



INTERNATIONAL LITERACY AND  
DEVELOPMENT

Financial Statements  
With Independent Auditors' Report

December 31, 2019 and 2018

# 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, 2019 and 2018 and the related statements of activities, functional expenses, 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, 2019 and 2018, 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 22, 2020

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Statements of Financial Position

	December 31,	
	<u>2019</u>	<u>2018</u>
ASSETS:		
Cash	\$ 1,010,101	\$ 777,203
Other assets	<u>100,834</u>	<u>95,275</u>
Total Assets	<u>\$ 1,110,935</u>	<u>\$ 872,478</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	\$ 29,528	\$ 29,669
	<u>29,528</u>	<u>29,669</u>
Net assets:		
Net assets without donor restrictions	160,683	102,397
Net assets with donor restrictions	<u>920,724</u>	<u>740,412</u>
	<u>1,081,407</u>	<u>842,809</u>
Total Liabilities and Net Assets	<u>\$ 1,110,935</u>	<u>\$ 872,478</u>

See notes to the financial statements

## INTERNATIONAL LITERACY AND DEVELOPMENT

### Statements of Activities

	Year Ended December 31,					
	2019			2018		
	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	\$ 199,440	\$ 1,875,824	\$ 2,075,264	\$ 128,522	\$ 1,781,343	\$ 1,909,865
Other income	37,382	-	37,382	37,450	-	37,450
<b>Total Support and Revenue</b>	<b>236,822</b>	<b>1,875,824</b>	<b>2,112,646</b>	<b>165,972</b>	<b>1,781,343</b>	<b>1,947,315</b>
<b>RECLASSIFICATIONS:</b>						
Satisfaction of purpose restrictions	1,695,512	(1,695,512)	-	1,568,190	(1,568,190)	-
<b>EXPENSES:</b>						
<b>Program services:</b>						
Language, literacy, and community development	1,537,732	-	1,537,732	1,436,343	-	1,436,343
<b>Supporting activities:</b>						
Management and general	143,393	-	143,393	98,086	-	98,086
Fund-raising	192,923	-	192,923	223,183	-	223,183
	<b>336,316</b>	<b>-</b>	<b>336,316</b>	<b>321,269</b>	<b>-</b>	<b>321,269</b>
<b>Total Expenses</b>	<b>1,874,048</b>	<b>-</b>	<b>1,874,048</b>	<b>1,757,612</b>	<b>-</b>	<b>1,757,612</b>
<b>Change in Net Assets</b>	<b>58,286</b>	<b>180,312</b>	<b>238,598</b>	<b>(23,450)</b>	<b>213,153</b>	<b>189,703</b>
<b>Net Assets, Beginning of Year</b>	<b>102,397</b>	<b>740,412</b>	<b>842,809</b>	<b>125,847</b>	<b>527,259</b>	<b>653,106</b>
<b>Net Assets, End of Year</b>	<b>\$ 160,683</b>	<b>\$ 920,724</b>	<b>\$ 1,081,407</b>	<b>\$ 102,397</b>	<b>\$ 740,412</b>	<b>\$ 842,809</b>

See notes to the financial statements

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 965,984	\$ 50,587	\$ 108,040	\$ 1,124,611
Grant expense	187,181	-	-	187,181
Travel	134,196	12,417	15,251	161,864
Employee benefits	136,252	136	7,391	143,779
Professional fees	44,601	60,271	37,902	142,774
Office expenses	8,764	2,548	4,947	16,259
Professional development and training expenses	38,716	376	953	40,045
Other expenses	5,913	9,509	13,751	29,173
Communications	12,647	4,944	4,688	22,279
Occupancy	3,478	2,605	-	6,083
 Total Expenses	 \$ 1,537,732	 \$ 143,393	 \$ 192,923	 \$ 1,874,048
 Percentage of Total Expenses	 82%	 8%	 10%	 100%

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

## Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 238,598	\$ 189,703
Adjustments to reconcile change in net assets net cash provided (used) by operating activities:		
Change in operating assets and liabilities:		
Other assets	(5,559)	9,823
Accounts payable and other liabilities	(141)	11,610
Net Cash Provided by Operating Activities	<u>232,898</u>	<u>211,136</u>
Net Change in Cash and Cash Equivalents	232,898	211,136
Cash and Cash Equivalents, Beginning of Year	<u>777,203</u>	<u>566,067</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,010,101</u>	<u>\$ 777,203</u>

See notes to the financial statements

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Notes to Financial Statements

December 31, 2019 and 2018

### 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, 2019 and 2018

### 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, 2019 and 2018, the ILAD had cash balances that exceeded federally insured limits by approximately \$604,000 and \$342,000, respectively. ILAD 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, 2019 and 2018, assessments of \$179,095 and \$173,930, 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, 2019 and 2018

### 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, 2019 and 2018, current assets in other countries totaled \$64,780 and \$58,564 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.

#### RECENTLY ISSUED ACCOUNTING STANDARD

In 2018, FASB issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities* (Topic 958)–*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ILAD adopted the provisions of this new standard as a resource recipient in the current year. The ASU did not have a material effect on the financial statements.

### 3. LIQUIDITY AND FUNDS AVAILABLE:

ILAD had total financial assets of \$1,010,101 and \$777,233, respectively, as of December 31, 2019 and 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, 2019 and 2018

4. NET ASSETS WITH DONOR RESTRICTIONS:

As of December 31, 2019, net assets with donor restrictions consist of:

	Net Assets December 31, 2018	Contributions With Donor Restrictions	Amounts Released	Net Assets December 31, 2019
Areas of work/missionary support:				
Middle East/North Africa	\$ 243,845	\$ 386,983	\$ (424,727)	\$ 206,101
East Asia	258,901	564,531	(443,970)	379,462
Sub-Saharan Africa	135,433	321,136	(326,703)	129,866
Russia/NIS	32,374	252,222	(246,161)	38,435
United States	69,859	350,952	(253,951)	166,860
	\$ 740,412	\$ 1,875,824	\$ (1,695,512)	\$ 920,724

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
Areas of work/missionary support:				
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

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.

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Notes to Financial Statements

December 31, 2019 and 2018

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 22, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus as a “Public Health Emergency of International Concern,” ultimately classifying the resulting COVID-19 as a pandemic. Federal, state and local governments have mandated various restrictions, including travel restrictions, restrictions on public gatherings, stay at home advisories and quarantining of people who may have been exposed to the virus.

The duration of disruption and related impact cannot be reasonably estimated at this time. ILAD is monitoring global developments and critical program expenditures. Expenditures are being reduced as necessary. Management believes that ILAD has sufficient reserves and liquidity to fund ongoing essential program activities through this time of uncertainty and believes the mission of ILAD will not change.