

EDUCATION DEVELOPMENT GROUP, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

EDUCATION DEVELOPMENT GROUP, INC.
FOR THE YEAR ENDED DECEMBER 31, 2016

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Independent Accountant’s Review Report

To the Board of Directors
Education Development Group, Inc.
Boston, MA

We have reviewed the accompanying financial statements of Education Development Group, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management’s Responsibility for the Financial Statements

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

Accountant’s Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant’s Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Cohen + Associates, LLC

Certified Public Accountants
September 30, 2017

EDUCATION DEVELOPMENT GROUP, INC.
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2016

ASSETS

Current assets:	
Cash and cash equivalents	\$ <u>51,844</u>
	<u>51,844</u>
Property and equipment:	
Furniture and school equipment	61,714
Less: Accumulated depreciation	<u>(61,714)</u>
	<u>0</u>
TOTAL ASSETS	\$ <u><u>51,844</u></u>

LIABILITIES AND NET ASSETS (DEFICIENCY)

Current liabilities:	
Credit card payable	\$ 14,400
Deposits payable	744
	<u>15,144</u>
Net assets (deficiency):	
Unrestricted	(56,166)
Temporarily restricted	92,866
	<u>36,700</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)	\$ <u><u>51,844</u></u>

See independent accountant's review report and notes to financial statements.

EDUCATION DEVELOPMENT GROUP, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 11,733	\$ 239,649	\$ 251,382
Program revenue	8,545	0	8,545
Investment income	37	0	37
Net assets released from satisfaction of program restrictions	<u>166,700</u>	<u>(166,700)</u>	<u>0</u>
	<u>187,015</u>	<u>72,949</u>	<u>259,964</u>
Expenses:			
Program services	180,769	0	180,769
Administration	43,917	0	43,917
Fundraising	<u>3,675</u>	<u>0</u>	<u>3,675</u>
	<u>228,361</u>	<u>0</u>	<u>228,361</u>
Changes in net assets	(41,346)	72,949	31,603
Net assets beginning of year	<u>(14,820)</u>	<u>19,917</u>	<u>5,097</u>
Net assets end of year	<u>\$ (56,166)</u>	<u>\$ 92,866</u>	<u>\$ 36,700</u>

See independent accountant's review report and notes to financial statements.

EDUCATION DEVELOPMENT GROUP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>Program services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Personnel:				
Salaries and wages	\$ 108,442	\$ 25,200	\$ 0	\$ 133,642
Benefits	5,313	2,804	0	8,117
Payroll taxes	12,957	2,271	0	15,228
	<u>126,712</u>	<u>30,275</u>	<u>0</u>	<u>156,987</u>
Occupancy:				
Rent	<u>32,426</u>	<u>5,877</u>	<u>0</u>	<u>38,303</u>
Operational:				
Advertising	563	0	0	563
Contract labor	10,972	2,100	0	13,072
Events	285	0	3,675	3,960
Insurance	605	151	0	756
Miscellaneous	101	25	0	126
Postage and shipping	0	176	0	176
Printing and publications	1,064	0	0	1,064
Professional fees	899	415	0	1,314
Supplies	2,882	910	0	3,792
Telephone	0	2,923	0	2,923
Travel	2,300	575	0	2,875
Utilities	1,960	490	0	2,450
	<u>21,631</u>	<u>7,765</u>	<u>3,675</u>	<u>33,071</u>
Total expenses	<u>\$ 180,769</u>	<u>\$ 43,917</u>	<u>\$ 3,675</u>	<u>\$ 228,361</u>

See independent accountant's review report and notes to financial statements.

EDUCATION DEVELOPMENT GROUP, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ 31,603
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase (decrease) in liabilities:	
Credit card payable	14,400
Deposits Payable	<u>(156)</u>
Net cash applied to operating activities	<u>45,847</u>
Net increase in cash	45,847
Cash, beginning of year	<u>5,997</u>
Cash, end of year	<u><u>\$ 51,844</u></u>

See independent accountant's review report and notes to financial statements.

EDUCATION DEVELOPMENT GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. Nature of activities:

The Education Development Group (the "Organization"), a not-for-profit corporation located in Boston, Massachusetts, was formed in May 1991 under the laws of the Commonwealth of Massachusetts. The mission of the Organization is to prepare new immigrants for success by providing them with the language skills and cultural awareness needed to access educational and employment opportunities. The Organization operates exclusively for charitable and educational purposes.

2. Summary of significant accounting policies:

Financial statement presentation:

The financial statements of the Organization have been prepared on the accrual method of accounting. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claims for receipt, and liabilities are recorded when the obligation is incurred.

The Organization's net assets and change in net assets are required to be reported into three classes: unrestricted, temporarily restricted and permanently restricted, according to externally (donor) imposed restriction:

Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations and include all revenues and expenses associated with the principal mission of the Organization. The Board of Directors has discretionary control over all of these assets. The Board may elect to designate such resources for specific purposes. This designation may be removed at the Board's direction.

Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditures or other use of contributed funds. Temporary restrictions may expire either because of the passage of time or because certain actions are taken which fulfill the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be retained permanently to use or expend part or all of the economic benefits derived from the donated assets. Investment income may be either an unrestricted or temporarily restricted resource when earned, determined according to the gift instrument.

EDUCATION DEVELOPMENT GROUP, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

2. Summary of significant accounting policies (continued):

Financial statement presentation (continued):

The Organization currently has no net assets reportable as permanently restricted net assets.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Organization considers all short-term debt securities purchased with a maturity of three months or less, when purchased, to be cash equivalents.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits and its cash equivalents in uninsured money market mutual funds. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on such accounts.

Property and equipment:

The Organization capitalizes expenditures for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy in which all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support and are released from restrictions when the property is placed in service. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

EDUCATION DEVELOPMENT GROUP, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

2. Summary of significant accounting policies (continued):

Property and equipment (continued):

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method.

The useful lives of property and equipment for purposes of computing depreciation are:

Furniture and school equipment	3 – 5 years
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At December 31, 2015, the assets were fully depreciated.

Recognition of donor restrictions:

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. Contributions and pledges intended for use in future periods are recorded as temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions, gifts and grants:

The Organization records contributions, gifts and grants as receivables and revenues. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions are recorded as revenue when the pledge is verified or received. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributors are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Contributions of assets other than cash are recorded at their fair value, and as of the date of the gift. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

EDUCATION DEVELOPMENT GROUP, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

2. Summary of significant accounting policies (continued):

Contributions, gifts and grants (continued):

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, as provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization also receives services from volunteers who give their time to the Organization's programming, administrative and fundraising efforts but which do not meet the criteria for financial statement recognition.

The Organization received approximately 74% of its contributions from three contributors in 2016.

Taxes:

The Organization is a tax-exempt entity, qualifying under section 501(c)(3) of the Internal Revenue Code. The tax-exempt status qualifies for both federal and state taxing authorities. The Organization has not taken any tax positions which would be classified as uncertain. The Organization files returns of organizations exempt from income tax with U.S. and Massachusetts jurisdictions. The years 2014 through 2016 are open years for these jurisdictions.

Advertising:

The Organization expenses advertising costs as incurred.

Functional expenses:

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

3. Investments:

The following schedule summarizes the investment return in the statement of activities:

Interest income	\$ 37
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EDUCATION DEVELOPMENT GROUP, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

4. Restrictions on net assets:

Temporarily restricted net assets are available for the following purposes:

Education expenses	\$ 57,500
Capital improvements	<u>35,366</u>
	<u>\$ 92,866</u>

5. Fair value of financial instruments:

The Organization's significant financial instruments are cash and cash equivalents. Management believes that the carrying values of the instruments approximate fair value.

6. Fundraising events:

In 2016, the Organization held one fundraising event for a total cost of \$3,960.

7. Net assets released from restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose of restriction accomplished:

Education expenses	\$ <u>166,700</u>
Total restrictions released	\$ <u>166,700</u>

During 2016, the Organization received releases from donors and reclassified \$146,783 and \$19,917, respectively, of the net assets restricted for specific program restrictions to unrestricted assets.

EDUCATION DEVELOPMENT GROUP, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

8. Lease:

The Organization leases its office space and classrooms in two different locations in Boston, Massachusetts. Both leases are under short-term arrangements. Rent expense during 2016 totaled \$38,303.

9. Compensated absences:

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Company's policy is to recognize these costs when actually paid.

10. Subsequent events:

The Organization has evaluated subsequent events through September 30, 2017, the date on which the financial statements were available to be issued. Management believes that there were no events, other than those already disclosed, that met the criteria for recognition or disclosure in the financial statements.