

INTERNATIONAL LITERACY ASSOCIATION

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2019 AND 2018

INTERNATIONAL LITERACY ASSOCIATION

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JUNE 30, 2019 AND 2018

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Independent Auditors' Report

To the Board of Directors of
International Literacy Association

We have audited the accompanying consolidated financial statements of International Literacy Association and affiliate (nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
International Literacy Association

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Literacy Association and affiliate as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position, consolidating schedules of activities, and schedules of functional expenses included on pages 29 through 36 are presented for purposes of additional analysis and are not required parts of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

November 6, 2019

Wilmington, Delaware

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 781,767	\$ 1,081,218
Certificate of Deposit	233,872	-
Accounts Receivable - Net	100,522	108,614
Grants Receivable	24,000	324,000
Interest Receivable	7,296	2,458
Deferred Rent Receivable	146,025	38,022
Publication Inventory	7,850	14,966
Prepaid Expenses and Other	337,583	1,075,555
TOTAL CURRENT ASSETS	<u>1,638,915</u>	<u>2,644,833</u>
OTHER ASSETS		
Investments	7,534,531	6,327,502
Property and Equipment - Net	1,211,192	1,223,753
Land Not Used in Operations	-	905,666
Assets Held in Charitable Remainder Trust	100,753	102,493
TOTAL OTHER ASSETS	<u>8,846,476</u>	<u>8,559,414</u>
TOTAL ASSETS	<u>\$ 10,485,391</u>	<u>\$ 11,204,247</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 341,718	\$ 294,874
Deferred Revenues	2,034,488	3,315,589
Accrued Expenses	508,369	412,621
Current Maturities of Capital Lease Payable	16,669	15,867
TOTAL CURRENT LIABILITIES	<u>2,901,244</u>	<u>4,038,951</u>
OTHER LIABILITIES		
Amounts Held for Others in Charitable Remainder Trust	72,654	74,938
Capital Lease Payable (Net of Current Maturities)	26,595	43,265
Line of Credit	550,000	-
Other Deposits	52,183	10,592
TOTAL OTHER LIABILITIES	<u>701,432</u>	<u>128,795</u>
TOTAL LIABILITIES	<u>3,602,676</u>	<u>4,167,746</u>
NET ASSETS		
Without Donor Restrictions	6,087,242	6,156,505
With Donor Restrictions	795,473	879,996
TOTAL NET ASSETS	<u>6,882,715</u>	<u>7,036,501</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,485,391</u>	<u>\$ 11,204,247</u>

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Constituent Services	\$ 1,283,784	\$ -	\$ 1,283,784
Education and Research	1,043,492	-	1,043,492
Conferences	2,656,777	-	2,656,777
Contributions and Grants	1,192,137	116,533	1,308,670
Investment Income	222,511	23,668	246,179
Change in Value of Interest in Charitable Trust	-	544	544
Rental Income	477,315	-	477,315
Gain on Disposal of Property and Equipment	1,693,159	-	1,693,159
Other Revenue	29,225	-	29,225
	<hr/>	<hr/>	<hr/>
Total Revenue	8,598,400	140,745	8,739,145
Net Assets Released from Restrictions	225,268	(225,268)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	8,823,668	(84,523)	8,739,145
EXPENSES			
Program Services			
Constituent Services	1,533,506	-	1,533,506
Education and Research	1,085,443	-	1,085,443
Conferences	3,014,430	-	3,014,430
Other Programs	1,290,648	-	1,290,648
	<hr/>	<hr/>	<hr/>
Total Program Services	6,924,027	-	6,924,027
Supporting Services			
Management and General	1,899,032	-	1,899,032
Fundraising	69,872	-	69,872
	<hr/>	<hr/>	<hr/>
Total Supporting Services	1,968,904	-	1,968,904
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	8,892,931	-	8,892,931
CHANGE IN NET ASSETS	(69,263)	(84,523)	(153,786)
NET ASSETS - Beginning of Year	6,156,505	879,996	7,036,501
	<hr/>	<hr/>	<hr/>
NET ASSETS - End of Year	\$ 6,087,242	\$ 795,473	\$ 6,882,715
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Constituent Services	\$ 1,387,364	\$ -	\$ 1,387,364
Education and Research	1,314,767	-	1,314,767
Conferences	2,645,161	-	2,645,161
Contributions and Grants	117,929	1,583,865	1,701,794
Investment Income	287,237	25,582	312,819
Change in Value of Interest in Charitable Trust	-	993	993
Rental Income	38,022	-	38,022
Gain on Disposal of Property and Equipment	-	-	-
Other Revenue	53,047	-	53,047
	<u>5,843,527</u>	<u>1,610,440</u>	<u>7,453,967</u>
Total Revenue	5,843,527	1,610,440	7,453,967
Net Assets Released from Restrictions	<u>1,617,902</u>	<u>(1,617,902)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>7,461,429</u>	<u>(7,462)</u>	<u>7,453,967</u>
EXPENSES			
Program Services			
Constituent Services	1,810,275	-	1,810,275
Education and Research	1,223,886	-	1,223,886
Conferences	2,846,292	-	2,846,292
Other Programs	1,385,146	-	1,385,146
	<u>7,265,599</u>	<u>-</u>	<u>7,265,599</u>
Total Program Services	7,265,599	-	7,265,599
Supporting Services			
Management and General	1,862,075	-	1,862,075
Fundraising	331,310	-	331,310
	<u>2,193,385</u>	<u>-</u>	<u>2,193,385</u>
Total Supporting Services	2,193,385	-	2,193,385
TOTAL EXPENSES	<u>9,458,984</u>	<u>-</u>	<u>9,458,984</u>
CHANGE IN NET ASSETS	(1,997,555)	(7,462)	(2,005,017)
NET ASSETS - Beginning of Year	<u>8,154,060</u>	<u>887,458</u>	<u>9,041,518</u>
NET ASSETS - End of Year	<u>\$ 6,156,505</u>	<u>\$ 879,996</u>	<u>\$ 7,036,501</u>

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>				<u>Supporting Services</u>				<u>Total</u>
	<u>Constituent Services</u>	<u>Education and Research</u>	<u>Conferences</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Grants and Awards	\$ 4,838	\$ 33,184	\$ -	\$ 130,500	\$ 168,522	\$ -	\$ -	\$ -	\$ 168,522
Salaries and Wages	831,255	672,863	789,344	12,543	2,306,005	761,033	41,582	802,615	3,108,620
Pension Plan	35,769	25,634	33,607	404	95,414	31,571	3,741	35,312	130,726
Other Employee Benefits	112,622	89,054	137,387	27,435	366,498	120,195	7,248	127,443	493,941
Payroll Taxes	61,464	48,321	56,082	638	166,505	54,002	3,303	57,305	223,810
Legal	33,663	3,284	9,851	-	46,798	26,876	-	26,876	73,674
Accounting	13,500	10,973	27,875	-	52,348	51,317	193	51,510	103,858
Bad Debt Expense	-	-	-	-	-	(532)	-	(532)	(532)
Marketing and Promotion	65,474	11,923	207,386	229,783	514,566	16,741	-	16,741	531,307
Office Expenses	13,184	8,131	391	3,863	25,569	130,783	96	130,879	156,448
Information Technology	88,855	67,188	137,425	918	294,386	76,761	1,418	78,179	372,565
Occupancy	38,181	35,872	40,332	31,468	145,853	180,412	3,010	183,422	329,275
Travel - Staff	10,555	5,340	33,325	98,083	147,303	10,291	807	11,098	158,401
Travel - Board and Volunteers	-	7,442	-	37,704	45,146	75,493	-	75,493	120,639
Conferences	5,662	4,688	1,312,670	-	1,323,020	1,511	6,850	8,361	1,331,381
Interest	-	-	-	-	-	5,137	-	5,137	5,137
Depreciation	6,312	5,798	5,798	88	17,996	90,371	88	90,459	108,455
Insurance	-	-	2,342	-	2,342	45,352	-	45,352	47,694
Outside Services	33,562	34,183	198,635	633,541	899,921	128,619	1,426	130,045	1,029,966
Equipment Rental and Maintenance	5,760	5,760	5,760	87	17,367	16,976	88	17,064	34,431
Postage and Shipping	90,859	3,047	1,848	20,668	116,422	5,110	22	5,132	121,554
Printing	81,363	7,052	4,349	62,925	155,689	-	-	-	155,689
Professional Development	325	-	-	-	325	71,013	-	71,013	71,338
Cost of Goods Sold	303	5,706	10,023	-	16,032	-	-	-	16,032
TOTAL	\$ 1,533,506	\$ 1,085,443	\$ 3,014,430	\$ 1,290,648	\$ 6,924,027	\$ 1,899,032	\$ 69,872	\$ 1,968,904	\$ 8,892,931

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services					Supporting Services			Total
	Constituent Services	Education and Research	Conferences	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants and Awards	\$ 11,250	\$ 45,027	\$ -	\$ 179,000	\$ 235,277	\$ -	\$ -	\$ -	\$ 235,277
Salaries and Wages	837,738	583,080	898,480	13,068	2,332,366	940,977	208,733	1,149,710	3,482,076
Pension Plan	36,927	22,946	38,872	309	99,054	42,072	9,567	51,639	150,693
Other Employee Benefits	126,321	75,297	152,373	12,898	366,889	183,064	34,629	217,693	584,582
Payroll Taxes	63,024	43,491	65,007	518	172,040	70,041	15,702	85,743	257,783
Legal	39,680	8,268	10,335	-	58,283	20,669	-	20,669	78,952
Accounting	-	-	-	-	-	132,209	-	132,209	132,209
Bad Debt Expense	-	-	-	-	-	4,449	-	4,449	4,449
Professional Fundraising Services	-	-	-	-	-	-	4,361	4,361	4,361
Marketing and Promotion	105,302	11,224	227,288	225,152	568,966	9,438	3,074	12,512	581,478
Office Expenses	32,410	14,062	13,613	1,710	61,795	104,093	3,275	107,368	169,163
Information Technology	90,452	59,534	101,270	658	251,914	5,408	12,854	18,262	270,176
Occupancy	92,501	43,690	139,647	4,319	280,157	4,269	20,939	25,208	305,365
Travel - Staff	18,346	9,873	32,257	62,986	123,462	29,143	1,389	30,532	153,994
Travel - Board and Volunteers	-	16,315	5,042	44,317	65,674	60,971	-	60,971	126,645
Conferences	4,652	10,476	1,067,950	-	1,083,078	3,810	-	3,810	1,086,888
Interest	-	-	-	-	-	1,414	-	1,414	1,414
Depreciation	3,287	1,321	2,959	70	7,637	70,399	970	71,369	79,006
Insurance	-	-	6,420	-	6,420	39,362	-	39,362	45,782
Outside Services	58,476	132,199	69,966	643,414	904,055	64,513	11,618	76,131	980,186
Equipment Rental and Maintenance	1,414	691	1,547	36	3,688	-	330	330	4,018
Postage and Shipping	188,435	49,710	3,846	26,752	268,743	2,461	836	3,297	272,040
Printing	100,060	37,060	862	88,431	226,413	-	3,033	3,033	229,446
Professional Development	-	-	-	1,508	1,508	73,013	-	73,013	74,521
Return of Unused Grant Funds	-	-	-	80,000	80,000	-	-	-	80,000
Cost of Goods Sold	-	59,622	8,558	-	68,180	300	-	300	68,480
TOTAL	\$ 1,810,275	\$ 1,223,886	\$ 2,846,292	\$ 1,385,146	\$ 7,265,599	\$ 1,862,075	\$ 331,310	\$ 2,193,385	\$ 9,458,984

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers, Gifts, and Grants	\$ 5,760,374	\$ 6,399,436
Cash Paid to Suppliers and Employees	(7,892,191)	(9,410,174)
Interest and Dividends Received	155,977	135,489
Interest Paid	(5,137)	(1,414)
NET CASH FROM OPERATING ACTIVITIES	(1,980,977)	(2,876,663)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(95,895)	(56,539)
Proceeds from Disposal of Property and Equipment	2,598,826	-
Purchase of Investments	(2,163,138)	(3,192,051)
Proceeds from Disposal of Investments	1,041,473	5,082,928
Purchase of Certificate of Deposit	(233,872)	-
NET CASH FROM INVESTING ACTIVITIES	1,147,394	1,834,338
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Obligations Under Capital Lease	(15,868)	(7,801)
Proceeds from Line of Credit	600,000	-
Principal Payments on Line of Credit	(50,000)	-
NET CASH FROM INVESTING ACTIVITIES	534,132	(7,801)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(299,451)	(1,050,126)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,081,218	2,131,344
CASH AND CASH EQUIVALENTS - End of Year	\$ 781,767	\$ 1,081,218
NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of Property and Equipment through Capital Lease	\$ -	\$ 66,933

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (153,786)	\$ (2,005,017)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation and Amortization	108,455	79,006
Gain on Disposal of Property and Equipment	(1,693,159)	-
Bad Debt Expense (Recovery)	(532)	4,449
Reduction of Publication Inventory Reserves	(41,825)	(35,374)
Change in Value of Interest in Charitable Trust	(544)	(993)
Net Realized and Unrealized Gain on Investments	(85,364)	(175,880)
Change in Assets		
Accounts Receivable	8,624	(32,055)
Grant Receivable	300,000	(324,000)
Interest Receivable	(4,838)	(1,450)
Deferred Rent Receivable	(108,003)	(38,022)
Publication Inventory	48,941	49,005
Prepaid Expenses and Other	737,972	(22,887)
Change in Liabilities		
Accounts Payable	46,844	117,632
Deferred Revenue	(1,281,101)	(346,642)
Accrued Expenses	95,748	(144,435)
Other Deposits	41,591	-
NET CASH FROM OPERATING ACTIVITIES	\$ (1,980,977)	\$ (2,876,663)

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: NATURE OF ACTIVITIES

Nature of Activities - International Literacy Association (ILA) is a 501(c)(3) tax-exempt organization. Its mission is to promote literacy worldwide by improving the quality of reading instruction through the study of the reading process and teaching techniques, to serve as a clearinghouse for the dissemination of reading research through conferences, journals, and other publications, and to actively encourage the lifetime reading habit.

On June 23, 2015, International Literacy Association was granted sole corporate membership of the Foundation for Impact on Literacy and Learning (Foundation), a separate nonprofit organization. This transaction was treated as an acquisition in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-805, *Business Combination*. The Foundation supports the programs of ILA.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of ILA and the Foundation. All intercompany accounts and transactions have been eliminated. In these consolidated financial statements, ILA and the Foundation are collectively referred to as the Association.

Basis of Presentation - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and/or board designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation - Continued

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Cash and Cash Equivalents - Cash and cash equivalents represent all cash and highly liquid financial instruments with original maturities of three months or less. Cash equivalents are readily convertible to cash and are stated at fair value. Cash and cash equivalents do not include money market funds held in the Association's investment portfolio.

Certificates of Deposit - As of June 30, 2019, the Association's certificates of deposit had original maturities ranging from 6 months to 1 year.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The allowance for doubtful accounts was \$2,774 and \$6,211 as of June 30, 2019 and 2018, respectively.

Grants Receivable - Grants receivable represent pledged grants to be received by the Association subsequent to year end. Management considers grants receivable to be fully collectible.

Investments - Investments are carried at fair value. Investments in equity securities and debt securities with readily determinable fair values are determined based on quoted market prices.

Investment sales and purchases are determined by the specific identification method and are recorded on the trade date. Changes in fair value of investments are recognized as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Unrealized gains and losses are included in revenue and other support.

The Association also invests in a variety of alternative investments. Such investments are stated at net asset value, as reported by the partnership, as a practical expedient for fair value.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Publication Inventory - Publication inventory is valued at the lower of cost or net realizable value determined using the first-in, first-out basis. The Association estimates a reserve for obsolescence and slow-moving inventory based on a historical analysis of the quantity-on-hand compared to actual sales. Inactive products are reserved at 100%.

Property, Plant, and Equipment - Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Land is recorded at cost and is not depreciated. Maintenance and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the depreciable assets. Useful lives of depreciable assets are as follows:

Buildings and Improvements	15 to 40 Years
Furniture, Equipment, and Software	3 to 7 Years
Vehicles	7 Years

Prepaid Expenses - Prepaid expenses include postage, insurance, conference expenses, and travel advances.

Deferred Revenue and Revenue Recognition - Revenue from memberships and journal subscriptions is deferred and recognized on a straight-line basis over the term of the membership or subscription, which is primarily for one year.

Conference fees and related expenses are recognized in the period in which the event is held. Revenue from sale of publications is generally recognized when the product is shipped. Advertising and rental income are recorded on the accrual basis.

Income Taxes - ILA and the Foundation are nonprofit organizations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, no provision for federal income taxes is included in the accompanying consolidated financial statements. In addition, the organizations qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been determined by the Internal Revenue Service (IRS) not to be "private foundations" within the meaning of Section 509(a)(2) of the IRC.

Income not related to the organizations' tax-exempt purposes may be subject to taxation as unrelated business income. Accounting principles generally accepted in the United States of America impose a threshold for determining when an income tax benefit can be recognized in regard to uncertain tax positions. The Association has determined that no liability for uncertain tax positions is required to be accrued and included in the consolidated statements of financial position as of June 30, 2019 and 2018.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - Continued

The federal informational returns of ILA and the Foundation for fiscal years ended in 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Advertising - Non-direct-response advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2019 and 2018 were \$301,524 and \$356,493, respectively. Direct-response advertising costs related to conferences are capitalized and recognized as expenses upon the occurrence of the conferences. Capitalized advertising costs for the years ended June 30, 2019 and 2018 were \$99,023 and \$140,884, respectively.

Shipping and Handling - Shipping and handling costs for educational resource publications and materials are expensed as incurred. Shipping and handling costs were \$3,047 and \$49,710 for the years ended June 30, 2019 and 2018, respectively.

Use of Estimates - The preparation of consolidated 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk - The Association maintains its cash and cash equivalents and certificates of deposits at various financial institutions that, at times, may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2019 and 2018, the Association had \$656,016 and \$941,963, respectively, in excess of FDIC-insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Other financial instruments that potentially subject the Association to concentrations of credit risk consist principally of accounts receivable and investments. Concentrations of credit risk with respect to accounts receivable are limited due to the number of customers comprising the receivable balance and their dispersion throughout the country. Concentrations of credit risk with respect to investments are limited due to the placement of its investments with a professional investment advisor that oversees the portfolio's managers.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently applied. Salary, payroll taxes and related benefits are allocated based on time and effort. Legal fees and email marketing expenses are allocated based on direct cost. Occupancy and information technology costs are allocated based on building occupancy. Credit card fees are allocated based on percentage of revenue.

Subsequent Events - The Association's policy is to evaluate events and transactions subsequent to its year end for potential recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements. Management has evaluated events and transactions through the date of the independent auditors' report, which is the date the consolidated financial statements were available to be issued, and there were no subsequent events that required disclosure in the notes to the consolidated financial statements.

Reclassifications - Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assts or change in net assets.

Change in Accounting Principle - On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. ASU 2016-14 requires a change in the previously reported net asset classes used in these consolidated financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A summary of the change in net asset classifications resulting from the adoption of ASU 2016-14 is presented in Note 16.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 3: AVAILABILITY AND LIQUIDITY

The following chart reflects the Association's financial assets as of the date of the consolidated statement of financial position, reduced by amounts not available for general use because of contractual, board-designated, or donor-imposed restrictions within one year of the statement of financial position date:

Financial Assets as of June 30, 2019	
Cash and Cash Equivalents	\$ 781,767
Certificate of Deposit	233,872
Accounts Receivable - Net	100,522
Grants Receivable	24,000
Interest Receivable	7,296
Investments	7,534,531
Assets Held in Charitable Remainder Trust	<u>100,753</u>
 Total Financial Assets as of June 30, 2019	 8,782,741
Less Amounts Not Available for General Expenditures Within One Year	
Board-Designated for Specific Purpose	(4,181,097)
Board-Designated Endowment Funds in Excess of Spending Policy Allocation	(6,730,429)
Net Assets with Non-operating Donor Restrictions	(103,738)
Endowment Funds With Donor Restrictions	(449,869)
Assets Held in Charitable Remainder Trust	<u>(100,753)</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u><u>\$ (2,783,145)</u></u>

The Association has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses. The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Donor-restricted and board-designated endowment funds are subject to an annual spending policy of 5%, as described in Note 13. Endowment fund amounts in excess of the annual spending policy have been reflected as unavailable for general expenditures within one year in the chart above. Although the Association does not intend to spend from the board-designated endowment funds (other than amounts appropriated for general expenditures through the annual spending policy), these amounts could be made available by a board resolution in the event of financial distress or an immediate liquidity need.

As described in Note 9, the Association has a line of credit in the amount of \$1,000,000 that could be drawn upon in the event of an unanticipated liquidity need.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 4: PUBLICATION INVENTORY

Publication inventory was comprised of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Finished Goods	\$ 2,620	\$ 44,085
Other Merchandise	<u>6,401</u>	<u>13,877</u>
	9,021	57,962
Less: Obsolescence Reserve	<u>1,171</u>	<u>42,996</u>
	<u><u>\$ 7,850</u></u>	<u><u>\$ 14,966</u></u>

NOTE 5: INVESTMENTS

Investments consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Cash Funds and Money Market Funds	\$ 3,069,434	\$ 1,176,782
Mutual Funds		
International Equity	444,526	329,989
Domestic Equity	1,067,249	1,117,967
Fixed Income	1,775,801	2,149,425
Other Funds	544,469	720,585
Mortgage-Backed Securities	8,045	9,179
Alternative Investments	<u>625,007</u>	<u>823,575</u>
Total Investments	<u><u>\$ 7,534,531</u></u>	<u><u>\$ 6,327,502</u></u>

Investment gain consisted of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Unrealized Losses	\$ (188,618)	\$ (362,080)
Realized Gains	273,982	537,960
Interest and Dividends	176,818	154,222
Investment Advisory Fees	<u>(16,003)</u>	<u>(17,283)</u>
Total Investment Gain	<u><u>\$ 246,179</u></u>	<u><u>\$ 312,819</u></u>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 5: INVESTMENTS - CONTINUED

Net Asset Value, as a Practical Expedient for Fair Value - The following table presents the attributes of the Association's alternative investments, which are stated at net asset value as a practical expedient for fair value, as reported by the funds:

2019				
Class of Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments				
Real Estate Funds	(a) \$ 49,020	\$ -	N/A	N/A
Private Equity Funds	(b) <u>575,987</u>	<u>210,000</u>	N/A	N/A
Total	<u>\$ 625,007</u>	<u>\$ 210,000</u>		
2018				
Class of Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments				
Real Estate Funds	(a) \$ 83,523	\$ -	N/A	N/A
Private Equity Funds	(b) <u>740,052</u>	<u>210,000</u>	N/A	N/A
Total	<u>\$ 823,575</u>	<u>\$ 210,000</u>		

(a) *Real Estate Funds* - This category's investments include any interest in or vehicle relating to real estate assets. As of June 30, 2019 and 2018, there were no redemption provisions for these funds. Distributions of available funds are made at the manager's discretion.

(b) *Private Equity Funds* - Holdings in this category include private equity, venture capital funds, buyout funds, secondary funds, and direct investments. As of June 30, 2019 and 2018, there were no redemption provisions for these funds. Distributions of available funds are made at the manager's discretion.

Under the terms of certain limited partnership agreements, the Association is obligated to periodically advance additional funding. As of June 30, 2019 and 2018, the Association had outstanding commitments of approximately \$210,000 to provide funding to limited partnerships.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 184,182	\$ 1,089,848
Buildings and Improvements	3,044,878	3,044,878
Furniture, Equipment, and Software	<u>3,129,180</u>	<u>3,772,712</u>
	6,358,240	7,907,438
Land Not Used in Operations	<u>-</u>	<u>(905,666)</u>
	6,358,240	7,001,772
Accumulated Depreciation	<u>(5,147,048)</u>	<u>(5,778,019)</u>
Property and Equipment - Net	<u><u>\$ 1,211,192</u></u>	<u><u>\$ 1,223,753</u></u>

Total depreciation expense for the years ended June 30, 2019 and 2018 was \$108,455 and \$79,006, respectively.

NOTE 7: SPLIT-INTEREST AGREEMENTS

The Association holds investments as the trustee of a charitable remainder trust. During the term of the trust, the Association will make payments annually to the designated income beneficiary equal to 6% of the fair value of the trust's assets on the first day of the year. Upon the death of the income beneficiary, the Association will receive the undistributed remainder of the principal and income in the trust.

The trust's assets are measured at fair value and are reported in the consolidated statements of financial position as assets held in charitable remainder trust in the amount of \$100,753 and \$102,493 as of June 30, 2019 and 2018, respectively. The Association recognizes a liability for the estimated present value of payments to be made to the income beneficiary. The liability is reported in the consolidated statements of financial position as amounts held for others in charitable remainder trust. The liability was determined using the estimated life expectancy of the income beneficiary and was discounted to present value using a rate of 8%, based on the estimated rate of return on the trust's portfolio assets. As of June 30, 2019 and 2018, the liability was \$72,654 and \$74,938, respectively. The remainder of principal and interest to be received by the Association is restricted to an endowment fund for public education awards. As a result, net assets from the Association's irrevocable beneficial interest in charitable remainder trusts are reported as net assets with donor restrictions.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 8: EMPLOYEE RETIREMENT PLAN

The Association sponsors a defined contribution (money purchase) retirement plan (Plan) for the benefit of its employees. All salaried employees who work 1,000 hours or more per year are eligible to participate in the Plan.

The Association is required to make contributions to fund the Plan based on 4.5% of each participant's compensation. These contributions vest immediately. Employees may voluntarily elect to supplement the Association's contributions. Expenses associated with the Plan amounted to \$130,726 and \$150,693 during the years ended June 30, 2019 and 2018, respectively.

NOTE 9: LINE OF CREDIT

In November 2018, the Association opened a revolving line of credit through a financial institution for a principal amount of \$1,000,000. The line of credit is secured by investment accounts held by the Association. Interest is calculated using the monthly London Interbank Offered Rate (LIBOR) plus 1.50%. The effective interest rate as of June 30, 2019 was 3.93%. As of June 30, 2019, the outstanding balance on the line of credit was \$550,000.

Subsequent to year end, the Association has made additional draws on the line of credit of \$300,000 and paid down the outstanding principal amount in the amount of \$250,000.

NOTE 10: COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the Association enters into contracts and purchase commitments for technology, maintenance, and consultants. These commitments are generally for periods up to three years and are not material to the financial statements.

As of June 30, 2019, the Association had commitments of approximately \$1,744,730 for conference-related services, which are expected to be incurred between 2019 and 2022.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 11: NET ASSETS

The Board of Directors retains full control over the board-designated net assets without donor restrictions to achieve any of its institutional purposes. As of June 30, 2019 and 2018, the Association maintained board-designated net assets for several projects.

Net assets without donor restrictions consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ (5,178,517)	\$ (2,270,025)
Board-Designated for Specific Purpose		
Vision Fund	20,574	20,574
Building Fund	3,643,708	2,013,547
Strategic Planning Projects & Programs	130,349	130,349
Research Fund	30,444	28,902
International Development	87,811	83,256
Developing Countries Fund	85,999	84,862
Nila B. Smith Fund	95,969	83,378
Library Fund	1,120	472
Ronald W. Mitchell Fund	263	110
Helen Robinson Fund	130	52
Gertrude Whipple Fund	84,730	84,401
Total Board-Designated for Specific Purpose	<u>4,181,097</u>	<u>2,529,903</u>
Board-Designated Endowment Funds		
Operating Fund	12,231	11,916
Research Fund	866,529	1,334,243
International Development	707,376	1,189,602
Developing Countries Fund	6,210	5,934
Nila B. Smith Endowment	31,527	69,511
General Reserve Fund	2,603,980	-
Library Fund	1,072,513	1,078,185
Ronald W. Mitchell Fund	244,597	233,752
Helen Robinson Fund	125,292	120,924
Gertrude Whipple Fund	685,066	902,135
Constance McCullough Fund	623,461	847,219
Other Funds Subject to Spending Policy	105,880	103,206
Total Board-Designated Endowment Funds	<u>7,084,662</u>	<u>5,896,627</u>
Total Net Assets Without Donor Restrictions	<u>\$ 6,087,242</u>	<u>\$ 6,156,505</u>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 11: NET ASSETS - CONTINUED

Net assets with donor restrictions consisted of the following as of June 30:

	2019	2018
Subject to Expenditure for Specified Purpose		
Restricted for Research - Due to Endowment/Accrued Interest	\$ 1,853	\$ 1,055
Delaware Early Literacy Project	81,102	110,507
Foundation - Lead4Change Student Leadership Challenge	199,663	289,028
Foundation - Panasonic Student Eco Citizenship Project	14,104	13,829
Partnership Development Fund	20,783	7,147
Total Subject to Expenditure for Specified Purpose	317,505	421,566
Subject to Endowment Spending Policy and Appropriations		
Corpus of Endowed Funds	150,000	150,000
Cumulative Earnings on Endowed Funds - Restricted for Research	184,614	170,292
James Flood/Diane Lapp Professional Collaborator Award	52,097	50,096
Shanahan Outstanding Dissertation Award Fund	52,609	50,406
William S. Gray Citation of Merit	10,549	10,081
Total Subject to Endowment Spending Policy and Appropriations	449,869	430,875
Not Subject to Appropriation or Expenditure		
Beneficial Interest in Charitable Remainder Trust	28,099	27,555
Total Net Assets With Donor Restrictions	\$ 795,473	\$ 879,996

NOTE 12: FAIR VALUE MEASUREMENTS

The Association follows the provisions of ASC 820, *Fair Value Measurements and Disclosure*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 12: FAIR VALUE MEASUREMENTS - CONTINUED

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, it does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair values of assets measured on a recurring basis as of June 30 were as follows:

	2019			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash Funds and Money Market	\$ 3,069,434	\$ 3,069,434	\$ -	\$ -
Mutual Funds				
International Equity	444,526	444,526	-	-
Domestic Equity	1,067,249	1,067,249	-	-
Fixed Income	1,775,801	1,775,801	-	-
Other Funds	544,469	544,469	-	-
Mortgage-Backed Securities	8,045	8,045	-	-
Total Investments	6,909,524	6,909,524	-	-
Assets Held in Charitable Trust	100,753	100,753	-	-
Assets Measured at Fair Value	<u>\$ 7,010,277</u>	<u>\$ 7,010,277</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Investments Measured at Net Asset Value</i>				
Alternative Investments	<u>\$ 625,007</u>			

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 12: FAIR VALUE MEASUREMENTS - CONTINUED

	2018			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash Funds and Money Market	\$ 1,176,782	\$ 1,176,782	\$ -	\$ -
Mutual Funds				
International Equity	329,989	329,989	-	-
Domestic Equity	1,117,967	1,117,967	-	-
Fixed Income	2,149,425	2,149,425	-	-
Other Funds	720,585	720,585	-	-
Mortgage-Backed Securities	9,179	9,179	-	-
Total Investments	5,503,927	5,503,927	-	-
Assets Held in Charitable Trust	102,493	102,493	-	-
Assets Measured at Fair Value	<u>\$ 5,606,420</u>	<u>\$ 5,606,420</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Investments Measured at Net Asset Value</i>				
Alternative Investments	<u>\$ 823,575</u>			

The Association recognizes transfers into and out of levels at the end of the reporting period. There were no transfers between levels during the years ended June 30, 2019 and 2018.

The fair values of investments in marketable securities with readily determinable fair values are estimated based on quoted market prices.

Investments in limited partnerships and LLCs that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position. See Note 5 for detail of investments measured at net asset value.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 13: ENDOWMENT FUNDS

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association's endowment consists of a portfolio of actively managed funds established to provide both a source of operating funds and long-term financial stability. The endowment includes donor-restricted endowment funds and endowment funds designated by the Board of Directors to function as quasi-endowments.

Interpretation of Relevant Law - The Association has interpreted the Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Interest and dividends earned on the endowment funds are classified as net assets with donor restrictions in accordance with the donor's wishes.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "historic dollar value." As of June 30, 2019 and 2018, the Association did not record any changes to net assets with donor restrictions for deficiencies in funds.

Endowment Spending Policy - The Association's policy stipulates that spending from quasi-endowment and endowment can be up to 5% of the December 31 market value prior to the start of the fiscal year, unless otherwise approved by the Board of Directors in the current operating budget.

Return Objectives and Risk Parameters - The Association has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results that equal or exceed annual inflation while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Association relies on a strategy in which investment returns are achieved through current yield (interest and dividends). The

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 13: ENDOWMENT FUNDS - CONTINUED

Strategies Employed for Achieving Objectives - Continued - Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Composition

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted - Endowment Funds	\$ -	\$ 449,869	\$ 449,869
Board-Designated Funds	7,084,662	-	7,084,662
Total	<u>\$ 7,084,662</u>	<u>\$ 449,869</u>	<u>\$ 7,534,531</u>

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted - Endowment Funds	\$ -	\$ 430,875	\$ 430,875
Board-Designated Endowment Funds	5,896,627	-	5,896,627
Total	<u>\$ 5,896,627</u>	<u>\$ 430,875</u>	<u>\$ 6,327,502</u>

Endowment Fund Activity - Changes in the fund's net assets for the year ended June 30, 2019 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Fund's Net Assets - July 1, 2018	\$ 5,896,627	\$ 430,875	\$ 6,327,502
Interest and Dividends	149,514	22,600	172,114
Unrealized Losses on Investments	(176,206)	(12,412)	(188,618)
Realized Gains on Investments	259,132	14,850	273,982
Investment Advisory Fees	(14,633)	(1,370)	(16,003)
Contributions/Deposits	2,596,844	-	2,596,844
Reclassifications/Transfers	2,674	(2,674)	-
Appropriated for Expenditure	(1,629,290)	(2,000)	(1,631,290)
Fund's Net Assets - June 30, 2019	<u>\$ 7,084,662</u>	<u>\$ 449,869</u>	<u>\$ 7,534,531</u>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 13: ENDOWMENT FUNDS - CONTINUED

Endowment Fund Activity - Continued

Changes in the fund's net assets for the year ended June 30, 2018 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Fund's Net Assets - July 1, 2017	\$ 7,743,956	\$ 298,543	\$ 8,042,499
Interest and Dividends	140,450	13,773	154,223
Unrealized Gains on Investments	(357,574)	(4,506)	(362,080)
Realized Gains on Investments	520,455	17,505	537,960
Investment Advisory Fees	(16,093)	(1,190)	(17,283)
Contributions/Deposits	433	110,000	110,433
Appropriated for Expenditure	<u>(2,135,000)</u>	<u>(3,250)</u>	<u>(2,138,250)</u>
Fund's Net Assets - June 30, 2018	<u>\$ 5,896,627</u>	<u>\$ 430,875</u>	<u>\$ 6,327,502</u>

NOTE 14: LEASES AS LESSEE

During the years ended June 30, 2019 and 2018, the Association leased office equipment and office space under lease agreements that expire through May 2021.

The Association also leased office equipment under a noncancelable capital lease agreement which expires in December 2022. The cost of equipment under the capital lease is included in the consolidated statements of financial position as property and equipment. Amortization of assets under the capital lease is included in depreciation expense.

The following is a summary of equipment held under capital leases as of June 30:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 66,933	\$ 66,933
Less: Accumulated Depreciation	<u>(25,100)</u>	<u>(8,367)</u>
	<u>\$ 41,833</u>	<u>\$ 58,566</u>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 14: LEASES AS LESSEE - CONTINUED

As of June 30, 2019, future minimum lease payments are as follows:

	Capital Leases	Operating Leases
2020	\$ 18,432	\$ 117,323
2021	18,432	120,843
2022	9,216	-
Total Future Minimum Lease Payments	46,080	\$ 238,166
Less: Amount Representing Imputed Interest	2,816	
Present Value of Future Minimum Lease Payments	43,264	
Less: Current Maturities of Capital Lease Obligations	16,669	
Capital Lease Obligations - Net of Current Maturities	\$ 26,595	

NOTE 15: LEASES AS LESSOR

The Association entered into a lease agreement effective June 2018 to lease approximately 29,000 square feet to a tenant. The lease expires in July 2021 with renewal options available to the tenant. Rental income for the years ended June 30, 2019 and 2018 totaled \$477,315, and \$38,022, respectively.

As of June 30, 2019, future minimum rental payments to be received on noncancelable operating leases are contractually due as follows for the years ending June 30:

2020	\$ 535,587
2021	551,655
2022	46,083
	\$ 1,133,325

NOTE 16: ADJUSTMENTS TO PRIOR PERIOD FINANCIAL STATEMENTS

Certain accounts in prior year's financial statements have been reclassified to conform to the presentation of the current year's financial statements. These reclassifications had no effect on previously reported changes in net assets or total net assets.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 16: ADJUSTMENTS TO PRIOR PERIOD FINANCIAL STATEMENTS - CONTINUED

As discussed in Note 2 to the financial statements, the Association adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of this new accounting pronouncement have been applied retrospectively to all periods presented.

In addition, the Association reclassified its previously issued financial statements to present uninvested cash and money funds held in its investment portfolios from cash and cash equivalents to investments. The Association believes this more accurately reflects the nature of the assets based on the value being subject to spending rate policy and the limited availability of these funds to be used for general operating expenses.

	As Previously Reported	Effect of New Accounting Pronouncement	Other Reclassifications	As Restated
As of June 30, 2018				
Cash and Cash Equivalents	\$ 2,204,150	\$ -	\$ (1,122,932)	\$ 1,081,218
Investments	5,204,570	-	1,122,932	6,327,502
Accrued Expenses	423,213	-	(10,592)	412,621
Other Deposits	-	-	10,592	10,592
Net Assets - Unrestricted - Undesignated	(2,145,777)	2,145,777	-	-
Net Assets - Unrestricted - Board-Designated	8,302,282	(8,302,282)	-	-
Net Assets - Temporarily Restricted	702,441	(702,441)	-	-
Net Assets - Permanently Restricted	177,555	(177,555)	-	-
Net Assets - Without Donor Restrictions	-	6,156,505	-	6,156,505
Net Assets - With Donor Restrictions	-	879,996	-	879,996
Total Net Assets	7,036,501	-	-	7,036,501
As of June 30, 2017				
Net Assets - Unrestricted - Undesignated	\$ (1,988,145)	\$ 1,988,145	\$ -	\$ -
Net Assets - Unrestricted - Board-Designated	10,142,205	(10,142,205)	-	-
Net Assets - Temporarily Restricted	710,896	(710,896)	-	-
Net Assets - Permanently Restricted	176,562	(176,562)	-	-
Net Assets - Without Donor Restrictions	-	8,154,060	-	8,154,060
Net Assets - With Donor Restrictions	-	887,458	-	887,458
Total Net Assets	9,041,518	-	-	9,041,518

SUPPLEMENTARY INFORMATION

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2019

	International Literacy Association	Foundation for Impact on Literacy and Learning	Eliminating Entries	Consolidating Totals
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 202,771	\$ 578,996	\$ -	\$ 781,767
Certificate of Deposit	-	233,872	-	233,872
Accounts Receivable - Net	110,257	-	(9,735)	100,522
Grants Receivable	-	24,000	-	24,000
Interest Receivable	7,296	-	-	7,296
Deferred Rent Receivable	146,025	-	-	146,025
Publication Inventory	7,850	-	-	7,850
Prepaid Expenses and Other	337,583	-	-	337,583
TOTAL CURRENT ASSETS	811,782	836,868	(9,735)	1,638,915
OTHER ASSETS				
Investments	7,534,531	-	-	7,534,531
Property and Equipment - Net	1,211,192	-	-	1,211,192
Land Not Used in Operations	-	-	-	-
Assets Held in Charitable Remainder Trust	100,753	-	-	100,753
TOTAL OTHER ASSETS	8,846,476	-	-	8,846,476
TOTAL ASSETS	\$ 9,658,258	\$ 836,868	\$ (9,735)	\$ 10,485,391
CURRENT LIABILITIES				
Accounts Payable	\$ 296,653	\$ 54,800	\$ (9,735)	\$ 341,718
Deferred Revenues	2,036,015	-	(1,527)	2,034,488
Accrued Expenses	508,369	-	-	508,369
Current Maturities of Capital Lease Payable	16,669	-	-	16,669
TOTAL CURRENT LIABILITIES	2,857,706	54,800	(11,262)	2,901,244
OTHER LIABILITIES				
Amounts Held for Others in Charitable Trust	72,654	-	-	72,654
Capital Lease Payable (Net of Current Maturities)	26,595	-	-	26,595
Line of Credit	550,000	-	-	550,000
Other Deposits	52,183	-	-	52,183
TOTAL OTHER LIABILITIES	701,432	-	-	701,432
TOTAL LIABILITIES	3,559,138	54,800	(11,262)	3,602,676
NET ASSETS				
Without Donor Restrictions	5,517,414	568,301	1,527	6,087,242
With Donor Restrictions	581,706	213,767	-	795,473
TOTAL NET ASSETS	6,099,120	782,068	1,527	6,882,715
TOTAL LIABILITIES AND NET ASSETS	\$ 9,658,258	\$ 836,868	\$ (9,735)	\$ 10,485,391

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2018

	International Literacy Association	Foundation for Impact on Literacy and Learning	Eliminating Entries	Consolidating Totals
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 450,593	\$ 630,625	\$ -	\$ 1,081,218
Certificate of Deposit	-	-	-	-
Accounts Receivable - Net	115,560	-	(6,946)	108,614
Grants Receivable	-	324,000	-	324,000
Interest Receivable	2,458	-	-	2,458
Deferred Rent Receivable	38,022	-	-	38,022
Publication Inventory	14,966	-	-	14,966
Prepaid Expenses and Other	1,075,555	-	-	1,075,555
TOTAL CURRENT ASSETS	1,697,154	954,625	(6,946)	2,644,833
OTHER ASSETS				
Investments	6,327,502	-	-	6,327,502
Property and Equipment - Net	1,223,753	-	-	1,223,753
Land Not Used in Operations	905,666	-	-	905,666
Assets Held in Charitable Remainder Trust	102,493	-	-	102,493
TOTAL OTHER ASSETS	8,559,414	-	-	8,559,414
TOTAL ASSETS	\$ 10,256,568	\$ 954,625	\$ (6,946)	\$ 11,204,247
CURRENT LIABILITIES				
Accounts Payable	\$ 214,854	\$ 86,966	\$ (6,946)	\$ 294,874
Deferred Revenues	3,315,589	-	-	3,315,589
Accrued Expenses	412,621	-	-	412,621
Current Maturities of Capital Lease Payable	15,867	-	-	15,867
TOTAL CURRENT LIABILITIES	3,958,931	86,966	(6,946)	4,038,951
OTHER LIABILITIES				
Amounts Held for Others in Charitable Trust	74,938	-	-	74,938
Capital Lease Payable (Net of Current Maturities)	43,265	-	-	43,265
Line of Credit	-	-	-	-
Other Deposits	10,592	-	-	10,592
TOTAL OTHER LIABILITIES	128,795	-	-	128,795
TOTAL LIABILITIES	4,087,726	86,966	(6,946)	4,167,746
NET ASSETS				
Without Donor Restrictions	5,591,703	564,802	-	6,156,505
With Donor Restrictions	577,139	302,857	-	879,996
TOTAL NET ASSETS	6,168,842	867,659	-	7,036,501
TOTAL LIABILITIES AND NET ASSETS	\$ 10,256,568	\$ 954,625	\$ (6,946)	\$ 11,204,247

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	International Literacy Association		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Constituent Services	\$ 1,283,784	\$ -	\$ 1,283,784
Education and Research	1,043,492	-	1,043,492
Conferences	2,656,777	-	2,656,777
Contributions and Grants	19,714	102,429	122,143
Investment Income	222,511	23,668	246,179
Change in Value of Interest in Charitable Trust	-	544	544
Rental Income	477,315	-	477,315
Gain on Disposal of Property and Equipment	1,693,159	-	1,693,159
Other Revenue	24,539	-	24,539
	<hr/>	<hr/>	<hr/>
Total Revenue	7,421,291	126,641	7,547,932
Net Assets Released from Restrictions	122,074	(122,074)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	7,543,365	4,567	7,547,932
EXPENSES			
Program Services			
Constituent Services	1,533,506	-	1,533,506
Education and Research	1,085,443	-	1,085,443
Conferences	3,014,430	-	3,014,430
Other Programs	131,909	-	131,909
	<hr/>	<hr/>	<hr/>
Total Program Services	5,765,288	-	5,765,288
Supporting Services			
Management and General	1,782,494	-	1,782,494
Fundraising	69,872	-	69,872
	<hr/>	<hr/>	<hr/>
Total Supporting Services	1,852,366	-	1,852,366
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	7,617,654	-	7,617,654
CHANGE IN NET ASSETS	(74,289)	4,567	(69,722)
NET ASSETS - Beginning of Year	5,591,703	577,139	6,168,842
	<hr/>	<hr/>	<hr/>
NET ASSETS - End of Year	\$ 5,517,414	\$ 581,706	\$ 6,099,120
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Foundation for Impact on Literacy and Learning				
Without Donor Restrictions	With Donor Restrictions	Total	Eliminating Entries	Consolidating Totals
\$ -	\$ -	\$ -	\$ -	\$ 1,283,784
-	-	-	-	1,043,492
-	-	-	-	2,656,777
1,180,896	14,104	1,195,000	(8,473)	1,308,670
-	-	-	-	246,179
-	-	-	-	544
-	-	-	-	477,315
-	-	-	-	1,693,159
4,686	-	4,686	-	29,225
1,185,582	14,104	1,199,686	(8,473)	8,739,145
103,194	(103,194)	-	-	-
1,288,776	(89,090)	1,199,686	(8,473)	8,739,145
-	-	-	-	1,533,506
-	-	-	-	1,085,443
-	-	-	-	3,014,430
1,168,739	-	1,168,739	(10,000)	1,290,648
1,168,739	-	1,168,739	(10,000)	6,924,027
116,538	-	116,538	-	1,899,032
-	-	-	-	69,872
116,538	-	116,538	-	1,968,904
1,285,277	-	1,285,277	(10,000)	8,892,931
3,499	(89,090)	(85,591)	1,527	(153,786)
564,802	302,857	867,659	-	7,036,501
\$ 568,301	\$ 213,767	\$ 782,068	\$ 1,527	\$ 6,882,715

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	International Literacy Association		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Constituent Services	\$ 1,387,364	\$ -	\$ 1,387,364
Education and Research	1,314,767	-	1,314,767
Conferences	2,645,161	-	2,645,161
Contributions and Grants	68,921	218,865	287,786
Investment Income	287,237	25,582	312,819
Change in Value of Interest in Charitable Trust	-	993	993
Rental Income	38,022	-	38,022
Gain on Disposal of Property and Equipment	-	-	-
Other Revenue	51,785	-	51,785
	<u>5,793,257</u>	<u>245,440</u>	<u>6,038,697</u>
Total Revenue			
Net Assets Released from Restrictions	<u>119,366</u>	<u>(119,366)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>5,912,623</u>	<u>126,074</u>	<u>6,038,697</u>
EXPENSES			
Program Services			
Constituent Services	1,810,275	-	1,810,275
Education and Research	1,223,886	-	1,223,886
Conferences	2,846,292	-	2,846,292
Other Programs	110,659	-	110,659
	<u>5,991,112</u>	<u>-</u>	<u>5,991,112</u>
Total Program Services			
Supporting Services			
Management and General	1,757,982	-	1,757,982
Fundraising	331,310	-	331,310
	<u>2,089,292</u>	<u>-</u>	<u>2,089,292</u>
Total Supporting Services			
TOTAL EXPENSES	<u>8,080,404</u>	<u>-</u>	<u>8,080,404</u>
CHANGE IN NET ASSETS	(2,167,781)	126,074	(2,041,707)
NET ASSETS - Beginning of Year	<u>7,759,484</u>	<u>451,065</u>	<u>8,210,549</u>
NET ASSETS - End of Year	<u>\$ 5,591,703</u>	<u>\$ 577,139</u>	<u>\$ 6,168,842</u>

Foundation for Impact on Literacy and Learning				
Without Donor Restrictions	With Donor Restrictions	Total	Eliminating Entries	Consolidating Totals
\$ -	\$ -	\$ -	\$ -	\$ 1,387,364
-	-	-	-	1,314,767
-	-	-	-	2,645,161
49,008	1,365,000	1,414,008	-	1,701,794
-	-	-	-	312,819
-	-	-	-	993
-	-	-	-	38,022
-	-	-	-	-
1,262	-	1,262	-	53,047
50,270	1,365,000	1,415,270	-	7,453,967
1,498,536	(1,498,536)	-	-	-
1,548,806	(133,536)	1,415,270	-	7,453,967
-	-	-	-	1,810,275
-	-	-	-	1,223,886
-	-	-	-	2,846,292
1,274,487	-	1,274,487	-	1,385,146
1,274,487	-	1,274,487	-	7,265,599
104,093	-	104,093	-	1,862,075
-	-	-	-	331,310
104,093	-	104,093	-	2,193,385
1,378,580	-	1,378,580	-	9,458,984
170,226	(133,536)	36,690	-	(2,005,017)
394,576	436,393	830,969	-	9,041,518
\$ 564,802	\$ 302,857	\$ 867,659	\$ -	\$ 7,036,501

INTERNATIONAL LITERACY ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services				Supporting Services				Total
	Constituent Services	Education and Research	Conferences	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants and Awards	\$ 4,838	\$ 33,184	\$ -	\$ -	\$ 38,022	\$ -	\$ -	\$ -	\$ 38,022
Salaries and Wages	831,255	672,863	789,344	12,543	2,306,005	761,033	41,582	802,615	3,108,620
Pension Plan	35,769	25,634	33,607	404	95,414	31,571	3,741	35,312	130,726
Other Employee Benefits	112,622	89,054	137,387	27,435	366,498	120,195	7,248	127,443	493,941
Payroll Taxes	61,464	48,321	56,082	638	166,505	54,002	3,303	57,305	223,810
Legal	33,663	3,284	9,851	-	46,798	26,876	-	26,876	73,674
Accounting	13,500	10,973	27,875	-	52,348	51,317	193	51,510	103,858
Bad Debt Expense (Recovery)	-	-	-	-	-	(532)	-	(532)	(532)
Professional Fundraising Services	-	-	-	-	-	-	-	-	-
Marketing and Promotion	65,474	11,923	207,386	-	284,783	16,741	-	16,741	301,524
Office Expenses	13,184	8,131	391	1,071	22,777	15,995	96	16,091	38,868
Information Technology	88,855	67,188	137,425	918	294,386	76,761	1,418	78,179	372,565
Occupancy	38,181	35,872	40,332	31,468	145,853	180,412	3,010	183,422	329,275
Travel - Staff	10,555	5,340	33,325	5,942	55,162	10,291	807	11,098	66,260
Travel - Board and Volunteers	-	7,442	-	37,704	45,146	75,493	-	75,493	120,639
Conferences	5,662	4,688	1,312,670	-	1,323,020	1,511	6,850	8,361	1,331,381
Interest	-	-	-	-	-	5,137	-	5,137	5,137
Depreciation	6,312	5,798	5,798	88	17,996	90,371	88	90,459	108,455
Insurance	-	-	2,342	-	2,342	45,352	-	45,352	47,694
Outside Services	33,562	34,183	198,635	13,586	279,966	126,869	1,426	128,295	408,261
Equipment Rental and Maintenance	5,760	5,760	5,760	87	17,367	16,976	88	17,064	34,431
Postage and Shipping	90,859	3,047	1,848	25	95,779	5,110	22	5,132	100,911
Printing	81,363	7,052	4,349	-	92,764	-	-	-	92,764
Professional Development	325	-	-	-	325	71,013	-	71,013	71,338
Return of Unused Grant Funds	-	-	-	-	-	-	-	-	-
Cost of Goods Sold	303	5,706	10,023	-	16,032	-	-	-	16,032
TOTAL	\$ 1,533,506	\$ 1,085,443	\$ 3,014,430	\$ 131,909	\$ 5,765,288	\$ 1,782,494	\$ 69,872	\$ 1,852,366	\$ 7,617,654

INTERNATIONAL LITERACY ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>				<u>Supporting Services</u>				<u>Total</u>
	<u>Constituent Services</u>	<u>Education and Research</u>	<u>Conferences</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Grants and Awards	\$ 11,250	\$ 45,027	\$ -	\$ -	\$ 56,277	\$ -	\$ -	\$ -	\$ 56,277
Salaries and Wages	837,738	583,080	898,480	13,068	2,332,366	940,977	208,733	1,149,710	3,482,076
Pension Plan	36,927	22,946	38,872	309	99,054	42,072	9,567	51,639	150,693
Other Employee Benefits	126,321	75,297	152,373	12,898	366,889	183,064	34,629	217,693	584,582
Payroll Taxes	63,024	43,491	65,007	518	172,040	70,041	15,702	85,743	257,783
Legal	39,680	8,268	10,335	-	58,283	20,669	-	20,669	78,952
Accounting	-	-	-	-	-	132,209	-	132,209	132,209
Bad Debt Expense	-	-	-	-	-	4,449	-	4,449	4,449
Professional Fundraising Services	-	-	-	-	-	-	4,361	4,361	4,361
Marketing and Promotion	105,302	11,224	227,288	166	343,980	9,438	3,074	12,512	356,492
Office Expenses	32,410	14,062	13,613	1,710	61,795	-	3,275	3,275	65,070
Information Technology	90,452	59,534	101,270	658	251,914	5,408	12,854	18,262	270,176
Occupancy	92,501	43,690	139,647	4,319	280,157	4,269	20,939	25,208	305,365
Travel - Staff	18,346	9,873	32,257	7,351	67,827	29,143	1,389	30,532	98,359
Travel - Board and Volunteers	-	16,315	5,042	44,317	65,674	60,971	-	60,971	126,645
Conferences	4,652	10,476	1,067,950	-	1,083,078	3,810	-	3,810	1,086,888
Interest	-	-	-	-	-	1,414	-	1,414	1,414
Depreciation	3,287	1,321	2,959	70	7,637	70,399	970	71,369	79,006
Insurance	-	-	6,420	-	6,420	39,362	-	39,362	45,782
Outside Services	58,476	132,199	69,966	23,571	284,212	64,513	11,618	76,131	360,343
Equipment Rental and Maintenance	1,414	691	1,547	36	3,688	-	330	330	4,018
Postage and Shipping	188,435	49,710	3,846	160	242,151	2,461	836	3,297	245,448
Printing	100,060	37,060	862	-	137,982	-	3,033	3,033	141,015
Professional Development	-	-	-	1,508	1,508	73,013	-	73,013	74,521
Return of Unused Grant Funds	-	-	-	-	-	-	-	-	-
Cost of Goods Sold	-	59,622	8,558	-	68,180	300	-	300	68,480
TOTAL	\$ 1,810,275	\$ 1,223,886	\$ 2,846,292	\$ 110,659	\$ 5,991,112	\$ 1,757,982	\$ 331,310	\$ 2,089,292	\$ 8,080,404

FOUNDATION FOR IMPACT ON LITERACY AND LEARNING
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>				<u>Supporting Services</u>				<u>Total</u>
	<u>Constituent Services</u>	<u>Education and Research</u>	<u>Conferences</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Grants and Awards	\$ -	\$ -	\$ -	\$ 140,500	\$ 140,500	\$ -	\$ -	\$ -	\$ 140,500
Salaries and Wages	-	-	-	-	-	-	-	-	-
Pension Plan	-	-	-	-	-	-	-	-	-
Other Employee Benefits	-	-	-	-	-	-	-	-	-
Payroll Taxes	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-
Accounting	-	-	-	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-	-	-
Professional Fundraising Services	-	-	-	-	-	-	-	-	-
Marketing and Promotion	-	-	-	229,783	229,783	-	-	-	229,783
Office Expenses	-	-	-	2,792	2,792	114,788	-	114,788	117,580
Information Technology	-	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-	-
Travel - Staff	-	-	-	92,141	92,141	-	-	-	92,141
Travel - Board and Volunteers	-	-	-	-	-	-	-	-	-
Conferences	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Outside Services	-	-	-	619,955	619,955	1,750	-	1,750	621,705
Equipment Rental and Maintenance	-	-	-	-	-	-	-	-	-
Postage and Shipping	-	-	-	20,643	20,643	-	-	-	20,643
Printing	-	-	-	62,925	62,925	-	-	-	62,925
Professional Development	-	-	-	-	-	-	-	-	-
Return of Unused Grant Funds	-	-	-	-	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-	-	-	-	-
TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,168,739</u>	<u>\$ 1,168,739</u>	<u>\$ 116,538</u>	<u>\$ -</u>	<u>\$ 116,538</u>	<u>\$ 1,285,277</u>

FOUNDATION FOR IMPACT ON LITERACY AND LEARNING
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>				<u>Supporting Services</u>				<u>Total</u>
	<u>Constituent Services</u>	<u>Education and Research</u>	<u>Conferences</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Grants and Awards	\$ -	\$ -	\$ -	\$ 179,000	\$ 179,000	\$ -	\$ -	\$ -	\$ 179,000
Salaries and Wages	-	-	-	-	-	-	-	-	-
Pension Plan	-	-	-	-	-	-	-	-	-
Other Employee Benefits	-	-	-	-	-	-	-	-	-
Payroll Taxes	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-
Accounting	-	-	-	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-	-	-
Professional Fundraising Services	-	-	-	-	-	-	-	-	-
Marketing and Promotion	-	-	-	224,986	224,986	-	-	-	224,986
Office Expenses	-	-	-	-	-	104,093	-	104,093	104,093
Information Technology	-	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-	-
Travel - Staff	-	-	-	55,635	55,635	-	-	-	55,635
Travel - Board and Volunteers	-	-	-	-	-	-	-	-	-
Conferences	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Outside Services	-	-	-	619,843	619,843	-	-	-	619,843
Equipment Rental and Maintenance	-	-	-	-	-	-	-	-	-
Postage and Shipping	-	-	-	26,592	26,592	-	-	-	26,592
Printing	-	-	-	88,431	88,431	-	-	-	88,431
Professional Development	-	-	-	-	-	-	-	-	-
Return of Unused Grant Funds	-	-	-	80,000	80,000	-	-	-	80,000
Cost of Goods Sold	-	-	-	-	-	-	-	-	-
TOTAL	\$ -	\$ -	\$ -	\$ 1,274,487	\$ 1,274,487	\$ 104,093	\$ -	\$ 104,093	\$ 1,378,580