



INTERNATIONAL LITERACY AND
DEVELOPMENT

Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

INTERNATIONAL LITERACY AND DEVELOPMENT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses–2021	5
Statement of Functional Expenses–2020	6
Statements of Cash Flows	7
Notes to Financial Statements	8



INDEPENDENT AUDITORS' REPORT

Board of Directors
International Literacy and Development
Dallas, Texas

Opinion

We have audited the accompanying financial statements of International Literacy and Development, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of International Literacy and Development and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about International Literacy and Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
International Literacy and Development
Dallas, Texas

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 International Literacy and Development's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about International Literacy and Development's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Irving, Texas
March 29, 2022

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash	\$ 1,659,181	\$ 1,370,128
Investments	90,322	44,908
Other assets	<u>138,682</u>	<u>102,443</u>
Total Assets	<u>\$ 1,888,185</u>	<u>\$ 1,517,479</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	\$ 42,337	\$ 15,741
Paycheck Protection Program loan	-	124,157
Total current liabilities	<u>42,337</u>	<u>139,898</u>
Net assets:		
Net assets without donor restrictions	563,923	133,140
Net assets with donor restrictions	<u>1,281,925</u>	<u>1,244,441</u>
Total net assets	<u>1,845,848</u>	<u>1,377,581</u>
Total Liabilities and Net Assets	<u>\$ 1,888,185</u>	<u>\$ 1,517,479</u>

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Activities

	Year Ended December 31,					
	2021			2020		
	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	597,492	\$ 2,592,776	\$ 3,190,268	\$ 181,875	\$ 2,200,727	\$ 2,382,602
Other income	102,686	-	102,686	99,495	-	99,495
Total Support and Revenue	700,178	2,592,776	3,292,954	281,370	2,200,727	2,482,097
RECLASSIFICATIONS:						
Satisfaction of purpose restrictions	2,555,292	(2,555,292)	-	1,877,010	(1,877,010)	-
EXPENSES:						
Program services:						
Language, literacy, and community development	2,240,241	-	2,240,241	1,762,580	-	1,762,580
Supporting activities:						
Management and general	289,240	-	289,240	180,646	-	180,646
Fund-raising	295,206	-	295,206	242,697	-	242,697
	584,446	-	584,446	423,343	-	423,343
Total Expenses	2,824,687	-	2,824,687	2,185,923	-	2,185,923
Change in Net Assets	430,783	37,484	468,267	(27,543)	323,717	296,174
Net Assets, Beginning of Year	133,140	1,244,441	1,377,581	160,683	920,724	1,081,407
Net Assets, End of Year	\$ 563,923	\$ 1,281,925	\$ 1,845,848	\$ 133,140	\$ 1,244,441	\$ 1,377,581

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 1,344,612	\$ 139,758	\$ 185,939	\$ 1,670,309
Professional fees	284,202	83,525	62,365	430,092
Travel	116,021	15,183	19,421	150,625
Employee benefits	156,168	290	8,572	165,030
Grant expense	215,975	-	-	215,975
Other expenses	24,293	24,333	5,676	54,302
Communications	33,320	13,326	6,613	53,259
Professional development and training expenses	33,972	4,704	672	39,348
Office expenses	18,394	4,099	5,948	28,441
Occupancy	13,284	4,022	-	17,306
Total expenses	\$ 2,240,241	\$ 289,240	\$ 295,206	\$ 2,824,687
Percentage of total expenses	79%	10%	10%	100%

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
Professional fees	107,282	70,116	52,395	229,793
Grant expense	184,813	-	-	184,813
Employee benefits	150,477	212	8,283	158,972
Travel	58,561	7,206	12,228	77,995
Professional development and training expenses	47,806	186	-	47,992
Communications	31,981	11,282	4,664	47,927
Other expenses	23,275	16,381	2,010	41,666
Office expenses	8,406	3,640	6,435	18,481
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

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 468,267	\$ 296,174
Adjustments to reconcile change in net assets		
net cash provided (used) by operating activities:		
Unrealized gains on investments	(7,090)	(5,097)
Forgiveness of Paycheck Protection Program loan	(124,157)	-
Change in operating assets and liabilities:		
Other assets	(36,239)	(1,609)
Accounts payable and other liabilities	26,596	(13,787)
Net Cash Provided by Operating Activities	327,377	275,681
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(38,324)	(39,811)
Net Cash Used by Investing Activities	(38,324)	(39,811)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paycheck Protection Program loan proceeds	-	124,157
Net Cash Provided by Financing Activities	-	124,157
Net Change in Cash and Cash Equivalents	289,053	360,027
Cash and Cash Equivalents, Beginning of Year	1,370,128	1,010,101
Cash and Cash Equivalents, End of Year	\$ 1,659,181	\$ 1,370,128

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH

Cash consists of checking accounts. As of December 31, 2021 and 2020, the ILAD had cash balances that exceeded federally insured limits by approximately \$718,000 and \$665,000, respectively. ILAD has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

INVESTMENTS

Investments consist of equities and are recorded at fair market value. Income earned from investments is recorded in the statements of activities in the year it is earned as other income.

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.

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

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, 2021 and 2020, assessments of \$275,134 and \$227,585, 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.

FOREIGN OPERATIONS

In connection with its international operations, ILAD maintains offices in various countries outside the United States of America. As of December 31, 2021 and 2020, current assets in other countries totaled \$60,859 and \$67,663, 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 \$1,749,503 and \$1,415,036, respectively, as of December 31, 2021 and 2020. 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, 2021 and 2020

4. NET ASSETS WITH DONOR RESTRICTIONS:

As of December 31, 2021, net assets with donor restrictions consist of:

	Net Assets December 31, 2020	Contributions With Donor Restrictions	Amounts Released	Net Assets December 31, 2021
Areas of work				
East Asia	\$ 539,651	\$ 551,135	\$ (645,027)	\$ 445,759
Middle East/North Africa	223,677	446,585	(398,659)	271,603
Russia/NIS	115,256	269,684	(194,195)	190,745
Sub-Saharan Africa	179,732	418,962	(425,353)	173,341
United States	186,125	906,410	(892,058)	200,477
	<u>\$ 1,244,441</u>	<u>\$ 2,592,776</u>	<u>\$ (2,555,292)</u>	<u>\$ 1,281,925</u>

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				
East Asia	\$ 379,462	\$ 749,172	\$ (588,983)	\$ 539,651
Middle East/North Africa	206,101	429,599	(412,023)	223,677
Russia/NIS	38,435	300,872	(224,051)	115,256
Sub-Saharan Africa	129,866	309,037	(259,171)	179,732
United States	166,860	412,047	(392,782)	186,125
	<u>\$ 920,724</u>	<u>\$ 2,200,727</u>	<u>\$ (1,877,010)</u>	<u>\$ 1,244,441</u>

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, 2021 and 2020

6. FAIR VALUE DISCLOSURES:

ILAD uses appropriate valuation techniques to determine fair value based on inputs available. When available, ILAD measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 inputs indicate there is a quoted market price available for identical assets. Level 2 inputs indicate there are observable inputs other than quoted market prices. Level 3 inputs are unobservable inputs and have the lowest priority and are only used when Level 1 or Level 2 inputs are not available and indicate there are not readily available market prices. Fair value of assets at December 31, 2021, measured on a recurring basis is as follows:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Equities	\$ 89,283	\$ 89,283	\$ -	\$ -
	89,283	\$ 89,283	\$ -	\$ -
Investments measured at cost:				
Cash and cash equivalents	1,039			
	\$ 90,322			

Fair value of assets at December 31, 2020, measured on a recurring basis is as follows:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Equities	\$ 17,208	\$ 17,208	\$ -	\$ -
	17,208	\$ 17,208	\$ -	\$ -
Investments measured at cost:				
Cash and cash equivalents	27,700			
	\$ 44,908			

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2021 and 2020

6. FAIR VALUE DISCLOSURES, continued:

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Level 1 Fair Value Measurements

The fair value of equities are based on quoted market prices and other relevant information generated by market transactions.

Changes in valuation techniques: None.

7. 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. ILAD received official forgiveness of the full amount of the Payroll Protection Program loan from the Small Business Administration on January 14, 2021. The full amount was treated as unrestricted income and was included in contributions on the statement of activities.

8. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of 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.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 29, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.