



INTERNATIONAL LITERACY AND DEVELOPMENT

FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2014

INTERNATIONAL LITERACY AND DEVELOPMENT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
International Literacy and Development
Dallas, Texas

We have audited the accompanying financial statement of International Literacy and Development, which comprise the statement of financial position as of December 31, 2014 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
International Literacy and Development
Dallas, Texas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Literacy and Development as of December 31, 2014 and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Dallas, Texas
May 6, 2015

INTERNATIONAL LITERACY AND DEVELOPMENT

Statement of Financial Position

December 31, 2014

ASSETS:

Current assets:

Cash	\$	194,467
Other assets		<u>56,371</u>

Total Assets	\$	<u><u>250,838</u></u>
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LIABILITIES AND NET ASSETS:

Current liabilities:

Accounts payable and other liabilities	\$	<u>12,401</u>
		<u>12,401</u>

Net assets:

Unrestricted		73,780
Temporarily restricted		<u>164,657</u>
		<u>238,437</u>

Total Liabilities and Net Assets	\$	<u><u>250,838</u></u>
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See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statement of Activities

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Contributions	\$ 48,215	\$ 445,443	\$ 493,658
Other income	4,000	-	4,000
	52,215	445,443	497,658
RECLASSIFICATIONS:			
Satisfaction of purpose restrictions	362,157	(362,157)	-
EXPENSES:			
Program services:			
Language, literacy, and community development	326,540	-	326,540
	326,540	-	326,540
Supporting activities:			
Management and general	55,238	-	55,238
Fund-raising	23,035	-	23,035
	78,273	-	78,273
Total Expenses	404,813	-	404,813
Change in Net Assets	9,559	83,286	92,845
Net Assets, Beginning of Year	64,221	81,371	145,592
Net Assets, End of Year	\$ 73,780	\$ 164,657	\$ 238,437

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statement of Cash Flows

Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 92,845
Adjustments to reconcile change in net assets net cash provided (used) by operating activities:	
Other assets	(51,399)
Accounts payable and other liabilities	7,802
Net Cash Provided by Operating Activities	<u>49,248</u>
Net Change in Cash and Cash Equivalents	49,248
Cash and Cash Equivalents, Beginning of Year	<u>145,219</u>
Cash and Cash Equivalents, End of Year	<u>\$ 194,467</u>

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2014

1. NATURE OF ORGANIZATION:

International Literacy and Development (ILAD) is a Texas nonprofit organization formed on April 4, 2011 and classified as a 501(c)(3) organization by the United States Internal Revenue Service. As such, it is exempt from U.S. federal and state income tax, and contributions by the public are deductible for income tax purposes.

ILAD is an international organization whose vision is to see lives changed in language communities worldwide through literacy and development.

ILAD's mission is to provide the skills, training, concepts, and access to materials needed to affect ongoing change with and within vulnerable communities. This mission is accomplished through minority group language development, and mother-tongue literacy programs, which provide training in reading and writing as well as helping to develop and provide written materials in the local language. Programs also include agricultural training, sustainable social business, microfinance, education, clean water and medical initiatives. These facets of their programs provide mobile medical clinics, drilling of water wells, sponsorship programs for children's educational supplies (in rural villages), micro loans for local farmers, and creating local and regional markets to help provide sustainable business for local farmers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of ILAD have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates. Significant estimates in these financial statements include the allocation of expenses on a functional basis.

PRINCIPLES OF REPORTING WORLD WIDE OPERATIONS

The financial statements report the worldwide operations of ILAD, including material assets, liabilities, net assets, revenues, and expenses of its fields of service around the world.

CASH

Cash consists of checking accounts. These accounts may, at times, exceed the federally insured limits. ILAD has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OTHER ASSETS

Other assets are composed of a nonrevenue overseas receivable and advances. Management has not established an allowance for doubtful accounts as it believes the amounts are fully collectable.

NET ASSETS

The financial statements report amounts by class of net assets:

Unrestricted net assets are currently available for operations under the direction of the board or resources invested in property and equipment.

Temporarily restricted net assets are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

SUPPORT, REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to ILAD.

ILAD reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of purpose restrictions.

CURRENCY CONVERSION

Each field receives cash in U.S. Dollars that is converted into local currency. The exchange rate provided by the local bank is used for all expenses incurred with those funds. As a result, ILAD has insignificant amounts of currency gains and losses reported in the statements of activities. Total currency conversion of \$876 was included in expenses for the year ended December 31, 2014. Due to immateriality, these are reported as part of expenses.

Expenses are recorded when costs are incurred.

ALLOCATION OF EXPENSES

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

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Notes to Financial Statements

December 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

JOINT ACTIVITIES

Joint activities are conducted that include requests for contributions as well as program and management and general functions. Those activities include promotional mailings, furloughs, and other informational activities. Of the total joint costs, costs attributable to employees on furlough and officer compensation were \$98,070 for the year ended December 31, 2014. Total joint costs consist of the following:

Program services	\$	56,816
Management and general		20,869
Fund-raising		<u>21,351</u>
	\$	<u><u>99,036</u></u>

FOREIGN OPERATIONS

In connection with its international operations, ILAD maintains offices in various countries outside the United States. As of December 31, 2014 current assets in other countries totaled \$42,313.

Management has reviewed the assets in other countries and, in its opinion, has determined they are under the control of ILAD. For this reason such items are recognized as assets of ILAD. However, it should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while management believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the value of the assets in other countries.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of December 31, 2014, ILAD had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

ILAD files information tax returns in the U.S. ILAD is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

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Notes to Financial Statements

December 31, 2014

3. TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2014 temporarily restricted net assets consist of:

	Net Assets December 31, 2013	Temporarily Restricted Contributions	Amounts Released	Net Assets December 31, 2014
Middle East	\$ 48,765	\$ 260,954	\$ (195,897)	\$ 113,822
West Africa	24,382	47,949	(59,453)	12,878
Caucasus	-	44,013	(16,994)	27,019
Western Asia	4,564	67,206	(67,046)	4,724
United States	3,660	25,321	(22,767)	6,214
	<u>\$ 81,371</u>	<u>\$ 445,443</u>	<u>\$ (362,157)</u>	<u>\$ 164,657</u>

4. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.