



INTERNATIONAL LITERACY AND
DEVELOPMENT

Financial Statements
With Independent Auditors' Report

December 31, 2018 and 2017

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, 2018 and 2017 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 (ILAD) as of December 31, 2018 and 2017, 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
April 3, 2019

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Financial Position

	December 31,	
	<u>2018</u>	<u>2017</u>
ASSETS:		
Cash	\$ 777,203	\$ 566,067
Other assets	<u>95,275</u>	<u>105,098</u>
Total Assets	<u>\$ 872,478</u>	<u>\$ 671,165</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	<u>\$ 29,669</u>	<u>\$ 18,059</u>
	<u>29,669</u>	<u>18,059</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	96,139	118,416
Investment in fixed assets	<u>6,258</u>	<u>7,431</u>
	<u>102,397</u>	<u>125,847</u>
Net assets with donor restrictions	<u>740,412</u>	<u>527,259</u>
	<u>842,809</u>	<u>653,106</u>
Total Liabilities and Net Assets	<u>\$ 872,478</u>	<u>\$ 671,165</u>

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Net assets without donor restrictions	Net assets with donor restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 128,522	\$ 1,781,343	\$ 1,909,865	\$ 100,006	\$ 1,351,870	\$ 1,451,876
Other income	37,450	-	37,450	7,473	-	7,473
Total Support and Revenue	165,972	1,781,343	1,947,315	107,479	1,351,870	1,459,349
RECLASSIFICATIONS:						
Satisfaction of purpose restrictions	1,568,190	(1,568,190)	-	1,110,705	(1,110,705)	-
EXPENSES:						
Program services:						
Language, literacy, and community development	1,436,343	-	1,436,343	1,074,159	-	1,074,159
Supporting activities:						
Management and general	98,086	-	98,086	78,538	-	78,538
Fund-raising	223,183	-	223,183	80,634	-	80,634
	321,269	-	321,269	159,172	-	159,172
Total Expenses	1,757,612	-	1,757,612	1,233,331	-	1,233,331
Change in Net Assets	(23,450)	213,153	189,703	(15,147)	241,165	226,018
Net Assets, Beginning of Year	125,847	527,259	653,106	140,994	286,094	427,088
Net Assets, End of Year	\$ 102,397	\$ 740,412	\$ 842,809	\$ 125,847	\$ 527,259	\$ 653,106

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Cash Flows

	Year Ended December 31,	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 189,703	\$ 226,018
Adjustments to reconcile change in net assets net cash provided (used) by operating activities:		
Change in operating assets and liabilities:		
Other assets	9,823	(44,140)
Accounts payable and other liabilities	<u>11,610</u>	<u>10,887</u>
Net Cash Provided by Operating Activities	<u>211,136</u>	<u>192,765</u>
Net Change in Cash and Cash Equivalents	211,136	192,765
Cash and Cash Equivalents, Beginning of Year	<u>566,067</u>	<u>373,302</u>
Cash and Cash Equivalents, End of Year	<u>\$ 777,203</u>	<u>\$ 566,067</u>

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 964,745	\$ 14,214.00	\$ 147,402	\$ 1,126,361
Travel	124,376	5,991	6,727	137,094
Grant expense	134,822	-	-	134,822
Employee benefits	115,246	385	6,554	122,185
Professional fees	9,673	58,977	33,158	101,808
Professional development and training expenses	42,125	115	160	42,400
Communications	20,644	5,028	4,671	30,343
Office expenses	8,595	6,860	4,045	19,500
Occupancy and utilities	7,512	38	-	7,550
Other expenses	8,605	6,478	20,466	35,549
Total Expenses	\$ 1,436,343	\$ 98,086	\$ 223,183	\$ 1,757,612
Percentage of Total Expenses	82%	6%	13%	100%

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 676,388	\$ 30,228	\$ 48,599	\$ 755,215
Grant expense	195,629	-	-	195,629
Travel	56,549	-	14,317	70,866
Employee benefits	62,870	-	-	62,870
Professional fees	7,670	30,711	926	39,307
Office expenses	9,877	7,464	11,329	28,670
Professional development and training expenses	23,839	990	-	24,829
Other expenses	18,998	1,174	4,589	24,761
Communications	16,878	4,623	811	22,312
Occupancy	5,461	3,348	63	8,872
Postage and shipping	-	-	-	-
Total Expenses	\$ 1,074,159	\$ 78,538	\$ 80,634	\$ 1,233,331
Percentage of Total Expenses	87%	6%	7%	100%

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2018 and 2017

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.

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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. As of December 31, 2018 and 2017, the ILAD had cash balances that exceeded federally insured limits by approximately \$342,000 and \$167,000, respectively. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

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:

Net assets without donor restrictions are currently available for operations under the direction of the board or resources invested in property and equipment.

Net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as satisfaction of purpose restrictions. Contributions received for restricted use are charged 10%, for general and administration costs. For the years ended December 31, 2018 and 2017, assessments of \$173,930 and \$122,573, respectively, have been included as net assets released from purpose restrictions.

Expenses are recorded when costs are incurred.

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Personnel related expenses are allocated based on an analysis of personnel time utilized for the related activities. Depreciation is allocated based on square footage. Costs of other categories were allocated based on program services and supporting activities benefited.

FOREIGN OPERATIONS

In connection with its international operations, ILAD maintains offices in various countries outside the United States of America. As of December 31, 2018 and 2017, current assets in other countries totaled \$58,564 and \$60,266 respectively.

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.

3. LIQUIDITY AND FUNDS AVAILABLE:

ILAD had total financial assets of \$777,233 as of December 31, 2018. All of these assets are available to meet cash needs for general expenditures within one year. As part of ILAD's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2018 and 2017

4. NET ASSETS WITH DONOR RESTRICTIONS:

As of December 31, 2018, net assets with donor restrictions consist of:

	Net Assets December 31, 2017	Contributions With Donor Restrictions	Amounts Released	Net Assets December 31, 2018
Middle East/North Africa	\$ 246,839	\$ 519,622	\$ (522,616)	\$ 243,845
East Asia	117,324	560,952	(419,375)	258,901
Sub-Saharan Africa	105,214	369,019	(338,800)	135,433
Russia/NIS	51,941	170,874	(190,441)	32,374
United States	5,941	160,876	(96,958)	69,859
	\$ 527,259	\$ 1,781,343	\$ (1,568,190)	\$ 740,412

As of December 31, 2017, net assets with donor restrictions consist of:

	Net Assets December 31, 2016	Contributions With Donor Restrictions	Amounts Released	Net Assets December 31, 2017
Middle East/North Africa	\$ 158,290	\$ 476,328	\$ (387,779)	\$ 246,839
East Asia	-	365,347	(248,023)	117,324
Sub-Saharan Africa	47,228	348,837	(290,851)	105,214
Russia/NIS	19,925	94,137	(62,121)	51,941
United States	48,615	67,221	(109,895)	5,941
Europe	12,036	-	(12,036)	-
	\$ 286,094	\$ 1,351,870	\$ (1,110,705)	\$ 527,259

5. 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.

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 3, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.