025 in certificates of deposit with an original maturity of greater than three months. CoEd recorded their certificates of deposit at its original investment plus accrued interest.

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, 2025 and 2024.

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue consists of deposits received for delivery tours to Guatemala occurring in the subsequent calendar year.

Foreign Currency Transactions

The stand-alone financial statements of Asociación COED and Canadian Friends of Cooperative for Education are prepared in their reporting currencies, Guatemalan Quetzales (GTQ) and Canadian Dollars (CAD), respectively. However, the functional currency of both entities is the United States Dollar (USD) as they are considered direct and integral components of CoEd's operations. During consolidation, assets and liabilities are converted into USD at exchange rates in effect at the end of the year and revenues and expenses are converted at average exchange rates in effect throughout each quarter during quarterly fiscal closing procedures. Transaction 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.

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.

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. CoEd 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.

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Event Evaluation

CoEd has evaluated subsequent events through August 13, 2026, which is the date the consolidated financial statements were available to be issued.

NOTE 2 AGREEMENT WITH SISTERS OF THE PRECIOUS BLOOD

On March 17, 2025, CoEd entered into an agreement with Sisters of the Precious Blood to ensure the continuation of the work of two educational institutions established in Guatemala named Casa Sofia and Centro de Formación Multiple (CFM). Effective May 1, 2025, CoEd assumed full responsibility for these educational institutions and began overseeing the construction and renovation of both properties. In return, Sisters of the Precious Blood committed to paying CoEd a total of \$10,500,000 over the next five years to establish the Precious Blood Sisters Women's Scholarship Fund and \$2,802,356 to fund operations and construction of the educational institutions. CoEd received \$2,865,854 during 2025 and the remaining balance is included in pledged and grants receivable, net of the associated discount. These amounts and other contributions received with donor restrictions to support the construction and operation of Casa Sofia and CFM are classified accordingly in the schedule of net assets with donor restrictions included in Note 12.

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	2025	2024
Financial assets at year end:		
Cash and cash equivalents	\$ 2,402,604	\$ 1,786,846
Certificates of deposit	635,992	611,864
Pledges and grants receivable	9,741,537	313,849
Investments	3,137,172	738,610
Revolving fund asset	2,234,604	1,838,756
Total financial assets	18,151,909	5,289,925
Less amounts not available to be used within one year:		
Net assets restricted for Women's Scholarship Fund	(9,756,026)	-
Net assets restricted for Casa Sofia and CFM	(3,460,355)	-
Other non-current pledges and grants receivable	(14,400)	(26,900)
Investments restricted for other programs	(83,721)	(49,725)
Revolving fund liability	(1,201,049)	(1,189,479)
Rotary global grant agency funds	(43,239)	(84,005)
Financial assets available to meet general expenditures within one year	<u>\$ 3,593,119</u>	<u>\$ 3,939,816</u>

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

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 8, 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 4 PLEDGES AND GRANTS RECEIVABLE

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

	2025	2024
Due within one year	\$ 2,800,688	\$ 286,949
Due in one to five years	7,866,649	26,900
	10,667,337	313,849
Less discount applied	(925,800)	-
	<u>\$ 9,741,537</u>	<u>\$ 313,849</u>

CoEd utilized discount rates ranging from 3.75% to 3.98% to calculate the net present value of long-term pledges receivable as of December 31, 2025. No allowance for uncollectable pledges and grants receivable as of December 31, 2025 and 2024.

NOTE 5 INVESTMENTS AND OTHER FAIR VALUE MEASUREMENTS

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

	2025	2024
Level 1		
Fixed income mutual funds	\$ 431,698	\$ 263,829
Equity exchange traded funds	1,780,311	467,016
Level 2		
Money market mutual funds	925,163	7,765
Total investments	<u>\$ 3,137,172</u>	<u>\$ 738,610</u>
Level 3		
Beneficial interest in trust	<u>\$ 73,346</u>	<u>\$ 70,125</u>

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 5 INVESTMENTS AND OTHER FAIR VALUE MEASUREMENTS (CONTINUED)

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

	2025	2024
Level 2		
Money market funds and depository accounts	\$ 2,234,604	\$ 1,838,756

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.

Assets valued using Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value. Fair value for the beneficial interest in trust is determined by the fair values of the trust investments as reported by the trustees.

The following table is a reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Balance, December 31, 2023	\$ 68,710
Change in value	1,415
Balance, December 31, 2024	70,125
Change in value	3,221
Balance, December 31, 2025	\$ 73,346

NOTE 6 PROPERTY AND EQUIPMENT

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

	2025	2024
Buildings	\$ 560,000	\$ 560,000
Building improvements	590,591	554,085
Motor vehicles	320,619	320,619
Land and land improvements	302,584	302,584
Office furniture and equipment	113,395	113,395
Less accumulated depreciation	(701,074)	(655,925)
	<u>\$ 1,186,115</u>	<u>\$ 1,194,758</u>

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 7 BENEFICIAL INTEREST IN TRUST

CoEd is a beneficiary under a charitable remainder unitrust administered by an outside party. Under the terms of the trust, CoEd has an irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in the trust. The estimated value of expected future cash flows is \$73,346 and \$70,125, which represents the fair value of CoEd's portion of the trust assets at December 31, 2025 and 2024, respectively. CoEd's portion of the income was \$3,221 and \$1,415 in 2025 and 2024, respectively.

NOTE 8 LINE OF CREDIT

CoEd has a \$100,000 line of credit with a maturity date of August 26, 2026 and is collateralized by their investment account and a pledge agreement with the bank. Interest accrues at the prime rate, plus .52% (7.27% at December 31, 2025) and is payable monthly. As of December 31, 2025 and 2024 no amounts were borrowed against this line.

NOTE 9 ACCRUED EMPLOYEE BENEFITS

Accrued employee benefits of \$698,706 and \$624,904 as of December 31, 2025 and 2024, respectively, consisted of government mandated employee benefits of Asociación COED employees. These balances are included in accounts payable and accrued expenses on the consolidated statements of financial position.

NOTE 10 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, 2025 and 2024 was \$43,239 and \$84,005, respectively.

NOTE 11 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, 2025 and 2024, the balance of the revolving fund liability was \$1,201,049 and \$1,189,479, respectively, which was off-set by the revolving fund asset balance of \$2,234,604 and \$1,838,756, respectively.

During 2023, Asociación COED determined a portion of the revolving fund liability was no longer owed to schools that dropped out of the covered programs prior to 2019. As such, Cooperative for Education's revolving fund liability balance of \$469,572 as of December 31, 2022 was released and the funds were transferred to Asociación COED in two installments: \$396,774 was transferred during 2023 and \$72,798 was transferred subsequent to year end. Cooperative for Education recognized a gain on the release of the revolving fund liability in the statement of activities for the year ended December 31, 2023, and the transfer to Asociación COED was eliminated upon consolidation.

COOPERATIVE FOR EDUCATION AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Restricted as to purpose:		
Precious Blood Sisters Women's Scholarship Fund	\$ 9,756,026	\$ -
Construction and operation of Casa Sofia and CFM	3,460,355	70,000
Spark program	20,000	353,939
Rise program	5,000	72,000
Other programs	83,722	68,705
Restricted for use in subsequent years	271,181	116,700
	<u>\$ 13,596,284</u>	<u>\$ 681,344</u>

NOTE 13 RELATED PARTY TRANSACTIONS

During 2025 and 2024, CoEd received professional services from a relative of a corporate officer, a business where a board member is a shareholder, and spouses of board members. Total amounts paid to these related parties in 2025 and 2024 was \$111,500 and \$107,725, respectively. As of both December 31, 2025 and 2024, CoEd owed these related parties \$5,775 for both years. 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. Employer contributions to the Plan were \$19,126 and \$15,814 in 2025 and 2024, respectively.

NOTE 15 CONCENTRATIONS

GAAP requires disclosure of current vulnerabilities due to certain concentrations. During the year ended December 31, 2025, approximately 79% of total support and revenue was received from one funding source. Pledges receivable due from this funding source amounted to approximately 98% of total pledges receivable at December 31, 2025. No concentration risk has been reported in prior years. The Organization's relationship with this funding source has continued into 2026 and management does not expect to incur any losses related to this funding source.

NOTE 16 RISKS AND UNCERTAINTIES

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 consolidated statement of financial position at 2025. 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.