

INTERNATIONAL LITERACY ASSOCIATION

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

JUNE 30, 2021 AND 2020

INTERNATIONAL LITERACY ASSOCIATION
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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, 2021 and 2020, 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, 2021 and 2020, 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 combining schedules of financial position, combining schedules of activities, and schedules of functional expenses included on pages 32 through 41 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 directly 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.

Derecognition of Previously Controlled Entity

Effective June 30, 2021, the Foundation for Impact on Literacy and Learning (Foundation) amended their Articles of Incorporation and removed International Literacy Association as the sole corporate member. The Foundation now operates as a public charity independent of International Literacy Association. The derecognition of this previously controlled entity has been accounted for in the consolidated financial statements. Operations of the Foundation are presented in the consolidated statements of activities and cash flows consistent with the reporting requirements of discontinued operations. The June 30, 2021, consolidated statement of financial position does not include the accounts of the Foundation since the separation date was effective June 30, 2021.

Belfint, Lyons & Shuman, P.A.

October 25, 2021
Wilmington, Delaware

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 111,561	\$ 716,482
Certificate of Deposit	-	101,718
Accounts Receivable - Net	37,473	100,653
Grants Receivable	21,000	207,000
Interest Receivable	3,152	616
Deferred Rent Receivable	-	77,921
Publication Inventory	2,299	7,582
Prepaid Expenses and Other	24,014	80,342
TOTAL CURRENT ASSETS	199,499	1,292,314
OTHER ASSETS		
Investments	6,297,135	5,742,381
Property and Equipment - Net	47,466	1,101,178
Assets Held in Charitable Remainder Trust	114,243	96,111
TOTAL OTHER ASSETS	6,458,844	6,939,670
TOTAL ASSETS	\$ 6,658,343	\$ 8,231,984
CURRENT LIABILITIES		
Accounts Payable	\$ 86,469	\$ 348,299
Deferred Revenues	694,365	902,166
Refundable Deposits	42,100	228,670
Accrued Expenses	1,015,626	959,303
Current Maturities of Capital Lease Payable	-	17,511
TOTAL CURRENT LIABILITIES	1,838,560	2,455,949
OTHER LIABILITIES		
Amounts Held for Others in Charitable Remainder Trust	79,804	68,192
Capital Lease Payable (Net of Current Maturities)	-	9,085
Line of Credit	-	1,000,000
Conditional Grant - Paycheck Protection Program	671,862	357,000
Other Deposits	59,944	62,533
TOTAL OTHER LIABILITIES	811,610	1,496,810
TOTAL LIABILITIES	2,650,170	3,952,759
NET ASSETS		
Without Donor Restrictions	3,168,415	3,329,840
With Donor Restrictions	839,758	949,385
TOTAL NET ASSETS	4,008,173	4,279,225
TOTAL LIABILITIES AND NET ASSETS	\$ 6,658,343	\$ 8,231,984

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

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Constituent Services	\$ 615,145	\$ -	\$ 615,145
Education and Research	542,511	-	542,511
Conferences and Meetings	474,331	-	474,331
Contributions and Grants	16,252	136,125	152,377
Government Grant - PPP Loan Forgiveness	357,000	-	357,000
Investment Income - Net	747,031	126,296	873,327
Change in Value of Interest in Charitable Remainder Trust	-	6,520	6,520
Rental Income	244,545	-	244,545
Gain on Disposal of Property and Equipment	1,378,381	-	1,378,381
	<hr/>	<hr/>	<hr/>
Total Revenue	4,375,196	268,941	4,644,137
Net Assets Released from Restrictions	63,339	(63,339)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	4,438,535	205,602	4,644,137
EXPENSES			
Program Services			
Constituent Services	613,139	-	613,139
Education and Research	813,824	-	813,824
Conferences and Meetings	1,498,447	-	1,498,447
Other Programs	17,053	-	17,053
	<hr/>	<hr/>	<hr/>
Total Program Services	2,942,463	-	2,942,463
Supporting Services			
Management and General	1,033,188	-	1,033,188
Fundraising	59,605	-	59,605
	<hr/>	<hr/>	<hr/>
Total Supporting Services	1,092,793	-	1,092,793
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	4,035,256	-	4,035,256
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS			
	<hr/>	<hr/>	<hr/>
Change in Net Assets from Operations of Derecognized Subsidiary	31,685	389,215	420,900
Loss on Derecognition of Subsidiary	(596,389)	(704,444)	(1,300,833)
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS	(564,704)	(315,229)	(879,933)
	<hr/>	<hr/>	<hr/>
TOTAL CHANGE IN NET ASSETS	(161,425)	(109,627)	(271,052)
NET ASSETS - Beginning of Year	3,329,840	949,385	4,279,225
	<hr/>	<hr/>	<hr/>
NET ASSETS - End of Year	\$ 3,168,415	\$ 839,758	\$ 4,008,173
	<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, 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 and Meetings	2,088,712	-	2,088,712
Contributions and Grants	22,516	130,134	152,650
Investment Income (Loss) - Net	(12,068)	6,955	(5,113)
Change in Value of Interest in Charitable Remainder Trust	-	(180)	(180)
Rental Income	472,360	-	472,360
Gain on Disposal of Property and Equipment	270	-	270
Other Revenue	17,308	-	17,308
	<u>4,290,959</u>	<u>136,909</u>	<u>4,427,868</u>
Total Revenue			
Net Assets Released from Restrictions	84,459	(84,459)	-
	<u>4,375,418</u>	<u>52,450</u>	<u>4,427,868</u>
EXPENSES			
Program Services			
Constituent Services	958,261	-	958,261
Education and Research	941,092	-	941,092
Conferences and Meetings	3,572,406	-	3,572,406
Other Programs	139,799	-	139,799
	<u>5,611,558</u>	<u>-</u>	<u>5,611,558</u>
Total Program Services			
Supporting Services			
Management and General	1,443,436	-	1,443,436
Fundraising	84,229	-	84,229
	<u>1,527,665</u>	<u>-</u>	<u>1,527,665</u>
Total Supporting Services			
	<u>7,139,223</u>	<u>-</u>	<u>7,139,223</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS			
	<u>(2,763,805)</u>	<u>52,450</u>	<u>(2,711,355)</u>
Change in Net Assets from Operations of Derecognized Subsidiary	6,403	101,462	107,865
Loss on Derecognition of Subsidiary	-	-	-
	<u>6,403</u>	<u>101,462</u>	<u>107,865</u>
CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS			
	<u>6,403</u>	<u>101,462</u>	<u>107,865</u>
TOTAL CHANGE IN NET ASSETS			
	<u>(2,757,402)</u>	<u>153,912</u>	<u>(2,603,490)</u>
NET ASSETS - Beginning of Year			
	<u>6,087,242</u>	<u>795,473</u>	<u>6,882,715</u>
NET ASSETS - End of Year			
	<u>\$ 3,329,840</u>	<u>\$ 949,385</u>	<u>\$ 4,279,225</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, 2021

	Program Services				Supporting Services				Total
	Constituent Services	Education and Research	Conferences and Meetings	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants and Awards	\$ 33,350	\$ 21,900	\$ -	\$ 163,000	\$ 218,250	\$ -	\$ -	\$ -	\$ 218,250
Salaries and Wages	335,463	450,775	538,274	4,450	1,328,962	407,484	41,429	448,913	1,777,875
Pension Plan	9,814	12,696	14,116	116	36,742	9,225	534	9,759	46,501
Other Employee Benefits	32,345	50,959	54,877	3,490	141,671	52,250	4,871	57,121	198,792
Payroll Taxes	25,119	31,085	39,770	280	96,254	28,259	2,820	31,079	127,333
Legal	-	-	21,899	-	21,899	8,075	-	8,075	29,974
Accounting	9,615	8,449	7,540	-	25,604	51,159	177	51,336	76,940
Bad Debt Expense	-	-	-	-	-	1,638	-	1,638	1,638
Marketing and Promotion	34,993	8,046	63,579	318,531	425,149	4,046	3,123	7,169	432,318
Office Expenses	322	234	1,640	4,294	6,490	141,209	92	141,301	147,791
Information Technology	55,626	55,647	213,880	1,616	326,769	126,579	1,535	128,114	454,883
Occupancy	33,606	33,393	33,443	1,008	101,450	133,456	2,606	136,062	237,512
Travel - Staff	-	-	-	2,709	2,709	-	-	-	2,709
Travel - Board and Volunteers	-	-	-	200	200	2,865	-	2,865	3,065
Conferences and Meetings	-	-	342,921	-	342,921	-	3,850	3,850	346,771
Interest	-	-	-	-	-	21,322	-	21,322	21,322
Depreciation	7,558	7,558	7,558	229	22,903	57,973	153	58,126	81,029
Insurance	-	-	-	-	-	31,738	-	31,738	31,738
Outside Services	35,143	130,907	153,919	595,141	915,110	103,324	7,216	110,540	1,025,650
Equipment Rental and Maintenance	-	-	-	-	-	673	-	673	673
Postage and Shipping	150	248	247	10,656	11,301	3,298	83	3,381	14,682
Printing	-	-	-	114,909	114,909	-	-	-	114,909
Professional Development	-	-	-	1,276	1,276	3,546	-	3,546	4,822
Cost of Goods Sold	35	1,927	4,784	-	6,746	-	-	-	6,746
TOTAL	\$ 613,139	\$ 813,824	\$ 1,498,447	\$ 1,221,905	\$ 4,147,315	\$ 1,188,119	\$ 68,489	\$ 1,256,608	\$ 5,403,923

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

	Program Services				Supporting Services				Total
	Constituent Services	Education and Research	Conferences and Meetings	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
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 and Meetings	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	\$ 958,261	\$ 941,092	\$ 3,572,406	\$ 1,221,345	\$ 6,693,104	\$ 1,580,192	\$ 84,229	\$ 1,664,421	\$ 8,357,525

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

INTERNATIONAL LITERACY ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers, Gifts, and Grants	\$ 3,552,353	\$ 4,743,584
Cash Paid to Suppliers and Employees	(5,402,610)	(7,500,979)
Interest and Dividends Received	60,305	134,486
Interest Paid	<u>(21,322)</u>	<u>(26,920)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>(1,811,274)</u>	<u>(2,649,829)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Property and Equipment	2,351,064	270
Purchase of Investments	(971,552)	(519,426)
Proceeds from Disposal of Investments	1,228,260	2,181,214
Proceeds from Redemption of Certificate of Deposit	101,718	132,154
Cash Released in Derecognition of Previously Controlled Entity	<u>(1,148,403)</u>	<u>-</u>
NET CASH FROM INVESTING ACTIVITIES	<u>1,561,087</u>	<u>1,794,212</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Obligations Under Capital Lease	(26,596)	(16,668)
Proceeds from Line of Credit	575,000	500,000
Principal Payments on Line of Credit	(1,575,000)	(50,000)
Proceeds from Conditional Grant - Paycheck Protection Program	<u>671,862</u>	<u>357,000</u>
NET CASH FROM FINANCING ACTIVITIES	<u>(354,734)</u>	<u>790,332</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(604,921)	(65,285)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>716,482</u>	<u>781,767</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 111,561</u>	<u>\$ 716,482</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Assets, Net of Operating Liabilities, Released in Derecognition of Previously Controlled Entity (See Note 18)	<u>\$ 152,430</u>	<u>\$ -</u>

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, 2021 AND 2020

	2021	2020
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (271,052)	\$ (2,603,490)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation and Amortization	81,029	110,014
Gain on Disposal of Property and Equipment	(1,378,381)	(270)
Bad Debt Expense	1,638	4,588
Grant Income from Forgiveness of PPP Loan	(357,000)	-
Derecognition of Previously Controlled Entity	1,300,833	-
Increase of Publication Inventory Reserves	4,922	8,158
Change in Value of Interest in Charitable Remainder Trust	(6,520)	180
Net Realized and Unrealized Loss (Gain) on Investments	(811,462)	130,362
Change in Assets		
Accounts Receivable	61,542	43,631
Grants Receivable	(82,750)	(183,000)
Interest Receivable	(2,536)	6,680
Deferred Rent Receivable	77,921	68,104
Publication Inventory	361	(7,890)
Prepaid Expenses and Other	56,328	257,241
Change in Liabilities		
Accounts Payable	(145,510)	6,581
Refundable Deposits	(186,570)	228,670
Deferred Revenue	(207,801)	(1,180,672)
Accrued Expenses	56,323	450,934
Other Deposits	(2,589)	10,350
NET CASH FROM OPERATING ACTIVITIES	\$ (1,811,274)	\$ (2,649,829)

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

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

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 and meetings, 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 (FASB) Accounting Standards Codification (ASC) 958-805, *Business Combination*.

Effective June 30, 2021, the Foundation for Impact on Literacy and Learning (Foundation) amended their Articles of Incorporation and removed International Literacy Association as the sole corporate member. The Foundation now operates as a public charity independent of International Literacy Association. The derecognition of this previously controlled entity has been accounted for in the consolidated financial statements. Operations of the Foundation are presented in the consolidated statements of activities and cash flows consistent with the reporting requirements of discontinued operations. The June 30, 2021, consolidated statement of financial position does not include the accounts of the Foundation since the separation date was effective June 30, 2021.

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, although their use may be limited by board designation.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation - Continued

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.

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.

Revenue Recognition for Contracts with Customers - In accordance with FASB ASC 606, *Revenue Recognition*, 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.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contracts with Customers - Continued

Conferences and Meetings - Historically, the Association has held an annual conference. Due to the impact of the COVID-19 pandemic, the in-person conference was canceled during the year ended June 30, 2021. The Association held various digital events in lieu of an in-person event. The proceeds from registration and exhibit sales are recognized as revenue at a point in time at the date of the event when goods or services are provided. Amounts received in advance are recorded as deferred revenue when received and recognized as revenue when the event 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 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 consolidated statements of financial position. As indicated in Note 17, the Association received conditional grants under the Paycheck Protection Program totaling \$671,862 and \$357,000 during the years ended June 30, 2021 and 2020, respectively. The Association recognizes revenue once the related performance requirements have been met. Conditional grants totaled \$671,862 and \$357,000 as of June 30, 2021 and 2020, 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.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Certificates of Deposit - As of June 30, 2020, the Association's certificate of deposit had an original maturity of six months. The Association's certificate of deposit was redeemed during the year ended June 30, 2021.

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 \$1,019 and \$2,500 as of June 30, 2021 and 2020, 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 - Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Investment sales and purchases are determined by the specific identification method and are recorded on the trade date. Net investment income (loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Net investment income (loss) is recognized as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

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

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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 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, 2021 and 2020.

The federal informational returns of ILA and the Foundation for fiscal years ended in 2018, 2019, and 2020 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, 2021 and 2020, were \$432,318 and \$441,109, respectively. Direct-response advertising costs related to conferences and meetings are capitalized and recognized as expenses upon the occurrence of the conferences and meetings. Capitalized advertising costs for the years ended June 30, 2021 and 2020, were \$0.

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, 2021 and 2020, the Association had \$0 and \$519,347, 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.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Concentration of Credit Risk - Continued

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 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.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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:

	<u>2021</u>	<u>2020</u>
Financial Assets as of June 30		
Cash and Cash Equivalents	\$ 111,561	\$ 716,482
Certificate of Deposit	-	101,718
Accounts Receivable - Net	37,473	100,653
Grants Receivable	21,000	207,000
Interest Receivable	3,152	616
Investments	6,297,135	5,742,381
Assets Held in Charitable Remainder Trust	<u>114,243</u>	<u>96,111</u>
 Total Financial Assets as of June 30	 6,584,564	 6,964,961
Less Amounts Not Available for General Expenditures Within One Year		
Board-Designated for Specific Purpose	(3,153,428)	(4,147,726)
Board-Designated Endowment Funds in Excess of Spending Policy Allocation	(5,444,996)	(5,029,613)
Net Assets with Non-operating Donor Restrictions	(239,759)	(158,186)
Endowment Funds With Donor Restrictions	(565,560)	(448,051)
Assets Held in Charitable Remainder Trust	<u>(114,243)</u>	<u>(96,111)</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ (2,933,422)</u>	 <u>\$ (2,914,726)</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 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.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 3: AVAILABILITY AND LIQUIDITY - CONTINUED

As described in Note 10, as of June 30, 2021, the Association had an available line of credit balance in the amount of \$1,500,000 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:

	<u>2021</u>	<u>2020</u>
Finished Goods	\$ 1,133	\$ 1,471
Other Merchandise	15,417	15,440
	<u>16,550</u>	<u>16,911</u>
Less: Obsolescence Reserve	14,251	9,329
	<u>\$ 2,299</u>	<u>\$ 7,582</u>

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:

	<u>2021</u>		
	<u>Services Provided</u>		
	<u>At a</u>		
	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Constituent Services	\$ 86,570	\$ 528,575	\$ 615,145
Education and Research	29,622	512,889	542,511
Conferences and Meetings	474,331	-	474,331
	<u>\$ 590,523</u>	<u>\$ 1,041,464</u>	<u>\$ 1,631,987</u>
	<u>2020</u>		
	<u>Services Provided</u>		
	<u>At a</u>		
	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Constituent Services	\$ 219,396	\$ 720,879	\$ 940,275
Education and Research	94,337	667,248	761,585
Conferences and Meetings	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>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 5: REVENUE FROM CONTRACTS WITH CUSTOMERS - CONTINUED

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

	2021		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 100,653	\$ -	\$ 902,166
End of Year	37,473	-	694,365
	2020		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 148,872	\$ -	\$ 2,082,838
End of Year	100,653	-	902,166

NOTE 6: INVESTMENTS

Investments consisted of the following as of June 30:

	2021	2020
Cash Funds and Money Market Funds	\$ 1,449,216	\$ 763,550
Mutual Funds		
International Equity	582,095	508,603
Domestic Equity	1,343,999	1,225,368
Fixed Income	1,789,226	1,993,015
Other Funds	786,240	798,211
Mortgage-Backed Securities	6,982	7,936
Alternative Investments	339,377	445,698
Total Investments	\$ 6,297,135	\$ 5,742,381

Investment Income (Loss) consisted of the following for the years ended June 30:

	2021	2020
Unrealized Gains (Losses)	\$ 530,391	\$ (279,119)
Realized Gains	281,071	148,757
Interest and Dividends	85,026	150,246
Investment Advisory Fees	(22,185)	(22,440)
Total Investment Income (Loss)	\$ 874,303	\$ (2,556)

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 6: 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:

2021				
Class of Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments				
Real Estate Funds	(a) \$ 28,421	\$ -	N/A	N/A
Private Equity Funds	(b) <u>310,956</u>	<u>210,000</u>	N/A	N/A
Total	<u>\$ 339,377</u>	<u>\$ 210,000</u>		
2020				
Class of Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
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>		

(a) *Real Estate Funds* - This category's investments include any interest in or vehicle relating to real estate assets. As of June 30, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021

NOTE 7: PROPERTY AND EQUIPMENT

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

	2021	2020
Land	\$ -	\$ 184,182
Buildings and Improvements	-	3,044,878
Furniture, Equipment, and Software	240,944	3,126,123
	240,944	6,355,183
Accumulated Depreciation	(193,478)	(5,254,005)
Property and Equipment - Net	\$ 47,466	\$ 1,101,178

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 \$114,243 and \$96,111 as of June 30, 2021 and 2020, 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, 2021 and 2020, the liability was \$79,804 and \$68,192, 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, 2021

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 \$46,501 and \$82,891 during the years ended June 30, 2021 and 2020, 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, 2021 was 2.49%. As of June 30, 2021 and 2020, the outstanding balance on the line of credit was \$0 and \$1,000,000, respectively.

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, 2021, the Association had commitments of approximately \$578,534 which are expected to be incurred during the years ending June 30, 2022 and 2023.

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, 2021 and 2020, the Association maintained board-designated net assets for several projects.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 12: NET ASSETS - CONTINUED

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

	<u>2021</u>	<u>2020</u>
Undesignated	<u>\$ (5,716,588)</u>	<u>\$ (6,112,216)</u>
Board-Designated for Specific Purpose		
Vision Fund	20,574	20,574
Building Fund	2,598,532	3,589,023
Strategic Planning Projects and Programs	130,349	130,349
Research Fund	43,447	44,761
International Development	103,445	102,139
Developing Countries Fund	87,747	86,743
Nila B. Smith Fund	84,119	88,619
Library Fund	553	148
Ronald W. Mitchell Fund	157	42
Helen Robinson Fund	74	1,216
Gertrude Whipple Fund	<u>84,431</u>	<u>84,112</u>
Total Board-Designated for Specific Purpose	<u>3,153,428</u>	<u>4,147,726</u>
Board-Designated Endowment Funds		
Operating Fund	13,378	11,752
Research Fund	992,638	852,629
International Development	767,850	675,540
Developing Countries Fund	7,218	6,193
General Reserve Fund	850,536	951,823
Library Fund	1,044,612	1,019,320
Ronald W. Mitchell Fund	284,397	243,997
Helen Robinson Fund	144,284	123,788
Gertrude Whipple Fund	796,298	683,179
Constance McCullough Fund	720,043	617,757
Other Funds Subject to Spending Policy	<u>110,321</u>	<u>108,352</u>
Total Board-Designated Endowment Funds	<u>5,731,575</u>	<u>5,294,330</u>
Total Net Assets Without Donor Restrictions	<u>\$ 3,168,415</u>	<u>\$ 3,329,840</u>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 12: NET ASSETS - CONTINUED

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

	2021	2020
Subject to Expenditure for Specified Purpose		
Restricted for Research - Due to Endowment/Accrued Interest	\$ 3,604	\$ 2,567
Restricted for Research Awards - Earmarked for Endowment	21,000	-
Delaware Early Literacy Project	180,619	118,583
Foundation - Lead2Feed World Hunger Leadership Challenge	-	286,566
Foundation - Panasonic Student Eco Citizenship Project	-	28,663
Partnership Development Fund	34,536	37,036
Total Subject to Expenditure for Specified Purpose	239,759	473,415
Subject to Endowment Spending Policy and Appropriations		
Corpus of Endowed Funds	150,000	150,000
Cumulative Earnings on Endowed Funds - Restricted for Research	292,481	188,159
James Flood/Diane Lapp Professional Collaborator Award	55,605	49,580
Shanahan Outstanding Dissertation Award Fund	56,360	50,281
William S. Gray Citation of Merit	11,114	10,031
Total Subject to Endowment Spending Policy and Appropriations	565,560	448,051
Not Subject to Appropriation or Expenditure		
Beneficial Interest in Charitable Remainder Trust	34,439	27,919
Total Net Assets With Donor Restrictions	\$ 839,758	\$ 949,385

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

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 13: FAIR VALUE MEASUREMENTS - CONTINUED

Level 1 - Continued - 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:

	2021			
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	\$ 1,449,216	\$ 1,449,216	\$ -	\$ -
Mutual Funds				
International Equity	582,095	582,095	-	-
Domestic Equity	1,343,999	1,343,999	-	-
Fixed Income	1,789,226	1,789,226	-	-
Other Funds	786,240	786,240	-	-
Mortgage-Backed Securities	<u>6,982</u>	<u>6,982</u>	<u>-</u>	<u>-</u>
 Total Investments	 5,957,758	 5,957,758	 -	 -
Assets Held in Charitable Remainder Trust	<u>114,243</u>	<u>114,243</u>	<u>-</u>	<u>-</u>
Assets Measured, at Fair Value	<u>\$ 6,072,001</u>	<u>\$ 6,072,001</u>	<u>\$ -</u>	<u>\$ -</u>
 <i>Investments Measured at Net Asset Value</i>				
Alternative Investments	<u>\$ 339,377</u>			

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 13: FAIR VALUE MEASUREMENTS - CONTINUED

	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 Remainder 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>			

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, 2021 and 2020.

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, 2021

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, 2021 and 2020, 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, 2021

NOTE 14: ENDOWMENT FUNDS - CONTINUED

Endowment Composition

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted - Endowment Funds	\$ -	\$ 565,560	\$ 565,560
Board-Designated - Endowment Funds	5,731,575	-	5,731,575
Total	<u>\$ 5,731,575</u>	<u>\$ 565,560</u>	<u>\$ 6,297,135</u>
	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>

Endowment Fund Activity - Changes in the fund's net assets for the year ended June 30, 2021, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Fund's Net Assets - July 1, 2020	\$ 5,294,330	\$ 448,051	\$ 5,742,381
Interest and Dividends	63,553	17,501	81,054
Unrealized Gains on Investments	436,627	93,764	530,391
Realized Gains on Investments	263,350	17,721	281,071
Investment Advisory Fees	(19,495)	(2,690)	(22,185)
Contributions/Deposits	2,294,234	-	2,294,234
Reclassifications/Transfers	1,037	(1,037)	-
Appropriated for Expenditure	(2,602,061)	(7,750)	(2,609,811)
Fund's Net Assets - June 30, 2021	<u>\$ 5,731,575</u>	<u>\$ 565,560</u>	<u>\$ 6,297,135</u>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 14: ENDOWMENT FUNDS - CONTINUED

Endowment Fund Activity - Continued

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	<u>(1,785,632)</u>	<u>(8,059)</u>	<u>(1,793,691)</u>
Fund's Net Assets - June 30, 2020	<u>\$ 5,294,330</u>	<u>\$ 448,051</u>	<u>\$ 5,742,381</u>

NOTE 15: LEASES AS LESSEE

During the years ended June 30, 2021 and 2020, the Association leased office space under an operating lease agreement which expired in June 2021. The lease was not renewed.

The Association also leased office equipment under a noncancelable capital lease agreement which was set to expire in December 2021. During the year ended June 30, 2021, the Association settled its remaining lease obligations to the lessor and the office equipment was returned. 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>2021</u>	<u>2020</u>
Equipment	\$ -	\$ 66,933
Less: Accumulated Depreciation	<u>-</u>	<u>(41,833)</u>
	<u>\$ -</u>	<u>\$ 25,100</u>

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

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. During the year ended June 30, 2021, the Association sold the property being leased and the buyer assumed the lease. Rental income for the years ended June 30, 2021 and 2020, totaled \$244,545 and \$472,360, respectively.

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 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. The loan was set to have a maturity term of two years and incur interest at a rate of 1%. As indicated in Note 2, the PPP loan was recorded as a conditional grant on the consolidated statement of financial position as of June 30, 2020. During the year ended June 30, 2021, the Association utilized the loan proceeds for purposes consistent with the PPP and submitted an application for forgiveness. The Association received notification of full forgiveness from the lender on November 2, 2020. As a result, \$357,000 has been recognized as government grant income in the consolidated statement of activities as of June 30, 2021.

In January 2021, the U.S. Small Business Administration opened the loan application process for a second draw PPP loan for eligible organizations that previously received a first draw PPP loan. Loan terms for second draw PPP loans are consistent with the initial round of funding, with the exception of a loan term of five years. On March 16, 2021, the Association received proceeds in the amount of \$671,862 under the second round of PPP funding. The proceeds have been recorded as a conditional grant on the consolidated statement of financial position as of June 30, 2021. Upon satisfaction of the conditions contained in the PPP loan agreement, the Association will recognize the conditional grant as revenue. Management anticipates the Association will incur enough eligible costs to qualify for full forgiveness of the loan during the year ending June 30, 2022.

NOTE 18: DERECOGNITION OF PREVIOUSLY CONTROLLED ENTITY

Effective June 30, 2021, the Foundation for Impact on Literacy and Learning (Foundation) amended their Articles of Incorporation and removed International Literacy Association as the sole corporate member. The June 30, 2021, consolidated statement of financial position does not include the accounts of the Foundation since the separation date was effective June 30, 2021.

INTERNATIONAL LITERACY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021

NOTE 18: DERECOGNITION OF PREVIOUSLY CONTROLLED ENTITY - CONTINUED

The following table summarizes the assets and liabilities released at the separation date:

Cash and Cash Equivalents	\$ 1,148,403
Grants Receivable	268,750
Accounts Payable	<u>(116,320)</u>
Excess of Assets Released Over Liabilities Released upon Derecognition of Previously Controlled Entity	<u>\$ 1,300,833</u>

SUPPLEMENTARY INFORMATION

INTERNATIONAL LITERACY ASSOCIATION
COMBINING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2021

	International Literacy Association	Foundation for Impact on Literacy and Learning	Eliminating Entries	Combining Totals
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 111,561	\$ -	\$ -	\$ 111,561
Accounts Receivable - Net	37,473	-	-	37,473
Grants Receivable	21,000	-	-	21,000
Interest Receivable	3,152	-	-	3,152
Publication Inventory	2,299	-	-	2,299
Prepaid Expenses and Other	24,014	-	-	24,014
TOTAL CURRENT ASSETS	199,499	-	-	199,499
OTHER ASSETS				
Investments	6,297,135	-	-	6,297,135
Property and Equipment - Net	47,466	-	-	47,466
Assets Held in Charitable Remainder Trust	114,243	-	-	114,243
TOTAL OTHER ASSETS	6,458,844	-	-	6,458,844
TOTAL ASSETS	\$ 6,658,343	\$ -	\$ -	\$ 6,658,343
CURRENT LIABILITIES				
Accounts Payable	\$ 86,469	\$ -	\$ -	\$ 86,469
Deferred Revenues	694,365	-	-	694,365
Refundable Deposits	42,100	-	-	42,100
Accrued Expenses	1,015,626	-	-	1,015,626
TOTAL CURRENT LIABILITIES	1,838,560	-	-	1,838,560
OTHER LIABILITIES				
Amounts Held for Others in Charitable Remainder Trust	79,804	-	-	79,804
Conditional Grant - Paycheck Protection Program	671,862	-	-	671,862
Other Deposits	59,944	-	-	59,944
TOTAL OTHER LIABILITIES	811,610	-	-	811,610
TOTAL LIABILITIES	2,650,170	-	-	2,650,170
NET ASSETS				
Without Donor Restrictions	3,168,415	-	-	3,168,415
With Donor Restrictions	839,758	-	-	839,758
TOTAL NET ASSETS	4,008,173	-	-	4,008,173
TOTAL LIABILITIES AND NET ASSETS	\$ 6,658,343	\$ -	\$ -	\$ 6,658,343

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

	International Literacy Association	Foundation for Impact on Literacy and Learning	Eliminating Entries	Combining 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
Current Maturities of Capital Lease Payable	17,511	-	-	17,511
TOTAL CURRENT LIABILITIES	2,342,459	123,613	(10,123)	2,455,949
OTHER LIABILITIES				
Amounts Held for Others in Charitable Remainder 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
Conditional Grant - Paycheck Protection Program	357,000	-	-	357,000
Other Deposits	62,533	-	-	62,533
TOTAL OTHER LIABILITIES	1,496,810	-	-	1,496,810
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
COMBINING SCHEDULE OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	International Literacy Association		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Constituent Services	\$ 615,145	\$ -	\$ 615,145
Education and Research	542,511	-	542,511
Conferences and Meetings	474,331	-	474,331
Contributions and Grants	16,252	136,125	152,377
Government Grant - PPP Loan Forgiveness	357,000	-	357,000
Investment Income - Net	747,031	126,296	873,327
Change in Value of Interest in Charitable Remainder Trust	-	6,520	6,520
Rental Income	244,545	-	244,545
Gain on Disposal of Property and Equipment	1,378,381	-	1,378,381
Total Revenue	4,375,196	268,941	4,644,137
Net Assets Released from Restrictions	63,339	(63,339)	-
TOTAL REVENUE AND OTHER SUPPORT	4,438,535	205,602	4,644,137
EXPENSES			
Program Services			
Constituent Services	613,139	-	613,139
Education and Research	813,824	-	813,824
Conferences and Meetings	1,498,447	-	1,498,447
Other Programs	17,053	-	17,053
Total Program Services	2,942,463	-	2,942,463
Supporting Services			
Management and General	1,033,188	-	1,033,188
Fundraising	59,605	-	59,605
Total Supporting Services	1,092,793	-	1,092,793
TOTAL EXPENSES	4,035,256	-	4,035,256
DERECOGNITION OF PREVIOUSLY CONTROLLED ENTITY	-	-	-
CHANGE IN NET ASSETS	403,279	205,602	608,881
NET ASSETS - Beginning of Year	2,765,136	634,156	3,399,292
NET ASSETS - End of Year	\$ 3,168,415	\$ 839,758	\$ 4,008,173

INTERNATIONAL LITERACY ASSOCIATION
COMBINING SCHEDULE OF ACTIVITIES - CONTINUED
YEAR ENDED JUNE 30, 2021

	Foundation for Impact on Literacy and Learning			Eliminating Entries	Combining Totals
	Without Donor Restrictions	With Donor Restrictions	Total		
REVENUE AND OTHER SUPPORT					
Constituent Services	\$ -	\$ -	\$ -	\$ -	\$ 615,145
Education and Research	-	-	-	-	542,511
Conferences and Meetings	-	-	-	-	474,331
Contributions and Grants	1,084,147	704,444	1,788,591	-	1,940,968
Government Grant - PPP Loan Forgiveness	-	-	-	-	357,000
Investment Income	976	-	976	-	874,303
Change in Value of Interest in Charitable Remainder Trust	-	-	-	-	6,520
Rental Income	-	-	-	-	244,545
Gain on Disposal of Property and Equipment	-	-	-	-	1,378,381
Total Revenue	1,085,123	704,444	1,789,567	-	6,433,704
Net Assets Released from Restrictions	315,229	(315,229)	-	-	-
TOTAL REVENUE AND OTHER SUPPORT	1,400,352	389,215	1,789,567	-	6,433,704
EXPENSES					
Program Services					
Constituent Services	-	-	-	-	613,139
Education and Research	-	-	-	-	813,824
Conferences and Meetings	-	-	-	-	1,498,447
Other Programs	1,204,852	-	1,204,852	-	1,221,905
Total Program Services	1,204,852	-	1,204,852	-	4,147,315
Supporting Services					
Management and General	154,931	-	154,931	-	1,188,119
Fundraising	8,884	-	8,884	-	68,489
Total Supporting Services	163,815	-	163,815	-	1,256,608
TOTAL EXPENSES	1,368,667	-	1,368,667	-	5,403,923
DERECOGNITION OF PREVIOUSLY CONTROLLED ENTITY	-	-	-	(1,300,833)	(1,300,833)
CHANGE IN NET ASSETS	31,685	389,215	420,900	(1,300,833)	(271,052)
NET ASSETS - Beginning of Year	564,704	315,229	879,933	-	4,279,225
NET ASSETS - End of Year	\$ 596,389	\$ 704,444	\$ 1,300,833	\$ (1,300,833)	\$ 4,008,173

INTERNATIONAL LITERACY ASSOCIATION
COMBINING 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 and Meetings	2,088,712	-	2,088,712
Contributions and Grants	34,043	130,134	164,177
Investment Income (Loss) - Net	(12,068)	6,955	(5,113)
Change in Value of Interest in Charitable Remainder 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 and Meetings	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

INTERNATIONAL LITERACY ASSOCIATION
COMBINING SCHEDULE OF ACTIVITIES - CONTINUED
YEAR ENDED JUNE 30, 2020

	<u>Foundation for Impact on Literacy and Learning</u>			<u>Eliminating Entries</u>	<u>Combining Totals</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>		
REVENUE AND OTHER SUPPORT					
Constituent Services	\$ -	\$ -	\$ -	\$ -	\$ 940,276
Education and Research	-	-	-	-	761,585
Conferences and Meetings	-	-	-	-	2,088,712
Contributions and Grants	1,008,381	315,229	1,323,610	(11,527)	1,476,260
Investment Income (Loss)	2,557	-	2,557	-	(2,556)
Change in Value of Interest in Charitable Remainder Trust	-	-	-	-	(180)
Rental Income	-	-	-	-	472,360
Gain on Disposal of Property and Equipment	-	-	-	-	270
Other Revenue	-	-	-	-	17,308
Total Revenue	1,010,938	315,229	1,326,167	(11,527)	5,754,035
Net Assets Released from Restrictions	213,767	(213,767)	-	-	-
TOTAL REVENUE AND OTHER SUPPORT	1,224,705	101,462	1,326,167	(11,527)	5,754,035
EXPENSES					
Program Services					
Constituent Services	-	-	-	-	958,261
Education and Research	-	-	-	-	941,092
Conferences and Meetings	-	-	-	-	3,572,406
Other Programs	1,091,546	-	1,091,546	(10,000)	1,221,345
Total Program Services	1,091,546	-	1,091,546	(10,000)	6,693,104
Supporting Services					
Management and General	136,756	-	136,756	-	1,580,192
Fundraising	-	-	-	-	84,229
Total Supporting Services	136,756	-	136,756	-	1,664,421
TOTAL EXPENSES	1,228,302	-	1,228,302	(10,000)	8,357,525
CHANGE IN NET ASSETS	(3,597)	101,462	97,865	(1,527)	(2,603,490)
NET ASSETS - Beginning of Year	568,301	213,767	782,068	1,527	6,882,715
NET ASSETS - End of Year	\$ 564,704	\$ 315,229	\$ 879,933	\$ -	\$ 4,279,225

INTERNATIONAL LITERACY ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>				<u>Supporting Services</u>				<u>Total</u>
	<u>Constituent Services</u>	<u>Education and Research</u>	<u>Conferences and Meetings</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	\$ 33,350	\$ 21,900	\$ -	\$ -	\$ 55,250	\$ -	\$ -	\$ -	\$ 55,250
Salaries and Wages	335,463	450,775	538,274	4,450	1,328,962	407,484	41,429	448,913	1,777,875
Pension Plan	9,814	12,696	14,116	116	36,742	9,225	534	9,759	46,501
Other Employee Benefits	32,345	50,959	54,877	3,490	141,671	52,250	4,871	57,121	198,792
Payroll Taxes	25,119	31,085	39,770	280	96,254	28,259	2,820	31,079	127,333
Legal	-	-	21,899	-	21,899	8,075	-	8,075	29,974
Accounting	9,615	8,449	7,540	-	25,604	51,159	177	51,336	76,940
Bad Debt Expense	-	-	-	-	-	1,638	-	1,638	1,638
Marketing and Promotion	34,993	8,046	63,579	-	106,618	4,046	-	4,046	110,664
Office Expenses	322	234	1,640	-	2,196	5,598	92	5,690	7,886
Information Technology	55,626	55,647	213,880	1,616	326,769	126,579	1,535	128,114	454,883
Occupancy	33,606	33,393	33,443	1,008	101,450	133,456	2,606	136,062	237,512
Travel - Board and Volunteers	-	-	-	200	200	2,865	-	2,865	3,065
Conferences and Meetings	-	-	342,921	-	342,921	-	3,850	3,850	346,771
Interest	-	-	-	-	-	21,322	-	21,322	21,322
Depreciation	7,558	7,558	7,558	229	22,903	57,973	153	58,126	81,029
Insurance	-	-	-	-	-	31,738	-	31,738	31,738
Outside Services	35,143	130,907	153,919	4,364	324,333	84,004	1,455	85,459	409,792
Equipment Rental and Maintenance	-	-	-	-	-	673	-	673	673
Postage and Shipping	150	248	247	24	669	3,298	83	3,381	4,050
Professional Development	-	-	-	1,276	1,276	3,546	-	3,546	4,822
Cost of Goods Sold	35	1,927	4,784	-	6,746	-	-	-	6,746
TOTAL	\$ 613,139	\$ 813,824	\$ 1,498,447	\$ 17,053	\$ 2,942,463	\$ 1,033,188	\$ 59,605	\$ 1,092,793	\$ 4,035,256

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

	Program Services				Supporting Services				Total
	Constituent Services	Education and Research	Conferences and Meetings	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
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 and Meetings	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	\$ 958,261	\$ 941,092	\$ 3,572,406	\$ 139,799	\$ 5,611,558	\$ 1,443,436	\$ 84,229	\$ 1,527,665	\$ 7,139,223

FOUNDATION FOR IMPACT ON LITERACY AND LEARNING
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total</u>	
	<u>Constituent Services</u>	<u>Education and Research</u>	<u>Conferences and Meetings</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	\$ -	\$ -	\$ -	\$ 163,000	\$ 163,000	\$ -	\$ -	\$ -	\$ 163,000
Marketing and Promotion	-	-	-	318,531	318,531	-	3,123	3,123	321,654
Office Expenses	-	-	-	4,294	4,294	135,611	-	135,611	139,905
Travel - Staff	-	-	-	2,709	2,709	-	-	-	2,709
Outside Services	-	-	-	590,777	590,777	19,320	5,761	25,081	615,858
Postage and Shipping	-	-	-	10,632	10,632	-	-	-	10,632
Printing	-	-	-	114,909	114,909	-	-	-	114,909
TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,204,852</u>	<u>\$ 1,204,852</u>	<u>\$ 154,931</u>	<u>\$ 8,884</u>	<u>\$ 163,815</u>	<u>\$ 1,368,667</u>

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>Total</u>	
	<u>Constituent Services</u>	<u>Education and Research</u>	<u>Conferences and Meetings</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	\$ -	\$ -	\$ -	\$ 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>