



INTERNATIONAL LITERACY AND  
DEVELOPMENT

Financial Statements  
With Independent Auditors' Report

December 31, 2017 and 2016

# 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, 2017 and 2016, 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, 2017 and 2016, 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 26, 2018

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Statements of Financial Position

	December 31,	
	2017	2016
ASSETS:		
Cash	\$ 566,067	\$ 373,302
Other assets	97,667	52,520
Fixed assets	7,431	8,438
Total Assets	<u>\$ 671,165</u>	<u>\$ 434,260</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	\$ 18,059	\$ 7,172
	<u>18,059</u>	<u>7,172</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	118,416	132,556
Investment in fixed assets	7,431	8,438
	<u>125,847</u>	<u>140,994</u>
Net assets with donor restrictions	527,259	286,094
	<u>653,106</u>	<u>427,088</u>
Total Liabilities and Net Assets	<u>\$ 671,165</u>	<u>\$ 434,260</u>

See notes to the financial statements

## INTERNATIONAL LITERACY AND DEVELOPMENT

### Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Net assets without donor restrictions	Net assets with donor restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 100,006	\$ 1,351,870	\$ 1,451,876	\$ 135,636	\$ 740,999	\$ 876,635
Other income	7,473	-	7,473	1,907	-	1,907
Total Support and Revenue	107,479	1,351,870	1,459,349	137,543	740,999	878,542
<b>RECLASSIFICATIONS:</b>						
Satisfaction of purpose restrictions	1,110,705	(1,110,705)	-	636,603	(636,603)	-
<b>EXPENSES:</b>						
Program services:						
Language, literacy, and community development	1,074,159	-	1,074,159	621,777	-	621,777
Supporting activities:						
Management and general	78,538	-	78,538	63,002	-	63,002
Fund-raising	80,634	-	80,634	43,769	-	43,769
	159,172	-	159,172	106,771	-	106,771
Total Expenses	1,233,331	-	1,233,331	728,548	-	728,548
Change in Net Assets	(15,147)	241,165	226,018	45,598	104,396	149,994
Net Assets, Beginning of Year	140,994	286,094	427,088	95,396	181,698	277,094
Net Assets, End of Year	\$ 125,847	\$ 527,259	\$ 653,106	\$ 140,994	\$ 286,094	\$ 427,088

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
Employee benefits	62,870	-	-	62,870
Travel	56,549	-	14,317	70,866
Occupancy and utilities	5,461	3,348	63	8,872
Communications	16,878	4,623	811	22,312
Office expenses	9,877	7,464	11,329	28,670
Professional development and training expenses	23,839	990	-	24,829
Professional fees	7,670	30,711	926	39,307
Postage and shipping	-	-	-	-
Grant expense	195,629	-	-	195,629
Other expenses	18,998	1,174	4,589	24,761
<b>Total Expenses</b>	<b>\$ 1,074,159</b>	<b>\$ 78,538</b>	<b>\$ 80,634</b>	<b>\$ 1,233,331</b>
Percentage of Total Expenses	87%	6%	7%	100%

See notes to the financial statements

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Statement 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%

See notes to the financial statements



# INTERNATIONAL LITERACY AND DEVELOPMENT

## Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 226,018	\$ 149,994
Adjustments to reconcile change in net assets		
net cash provided (used) by operating activities:		
Depreciation	1,007	1,949
Gain on disposal of asset	-	(719)
Change in operating assets and liabilities:		
Other assets	(45,147)	1,443
Accounts payable and other liabilities	10,887	(10,936)
Net Cash Provided by Operating Activities	192,765	141,731
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of fixed assets	-	7,500
Net Cash Provided by Investing Activities	-	7,500
Net Change in Cash and Cash Equivalents	192,765	149,231
Cash and Cash Equivalents, Beginning of Year	373,302	224,071
Cash and Cash Equivalents, End of Year	\$ 566,067	\$ 373,302

See notes to the financial statements

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Notes to Financial Statements

December 31, 2017 and 2016

### 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, 2017 and 2016

### 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:

*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, 2017 and 2016, assessments of \$122,573 and \$77,430, respectively, have been included as net assets released from 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 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.

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Notes to Financial Statements

December 31, 2017 and 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FOREIGN OPERATIONS

In connection with its international operations, ILAD maintains offices in various countries outside the United States of America. As of December 31, 2017 and 2016, current assets in other countries totaled \$60,266 and \$43,460, 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.

#### NEW ACCOUNTING PRONOUNCEMENTS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ILAD adopted the provisions of this new standard during the year ended December 31, 2017. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 3).

### 3. LIQUIDITY AND FUNDS AVAILABLE:

ILAD had total financial assets of \$566,067 as of December 31, 2017. 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, 2017 and 2016

4. NET ASSETS WITH DONOR RESTRICTIONS:

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

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

	Net Assets December 31, 2015	Contributions With Donor Restrictions	Amounts Released	Net Assets December 31, 2016
Middle East/North Africa	\$ 133,211	\$ 251,678	\$ (226,599)	\$ 158,290
Sub-Saharan Africa	-	161,327	(114,099)	47,228
Russia/NIS	19,525	99,246	(98,846)	19,925
United States	18,320	161,383	(131,088)	48,615
Europe	10,642	67,365	(65,971)	12,036
	\$ 181,698	\$ 740,999	\$ (636,603)	\$ 286,094

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 26, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.