



**INTERNATIONAL LITERACY
AND DEVELOPMENT**

Financial Statements
With Independent Auditors' Report

December 31, 2015 and 2014

INTERNATIONAL LITERACY AND DEVELOPMENT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplemental Information	
Independent Auditors' Report on Supplemental Information	10
Schedule of Functional Expenses–2015	11
Schedule of Functional Expenses–2014	12

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 statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Dallas, Texas
May 9, 2016

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Financial Position

	December 31,	
	2015	2014
ASSETS:		
Cash	\$ 224,071	\$ 194,467
Other assets	53,963	56,371
Fixed assets	17,168	-
Total Assets	\$ 295,202	\$ 250,838
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	18,108	12,401
	<u>18,108</u>	<u>12,401</u>
Net assets:		
Unrestricted	95,396	73,780
Temporarily restricted	181,698	164,657
	<u>277,094</u>	<u>238,437</u>
Total Liabilities and Net Assets	\$ 295,202	\$ 250,838

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Activities

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 52,769	\$ 564,973	\$ 617,742	\$ 48,215	\$ 445,443	\$ 493,658
Other income	-	-	-	4,000	-	4,000
Total Support and Revenue	<u>52,769</u>	<u>564,973</u>	<u>617,742</u>	<u>52,215</u>	<u>445,443</u>	<u>497,658</u>
RECLASSIFICATIONS:						
Satisfaction of purpose restrictions	<u>547,932</u>	<u>(547,932)</u>	<u>-</u>	<u>362,157</u>	<u>(362,157)</u>	<u>-</u>
EXPENSES:						
Program services:						
Language, literacy, and community development	454,047	-	454,047	326,540	-	326,540
	<u>454,047</u>	<u>-</u>	<u>454,047</u>	<u>326,540</u>	<u>-</u>	<u>326,540</u>
Supporting activities:						
Management and general	76,042	-	76,042	55,238	-	55,238
Fund-raising	48,996	-	48,996	23,035	-	23,035
	<u>125,038</u>	<u>-</u>	<u>125,038</u>	<u>78,273</u>	<u>-</u>	<u>78,273</u>
Total Expenses	<u>579,085</u>	<u>-</u>	<u>579,085</u>	<u>404,813</u>	<u>-</u>	<u>404,813</u>
Change in Net Assets	21,616	17,041	38,657	9,559	83,286	92,845
Net Assets, Beginning of Year	<u>73,780</u>	<u>164,657</u>	<u>238,437</u>	<u>64,221</u>	<u>81,371</u>	<u>145,592</u>
Net Assets, End of Year	<u>\$ 95,396</u>	<u>\$ 181,698</u>	<u>\$ 277,094</u>	<u>\$ 73,780</u>	<u>\$ 164,657</u>	<u>\$ 238,437</u>

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Cash Flows

	Year Ended December 31,	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 38,657	\$ 92,845
Adjustments to reconcile change in net assets net cash provided (used) by operating activities:		
Depreciation	1,667	-
Change in operating assets and liabilities:		
Other assets	2,408	(51,399)
Accounts payable and other liabilities	5,707	7,802
Net Cash Provided by Operating Activities	<u>48,439</u>	<u>49,248</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	<u>(18,835)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(18,835)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	29,604	49,248
Cash and Cash Equivalents, Beginning of Year	<u>194,467</u>	<u>145,219</u>
Cash and Cash Equivalents, End of Year	<u>\$ 224,071</u>	<u>\$ 194,467</u>

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2015 and 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, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY, EQUIPMENT, AND DEPRECIATION

Assets capitalized as property and equipment are recorded at cost or, if donated, at market value on the date of donation. ILAD capitalizes assets with a cost basis of \$5,000 or greater. Depreciation is recorded on the straight-line basis over the assets useful life. ILAD's property and equipment consists of a vehicle and some equipment.

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.

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.

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2015 and 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, U.S. assignment, and other informational activities. Of the total joint costs, costs attributable to employees on U.S. assignment and officer compensation were \$178,676 and \$98,070 for the years ended December 31, 2015 and 2014, respectively. Total joint costs consist of the following:

	Year Ended December 31,	
	2015	2014
Program services	\$ 119,827	\$ 56,816
Management and general	31,030	20,869
Fund-raising	34,243	21,351
	<u>\$ 185,100</u>	<u>\$ 99,036</u>

FOREIGN OPERATIONS

In connection with its international operations, ILAD maintains offices in various countries outside the United States. As of December 31, 2015 and 2014, current assets in other countries totaled \$42,313 for both years.

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, 2015, 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. and various states. The Organization is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2015 and 2014

3. TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2015, temporarily restricted net assets consist of:

	Net Assets December 31, 2014	Temporarily Restricted Contributions	Amounts Released	Net Assets December 31, 2015
Middle East	\$ 113,822	\$ 235,151	\$ (215,762)	\$ 133,211
West Africa	12,878	101,677	(114,555)	-
Caucasus	27,019	64,339	(80,382)	10,976
Western Asia	4,724	62,043	(58,218)	8,549
France	2,393	40,197	(31,948)	10,642
United States	3,821	61,566	(47,067)	18,320
	\$ 164,657	\$ 564,973	\$ (547,932)	\$ 181,698

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
France	-	2,393	-	2,393
United States	3,660	22,928	(22,767)	3,821
	\$ 81,371	\$ 445,443	\$ (362,157)	\$ 164,657

4. 403(B) RETIREMENT PLAN:

ILAD offers a 403(b) retirement plan for employees. This plan is funded solely through salary reductions. Deferrals are not matched by ILAD.

5. 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.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
International Literacy and Development
Dallas, Texas

We have audited the financial statements of International Literacy and Development as of and for the years ended December 31, 2015 and 2014, and our report thereon dated May 9, 2016, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Capin Crouse LLP

Dallas, Texas
May 9, 2016

INTERNATIONAL LITERACY AND DEVELOPMENT

Schedule of Functional Expenses

Year Ended December 31, 2015

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 255,668	\$ 41,030	\$ 41,030	\$ 337,728
Employee benefits	40,485	347	347	41,179
Travel	47,864	261	3,083	51,208
Occupancy and utilities	-	2,263	-	2,263
Communications	6,428	2,759	-	9,187
Office expenses	3,279	429	101	3,809
Professional development and training expenses	30,113	253	-	30,366
Professional fees	4,817	28,557	2,641	36,015
Postage and shipping	564	55	-	619
Depreciation	58,947	-	-	58,947
Other expenses	5,882	88	1,794	7,764
Total Expenses	\$ 454,047	\$ 76,042	\$ 48,996	\$ 579,085
Percentage of Total Expenses	78%	13%	8%	100%

INTERNATIONAL LITERACY AND DEVELOPMENT

Schedule of Functional Expenses

Year Ended December 31, 2014

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 202,187	\$ 21,473	\$ 20,873	\$ 244,533
Employee benefits	25,076	-	-	25,076
Travel	31,760	149	283	32,192
Occupancy and utilities	4,354	2,162	-	6,516
Communications	7,168	5,172	-	12,340
Office expenses	3,742	759	-	4,501
Professional development and training expenses	30,361 158	32 302	- -	30,393 460
Professional fees	2,681	24,143	1,680	28,504
Postage and shipping	671	347	-	1,018
Grants	16,944	-	-	16,944
Other expenses	1,438	699	199	2,336
Total Expenses	\$ 326,540	\$ 55,238	\$ 23,035	\$ 404,813
Percentage of Total Expenses	81%	14%	6%	100%