

INTERNATIONAL LITERACY ASSOCIATION

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

JUNE 30, 2020 AND 2019

INTERNATIONAL LITERACY ASSOCIATION
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JUNE 30, 2020 AND 2019

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Independent Auditors' Report

To the Board of Directors
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, 2020 and 2019, 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
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, 2020 and 2019, 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 32 through 39 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.

December 4, 2020
Wilmington, Delaware

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 716,482	\$ 781,767
Certificate of Deposit	101,718	233,872
Accounts Receivable - Net	100,653	148,872
Grants Receivable	207,000	24,000
Interest Receivable	616	7,296
Deferred Rent Receivable	77,921	146,025
Publication Inventory	7,582	7,850
Prepaid Expenses and Other	80,342	337,583
	1,292,314	1,687,265
OTHER ASSETS		
Investments	5,742,381	7,534,531
Property and Equipment - Net	1,101,178	1,211,192
Assets Held in Charitable Remainder Trust	96,111	100,753
	6,939,670	8,846,476
TOTAL ASSETS	\$ 8,231,984	\$ 10,533,741
CURRENT LIABILITIES		
Accounts Payable	\$ 348,299	\$ 341,718
Deferred Revenues	902,166	2,082,838
Refundable Deposits	228,670	-
Accrued Expenses	959,303	508,369
Conditional Grant - Paycheck Protection Program	357,000	-
Current Maturities of Capital Lease Payable	17,511	16,669
	2,812,949	2,949,594
OTHER LIABILITIES		
Amounts Held for Others in Charitable Remainder Trust	68,192	72,654
Capital Lease Payable (Net of Current Maturities)	9,085	26,595
Line of Credit	1,000,000	550,000
Other Deposits	62,533	52,183
	1,139,810	701,432
TOTAL LIABILITIES	3,952,759	3,651,026
NET ASSETS		
Without Donor Restrictions	3,329,840	6,087,242
With Donor Restrictions	949,385	795,473
	4,279,225	6,882,715
TOTAL LIABILITIES AND NET ASSETS	\$ 8,231,984	\$ 10,533,741

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

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Constituent Services	\$ 940,276	\$ -	\$ 940,276
Education and Research	761,585	-	761,585
Conferences	2,088,712	-	2,088,712
Contributions and Grants	1,030,897	445,363	1,476,260
Investment Income (Loss)	(9,511)	6,955	(2,556)
Change in Value of Interest in Charitable Trust	-	(180)	(180)
Rental Income	472,360	-	472,360
Gain on Disposal of Property and Equipment	270	-	270
Other Revenue	17,308	-	17,308
	<hr/>	<hr/>	<hr/>
Total Revenue	5,301,897	452,138	5,754,035
Net Assets Released from Restrictions	298,226	(298,226)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	5,600,123	153,912	5,754,035
EXPENSES			
Program Services			
Constituent Services	958,261	-	958,261
Education and Research	941,092	-	941,092
Conferences	3,572,406	-	3,572,406
Other Programs	1,221,345	-	1,221,345
	<hr/>	<hr/>	<hr/>
Total Program Services	6,693,104	-	6,693,104
Supporting Services			
Management and General	1,580,192	-	1,580,192
Fundraising	84,229	-	84,229
	<hr/>	<hr/>	<hr/>
Total Supporting Services	1,664,421	-	1,664,421
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	8,357,525	-	8,357,525
CHANGE IN NET ASSETS	(2,757,402)	153,912	(2,603,490)
NET ASSETS - Beginning of Year	6,087,242	795,473	6,882,715
	<hr/>	<hr/>	<hr/>
NET ASSETS - End of Year	\$ 3,329,840	\$ 949,385	\$ 4,279,225
	<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, 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	227,197	23,668	250,865
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
	<u>8,598,400</u>	<u>140,745</u>	<u>8,739,145</u>
Total Revenue	8,598,400	140,745	8,739,145
Net Assets Released from Restrictions	<u>225,268</u>	<u>(225,268)</u>	<u>-</u>
	<u>8,823,668</u>	<u>(84,523)</u>	<u>8,739,145</u>
TOTAL REVENUE AND OTHER SUPPORT			
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
	<u>6,924,027</u>	<u>-</u>	<u>6,924,027</u>
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
	<u>1,968,904</u>	<u>-</u>	<u>1,968,904</u>
Total Supporting Services	1,968,904	-	1,968,904
	<u>8,892,931</u>	<u>-</u>	<u>8,892,931</u>
TOTAL EXPENSES	<u>8,892,931</u>	<u>-</u>	<u>8,892,931</u>
CHANGE IN NET ASSETS	(69,263)	(84,523)	(153,786)
NET ASSETS - Beginning of Year	<u>6,156,505</u>	<u>879,996</u>	<u>7,036,501</u>
NET ASSETS - End of Year	<u>\$ 6,087,242</u>	<u>\$ 795,473</u>	<u>\$ 6,882,715</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, 2020

	<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	\$ 4,388	\$ 8,261	\$ -	\$ 201,994	\$ 214,643	\$ -	\$ -	\$ -	\$ 214,643
Salaries and Wages	556,065	590,399	687,585	9,022	1,843,071	614,734	54,823	669,557	2,512,628
Pension Plan	19,424	19,138	22,398	258	61,218	20,145	1,528	21,673	82,891
Other Employee Benefits	78,956	85,989	116,760	9,239	290,944	120,315	7,588	127,903	418,847
Payroll Taxes	40,253	40,467	48,340	543	129,603	42,192	3,669	45,861	175,464
Legal	616	-	4,172	-	4,788	16,688	-	16,688	21,476
Accounting	11,747	9,514	26,150	-	47,411	49,391	164	49,555	96,966
Bad Debt Expense	-	-	-	-	-	4,588	-	4,588	4,588
Marketing and Promotion	29,900	11,993	202,602	192,568	437,063	4,046	-	4,046	441,109
Office Expenses	725	5,629	398	3,400	10,152	132,868	-	132,868	143,020
Information Technology	70,023	65,261	156,084	1,821	293,189	77,392	1,564	78,956	372,145
Occupancy	34,855	33,754	47,031	35,113	150,753	142,947	2,832	145,779	296,532
Travel - Staff	7,297	3,013	23,819	61,301	95,430	12,551	-	12,551	107,981
Travel - Board and Volunteers	-	5,018	-	7,978	12,996	31,775	-	31,775	44,771
Conferences	4,262	3,737	2,028,965	-	2,036,964	-	11,640	11,640	2,048,604
Interest	-	-	-	-	-	26,920	-	26,920	26,920
Depreciation	7,833	7,595	7,595	230	23,253	86,608	153	86,761	110,014
Insurance	-	-	15,942	-	15,942	36,866	-	36,866	52,808
Outside Services	13,743	43,321	159,737	586,153	802,954	144,125	141	144,266	947,220
Equipment Rental and Maintenance	-	-	-	-	-	2,542	-	2,542	2,542
Postage and Shipping	19,068	774	10,037	16,430	46,309	6,557	127	6,684	52,993
Printing	58,855	4,079	3,129	95,295	161,358	4,194	-	4,194	165,552
Professional Development	-	-	-	-	-	2,748	-	2,748	2,748
Cost of Goods Sold	251	3,150	11,662	-	15,063	-	-	-	15,063
TOTAL	<u>\$ 958,261</u>	<u>\$ 941,092</u>	<u>\$ 3,572,406</u>	<u>\$ 1,221,345</u>	<u>\$ 6,693,104</u>	<u>\$ 1,580,192</u>	<u>\$ 84,229</u>	<u>\$ 1,664,421</u>	<u>\$ 8,357,525</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

	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	\$ -	\$ 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 (Recovery)	-	-	-	-	-	(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 STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers, Gifts, and Grants	\$ 4,743,584	\$ 5,755,688
Cash Paid to Suppliers and Employees	(7,500,979)	(7,892,191)
Interest and Dividends Received	134,486	160,663
Interest Paid	(26,920)	(5,137)
NET CASH FROM OPERATING ACTIVITIES	(2,649,829)	(1,980,977)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(95,895)
Proceeds from Disposal of Property and Equipment	270	2,598,826
Purchase of Investments	(519,426)	(2,163,138)
Proceeds from Disposal of Investments	2,181,214	1,041,473
Purchase of Certificate of Deposit	-	(233,872)
Proceeds from Redemption of Certificate of Deposit	132,154	-
NET CASH FROM INVESTING ACTIVITIES	1,794,212	1,147,394
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Obligations Under Capital Lease	(16,668)	(15,868)
Proceeds from Line of Credit	500,000	600,000
Principal Payments on Line of Credit	(50,000)	(50,000)
Proceeds from Conditional Grant - Paycheck Protection Program	357,000	-
NET CASH FROM FINANCING ACTIVITIES	790,332	534,132
NET CHANGE IN CASH AND CASH EQUIVALENTS	(65,285)	(299,451)
CASH AND CASH EQUIVALENTS - Beginning of Year	781,767	1,081,218
CASH AND CASH EQUIVALENTS - End of Year	\$ 716,482	\$ 781,767

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, 2020 AND 2019

	2020	2019
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,603,490)	\$ (153,786)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation and Amortization	110,014	108,455
Gain on Disposal of Property and Equipment	(270)	(1,693,159)
Bad Debt Expense (Recovery)	4,588	(532)
Increase (Reduction) of Publication Inventory Reserves	8,158	(41,825)
Change in Value of Interest in Charitable Trust	180	(544)
Net Realized and Unrealized Loss (Gain) on Investments	130,362	(85,364)
Change in Assets		
Accounts Receivable	43,631	(39,726)
Grant Receivable	(183,000)	300,000
Interest Receivable	6,680	(4,838)
Deferred Rent Receivable	68,104	(108,003)
Publication Inventory	(7,890)	48,941
Prepaid Expenses and Other	257,241	737,972
Change in Liabilities		
Accounts Payable	6,581	46,844
Refundable Deposits	228,670	-
Deferred Revenue	(1,180,672)	(1,232,751)
Accrued Expenses	450,934	95,748
Other Deposits	10,350	41,591
NET CASH FROM OPERATING ACTIVITIES	\$ (2,649,829)	\$ (1,980,977)

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

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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.

Changes in Accounting Principles - During the year ended June 30, 2020, the Association changed its accounting methods for revenue recognition and contributions as a result of implementing the requirements in the Financial Accounting Standard Board's (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* and FASB Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

Revenue Recognition - FASB ASC Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes, or replaces nearly all U.S. GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Association has implemented Topic 606 and has adjusted the presentation in these consolidated financial statements accordingly. The amendments have been applied retrospectively, with no effect on net assets.

Contributions - In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Association has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the Association's implementation of ASU 2018-08.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contracts with Customers - In accordance with FASB ASC 606, the Association recognizes revenue resulting from contracts with customers when it satisfies its performance obligations by transferring control over a product or service to a customer. The following is a description of principal exchange transactions from which the Association generates revenue:

Constituent Services - Constituent services consists primarily of membership revenue. The performance obligation consists of providing members resources such as literary magazines, articles, and access to journal subscriptions, and is recognized ratably as services are simultaneously received and consumed by the members. These services are provided over the term of the membership period, which is generally one year. Amounts received in advance of a given membership period for membership dues, which are nonrefundable, are recorded as deferred revenue when received and recognized as revenue monthly over the membership period.

Education and Research - Education and research comprises subscription revenue from the Association's three journals. The performance obligation consists of delivering the journals to subscribers in print or online format. This service is provided over the term of the subscription period, which is generally one year. Amounts received in advance of a given subscription period for a subscription payment are recorded as deferred revenue when received and recognized as revenue monthly over the subscription period. Publication income, advertising, and evaluation fees within this category are recognized at a point in time when the service or sale occurs.

Conferences - The Association holds an annual conference during the year. The proceeds from registration and exhibit sales are recognized as revenue at a point in time at the date of the conference when goods or services are provided. Amounts received in advance for the conference are recorded as deferred revenue when received and recognized as revenue when the conference takes place.

Other Revenue - Other revenue includes advertising revenue from the Association's website. The performance obligation is the display of advertisements on the Association's website and is recognized at the time the advertisements are first displayed. Amounts received in advance for advertising are recorded as deferred revenue when received and recognized as revenue at a point in time when the advertisements are first displayed on the website.

The Association may receive payments prior to the period in which the Association provides the related resources and services. These payments represent contract liabilities and are recorded as deferred revenue on the statements of financial position. Membership dues and subscription fees paid in advance are deferred to the period in which the applicable resources and services will be provided. All other amounts paid in advance are deferred to the period in

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contracts with Customers - Continued - which the underlying sale or event will take place. Due to the nature and timing of the performance and transfer of services, substantially all contract liabilities at June 30 of each year are recognized in the following year.

Revenue Recognition for Contributions and Grants - Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts received prior to fulfilling certain performance requirements or other conditions are reported as conditional grants in the statements of financial position. As indicated in Note 17, during the year ended June 30, 2020, the Association received a conditional grant under the Paycheck Protection Program totaling \$357,000. The Association will recognize revenue once the related performance requirements have been met. Conditional grants totaled \$357,000 and \$0 as of June 30, 2020 and 2019, respectively.

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, 2020, the Association's certificate of deposit had an original maturity of six months.

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 \$2,500 and \$2,774 as of June 30, 2020 and 2019, 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.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments - Continued

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.

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 generally for one year.

Conference registration fees and related expenses are recognized at the point in time when the conference 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); 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 regarding uncertain tax positions. The Association has

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - Continued - 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, 2020 and 2019.

The federal informational returns of ILA and the Foundation for fiscal years ended in 2017, 2018, and 2019 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, 2020 and 2019 were \$248,542 and \$301,524, 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, 2020 and 2019 were \$0 and \$99,023, respectively.

Shipping and Handling - Shipping and handling costs for educational resource publications and materials are expensed as incurred. Shipping and handling costs were \$773 and \$3,047 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, the Association had \$519,347 and \$656,016, 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.

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

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation of Expenses - Continued - 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 assets or change in net assets.

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:

	2020	2019
Financial Assets as of June 30		
Cash and Cash Equivalents	\$ 716,482	\$ 781,767
Certificate of Deposit	101,718	233,872
Accounts Receivable - Net	100,653	148,872
Grants Receivable	207,000	24,000
Interest Receivable	616	7,296
Investments	5,742,381	7,534,531
Assets Held in Charitable Remainder Trust	96,111	100,753
Total Financial Assets as of June 30	6,964,961	8,831,091

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 3: AVAILABILITY AND LIQUIDITY - CONTINUED

	2020	2019
Less Amounts Not Available for General Expenditures Within One Year		
Board-Designated for Specific Purpose	\$ (4,147,726)	\$ (4,181,097)
Board-Designated Endowment Funds in		
Excess of Spending Policy Allocation	(5,029,613)	(6,730,429)
Net Assets with Non-operating Donor Restrictions	(158,186)	(103,738)
Endowment Funds With Donor Restrictions	(448,051)	(449,869)
Assets Held in Charitable Remainder Trust	(96,111)	(100,753)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ (2,912,706)	\$ (2,732,776)

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 14. 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 10, as of June 30, 2020, the Association had an available line of credit balance in the amount of \$500,000 that could be drawn upon in the event of an unanticipated liquidity need.

NOTE 4: PUBLICATION INVENTORY

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

	2020	2019
Finished Goods	\$ 1,471	\$ 2,620
Other Merchandise	15,440	6,401
	16,911	9,021
Less: Obsolescence Reserve	9,329	1,171
	\$ 7,582	\$ 7,850

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 5: REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables disaggregate the Association's revenue based on the timing of satisfaction of performance obligations for the years ended June 30:

	2020		
	Services Provided		
	At a Point in Time	Over Time	Total
Constituent Services	\$ 219,396	\$ 720,879	\$ 940,275
Education and Research	94,337	667,248	761,585
Conferences	2,088,712	-	2,088,712
Other Revenue	17,308	-	17,308
	<u>\$ 2,419,753</u>	<u>\$ 1,388,127</u>	<u>\$ 3,807,880</u>
	2019		
	Services Provided		
	At a Point in Time	Over Time	Total
Constituent Services	\$ 335,414	\$ 948,370	\$ 1,283,784
Education and Research	156,924	886,568	1,043,492
Conferences	2,656,777	-	2,656,777
Other Revenue	24,539	-	24,539
	<u>\$ 3,173,654</u>	<u>\$ 1,834,938</u>	<u>\$ 5,008,592</u>

Accounts receivable and contract balances from contracts with customers are as follows:

	2020		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 148,872	\$ -	\$ 2,082,838
End of Year	100,653	-	902,166
	2019		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 108,614	\$ -	\$ 3,315,589
End of Year	148,872	-	2,082,838

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 6: INVESTMENTS

Investments consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Cash Funds and Money Market Funds	\$ 763,550	\$ 3,069,434
Mutual Funds		
International Equity	508,603	444,526
Domestic Equity	1,225,368	1,067,249
Fixed Income	1,993,015	1,775,801
Other Funds	798,211	544,469
Mortgage-Backed Securities	7,936	8,045
Alternative Investments	<u>445,698</u>	<u>625,007</u>
 Total Investments	 <u>\$ 5,742,381</u>	 <u>\$ 7,534,531</u>

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

	<u>2020</u>	<u>2019</u>
Unrealized Losses	\$ (279,119)	\$ (188,618)
Realized Gains	148,757	273,982
Interest and Dividends	150,246	181,504
Investment Advisory Fees	<u>(22,440)</u>	<u>(16,003)</u>
 Total Investment Income (Loss)	 <u>\$ (2,556)</u>	 <u>\$ 250,865</u>

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:

<u>2020</u>				
<u>Class of Investment</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative Investments				
Real Estate Funds	(a) \$ 32,492	\$ -	N/A	N/A
Private Equity Funds	(b) <u>413,206</u>	<u>210,000</u>	N/A	N/A
 Total	 <u>\$ 445,698</u>	 <u>\$ 210,000</u>		

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 6: INVESTMENTS - CONTINUED

Net Asset Value as a Practical Expedient for Fair Value - Continued

		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>		

(a) *Real Estate Funds* - This category's investments include any interest in or vehicle relating to real estate assets. As of June 30, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, the Association had outstanding commitments of approximately \$210,000 to provide funding to limited partnerships.

NOTE 7: PROPERTY AND EQUIPMENT

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

	2020	2019
Land	\$ 184,182	\$ 184,182
Buildings and Improvements	3,044,878	3,044,878
Furniture, Equipment, and Software	<u>3,126,123</u>	<u>3,129,180</u>
	6,355,183	6,358,240
Accumulated Depreciation	<u>(5,254,005)</u>	<u>(5,147,048)</u>
Property and Equipment - Net	<u>\$ 1,101,178</u>	<u>\$ 1,211,192</u>

Total depreciation expense for the years ended June 30, 2020 and 2019 was \$110,014 and \$108,455, respectively.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 8: 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 \$96,111 and \$100,753 as of June 30, 2020 and 2019, 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, 2020 and 2019, the liability was \$68,192 and \$72,654 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.

NOTE 9: 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.

Prior to January 1, 2020, the Association was required to make contributions to fund the Plan based on 4.5% of each participant's compensation. These contributions vested immediately. Employees could voluntarily elect to supplement the Association's contributions. Effective January 1, 2020, the Plan was amended and switched to a match contribution plan. Under the amended plan, the Association will match employee contributions up to 3% of each participant's compensation. Expenses associated with the Plan amounted to \$82,891 and \$130,726 during the years ended June 30, 2020 and 2019, respectively.

NOTE 10: 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. In May 2020, the principal amount was increased to \$1,500,000. 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, 2020 was 1.66%. As of June 30, 2020 and 2019, the outstanding balance on the line of credit was \$1,000,000 and \$550,000, respectively.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 11: COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the Association enters into contracts and purchase commitments for technology, maintenance, and consultants. As of June 30, 2020, the Association had commitments of approximately \$546,735 for these non-conference related services, which are expected to be incurred between 2020 and 2021.

As of June 30, 2020, the Association had commitments of approximately \$502,643 for conference-related services, which are expected to be incurred between 2020 and 2022.

NOTE 12: 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, 2020 and 2019, the Association maintained board-designated net assets for several projects.

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

	<u>2020</u>	<u>2019</u>
Undesignated	<u>\$ (6,112,216)</u>	<u>\$ (5,178,517)</u>
Board-Designated for Specific Purpose		
Vision Fund	20,574	20,574
Building Fund	3,589,023	3,643,708
Strategic Planning Projects and Programs	130,349	130,349
Research Fund	44,761	30,444
International Development	102,139	87,811
Developing Countries Fund	86,743	85,999
Nila B. Smith Fund	88,619	95,969
Library Fund	148	1,120
Ronald W. Mitchell Fund	42	263
Helen Robinson Fund	1,216	130
Gertrude Whipple Fund	<u>84,112</u>	<u>84,730</u>
Total Board-Designated for Specific Purpose	<u>4,147,726</u>	<u>4,181,097</u>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 12: NET ASSETS - CONTINUED

	2020	2019
Board-Designated Endowment Funds		
Operating Fund	\$ 11,752	\$ 12,231
Research Fund	852,629	866,529
International Development	675,540	707,376
Developing Countries Fund	6,193	6,210
Nila B. Smith Endowment	-	31,527
General Reserve Fund	951,823	2,603,980
Library Fund	1,019,320	1,072,513
Ronald W. Mitchell Fund	243,997	244,597
Helen Robinson Fund	123,788	125,292
Gertrude Whipple Fund	683,179	685,066
Constance McCullough Fund	617,757	623,461
Other Funds Subject to Spending Policy	108,352	105,880
Total Board-Designated Endowment Funds	5,294,330	7,084,662
Total Net Assets Without Donor Restrictions	\$ 3,329,840	\$ 6,087,242

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

	2020	2019
Subject to Expenditure for Specified Purpose		
Restricted for Research - Due to Endowment/Accrued Interest	\$ 2,567	\$ 1,853
Delaware Early Literacy Project	118,583	81,102
Foundation - Lead2Feed World Hunger Leadership Challenge	286,566	199,663
Foundation - Panasonic Student Eco Citizenship Project	28,663	14,104
Partnership Development Fund	37,036	20,783
Total Subject to Expenditure for Specified Purpose	473,415	317,505
Subject to Endowment Spending Policy and Appropriations		
Corpus of Endowed Funds	150,000	150,000
Cumulative Earnings on Endowed Funds - Restricted for Research	188,159	184,614
James Flood/Diane Lapp Professional Collaborator Award	49,580	52,097
Shanahan Outstanding Dissertation Award Fund	50,281	52,609
William S. Gray Citation of Merit	10,031	10,549
Total Subject to Endowment Spending Policy and Appropriations	448,051	449,869
Not Subject to Appropriation or Expenditure		
Beneficial Interest in Charitable Remainder Trust	27,919	28,099
Total Net Assets With Donor Restrictions	\$ 949,385	\$ 795,473

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 13: 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.

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:

	2020			
	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	\$ 763,550	\$ 763,550	\$ -	\$ -
Mutual Funds				
International Equity	508,603	508,603	-	-
Domestic Equity	1,225,368	1,225,368	-	-
Fixed Income	1,993,015	1,993,015	-	-
Other Funds	798,211	798,211	-	-
Mortgage-Backed Securities	<u>7,936</u>	<u>7,936</u>	-	-
Total Investments	5,296,683	5,296,683	-	-
Assets Held in Charitable Trust	<u>96,111</u>	<u>96,111</u>	-	-
Assets Measured at Fair Value	<u>\$ 5,392,794</u>	<u>\$ 5,392,794</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Investments Measured at Net Asset Value</i>				
Alternative Investments	<u>\$ 445,698</u>			

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 13: FAIR VALUE MEASUREMENTS - CONTINUED

	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>			

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, 2020 and 2019.

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 6 for detail of investments measured at net asset value.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 14: 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, 2020 and 2019, 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 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.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 14: ENDOWMENT FUNDS - CONTINUED

Endowment Composition

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted - Endowment Funds	\$ -	\$ 448,051	\$ 448,051
Board-Designated - Endowment Funds	5,294,330	-	5,294,330
Total	<u>\$ 5,294,330</u>	<u>\$ 448,051</u>	<u>\$ 5,742,381</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted - Endowment Funds	\$ -	\$ 449,869	\$ 449,869
Board-Designated - Endowment Funds	7,084,662	-	7,084,662
Total	<u>\$ 7,084,662</u>	<u>\$ 449,869</u>	<u>\$ 7,534,531</u>

Endowment Fund Activity - Changes in the fund's net assets for the year ended June 30, 2020 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Fund's Net Assets - July 1, 2019	\$ 7,084,662	\$ 449,869	\$ 7,534,531
Interest and Dividends	137,192	17,088	154,280
Unrealized Losses on Investments	(247,279)	(31,840)	(279,119)
Realized Gains on Investments	125,288	23,469	148,757
Investment Advisory Fees	(20,678)	(1,762)	(22,440)
Contributions/Deposits	63	-	63
Reclassifications/Transfers	714	(714)	-
Appropriated for Expenditure	(1,785,632)	(8,059)	(1,793,691)
Fund's Net Assets - June 30, 2020	<u>\$ 5,294,330</u>	<u>\$ 448,051</u>	<u>\$ 5,742,381</u>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 14: ENDOWMENT FUNDS - CONTINUED

Endowment Fund Activity - Continued

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	<u>(1,629,290)</u>	<u>(2,000)</u>	<u>(1,631,290)</u>
Fund's Net Assets - June 30, 2019	<u>\$ 7,084,662</u>	<u>\$ 449,869</u>	<u>\$ 7,534,531</u>

NOTE 15: LEASES AS LESSEE

During the years ended June 30, 2020 and 2019, the Association leased office space under an operating lease agreement which expires in June 2021.

The Association also leased office equipment under a noncancelable capital lease agreement which expires in December 2021. 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:

	2020	2019
Equipment	\$ 66,933	\$ 66,933
Less: Accumulated Depreciation	<u>(41,833)</u>	<u>(25,100)</u>
	<u>\$ 25,100</u>	<u>\$ 41,833</u>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 15: LEASES AS LESSEE - CONTINUED

As of June 30, 2020, future minimum lease payments are as follows:

	Capital Leases	Operating Leases
2021	\$ 27,648	\$ 120,843
2022	9,216	-
Total Future Minimum Lease Payments	36,864	\$ 120,843
Less: Amount Representing Imputed Interest	1,052	
Present Value of Future Minimum Lease Payments	26,596	
Less: Current Maturities of Capital Lease Obligations	17,511	
Capital Lease Obligations - Net of Current Maturities	\$ 9,085	

NOTE 16: 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, 2020 and 2019 totaled \$472,360 and \$477,315, respectively.

As of June 30, 2020, future minimum rental payments to be received on noncancelable operating leases are contractually due as follows for the years ending June 30:

2021	\$ 551,655
2022	46,083
	\$ 597,738

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 17: CONDITIONAL CONTRIBUTION - PAYCHECK PROTECTION PROGRAM (PPP) LOAN

In response to the uncertainty created by the COVID-19 pandemic, the federal government signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

A provision of the CARES Act allowed for loans to eligible small businesses, including nonprofit organizations, under its Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration. PPP loans have a maturity term of five years and incur interest at a rate of 1%. PPP loans contain provisions to forgive all or a portion of the funds borrowed based on a calculation that considers the borrower's incurrence of eligible costs and maintaining employee and salary levels for a period of time after receipt of the loan funds. In April 2020, the Association received a PPP loan in the amount of \$357,000.

As indicated in Note 2, the PPP loan has been recorded as a conditional grant on the consolidated statement of financial position as of June 30, 2020. Upon completion of the performance obligations contained in the PPP loan agreement, which includes the submission of an application for loan forgiveness, the Association will recognize the conditional grant as revenue. The Association anticipates meeting the performance obligations during the year ending June 30, 2021.

NOTE 18: SUBSEQUENT EVENTS

On October 14, 2020, the Association entered into an agreement of sale to sell a property located in Newark, Delaware for \$3,200,000. An estimated gain of \$1,366,658 will be recognized in the consolidated statement of activities during the year ending June 30, 2021.

At the end of September 2020, the Association made the decision to cancel its contracts related to the ILA 2021 conference. The potential cancellation fees are approximately \$1,000,000.

SUPPLEMENTARY INFORMATION

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2020

	International Literacy Association	Foundation for Impact on Literacy and Learning	Eliminating Entries	Consolidating Totals
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 21,654	\$ 694,828	\$ -	\$ 716,482
Certificate of Deposit	-	101,718	-	101,718
Accounts Receivable - Net	110,776	-	(10,123)	100,653
Grants Receivable	-	207,000	-	207,000
Interest Receivable	616	-	-	616
Deferred Rent Receivable	77,921	-	-	77,921
Publication Inventory	7,582	-	-	7,582
Prepaid Expenses and Other	80,342	-	-	80,342
TOTAL CURRENT ASSETS	298,891	1,003,546	(10,123)	1,292,314
OTHER ASSETS				
Investments	5,742,381	-	-	5,742,381
Property and Equipment - Net	1,101,178	-	-	1,101,178
Assets Held in Charitable Remainder Trust	96,111	-	-	96,111
TOTAL OTHER ASSETS	6,939,670	-	-	6,939,670
TOTAL ASSETS	\$ 7,238,561	\$ 1,003,546	\$ (10,123)	\$ 8,231,984
CURRENT LIABILITIES				
Accounts Payable	\$ 234,809	\$ 123,613	\$ (10,123)	\$ 348,299
Deferred Revenues	902,166	-	-	902,166
Refundable Deposits	228,670	-	-	228,670
Accrued Expenses	959,303	-	-	959,303
Conditional Grant - Paycheck Protection Program	357,000	-	-	357,000
Current Maturities of Capital Lease Payable	17,511	-	-	17,511
TOTAL CURRENT LIABILITIES	2,699,459	123,613	(10,123)	2,812,949
OTHER LIABILITIES				
Amounts Held for Others in Charitable Trust	68,192	-	-	68,192
Capital Lease Payable (Net of Current Maturities)	9,085	-	-	9,085
Line of Credit	1,000,000	-	-	1,000,000
Other Deposits	62,533	-	-	62,533
TOTAL OTHER LIABILITIES	1,139,810	-	-	1,139,810
TOTAL LIABILITIES	3,839,269	123,613	(10,123)	3,952,759
NET ASSETS				
Without Donor Restrictions	2,765,136	564,704	-	3,329,840
With Donor Restrictions	634,156	315,229	-	949,385
TOTAL NET ASSETS	3,399,292	879,933	-	4,279,225
TOTAL LIABILITIES AND NET ASSETS	\$ 7,238,561	\$ 1,003,546	\$ (10,123)	\$ 8,231,984

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	158,607	-	(9,735)	148,872
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	860,132	836,868	(9,735)	1,687,265
OTHER ASSETS				
Investments	7,534,531	-	-	7,534,531
Property and Equipment - Net	1,211,192	-	-	1,211,192
Assets Held in Charitable Remainder Trust	100,753	-	-	100,753
TOTAL OTHER ASSETS	8,846,476	-	-	8,846,476
TOTAL ASSETS	\$ 9,706,608	\$ 836,868	\$ (9,735)	\$ 10,533,741
CURRENT LIABILITIES				
Accounts Payable	\$ 296,653	\$ 54,800	\$ (9,735)	\$ 341,718
Deferred Revenues	2,084,365	-	(1,527)	2,082,838
Accrued Expenses	508,369	-	-	508,369
Current Maturities of Capital Lease Payable	16,669	-	-	16,669
TOTAL CURRENT LIABILITIES	2,906,056	54,800	(11,262)	2,949,594
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	3,607,488	54,800	(11,262)	3,651,026
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	\$ 9,706,608	\$ 836,868	\$ (9,735)	\$ 10,533,741

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	International Literacy Association		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Constituent Services	\$ 940,276	\$ -	\$ 940,276
Education and Research	761,585	-	761,585
Conferences	2,088,712	-	2,088,712
Contributions and Grants	34,043	130,134	164,177
Investment Income (Loss)	(12,068)	6,955	(5,113)
Change in Value of Interest in Charitable Trust	-	(180)	(180)
Rental Income	472,360	-	472,360
Gain on Disposal of Property and Equipment	270	-	270
Other Revenue	17,308	-	17,308
Total Revenue	4,302,486	136,909	4,439,395
Net Assets Released from Restrictions	84,459	(84,459)	-
TOTAL REVENUE AND OTHER SUPPORT	4,386,945	52,450	4,439,395
EXPENSES			
Program Services			
Constituent Services	958,261	-	958,261
Education and Research	941,092	-	941,092
Conferences	3,572,406	-	3,572,406
Other Programs	139,799	-	139,799
Total Program Services	5,611,558	-	5,611,558
Supporting Services			
Management and General	1,443,436	-	1,443,436
Fundraising	84,229	-	84,229
Total Supporting Services	1,527,665	-	1,527,665
TOTAL EXPENSES	7,139,223	-	7,139,223
CHANGE IN NET ASSETS	(2,752,278)	52,450	(2,699,828)
NET ASSETS - Beginning of Year	5,517,414	581,706	6,099,120
NET ASSETS - End of Year	\$ 2,765,136	\$ 634,156	\$ 3,399,292

Foundation for Impact on Literacy and Learning				
Without Donor Restrictions	With Donor Restrictions	Total	Eliminating Entries	Consolidating Totals
\$ -	\$ -	\$ -	\$ -	\$ 940,276
-	-	-	-	761,585
-	-	-	-	2,088,712
1,008,381	315,229	1,323,610	(11,527)	1,476,260
2,557	-	2,557	-	(2,556)
-	-	-	-	(180)
-	-	-	-	472,360
-	-	-	-	270
-	-	-	-	17,308
1,010,938	315,229	1,326,167	(11,527)	5,754,035
213,767	(213,767)	-	-	-
1,224,705	101,462	1,326,167	(11,527)	5,754,035
-	-	-	-	958,261
-	-	-	-	941,092
-	-	-	-	3,572,406
1,091,546	-	1,091,546	(10,000)	1,221,345
1,091,546	-	1,091,546	(10,000)	6,693,104
136,756	-	136,756	-	1,580,192
-	-	-	-	84,229
136,756	-	136,756	-	1,664,421
1,228,302	-	1,228,302	(10,000)	8,357,525
(3,597)	101,462	97,865	(1,527)	(2,603,490)
568,301	213,767	782,068	1,527	6,882,715
<u>\$ 564,704</u>	<u>\$ 315,229</u>	<u>\$ 879,933</u>	<u>\$ -</u>	<u>\$ 4,279,225</u>

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
	<u>7,421,291</u>	<u>126,641</u>	<u>7,547,932</u>
Total Revenue	7,421,291	126,641	7,547,932
Net Assets Released from Restrictions	<u>122,074</u>	<u>(122,074)</u>	<u>-</u>
	<u>7,543,365</u>	<u>4,567</u>	<u>7,547,932</u>
TOTAL REVENUE AND OTHER SUPPORT			
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
	<u>5,765,288</u>	<u>-</u>	<u>5,765,288</u>
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
	<u>1,852,366</u>	<u>-</u>	<u>1,852,366</u>
Total Supporting Services	1,852,366	-	1,852,366
	<u>7,617,654</u>	<u>-</u>	<u>7,617,654</u>
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
NET ASSETS - End of Year	\$ 5,517,414	\$ 581,706	\$ 6,099,120

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
4,686	-	4,686	-	250,865
-	-	-	-	544
-	-	-	-	477,315
-	-	-	-	1,693,159
-	-	-	-	24,539
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
<u>\$ 568,301</u>	<u>\$ 213,767</u>	<u>\$ 782,068</u>	<u>\$ 1,527</u>	<u>\$ 6,882,715</u>

INTERNATIONAL LITERACY ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<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	\$ 4,388	\$ 8,261	\$ -	\$ 49,994	\$ 62,643	\$ -	\$ -	\$ -	\$ 62,643
Salaries and Wages	556,065	590,399	687,585	9,022	1,843,071	614,734	54,823	669,557	2,512,628
Pension Plan	19,424	19,138	22,398	258	61,218	20,145	1,528	21,673	82,891
Other Employee Benefits	78,956	85,989	116,760	9,239	290,944	120,315	7,588	127,903	418,847
Payroll Taxes	40,253	40,467	48,340	543	129,603	42,192	3,669	45,861	175,464
Legal	616	-	4,172	-	4,788	16,688	-	16,688	21,476
Accounting	11,747	9,514	26,150	-	47,411	49,391	164	49,555	96,966
Bad Debt Expense	-	-	-	-	-	4,588	-	4,588	4,588
Marketing and Promotion	29,900	11,993	202,602	-	244,495	4,046	-	4,046	248,541
Office Expenses	725	5,629	398	-	6,752	7,993	-	7,993	14,745
Information Technology	70,023	65,261	156,084	1,821	293,189	77,392	1,564	78,956	372,145
Occupancy	34,855	33,754	47,031	35,113	150,753	142,947	2,832	145,779	296,532
Travel - Staff	7,297	3,013	23,819	361	34,490	12,551	-	12,551	47,041
Travel - Board and Volunteers	-	5,018	-	7,978	12,996	31,775	-	31,775	44,771
Conferences	4,262	3,737	2,028,965	-	2,036,964	-	11,640	11,640	2,048,604
Interest	-	-	-	-	-	26,920	-	26,920	26,920
Depreciation	7,833	7,595	7,595	230	23,253	86,608	153	86,761	110,014
Insurance	-	-	15,942	-	15,942	36,866	-	36,866	52,808
Outside Services	13,743	43,321	159,737	25,212	242,013	132,244	141	132,385	374,398
Equipment Rental and Maintenance	-	-	-	-	-	2,542	-	2,542	2,542
Postage and Shipping	19,068	774	10,037	28	29,907	6,557	127	6,684	36,591
Printing	58,855	4,079	3,129	-	66,063	4,194	-	4,194	70,257
Professional Development	-	-	-	-	-	2,748	-	2,748	2,748
Cost of Goods Sold	251	3,150	11,662	-	15,063	-	-	-	15,063
TOTAL	<u>\$ 958,261</u>	<u>\$ 941,092</u>	<u>\$ 3,572,406</u>	<u>\$ 139,799</u>	<u>\$ 5,611,558</u>	<u>\$ 1,443,436</u>	<u>\$ 84,229</u>	<u>\$ 1,527,665</u>	<u>\$ 7,139,223</u>

INTERNATIONAL LITERACY ASSOCIATION, INC.
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	\$ 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

FOUNDATION FOR IMPACT ON LITERACY AND LEARNING
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>				<u>Supporting Services</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>	<u>Total</u>
Grants and Awards	\$ -	\$ -	\$ -	\$ 162,000	\$ 162,000	\$ -	\$ -	\$ -	\$ 162,000
Marketing and Promotion	-	-	-	192,568	192,568	-	-	-	192,568
Office Expenses	-	-	-	3,400	3,400	124,875	-	124,875	128,275
Travel - Staff	-	-	-	60,940	60,940	-	-	-	60,940
Outside Services	-	-	-	560,941	560,941	11,881	-	11,881	572,822
Postage and Shipping	-	-	-	16,402	16,402	-	-	-	16,402
Printing	-	-	-	95,295	95,295	-	-	-	95,295
TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,091,546</u>	<u>\$ 1,091,546</u>	<u>\$ 136,756</u>	<u>\$ -</u>	<u>\$ 136,756</u>	<u>\$ 1,228,302</u>

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
Marketing and Promotion	-	-	-	229,783	229,783	-	-	-	229,783
Office Expenses	-	-	-	2,792	2,792	114,788	-	114,788	117,580
Travel - Staff	-	-	-	92,141	92,141	-	-	-	92,141
Outside Services	-	-	-	619,955	619,955	1,750	-	1,750	621,705
Postage and Shipping	-	-	-	20,643	20,643	-	-	-	20,643
Printing	-	-	-	62,925	62,925	-	-	-	62,925
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>