



INTERNATIONAL LITERACY AND  
DEVELOPMENT

Financial Statements  
With Independent Auditors' Report

December 31, 2020 and 2019

# 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 statements of International Literacy and Development, which comprise the statements of financial position as of December 31, 2020 and 2019, 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 as of December 31, 2020 and 2019, 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 12, 2021

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Statements of Financial Position

	December 31,	
	2020	2019
ASSETS:		
Cash	\$ 1,415,036	\$ 1,010,101
Other assets	102,443	100,834
Total Assets	<u>\$ 1,517,479</u>	<u>\$ 1,110,935</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	\$ 15,741	\$ 29,528
Paycheck Protection Program loan	124,157	-
	<u>139,898</u>	<u>29,528</u>
Net assets:		
Net assets without donor restrictions	133,140	160,683
Net assets with donor restrictions	1,244,441	920,724
	<u>1,377,581</u>	<u>1,081,407</u>
Total Liabilities and Net Assets	<u>\$ 1,517,479</u>	<u>\$ 1,110,935</u>

See notes to the financial statements

## INTERNATIONAL LITERACY AND DEVELOPMENT

### Statements of Activities

	Year Ended December 31,					
	2020			2019		
	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	\$ 181,875	\$ 2,200,727	\$ 2,382,602	\$ 199,440	\$ 1,875,824	\$ 2,075,264
Other income	99,495	-	99,495	37,382	-	37,382
Total Support and Revenue	281,370	2,200,727	2,482,097	236,822	1,875,824	2,112,646
<b>RECLASSIFICATIONS:</b>						
Satisfaction of purpose restrictions	1,877,010	(1,877,010)	-	1,695,512	(1,695,512)	-
<b>EXPENSES:</b>						
Program services:						
Language, literacy, and community development	1,762,580	-	1,762,580	1,537,732	-	1,537,732
Supporting activities:						
Management and general	180,646	-	180,646	143,393	-	143,393
Fund-raising	242,697	-	242,697	192,923	-	192,923
	423,343	-	423,343	336,316	-	336,316
Total Expenses	2,185,923	-	2,185,923	1,874,048	-	1,874,048
Change in Net Assets	(27,543)	323,717	296,174	58,286	180,312	238,598
Net Assets, Beginning of Year	160,683	920,724	1,081,407	102,397	740,412	842,809
Net Assets, End of Year	\$ 133,140	\$ 1,244,441	\$ 1,377,581	\$ 160,683	\$ 920,724	\$ 1,081,407

See notes to the financial statements

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 1,146,339	\$ 71,285	\$ 156,682	\$ 1,374,306
Grant expense	184,813	-	-	184,813
Travel	58,561	7,206	12,228	77,995
Employee benefits	150,477	212	8,283	158,972
Professional fees	107,282	70,116	52,395	229,793
Office expenses	8,406	3,640	6,435	18,481
Professional development and training expenses	47,806	186	-	47,992
Other expenses	23,275	16,381	2,010	41,666
Communications	31,981	11,282	4,664	47,927
Occupancy	3,640	338	-	3,978
Total Expenses	\$ 1,762,580	\$ 180,646	\$ 242,697	\$ 2,185,923
Percentage of Total Expenses	81%	8%	11%	100%

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

## Statements of Cash Flows

	Year Ended December 31,	
	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 296,174	\$ 238,598
Adjustments to reconcile change in net assets net cash provided (used) by operating activities:		
Change in operating assets and liabilities:		
Other assets	(1,609)	(5,559)
Accounts payable and other liabilities	(13,787)	(141)
Net Cash Provided by Operating Activities	<u>280,778</u>	<u>232,898</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Paycheck Protection Program loan proceeds	<u>124,157</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>124,157</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	404,935	232,898
Cash and Cash Equivalents, Beginning of Year	<u>1,010,101</u>	<u>777,203</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,415,036</u>	<u>\$ 1,010,101</u>

See notes to the financial statements

# INTERNATIONAL LITERACY AND DEVELOPMENT

## Notes to Financial Statements

December 31, 2020 and 2019

### 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, 2020 and 2019

### 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, 2020 and 2019, the ILAD had cash balances that exceeded federally insured limits by approximately \$665,102 and \$604,000, 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, 2020 and 2019, assessments of \$227,585 and \$179,095, 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, 2020 and 2019

### 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, 2020 and 2019, current assets in other countries totaled \$67,663 and \$64,780 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 \$1,415,036 and \$1,010,101, respectively, as of December 31, 2020 and 2019. 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, 2020 and 2019

4. NET ASSETS WITH DONOR RESTRICTIONS:

As of December 31, 2020, net assets with donor restrictions consist of:

	Net Assets December 31, 2019	Contributions With Donor Restrictions	Amounts Released	Net Assets December 31, 2020
Areas of work:				
Middle East/North Africa	\$ 206,101	\$ 429,599	\$ (412,023)	\$ 223,677
East Asia	379,462	749,172	(588,983)	539,651
Sub-Saharan Africa	129,866	309,037	(259,171)	179,732
Russia/NIS	38,435	300,872	(224,051)	115,256
United States	166,860	412,047	(392,782)	186,125
	\$ 920,724	\$ 2,200,727	\$ (1,877,010)	\$ 1,244,441

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:				
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

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, 2020 and 2019

6. PAYCHECK PROTECTION PROGRAM LOAN:

As part of the response to the impact of COVID-19, ILAD applied for a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. ILAD was approved for a loan in the amount of \$124,157 on May 1, 2020. The PPP loan provides for potential loan forgiveness up to the full amount of the loan provided ILAD overcomes (meets) certain loan stipulations. If the loan is not forgiven, it bears annual interest of 1% and repayment is due in full on May 1, 2022.

7. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the ILAD for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 12, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year end, on January 14, 2021, ILAD received official forgiveness of their Paycheck Protection Program loan from the SBA.