



INTERNATIONAL LITERACY AND
DEVELOPMENT

Financial Statements
With Independent Auditors' Report

December 31, 2023 and 2022

INTERNATIONAL LITERACY AND DEVELOPMENT

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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, 2023 and 2022, 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, 2023 and 2022, 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 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
May 20, 2024

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Financial Position

	December 31,	
	2023	2022
ASSETS:		
Cash	\$ 1,026,048	\$ 1,229,708
Investments	867,121	566,922
Other assets	120,525	123,502
 Total Assets	 <u>\$ 2,013,694</u>	 <u>\$ 1,920,132</u>
 LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	\$ 77,728	\$ 60,149
Total current liabilities	<u>77,728</u>	<u>60,149</u>
 Net assets:		
Net assets without donor restrictions	875,042	588,033
Net assets with donor restrictions	1,060,924	1,271,950
Total net assets	<u>1,935,966</u>	<u>1,859,983</u>
 Total Liabilities and Net Assets	 <u>\$ 2,013,694</u>	 <u>\$ 1,920,132</u>

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Activities

	Year Ended December 31,					
	2023			2022		
	Net Assets	Net Assets	Net Assets	Net Assets	Net Assets	Net Assets
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 240,428	\$ 2,810,855	\$ 3,051,283	\$ 471,887	\$ 3,139,824	\$ 3,611,711
Contributed services	90,000	-	90,000	76,250	-	76,250
Investment income (loss)	48,873	-	48,873	(14,855)	-	(14,855)
Program revenue	978,090	-	978,090	-	-	-
Other income	27,972	-	27,972	30,673	-	30,673
Total Support and Revenue	1,385,363	2,810,855	4,196,218	563,955	3,139,824	3,703,779
RECLASSIFICATIONS:						
Satisfaction of purpose restrictions	3,021,881	(3,021,881)	-	3,149,799	(3,149,799)	-
EXPENSES:						
Program services:						
Language, literacy, and community development	3,213,052	-	3,213,052	2,748,037	-	2,748,037
Supporting activities:						
Management and general	594,922	-	594,922	628,177	-	628,177
Fund-raising	312,261	-	312,261	313,430	-	313,430
	907,183	-	907,183	941,607	-	941,607
Total Expenses	4,120,235	-	4,120,235	3,689,644	-	3,689,644
Change in Net Assets	287,009	(211,026)	75,983	24,110	(9,975)	14,135
Net Assets, Beginning of Year	588,033	1,271,950	1,859,983	563,923	1,281,925	1,845,848
Net Assets, End of Year	\$ 875,042	\$ 1,060,924	\$ 1,935,966	\$ 588,033	\$ 1,271,950	\$ 1,859,983

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services	Supporting Activities			Total
		Management and General	Fund-raising		
Salaries and payroll taxes	\$ 1,909,934	\$ 347,555	\$ 211,595	\$ 2,469,084	
Professional fees	556,279	116,629	46,442	719,350	
Travel	178,812	44,212	20,075	243,099	
Grant expense	164,637	-	-	164,637	
Employee benefits	131,091	1,854	7,465	140,410	
Communications	86,471	26,668	8,257	121,396	
Other expenses	41,971	45,088	14,241	101,300	
Contributed services	85,000	5,000		90,000	
Professional development and training expenses	29,526	2,065	596	32,187	
Office expenses	17,850	4,838	3,551	26,239	
Occupancy	11,481	1,013	39	12,533	
Total expenses	\$ 3,213,052	\$ 594,922	\$ 312,261	\$ 4,120,235	
Percentage of total expenses	78%	14%	8%	100%	

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services	Supporting Activities			Total
		Management and General	Fund-raising		
Salaries and payroll taxes	\$ 1,531,512	\$ 353,123	\$ 186,683	\$ 2,071,318	
Professional fees	320,614	106,229	52,306	479,149	
Grant expense	365,078	-	-	365,078	
Travel	170,462	77,141	22,671	270,274	
Employee benefits	143,209	16,325	8,108	167,642	
Other expenses	33,742	43,140	28,150	105,032	
Contributed services	75,000	1,250	-	76,250	
Communications	30,469	21,468	9,639	61,576	
Professional development and training expenses	41,603	2,649	1,119	45,371	
Office expenses	29,298	5,217	4,666	39,181	
Occupancy	<u>7,050</u>	<u>1,635</u>	<u>88</u>	<u>8,773</u>	
Total expenses	<u><u>\$ 2,748,037</u></u>	<u><u>\$ 628,177</u></u>	<u><u>\$ 313,430</u></u>	<u><u>\$ 3,689,644</u></u>	
Percentage of total expenses	75%	17%	8%	100%	

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 75,983	\$ 14,135
Adjustments to reconcile change in net assets		
net cash provided (used) by operating activities:		
Unrealized (gains) losses on investments	(17,273)	10,973
Change in operating assets and liabilities:		
Other assets	2,977	15,180
Accounts payable and other liabilities	17,579	17,812
Net Cash Provided by Operating Activities	79,266	58,100
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	400,000	-
Purchases of investments	(682,926)	(487,573)
Net Cash Used by Investing Activities	(282,926)	(487,573)
Net Change in Cash and Cash Equivalents	(203,660)	(429,473)
Cash and Cash Equivalents, Beginning of Year	1,229,708	1,659,181
Cash and Cash Equivalents, End of Year	\$ 1,026,048	\$ 1,229,708

See notes to the financial statements

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH

Cash consists of checking accounts. As of December 31, 2023 and 2022, the ILAD had cash balances that exceeded federally insured limits by approximately \$672,000 and \$570,000, respectively.

INVESTMENTS

Investments consist of equities, certificates of deposit, and treasury bills and notes. Equities are recorded at fair market value. Certificates of deposits and Treasury bills and notes all have maturities of less than two years and all are classified as held-to-maturity. Treasury bills and notes are recorded at the original acquisition value, as adjusted for accrued interest and amortized discounts. 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 overseas program related conditional deposits 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.

Program revenue consists of fees for human language technology consulting services performed by ILAD. Revenue is recorded when earned.

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022, assessments of \$320,748 and \$312,545, 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, 2023 and 2022, current assets in other countries totaled \$60,931 and \$67,747, 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.

CONTRIBUTED SERVICES

ILAD recognizes contributions of services if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not contributed. ILAD received donated economic development services and donated investor brokerage services for the years ended December 31, 2023 and 2022. Services are valued at the fair market value of the labor. The donated services are recorded in the statements of activities as contributions without donor restriction. ILAD does not receive any donated assets; however if an asset is contributed that does not allow ILAD to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or by a specialist depending on the type of asset.

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE:

ILAD had total financial assets of \$1,893,169 and \$1,796,630, respectively, as of December 31, 2023 and 2022. 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.

4. NET ASSETS WITH DONOR RESTRICTIONS:

As of December 31, 2023, net assets with donor restrictions consist of:

	Net Assets December 31, 2022	Contributions With Donor Restrictions	Amounts Released	Net Assets December 31, 2023
Areas of work:				
East Asia	\$ 349,071	\$ 510,524	\$ (612,760)	\$ 246,835
Middle East/North Africa	281,939	551,041	(548,185)	284,795
Russia/NIS	218,065	316,417	(357,736)	176,746
Sub-Saharan Africa	168,372	436,919	(440,738)	164,553
Europe	-	10,356	(10,356)	-
United States	254,503	985,598	(1,052,106)	187,995
	<u>\$ 1,271,950</u>	<u>\$ 2,810,855</u>	<u>\$ (3,021,881)</u>	<u>\$ 1,060,924</u>

As of December 31, 2022, net assets with donor restrictions consist of:

	Net Assets December 31, 2021	Contributions With Donor Restrictions	Amounts Released	Net Assets December 31, 2022
Areas of work:				
East Asia	\$ 445,759	\$ 657,039	\$ (753,727)	\$ 349,071
Middle East/North Africa	271,603	505,758	(495,422)	281,939
Russia/NIS	190,745	387,893	(360,573)	218,065
Sub-Saharan Africa	173,341	493,836	(498,805)	168,372
United States	200,477	1,095,298	(1,041,272)	254,503
	<u>\$ 1,281,925</u>	<u>\$ 3,139,824</u>	<u>\$ (3,149,799)</u>	<u>\$ 1,271,950</u>

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2023 and 2022

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. INVESTMENTS:

Investments consist of:

	December 31,	
	2023	2022
Certificates of deposit	\$ 425,000	\$ -
U.S. Treasury bills	346,658	490,043
Equities	89,241	70,657
Cash and cash equivalents	<u>6,222</u>	<u>6,222</u>
	<u><u>\$ 867,121</u></u>	<u><u>\$ 566,922</u></u>

7. 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, 2023, measured on a recurring basis is as follows:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments measured at fair market value:				
U.S. Treasury bills	\$ 346,658	\$ -	\$ 346,658	\$ -
Equities	<u>89,241</u>	<u>89,241</u>	<u>-</u>	<u>-</u>
	<u><u>435,899</u></u>	<u><u>\$ 89,241</u></u>	<u><u>\$ 346,658</u></u>	<u><u>\$ -</u></u>
Investments measured at cost:				
Certificates of deposit	425,000			
Cash and cash equivalents	<u>6,222</u>			
	<u><u>431,222</u></u>			
	<u><u>\$ 867,121</u></u>			

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2023 and 2022

7. FAIR VALUE DISCLOSURES, continued:

Fair value of assets at December 31, 2022, measured on a recurring basis is as follows:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments measured at fair market value:				
U.S. Treasury bills	\$ 490,043	\$ -	\$ 490,043	\$ -
Equities	<u>70,657</u>	<u>70,657</u>	<u>-</u>	<u>-</u>
	<u>560,700</u>	<u>\$ 70,657</u>	<u>\$ 490,043</u>	<u>\$ -</u>
Investments measured at cost:				
Cash and cash equivalents	<u>6,222</u>			
	<u><u>\$ 566,922</u></u>			

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.

The fair values of investments are based on the framework established in the standards which establishes a three-level hierarchy for determining fair value. The valuations for each of these levels are determined as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Valuation techniques: Fair values for equities are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for U.S. Treasury securities are determined based on yields currently available on securities of issuers with similar credit ratings.

Changes in valuation techniques: None.

INTERNATIONAL LITERACY AND DEVELOPMENT

Notes to Financial Statements

December 31, 2023 and 2022

8. SUBSEQUENT EVENTS:

On April 18, 2024, ILAD entered into an agreement to sell one of its sole member LLCs. ILAD will receive annual payments for the next 5 years from the buyer based on a percentage of future sales generated per the sales agreement, capped at \$2,250,000 in total.

Subsequent events have been evaluated through May 20, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.