

**FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2017**

# EDUCATE!

## CONTENTS

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2018, with Summarized Financial Information for 2017	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2018, with Summarized Financial Information for 2017	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2018, with Summarized Financial Information for 2017	6 - 7
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2018, with Summarized Financial Information for 2017	8
NOTES TO FINANCIAL STATEMENTS	9 - 15

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Educate!  
Denver, Colorado

We have audited the accompanying financial statements of Educate!, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Educate! as of December 31, 2018, and the change 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.

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### **Report on Summarized Comparative Information**

We have previously audited Educate!'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gelman Rosenberg & Friedman*

July 10, 2019

## EDUCATE!

**STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,438,254	\$ 2,301,465
Grants receivable	2,205,353	1,779,543
Accounts receivable	18,783	8,436
Prepaid expenses and other current assets	<u>28,603</u>	<u>32,343</u>
Total current assets	<u>4,690,993</u>	<u>4,121,787</u>
<b>OTHER ASSETS</b>		
Grants receivable, net of current portion	<u>734,597</u>	<u>404,399</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,425,590</u></b>	<b><u>\$ 4,526,186</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ <u>92,888</u>	\$ <u>135,969</u>
<b>NET ASSETS</b>		
Without donor restrictions	2,998,086	1,985,947
With donor restrictions	<u>2,334,616</u>	<u>2,404,270</u>
Total net assets	<u>5,332,702</u>	<u>4,390,217</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 5,425,590</u></b>	<b><u>\$ 4,526,186</u></b>

## EDUCATE!

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE</b>				
Grants	\$ 1,174,542	\$ 4,409,590	\$ 5,584,132	\$ 4,701,796
Contributions	235,549	-	235,549	249,451
Program fees and other income	43,002	-	43,002	33,138
Contracts	-	-	-	11,887
Interest income	1,787	-	1,787	1,807
Net assets released from donor restrictions	<u>4,479,244</u>	<u>(4,479,244)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>5,934,124</u>	<u>(69,654)</u>	<u>5,864,470</u>	<u>4,998,079</u>
<b>EXPENSES</b>				
Program Services	<u>4,454,910</u>	<u>-</u>	<u>4,454,910</u>	<u>3,447,233</u>
Supporting Services:				
General and Administrative	190,894	-	190,894	168,987
Fundraising	<u>327,811</u>	<u>-</u>	<u>327,811</u>	<u>317,108</u>
Total supporting services	<u>518,705</u>	<u>-</u>	<u>518,705</u>	<u>486,095</u>
Total expenses	<u>4,973,615</u>	<u>-</u>	<u>4,973,615</u>	<u>3,933,328</u>
Change in net assets before other items	960,509	(69,654)	890,855	1,064,751
<b>OTHER ITEMS</b>				
Currency conversion gain (loss)	51,630	-	51,630	(35,236)
Loss from use of mobile money platform	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,294)</u>
Change in net assets	1,012,139	(69,654)	942,485	1,011,221
Net assets at beginning of year	<u>1,985,947</u>	<u>2,404,270</u>	<u>4,390,217</u>	<u>3,378,996</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 2,998,086</u></b>	<b><u>\$ 2,334,616</u></b>	<b><u>\$ 5,332,702</u></b>	<b><u>\$ 4,390,217</u></b>

**EDUCATE!**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<b>2018</b>					
	<b>Program Services</b>					
	<b>E! Experience</b>	<b>Educate! Rwanda</b>	<b>Educate! Kenya</b>	<b>M&amp;E and Scale</b>	<b>National Program</b>	<b>Youth Business Experience</b>
Salaries, benefits and payroll taxes	\$ 851,769	\$ 647,302	\$ 535,524	\$ 205,646	\$ 160,556	\$ 41,435
Conferences, meetings and travel	396,316	341,910	244,810	21,315	21,428	49,759
Contract services	43,991	88,267	49,406	138,257	9,532	6,016
Grants	2,550	26,674	13,455	33	25	81,218
Materials, equipment and supplies	27,691	17,646	21,144	6,091	2,772	7,190
Occupancy expenses	30,165	16,221	15,588	6,137	5,215	1,888
Printing and stationery	59,627	11,147	18,169	4,353	1,727	146
Telephone and telecomm	28,419	15,960	7,666	7,854	4,474	687
Other expenses	34,814	10,557	6,873	13,842	5,931	5,016
<b>TOTAL</b>	<b>\$ 1,475,342</b>	<b>\$ 1,175,684</b>	<b>\$ 912,635</b>	<b>\$ 403,528</b>	<b>\$ 211,660</b>	<b>\$ 193,355</b>

2017

Supporting Services								
Innovation	External Relations	Scholarships	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
\$ 25,915	\$ 9,907	\$ 5,800	\$ 2,483,854	\$ 69,984	\$ 253,236	\$ 323,220	\$ 2,807,074	\$ 2,217,602
4,608	3,624	294	1,084,064	744	29,913	30,657	1,114,721	595,856
885	6,035	147	342,536	79,345	33,686	113,031	455,567	418,037
14	1	15,308	139,278	-	-	-	139,278	365,380
551	195	114	83,394	81	1,441	1,522	84,916	85,002
1,241	474	278	77,207	29,349	-	29,349	106,556	100,503
613	115	67	95,964	1,474	3,451	4,925	100,889	58,145
1,150	330	173	66,713	600	1,693	2,293	69,006	51,051
650	4,099	118	81,900	9,317	4,391	13,708	95,608	41,752
<b>\$ 35,627</b>	<b>\$ 24,780</b>	<b>\$ 22,299</b>	<b>\$ 4,454,910</b>	<b>\$ 190,894</b>	<b>\$ 327,811</b>	<b>\$ 518,705</b>	<b>\$ 4,973,615</b>	<b>\$ 3,933,328</b>

See accompanying notes to financial statements.



## EDUCATE!

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 942,485	\$ 1,011,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in discount on non-current grants receivable	22,205	18,198
(Increase) decrease in:		
Grants receivable	(778,213)	(438,352)
Accounts receivable	(10,347)	24,223
Advances	-	34,676
Prepaid expenses and other current assets	3,740	14,932
(Decrease) increase in:		
Accounts payable and accrued expenses	<u>(43,081)</u>	<u>8,174</u>
Net cash provided by operating activities	<u>136,789</u>	<u>673,072</u>
Net increase in cash and cash equivalents	136,789	673,072
Cash and cash equivalents at beginning of year	<u>2,301,465</u>	<u>1,628,393</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,438,254</u></b>	<b><u>\$ 2,301,465</u></b>

## EDUCATE!

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

Educate! is a non-profit organization, which is incorporated in the State of Colorado and maintains its U.S. headquarters in Denver, Colorado. Educate!'s mission is to develop young leaders and entrepreneurs in Africa. Educate! delivers to 16-20 year old youth within Ugandan and Rwandan schools a practical and relevant model of education, comprised of a leadership and entrepreneurship course, interactive teaching, intensive mentorship, experience starting an enterprise, and access to out of school networks and resources. Through advocacy and direct service in schools, Educate! is working to get this model to be part of the education system.

Educate! is funded from a mix of public donations and foundation grants.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted for the year ended December 31, 2018 and applied retrospectively.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Educate!'s financial statements for the year ended December 31, 2017, from which the summarized information was derived.

##### Cash and cash equivalents -

Educate! considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Educate! maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

As of December 31, 2018, Educate! had \$143,238 of cash and cash equivalents held at financial institutions in foreign countries. The majority of funds held in foreign countries are uninsured.

##### Receivables -

Grants and accounts receivable are recorded at their net realizable value, which approximates fair value. Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

## EDUCATE!

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. There was no depreciation expense for the year ended December 31, 2018.

##### Income taxes -

Educate! is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Beginning January 1, 2018, it is subject to unrelated business income taxes on qualified transportation fringe benefits provided to its employees. Educate! did not provide any qualified transportation fringe benefits for the year ended December 31, 2018. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Educate! is not a private foundation.

##### Uncertain tax positions -

For the year ended December 31, 2018, Educate! has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

##### Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

## EDUCATE!

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Contributions and grants -

Contributions and grants received are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restriction in the accompanying financial statements.

Educate! receives funding under contracts from organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs.

Accordingly, such contracts are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the agreements.

##### Foreign currency translation -

The United States dollar (Dollars) is the functional currency for Educate! operations. Transactions in currencies other than U.S. Dollars are translated into Dollars at the historical rate of exchange during the month of the transaction. All assets and liabilities denominated in currencies other than U.S. Dollars currency are translated into Dollars at the exchange rate in effect at the date of the Statement of Financial Position.

##### Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Educate! are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

##### Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes.

## EDUCATE!

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Reclassification (continued) -

Net assets previously classified as of December 31, 2017 as unrestricted net assets in the amount of \$1,985,947 are now classified as without donor restrictions. Net assets previously classified as temporarily restricted net assets in the amount of \$2,404,270 are now classified as net assets with donor restrictions.

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. Educate! has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. Educate! has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

Educate! plans to adopt the new ASUs at the respective required implementation dates.

#### 2. GRANTS RECEIVABLE

As of December 31, 2018, contributors to Educate! have made written promises to give totaling \$2,980,353. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 5.5%.

## EDUCATE!

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 2. GRANTS RECEIVABLE (Continued)

Grants are due as follows as of December 31, 2018:

Less than one year	\$ 2,205,353
One to five years	<u>775,000</u>
Total	2,980,353
Less: Allowance to discount balance to present value	<u>(40,403)</u>
<b>GRANTS RECEIVABLE</b>	<b><u>\$ 2,939,950</u></b>

#### 3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2018:

Subject to expenditure for specified purpose:	
Youth Business Experience	\$ 55,985
Educate! Kenya	376,197
Subject to passage of time:	
Time Restricted	<u>1,902,434</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 2,334,616</u></b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

E! Experience	\$ 1,283,521
Educate! Rwanda	899,177
Educate! Kenya	822,945
M&E and Scale	85,971
Youth Business Experience	193,355
Passage of Time	<u>1,194,275</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 4,479,244</u></b>

#### 4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following at December 31, 2018:

Cash and cash equivalents	\$ 2,438,254
Grants receivable	2,939,950
Accounts receivable	<u>18,783</u>
Subtotal financial assets available within one year	5,396,987
Less: Donor restricted funds	<u>(1,016,881)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 4,380,106</u></b>

# EDUCATE!

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 4. LIQUIDITY AND AVAILABILITY (Continued)

Educate! is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Educate! must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Educate!'s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of December 31, 2018, Educate! has financial assets equal to approximately 1 year of operating expenses.

### 5. COMMITMENT

In March 2018, Educate! signed an agreement with the IKEA Foundation, under reference number RG-1610-00772, for the project Catalytic Education Reforms in Kenya. The total financial commitment under this award is \$4,170,000, of which \$1,084,200 was received and recognized as donor restricted revenue during the year ending December 31, 2018. The remaining commitment of \$3,085,800 is subject to the condition of approval of the progress reports by IKEA Foundation and therefore has not been recorded as revenue in the accompanying financial statements. During the year ended December 31, 2018, Educate! had total expenditures for this project of \$708,003 and therefore has been released from donor restrictions.

### 6. LEASE COMMITMENTS

Educate! leases two office spaces in Uganda. The first lease was under a three-year agreement which originated in October 2013. Base rent is \$1,200 per month, increasing by a factor of 10% annually, plus a proportionate share of expenses. In 2016, the lease was extended for another three years, expiring in October 2019. Under the extended lease, base rent is \$1,620 per month, increasing by a factor of 10% annually. The second lease was under a one year agreement which originated in January 2016 subject to annual extension. The lease was extended until January 2020. Base rent is 2,460,000 Ugandan Shilling per month.

Educate! also leases an office space in Rwanda under a two-year agreement which originated in January 2016 subject to annual extension. The lease had been amended twice, extending the lease through December 31, 2019 with current base rent of \$1,200 per month.

Educate! also leases an office space in Kenya under a two-year agreement which originated in January 2017. Base rent was \$1,200 in 2017 and \$1,800 in 2018. In 2019, Educate! entered a new office lease agreement in Kenya commencing March 1, 2019 for a two year period with a base rent of 348,000 Kenya Shillings per month.

Lastly, Educate! maintains offices in New York, Colorado and Massachusetts with rent on a year-to-year basis.

The following is a schedule of the future minimum lease payments:

#### Year Ending December 31,

2019	\$	112,913
2020		60,800
2021		<u>6,873</u>
	\$	<u>180,586</u>

Occupancy expenses, including utilities, for the year ended December 31, 2018 were \$106,556.

## **EDUCATE!**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

#### **7. CONTINGENCY**

Lawsuits and other contingent liabilities arise in the ordinary course of the Educate!'s activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on the Educate!'s financial statements.

#### **8. SUBSEQUENT EVENTS**

In preparing these financial statements, Educate! has evaluated events and transactions for potential recognition or disclosure through July 10, 2019, the date the financial statements were issued.