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Developments in Literacy

Educating Children • Empowering Communities

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Developments in Literacy, Inc.

Opinion

I have audited the accompanying financial statements of Developments in Literacy, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Developments in Literacy, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Developments in Literacy, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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To the Board of Directors of
Developments in Literacy, Inc.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Developments in Literacy Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Developments in Literacy Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

I have previously audited the Developments in Literacy Inc.'s 2022 financial statements, and my report dated July 30, 2023, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Troy K Yoshida

Troy Yoshida CPA, Inc.
Cypress, CA
July 31, 2024

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(with summarized totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
ASSETS				
CURRENT ASSETS:				
Cash	$ 1,905,507	$ -	$ 1,905,507	$ 1,674,291
Current Portion of Pledges Receivable, Net	121,850	-	121,850	-
Note Receivable	11,574	-	11,574	12,774
Prepaid Expenses	793	-	793	1,839
TOTAL CURRENT ASSETS	2,039,724	-	2,039,724	1,493,904
PROPERTY & EQUIPMENT				
Computers & Equipment	13,673	-	13,673	13,673
Accumulated Depreciation	(13,673)	-	(13,673)	(13,429)
TOTAL PROPERTY & EQUIPMENT	-	-	-	244
OTHER ASSETS:				
Investments	732,103	-	732,103	650,190
Deposits	100	-	100	139
TOTAL OTHER ASSETS	732,203	-	732,203	650,329
TOTAL ASSETS	$ 2,771,927	$ -	$ 2,771,927	$ 2,339,477
LIABILITIES & NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable	$ 22,791	$ -	$ 22,791	$ 954
Accrued Liabilities	16,903	-	16,903	10,562
TOTAL CURRENT LIABILITIES	39,694	-	39,694	11,516
NET ASSETS:				
Without Donor Restrictions				
Undesignated	2,732,233	-	2,732,233	2,327,961
With Donor Restrictions	-	-	-	-
TOTAL NET ASSETS	2,732,233	-	2,732,233	2,132,961
TOTAL LIABILITIES & NET ASSETS	$ 2,771,927	$ -	$ 2,771,927	$ 2,339,477

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(with summarized totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
REVENUES AND OTHER SUPPORT				
Special events, net of direct benefit to donors of $362,187	$ 1,768,560	$ -	$ 1,768,560	$ 1,630,414
Contributions	649,033	-	649,033	1,007,094
Interest and Dividend Income	23,229	-	23,229	36,040
Net Unrealized Gain (Loss)	63,298	-	63,298	(129,218)
TOTAL REVENUES AND OTHER SUPPORT	2,504,120	-	2,504,120	2,544,330
EXPENSES				
Program Services	$ 1,859,773	$ -	$ 1,859,773	$ 1,721,575
Supporting Services				
Management and General	95,366	-	95,366	88,738
Fundraising	144,709	-	144,709	96,256
TOTAL EXPENSES	2,099,848	-	2,099,848	1,906,569
CHANGE IN NET ASSETS	404,272	-	404,272	637,761
NET ASSETS AT BEGINNING OF YEAR	$ 2,327,961	$ -	$ 2,327,961	$ 1,690,200
NET ASSETS AT END OF YEAR	$ 2,732,233	$ -	$ 2,732,233	$ 2,327,961

See Notes to Financial Statements

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(with summarized totals for 2022)

		Supporting Services			
	Program Services	Management and General	Fundraising	2023 Totals	2022 Totals
Education:					
Grants	1,550,020	-	-	1,550,020	1,424,000
Direct Fundraising Event Expense	-	-	362,187	362,187	232,962
Bank and Credit Card Fees	20,196	9,877	3,593	33,666	33,652
Database and Software	810	-	7,445	8,255	7,381
Depreciation	-	244	-	244	781
Insurance	-	6,187	-	6,187	6,374
Marketing	-	-	25,243	25,243	2,430
Miscellaneous	-	230	-	230	819
Payroll & Related Expenses	279,788	70,399	103,240	453,427	412,876
Postage and Printing	-	699	-	699	1,236
Professional Fees	8,929	5,438	5,158	19,525	11,312
Rent Expenses	-	1,072	-	1,072	976
Supplies	-	114	-	114	3,359
Telephone	30	1,106	30	1,166	1,103
Travel	-	-	-	-	270
TOTAL EXPENSES	1,859,773	95,366	506,896	2,462,035	2,139,531
Less: Direct Benefit to Donors at Special Events Included in Revenue	-	-	(362,187)	(362,187)	(232,962)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	$ 1,859,773	$ 95,366	$ 144,709	$ 2,099,848	$ 1,906,569

See Notes to Financial Statements

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(with summarized totals for 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 404,272	$ 637,761
Adjustments to Reconcile Change in Net Assets		
To Net Cash Provided by Operating Activities:		
Depreciation	$ 244	$ 781
Unrealized (Gain) Loss on Investment	(63,298)	129,218
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Pledges Receivable	(121,850)	62,530
(Increase) Decrease in Note Receivable	1,200	1,800
(Increase) Decrease in Prepaid Expenses	1,046	2
(Increase) Decrease in Deposits	39	4,895
Increase (Decrease) in Accounts Payable	21,837	(7,310)
Increase (Decrease) in Accrued Liabilities	6,341	(7,573)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	249,831	822,104
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Investments	(18,615)	(47,023)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(18,615)	(47,023)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	231,216	775,081
BEGINNING CASH AND CASH EQUIVALENTS	$ 1,674,291	$ 899,210
ENDING CASH AND CASH EQUIVALENTS	$ 1,905,507	$ 1,674,291

See Notes to Financial Statements

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

1. Summary of Significant Accounting Policies

Nature of Organization

Developments in Literacy, Inc. ("the Organization") was founded in February 1997 as a California nonprofit public benefit corporation. The purpose of the Organization is to promote literacy and provide education to underprivileged children in Pakistan. The Organization's support comes entirely from donor contributions.

Net Assets

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

> *Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.
>
> *Without donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. This also includes net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

1. Summary of Significant Accounting Policies – (Continued)

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

Concentration of Credit Risk

The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Note Receivable

Notes Receivable are carried at cost, net of any allowance for losses. The allowance for losses is based on the Organization's evaluation of the collectability of the note. Interest income on notes receivable are recorded on the accrual basis.

1. Summary of Significant Accounting Policies – (Continued)

Property and Equipment

Property and equipment are stated at fair value at the date of donation or at cost, if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of ten years for furniture and equipment and five years for computers. It is the policy of the Organization to capitalize assets costing $2,500 or more with a useful life exceeding one year.

Promises to Give

Unconditional promises to give (i.e. contributions) are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give (i.e. contributions) are recognized when the conditions on which they depend are substantially met.

Revenue Recognition

The Organization normally receives the majority of its revenues from donors at fundraising events. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

1. Summary of Significant Accounting Policies – (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The major programs of the Organization are as follows:

Cooperation for Advancement Rehabilitation and Education (CARE)

The Organization's partnership with CARE began in 2002. The objective of this project is to provide quality, marketable education to underprivileged children in the Sheikhupura District of the Punjab Province.

Orangi

The objective of this project is to provide quality education through teacher training, strengthening curriculum and grassroots collaboration in the outskirts of Northwest Orangi. This project began in 2001.

Indus Resource Center (IRC)

The Organization's partnership with IRC began in 2001. The objective of this project is to provide quality education through teacher training, strengthening curriculum and grassroots collaboration in the Khairpur district of Karachi.

Kala Shah Kaku (KSK)

The objective of this project is to provide quality education through teacher training, strengthening curriculum and grassroots collaboration for children living in the low income housing scheme of Khuda Ki Basti in the Sheikhupura district. This project began in 2009.

1. Summary of Significant Accounting Policies – (Continued)

Functional Allocation of Expenses (Continued)

Khwendo Kor (KK)

The objective of this project is to provide quality education through grassroots collaboration and efforts, and mobilize local resources to address the social sector needs of underserved communities, particularly for women and girls living in the North West Frontier Province of Pakistan. The Organization's partnership with KK began in 2001.

Naz Old Boys Welfare Association (NOWA)

The objective of this project is to provide quality primary education for girls in the remote villages of Khairpur. The Organization's partnership with NOWA began in 1998.

Islamabad Central Territory (ICT)

The objective of this project is to provide quality education through teacher training, strengthening curriculum and grassroots collaboration in the underserved communities in ICT. This project began in 2006.

Rural Rawalpindi (RRP)

The objective of this project is to provide quality education through teacher training, strengthening curriculum and grassroots collaboration in areas of Rural Rawalpindi. This project began in late 2003.

Mansehra

The objective of this project is to provide quality education through teacher training, strengthening curriculum and grassroots collaboration in Mansehra District, in Khyber Pakhtunwa. This project began in 2006.

Income Taxes

The Organization is a not-for-profit organization, as described in Section 501(c)(3) of the Internal Revenue Code and corresponding state law. Accordingly, the Organization is exempt from federal and state income taxes. The Organization takes no tax positions that it considers to be uncertain.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

In preparing these financial statements, the Organization continues to evaluate events and transactions for potential recognition or disclosure through July 31, 2024 the date on which the financial statements were available to be issued.

2. Cash & Cash Equivalents

   The total cash held by the Organization at December 31, 2023 totaled $1,905,507 maintained in various accounts. Balances in bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. Federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization.

3. Contributed Services

   A number of unpaid volunteers have made contributions to the different Organization program services. The value of these contributions is not reflected in these statements since they do not meet the criteria for recognition as contributed services.

4. Pledges Receivable

   In addition to contributions received during the fiscal year, donors have made pledges for current contributions. There were $121,850 in pledges receivable at December 31, 2023.

5. Note Receivable

   The Organization carried an unsecured note receivable with repayment terms of 24 months commencing on August 1, 2016 with interest at 0% per annum. As of December 31, 2023, the balance on the note receivable totaled $11,574. There was no allowance for loss at December 31, 2023.

6. Property and Equipment

   Property and equipment consist of the following:

Computers	$12,673
Furniture and equipment	1,000
	13,673
Less accumulated depreciation	(13,673)
Total Property and Equipment (net)	$ 0

   Depreciation expense for the year ended December 31, 2023 totaled $244.

7. Investments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC, *Fair Value Measurements* are described as follows:

The three levels of fair value hierarchy under FASB ASC, *Fair Value Measurements* are described as follows:

Level 1 -	Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.
Level 2 -	Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data.
Level 3 -	Unobservable inputs supported by little or no market data, and require significant judgment or estimation. The Organization does not hold any level 3 financial instruments.

Fair value methods and assumptions on investments consisting of common stock, preferred stock, mutual funds and bond funds are based on the Level 1 market approach. The following table present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31, 2023:

	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Common stock	$188,913	$188,913	$ -	$ -
Mutual Funds	204,633	204,633		
Fixed Income Funds	338,557	338,557	-	-
Total Investments carried at fair value	$732,103	$ 732,103	$ -	$ -
Money Market Funds	0			
Total Investments	$732,103			

The following schedule summarizes the investment return on cash equivalents and investments for the year ended December 31, 2023:

Interest and Dividends	$ 23,229
Unrealized Gains/(Losses)	63,298
Total Investment Return	$ 86,527

8. Liquidity and Availability

Financial assets held by the Organization at December 31, 2023 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized as follows:

Financial Assets at Year End:	
Cash	$1,905,507
Investments	732,103
Pledges Receivable, Net	121,850
Total Financial Assets at Year End	$2,759,460
Less Amounts Not Available to Be Used Within One Year:	0
Financial Assets Available to Meet General Expenditures Within One Year	$2,759,460

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Organization has various sources of liquid financial resources at its disposal, including cash and cash equivalents and liquid investments. For purposes of analyzing resources available to meet general expenditures over a 12 month period, the Organization considers pledges receivable expected to be collected in the next fiscal year as available for general expenditures.

9. Leases

The Organization rents a month to month storage unit. The components of lease expense were as follows:

Operating Lease Cost	$ 1,072

There was no lease liability as of December 31, 2023.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2023 totaled $0 and usually consists of donations restricted by time.

11. Special Events

Special event revenue and expenses are directly related to fundraising events. The gross revenue in 2023 was $2,130,747 and the direct expense benefit to donors was $362,187. In 2022, the gross revenue was $1,863,376 and the direct expense benefit to donors was $232,962. The Statement of Activities reports special event revenue net of the direct expense benefit to donors, totaling $1,768,560 in 2023 and $1,630,414 in 2022.

12. Financial Statement Summarized Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by the net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022 from which the summarized information was derived.

13. Developments in Literacy, Pakistan

The Organization is the major contributor for an entity named Developments in Literacy, Pakistan. The Organization sends money to Developments in Literacy, Pakistan to support the programs of the Organization. Developments in Literacy, Pakistan then distributes the money to the schools that the Organization supports. The amount of money sent to each school is determined by letters of agreement between the Organization and the schools. The Board of Developments in Literacy, U.S.A. occasionally authorizes more money to be distributed to a school based on specific needs. The Organization also pays for the majority of expenses incurred by the Developments in Literacy, Pakistan office.