



INTERNATIONAL LITERACY AND  
DEVELOPMENT

Financial Statements  
With Independent Auditors' Report

December 31, 2016 and 2015

# 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 statements of financial position as of December 31, 2016 and 2015, 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, 2016 and 2015, 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*

Grapevine, Texas  
May 1, 2017

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Statements of Financial Position

	December 31,	
	2016	2015
ASSETS:		
Cash	\$ 373,302	\$ 224,071
Other assets	52,520	53,963
Fixed assets	8,438	17,168
Total Assets	<u>\$ 434,260</u>	<u>\$ 295,202</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	\$ 7,172	\$ 18,108
	<u>7,172</u>	<u>18,108</u>
Net assets:		
Unrestricted:		
Undesignated	132,556	78,228
Investment in fixed assets	8,438	17,168
	<u>140,994</u>	<u>95,396</u>
Temporarily restricted	286,094	181,698
	<u>427,088</u>	<u>277,094</u>
Total Liabilities and Net Assets	<u>\$ 434,260</u>	<u>\$ 295,202</u>

See notes to the financial statements

## INTERNATIONAL LITERACY AND DEVELOPMENT

### Statements of Activities

	Year Ended December 31,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 135,636	\$ 740,999	\$ 876,635	\$ 52,769	\$ 564,973	\$ 617,742
Other income	1,907	-	1,907	-	-	-
Total Support and Revenue	<u>137,543</u>	<u>740,999</u>	<u>878,542</u>	<u>52,769</u>	<u>564,973</u>	<u>617,742</u>
<b>RECLASSIFICATIONS:</b>						
Satisfaction of purpose restrictions	<u>636,603</u>	<u>(636,603)</u>	<u>-</u>	<u>547,932</u>	<u>(547,932)</u>	<u>-</u>
<b>EXPENSES:</b>						
Program services:						
Language, literacy, and community development	621,777	-	621,777	454,047	-	454,047
	<u>621,777</u>	<u>-</u>	<u>621,777</u>	<u>454,047</u>	<u>-</u>	<u>454,047</u>
Supporting activities:						
Management and general	63,002	-	63,002	76,042	-	76,042
Fund-raising	43,769	-	43,769	48,996	-	48,996
	<u>106,771</u>	<u>-</u>	<u>106,771</u>	<u>125,038</u>	<u>-</u>	<u>125,038</u>
Total Expenses	<u>728,548</u>	<u>-</u>	<u>728,548</u>	<u>579,085</u>	<u>-</u>	<u>579,085</u>
Change in Net Assets	45,598	104,396	149,994	21,616	17,041	38,657
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 140,994</u>	<u>\$ 286,094</u>	<u>\$ 427,088</u>	<u>\$ 95,396</u>	<u>\$ 181,698</u>	<u>\$ 277,094</u>

See notes to the financial statements

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 149,994	\$ 38,657
Adjustments to reconcile change in net assets		
net cash provided (used) by operating activities:		
Depreciation	1,949	1,667
Gain on disposal of asset	(719)	-
Change in operating assets and liabilities:		
Other assets	1,443	2,408
Accounts payable and other liabilities	(10,936)	5,707
Net Cash Provided by Operating Activities	141,731	48,439
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of fixed assets	-	(18,835)
Proceeds from sale of fixed assets	7,500	-
Net Cash Provided (Used) by Investing Activities	7,500	(18,835)
Net Change in Cash and Cash Equivalents	149,231	29,604
Cash and Cash Equivalents, Beginning of Year	224,071	194,467
Cash and Cash Equivalents, End of Year	\$ 373,302	\$ 224,071

See notes to the financial statements

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Notes to Financial Statements

December 31, 2016 and 2015

### 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 Code (the Code). 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 has been classified as a publicly supported organization which is not a private foundation under section 509(a) of the Code.

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, 2016 and 2015

### 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, 2016 and 2015

### 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 \$121,739 and \$178,676 for the years ended December 31, 2016 and 2015, respectively. Total joint costs consist of the following:

	Year Ended December 31,	
	2016	2015
Program services	\$ 69,824	\$ 119,827
Management and general	32,453	31,030
Fund-raising	25,202	34,243
	<u>\$ 127,479</u>	<u>\$ 185,100</u>

#### FOREIGN OPERATIONS

In connection with its international operations, ILAD maintains offices in various countries outside the United States of America. As of December 31, 2016 and 2015, current assets in other countries totaled \$42,313 for both

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, 2016 and 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. ILAD is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Notes to Financial Statements

December 31, 2016 and 2015

3. TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2016, temporarily restricted net assets consist of:

	Net Assets December 31, 2015	Temporarily Restricted Contributions	Amounts Released	Net Assets December 31, 2016
Middle East	\$ 133,211	\$ 251,678	\$ (226,599)	\$ 158,290
United States	18,320	161,383	(131,088)	48,615
West Africa	-	161,327	(114,099)	47,228
Western Asia	8,549	65,042	(56,891)	16,700
France	10,642	67,365	(65,971)	12,036
Caucasus	10,976	34,204	(41,955)	3,225
	\$ 181,698	\$ 740,999	\$ (636,603)	\$ 286,094

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
United States	3,821	61,566	(47,067)	18,320
West Africa	12,878	101,677	(114,555)	-
Western Asia	4,724	62,043	(58,218)	8,549
France	2,393	40,197	(31,948)	10,642
Caucasus	27,019	64,339	(80,382)	10,976
	\$ 164,657	\$ 564,973	\$ (547,932)	\$ 181,698

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, 2016 and 2015, and our report thereon dated May 1, 2017, 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.

Grapevine, Texas  
May 1, 2017

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Schedule of Functional Expenses

Year Ended December 31, 2016

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 393,518	\$ 32,453	\$ 22,841	\$ 448,812
Employee benefits	50,072	-	-	50,072
Travel	37,476	313	1,841	39,630
Occupancy and utilities	2,628	2,277	-	4,905
Communications	4,086	701	3,586	8,373
Office expenses	3,692	708	143	4,543
Professional development and training expenses	25,373	19	-	25,392
Professional fees	9,410	26,238	15,285	50,933
Postage and shipping	1,369	248	-	1,617
Grant expense	90,066	-	-	90,066
Other expenses	4,087	45	73	4,205
<b>Total Expenses</b>	<b>\$ 621,777</b>	<b>\$ 63,002</b>	<b>\$ 43,769</b>	<b>\$ 728,548</b>
Percentage of Total Expenses	85%	9%	6%	100%

# 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
Other expenses	64,829	88	1,794	66,711
	<u>\$ 454,047</u>	<u>\$ 76,042</u>	<u>\$ 48,996</u>	<u>\$ 579,085</u>
Total Expenses				
Percentage of Total Expenses	78%	13%	8%	100%