

Audit Report on Financial Statements  
issued by an Independent Auditor

FUNDACIÓN EDUCACIÓN Y COOPERACIÓN  
Financial Statements for the year ended  
December 31, 2019



## **AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Trustees of Fundación Educación y Cooperación:

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### **Opinion**

We have audited the financial statements of Fundación Educación y Cooperación, (the Foundation), which comprise the balance sheet as at December 31, 2019, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Foundation as at December 31, 2019 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

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### **Basis for Opinion**

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Foundation in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

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## Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the financial statements of the current period. These risks were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

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### *Compliance of the destiny of monetary and non-monetary aids*

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**Description** At December 31, 2019 the Foundation has recorded under the caption "Income from activities", mainly the income coming from the Foundation partners' and sponsors' periodical donations, income coming from promotions, associates, grants and legacies by an aggregate amount of 31,115 thousand euros. Moreover, as pointed out in the Note 18 of the accompanying financial statements, the Foundation has devoted 32,225 thousand euros to its foundational aims, of which, as disclosed in the Note 17.5, 14,516 thousand euros correspond to aids conceded to the entities that will carry out the projects in which the Foundation participates and which are recorded under the caption "Aid awarded and other costs". The accrual and recording of those income and expenses constitute a key audit issue, as well as the destiny of the contributions to the aims established in the activity of the Foundation. For these reasons we have considered this area as of the most relevant audit issues.

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#### **Our**

#### **response**

Our main audit procedures consisted, among others, in:

- ▶ Analysis of the procedures performed by the Foundation in the recognition of "Income from activities".
- ▶ Internal control review procedures established by the Foundation in order to analyze the destiny of the contributions to individual projects.
- ▶ Substantive-test procedures related to the verification of the documentation of the expenses incurred.
- ▶ Analytical review of the main involved accounts.
- ▶ Reconciliation of the income of the Foundation with the aids received in the main recipient countries.
- ▶ Bank confirmation of all the banks, both in the headquarters and rest of international branches.
- ▶ Review of all the bank reconciliations at year end.

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### *Financial investments valuation*

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**Description** As indicated in Note 11 of the accompanying financial statements, at December 31, 2019, the Foundation has recorded, under the caption of "Long term financial investments", equity instruments, debt securities and other financial assets by 45,839 thousand euros and under the caption "Short term financial investments", debt securities and other financial assets by 6,471 thousand euros. Given the significance that the involved amounts have on the overall assets figure, financial investments valuation has been considered as one of the most relevant audit issues.

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**Our****response**

Our main audit procedures consisted, among others, in:

- ▶ Reviewing the procedures performed by the Foundation in the valuation of financial investments.
- ▶ Internal control procedures on a random sample of acquisitions and disposals occurred during the year.
- ▶ Verification, at year end, of the valuation of all the associated financial instruments, mainly by inspecting the bank confirmations and, in which case, by checking the information delivered by recognized suppliers of financial information.

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**Emphasis of matter**

We draw attention to Note 22 of the accompanying financial statements, which describe the impact on the Foundation of the recent global health emergency created by the coronavirus (COVID-19). The trustees consider that it is premature to perform a detailed assessment of the impacts on the Foundation, that, in which case, will be recorded prospectively in the annual accounts of year 2020. Our opinion is not modified in respect of this matter.

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**Responsibilities of the trustees for the financial statements**

The trustees are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Foundation, in accordance with the regulatory framework for financial information applicable to the Foundation in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- ▶ 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 the Foundation's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- ▶ Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of the Foundation regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the audit committee of the Foundation, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

ERNST & YOUNG, S.L.  
(Signature on the original in Spanish)

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Cristina Urgellés Calvet

July 6, 2020

# FUNDACIÓN EDUCACIÓN Y COOPERACIÓN

## **FINANCIAL STATEMENTS YEAR 2019**

Register of Foundations of the Generalitat de Catalunya nº 790  
CIF: G60541554

*Translation of financial statements originally issued in Spanish.  
In the event of discrepancy, the Spanish-language version prevails*

FUNDACIÓN EDUCACIÓN Y COOPERACIÓN (EDUCO)  
**Balance Sheet at December 31, 2019 and 2018**

<b>ASSETS</b> (in thousands of euros)	Notes to the Financial Statements	<b>FINANCIAL YEAR 2019</b>	<b>FINANCIAL YEAR 2018</b>
<b>NON-CURRENT ASSETS</b>		<b>56,945</b>	<b>66,613</b>
<b>Intangible assets</b>	<b>6</b>	<b>397</b>	<b>545</b>
Software		397	545
<b>Property, plant and equipment</b>	<b>7</b>	<b>9,901</b>	<b>10,183</b>
Land and natural assets		2,495	2,481
Buildings and constructions		6,112	6,345
Plants		119	143
Other fixtures and tools		112	113
Furniture		133	134
Hardware		366	389
Vehicles		492	549
Other tangible assets		31	29
Advances		41	-
<b>Investment property</b>	<b>8</b>	<b>808</b>	<b>582</b>
Land and natural assets		51	24
Buildings and constructions		757	558
<b>L/T financial investments</b>		<b>45,839</b>	<b>55,303</b>
Equity instruments	11.1	4,905	6,150
L/T debt securities	11.2	40,835	45,729
Other financial assets	11.3	99	3,424
<b>CURRENT ASSETS</b>		<b>26,004</b>	<b>18,179</b>
<b>Inventory</b>	<b>10</b>	<b>44</b>	<b>62</b>
Goods intended for the activities		42	36
Advances		2	26
<b>Credits for users, sponsors and debtors for operations related to the activities and other receivables</b>		<b>12,295</b>	<b>10,400</b>
Users and debtors for sales and services		36	-
Sponsors	11.4	6,072	3,894
Other receivables		301	124
Staff		101	64
Other receivables from Public Administrations	16.4	5,785	6,318
<b>S/T Investments in group entities and associates</b>		<b>-</b>	<b>11</b>
Other financial assets	19.1	-	11
<b>S/T financial investments</b>		<b>6,471</b>	<b>2,473</b>
Debt securities	11.2	3,134	2,462
Other financial assets	11.3	3,337	11
<b>S/T prepaid expenses</b>		<b>18</b>	<b>16</b>
<b>Cash and cash equivalents</b>		<b>7,176</b>	<b>5,217</b>
Cash	11.5	7,176	5,217
<b>TOTAL ASSETS</b>		<b>82,949</b>	<b>84,792</b>

Barcelona, July 9, 2020

**Antoni Isac Aguilar**

President of the Board of Trustees

**Ferran Olmedo Cano**

Secretary and non-trustee

FUNDACIÓN EDUCACIÓN Y COOPERACIÓN (EDUCO)  
**Balance Sheet at December 31, 2019 and 2018**

EQUITY AND LIABILITIES (in thousands of euros)	Notes to the Financial Statements	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018
<b>EQUITY</b>		<b>61,600</b>	<b>66,243</b>
<b>CAPITAL AND RESERVES</b>		<b>61,277</b>	<b>65,954</b>
<b>Foundational fund</b>	14	<u>4,625</u>	<u>4,625</u>
Foundational fund	18	4,625	4,625
<b>Surplus from previous financial years</b>		<u>61,329</u>	<u>73,016</u>
Remainder / Carry forward losses		61,329	73,016
<b>Surplus for the financial year</b>	4	<u>(4,677)</u>	<u>(11,687)</u>
<b>ADJUSTMENTS FOR CHANGES IN VALUE</b>	15	<u>323</u>	<u>289</u>
<b>NON-CURRENT LIABILITIES</b>		<b>14,907</b>	<b>12,705</b>
<b>L/T provisions</b>		<u>652</u>	<u>745</u>
L/T pension liabilities for employee benefits	13	652	745
<b>L/T debts</b>		<u>14,255</u>	<u>11,960</u>
Other financial liabilities (Repayable grants and Deposits)	12.1	14,255	11,960
<b>CURRENT LIABILITIES</b>		<b>6,442</b>	<b>5,844</b>
<b>S/T debts</b>		<u>3,987</u>	<u>3,621</u>
Bank borrowings		14	18
Other financial liabilities (Repayable grants and Deposits)	12.1	3,973	3,603
<b>S/T debts with group entities and associates</b>		<u>-</u>	<u>9</u>
Current account with group entities and	19.1	-	9
<b>Creditors for activities and other accounts payable</b>		<u>2,279</u>	<u>2,213</u>
Other payables	12.2	1,812	1,778
Employee benefits payable		25	29
Other payables to Public Administrations	16.4	442	406
<b>S/T deferred income</b>		<u>176</u>	<u>1</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>82,949</b>	<b>84,792</b>

Barcelona, July 9, 2020

Antoni Isac Aguilar

President of the Board of Trustees

Ferran Olmedo Cano

Secretary and non-trustee



## FUNDACIÓN EDUCACIÓN Y COOPERACIÓN (EDUCO)

### Income Statement for the years ended December 31, 2019 and 2018

P&L - INCOME STATEMENT (in thousands of euros)	Notes to the Financial Statements	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018
<b>Income from activities</b>		<b>31,115</b>	<b>28,825</b>
Sales of educational material		3	2
Income from services		1,055	770
Income received periodically	17.1	22,289	23,047
Income from promotions, sponsors and associates	17.2	1,964	2,377
Official grants related to activities	17.3	19	6
Other grants, donations and legacies incorporated in the period	17.3	5,720	2,612
Donations and other income for activities	17.4	71	11
Refund of grants, donations and legacies received		(6)	-
<b>Aid awarded and other costs</b>		<b>(14,516)</b>	<b>(15,412)</b>
Aid awarded	17.5	(14,516)	(15,469)
Collaboration costs		-	(3)
Refund of aid awarded and other costs		-	60
<b>Changes in inventories of finished goods</b>		<b>1</b>	<b>1</b>
<b>Supplies</b>		<b>(4)</b>	<b>(5)</b>
Consumption of goods intended for the activities		(4)	(5)
<b>Other income from activities</b>		<b>120</b>	<b>33</b>
Lease income	8	88	32
Other operating income		32	1
<b>Personnel costs</b>	17.6	<b>(15,329)</b>	<b>(14,616)</b>
Wages, salaries and similar		(12,458)	(11,907)
Social security		(2,647)	(2,543)
Provisions		(224)	(166)
<b>Other operating costs</b>		<b>(9,295)</b>	<b>(9,175)</b>
<b>External services</b>		<b>(9,246)</b>	<b>(9,090)</b>
Rents and royalties	9	(686)	(620)
Repairs and maintenance		(565)	(573)
Independent professional services		(2,804)	(2,967)
Transport		(148)	(270)
Insurance premiums		(60)	(71)
Bank charges		(127)	(80)
Advertising, publicity and public relations		(1,604)	(1,895)
Utilities		(583)	(553)
Other services		(2,669)	(2,061)
<b>Taxes</b>		<b>(49)</b>	<b>(85)</b>
<b>Depreciation of fixed assets</b>	6, 7 and 8	<b>(899)</b>	<b>(958)</b>
<b>Impairment and gains (losses) on disposal of fixed assets</b>		<b>260</b>	<b>67</b>
Gains (losses) on disposal of fixed assets		260	67
<b>Other gains (losses)</b>	17.10	<b>55</b>	<b>(8)</b>
<b>OPERATING PROFIT/(LOSS)</b>		<b>(8,492)</b>	<b>(11,248)</b>
<b>Financial income</b>	17.7	<b>1,401</b>	<b>819</b>
From equity investments		767	194
In third parties		767	194
From trade securities and other financial instruments		634	625
From third parties		634	625
<b>Financial expenses</b>		<b>(2)</b>	<b>-</b>
<b>Changes in fair value of financial instruments</b>	17.8	<b>2,485</b>	<b>(1,441)</b>
<b>Exchange gains and losses</b>	15	<b>28</b>	<b>76</b>
<b>Impairment and gains (losses) on disposal of financial instruments</b>		<b>(97)</b>	<b>107</b>
Gains (losses) on disposal and other gains and losses	17.9	(97)	107
<b>FINANCIAL MARGIN</b>		<b>3,815</b>	<b>(439)</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(4,677)</b>	<b>(11,687)</b>
<b>Income Tax</b>	16.1	<b>-</b>	<b>-</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(4,677)</b>	<b>(11,687)</b>

Barcelona, July 9, 2020

Antoni Isac Aguilar

President of the Board of Trustees

Ferran Olmedo Cano

Secretary and non-trustee

# FUNDACIÓN EDUCACIÓN Y COOPERACIÓN (EDUCO)

## Statement of changes in equity for the years ended December 31, 2019 and 2018

STATEMENT OF RECOGNIZED INCOME AND EXPENSES (in thousands of euros)	Notes to the Financial Statements	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018
		4	(4.677)
Net profit / (loss)			
Total income and expenses recognized directly in equity			
Total transfers to Profit and Loss			
<b>TOTAL RECOGNIZED INCOME AND EXPENSES</b>		<b>(4.677)</b>	<b>(11.687)</b>

STATEMENT OF ALL CHANGES IN EQUITY (in thousands of euros)	Funds		Reserves	Surplus from previous year	Surplus pending application to statutory purposes	Remainder from financial year	Valuation adjustments	Grants, donations and legacies received	TOTAL
	Total	Pending payment							
<b>BALANCE, YEAR END 2017</b>	378	-	-	86.693	-	(9.430)	212	-	77.853
Adjustments for changes in accounting criteria 2017 and before	-	-	-	-	-	-	-	-	-
Adjustments to errors in 2017 and before (Note 2.8)	-	-	-	-	-	-	-	-	-
<b>ADJUSTED BALANCE START OF 2018</b>	378	-	-	86.693	-	(9.430)	212	-	77.853
Total recognized income and expenses	-	-	-	-	-	(11.687)	-	-	(11.687)
Equity operations	4.247	-	-	(4.247)	-	-	-	-	-
Increase in share or special capital (Note 18)	4.613	-	-	(4.613)	-	-	-	-	-
(-) Reduction in share or special capital (Note 18)	(366)	-	-	366	-	-	-	-	-
Conversion of financial liabilities to equity	-	-	-	-	-	-	-	-	-
Other contributions	-	-	-	-	-	-	-	-	-
Other changes to equity (Note 4)	-	-	-	(9.430)	-	9.430	77	-	77
<b>BALANCE, YEAR END 2018</b>	4.625	-	-	73.016	-	(11.687)	289	-	66.243
Adjustments for changes in accounting criteria 2018	-	-	-	-	-	-	-	-	-
Adjustments to errors in 2018 (Note 2.8)	-	-	-	-	-	-	-	-	-
<b>ADJUSTED BALANCE START OF 2019</b>	4.625	-	-	73.016	-	(11.687)	289	-	66.243
Total recognized income and expenses	-	-	-	-	-	(4.677)	-	-	(4.677)
Equity operations	-	-	-	-	-	-	-	-	-
Increase in share or special capital (Note 18)	-	-	-	-	-	-	-	-	-
(-) Reduction in share or special capital (Note 18)	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities to equity	-	-	-	-	-	-	-	-	-
Other contributions	-	-	-	-	-	-	-	-	-
Other changes to equity (Note 4)	-	-	-	(11.687)	-	11.687	34	-	34
<b>BALANCE, YEAR END 2019</b>	4.625	-	-	61.329	-	(4.677)	323	-	61.600

Barcelona, July 9, 2020

Antoni Isac Aguilar

President of the Board of Trustees

Ferran Olmedo Cano

Secretary and non-trustee

## FUNDACIÓN EDUCACIÓN Y COOPERACIÓN (EDUCO)

### Cash Flow Statement for the years ended December 31, 2019 and 2018

(in thousands of euros)

	Notes to the Financial Statements	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) before tax</b>	4	<b>(4,677)</b>	<b>(11,687)</b>
<b>Adjustments to profit/(loss)</b>		<b>(6,085)</b>	<b>(438)</b>
Depreciation of fixed assets (+)	6, 7 and 8	901	958
Changes in provisions (+/-)	13	169	169
Grants released to income (-)	12.1.1	(5,654)	(2,302)
Gains / (losses) on sales and disposals of fixed assets (+/-)		(97)	107
Financial income (-)	17.7	(1,401)	(819)
Exchange gains and losses (+/-)	15	(41)	8
Changes in fair value of financial instruments (+/-)	17.8	38	1,441
<b>Changes in working capital</b>		<b>(1,638)</b>	<b>(8,815)</b>
(Increase)/Decrease in Inventory		18	170
(Increase)/Decrease in debtors and other receivables		(1,895)	(8,827)
(Increase)/Decrease in other current assets		(2)	(13)
(Increase)/Decrease in creditors and other payables		66	(146)
Increase/(Decrease) in Other current liabilities		175	1
<b>Other cash flows from operating activities</b>		<b>13</b>	<b>857</b>
Dividends received (+)		13	-
Interest received (+)		-	857
<b>Cash flows from operating activities</b>		<b>(12,387)</b>	<b>(20,083)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>Payments on Investments (-)</b>		<b>(2,739)</b>	<b>(19,577)</b>
Intangible assets	6	(150)	(206)
Property, plant and equipment	7	(439)	(709)
Other financial assets	11.2 and 11.3	(2,090)	(18,662)
<b>Proceeds from disposals (+)</b>		<b>9,134</b>	<b>26,454</b>
Intangible assets	6	-	22
Property, plant and equipment	7	55	5
Investment properties	8	(20)	118
Other financial assets	11.2 and 11.3	9,099	26,309
<b>Cash flows from investment activities</b>		<b>6,395</b>	<b>6,877</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Proceeds from and payments on equity instruments</b>		<b>7,727</b>	<b>13,542</b>
Grants, donations and legacies received (+)	12.1.1	7,727	13,542
<b>Proceeds from and payments on Instruments from financial liabilities</b>		<b>258</b>	<b>(174)</b>
Issues		587	13
Debts with group companies and associates (+)	19.1	2	(2)
Other debts (+)	12.1.3	585	15
Repayment and amortization of:		(329)	(187)
Bank borrowings (-)		(4)	8
Debts with group companies and associates (-)		-	(3)
Other debts (-)	12.1.1, 12.1.3 and 13	(325)	(192)
<b>Cash flows from financing activities</b>		<b>7,985</b>	<b>13,368</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>		<b>(34)</b>	<b>(205)</b>
<b>NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS</b>		<b>1,959</b>	<b>(43)</b>
Cash and cash equivalents at the beginning of the financial year	11.5	5,217	5,260
Cash and cash equivalents at the end of the financial year		7,176	5,217

Barcelona, July 9, 2020

**Antoni Isac Aguilar**  
President of the Board of Trustees

**Ferran Olmedo Cano**  
Secretary and non-trustee

## FUNDACIÓN EDUCACIÓN Y COOPERACIÓN (EDUCO)

### ***Notes to the financial statements for the year ended December 31, 2019***

#### **1. THE FOUNDATION'S INCORPORATION AND ACTIVITIES**

EDUCACIÓN Y COOPERACIÓN hereafter "EDUCO" was registered as a private foundation on February 24, 1994 under the name Fundación Privada Intervida and changed it to its current name on April 28, 2014.

It is classified as a charitable welfare foundation and registered with the number 790 in the Register of Foundations of the Generalitat de Catalunya (Catalan Government), pursuant to Resolution of May 25, 1994 by the Department of Justice.

Since 2014 EDUCO has been a member of the ChildFund Alliance, which is comprised of 11 NGDOs that carry out child-centered cooperation projects (see Note 3.4).

Since January 12, 2001 EDUCO has been registered with number 363 in the Register of the Spanish Agency for International Development Cooperation (AECID) as a Non-Governmental Development Organization (NGDO) and in January 2018 it signed a Framework Partnership Agreement with DG ECHO - European Civil Protection and Humanitarian Aid Operations (the European Agency for Humanitarian Aid).

Additionally, in order to create synergies, build bridges and engage in continuing dialogue with the parties that share the common objective of children's wellbeing, EDUCO participates in several international organizations and local work groups. Among others, EDUCO is a member of Accountable Now, CHS Alliance (Core Humanitarian Standard), Keeping Children Safe, the UN Global Compact, The Global Partnership to End Violence against Children, NGO Voice (European Humanitarian NGOs), CIVICUS (global alliance of civil society organizations), CoNGO (Conference of NGOs in Consultative Relationship with the United Nations), Coordinadora de ONGD de España (CONGDE), Asociación Española de Fundraising (AEFr), and Plataforma de Infancia de España. Furthermore, EDUCO is accredited by the entity Fundación Lealtad for good governance, efficiency in the use of resources and consistency in the missionary purposes of its activity.

For legal purposes EDUCO is governed by Title III on Foundations of Law 4/2008 of April 24, from the third volume of the Civil Code of Catalonia, concerning legal entities, which came into effect on August 2, 2008; by Law 5/2001 of May 2 on Foundations by the Catalan Parliament (for all of that which is not repealed in the Law 4/2008 previously mentioned); and for fiscal purposes by Spanish Law 49/2002 of December 23, on the Tax Regime for non-Profit organizations and the fiscal incentives for patronage.

EDUCO has its registered office and tax address in Barcelona, Calle Guillem Tell, 47, and its Tax Identification Code (CIF in Spanish) is G60541554. EDUCO also maintains territorial representation offices in Madrid, Seville, A Coruña, Valencia and Bilbao.

Article 5 of EDUCO's Statutes establish that EDUCO is a non-profit entity, exempt from any lucrative or profit purpose, the equity, return and resources of which are permanently allocated to the fulfilment of the following general-interest purposes:

- Aid to the Third World.
- Aid, in all of its aspects and forms, to people and groups living in absolute or emerging marginalization and at risk of social exclusion and, in particular, actions aimed at providing education, training and protection to children and young people.
- Fight against poverty and inequality, encouraging individual or collective co-responsibility in activities that foster critical awareness and better perception of society's actual problems, boosting solidarity, active cooperation and volunteering.
- Fight against social exclusion and improvement in the living conditions of underprivileged people and groups, contributing to human development in all its aspects.
- Encourage economic and social human development allowing people to grow in an equal and sustainable manner, working to fight against and reduce vulnerability and social exclusion situations.
- Development cooperation and international solidarity in all fields, and the performance of any activity that encourages, achieves and improves them.
- Protect, encourage, support and finance with its own funds and those of third parties all types of educational, social welfare, sociocultural and research activities related to marginalized, vulnerable and underprivileged people and groups aimed at fixing their problems.
- Protect, encourage, support and finance with its own funds and those of third parties the work of other foundations, associations, legally recognized groups and individuals whose work serves a similar purpose to that of the Foundation.
- Humanitarian aid for emergencies in developing countries.
- Awareness-building about and education for the development of the people on whom the activities are focused, especially children and young people, in relation to solidarity and cooperation between peoples, working to create a more solidary and committed society.

EDUCO recognizes and defends human diversity as an essential value for social cohesion, peace and respect for people's dignity. It orients its activities towards greater justice in social agreements and towards the promotion of people's ability to exercise their freedom. It works for the common good, understood as the collective construction that we are all subject to and responsible for, promoting fair relationships of solidarity between places, people and culture, in defense of human dignity.

The aforementioned foundational aims are fulfilled through projects conducted by means of branches in several countries (see Note 3.1), either directly or through local independent entities which are highly regarded in their field of action. In the countries where EDUCO does not have direct presence, the foundation's aims are pursued through partner entities (see Note 3.3), related entities (see Note 3.4) or through other independent executing entities.

The cooperation projects run by EDUCO in 2019 have been carried out in the following 14 countries:

- America: Bolivia, Ecuador, El Salvador, Guatemala, and Nicaragua.
- Asia: Bangladesh, Cambodia, the Philippines, and India.
- Africa: Benin, Burkina Faso, Mali, and Senegal.
- Europe: Spain

In all countries we work with children and young people, and with adults of their environment, to promote fair and equal societies which guarantee the rights and wellbeing of children and young people, trying to achieve a world in which they fully enjoy their rights and a decent life. In 2019 EDUCO has worked on 114 projects, which have covered 4,706 schools and 5,713 communities, benefiting more than 817 thousand children and adolescents (50% of whom are boys) and engaging more than 916 thousand adults (43% of whom are men).

At the date of approval of these financial statements the Board of Trustees consists of:

- President: Antoni Isac Aguilar
- Vice-President: Inmaculada Barral Viñals
- Member: Juan Luis Gimeno Gómez-Lafuente.
- Member: Héctor Litvan Suquieni.
- Member: Anna M. Gibert Casasayas.
- Member: Marcos Mas Rauchwerk
- Secretary non-trustee: Ferran Olmedo Cano

The changes in the current composition of the Board of Trustees during the year 2019 until the date of approval of these financial statements have been as follows:

- Mr. Marcos Mas Rauchwerk resigned as secretary non-trustee and became a member of the Board of Trustees, and Mr. Ferran Olmedo Cano was appointed secretary non-trustee.
- Mr. Julio Molinero Valls resigned as president, and the member of the Board of Trustees Mr. Antoni Isac Aguilar was appointed the new president.
- Mr. José M. Faura Messa resigned as a member of the Board of Trustees.
- Ms. Gemma Molina Coral was appointed member of the Board of Trustees and subsequently resigned from her position.

## **2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

The figures shown in these financial statements are presented in thousands of euros, unless otherwise indicated.

### **2.1. True and fair view**

The financial statements have been prepared from the accounting records of EDUCO and its branches (see Note 3.1) and are presented in accordance with the *Accounting Plan for Foundations and Association subject to the Generalitat de Catalunya legislation*, approved by Decree 259/2008, of December 23, modified by Decree 125/2010 of September 10, and other prevailing accounting regulations, to give a true and fair view of the equity, financial position and results of EDUCO, and the cash flows incorporated into the cash flow statement.

EDUCO's financial statements present the figures for the activity in Spain together with the assets, liabilities and transactions carried out in the organization's branches overseas (see Note 3.1).

## 2.2. Accounting principles

The financial statements have been prepared in accordance with generally accepted accounting principles, following, among others, the going concern, accrual, uniformity, prudence, non-compensation and materiality principles.

## 2.3. Critical issues concerning the assessment of uncertainty

The preparation of the financial statements requires EDUCO to make certain estimates and judgments with regards to the future; these are evaluated continuously and based on historical experience and other factors, including expectations regarding future events which are deemed reasonable given the estimated existing circumstances.

By definition, the resulting accounting estimates will rarely be the same as the actual corresponding results. Any future modification to these estimates should be applied prospectively at that time, recognizing the effect of the change to the estimates in the income statement of the accounting period in question.

The main estimates and judgments considered in the preparation of the present financial statements are as follows:

- Useful life of fixed assets. EDUCO Management determines estimated useful life and corresponding depreciation charges for fixed assets (see Notes 5.1, 5.2 and 5.3). This estimate is based on the projected life cycles of the assets. These estimates could change as a result of technical innovations or a more intensive use of said assets or elements. EDUCO management will increase the depreciation charge when the useful life is less than the previously estimated life or will depreciate or eliminate technically obsolete or non-strategic assets which have been abandoned or sold.
- Contingent liabilities. EDUCO Management evaluates possible contingent liabilities of the Foundation whose materialization is conditioned upon events which are not considered likely to occur; as such, in accordance with the standard framework of application for EDUCO, these are not registered in the accounting and are detailed in Note 21 to the financial statements. The contingent liabilities whose materialization is considered likely are registered in the accounting.

## 2.4. Comparison of information

EDUCO presents its financial statements for the year ended December 31, 2019 compared with those of the previous year and there is nothing to prevent a decent comparison. It has not been necessary to adapt any of the figures from the previous year to make them comparable with the current year.

## 2.5. Grouping of entries

In order to facilitate comprehension of the balance sheet, the income statement, the statement of changes in equity and the cash flow statement, these statements will be presented as grouped entries, and the required analysis will be made in the relevant Notes to the financial statements.

When the aggregate figures are material, and in order to comply with the legal requirements detailed in Note 16.3 - Information concerning transactions with financial assets abroad, the appropriate disclosures are provided based on the origin of the aggregate figures.

## 2.6. Items included in several entries

In the financial statements for the year ended December 31, 2019, there are no equity elements registered in several entries of the balance sheet.

## 2.7. Changes in accounting criteria

Over the course of 2019 and 2018 several adjustments have been made due to changes in accounting criteria.

## 2.8. Correction of errors

In 2019 and 2018 no corrections due to errors from prior years have been made to the opening balances.

## 3. BRANCHES AND RELATED ENTITIES

### 3.1. Branches

EDUCO, with the due authorization of the local governments to undertake development work, has branches which are established as permanent establishments without independent legal status in the following countries:

- Bangladesh
- Benin
- Bolivia
- Burkina Faso
- El Salvador
- The Philippines
- Guatemala
- India
- Mali
- Nicaragua
- Senegal

Since July 1, 2017 EDUCO's projects in Cambodia have been managed through ChildFund Cambodia, a branch of ChildFund Australia (a related entity, see Note 3.4), in accordance with the cooperation agreement signed on May 25, 2017.

The separate financial statements of the branches have been subject to review by the accounting firm Ernst&Young or other independent local audit firms, under the supervision of the former, in order to express their opinion about the aggregated local financial statements.

### 3.2. Group entities

Asociación Educación sin Fronteras (hereinafter ESF) has been under liquidation since September 22, 2015, when at the Extraordinary General Assembly it was resolved to wind it up. Until 2018 it formed group with EDUCO since both entities shared the same decision-making unit as the Liquidating Commission was comprised exclusively by members of Educo's Board of Trustees. Although this situation has changed in 2019, ESF is exclusively economically dependent on EDUCO to carry out its activities, which during the current year have consisted in the administrative monitoring of grants received for already completed projects that are still open for review or have not yet become statute-barred, and in the management of ESF branches abroad.



The key figures in the financial statements of ESF, which is under liquidation, based on its financial statements at December 31, 2019 and 2018 are as follows:

	<b>ASOCIACIÓN EDUCACIÓN SIN FRONTERAS under liquidation</b>	
	<b>2019</b>	<b>2018</b>
(in thousands of euros)		
<b>Non-current assets</b>	-	-
<b>Current assets</b>	1	1
<b>TOTAL ASSETS</b>	<b>1</b>	<b>1</b>
<b>Equity</b>	1	(20)
<b>Non-current liabilities</b>	-	-
<b>Current liabilities</b>	-	21
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1</b>	<b>1</b>
<b>INCOME FROM ACTIVITIES</b>	<b>2</b>	<b>45</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>21</b>	<b>(156)</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>21</b>	<b>(128)</b>

### 3.3. Associates

Until 2018 three independent entities, with a legal personality and their own governing bodies, which received funds from EDUCO and executed EDUCO projects in the country in which they were domiciled, and which were in some cases exclusively economically dependent on EDUCO in order to continue their activities and as a result EDUCO exercised significant influence over them, were considered EDUCO associates.

During 2019 this dependence no longer exists because of the circumstances described below for each of the three entities:

- Asociación Verde y Azul (Guatemala): During 2019 its dependence on Educo has substantially decreased as it has received funds from other local and international entities. It cooperates with Educo's branch in Guatemala as an independent local partner entity (see Notes 17.5.3 and 17.5.5)
- Asociación Warma Pura (Peru): Under liquidation and closure (see Note 17.5.3).
- Fundación Cooperación y Oportunidades para la Niñez (CON.ECUADOR) (Ecuador): Under liquidation and closure (see Note 17.5.3).

### 3.4. Other related parties

On November 12, 2014 EDUCO became a member of the international ChildFund Alliance, which is comprised of 11 NGDO (EDUCO included) that focus their work on children, and work in over 60 countries to bring about lasting and significant changes to boys and girls, and their families, implementing sustainable development programs in areas damaged by war, natural disasters and global health issues. The members of the Alliance encourage child sponsorship as an integral approach to their development.

The Alliance establishes global rules that guarantee its members' responsibility for maintaining a high level of quality and integrity in the planning of projects, financing, fund-raising and governance.

The Alliance is managed by the entity ChildFund Alliance, an entity incorporated in the USA under the legal form of a non-stock corporation.

The other 10 organizations that compose the alliance with EDUCO are:

- ChildFund Australia
- ChildFund International (USA)
- ChildFund Japan
- ChildFund New Zealand
- Un Enfant Par La Main (France)
- ChildFund Deutschland (Germany)
- ChildFund Ireland
- ChildFund Korea
- Barnfonden (Sweden)
- Children Believe (Canada)

## 4. SURPLUS FOR THE PERIOD AND ITS APPROPRIATION

The appropriation of the profit/(loss) for the period presented by the Trustees is as follows:

	<u>2019</u>	<u>2018</u>
<b>PROPOSED APPROPRIATION</b>		
Surplus for the accounting period	(4,677)	(11,687)
<b>APPROPRIATION TO</b>		
Remainder	(4,677)	(11,687)
<b>TOTAL</b>	<u><b>(4,677)</b></u>	<u><b>(11,687)</b></u>

## 5. RECOGNITION AND MEASUREMENT ACCOUNTING POLICIES

The main recognition and measurement accounting policies, and the most significant accounting criteria and practices applied in the preparation of these financial statements, are as follows:

### 5.1. Intangible assets

Intangible asset are initially measured at either acquisition or production cost. After initial recognition, they are measured at cost less the cumulative depreciation and any accumulated impairment losses.

Each intangible asset is analyzed and classified based on whether its useful life is finite or indefinite. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives.

At least at year end intangible assets are tested for impairment and are written down where applicable.

There are no intangible fixed assets with infinite useful lives.

#### 5.1.1 Trademarks

This heading includes the costs of acquisition and registration of the brands and logos related to the organization's activity. The amortization of these costs is calculated on a straight-line basis at an annual rate of 25%.

#### 5.1.1 Software

Software includes the costs incurred in the acquisition of the software programs used in the running of the entity, as well as the rights to use them, and any costs incurred in adapting and improving them.

Amortization is calculated on a straight-line basis over its estimated useful life of 4 years.

### 5.2. Property, plant and equipment

Property, plant and equipment items are initially measured at purchase price.

The costs of renewal, expansion, modernization or improvement that do not represent an increase in productivity, capacity or efficiency, or prolong the useful life of the goods, are treated as an expense in year incurred.

Property, plant and equipment items are depreciated on a straight-line basis over their estimated useful lives from the date they are put to use, and in accordance with the following depreciation rates:

Buildings and constructions	1.5%
Plant	10%
Machinery	10%
Other fixtures and tools	12.5%
Furniture	12.5%
Hardware	25%
Vehicles	25%
Other PP&E items	10%

Conservation and maintenance expenses are taken to the income statement when accrued.

Impairment losses on property, plant and equipment are registered when the net carrying amount is higher than the recoverable amount, which is the higher of fair value less cost to sell and value in use.

### **5.3. Investments in assets**

The investments in assets comprise property assets which are held to obtain rent in the long term and are not occupied by the entity. The items included in this section are presented in terms of the cost of their acquisition less the corresponding accumulated depreciation and impairment losses.

Buildings and constructions are depreciated on a straight-line basis over their estimated useful lives at a depreciation rate of 1.5%.

### **5.4. Leases**

The entity has no financial lease agreements, understood as those whose economic conditions infer that all risks and rewards incidental to ownership of the asset are transferred to the lessee.

Operating lease payments should be registered as expenses in the income statement when accrued.

### **5.5. Financial Instruments**

The entity has the following financial assets:

- Cash and bank accounts.
- Credits to users and debtors for operations related to the activities.
- Loans to third parties.
- Equity instruments from other entities.
- Other financial assets like: deposits in credit institutions, debt securities, staff advances, guarantees and deposits.

The entity has the following financial liabilities:

- For operations of activities like: debts with suppliers, creditors and staff.
- Bank borrowings (credit card liquidations).
- Debt convertible into grants, donations and legacies.
- Guarantees and deposits received.

The criteria used for the classification and measurement of the different categories of financial assets and liabilities, as well as the recognition of changes in fair value and any impairment losses, derecognition, and the recognition of the income or expenses related to the different categories, are as follows:

### **5.1.1 Classification and measurement of the categories of financial assets and liabilities**

The financial assets and liabilities are presented in the balance sheet as current or non-current, taking into account the time period predicted for their reimbursement or settlement. They are considered as non-current when they are expected to mature more than one year after the balance sheet date.

The financial assets and liabilities maintained with group entities, associates and related entities are presented separately in the Balance Sheet.

#### **5.5.1.1. Loans and receivables**

Included in this category are trade and non-trade receivables, with fixed or determinable payments, which are not traded on active markets and for which the entity expects to recover the full initial investment, except, where applicable, in cases of credit deterioration. In particular this includes: cash and bank accounts, credit to users and debtors for operations related to the activities, loans to third parties, fixed-term deposits with credit institutions, temporary financial investments, staff advances, and guarantees and deposits.

They are initially measured at fair value which, unless there is evidence to the contrary, coincides with the transaction price or nominal value.

Subsequently, they are measured amortized cost, which is the initial value less any repayment of the principal, plus or minus, as appropriate, the portion of the difference between the initial value and the repayment value at maturity taken to the income statement, and less any recognized impairment loss.

However, receivables for transactions related to the entity's activity which mature within less than one year with no contractual interest rate are initially and subsequently measured at nominal value, when the effect of not discounting cash flows is not significant.

Loans to third parties with no contractual interest rate are measured at the current value of the amount to be reimbursed applying an appropriate discounted rate. Implicit financial interest, calculated by the difference between the current value and the nominal value to be reimbursed, are recognized in the income statement when accrued.

Guarantees and deposits are measured at nominal value.

#### **5.5.1.2. Financial assets held to maturity**

Held-to-maturity financial assets are debt securities with fixed or determinable payments and fixed maturities which are traded on active markets and which the entities have the positive intention and the ability to hold to maturity. If the entity sold more than an insignificant amount of held-to-maturity investments before maturity, the complete category would be reclassified as available for sale.

These financial assets are included in non-current assets, except for those which mature within less than one year from the balance sheet date in which they were classified as current assets.

The measurement criteria for these investments are the same as for loans and receivables.

#### 5.5.1.3. Financial assets held for trading and other financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are assets which are held for trading which are acquired for sale in the short term or which form part of a portfolio of instruments which are jointly identified and managed to obtain earnings in the short term, as well as those financial assets which the organization designates, from the time of their initial recognition, to be included in this category in the interest of obtaining a more accurate statement information. Hedging instruments and financial guarantee contracts are not classified as held-for-trading.

These financial assets are measured, both in their initial recognition and subsequent measurement, at fair value, with any changes in this value being recognized in the income statement for the year. Transaction costs which are directly attributable to the acquisition are recognized in the income statement for the year.

#### 5.5.1.4. Investments in the equity of group entities and associates

These are carried at cost less any accumulated impairment losses. However, when an investment was made prior to their classification as group or associate, the cost of investment is regarded as the carrying amount before its classification. Pre-existing value adjustments recognized directly in net equity are maintained in equity until the asset is derecognized.

When there is objective evidence that the carrying amount is not recoverable, the appropriate impairment losses should be made for the difference between the book value and the recoverable amount, the latter being the fair value less costs to sell and the current value of the cash flows arising from the investment, whichever is higher. Unless there is better evidence of the recoverable amount, the estimated depreciation of these investments takes into account the net equity of the subsidiary corrected for existing tacit gains on the measurement date. The impairment loss and, where applicable, its reversal is recorded in the income statement for the year.

#### 5.5.1.5. Financial assets available for sale

This category includes the debt securities and equity instruments that have not been included in previous categories.

They are initially measured at fair value which, unless there is evidence to the contrary, coincides with the transaction cost or the amount at which they were incorporated into the entity's equity. Subsequently, their value is adjusted according to their fair value.

#### 5.5.1.6. Trade and other payables

This heading includes the financial liabilities generated by the purchase of goods and services arising from trade transactions. In particular, this includes: payables to suppliers, creditors, staff and financial institutions for credit card payments.

They are initially registered at fair value, which coincides with the value of the transaction. Subsequently, they are measured at amortized cost. However, trade payables which mature within less than one year with no contractual interest rate are initially and subsequently measured at nominal value, when the effect of not discounting cash flows is not significant.

### **5.5.2. Impairment and impairment losses**

The entity adjusts the carrying amounts of the financial assets recognizing a provision with a charge to the income statement when there is objective evidence of actual impairment.

For debt instruments, understood as receivables, credits and debt securities, there is objective evidence of impairment when, after initial recognition, an event occurs that has a negative impact on the expected future cash flows. In particular, when there are unpaid balances, non-compliance issues, refinancing and data which evidences the possible irrecoverability of total agreed-upon future cash flows or collection delays. The reversal of impairment is recognized as income in the income statement and its limit is the carrying amount of the financial asset that would have been recognized on the reversal date had no impairment loss been recognized.

In the case of equity instruments, there is objective evidence of impairment when, after initial recognition, an event or combination of events occurs that indicates that the carrying amount may not be recovered.

### **5.5.3. Derecognition or cancelation of financial assets and liabilities**

Financial assets are derecognized from the entity's balance sheet at refund or when the contractual rights to related cash flows have expired, or when the assets are transferred, as long as the related risks and rewards inherent to ownership are substantially transferred.

Financial liabilities are derecognized when the obligation under the liability is extinguished.

### **5.5.4. Recognition of income and expenses deriving from financial instruments**

Interest from financial assets, in the event of a contractual interest rate, is taken to the income statement when accrued.

Income from dividends is registered in the moment the right to receive them is recognized.

## **5.6. Inventories**

Inventory is measured at acquisition cost, in accordance with the weighted average cost formula.

In the event that the net realizable value is less than acquisition cost, a valuation adjustment is made, recognizing the corresponding provision in the income statement.

## **5.7. Transactions in foreign currency**

The purchase of goods or services in foreign currency is recorded using the exchange rate on the date of the purchase, and the positive or negative difference of the operation is recognized at the date payment is made.

Bank balances in foreign currency are subject to monthly adjustment of the difference in positive or negative according to the official exchange rate at the end of each month.

The differences in exchange rate in other balances in foreign currency, mainly the balances of assets and liabilities of the branches included in the present financial statements, will only be recognized at year end.

The exchange rates at year end used for the translation of balances and information in foreign currency for the present financial statements are:

Currency	Country	Exchange rate €/currency on 12/31/2019	Exchange rate €/currency on 12/31/2018	Source
US DOLLAR (USD)	El Salvador Ecuador	1.1234	1.1450	Central European Bank
CFA FRANC (XOF) <sup>1</sup>	Mali Senegal Burkina Faso Benin	655.9570	655.9570	Banque Centrale des Etats de l'Afrique de l'Ouest
PESO (PHP)	Philippines	56.9000	60.1130	Central European Bank
TAKA (BDT)	Bangladesh	94.8885	96.2375	Bangladesh Bank
RUPEE (INR)	India	80.1870	79.7298	Central European Bank
CORDOBA (NIO) <sup>2</sup>	Nicaragua	38.0137	37.0184	Banco Central de Nicaragua
BOLIVIANO (BOB)	Bolivia	7.6832	7.8519	Banco Central de Bolivia
QUETZAL (GTQ) <sup>2</sup>	Guatemala	8.6489	8.8588	Banco de Guatemala
<sup>1</sup> Fixed exchange rate against € from the date it was introduced				
<sup>2</sup> Exchange rate triangulated via USD				

The income statements for the foreign branches have been aggregated using average exchange rates, calculated on a monthly basis, for the corresponding periods.

## 5.8. Income tax

Pursuant to established requirements, EDUCO has availed itself of Law 49/2002, of 23 December, on the Tax Regime for non-profit organizations and tax incentives for sponsorship, whereby the following income is considered exempt from the Income Tax:

- donations received for contributing to the aims of the organization, including those received as endowment at the date of incorporation or subsequently,
- fees paid by members, associates or benefactors,
- grants aimed at collaborating with the aims of the organization,
- income deriving from the movable and fixed assets of the entity, such as dividends and share in profits of entities, interests, and leases,
- income deriving from acquisitions or equity transfer,
- income deriving from economic activities which are merely auxiliary or complementary to the activities undertaken to fulfill the organization's purposes are tax exempt, providing that net revenues for the financial year corresponding to these do not exceed 20 percent of total income.



## 5.9. Income and expenses

Both the monetary aid received and the aid awarded for the delivery of projects, and formalized by funding agreements or public grants, should be recognized in the income statement in accordance with the type of project funded.

The grants and donations received will be accounted for based on whether these are:

- Refundable, grants which are given on the basis of specified conditions. That is, in the grant agreement, the aim is perfectly individualizable and identifiable as the obtainment of a tangible asset or a specific purpose which is determined, individual and easily measurable. This type of grant or donation is recognized as a liability until it meets the criteria for classification as non-refundable. More specifically:
  - a) Grants received for the acquisition of an asset shall be classified as non-refundable when said asset has been acquired.
  - b) Grants received for the building, improvement, renovation or extension of an asset shall be classified as non-refundable when the asset has been put to use or delivered to the beneficiaries.
  - c) Grants received for funding specific expenses over the course of a multi-year implementation shall be classified as non-refundable when the funded activities are completed.
- Non-refundable, grants which are not tied to conditions established for their granting. Namely:
  - a) Non-refundable grants received for a perfectly individualizable, identifiable and easily measurable aim (a tangible asset or specific purpose), whose receipt is not conditioned upon this purpose, shall be accounted for directly in the entity's net equity for subsequent reclassification as income in the surplus for the accounting period, according to a systematic and rational basis correlated with the derived expenses.
  - b) Non-refundable grants received without assigning a specific purpose will be accounted for directly in the surplus of the fiscal period in which they are recognized.

In both cases, if the clauses of the agreement are not fulfilled, the Foundation will begin to reverse the recognition of the income or expense as appropriate, as soon as the non-fulfillment is ascertained, and the aid received or given is claimed.

The rest of the income has been recognized in the income statement in accordance with the following criteria:

- Periodical donations received as direct debits are entered as income on the date of the bank remittance collection, coinciding with the period in which the income is accrued. The donations received via other means are recognized on the date they are received.  
The returns of payments are recognized on the date on which the communication about the incident is received from the bank, and at the end of the financial year an estimate is made of the receipts that may remain unpaid, and a provision should be registered when the estimated amount is significant.
- Financial income and other incomes are basically recognized according to the accrual principal, carrying out, at year end, the corresponding accrual calculations.

The remaining expense and income concepts have been recognized in the income statement in accordance with the accruals principle, regardless of when the resulting monetary or financial flow arises.

## **5.10. Provisions and contingencies**

The liabilities that have an undetermined amount or cancellation date are recognized in the balance sheet as provisions when the entity has a current obligation, as a result of past events, for which it is probable that a quantifiable outflow of resources will be required to settle the obligation.

Contingent liabilities are possible obligations which emerge as a result of past events, whose materialization is subject to future events that are not under the entity's control. These contingent liabilities are not accounted for, but detailed in the notes to the financial statements (see Note 21).

## **5.11. Transactions with branches, associates and related entities**

Transactions with these entities are recorded in accordance with the measurement standards detailed above, and basically correspond to the transferring of funds to the entities that will carry out the projects funded by the entity.

It is a policy of the Foundation to transfer funds at the beginning of the month in order to fulfill the agreements acquired or budgeted for the following month, in an attempt not to generate reserve funds in the branches or in the associates listed in Note 3.

## **5.12. Cash and cash equivalents**

This heading includes cash in hand and in current accounts and bank deposits which fulfill the following requirements:

- They are readily convertible to cash.
- They mature within less than 3 months from acquisition date.
- The risk of change in value is insignificant.
- They are part of the Entity's standard cash management strategy.

## **5.13. Employee benefits**

### **5.13.1. Pension Commitments**

The organization has contribution commitments to pension plans for employees in some of its branches, depending on current labor regulations in force in each country and according to the following nature:

- Defined contribution plans: Those in which EDUCO makes fixed contributions to a separate organization and has no implicit legal or contractual obligation to make additional contributions if the separate organization does not have enough assets to cover the liabilities taken on. The organization makes contributions to pension schemes managed privately on an obligatory, contractual or voluntary basis, and recognized as benefits to employees once they have accrued.

- Defined benefit plans: Pension schemes which do not have defined contributions are considered as defined benefit schemes. Generally, defined benefit schemes establish the benefit amount the employee will receive at the time of retirement or when leaving the organization, normally depending on one or more factors such as age, years of service and remuneration. The anticipated costs of these benefits accrue during the employees' working life in accordance with the factors determining said benefits, and a provision is recognized in the balance sheet for the amount of the incurred costs.

#### **5.13.2. Compensation for dismissal**

The compensation for dismissal is paid to employees as a result of the Foundation's decision to terminate their contract before the normal age of retirement or when the employee agrees to resign voluntarily in return for compensation. The organization recognizes this compensation when it has evidently committed itself to terminating the employment of the employees in accordance with a formal detailed plan which cannot be reversed or to provide compensation for dismissal as a consequence of an offer to encourage a voluntary resignation.

### **5.14.Environmental issues**

The amounts deriving from initiatives carried out, or to be carried out, to manage the effects of the Entity's activity on the environment are considered operating costs when accrued.

Items included in the Entity's assets intended to be used in the long term during its activity, and whose main objective is to minimize the environmental impact and to protect and improve the environment, are accounted for in the corresponding categories of property, plant and equipment or intangible assets at acquisition or production cost and are depreciated in accordance with the criteria established for fixed assets.

### **5.15.Financial Risk Management**

The activities of the Entity are exposed to various financial risks: market risk (including exchange rate risk, and interest rate risk), credit risk, and liquidity risk. The Foundation's global risk management observes financial market uncertainty and attempts to minimize potential adverse effects on its financial profits.

Risk management is controlled by the Management of the Entity, who identifies, assesses and covers financial risks under management policies for minimizing or fully reducing them.

#### **5.15.1. Market Risk**

- Exchange Rate Risk: The Entity operates on an international level, and is therefore exposed to exchange rate risks with regards to foreign currency transactions. Exchange rate risk arises from cash held in the currencies used in the countries in which the entity carries out its activities, and from committed monetary aid and recognized assets and liabilities.  
The Entity's Management has established a risk management policy for exchange rates between foreign currencies and the functional currency. The strategy for covering the exchange rate risk in transactions using a currency different from the organization's functional one, is to fairly cover these risks, without contracting derivative financial instruments to manage these risks.
- Interest rate risk in cash flow and fair value: Interest rate risk in the Foundation is not significant given that it is not financed by short- or long-term external resources.

### **5.15.2. Credit Risk**

Credit risk arises from cash and cash equivalents, fixed-term bank deposits and debt securities of financial or non-financial institutions, as well as outstanding receivables and committed transactions.

Regarding financial and non-financial institutions, the entity only works with verified solvent credit institutions with moderate credit risk. This credit solvency is periodically reviewed.

Regarding debtors, if they have been independently rated, then these ratings are applied. If, on the other hand, they are not independently rated, then the credit quality of the debtor is assessed, bearing in mind the financial position, past experience and other such factors.

The Entity's Management does not expect credit losses to arise that are not already recognized in the current financial statements.

### **5.15.3. Liquidity Risk**

The Entity implements a prudent approach to managing liquidity risk, involving maintaining sufficient cash securities and financial assets in order to be able to satisfy monetary aid commitments for the following financial years.

## 6. INTANGIBLE ASSETS

The breakdown of and movements in the entries composing intangible assets in 2019 and 2018 are as follows:

Description	Balance at 1/1/2019	Additions / Charges for the year	Disposals	Reclassifications / Regularizations	Conversion differences	Balance at 12/31/2019
Trademarks (logo)	32	-	-	-	-	32
Software	2,805	150	(47)	-	6	2,914
Advances	-	-	-	-	-	-
<b>Gross value</b>	<b>2,837</b>	<b>150</b>	<b>(47)</b>	<b>-</b>	<b>6</b>	<b>2,946</b>
Trademarks (logo)	(32)	-	-	-	-	(32)
Software	(2,260)	(299)	47	-	(5)	(2,517)
<b>Accumulated amortization</b>	<b>(2,292)</b>	<b>(299)</b>	<b>47</b>	<b>-</b>	<b>(5)</b>	<b>(2,549)</b>
<b>Impairment losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>397</b>

Description	Balance at 1/1/2018	Additions / Charges for the year	Disposals	Reclassifications / Regularizations	Conversion differences	Balance at 12/31/2018
Trademarks (logo)	32	-	-	-	-	32
Software	2,598	206	(25)	19	7	2,805
Advances	24	-	(5)	(19)	-	-
<b>Gross value</b>	<b>2,654</b>	<b>206</b>	<b>(30)</b>	<b>-</b>	<b>7</b>	<b>2,837</b>
Trademarks (logo)	(32)	-	-	-	-	(32)
Software	(1,889)	(372)	8	-	(7)	(2,260)
<b>Accumulated amortization</b>	<b>(1,921)</b>	<b>(372)</b>	<b>8</b>	<b>-</b>	<b>(7)</b>	<b>(2,292)</b>
<b>Impairment losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>733</b>	<b>-</b>	<b>(22)</b>	<b>-</b>	<b>-</b>	<b>545</b>

From the net carrying amount, at December 31, 2019, 355 thousand euros (484 thousand euros at December 31, 2018) correspond to items located in Spain, and the remaining 42 thousand euros (61 thousand euros at December 31, 2018) are located in EDUCO's branches abroad.

The cost value of fully amortized intangible assets at 2019 year end amounts to 1,619 thousand euros (1,375 euros at 2018 year end), 1,359 thousand euros of which correspond to items located in Spain and 260 thousand euros to items located in branch offices (in 2018, 1,138 thousand Euros corresponded to items located in in Spain, and 237 thousand euros to items located in branch offices).

No commitments have been signed with third parties and no guarantees have been given over these assets at the date of approval of the accompanying financial statements for issue.

## 7. PROPERTY, PLANT AND EQUIPMENT

The breakdown of and movements in the items composing this caption in 2019 and 2018 are as follows:

Description	Balance at 1/1/2019	Additions / Charges for the year	Disposals	Reclassifications / Regularizations	Conversion differences	Balance at 12/31/2019
Land and natural assets	2,527	-	-	-	15	2,542
Buildings and constructions	7,303	26	(77)	(240)	72	7,084
Plant	353	-	(63)	-	-	290
Machinery	4	-	-	-	-	4
Other fixtures and tools	748	24	(324)	-	5	453
Furniture	486	32	(60)	-	3	461
Hardware	1,725	143	(11)	-	16	1,873
Vehicles	1,956	167	(219)	(3)	23	1,924
Other PP&E items	154	9	(5)	-	1	159
Advances	-	41	-	-	-	41
<b>Gross value</b>	<b>15,256</b>	<b>442</b>	<b>(759)</b>	<b>(243)</b>	<b>135</b>	<b>14,831</b>
Buildings and constructions	(574)	(101)	24	79	(6)	(578)
Plant	(210)	(24)	63	-	-	(171)
Machinery	(4)	-	-	-	-	(4)
Other fixtures and tools	(635)	(26)	324	-	(5)	(342)
Furniture	(352)	(33)	60	-	(2)	(327)
Hardware	(1,336)	(168)	10	-	(12)	(1,506)
Vehicles	(1,408)	(228)	219	-	(18)	(1,435)
Other PP&E items	(125)	(6)	4	-	(2)	(129)
<b>Accumulated depreciation</b>	<b>(4,644)</b>	<b>(586)</b>	<b>704</b>	<b>79</b>	<b>(45)</b>	<b>(4,492)</b>
<b>Impairment losses</b>	<b>(429)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9)</b>	<b>(438)</b>
<b>Net carrying amount</b>	<b>10,183</b>		<b>(55)</b>	<b>(164)</b>	<b>81</b>	<b>9,901</b>

  

Description	Balance at 1/1/2018	Additions / Charges for the year	Disposals	Reclassifications / Regularizations	Conversion differences	Balance at 12/31/2018
Land and natural assets	2,498	-	-	-	29	2,527
Buildings and constructions	7,454	56	-	(344)	137	7,303
Plant	334	22	(3)	-	-	353
Machinery	4	-	-	-	-	4
Other fixtures and tools	691	59	(3)	-	1	748
Furniture	449	61	(29)	-	5	486
Hardware	1,544	239	(79)	-	21	1,725
Vehicles	1,844	265	(189)	-	36	1,956
Other PP&E items	161	7	(19)	-	5	154
Advances	1	-	(1)	-	-	-
<b>Gross value</b>	<b>14,980</b>	<b>709</b>	<b>(323)</b>	<b>(344)</b>	<b>234</b>	<b>15,256</b>
Buildings and constructions	(532)	(108)	-	76	(10)	(574)
Plant	(187)	(25)	2	-	-	(210)
Machinery	(4)	-	-	-	-	(4)
Other fixtures and tools	(604)	(33)	3	-	(1)	(635)
Furniture	(345)	(31)	28	-	(4)	(352)
Hardware	(1,253)	(146)	79	-	(16)	(1,336)
Vehicles	(1,340)	(229)	188	-	(27)	(1,408)
Other PP&E items	(132)	(6)	18	-	(5)	(125)
<b>Accumulated depreciation</b>	<b>(4,397)</b>	<b>(578)</b>	<b>318</b>	<b>76</b>	<b>(63)</b>	<b>(4,644)</b>
<b>Impairment losses</b>	<b>(411)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18)</b>	<b>(429)</b>
<b>Net carrying amount</b>	<b>10,172</b>		<b>(5)</b>	<b>(268)</b>	<b>153</b>	<b>10,183</b>

Of the net carrying amount, at December 31, 2019 4,823 thousand euros (5,141 thousand euros at December 31, 2018) correspond to items located in Spain, and the rest of the amount, 5,078 thousand euros (5,042 thousand euros at December 31, 2018) corresponds to items located in EDUCO branches abroad.

The cost of fully depreciated property, plant and equipment items in 2019 amounts to 2,698 thousand euros (2,776 thousand euros at 2018 year end), of which 703 thousand euros correspond to items located in Spain, and 1,995 thousand euros to items located in the branches (in 2018, 1,130 thousand euros correspond to items located in Spain and 1,646 thousand euros to items located in the branches).

The location of property, plant and equipment, and their net carrying amount at 2019 and 2018 year end, is as follows:

Description	BRANCHES											TOTAL NET CARRYING AMOUNT	
	SPAIN	EL SALVADOR	IMALI	SENEGAL	PHILIPPINES	BANGLADESH	INDIA	BURKINA FASO	NICARAGUA	BOLIVIA	BENIN		GUATEMALA
	Land and natural assets	1,736	4	-	-	-	211	-	37	-	553		-
Buildings and constructions	2,872	16	-	-	-	174	-	539	-	2,465	-	-	6,066
Plant	118	-	-	-	-	-	-	-	1	-	-	-	119
Other fixtures and tools	-	-	27	11	9	4	5	39	-	-	17	-	112
Furniture	11	3	13	7	4	12	15	29	11	2	18	8	133
Hardware	82	54	34	10	48	36	5	35	13	14	21	14	366
Vehicles	-	39	60	23	15	151	-	79	57	10	31	27	492
Other PP&E items	4	21	-	-	3	-	-	2	-	-	1	-	31
Advances	-	-	-	-	-	-	-	-	-	-	41	-	41
<b>TOTAL AT 12/31/2019</b>	<b>4,823</b>	<b>137</b>	<b>134</b>	<b>51</b>	<b>79</b>	<b>588</b>	<b>25</b>	<b>760</b>	<b>82</b>	<b>3,044</b>	<b>129</b>	<b>49</b>	<b>9,901</b>
Land and natural assets	1,736	4	-	-	-	209	-	37	-	541	-	-	2,527
Buildings and constructions	3,134	17	-	-	-	174	-	521	-	2,454	-	-	6,300
Plant	142	-	-	-	-	-	-	-	1	-	-	-	143
Other fixtures and tools	4	-	31	13	10	2	6	26	-	-	21	-	113
Furniture	17	3	18	6	5	16	17	27	13	3	9	-	134
Hardware	103	66	45	7	31	45	6	38	16	23	9	-	389
Vehicles	-	76	93	-	29	142	-	73	56	26	32	21	548
Other PP&E items	5	19	-	-	1	-	-	1	1	-	2	-	29
<b>TOTAL AT 12/31/2018</b>	<b>5,141</b>	<b>185</b>	<b>187</b>	<b>26</b>	<b>76</b>	<b>588</b>	<b>29</b>	<b>723</b>	<b>87</b>	<b>3,047</b>	<b>73</b>	<b>21</b>	<b>10,183</b>



The breakdown and cost value at 2019 year end of the items included in Land and natural assets and Buildings and constructions are as follows:

Address	Town/City - Country	Cost	Year of acquisition	Use
c/ Pujades, 77-79 - 4º local 2 bis	Barcelona - ESPAÑA	78	1997	Warehouse
c/ Guillem Tell, 47	Barcelona - ESPAÑA	4,740	2015	Offices
Lotificación El Carmen, Block H, Lote 4	San Julián - EL SALVADOR	21	2010	Performance of activities
South Bhaderthy	Tumolia, Kaligonj, Gazipur - BANGLADESH	393	2012	Orphanage
Avda. Independencia esq. calle s/n	El Alto - BOLIVIA	2,688	2013	School
Carretera La Paz Desaguadero	Cantón de Tiahuanacu - BOLIVIA	407	2013	Given to the town
Carretera a Puerto Acosta, s/n	Carabuco - BOLIVIA	221	2013	Centre for professional training
Parcela 2 Lote 1 Sección EB Sector 10	Ouahigouya – BURKINA FASO	69	2013	Rehabilitation center for undernourished children
Parcela F Lote 339 Sector 10	Ouahigouya – BURKINA FASO	102	2013	Orphanage
Parcela C Lote 367 Sector 10	Ouahigouya – BURKINA FASO	45	2013	Centre for computing training
Tamsim Sector 10	Ouahigouya – BURKINA FASO	387	2013	Offices and schools
Tamsim Sector 10	Ouahigouya – BURKINA FASO	26	2019	Transformation of garage into meeting room
Accumulated conversion differences 12/312019		449		
<b>Total</b>		<b>9,626</b>		

All listed properties are free of liens and encumbrances and at the date of approval of the financial statements for issue no commitments have been signed with third parties and no guarantees have been given over these assets, except for the following:

- The properties in Tiahuanacu (Bolivia) were granted, transferred and given to Gobierno Autónomo Municipal (GAM) of Tiahuanacu in Bolivia under the interinstitutional cooperation agreement signed on October 18, 2016 and ratified in writing on September 22, 2017. The purpose of this agreement is to implement and start an education development program called "Support program for the improvement in education in Tiahuanacu". On December 31, 2016 EDUCO recorded a provision for impairment of said assets against profit/(loss) for said year. At the date of approval of the accompanying financial statements for issue the legal transfer of these properties has not yet been finalized.
- Commodatum contract for the use of buildings located in Carabuco (Bolivia) up to December 31, 2026 in favor of Fundación Virgen de las Nieves to carry out professional training in the textile and carpentry sectors.
- Commodatum contract for the use of a rustic property located in San Julián (El Salvador) in favor of the entity Iglesia Evangélica "El Dios de Israel" until April 9, 2024 (extendable) to establish a family and spiritual support center for developing family support and recreational projects for children and adolescents.
- Commodatum contract for the use of constructions for a value of around 737 thousand euros amongst the various constructions which exist in the property located in El Alto (Bolivia) in favor of the organization Movimiento Educación Popular e Integral Fe y Alegría for assisting educational activities and social promotion up to December 31, 2019. At the date of approval of these financial statements the constructions are in the process of being returned.
- Purchase and sale commitment signed on July 6, 2017 on some plots of land and constructions located in El Alto (Bolivia) for an amount of 7 million US dollars. By virtue of said agreement, EDUCO has received 3,300 thousand US dollars (2,937 million euros) as advance payment (see Note 12.1.2).

## 8. INVESTMENT PROPERTY

The breakdown of and movements in 2019 and 2018 in the items composing this caption are as follows:

Description	Balance at 1/1/2019	Additions / Charges for the year	Disposals	Reclassifications	Balance at 12/31/2019
Land and natural assets	24	27	-	-	51
Buildings and constructions	746	33	-	240	1,019
<b>Gross value</b>	<b>770</b>	<b>60</b>	<b>-</b>	<b>240</b>	<b>1,070</b>
Buildings and constructions	(188)	(15)	20	(79)	(262)
<b>Accumulated depreciation</b>	<b>(188)</b>	<b>(15)</b>	<b>20</b>	<b>(79)</b>	<b>(262)</b>
<b>Net carrying amount</b>	<b>582</b>		<b>20</b>	<b>161</b>	<b>808</b>

  

Description	Balance at 1/1/2018	Additions / Charges for the year	Disposals	Reclassifications	Balance at 12/31/2018
Land and natural assets	24	-	-	-	24
Buildings and constructions	534	-	(132)	344	746
<b>Gross value</b>	<b>558</b>	<b>-</b>	<b>(132)</b>	<b>344</b>	<b>770</b>
Buildings and constructions	(119)	(7)	14	(76)	(188)
<b>Accumulated depreciation</b>	<b>(119)</b>	<b>(7)</b>	<b>14</b>	<b>(76)</b>	<b>(188)</b>
<b>Net carrying amount</b>	<b>439</b>		<b>(118)</b>	<b>268</b>	<b>582</b>

The breakdown and cost value of investment properties at 2019 year end is as follows:

Address	Town/City - Country	Cost	Year of acquisition	Type of investment
Paraje Matamala	San Leonardo de Yagüe, Soria - SPAIN	2	2000	Agricultural land
Camila	Chiclana de la Frontera, Cádiz - SPAIN	22	2012	Agricultural land
c/Álava, 140-146 · 6º 2ª	Barcelona - SPAIN	397	2003	Offices
$\frac{1}{24}$ bare ownership c/ General Muñoz Arenillas, 9 · 1º A	Cádiz – SPAIN	5	2012	Apartment
Plot 5381, polígono 503, sitio denominado “Hocecilla”	Bañuelos, Guadalajara – SPAIN	-	2012	Agricultural land
Plot 5430, polígono 504, sitio denominado “El Terreno”	Bañuelos, Guadalajara – SPAIN	-	2012	Agricultural land
Agricultural plot of land 223	Villarejo, Madrid - SPAIN	-	2019	Agricultural land
5 agricultural plots of land	Belmonte del Tajo, Madrid - SPAIN	1	2019	Agricultural land
Plot Carrera Honda	Belmonte del Tajo, Madrid - SPAIN	26	2019	Agricultural land
c/ Espíritu Samto, 1	Belmonte del Tajo, Madrid - SPAIN	33	2019	Urban land
c/ Pujades, 77 – 99, 4ª Plta locales 1 y 2	Barcelona – SPAIN	240	2019	Offices
c/ Arturo Baldasamo, 26 bajos	Madrid - SPAIN	344	2004	offices
<b>Total</b>		<b>1,070</b>		

In 2019 investment property includes lease income amounting to 86 thousand euros (2018: 30 thousand euros) from the premises located at calle Arturo Baldasano (Madrid), and from the premises located at calle Álava and calle Pujadas, both in Barcelona.

In 2019 EDUCO has not sold any investment property. In 2018 3 properties with a cost value of 132 thousand euros were sold, generating profit of 50 thousand euros.

## 9. OPERATING LEASES

The breakdown and cost of the operating lease agreements held by EDUCO as a lessee at 2019 and 2018 year ends, for both offices and warehouses, or any other type of assets to be used in its activities, were as follows:

Country / Use	Address	Start of contract	Duration of contract	Cost 2019	Cost 2018
Spain / Offices	Máximo Aguirre, 12, 1º Dcha - Bilbao	6/27/2017	1 year extendable	15	
Spain / Offices	San Andrés, 143 - A Coruña	5/1/2010	1 year extendable	8	
Spain / Offices	San Francisco Javier 22, 4º 1 - Sevilla,	5/1/2019	5 years	4	
Spain / Offices	Feria, 151 - Sevilla	4/1/2011	End 4/30/2019	6	
Spain / Offices	Plaza Organista Cabo, 6, 1º Bajo Pta Izquierda - Valencia	12/14/2015	1 year extendable	5	
Spain / Offices	Salud, 8, 1º Dcha - Madrid	3/6/2016	3/6/2022	32	
Spain / Activities	Several locations	---	---	31	
<b>Total Spain</b>				<b>101</b>	<b>78</b>
Benin / Offices	Quatier 627 les Cocotiers LOT 641, parcelle B Maison LASSISSI - Cotonou	3/1/2015	5 years	19	
Benin / Offices	Bureau Sinendé	01/06/2019	2 years	1	
Benin / Offices	Bureau Bembereké	01/06/2019	2 years	1	
Benin / Offices	Bureau Malanville	01/06/2019	7 months	1	
Benin / Activities	Several locations	---	---	9	
<b>Total Benin</b>				<b>31</b>	<b>22</b>
Burkina Faso / Offices	Seguenege, parcelle 11; Lot27; Section AI	2/1/2017	1 year extendable	2	
Burkina Faso / Offices	Sect15 Ouaga2000 Rue Mahamadi Nomba OUEDRAOGO, 01 BP3029 Ouagadougou 01	11/1/2018	1 year extendable	15	
Burkina Faso / Activities	Several locations	---	---	10	
<b>Total Burkina Faso</b>				<b>27</b>	<b>24</b>
Mali / Offices	Quartier Bagadadj avenue an 2000 - Ségou	1/1/2016	1 year extendable	12	
Mali / Offices	Sotuba en face de l'école française les lutins - Bamako	12/1/2017	5 years extendable	9	
Mali / Activities	Several locations	---	---	11	
<b>Total Mali</b>				<b>32</b>	<b>33</b>
Senegal / Offices	Villa N° 106 Sotrac Mermoz, Dakar	9/1/2014	End 8/31/2019	24	
Senegal / Offices	Lot N°40/D1 Quartier Bantagnol Kolda Sénégal (Bureau Kolda)	3/1/2018	1 year extendable	3	
Senegal / Offices	Lot N° 02 Pyrotechnique Mermoz Dakar Sénégal (Bureau)	7/1/2019	1 year extendable	8	
Senegal / Activities	Several locations	---	---	5	
<b>Total Senegal</b>				<b>40</b>	<b>45</b>
Bolivia / Offices	Calle 7 N 255 Entre H.Siles y H. Ormachea (Nieves Menacho Infante) - La Paz	2/1/2016	End 5/31/2019	10	
Bolivia / Offices	Av. Los Álamos 52, entre Av. Walter Guevara y Av. Costanera - La Paz	6/17/2019	60 months	16	
Bolivia / Activities	Several locations	---	---	-	
<b>Total Bolivia</b>				<b>26</b>	<b>25</b>
El Salvador / Offices	3a Calle Pte. Entre la 73 y 75 av. Norte, Colonia Escalon, N° 3884 - San Salvador	11/1/2014	3 years extendable	25	
El Salvador / Offices	3a Calle Pte. Entre la 73 y 75 av. Norte, Colonia Escalon, N° 3839 - San Salvador	11/1/2014	3 years extendable	21	
El Salvador / Offices	La Libertad - 4a Calle Poniente n° 5, Barrio El Calvario, Jayaque	4/1/2006	1 year extendable	8	
El Salvador / Offices	San Vicente - 8va. Calle Oriente #9, Barrio San Francisco	2/1/2014	1 year extendable	16	
El Salvador / Offices	Usulután - Bo San Antonio, 4ta C Ote, entre Pje Herrera y 2a Avda Sur	3/1/2017	End 12/31/2018	1	
El Salvador / Offices	4a.Ave. N y 8a. Calle Ote. Plz Sto Domingo, local #1, Barrio La Cruz San Miguel	12/1/2018	1 year extendable	13	
El Salvador / Activities	Several locations	---	---	68	
<b>Total El Salvador</b>				<b>152</b>	<b>150</b>
Guatemala / Offices	Santa Cruz del Quiché. 4a - Calle 3-16, Zona 1	1/1/2019	1 year extendable	10	
Guatemala / Offices	Guatemala City, Edificio ristos Reforma, 7-62 zona 9, oficina 306	2/18/2019	1 year extendable	9	
Guatemala / Activities	Several locations	---	---	7	
<b>Total Guatemala</b>				<b>26</b>	<b>-</b>
Nicaragua / Offices	2a. entrada a las Colinas, Calle Los Laureles Casa No. 59, Managua	7/1/2014	End 1/31/2019	1	
Nicaragua / Offices	Del Silais 2 1/2 Cuadras al Este, Jinotega	2/1/2017	2.9 years	12	
Nicaragua / Offices	2a. entrada a las Colinas, Condominio Altos de las Colinas, Casa 5, Managua	2/1/2019	2 years	8	
Nicaragua / Activities	Several locations	---	---	2	
<b>Total Nicaragua</b>				<b>23</b>	<b>30</b>
Bangladesh / Offices	House No:12, Road No: 138, Gulshan Model Town, Gulshan, Dhaka-1212	1/1/2016	4 years	47	
Bangladesh / Offices	Bhaluka-Hazir Bhita, Ward number 6 (new office), Bhaluka Poursova, Bhaluka	8/1/2018	5 years	6	
Bangladesh / Activities	Several locations	---	---	93	
<b>Total Bangladesh</b>				<b>146</b>	<b>132</b>
Philippines / Offices	Benny Imperial Drive, Brgy. 18, Cabagñan West, Alternate Road - Legazpi City	12/21/2012	12/30/2023	21	
Philippines / Offices	No. 30 Scout Tuason St., Brgy. Laging Handa, Quezon City, Metro Manila	8/15/2019	1 year extendable	8	
Philippines / Activities	Several locations	---	---	8	
<b>Total Philippines</b>				<b>37</b>	<b>40</b>
India / Offices	Flat 1002, Mohini Heights Chs. Ltd., plot 579/580, 5th Rd, Khar west, Mumbai	1/15/2018	3 years	46	
India / Activities	Several locations	---	---	-	
<b>Total India</b>				<b>45</b>	<b>41</b>
<b>TOTAL</b>				<b>686</b>	<b>620</b>

At 2019 and 2018 year ends the future commitments for the aforementioned lease agreements were:

	<u>2019</u>	<u>2018</u>
Within 1 year	330	348
Between 1 and 5 years	268	297
<b>Total</b>	<b>598</b>	<b>645</b>

None of the operating lease agreements meets with the conditions established for their consideration as financial leases, according to the 9th recognition and measurement standards for large scale organizations established in *Pla de comptabilitat de les fundacions i les associacions subjectes a la legislació de la Generalitat de Catalunya* (Accounting plan for foundations and associations subject to the legislation of the Generalitat de Catalunya) for it to be activated as a property, plant and equipment item.

The deposits given as part of the aforementioned lease agreements amount to 83 thousand euros for 2019 and 81 thousand euros for the previous year (see Note 11.3.2).

## 10. INVENTORIES

The breakdown of this heading at 2019 and 2018 year ends is as follows:

	<u>Balance at 12/31/2019</u>	<u>Balance at 12/31/2018</u>
Goods intended for activities	42	36
Educational material	49	50
Prepayments to suppliers	2	26
Impairment losses	(49)	(50)
<b>Total</b>	<b>44</b>	<b>62</b>

Impairment losses correspond to educational material held for sale. Movements in the current and prior years are as follows:

<b>Balance at 1/1/2018</b>	<u>(52)</u>
Recovery	<u>2</u>
<b>Balance at 12/31/2018</b>	<u>(50)</u>
Recovery	<u>1</u>
<b>Balance at 12/31/2019</b>	<u>(49)</u>

## 11. FINANCIAL ASSETS

The financial assets are grouped according to the classification of categories of financial instruments in Note 5.5, and are broken down in the balance sheet as follows:

CLASS	Equity instruments		Debt securities		Loans, derivatives and others		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Financial assets held for trading</b>	<b>4.905</b>	<b>6.150</b>	<b>40.835</b>	<b>45.729</b>	-	-	<b>45.740</b>	<b>51.879</b>
Equity instruments in other entities (Note 11.1)	4.905	6.150	-	-	-	-	4.905	6.150
Debt securities (Note 11.2.1)	-	-	40.835	45.729	-	-	40.835	45.729
<b>Loans and receivables</b>	-	-	-	-	<b>99</b>	<b>3.424</b>	<b>99</b>	<b>3.424</b>
Other financial assets (Note 11.3)	-	-	-	-	99	3.424	99	3.424
<b>Total L/T financial assets</b>	<b>4.905</b>	<b>6.150</b>	<b>40.835</b>	<b>45.729</b>	<b>99</b>	<b>3.424</b>	<b>45.839</b>	<b>55.303</b>
<b>Financial assets held for trading</b>	-	-	<b>3.134</b>	<b>2.462</b>	-	-	<b>3.135</b>	<b>2.462</b>
Debt securities (Note 11.2.1)	-	-	3.135	2.462	-	-	3.135	2.462
<b>Loans and receivables</b>	-	-	-	-	<b>17.023</b>	<b>9.321</b>	<b>17.022</b>	<b>9.321</b>
Users and debtors	-	-	-	-	36	-	36	-
Sponsors (Note 11.4)	-	-	-	-	6.072	3.894	6.072	3.894
Other debtors	-	-	-	-	301	124	301	124
Staff	-	-	-	-	101	64	101	64
Other financial assets in group entities and associates (Note 19.1)	-	-	-	-	-	11	-	11
Other financial assets (Note 11.3)	-	-	-	-	3.337	11	3.337	11
Cash (Note 11.5)	-	-	-	-	7.176	5.217	7.176	5.217
<b>Total S/T financial assets</b>	-	-	<b>3.134</b>	<b>2.462</b>	<b>17.023</b>	<b>9.321</b>	<b>20.157</b>	<b>11.783</b>

### 11.1. Equity instruments

The breakdown of the investments in equity instruments at 2019 year end relates to shares held for trading in the following companies:

	Investment cost	Share premium refund	Change in fair value	Net value on 12/31/2019	Net value on 12/31/2018
Trajano Iberia SOCIMI, S.A.	5,000	(1,330)	1,205	4,875	6,150
Microsoft Rest.	1	-	(1)	-	-
Casas de Artesanía 2000, S.A.	2	-	(2)	-	-
Can Valls 2000, S.L.	1	-	(1)	-	-
Kanjo Emotion	30	-	-	30	-
<b>Total</b>	<b>5,034</b>	<b>(1,330)</b>	<b>1,205</b>	<b>4,905</b>	<b>6,150</b>

Interest in Trajano Iberia SOCIMI, S.A. corresponds to an investment made in 2015 to obtain financial returns in the medium term bearing in mind that laws for this type of companies, obligation to distribute dividends and the current state of the real estate market equate the risk of this investment in equity instruments to the risk of the investments made to date by EDUCO in debt securities (see Note 11.2).

Interest in Microsoft Rest. corresponds to 36 shares with a nominal value of 29 US dollars, which come from a legacy. These shares are subject to certain restrictions in its transferability, and are fully amortized.

Interest in the companies Casas de Artesanía 2000, S.A. and Can Valls 2000, S.L., both engaged in the real estate industry, come from the asset taken over in the merger carried out in 2013 with Fundación Privada Cuna, an entity that formed group with EDUCO. These interests have been fully depreciated given the negative equity position shown in the financial statements of both entities.

The interest in Kanjo Emotion is an investment that is not held for financial return purposes. Rather, it is linked to EDUCO's social purposes. Kanjo has developed an application for monitoring the children's emotional wellbeing that can be easily implemented in schools for the early detection of children at risk who may require special attention.

The movements in investments in equity instruments in 2019 and 2018 were as follows:

<b>Balance at 12/31/2017</b>	<b>5,615</b>
Share premium refund	(125)
Trajano Iberia SOCIMI, S.A.	(125)
Change in fair value (see Note 17.8)	660
Trajano Iberia SOCIMI, S.A.	660
<b>Balance at 12/31/2018</b>	<b>6,150</b>
Additions (Kanjo)	30
Share premium refund	(1,085)
Trajano Iberia SOCIMI, S.A.	(1,085)
Change in fair value (see Note 17.8)	(190)
Trajano Iberia SOCIMI, S.A.	(190)
<b>Balance at 12/31/2019</b>	<b>4,905</b>

## 11.2. Debt securities

Debt securities are classified according to type of portfolio in the following categories:

### 11.2.1. Financial assets held for trading

The breakdown of debt securities held for trading, measured at fair value at 2019 and 2018 year ends is as follows:

	At 12/31/2019				At 12/31/2018			
	Investment cost	Incr./ (Decr.) fair value	Exchange gains / (losses)	Total	Investment cost	Incr./ (Decr.) fair value	Exchange gains / (losses)	Total
Government debt securities	747	3	19	769	3,088	(58)	(104)	2,926
Private fixed-income securities	7,155	75	90	7,320	9,027	(248)	64	9,023
Investment funds	31,451	1,295	-	32,746	34,800	(1,020)	-	33,780
<b>Total long-term</b>	<b>39,353</b>	<b>1,373</b>	<b>109</b>	<b>40,835</b>	<b>47,095</b>	<b>(1,326)</b>	<b>(40)</b>	<b>45,729</b>
Government debt securities	1,628	(34)	(39)	1,555	2,121	(92)	(54)	1,975
Private fixed-income securities	1,528	69	(18)	1,579	307	(1)	-	306
<b>Total short term</b>	<b>3,156</b>	<b>35</b>	<b>(57)</b>	<b>3,134</b>	<b>2,428</b>	<b>(93)</b>	<b>(54)</b>	<b>2,281</b>
<b>Total Financial assets held for trading</b>	<b>42,509</b>	<b>1,408</b>	<b>52</b>	<b>43,969</b>	<b>49,523</b>	<b>(1,419)</b>	<b>(94)</b>	<b>48,010</b>

Investments in debt securities correspond in their totality to publicly traded fixed-income issues in organized markets with defined maturity. The fair value of these securities is based on current buyer prices in an active market, this being its maximum exposure to credit risk.

The interest sold during 2019 in investment funds has generated losses of 9 thousand euros (gains of 142 thousand euros in the prior year) and has been recorded in the profit and loss account as gains/(losses) on disposal of financial instruments.

The movements in the investments in for both years were:

	<b>Government debt securities</b>	<b>Private fixed- income securities</b>	<b>Investment funds</b>
<b>Balance at 12/31/2017</b>	<b>5,074</b>	<b>6,561</b>	<b>42,310</b>
Additions	316	3,853	11,590
Disposals	(433)	(984)	(18,385)
Change in fair value	(123)	(255)	(1,723)
Exchange gains / (losses)	67	154	(12)
<b>Balance at 12/31/2018</b>	<b>4,901</b>	<b>9,329</b>	<b>33,780</b>
Additions	190	1,900	1,900
Disposals	(1,452)	(2,398)	(5,249)
Change in fair value	(51)	211	2,713
Exchange gains / (losses)	33	62	
<b>Balance at 12/31/2019</b>	<b>3,621</b>	<b>7,204</b>	<b>33,144</b>

The average rate of return on investments at December 31, 2019 is an internal rate of return at maturity of 5.12%.

Debt securities maturing over 2019 are classified in the short term. The balance of long-term debt securities matures in the following periods:

	<b>2019</b>	<b>2018</b>
Between 1 and 2 years	4,628	3,160
Between 2 and 3 years	2,622	1,818
Between 3 and 4 years	2,633	3,119
Between 4 and 5 years	894	2,633
More than 5 years	433	1,219
<b>Total</b>	<b>11,210</b>	<b>11,949</b>



EDUCO prioritizes investment in fixed-income debt securities in entities that are engaged in international development cooperation activities, or in activities with social purposes, provided that they meet the levels of financial risk management of EDUCO. The breakdown of the investments in euros made at December 31, 2019 in this type of securities, as well as their characteristics, is as follows:

Classif. Investment	Security	ISIN	Foreign currency	Date opened	Maturity date	Type of coupon	% coupon interest	Investment cost in thousands of euros
FONDOS INVERSION MIXTOS SRI	I2 DESARROLLO SOSTENIBL ISR FI	ES0162864005	EUR	8/1/2017				100
FONDOS INVERSION MIXTOS SRI	SABAD INVER ETIC SOLID FI PLUS	ES0182543035	EUR	5/5/2017				500
FONDOS INVERSION RENTA FIJA SRI	ISHARES EUR CORP BD SRI 0-3YR	IE00BYZTVV78	EUR	11/6/2018				375
FONDOS INVERSION RENTA FIJA SRI	RCGF EURO SUST CDT DH EUR CAP	LU0503372608	EUR	9/28/2017				500
FONDOS INVERSION RENTA FIJA SRI	AMUNDI FDS IND EUR AGR COR SRI	LU1050468989	EUR	9/17/2019				250
FONDOS INVERSION RENTA FIJA SRI	AGIF- ALLIANZ EURO CREDIT SRI	LU1145633233	EUR	9/13/2019				248
FONDOS INVERSION RENTA FIJA SRI	CANDRIAM SRI-BOND EURO CORP	LU1313770452	EUR	8/18/2017				700
FONDOS INVERSION RENTA VARIABLE SRI	UBS-ETF MSCI WORLD SOC RES	LU0629459743	EUR	11/6/2018				224
FONDOS INVERSION RENTA VARIABLE SRI	UBS ETF - MSCI EMU SOC RESP	LU0629460675	EUR	11/6/2018				225
RENDA FIJA PUBLICA SRI	KFW 6% 20/08/20	AU0000KFWHO9	AUD	5/2/2014	8/20/2020	Half-yearly	6.000%	509
RENDA FIJA PUBLICA SRI	FCC MEDIO 0.815% 04/12/23	XS2081491727	EUR	11/27/2019	12/3/2023	Annual	0.815%	190
RENDA FIJA PUBLICA SRI	IFC 3.625% 20/05/20	NZIFCDT007C3	NZD	10/30/2015	5/20/2020	Half-yearly	3.625%	64
RENDA FIJA PUBLICA SRI	BAD 2.375% 23/09/21	US00828EBD04	USD	10/14/2014	9/23/2021	Half-yearly	2.375%	81
RENDA FIJA PUBLICA SRI	IADB 2.125% 09/11/20	US4581X0CD88	USD	10/15/2014	11/9/2020	Half-yearly	2.125%	80
RENDA FIJA PUBLICA SRI	KFW 2% 04/10/22	US500769FH22	USD	9/26/2014	10/4/2022	Half-yearly	2.000%	95
RENDA FIJA PUBLICA SRI	EURASIAN D 5% 26/09/20	XS0972645112	USD	7/8/2015	9/26/2020	Half-yearly	5.000%	668
RENDA FIJA PRIVADA SRI	IADB 0.5% 23/05/23	XS0169059929	CAD	2/20/2015	5/23/2023	Half-yearly	0.500%	205
RENDA FIJA PRIVADA SRI	COFIDE PER 4.75% 02/22	USP31389AY82	USD	12/9/2015	2/8/2022	Half-yearly	4.750%	192
RENDA FIJA PRIVADA SRI	AFRICA FIN 4.375% 04/20	XS1225008538	USD	12/29/2015	4/29/2020	Half-yearly	4.375%	186

5,392

## 11.2.2. Investments held to maturity

At 2019 and 2018 year ends the entity does not have this type of investment in its assets.

## 11.3. Other financial assets

The headings included in the section are as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Term deposits in CFA francs (Note 11.3.1)	-	3,300
Guarantees and deposits - long term (Note 11.3.2)	99	124
<b>Other long-term financial assets</b>	<b>99</b>	<b>3,424</b>
Term deposits in CFA francs (Note 11.3.1)	3,300	-
Accrued interest on debt securities payable in S/T	25	-
Guarantees and deposits - short term (Note 11.3.2)	12	11
<b>Other short-term financial assets</b>	<b>3,337</b>	<b>11</b>

### 11.3.1 Term deposits

Movements in term deposits, both in Euros and in foreign currency, for both financial years were:

	<b>Long-term deposits</b>	
	<b>In CFA francs</b>	<b>In thousands of Euros</b>
<b>Balance at 12/31/2018</b>	<b>2,164,658,100</b>	<b>3,300</b>
Additions		
Disposals		
Short-term reclassification	(2,164,658,100)	(3,300)
Exchange gains / (losses) (see Note 15)		
<b>Balance at 12/31/2019</b>	<b>-</b>	<b>-</b>

  

	<b>Short-term deposits</b>	
	<b>In CFA francs</b>	<b>In thousands of Euros</b>
<b>Balance at 12/31/2018</b>	<b>-</b>	<b>-</b>
Additions	2,164,658,100	<b>3,300</b>
Disposals	-	-
Exchange gains / (losses) (see Note 15)		-
<b>Balance at 12/31/2019</b>	<b>2,164,658,100</b>	<b>3,300</b>

The maturity of the long-term deposits denominated in euros at both year ends is as follows:

	<b>2019</b>	<b>2018</b>
Between 1 and 2 years	-	3,300
<b>Total</b>	<b>-</b>	<b>3,300</b>

The term deposits in CFA francs at December 31, 2019 correspond to one deposit made by EDUCO in Senegal as a non-resident entity in the country, in the Senegalese credit institution Ecobank. The breakdown and conditions of the deposits are as follows:

<b>Deposit number</b>	<b>Date of arrangement</b>	<b>Date of maturity</b>	<b>Annual interest rate</b>	<b>Amount in CFA Francs</b>	<b>Equivalent in thousands of euros</b>
10161031723101	05/03/2017	05/02/2020	4.75%	2,164,658,100	3,300

### 11.3.2. Guarantees and deposits

The guarantees and deposits granted are basically related to operating lease agreements (see Note 9), amounting to 83 thousand euros at December 31, 2019 (81 thousand euros at December 31, 2018) and the rest relate to the supply contracts for the office premises in which the organization carries out its activities and the operational performance of other activities.

The breakdown of guarantees and deposits established by the EDUCO Head Office in Spain and those established by the overseas branches, as well as the currency in which they have been established, is as follows:

	<b>Balance at 12/31/2019</b>		<b>Balance at 12/31/2018</b>	
	<u>Foreign currency</u>	<u>Thousands of euros</u>	<u>Foreign currency</u>	<u>Thousands of euros</u>
Spain – Euros		32		18
Senegal – CFA franc (XOF)	8,684,915	13	6,403,612	10
Philippines – Peso (PHP)	328,721	6	332,714	6
Bangladesh – Taka (BDT)	1,249,337	13	5,5562,828	58
El Salvador – US Dollar (USD)	11,866	10	10,519	9
Nicaragua – Cordoba (NIO)	59,217	2	84,059	2
India – Rupee (INR)	1,391,200	17	1,391,200	17
Benin – CFA franc (XOF)	3,690,000	6	3,000,000	5
Burkina Faso – CFA franc (XOF)	3,657,800	6	3,560,000	5
Provision for impairment (INR)	(467,500)	(6)	(467,500)	(6)
<b>Total non-current guarantees and deposits</b>		<b>99</b>		<b>124</b>
Spain – Euros		3		5
Mali – CFA franc (XOF)	1,400,000	2	1,400,000	2
Bolivia – Boliviano (BOB)	32,016	4	29,232	4
Guatemala – Quetzal (GTQ)	28,962	3		
<b>Total current guarantees and deposits</b>		<b>12</b>		<b>11</b>

The movements in guarantees and deposits in 2019 and 2018 are as follows:

	<b>Long term</b>	<b>Short term</b>
<b>Balance at 1/1/2018</b>	<b>126</b>	<b>14</b>
Additions	23	1
Disposals	(27)	(4)
Translation differences	2	-
<b>Balance at 12/31/2018</b>	<b>124</b>	<b>11</b>
Additions	33	5
Disposals	(59)	(4)
Translation differences	1	-
<b>Balance at 12/31/2019</b>	<b>99</b>	<b>12</b>

## 11.4. Sponsors

The breakdown of the balance of this caption at 2019 and 2018 year ends is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
ChildFund Korea (Korea)	1,920	377
Education Development Center, Inc. (United States)	2,868	3,517
Unicef (Burkina Faso)	127	-
Unicef (Benin)	324	-
Unicef (Mali)	833	-
<b>Total</b>	<b>6,072</b>	<b>3,894</b>

## 11.5. Cash

The breakdown of this caption at December 31, 2019 and 2018 is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Cash Head Office Spain (euros)	6	5
Cash Head Office Spain (US dollars)	1	2
Cash Head Office Spain (other currencies)	1	-
Cash branches, national currency	38	30
Cash branches, foreign currency	1	-
Bank accounts Head Office Spain (euros)	4,225	3,744
Bank accounts Head Office Spain (US dollars)	81	93
Bank accounts non-residents – Senegal (Francs CFA)	99	17
Bank accounts branches, national currency	2,649	1,274
Bank accounts branches, foreign currency	75	52
<b>Total</b>	<b>7,176</b>	<b>5,217</b>

The balances in the banks are freely available and accrue market interest rates.

At 2019 and 2018 year ends the breakdown of the balance held in banks by EDUCO branches by account, bank and currency is the following:

	<b>Balance at 12/31/2019</b>		<b>Balance at 12/31/2018</b>	
	<u>Foreign currency</u>	<u>Thousands of euros</u>	<u>Foreign currency</u>	<u>Thousands of euros</u>
<b>Bangladesh – Taka (BDT)</b>	<b>22,663,270</b>	<b>239</b>	<b>24,411,620</b>	<b>253</b>
THE CITY BANK LTD				
c/c 1102111908001 – date opened: 7/14/2003	2,751	-	66,200	1
c/c 1401786429001 – date opened: 3/23/2016	3,543,564	37	1,095,718	11
c/c 1401786429002 – date opened: 3/23/2016	3,229,396	34	10,852,802	113
c/c 1102111908001 – date opened: 12/24/2018	280,617	3	3,584,962	37
c/c 1401971720001 – date opened: 1/2/2018	365,135	4	5,871,975	61
c/c 1402414703001 – date opened: 4/25/2018	4,235	-	2,393,235	25
c/c 1252712235001 – date opened: 9/18/2019	11,122,111	117	-	-
c/c 1402718878001 – date opened: 9/30/2019	3,797,006	40	-	-
c/c 1252618361001 – date opened: 10/4/2019	175,216	2	-	-
c/c 1402684576001 – date opened: 8/6/2019	53,477	1	-	-
MUTUAL TRUST BANK LTD				
c/c 460210009342 – date opened: 3/25/2018	54,418	1	31,187	-
c/c 5050210008749 – date opened: 8/27/2019	1,801	-	-	-
FIRST SECURITY ISLAMI BANK LTD				
c/c 11211100019742 – date opened: 3/25/2018	31,653	-	36,365	-
c/c 16811100000530 – date opened: 7/17/2018	1,889	-	479,174	5
<b>Benin - Franc CFA (XOF)</b>	<b>61,138,657</b>	<b>93</b>	<b>5,671,541</b>	<b>9</b>
ECOBANK				
c/c 10181134827501 – date opened: 1/20/2015	34,088,584	52	5,671,541	9
c/c 1001110338333000 – date opened: 7/31/2019	24,553,525	37	-	-
BANK OF AFRICA				
c/c 1008009833010000 – date opened: 2/1/2019	2,496,548	4	-	-
<b>Bolivia – Boliviano (BOB)</b>	<b>1,093,230</b>	<b>142</b>	<b>1,191,380</b>	<b>151</b>
BANCO BISA				
c/c 4207900015 – date opened: 10/9/2014	42,452	5	1,076,980	137
c/c 4207900040 – date opened: 1/14/2016	-	-	2,958	-
c/c 4207900066 – date opened: 11/24/2017	-	-	38,859	5
c/c 4207900082 – date opened: 10/15/2018	-	-	34,483	4
c/c 4207900074 – date opened: 10/15/2018	-	-	38,100	5
c/c 4207900104 – date opened: 12/20/2019	116,060	15	-	-
c/c 4207900091 – date opened: 12/20/2019	934,718	122	-	-
<b>Burkina Faso – Franc CFA (XOF)</b>	<b>366,149,159</b>	<b>558</b>	<b>21,083,742</b>	<b>33</b>
ECOBANK				
c/c 181737254201 89 – date opened: 3/23/2015	121,665,646	185	5,080,710	8
c/c 181737254202 86 – date opened: 5/24/2016	495,057	1	2,088,745	3
c/c 181737254203 83 – date opened: 2/21/2017	-	-	8,961,939	14
c/c 181737254204 36 – date opened: 10/22/2018	1,463,146	2	4,952,348	8
c/c 170362611005 44 – date opened: 1/25/2019	183,105,240	279	-	-
c/c 170362611006 41 – date opened: 1/25/2019	28,225,800	43	-	-
c/c 170362611007 38 – date opened: 6/1/2019	31,194,270	48	-	-

<b>El Salvador – US Dollar (USD)</b>	<b>925,618</b>	<b>824</b>	<b>590,193</b>	<b>515</b>
<b>BANCO DE AMERICA CENTRAL</b>				
c/c 200719557 – date opened: 2/22/2010	35,710	32	144,332	126
c/c 104496070 – date opened: 2/22/2010	90,185	80	27,329	24
c/c 200719870 – date opened: 2/22/2010	5,670	5	7,562	7
c/c 200719920 – date opened: 2/22/2010	20	-	(2,995)	(3)
c/c 200719946 – date opened: 2/22/2010	4,408	4	6,339	6
c/c 200719847 – date opened: 2/22/2010	-	-	(1,265)	(1)
c/c 109320416 – date opened: 6/5/2014	-	-	38,180	33
c/c 200939585 – date opened: 10/13//2014	80,586	72	35,827	31
c/c 201058955 – date opened: 2/16/2017	-	-	1,124	1
c/c 201079076 – date opened: 6/5/2017	374,902	334	305,610	267
c/c 201098639 – date opened: 12/16/2017	6,566	6	5,518	5
c/c 201108628 – date opened: 1/12/2018	279,228	248	19,874	17
c/c 201120953 – date opened: 3/13/2018	-	-	2,759	2
c/c 201207909 – date opened: 3/18/2019	17,163	15	-	-
c/c 201214400 – date opened: 5/9/2019	15,375	14	-	-
c/c 201204625 – date opened: 6/15/2018	15,805	14	-	-
<b>Philippines – Euro (EUR)</b>	<b>29,037</b>	<b>-</b>	<b>29,037</b>	<b>-</b>
<b>BANCO DE ORO</b>				
c/c 304250254170 – date opened 10/9/2013	29,037	-	29,037	-
<b>Philippines – Peso (PHP)</b>	<b>7,377,984</b>	<b>130</b>	<b>5,666,409</b>	<b>94</b>
<b>BANCO DE ORO</b>				
c/c 4250051989 – date opened: 3/21/2005	3,104,376	55	4,313,371	72
c/c 7970043876 – date opened: 4/12/2017	2,824,777	50	842,049	14
c/c 7068008620 – date opened: 11/24/2017	-	-	138,663	2
c/c 7978003710 – date opened: 4/20/2018	904,813	16	305,443	5
c/c 7978003710 – date opened: 6/19/2019	426,856	7	-	-
c/c 7978003710 – date opened: 11/20/2019	50,011	1	-	-
<b>RURAL BANK OF PILAR (SOR SOGON), INC.</b>				
c/c 01 20253 1 – date opened: 4/27/2011	67,150	1	66,882	1

<b>India – Rupia (INR)</b>	<b>1,223,022</b>	<b>15</b>	<b>934,227</b>	<b>12</b>
THE RATNAKAR BANK Ltd				
c/c 405447 – date opened: 5/20/1999	1,223,022	15	934,227	12
<b>Mali – Franc CFA (XOF)</b>	<b>370,224,526</b>	<b>565</b>	<b>114,223,477</b>	<b>174</b>
BANQUE NATIONALE DE DÉVELOPPEMENT AGRICOLE (BNDA)				
c/c 600011200015 – date opened: 6/10/2002	7,010,687	11	1,959,591	3
c/c 600011205280 – date opened: 1/4/2007	153,159	-	176,559	-
ECOBANK				
c/c 150158397005 – date opened: 10/6/2008	332,340,424	507	74,406,106	113
c/c 150158397003 – date opened: 6/22/2017	1,304,111	2	1,543,115	2
c/c 150158397002 – date opened: 3/7/2018	1,607,051	2	2,303,580	4
c/c 150158397001 – date opened: 1/4/2018	346,759	1	475,459	1
c/c 150158397004 – date opened: 8/1/2018	-	-	14,825,587	23
c/c 150158397006 – date opened: 12/12/2018	-	-	18,533,480	28
c/c 150158397007 – date opened: 11/19/2019	27,462,335	42	-	-
<b>Nicaragua – Córdoba (NIO)</b>	<b>434,403</b>	<b>11</b>	<b>23,609</b>	<b>1</b>
BANCO DE AMERICA CENTRAL				
c/c 357867886 – date opened: 1/7/2014	424,015	11	23,609	1
c/c 363728999 – date opened: 1/17/2019	10,389	-	-	-
<b>Nicaragua – US Dólar (USD)</b>	<b>2,839,550</b>	<b>75</b>	<b>1,919,727</b>	<b>53</b>
BANCO DE AMERICA CENTRAL				
c/c 358028090 – date opened: 2/26/2014	2,782,522	73	1,589,281	43
c/c 359937117 – date opened: 11/23/2015	-	-	167,389	5
c/c 361183403 – date opened: 11/28/2016	-	-	96,022	3
c/c 363036906 – date opened: 5/14/2018	57,028	2	67,035	2
<b>Senegal – Franc CFA (XOF)</b>	<b>33,855,004</b>	<b>52</b>	<b>20,462,259</b>	<b>31</b>
ECOBANK				
c/c 100005007002 – date opened: 4/27/2006	19,339,254	30	20,462,259	31
c/c 100005007001 – date opened: 3/9/2018	7,470,718	11	-	-
c/c 100005007003 – date opened: 5/24/2019	7,045,032	11	-	-
<b>Guatemala – Quetzal (GTQ)</b>	<b>176,982</b>	<b>20</b>	<b>3,930</b>	<b>-</b>
BANCO INDUSTRIAL S.A.				
c/c 320041627 – date opened: 4/29/2016	176,982	20	3,930	-
c/c 320051782 – date opened: 9/14/2018	-	-	182	-
<b>Total</b>		<b>2,724</b>		<b>1,326</b>

## 12. FINANCIAL LIABILITIES

The financial liabilities are grouped according to the classification of categories of financial instruments described in Note 5.5, and are shown in the Statement in the following breakdown:

CLASS CATEGORY	BANK BORRWINGS		Derivatives and others		Total	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Debts and accounts payable</b>	-	-	<b>14,255</b>	<b>11,960</b>	<b>14,255</b>	<b>11,960</b>
Other financial liabilities (Note 12.1)	-	-	14,255	11,960	14,255	11,960
<b>Total L/T financial liabilities</b>	-	-	<b>14,255</b>	<b>11,960</b>	<b>14,255</b>	<b>11,960</b>
<b>Debts and accounts payable</b>	<b>14</b>	<b>18</b>	<b>5,810</b>	<b>5,410</b>	<b>5,824</b>	<b>5,428</b>
Bank borrowings (credit cards)	14	18	-	-	14	18
Other financial liabilities (Note 12.1)	-	-	3,973	3,603	3,973	3,603
Other payables (Nota 12.2)	-	-	1,812	1,778	1,812	1,778
Staff	-	-	25	29	25	29
<b>Total S/T financial liabilities</b>	<b>14</b>	<b>18</b>	<b>5,810</b>	<b>5,410</b>	<b>5,824</b>	<b>5,428</b>

### 12.1. Other financial liabilities

The breakdown of both the long-term and the short-term balance of "Other financial liabilities" at 2019 and 2018 year ends is:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Guarantees and deposits received (Note 12.1.2)	3,068	2,491
Long-term payables convertible into grants, donations and legacies (Note 12.1.1)	11,187	9,469
<b>Total other long-term financial assets</b>	<b>14,255</b>	<b>11,960</b>
Guarantees and deposits received (Note 12.1.2)	29	17
Short-term payables convertible into grants, donations and legacies (Note 12.1.1)	3,944	3,586
<b>Total other short-term financial assets</b>	<b>3,973</b>	<b>3,603</b>

#### 12.1.1. Debt convertible into grants, donations and legacies

The balance of debt convertible into grants, donations and legacies relates to awarded repayable amounts pending appropriation to foundational aims of the grants of which EDUCO is the beneficiary. When they become non-repayable they are transferred to profit/(loss) for the year as the expenses from subsidized projects are incurred. The final non-repayable consideration depends on the final review by the funding entity of the documentation supporting the execution.



The movements in the grants awarded by public and private funding entities in 2019 and 2018 are as follows:

Funding Entity	Balance at 1/1/2019	Grants awarded	Reclassifications between long and short term	Allocated to year profits (see Note 17.3)	Conversion differences	Balance at 12/31/2019
Diputación Foral de Bizcaia (Spain)	60	-	(60)	-	-	-
Ajuntament de Barcelona (Spain)	140	-	(140)	-	-	-
EuropeAid (Belgium)	2,871	479	(491)	-	-	2,859
AECID (Spain)	2,396	200	(521)	-	-	2,075
ChildFund Korea (Korea)	329	1,868	(351)	-	-	1,846
Agencia Andaluza de Cooperación Internacional para el Desarrollo (Spain)	150	112	(150)	-	-	112
Agencia Vasca de Cooperación al Desarrollo (Spain)	200	281	-	-	-	481
Education Development Center, Inc. (United States)	3,323	-	(798)	-	-	2,525
UNICEF (Mali)	-	988	-	-	-	988
UNICEF (Burkina)	-	202	(36)	-	-	166
UNICEF (Benin)	-	398	(263)	-	-	135
<b>L/P payables convertible to refundable grants and donations and legacies</b>	<b>9,469</b>	<b>4,528</b>	<b>(2,810)</b>	<b>-</b>	<b>-</b>	<b>11,187</b>
Diputación Foral de Bizcaia (Spain)	60	46	60	(49)	-	117
Ajuntament de Barcelona (Spain)	116	-	140	(112)	-	144
Xunta de Galicia (Spain)	105	40	-	(142)	-	3
Agència Catalana de Cooperació (Spain)	-	100	-	-	-	100
UNICEF (El Salvador)	5	36	-	(35)	-	6
Ministerio de Educación (El Salvador)	2	400	-	(386)	(1)	15
EuropeAid (Belgium)	1,336	-	491	(1,509)	-	318
AECID (Spain)	1,143	400	521	(995)	-	1,069
ChildFund Korea (Korea)	272	579	351	(678)	(1)	523
Ayuntamiento de A Coruña (Spain)	5	6	-	(11)	-	-
Agencia Andaluza de Cooperación Internacional para el Desarrollo (Spain)	150	188	150	(159)	-	329
Agencia Vasca de Cooperación al Desarrollo (Spain)	118	281	-	(85)	-	314
Christian Children's Fund of Canada (Canada)	274	610	-	(558)	5	331
Education Development Center, Inc. (United States)	-	-	798	(798)	-	-
Union Europea (Belgium)	-	253	-	-	-	253
Ministerio Sanidad, Consumo y Bienestar (Spain)	-	45	-	-	-	45
Agencia Suiza de Cooperación y Desarrollo (COSUDE) (Switzerland)	-	105	-	-	-	105
Water.org (United States)	-	11	-	(9)	-	2
UNICEF (Burkina)	-	-	36	(23)	-	13
UNICEF (Benin)	-	-	263	(25)	-	238
Helvetas (Switzerland)	-	26	-	(23)	-	3
Plan Internacional (El Salvador)	-	73	-	(57)	-	16
<b>S/P payables convertible to refundable grants and donations and legacies</b>	<b>3,586</b>	<b>3,199</b>	<b>2,810</b>	<b>(5,654)</b>	<b>3</b>	<b>3,944</b>
<b>Total payables convertible to refundable grants and donations and legacies</b>	<b>13,055</b>	<b>7,727</b>	<b>-</b>	<b>(5,654)</b>	<b>3</b>	<b>15,131</b>

Funding Entity	Balance at 1/1/2018	Grants awarded	Reclassifications between long and short term	Allocated to year profits (see Note 17.3)	Conversion differences	Balance at 12/31/2018
Diputación Foral de Bizcaia (Spain)	-	60	-	-	-	60
Xunta de Galicia (Spain)	-	105	(105)	-	-	-
Ajuntament de Barcelona (Spain)	-	140	-	-	-	140
EuropeAid (Belgium)	104	4,195	(1,428)	-	-	2,871
AECID (Spain)	321	2,075	-	-	-	2,396
ChildFund Korea (Korea)	329	97	(97)	-	-	329
Agencia Andaluza de Cooperación Internacional para el Desarrollo (Spain)	-	150	-	-	-	150
Agencia Vasca de Cooperación al Desarrollo (Spain)	-	200	-	-	-	200
Education Development Center, Inc. (United States)	-	3,897	(574)	-	-	3,323
<b>L/P payables convertible to refundable grants and donations and legacies</b>	<b>754</b>	<b>10,919</b>	<b>(2,204)</b>	<b>-</b>	<b>-</b>	<b>9,469</b>
Diputación Foral de Bizcaia (Spain)	-	60	-	-	-	60
Ajuntament de Barcelona (Spain)	221	147	-	(252)	-	116
Ayuntamiento de Getxo (Spain)	12	-	-	(12)	-	-
Xunta de Galicia (Spain)	-	70	105	(70)	-	105
UNICEF (El Salvador)	9	17	-	(21)	-	5
Ministerio de Educación (El Salvador)	34	432	-	(464)	-	2
EuropeAid (Belgium)	30	-	1,428	(122)	-	1,336
Gobierno Vasco (Spain)	-	-	-	-	-	-
AECID (Spain)	321	1,025	-	(203)	-	1,143
ChildFund Korea (Korea)	345	110	97	(280)	-	272
Ajuntament de Mataró (Spain)	-	1	-	(1)	-	-
Ayuntamiento de Madrid (Spain)	80	-	-	(80)	-	-
Solidaridad Internacional de Galiza (Spain)	-	15	-	(15)	-	-
Ayuntamiento de A Coruña (Spain)	-	5	-	-	-	5
Agencia Andaluza de Cooperación Internacional para el Desarrollo (Spain)	-	150	-	-	-	150
Agencia Vasca de Cooperación al Desarrollo (Spain)	-	125	-	(7)	-	118
Christian Children's Fund of Canada (Canada)	-	466	-	(201)	9	274
Education Development Center, Inc. (United States)	-	-	574	(574)	-	-
<b>S/P payables convertible to refundable grants and donations and legacies</b>	<b>1,052</b>	<b>2,623</b>	<b>2,204</b>	<b>(2,302)</b>	<b>9</b>	<b>3,586</b>
<b>Total payables convertible to refundable grants and donations and legacies</b>	<b>1,806</b>	<b>13,542</b>	<b>-</b>	<b>(2,302)</b>	<b>9</b>	<b>13,055</b>

### 12.1.2. Guarantees and deposits

The movements in guarantees and deposits received in both financial years were:

	<u>Long term</u>	<u>Short term</u>
<b>Balance at 1/1/2018</b>	<b>2,404</b>	<b>10</b>
Additions	6	9
Disposals	(23)	(2)
Translation differences	104	-
<b>Balance at 12/31/2018</b>	<b>2,491</b>	<b>17</b>
Additions	526	59
Disposals	(4)	(47)
Translation differences	55	-
<b>Balance at 12/31/2019</b>	<b>3,068</b>	<b>29</b>

The breakdown of guarantees and deposits received by the foreign currency in which they have been arranged is as follows:

	<u>Balance at 12/31/2019</u>		<u>Balance at 12/31/2018</u>	
	<u>Foreign currency</u>	<u>Thousands of euros</u>	<u>Foreign currency</u>	<u>Thousands of euros</u>
Spain – Euros		71		7
Bangladesh – Taka (BDT)	565,636	6	93,459	1
Bolivia – Boliviano (BOB)	22,980,000	2,991	19,495,000	2,483
<b>Total long-term guarantees and deposits</b>		<b>3,068</b>		<b>2,491</b>
Benin – CFA francs (XOF)	1,563,500	2	-	-
Burkina Faso – CFA francs (XOF)	17,747,581	27	11,204,625	17
<b>Total short term guarantees and deposits</b>		<b>29</b>		<b>17</b>

The amount in Bolivia corresponds to the advance payment linked to the purchase and sale commitment on the plots of land and constructions indicated in Note 7. The rest corresponds to guarantees and deposits received for property leases and from suppliers to guarantee the good performance of the services contracted.

### 12.2. Other payables

The breakdown of the balance of “Other payables” at 2019 and 2018 year ends is as follows:

	<u>Balance at 12/31/2019</u>	<u>Balance at 12/31/2018</u>
Beneficiaries, creditors	179	103
Creditors for services	1,633	1,675
<b>Total</b>	<b>1,812</b>	<b>1,778</b>

The balance of “Beneficiaries, creditors” at 2019 and 2018 year ends mainly corresponds to monetary aids pending payment for cooperation agreements reached at the end of the corresponding financial years with partner entities that have been paid during the first months of the following financial year.

In compliance with Resolution of January 29, 2016 issued by the Spanish Accounting and Audit Institute (ICAC by its acronym in Spanish) concerning the information to be disclose in the notes to the financial statements in connection with the average payment period to suppliers in commercial transactions the information below is provided. This information refers exclusively to the commercial transactions of purchase of goods and services carried out by EDUCO, as a Spanish taxable entity, and therefore, excludes any purchases and balances pending payment from its foreign branches.

	2019	2018
	Days	Days
Average payment period to suppliers	32	30
Ratio of transactions paid	31	30
Ratio of transactions pending payment	140	88

	Amount (thousands of euros)	Amount (thousands of euros)
Total payments made	7,470	8,473
Total payments outstanding	2,025	16

### 13. PROVISION FOR EMPLOYEE BENEFITS

They correspond to defined benefit plans (see Note 5.13.1) made in favor of the staff at the branches in Bangladesh, the Philippines, Nicaragua, Bolivia, India and Guatemala. The balance of the detailed provision and the movements therein by country at each balance sheet date is as follows:

	Balance at 1/1/2019	Charge for the year (Note 17.6)	Overprovision (Note 17.6)	Utilization of provision	Translation differences	Current transfers	Balance at 12/31/2019
Bangladesh (Note 13.1)	434	89	-	(138)	6	-	391
Philippines (Note 13.2)	102	(58)	61	-	6	-	111
Nicaragua (Note 13.3)	110	24	-	(4)	(3)	-	127
Bolivia (Note 13.4)	29	60	-	(90)	1	-	-
India (Note 13.5)	12	8	(6)	(2)	-	-	12
Guatemala (Note 13.6)	58	47	-	(123)	-	28	11
<b>Total</b>	<b>745</b>	<b>170</b>	<b>55</b>	<b>(357)</b>	<b>11</b>	<b>28</b>	<b>652</b>

	Balance at 1/1/2018	Charge for the year (Note 17.6)	Overprovision (Note 17.6)	Utilization of provision	Translation differences	Current transfers	Balance at 12/31/2018
Bangladesh (Note 13.1)	412	75	-	(66)	13	-	434
Philippines (Note 13.2)	108	23	(28)	-	(1)	-	102
Nicaragua (Note 13.3)	116	32	-	(38)	-	-	110
Bolivia (Note 13.4)	30	57	-	(59)	1	-	29
India (Note 13.5)	12	4	(4)	-	-	-	12
Guatemala (Note 13.6)	51	7	-	-	-	-	58
<b>Total</b>	<b>729</b>	<b>198</b>	<b>(32)</b>	<b>(163)</b>	<b>13</b>	<b>-</b>	<b>745</b>

Due to the legal requirements in the Philippines, provisions for long-term employee benefits to the branch's employees have been calculated based on an actuarial study of its employees considering their corresponding personal data and work records. For the other branches, EDUCO records a provision for long-term employee benefits calculating the amount accrued individually for each employee under a maximum payment scenario according to their employment situation and seniority, excluding potential events and circumstances that could affect the provision if an actuarial calculation were made.

### **13.1. Defined benefit plan for Bangladesh**

According to the labor regulations set out in Bangladesh, the personnel who have been working for longer than a year have the right to compensation once their contract is terminated for any reason, except if there is fair dismissal, of between 14 and 30 days of salary per year of service, depending on seniority and reason for leaving. In the event that a worker passes away while performing their duties, their legitimate heirs will have the right to receive 30 days of salary for each year worked with an upper limit of 6 months' salary.

### **13.2. Defined benefit plan for the Philippines**

According to the Philippines labor law, staff who have worked for more than 5 years have the right to a compensation payment of 15 days of salary per year of service, with a fraction greater than 6 months counting as a full year, provided that their contract is terminated between the ages of 60 and 65, the latter being the age of mandatory retirement.

### **13.3. Defined benefit plan for Nicaragua**

In Nicaragua labor regulations establish that at the end of service for staff on an open-ended employment contract have the right to 1 month of salary for each of the first 3 years of seniority and 20 days of salary as from the fourth year of seniority, paying the proportional fractions of the year, and with the benefit being no less than 1 month and no more than 5 months.

### **13.4. Defined benefit plan in Bolivia**

Labor regulations in Bolivia establish that staff on defined employment contracts have the right to 1 month salary per year of service, as from 90 days of continued work, or proportionally per the months of service when having worked less than a year. The base for calculating the compensation is the average of the amount earned during the last three months, or the average of the last 30 days for employees on a daily wage.

### **13.5. Defined benefit plan for India**

Labor regulations in India establish that entities with 10 employees or more shall compensate the employees with more than 5 years of continuing service with 15 days of basic salary per year worked, regardless of the reason for termination.

In 2015 EDUCO's branch in India had more than 10 people on the payroll, and therefore, has to record the abovementioned obligation in its financial statements.

### 13.6. Defined benefit plan Guatemala

According to labor legislation in Guatemala, in the event of wrongful dismissal, employers must pay compensation to its employees, or their beneficiaries in the event of death, equal to one month's salary per year worked or, if less than a year, a proportional fraction, as established in articles 82 and 85 of Guatemala's Code of Employment. EDUCO's branch in Guatemala records a provision for compensation based on one month's salary per year of service.

## 14. CAPITAL AND RESERVES

The movements in shareholders' equity accounts for the current and prior years are detailed in the Statement of All Changes in Equity which forms part of the accompanying financial statements.

Given its foundational and non-profit nature, EDUCO has no share capital, and as a consequence, no shares and equity securities.

The breakdown of the items comprising the foundational fund at year end and date of contribution is as follows:

Concept	Amount	Year	Data
Initial outlay	6	1994	
Foundational fund Fundación Privada Cuna added as a result of the takeover merger	6	2013	
Property for Foundation's Headquarters	4,613	2018	BUILDING in Barcelona, calle Guillem Tell 47. DATE OF PURCHASE: 05/25/2015. Purchase deed authorized by the Notary Public Tomás Feliu Álvarez de Sotomayor, nº 1220 of his register. REGISTRATION: nº 6, Barcelona, volume 1122, book 1122, page 97, building nº 1547, entry 23ª.
<b>Total</b>	<b>4,625</b>		

As agreed by Educo's Board of Trustees on October 19, 2018 and as duly notified to the Protectorate of Foundation of Generalitat de Catalunya, 3 premises identified with the numbers 1 and 2, 2 bis and 9 located in Barcelona at calle Pujades 77-79, 4th floor, have been removed from the endowment fund for an amount of 366 thousand euros, which is the same amount for which they had been contributed. Pursuant to the same agreement, the property located in Barcelona at calle Guillem Tell, 47, where EDUCO's current headquarters are located, has been contributed as endowment fund.

Once the mandatory minimum amount has been allocated to foundational purposes (Note 18) and as set out in Article 333-2.1 of Law 4/2008, surplus capital is subject to the obligation to allocate it for foundational aims, or increase the foundation's capital and reserves.

## 15. FOREIGN CURRENCY

The amounts for assets and liabilities items denominated in foreign currencies for which no provision for impairment has been recognized, correspond to the financial statements of the branches, and to other financial assets and liabilities, denominated in Foreign currencies, are detailed in Note 11.

The amounts in foreign currency corresponding to the assets and liabilities of the branches in their respective transactional currency, at 2019 and 2018 year ends, amount to:

	USD		XOF		PHP		BDT		INR		NIO		BOB		GTQ	
	El Salvador		Mali - Senegal - Burkina Faso - Benin		Philippines		Bangladesh		India		Nicaragua		Bolivia		Guatemala	
	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018
<b>NON-CURRENT ASSETS</b>	173,147	233,580	730,679,925	692,926,083	5,813,355	5,438,781	57,046,884	62,858,535	2,949,734	3,658,520	3,304,277	3,222,983	23,389,185	23,931,461	427,033	191,192
Intangible assets	6,552	11,385	9,597,185	18,520,043	1,038,615	539,307	115,893	739,374	75,662	393,097	-	3,139	326	3,683	2,936	5,217
Property, plant and equipment	154,729	211,697	705,050,025	661,442,427	4,446,019	4,586,760	55,681,354	56,556,333	1,950,373	2,341,723	3,163,786	3,217,078	23,388,859	23,927,777	424,097	185,975
L/T financial investments	11,866	10,519	16,032,715	12,983,612	328,721	332,714	1,249,337	5,562,828	923,700	923,700	59,217	84,059	-	-	-	-
<b>CURRENT ASSETS</b>	1,179,371	746,702	3,750,815,266	2,576,056,743	20,077,463	7,659,846	32,946,167	25,045,565	1,930,095	1,259,264	3,802,505	2,756,784	1,202,733	1,241,064	226,491	5,110
Inventory	13,080	1,999	7,896,760	21,460,564	154,556	404,751	323,040	384,485	18,174	-	55,480	527,424	77,487	20,452	19,256	-
Credits for users, sponsors and debtors for operations related to the activities and other receivables	212,169	127,552	2,897,693,402	2,365,625,522	12,035,168	1,088,449	9,916,989	-	271,630	114,469	428,089	259,234	-	0	(860)	-
S/T investments in group entities and associates	-	2,340	900,000	19,663,082	-	-	-	-	162,750	-	-	-	-	-	-	-
S/T financial investments	-	-	1,400,000	1,400,000	-	-	-	-	-	-	-	-	32,016	29,232	28,962	-
S/T prepaid expenses	-	-	5,129,087	2,963,429	380,177	433,587	-	-	232,120	195,637	-	-	-	-	-	-
Cash and cash equivalents	954,122	614,811	837,796,007	164,944,136	7,507,561	5,773,060	22,706,139	24,527,946	1,245,421	949,158	3,318,936	1,970,126	1,093,230	1,191,380	179,132	5,110
<b>TOTAL ASSETS</b>	<b>1,352,518</b>	<b>980,282</b>	<b>4,481,495,191</b>	<b>3,268,982,825</b>	<b>25,890,818</b>	<b>13,138,628</b>	<b>89,992,052</b>	<b>87,902,101</b>	<b>4,879,829</b>	<b>4,917,784</b>	<b>7,025,488</b>	<b>6,061,061</b>	<b>24,591,918</b>	<b>25,172,525</b>	<b>653,525</b>	<b>196,301</b>
<b>EQUITY</b>	<b>661,860</b>	<b>554,020</b>	<b>1,459,570,941</b>	<b>767,410,189</b>	<b>1,899,372</b>	<b>4,955,980</b>	<b>45,064,864</b>	<b>40,430,764</b>	<b>3,262,795</b>	<b>3,598,062</b>	<b>1,550,136</b>	<b>260,764</b>	<b>1,593,018</b>	<b>5,276,109</b>	<b>333,397</b>	<b>(376,299)</b>
Surplus for previous financial years	412,020	644,601	787,410,189	609,909,328	4,955,980	4,567,455	40,430,764	10,900,777	3,598,062	3,718,322	260,764	1,107,148	5,276,109	16,737,385	(376,299)	(240,089)
Surplus for the financial year	107,840	(90,581)	672,160,752	177,500,861	(3,066,609)	388,525	4,634,100	29,529,987	(835,267)	(120,260)	(1,810,900)	(846,384)	(3,683,091)	(11,461,276)	709,696	(136,210)
Grants, donations and legacies received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NON-CURRENT LIABILITIES</b>	-	-	<b>2,598,009,089</b>	<b>2,150,008,523</b>	<b>6,319,104</b>	<b>6,158,941</b>	<b>37,765,854</b>	<b>41,915,834</b>	<b>933,900</b>	<b>934,674</b>	<b>4,811,927</b>	<b>4,072,128</b>	<b>22,980,000</b>	<b>19,725,082</b>	<b>86,331</b>	<b>508,489</b>
L/T provisions	-	-	-	-	6,319,104	6,158,941	37,200,218	41,822,375	933,900	934,674	4,811,927	4,072,128	-	230,082	86,331	508,489
L/T debts	-	-	2,598,009,089	2,180,008,523	-	-	565,636	99,459	-	-	-	-	22,980,000	19,495,000	-	-
<b>CURRENT LIABILITIES</b>	<b>690,658</b>	<b>426,262</b>	<b>423,915,151</b>	<b>301,564,113</b>	<b>17,672,343</b>	<b>2,023,707</b>	<b>7,162,134</b>	<b>5,555,502</b>	<b>683,134</b>	<b>385,048</b>	<b>3,763,697</b>	<b>1,728,169</b>	<b>18,900</b>	<b>171,333</b>	<b>233,797</b>	<b>64,111</b>
S/T provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S/T debts	412,706	319,347	186,938,787	38,637,150	14,648,229	-	-	-	-	-	(10,534)	67,171	-	-	-	-
S/T debts with group entities and associates	-	38,180	900,000	19,663,082	-	-	-	-	-	-	-	75,551	-	-	-	-
Creditors for activities and other accounts payable	80,216	68,736	238,076,354	242,866,824	3,024,114	2,023,707	7,162,134	5,555,502	683,134	385,048	3,774,231	1,585,447	18,900	171,333	233,797	64,111
S/T deferred income	197,735	-	-	377,047	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,352,518</b>	<b>980,282</b>	<b>4,481,495,191</b>	<b>3,268,982,825</b>	<b>25,890,818</b>	<b>13,138,628</b>	<b>89,992,052</b>	<b>87,902,101</b>	<b>4,879,829</b>	<b>4,917,784</b>	<b>7,025,488</b>	<b>6,061,061</b>	<b>24,591,918</b>	<b>25,172,525</b>	<b>653,525</b>	<b>196,301</b>

And their equivalent value in thousands of euros based on the exchange rates detailed in Note 5.7 above, is the following:

	USD El Salvador		XOF Mali - Senegal - Burkina Faso - Benin		PHP Philippines		BDT Bangladesh		INR India		NIO Nicaragua		BOB Bolivia		GTQ Guatemala	
	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018
<b>NON-CURRENT ASSETS</b>	154	204	1,114	1,056	102	91	601	654	37	46	85	89	3,044	3,047	49	22
Intangible assets	6	10	15	28	18	9	1	8	1	5	-	-	-	-	-	1
Property, plant and equipment	138	185	1,075	1,008	78	76	597	598	24	29	83	87	3,044	3,047	49	21
LTF financial investments	10	9	24	20	6	6	13	58	12	12	2	2	-	-	-	-
<b>CURRENT ASSETS</b>	1,030	652	5,718	3,827	353	128	347	280	24	16	100	75	157	159	26	-
Inventory	12	2	12	33	3	7	3	4	-	-	2	15	10	3	2	-
Credits for users, sponsors, and debtors for operations related to the activities and other receivables	189	111	4,418	3,806	211	18	105	105	3	1	11	7	-	-	-	-
ST investments in group entities and associates	-	2	1	30	-	-	-	-	2	-	-	-	-	-	-	-
ST financial investments	-	-	2	2	-	-	-	-	-	-	-	-	4	4	3	-
ST prepaid expenses	-	-	8	5	7	7	1	3	3	3	-	-	-	-	-	-
Cash and cash equivalents	849	537	1,277	251	132	96	239	255	16	12	87	53	143	152	21	-
<b>TOTAL ASSETS</b>	1,204	856	6,832	4,983	455	219	948	914	61	62	185	164	3,201	3,206	75	22
<b>EQUITY</b>	589	484	2,225	1,201	33	82	475	420	41	45	41	7	208	672	38	(42)
Surplus for previous financial years	433	563	1,200	930	87	76	426	113	45	47	7	30	687	2,132	(44)	(27)
Surplus for the financial year	96	(79)	1,025	271	(54)	6	49	307	(4)	(2)	(48)	(22)	(479)	(1,460)	82	(15)
Grants, donations and legacies received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NON-CURRENT LIABILITIES</b>	-	-	3,961	3,323	111	103	398	436	12	12	127	110	2,981	2,512	10	57
LTF provisions	-	-	-	-	111	103	382	435	12	12	127	110	-	29	10	57
LTF debts	-	-	3,961	3,323	-	-	6	1	-	-	-	-	2,981	2,483	-	-
<b>CURRENT LIABILITIES</b>	615	372	646	459	311	34	75	58	8	5	99	47	2	22	27	7
ST provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ST debts	367	279	285	59	258	-	-	-	-	-	-	2	-	-	-	-
ST debts with group entities and associates	-	33	1	30	-	-	-	-	-	-	-	2	-	-	-	-
Credits for activities and other accounts payable	72	60	360	370	53	34	75	58	8	5	99	43	2	22	27	7
ST deferred income	176	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	1,204	856	6,832	4,983	455	219	948	914	61	62	185	164	3,201	3,206	75	22

The aggregation of the accounts of the several entities comprising EDUCO generates exchange gains (losses), which are recorded in the aggregate balance sheet under Adjustments for changes in value included in equity. The breakdown and origin of these gains or losses for 2019 and 2018 is as follows:

(in thousands of euros)	
<b>Balance at 1/1/2018</b>	<b>212</b>
Intangible assets (see Note 6)	-
Property, plant and equipment (see Note 7)	153
Guarantees and deposits granted (see Note 11.3.2)	2
Guarantees and deposits received (see Note 12.1.2)	(104)
L/T provision for employee benefits (see Note 13)	(13)
Remainder	77
Donations related to assets	1
Translation differences aggregation Income Statement	(39)
<b>Balance at 12/31/2018</b>	<b>289</b>
Intangible assets (see Note 6)	1
Property, plant and equipment (see Note 7)	81
Guarantees and deposits granted (see Note 11.3.2)	2
Guarantees and deposits received (see Note 12.1.2)	(55)
L/T provision for employee benefits (see Note 13)	(10)
Remainder	15
<b>Balance at 12/31/2019</b>	<b>323</b>

EDUCO orders foreign currency transfers in the country of origin, subject to the official exchange rate of the currency requested being accepted in Spain, this way avoiding exchange rate differences in the country receiving the funds between the amounts requested and the amounts received. Of the currencies detailed in Note 5.7, only the US dollar (USD) and Indian rupees (INR) were accepted at the official rate, EDUCO thus ordering transfers in these currencies in both years.

For the rest of foreign currencies not accepted at the official exchange rates, EDUCO orders transfers in euros, which are then translated into local currency once they are received by the country in question.

In addition to the transfers mentioned above, ordered for the provision of funds for the execution of projects in the countries where EDUCO operates, transactions in foreign currency related to investments are also made.



The total amounts from transactions ordered at the country of origin in foreign currencies, for both the performance of activities and the acquisition of investment products, at 2019 and 2018 year ends are:

	<b>FINANCIAL YEAR 2019</b>		<b>FINANCIAL YEAR 2018</b>	
	<u>Foreign currency</u>	<u>Thousands of euros</u>	<u>Foreign currency</u>	<u>Thousands of euros</u>
US dollar (USD)	10,659,993	9,523	11,301,822	9,626
CFA franc (XOF)	50,369,763	77	112,767,652	172
Rupee (INR)	77,759,946	1,008	103,994,079	1,345
New Zealand dollar (NZD)	25,760	15	-	-
Swiss franc (CHF)	8,750	8	8,750	8
Pounds Sterling (GBP)	15,280	17	6,550	7
Canadian dollar (CAD)	80,687	54	68,111	44
Australian dollar (AUD)	84,588	51	4,180	3
Swedish krona (SEK)	48,000	5	-	-
Norwegian krone (NOK)	15,480	1	-	-
Danish krone (DKK)	-	-	-	-
<b>Total</b>		<b>10,759</b>		<b>11,205</b>

Transactions received by EDUCO in foreign currency, mainly as a result of returns and refunds on investments denominated in foreign currency, over 2019 and 2018 are as follows:

	<b>FINANCIAL YEAR 2019</b>		<b>FINANCIAL YEAR 2018</b>	
	<u>Foreign currency</u>	<u>Thousands of euros</u>	<u>Foreign currency</u>	<u>Thousands of euros</u>
US dollar (USD)	2,479,924	2,226	4,944,341	4,118
CFA franc (XOF)	103,871,499	158	102,821,258	157
Pounds Sterling (GBP)	-	-	-	-
Australian dollar (AUD)	837,263	506	82,675	53
New Zealand dollar (NZD)	579,685	334	28,550	16
Swedish krona (SEK)	-	-	-	-
Norwegian krone (NOK)	1,227,375	120	11,493	1
Canadian dollar (CAD)	1,600	1	1,600	1
<b>Total</b>		<b>3,345</b>		<b>4,346</b>

Translation differences recognized in the income statement for the year are due to:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Exchange gains for transactions completed in the financial year	41	145
Exchange losses for transactions completed in the financial year	(15)	(279)
Exchange gains in the balance sheet	105	387
Exchange losses in the balance sheet	(1)	(25)
<b>Total translation differences by activity</b>	<b>130</b>	<b>228</b>
Translation differences by aggregation of current items in the financial statements of the branches	(102)	(152)
<b>Total</b>	<b>28</b>	<b>76</b>

## 16. TAXES

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by the tax authorities or until the four-year inspection period has expired. EDUCO is open to inspection for all taxes to which it is liable for the last 4 years. The Board of Trustees considers that, in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the transactions carried out.

### 16.1. Income Tax

EDUCO has calculated the income tax expense by determining exempt and non-exempt income, as set forth in articles 6 and 7 of Law 49/2002 of December 23 on the Tax regime for not-for-profit entities, which is the regime that EDUCO has availed itself to (Note 5.8), and Royal Decree 1270/2003 of October 10 enacting said Law. In accordance with this, EDUCO generates exempt income or not subject to the income tax calculation, which results in a taxable base of 0.

### 16.2. Value Added Tax

EDUCO, as a non-profit entity, is exempt from Value Added Tax in accordance with articles 4 and 5 of the Spanish Law 37/1992, of December 28 (IVA in Spanish) and applicable regulations in the countries where EDUCO has a branch.

Thus, Spain and most of its branches abroad (except for Benin, Burkina Faso and Nicaragua, which are exempt from or can be refunded this indirect tax) cannot deduct and record as an increase in expense the Value Added Tax passed on to suppliers and creditors, except for input and output VAT related to the lease activities of own buildings (see Note 8), sponsorship activities and those related to preparation and sale of educational material.

### 16.3. Information concerning transactions with financial assets abroad

According to the terms set out in Article 42 bis ter, and 54 bis of Royal Decree 1065/2007 approving the General Regulations on steps and procedures in tax management and inspection matters, and implementation of common rules governing tax application procedures, obligations are set out regarding the supply of information concerning assets and rights located abroad. This information is detailed in the following Notes to the financial statements:

- Note 7 concerning the breakdown of real estate located abroad, owned both by EDUCO, as a Spanish entity, and its different branches.
- Note 11.3.1 regarding term deposits abroad.
- Note 11.3.2 regarding the rights to guarantees and deposits given on contracts for operating leases carried out overseas by EDUCO branches.
- Note 11.5 concerning the information about accounts with financial institutions abroad, both in bank accounts belonging to non-residents opened by EDUCO and bank accounts of which EDUCO's branches are the holders.

In accordance with current Bank of Spain regulations (Circular 4/2012 of April 25, on regulations applicable to residents in Spain for communicating economic transactions and financial assets and liabilities held abroad) relating to financial transactions abroad, for the financial years 2019 and 2018 EDUCO has declared the transaction with non-residents, and the balances of and movements in property assets and bank accounts overseas, as an organization resident in Spain (excluding the property assets of the branches as these are entities resident in their respective countries).

#### 16.4. Balances with Public Administrations

The breakdown of the accounts included under this caption is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Public Tax Office Spain (grants awarded)	5,667	6,226
Public Tax Office Spain (personal income tax)	34	33
Public tax office in foreign countries	82	59
Social security agencies in foreign countries	2	-
<b>Total receivables from Public Administration</b>	<b>5,785</b>	<b>6,318</b>
Public Tax Office Spain (grants repayable)	3	-
Public Tax Office Spain (personal income tax)	186	189
Public Tax Office Spain (VAT)	25	12
Spanish Social Security Agencies	108	112
Public tax office in foreign countries	99	80
Social security agencies in foreign countries	21	13
<b>Total payables to Public Administration</b>	<b>442</b>	<b>406</b>

### 17. INCOME AND EXPENSES

#### 17.1. Income received periodically

This section includes the amount in net fees, after refunds, received from donors both for child sponsorship programs and for membership or as an associate in EDUCO's projects for fulfilment of its foundational aims. Included in this are sporadic donations that these or other donors may have made throughout the financial year, in addition to the fixed fees.

93,842 donors have collaborated in 2019 (96,524 in 2018).

## 17.2 Promotions, sponsors and associates

The breakdown of this caption, which includes income from promotions, sponsors and associates in the current and prior years, is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Donations from individuals	1,631	1,470
Donations from companies	333	339
Sponsorship from and collaborations with companies	-	568
<b>Total</b>	<b>1,964</b>	<b>2,377</b>

## 17.2.Official grants and other grants, donations and legacies included in profit and loss for the year

The breakdown of non-repayable grants received from official agencies in 2019 and 2018 is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
District Sanitaire de Ouahigouya (Burkina Faso)	-	3
Alcaldías Municipales (El Salvador) – Teotepeque (in 2017 Teotepeque, Berlin, Estanzuelas and Mercedes)	-	2
Ministère de la Femme, de la Solidarité Nationale et de la Famille (Burkina Faso)	-	1
Mairie de Séguénéga (Burkina Faso)	19	6
<b>Total</b>	<b>19</b>	

The table below shows the transfer of other repayable grants and donations to the income statement as they become non-repayable and the acceptance of inheritances and legacies. The breakdown of the balance at both year ends is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Grants related to profit/(loss) for the year (see Note 12.1.1)	5,654	2,302
Acceptance of inheritances and legacies	66	310
<b>Total</b>	<b>5,720</b>	<b>2,612</b>

#### 17.4. Donations and other sources of income for activities

These correspond to non-repayable donations received from Educo branches abroad made in order to support cooperation projects carried out by EDUCO. Donating organizations are listed below:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Social Sector Accelerator – Civicus (Nicaragua)	22	8
Trekking for kids, Inc. (Philippines)	-	2
IPDC (Bangladesh)	-	1
Asociación Verde y Azul (Guatemala)	7	-
Banco de América Central (El Salvador)	13	-
Programa Mundial de Alimentos (El Salvador)	13	-
Other entities in El Salvador	16	-
<b>Total</b>	<b>71</b>	<b>11</b>

#### 17.5. Aids granted

The breakdown of aids which have been granted in 2019 and 2018 is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Direct aids to beneficiaries	5,491	5,333
Aids to group entities	2	7
Aids to associated executing partner entities	76	2,334
Aids to other related entities	765	982
Aids to cooperation partners	6,510	4,590
Aid to Spanish entities and grants to Spanish schools	1,672	2,216
Aids to entities for Education for Development projects in Spain	-	7
<b>Total</b>	<b>14,516</b>	<b>15,469</b>

### 17.5.1 Direct aids to beneficiaries

Direct aids to beneficiaries correspond to those granted directly by EDUCO branches abroad (see Note 3.1) both to individuals and organizations for the fulfilment of its foundational aims. The breakdown by country is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
MALI	1,177	1,120
PHILIPPINES	371	803
BANGLADESH	546	320
EL SALVADOR	1,615	1,489
BURKINA FASO	869	890
NICARAGUA	512	566
BOLIVIA	186	122
BENIN	199	23
GUATEMALA	6	-
SPAIN	10	-
<b>Total</b>	<b>5,491</b>	<b>5,333</b>

### 17.5.2 Aids to group entities

Aids to group entities relate to contributions made to Asociación Educación sin Fronteras, an entity whose relationship with EDUCO is described in Note 3.2. The breakdown is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Contributions for collaboration agreement for unified management (see Note 3.2)	2	7
<b>Total</b>	<b>2</b>	<b>7</b>

### 17.5.3 Aids to associates

They correspond to the aids granted to the entities detailed in Note 3.3, for the fulfilment of EDUCO's foundational aims and to cover management expenses to keep it operating in the respective countries. The breakdown of associates and the funds which these have received in both financial years is the following:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Asociación Verde y Azul (Guatemala)	-	921
Asociación Warma Pura (Peru)	-	570
Fundación Cooperación y Oportunidades para la Niñez "CON.Ecuador" (Ecuador)	76	843
<b>Total</b>	<b>76</b>	<b>2,334</b>

### 17.5.4 Aids to other related entities

They relate to aids granted to entities of the ChildFund Alliance, which EDUCO is a part of (see Note 3.4). The breakdown of related entities and the funds which these have received in both financial years is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
ChildFund Cambodia (Cambodia)	748	918
Christian Children's Fund of Canada (Canada)	12	33
Un Enfant por la Main (France)	-	31
ChildFund International (USA)	5	-
<b>Total</b>	<b>765</b>	<b>982</b>

### 17.5.5 Aids to cooperation partners

They correspond to aids given to local partner entities as a result of cooperation agreements reached by both EDUCO in Spain and its different branches abroad for the execution of projects. The breakdown per destination country of the aids to cooperation partners, the name of the executing entity and the description of the financed project is as follows:

	<u>Balance at 12/31/2019</u>	<u>Balance at 12/31/2018</u>
BANGLADESH	<u>256</u>	<u>106</u>
Multipurpose Socio-Economic Development Association (MSEDA)	22	18
<i>Education as a right in Tea Garden and Haor - Earth</i>		
Breaking the Silence (BTS)	21	29
<i>Education as a right in Tea Garden and Haor - Earth</i>		
Eco Social Development Organization (ESDO)	96	59
<i>Options for human being's dignity by influencing key players</i>		
Institute of Development Affairs (IDEA)	42	-
<i>Education as a right in Tea Garden and Haor - Earth</i>		
Prochesta	28	-
<i>Education as a right in Tea Garden and Haor - Earth</i>		
Sreemangal office	7	-
<i>Education as a right in Tea Garden and Haor - Earth</i>		
Samaj Kalyan O Unnayan Shangstha (SKUS)	40	-
<i>Response to the Rohingya refugee crisis</i>		
	<u>323</u>	<u>232</u>
BENIN		
Femmes, Enfants et Environnement pour le Développement	67	103
<i>Involvement of Education players for a quality school in the communities of N'Dali and Sinendé</i>		
Foyer Don Bosco	189	38
<i>Education and protection of the most underprivileged and marginalized children</i>		
Association Vinavo et Environnement (ASSOVIE)	-	49
<i>Funding of the construction of three modules of classrooms for children</i>		
Organisation pour le Développement Durable, le Renforcement et l'Auto-promotion des Structures Communautaires (DEDRAS-ONG)	-	4
<i>Support for quality in education and children protection in N'dali</i>		
Institut des Filles de Marie Auxiltrice (IFMA)	-	38
<i>Promotion of the right to education for children aged 10 to 17 in Cotonou</i>		
Association des Enfants et Jeunes	4	-
<i>Reinforcement of national education systems</i>		
Coalition Béninoise des Organisations pour l'Education Pour Tous (CBO-EPT)	12	-
<i>Reinforcement of national education systems</i>		
Réseau des Structures de Protection des Enfants en Situation Difficile (ReSPESD)	51	-
<i>Reinforcement of national education systems</i>		



BOLIVIA		<u>812</u>	<u>866</u>
	Fundación la Paz (FUDEP)	78	146
	<i>Promotion in families and schools of a violence free environment for children</i>		
	Fundación Machaca Amawta	100	86
	<i>Promotion of intercultural bilingual education with a gender approach in Jesús y San Andrés de Machaca</i>		
	Aldeas Infantiles SOS	154	89
	<i>Contribution to decreasing risk of child neglect, strengthening protective family environments</i>		
	Fundación Munasim Kullakita	127	120
	<i>Prevention of violence and child sex trafficking in EL Alto y La Paz</i>		
	Fundación Centro de Cultura Popular (FCCP)	94	96
	<i>Promotion of rights to education and protection for early childhood</i>		
	Gobierno Autónomo Municipal de La Paz (GAML P)	91	59
	<i>Permanent quality education</i>		
	Fundación Sumaj Huasi (FSH)	37	167
	<i>Improvement in hygiene, sanitation and health infrastructure for kindergarten and primary education students</i>		
	Progettomondo Movimento Laici América Latina (MLAL)	-	103
	<i>Prominence of teenagers and youth in the prevention of violence</i>		
	Fundación estrellas de la calle	45	-
	<i>Protective environment against child sex trafficking</i>		
	Centro de estudios y apoyo al desarrollo local	81	-
	<i>Protective environment against child sex trafficking</i>		
	Ruta crítica	3	-
	<i>Improvement of hygiene and sanitation conditions in schools</i>		
	Torrez & Huansber	2	-
	<i>Improvement of hygiene and sanitation conditions in schools</i>		
		<u>1.118</u>	<u>111</u>
BURKINA FASO			
	Tabital-Lobal	120	111
	<i>Promotion and protection of human rights in gold extraction sites in the north of Burkina Faso</i>		
	Association Burkinabe pour le Bien Être Familial (ABBEF)	157	-
	<i>Strengthening of the right to social promotion and civil status of the peoples in the Center-North, North and Sahel regions</i>		
	Christian Children's Fund Canada	278	-
	<i>Strengthening of social and civil rights and strengthening of the social and religious discussions in the communities</i>		
	Terre Des Hommes (TDH)	473	-
	<i>Strengthening of the right to social promotion and civil status of the peoples in the Center-North, North and Sahel regions</i>		
	Centre Diocesain de Communication (CDC)	90	-
	<i>Strengthening of discussions between social and religious authorities in the communities</i>		
EL SALVADOR		<u>330</u>	<u>118</u>
	Fundación PLAN en El Salvador	140	-
	<i>Humanitary assistance to families</i>		
	Programa Mundial de Alimentos (PMA)	60	-
	<i>Humanitary assistance to children, youth and their families</i>		
	Fundación Promotora de la Competitividad de la Micro, Pequeña y Mediana Empresa (CENTROMYPE)	39	-
	<i>Community center for children, teenagers and youth</i>		
	Asociación Intersectorial Desarrollo Económico (CIDEP)	91	118
	<i>Community center for children, teenagers and youth</i>		
PHILIPPINES		<u>129</u>	<u>100</u>
	Bicol Center for Community Development, Inc	61	100
	<i>Strengthening of governance systems for children's rights in Legazpi and Manito</i>		
	Coastal Core, Inc.	30	-
	<i>Resistance and responsibility focused on children</i>		
	Community and Family Services International	38	-
	<i>Support to education for the Bajau ethnic group</i>		

GUATEMALA		<u>1.133</u>	<u>849</u>
	Asociación Civil Proyecto de Desarrollo Santiago (PRODESSA)	151	198
	<i>Children education</i>		
	Asociación Consejo de Unidad Campesina de Guatemala (CUCG)	25	92
	<i>Improvement in nutrition of children and their families in indigenous communities in Santa Cruz de Quiché and Chiché</i>		
	Asociación Promoción Investigación Educación en Salud (P.I.E.S.) de Occidente	37	135
	<i>Promotion and protection of the sexual and reproductive rights of children and adolescents in Quiché</i>		
	Asociación Comité Campesino del Altiplano de Guatemala (CCDA)	93	148
	<i>Rural development, food safety and claiming a dignified life in 8 indigenous communities in Quiché</i>		
	Water for People (WFP)	70	156
	<i>Education centers and communities promoting children's right</i>		
	Asociación para el Desarrollo Integral y Multidisciplinario (APPEDIBIMI)	65	70
	<i>Right to learning through play from an early age</i>		
	Comunicación Pro Mujer, Niñez y Comunidades, Apoyando la Responsabilidad Social (COMUNICARES)	140	50
	<i>"Yo me apunto" project</i>		
	Asociación Nacional Contra el Maltrato Infantil	68	-
	<i>Fine treatment to children</i>		
	Asociación para el desarrollo Verde y Azul	484	-
	<i>Promotion of children's rights and child sponsorship management</i>		
INDIA		<u>825</u>	<u>815</u>
	Save The Children	383	365
	<i>Facilitating access to quality education in Mumbai slums</i>		
	Save The Children	11	-
	<i>Education for dignity</i>		
	Pratham Mumbai Education Initiative	205	194
	<i>Educational development in urban communities</i>		
	Pratham Mumbai Education Initiative	10	-
	<i>Education for dignity</i>		
	Matru Schata Social Welfare Society	2	11
	<i>Development-based education for children of the Warli tribe of Shilonda</i>		
	Matru Schata Social Welfare Society	42	-
	<i>Creating and facilitating access to quality school for Dahan children</i>		
	Janvikas Samajik Sanstha	-	7
	<i>Education for the children of temporary migrants in the Beed district, Maharashtra</i>		
	MASOOM	56	36
	<i>Night school program for adolescents who work during the day</i>		
	Committee of Resource Organisations for Mass Program of Functional Literacy (CORO for Literacy)	80	111
	<i>Empowerment to end violence when women and girls get hurt</i>		
	PRERANA	36	91
	<i>Safety and protection of girls and women who are victims of sex trafficking in Mumbai</i>		
MALI		<u>822</u>	<u>1.230</u>
	Association Subaahi Gumo (ASG)	170	232
	<i>Mejora de la gestión de las escuelas</i>		
	Réseau d'Acteurs pour le Renouveau de l'Éducation (RARE)	175	296
	<i>Mejora de la calidad de la oferta educativa en Ségoú y Pelengana</i>		
	Bureau National Catholique pour l'Enfance (BNCE)	171	260
	<i>Apoyo a organizaciones comunitarias en derechos de la infancia</i>		
	Association Libre pour la Promotion de l'Habitat et du logement (ALPHALOG)	129	205
	<i>Higiene y saneamiento, gestión del agua</i>		
	Groupe d'Animation Action au Sahel – Mali (GAAS)	109	170
	<i>Acceso a la educación secundaria de las niñas más desfavorecidas</i>		
	Initiatives Africaines pour le Développement et le Partenariat (ADIP)	60	67
	<i>Programa de acceso a la educación para todos los niños de Mali</i>		
	Environnement et Développement du Mali (ENDA)	5	-
	<i>Derechos de protección a las hijas de las trabajadoras domésticas de Bamako</i>		
	Association de Défense des Droits des Aides Menageres et Domestiques (ADDAD)	3	-
	<i>Derechos de protección a las hijas de las trabajadoras domésticas de Bamako</i>		

NICARAGUA	Fundación Centro de Comunicación y Educación Popular (CANTERA)	216	110
	<i>Strengthening of the comprehensive development and labor capacities of young people at risk in Managua</i>	-	82
	Asociación Niños y Niñas Trabajadores de Jinotega "Tuktan Sirpi"	58	28
	<i>NNA's participation in the lawsuit over the enforcement of their rights in Jinotega and San Sebastián de Yalí</i>	118	-
	<i>Campaña latinoamericana por el desarrollo a la educación</i> <i>Right to dignified education in early childhood</i>	40	-
Asociación Proyecto MIRIAM, para la promoción intelectual de la mujer	40	-	
	<i>Community commitment to gender equality and sexual diversity</i>		
SENEGAL		231	53
	Enda Jeunesse Action	186	53
	<i>Strengthening of Bourocu and Ndorna children's right</i>		
	Africa Network Campaign on Education For All (ANCEFA)	45	-
	<i>Contribution to education for social transformation</i>		
SPAIN		315	-
	Asociación Barró	45	-
	<i>Program for Spanish Children (PIE)</i>		
	Asociación El Arca de Valencia	45	-
	<i>Program for Spanish Children (PIE)</i>		
	Asociación entre amigos	45	-
	<i>Program for Spanish Children (PIE)</i>		
	Asociación HEZI ZERB	45	-
	<i>Program for Spanish Children (PIE)</i>		
	Fundació Privada La Salut Alta	45	-
<i>Program for Spanish Children (PIE)</i>			
Fundación por la Acción Social Mar de Niebla	45	-	
<i>Program for Spanish Children (PIE)</i>			
Fundación Canaria Farrah	45	-	
<i>Program for Spanish Children (PIE)</i>			
<b>Total</b>		<b>6,510</b>	<b>4,590</b>

### 17.5.6 Aids and grants to Spanish entities and schools

They correspond to aid to entities related to the Social Action Program (PAS) and aid in the form of grants for school meals, both corresponding to aids granted within the framework of programs developed to alleviate the consequences of the economic crisis with regard to social exclusion of children, adolescents and young people in Spain in socially disadvantaged groups.

The breakdown by autonomous region of the aids granted in both years is as follows:

	<b>Balance at 12/31/2019</b>			<b>Balance at 12/31/2018</b>		
	<u>PAS</u>	<u>School meal programs</u>	<u>TOTAL</u>	<u>PAS</u>	<u>School meal programs</u>	<u>TOTAL</u>
ANDALUCIA	57	314	371	108	321	429
ARAGÓN	6	30	36	18	39	57
Principado de ASTURIAS	6	40	46	18	33	51
Islas BALEARES	5	27	32	18	37	55
Islas CANARIAS	12	54	66	36	44	80
CANTABRIA	-	19	19	-	23	23
CASTILLA - LA MANCHA	9	19	28	36	16	52
CASTILLA Y LEÓN	18	26	44	54	32	86
CATALUNYA	54	284	338	161	296	457
Ciudad Autónoma de CEUTA	6	-	6	18	-	18
EUSKADI	18	14	32	54	15	69
EXTREMADURA	-	39	39	-	42	42
GALICIA	16	75	91	50	66	116
La RIOJA	6	4	10	18	2	20
Comunidad de MADRID	42	220	262	126	195	321
Región de MURCIA	6	45	51	18	43	61
NAVARRA	6	23	29	18	25	43
Comunidad VALENCIANA	18	154	172	54	182	236
<b>Total</b>	<b>285</b>	<b>1,387</b>	<b>1,672</b>	<b>805</b>	<b>1,411</b>	<b>2,216</b>

## 17.6 Personnel expenses

The breakdown of this caption in both financial years is as follows:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Salaries and wages	11,875	11,410
Compensation payments	583	497
Social security	1,666	1,523
Net contribution to defined benefit plans (see Note 13)	224	166
Contribution to defined contribution plans	113	106
Staff insurance	365	315
Other personnel expenses	503	599
<b>Total</b>	<b>15,329</b>	<b>14,616</b>

The contribution to defined contribution plans (see Note 5.13.1) corresponds to the contribution to the external and independent pension plans, privately or stately managed depending on each country's regulations, for employees from the Bangladesh branches for an amount of 63 thousand euros in the year 2019 (56 thousand euros in 2018), India for 11 thousand euros in 2019 (11 thousand euros in 2018), and Bolivia for 39 thousand euros in 2019 (39 thousand euros in 2018).

The breakdown of the overall average headcount in 2019 and 2018, by professional category and gender, is as follows:

Category	Average headcount 2019			Average headcount 2018		
	Men	Women	Total	Men	Women	Total
Senior management	33	15	48	18	13	31
Middle management	74	51	125	81	60	141
Specialists, technicians and officers	258	342	600	283	332	615
Administrative assistants	64	87	151	85	114	199
<b>TOTAL</b>	<b>429</b>	<b>495</b>	<b>924</b>	<b>467</b>	<b>519</b>	<b>986</b>

The overall headcount is distributed among the headquarters and the local offices in Spain, and the international branches, as follows:

Category	Headquarters and offices in Spain 2019			Headquarters and offices in Spain 2018		
	Men	Women	Total	Men	Women	Total
Senior management	4	7	11	3	6	9
Middle management	15	21	36	14	24	38
Specialists, technicians and officers	17	44	61	18	46	64
Administrative assistants	3	7	10	3	8	11
<b>TOTAL</b>	<b>39</b>	<b>79</b>	<b>118</b>	<b>38</b>	<b>84</b>	<b>122</b>

Category	International brances 2019			International brances 2018		
	Men	Women	Total	Men	Women	Total
Senior management	29	9	38	15	7	22
Middle management	59	30	89	67	36	103
Specialists, technicians and officers	241	297	538	265	286	551
Administrative assistants	61	80	141	82	106	188
<b>TOTAL</b>	<b>390</b>	<b>416</b>	<b>806</b>	<b>429</b>	<b>435</b>	<b>864</b>

## 17.7 Financial income

The breakdown of this caption is as follows:

	<u>Balance at 12/31/2019</u>	<u>Balance at 12/31/2018</u>
Return on equity instruments	767	194
Return on debt securities	451	467
Interest on term deposits	178	152
Current account interest	5	3
Other financial income	-	3
<b>Total</b>	<b>1,401</b>	<b>819</b>

## 17.8 Change in fair value of financial instruments

The changes in the fair value of financial assets held for trading in both years are as follows:

	<u>Balance at 12/31/2019</u>	<u>Balance at 12/31/2018</u>
Equity instruments	(190)	660
Debt securities	(38)	(378)
Investment funds	2,713	(1,723)
<b>Total</b>	<b>2,485</b>	<b>(1,441)</b>

## 17.9 Gains (losses) on disposal of financial instruments and other gains and losses

The breakdown of gains (losses) on disposal of financial instruments by investment product is as follows:

	<u>Balance at 12/31/2019</u>	<u>Balance at 12/31/2018</u>
Gains (losses) on disposal or redemption of securities	(101)	(35)
Gains (losses) on disposal of investment funds	(9)	142
Gains (losses) on income from dividends from investment funds	13	-
<b>Total</b>	<b>(97)</b>	<b>107</b>

### 17.10. Other gains/(losses)

In 2019 and 2018 this caption includes the following non-recurring items:

	<b>Balance at 12/31/2019</b>	<b>Balance at 12/31/2018</b>
Compensation payments from insurance companies for accidents	1	1
Expenses from floods, fires and other accidents	-	(2)
Penalties and fines	(4)	-
Negative regularizations of balances	(6)	(5)
Other non-recurring income	64	49
Other non-recurring expenses	-	(51)
<b>Total</b>	<b>55</b>	<b>(8)</b>

### 17.11. Expenses from the performance of the governing body's duties

The costs incurred by EDUCO's Board of Trustees in 2019 amount to 12 thousand euros (17 thousand euros in 2018), which correspond to representation costs. The trustees have not received any remuneration for the performance of their duties either this year or the previous year.

EDUCO has never granted any loans to the members of the governing body, nor contracted any life insurance in their favor.

### 17.12. Expenses from senior management

EDUCO considers the members of its Management Committee to be senior management personnel. Remuneration earned for labor-related services provided by the members of the Management Committee in the current year (11 people) amounts to 771 thousand euros, and includes 77 thousand euros compensation (567 thousand euros in the prior year, 9 members).

EDUCO has no life insurance policy for the General Manager, nor has it granted any loans to the people who occupy or have occupied the aforementioned position.

### 17.13. Audit fees

The caption "Professional Services", independently of the caption "External services" under "Other operating expenses" in the income statement for the financial year 2019, includes an amount of 117 thousand euros (147 thousand euros in 2018) corresponding to the fees for the external audit of EDUCO and its branches.

## 18. APPROPRIATION OF ASSETS AND INCOME TO STATUTORY PURPOSES

The table below shows the degree of compliance with the legal coefficient of net income to be applied to statutory purposes, set out in Law 4/2008, of April 24, from the Third Volume of the Civil Code of Catalonia under Title III – On Foundations, for the current year and the 4 past years:

Year	Income	Necessary expenditures	Net income to apply	Amount destined to foundational purposes					Surplus for the financial year	Adjustments for changes to accounting criteria and errors	Pending appropriation according to Law 4/2008	
				%	2015	2016	2017	2018				2019
2015	28,393	(7,549)	20,844	149.1%	31,082	-	-	-	-	(10,204)	-	-
2016	30,042	(7,398)	22,644	121.8%		27,572	-	-	-	(4,843)	-	-
2017	27,341	(7,166)	20,175	146.5%			29,549	-	-	(9,430)	-	-
2018	28,419	(6,628)	21,791	153.7%				33,482	-	(11,687)	-	-
2019	35,366	(7,743)	27,623	116.7%					32,225	(4,677)	-	-
<b>TOTAL</b>					<b>31,082</b>	<b>27,572</b>	<b>29,549</b>	<b>33,482</b>	<b>32,225</b>			

## 19. TRANSACTIONS WITH RELATED PARTIES

Notes 3.3 and 3.4 provides a detail of the entities which EDUCO considers associates and related entities, and describes the nature of the relationship they have.

### 19.1. Balances with related parties

At 2019 and 2018 year ends there were no balances with associates. The amounts shown in the balance sheet with related entities at each year end are as follows:

	12/31/2019		12/31/2018	
	Debtor	Creditor	Debtor	Creditor
ChildFund Korea (Korea)	-	-	11	-
Un Enfant par la Main (France)	-	-	-	9
<b>Subtotal current account with related entities</b>	-	-	<b>11</b>	<b>9</b>
ChildFund Korea (Korea)	1,920	-	377	-
Christian Children's Fund of Canada	-	-	-	-
<b>Subtotal Sponsors related entities (Note 11.4)</b>	<b>1,920</b>	-	<b>377</b>	-
ChildFund Korea (Korea)	-	2,369	-	601
Christian Children's Fund of Canada	-	331	-	274
<b>Subtotal Debts convertible to grants, donations and legacies (Note 12.1.1)</b>	-	<b>2,700</b>	-	<b>875</b>
<b>Total balances with related entities</b>	<b>1,920</b>	<b>2,700</b>	<b>388</b>	<b>884</b>



## **19.2. Transactions with related parties**

EDUCO finances development projects implemented by its associates and related entities in accordance with an annual operational plan approved by EDUCO's directors and validated by its governing body through the approval of its annual budget.

The transactions carried out by EDUCO with these entities in the financial year basically consist of periodically sending funds or delegated authorized payments on behalf of the beneficiary entity. The total aids granted during the financial years 2019 and 2018 to these entities are broken down in Notes 17.5.2, 17.5.3 and 17.5.4 according to the nature of the relationship.

## **19.3. Transfer of funds to branches**

In the same way as related entities, EDUCO's branches need regular sending of funds in order to finance and carry out their foundational aims. The same procedure described in Note 19.2 for related entities that execute projects is used for branches of the delegation described in Note 3.1.

In order to finance the annual operational plan of executing branches, validated by Management and endorsed by EDUCO's governing body, 22,477 thousand euros and 18,905 thousand euros have been transferred in 2019 and 2018, respectively, from Spanish bank accounts to bank accounts of the Foundation's branches abroad to cover the operational needs of the branches and the execution of their cooperation projects.

## **20. GUARANTEES RECEIVED**

No guarantees have been received at 2019 year end.

## **21. CONTINGENT ASSETS AND LIABILITIES**

There are no unrecorded contingent assets and liabilities in EDUCO's financial statements at December 31, 2019 and 2018.

## 22. SUBSEQUENT EVENTS

On March 11, 2020 the World Health Organization labelled the public health emergency situation caused by the coronavirus (COVID-19) outbreak a global pandemic. The rapid escalation of events, in both Spain and worldwide, is resulting in an unprecedented health crisis that will have an impact on the macroeconomic environment and business evolution. To tackle the issue, the Spanish Government declared, among other measures, a state of emergency through Royal Decree 463/2020, of March 14, and approved a set of extraordinary urgent measures to address the economic and social impact of COVID-19, through Royal Decree Law 8/2020 of March 17.

The Foundation considers that these events do not entail any adjustment to the financial statements for the year ended December 31, 2019, although they could have a significant impact on the Foundation's operations and, therefore, results and future cash flows.

Given the complexity and rapid escalation of events, it is not currently practicable to make a reliable quantified estimate of their potential impact on the Foundation. Should there be an impact, it would be recorded prospectively in the 2020 financial statements.

The Foundation is taking appropriate action to deal with the events and minimize their impact, and considers that this is a temporary situation that according to the latest estimates and current cash position will not compromise the Foundation's ability to continue as a going concern.

As mentioned in Note 7 in connection with the purchase and sale transaction of the plots of land located in El Alto (Bolivia), the initial amount of the agreement, 7 million USD dollars, is currently being negotiated as it is impossible to give up a portion of the land and construction to the buyer as it was first planned. The buyer has paid an advance of 3.3 million US dollars, which has been recorded as an advance payment in Note 12.1.2 and it can temporarily use a portion of the land, whose value is higher than the amount paid. The negotiations will conclude in the coming months.

No other significant events have occurred from the balance sheet date to the date these financial statements were approved for issue.

The **2019 FINANCIAL STATEMENTS** have been approved by the Board of Trustees of the Fundación Educación y Cooperación (EDUCO) in the meeting held on July 9, 2020. The President of the Board of Trustees and the Secretary and non-trustee Mr. Ferrán Olmedo Cano are authorized by the members of the Board of Trustees to sign all of the documents which comprise the financial statements on their behalf:

Signature:	Signature:
<b>President: Antoni ISAC AGUILAR</b>	<b>Vice-President: Inmaculada BARRAL VIÑALS</b>
Signature:	Signature:
<b>Member: Anna María GIBERT CASASAYAS</b>	<b>Member: Juan Luís GIMENO GÓMEZ-LAFUENTE</b>
Signature:	Signature:
<b>Member: Héctor LITVAN SUQUIENI</b>	<b>Member: Marcos MAS RAUCHWERK</b>
Signature:	
<b>Member:</b>	