

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

**Consolidated Financial Statements
Together with Independent Auditors' Report**

For the Years Ended May 31, 2018 and 2017



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the International Dyslexia Association and Subsidiary:

We have audited the accompanying consolidated financial statements of the International Dyslexia Association and Subsidiary, a nonprofit organization, which comprise the consolidated statements of financial position as of May 31, 2018 and 2017, the related consolidated statements of activities 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the International Dyslexia Association and Subsidiary as of May 31, 2018 and 2017, 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.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of unrestricted net assets, consolidated schedules of functional expenses, and consolidated schedules of program service expenses are presented for purposes of additional analysis and are not a required part 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 audits 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.

SC&H Attest Services, P.C.

October 23, 2018

**THE INTERATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

Consolidated Statements of Financial Position

<i>As of May 31,</i>	<i>2018</i>	<i>2017</i>
Assets		
Current Assets		
Cash and cash equivalents	\$ 54,101	\$ 9,890
Accounts receivable, net	6,036	41,846
Unconditional promises to give, current portion	36,234	96,614
Inventory of publications for sale	9,469	17,267
Prepaid expenses	74,528	83,722
Total Current Assets	180,368	249,339
Noncurrent Assets		
Investments	759,565	922,515
Unconditional promises to give, net of current portion and discount	87,664	107,361
Property and equipment, net	1,810,767	1,861,921
Intangible assets	224,650	266,561
Total Noncurrent Assets	2,882,646	3,158,358
Total Assets	\$ 3,063,014	\$ 3,407,697
Liabilities and Net Assets		
Current Liabilities		
Line of credit	\$ 200,000	\$ 182,000
Accounts payable	316,274	125,569
Accrued wages and vacation	34,862	55,940
Deferred revenue	175,506	184,910
Building loan payable, current portion	42,445	40,827
Total Current Liabilities	769,087	589,246
Long Term Liabilities		
Building loan payable, net of current portion and net deferred loan fees	898,279	938,974
Total Liabilities	1,667,366	1,528,220
Commitments (Notes 11 and 12)		
Net Assets		
Unrestricted - available for general activities	109,106	524,650
Unrestricted - Board designated	1,053,007	1,040,215
Total Unrestricted Net Assets	1,162,113	1,564,865
Temporarily restricted	213,535	294,612
Permanently restricted	20,000	20,000
Total Net Assets	1,395,648	1,879,477
Total Liabilities and Net Assets	\$ 3,063,014	\$ 3,407,697

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

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
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Consolidated Statements of Activities

<i>For the Years Ended May 31,</i>	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues, gains and other support:								
Public Support - Received directly:								
Contributions and grants	\$ 211,264	\$ 84	\$ -	\$ 211,348	\$ 69,720	\$ 55,200	\$ -	\$ 124,920
Team Quest	98,785	-	-	98,785	62,947	-	-	62,947
Worksite campaign	9,530	-	-	9,530	9,903	-	-	9,903
Hall of Honor campaign	-	-	-	-	250	-	-	250
Total public support	319,579	84	-	319,663	142,820	55,200	-	198,020
Other operating revenue:								
National conference	1,203,040	-	-	1,203,040	888,298	-	-	888,298
Membership dues	626,732	-	-	626,732	618,836	-	-	618,836
Educator training (Note 15)	348,445	-	-	348,445	523,925	-	-	523,925
Certification (Note 15)	43,674	-	-	43,674	29,120	-	-	29,120
Publication and educational material sales	150,223	-	-	150,223	111,821	-	-	111,821
Miscellaneous	65,024	-	-	65,024	85,973	-	-	85,973
Advertising	63,601	-	-	63,601	66,690	-	-	66,690
Special events, net of costs of \$1,813 for 2018 and \$2,585 for 2017	22,572	-	-	22,572	20,122	-	-	20,122
Total other operating revenue	2,523,311	-	-	2,523,311	2,344,785	-	-	2,344,785
Net assets released from restrictions by satisfaction of purpose and time restrictions	97,452	(97,452)	-	-	75,393	(75,393)	-	-
Total operating revenues, gains, and other support	2,940,342	(97,368)	-	2,842,974	2,562,998	(20,193)	-	2,542,805
Operating expenses:								
Program services	2,710,022	-	-	2,710,022	2,278,208	-	-	2,278,208
Supporting services								
Management and general	284,660	-	-	284,660	312,286	-	-	312,286
Fundraising	314,364	-	-	314,364	222,440	-	-	222,440
Membership development	71,109	-	-	71,109	81,794	-	-	81,794
Total supporting services	670,133	-	-	670,133	616,520	-	-	616,520
Total operating expenses	3,380,155	-	-	3,380,155	2,894,728	-	-	2,894,728
Change in net assets from operations	(439,813)	(97,368)	-	(537,181)	(331,730)	(20,193)	-	(351,923)
Change in present value of charitable lead annuity trusts	-	16,291	-	16,291	-	212	-	212
Investment income	37,061	-	-	37,061	45,614	-	-	45,614
Change in net assets	(402,752)	(81,077)	-	(483,829)	(286,116)	(19,981)	-	(306,097)
Net assets - beginning of year	1,564,865	294,612	20,000	1,879,477	1,850,981	314,593	20,000	2,185,574
Net assets - end of year	\$ 1,162,113	\$ 213,535	\$ 20,000	\$ 1,395,648	\$ 1,564,865	\$ 294,612	\$ 20,000	\$ 1,879,477

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

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
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Consolidated Statements of Cash Flows

<i>For the Years Ended May 31,</i>	<i>2018</i>	<i>2017</i>
Cash flows from operating activities:		
Change in net assets	\$ (483,829)	\$ (306,097)
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities		
Depreciation and amortization	128,549	90,640
Amortization of deferred loan fees	1,750	1,750
Realized gain on investments	(163,415)	(6,398)
Reinvested dividends and interest	(11,481)	(10,266)
Unrealized loss (gain) on investments	137,835	(28,950)
(Increase) decrease in assets		
Accounts receivable	35,810	2,012
Unconditional promises to give	80,077	20,981
Inventory of publications for sale	7,798	9,912
Prepaid expenses	9,194	(18,415)
Increase (decrease) in liabilities		
Accounts payable	190,705	(27,942)
Accrued wages and vacation	(21,078)	13,475
Deferred revenue	(9,404)	15,479
Net cash and cash equivalents used in operating activities	(97,489)	(243,819)
Cash flows from investing activities		
Sales (purchase) of investments	200,011	(533,573)
Purchase of property and equipment	(12,852)	(29,976)
Development of intangible assets	(22,632)	(67,739)
Net cash and cash equivalents provided by (used in) investing activities	164,527	(631,288)
Cash flows from financing activities		
Borrowing under line of credit	18,000	182,000
Repayment of capital lease obligations	-	(257)
Repayment of building loan payable	(40,827)	(39,270)
Net cash and cash equivalents (used in) provided by financing activities	(22,827)	142,473
Net increase (decrease) in cash and cash equivalents	44,211	(732,634)
Cash and cash equivalents - beginning of year	9,890	742,524
Cash and cash equivalents - end of year	\$ 54,101	\$ 9,890
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ 44,035	\$ 43,709

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

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The International Dyslexia Association, is a not-for-profit, scientific, and educational organization dedicated to the study and treatment of the learning disability, dyslexia, as well as related language-based learning differences. The purpose of the International Dyslexia Association is to pursue and provide the most comprehensive range of information and services that address the full scope of dyslexia and related difficulties in learning to read and write in a way that creates hope, possibility, and partnership. The International Dyslexia Association actively promotes effective teaching approaches and related clinical educational intervention strategies for dyslexics, supports and encourages interdisciplinary research, facilitates the exploration of the causes and early identification of dyslexia, and is committed to the responsible and wide dissemination of research-based knowledge. The International Dyslexia Association's membership consists of a variety of professionals in partnership with dyslexics and their families and all others interested in The International Dyslexia Association's mission. The International Dyslexia Association is funded primarily by contributions (both private and foundation), membership dues, conference revenues, and sales of publications.

On April 25, 2014, the International Dyslexia Association's Board of Directors approved the creation and funding of the Multi-Tiered Certification Initiative, which includes the IDA Certification Exam. The three tiers consist of Certified Classroom Reading Teacher, Certified Reading Practitioner, and Certified Dyslexia Practitioner or Specialist. In connection with this initiative, a separate legal entity, the Center for Effective Reading Instruction, Inc. (CERI), was incorporated on August 19, 2015. CERI board members are chosen by the International Dyslexia Association Executive Committee, giving the International Dyslexia Association control over the organization.

Principles of Consolidation

The consolidated financial statements include the accounts of The International Dyslexia Association and its wholly owned subsidiary, the Center for Effective Reading Instruction, Inc. (collectively, IDA). All material intercompany accounts and transactions are eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements of IDA have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Consolidated Financial Statement Presentation

The consolidated financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. Under ASC 958-205, IDA is required to report information regarding its financial position and activities according to three classes of net assets.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Consolidated Financial Statement Presentation – cont'd.

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Available for general activities— Represents resources available for support of operations.

Board designated— The Board of Directors has designated certain amounts which are to be spent only for purposes approved by the Board of Directors.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of IDA pursuant to their stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets result from contributions whose use by IDA is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of IDA. The income earned from these contributions is used as stipulated by the donor.

Use of Estimates in Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Valuation of Long-Lived Assets

IDA accounts for the valuation of long-lived assets in accordance with ASC 360, *Property, Plant and Equipment*. ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. As of May 31, 2018 and 2017, IDA determined that none of its assets were impaired. Assets to be disposed are reportable at the lower of the carrying amount or fair value, less costs to sell. IDA had no assets intended for disposal as of May 31, 2018 and 2017.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, IDA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. IDA periodically maintains cash balances in excess of FDIC coverage. Management considers this to be a normal risk.

Investments

Investments are recorded at fair value (see Note 1 - Fair Value Measurement). Realized and unrealized gains or losses on investments are recorded in the period in which the gains or losses occur.

Accounts Receivable

IDA extends credit to customers on an unsecured basis. IDA uses the allowance method to provide for doubtful accounts based on management's evaluation of the collectability of accounts receivable. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Accounts receivable are written off when it is determined that amounts are uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Based upon historical collections experience and evaluation of amounts outstanding, IDA has recorded an allowance for doubtful accounts of \$562 as of May 31, 2018 and 2017.

Promises to Give

In accordance with ASC 958-310, *Not-for-Profit Entities: Receivables*, unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using rates applicable to the facts and circumstances to each of the promises to give. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Discounts recorded for unconditional promises to give totaled \$6,335 and \$12,752 as of May 31, 2018 and 2017, respectively.

Inventory

Inventory consists primarily of books and periodicals and is carried at the lower of first-in, first-out (FIFO) cost or market.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Property and Equipment

Property and equipment purchased are recorded at cost (for those acquisitions having a cost of \$500 or more). Donations of property and equipment are recorded at fair value when received, provided IDA has a measurable and objective basis for determining fair value. If values are not readily determinable, the donations are recorded when liquidated. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the assets.

Estimated useful lives range from:

Data processing equipment and software	3 to 5 years
Furniture and equipment	5 to 20 years
Building and building improvements	40 years

Intangibles

IDA accounts for development costs of their internal software, branding, and other intangible assets, in accordance with ASC 350, *Intangibles – Goodwill and Other*. Under ASC 350, certain costs incurred during the development of internal software are capitalized. The capitalized costs generally consist of external and internal labor for configuration, coding, and testing activities. Capitalization begins when the preliminary project stage is complete, management with the relevant authority authorizes and commits to the funding of the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. Capitalization ceases when the software is made available for use. All other software development costs are expensed as incurred.

Intangible assets consisted of the following at May 31,:

	2018	2017
Development of Team Quest	\$ 41,713	\$ 40,987
Development of IDA Teacher Certification Exam	213,974	213,974
Other Intangible Assets	69,217	47,311
	<u>324,904</u>	<u>302,272</u>
Less: accumulated amortization	(100,254)	(35,711)
Intangible assets, net	<u>\$ 224,650</u>	<u>\$ 266,561</u>

Development of Team Quest consists of the costs to develop the trademarks, website, and marketing materials for Team Quest. Team Quest is recorded at cost and is amortized using the straight-line method. This asset was placed in service on June 1, 2016 and is being amortized over its estimated useful life of five years. Amortization expenses totaled \$8,303 and \$5,682 during the years ended May 31, 2018 and 2017, respectively.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Intangibles – cont'd.

Development of IDA teacher certification exam represents the cost to develop IDA's exam, which is designed to identify teachers who demonstrate knowledge about teaching reading and are eligible for certification. The exam was placed into service on September 30, 2016 and is being amortized using the straight-line method over its estimated useful life of 6 years. Amortization expenses totaled \$36,711 and \$26,146 during the years ended May 31, 2018 and 2017, respectively.

Other intangible assets include website development costs, provider directories, and development of content for a book. These assets are being amortized over useful lives of three years. Amortization expenses totaled \$19,529 and \$3,883 during the years ended May 31, 2018 and 2017, respectively.

Donated Services and Materials

Donated services which meet the requirements for recognition in the consolidated financial statements and donated materials are included in support and expense at the estimated fair values on the date which they are contributed. The requirements for recognition of donated services in the consolidated financial statements are (a) the donated services create or enhance non-financial assets, or (b) the donated services require special skills, are provided by individuals who possess those special skills, and the donated services would typically be purchased by the organization if they had not been provided by contribution.

During the year ended May 31, 2017, certain consultants provided services in the development of the IDA teacher certification exam. No services were provided during the year ended May 31, 2018. The fair value of such services exceeded their compensation. The value of this donated service is not recorded in the consolidated financial statements since it is not subject to objective measurement or valuation.

Donated Property

IDA reports gifts of land, property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, IDA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue

IDA recognizes membership dues when the promises to give is made, which aligns with the receipt of payment. IDA offers materials on its website to members and non-members at the same time, therefore, the value of membership is deemed to be de minimus. Membership dues are recorded in a manner consistent with contribution revenue because membership does not represent an exchange transaction.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Revenue – cont'd.

Conference revenue is reported as revenue in the fiscal year in which the conference is held. Amounts received in advance are recorded in deferred revenue.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, IDA reports the support as unrestricted.

IDA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and change in net assets as net assets released from restrictions.

The cost of fundraising events, which totaled \$47,655 and \$78,832 during the years ended May 31, 2018 and 2017, respectively, are included in fundraising expense in the accompanying consolidated statements of activities.

Uniform Prudent Management of Institutional Funds Act

ASC 958-205 establishes a framework on the net asset classification of donor-restricted endowment funds for any not-for-profit organization that is subject to a state enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and requires expanded disclosures for all endowment funds. Under UPMIFA, permanently restricted net assets consist of the Ruth S. Harris Endowment for Research in Dyslexia. The principal of the fund is permanently restricted. Income (not greater than 5% per year of the corpus) can be used for biomedical research on the causes and treatment of dyslexia.

Functional Classification of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and change in net assets. Accordingly, management and general costs have been allocated among the programs benefited.

Advertising Expense

Advertising costs are charged to operations when incurred. Advertising expense for the years ended May 31, 2018 and 2017 totaled \$1,868 and \$3,927, respectively, and is included in program and supporting services on the accompanying consolidated statements of activities.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement

ASC 820, *Fair Value Measurement*, defines fair value and 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 fair value hierarchy gives priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets or liabilities have a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are unobservable for the assets or liabilities and are significant to the fair value measurement.

The assets or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Money Market Funds: Valued at the net asset value (NAV) of shares held by IDA at year end.

Corporate Equities: Valued at the closing price reported in the active market in which the individual securities are traded.

Corporate Bonds: Valued based on values of similar assets traded in active markets.

Mutual Funds: Valued at the closing price of shares held by IDA at year end. Funds are traded on an active market.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d.

Fair Value Measurement – cont’d.

Unconditional promises to give – beneficial interest in charitable lead annuity trusts: Determined using the income approach based on the present value of the annuity. A discount rate of 1.75% was used during the years ended May 31, 2018 and 2017.

IDA recognizes transfers into and out of levels at the end of the reporting period. There were no transfers between levels during the years ended May 31, 2018 and 2017.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while IDA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at May 31, 2018 and 2017.

The following table sets forth by level, within the fair value hierarchy, IDA’s investments at fair value as of May 31, 2018:

	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 340,878	\$ -	\$ 340,878
Mutual funds	302,434	-	-	302,434
Unconditional promises to give - beneficial interest in charitable lead annuity trusts	-	123,069	-	123,069
Total	\$ 302,434	\$ 463,947	\$ -	\$ 766,381

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d.

Fair Value Measurement – cont’d.

The following table sets forth by level, within the fair value hierarchy, IDA’s investments at fair value as of May 31, 2017:

	Level 1	Level 2	Level 3	Total
Corporate equities	\$ 6,506	\$ -	\$ -	\$ 6,506
Corporate bonds	-	514,534	-	514,534
Mutual funds	307,075	-	-	307,075
Unconditional promises to give - beneficial interest in charitable lead annuity trusts	-	144,250	-	144,250
Total	\$ 313,581	\$ 658,784	\$ -	\$ 972,365

Cash and cash equivalents are excluded from the fair value hierarchy as money market funds are generally measured at cost. As such, \$116,253 and \$94,400 of cash held in IDA’s investment portfolio at June 30, 2018 and 2017, respectively, has been excluded from this table.

Recently Issued Accounting Pronouncement

In April 2015, FASB issued Accounting Standards Update (ASU) 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. This update requires that debt issuance costs be presented in the balance sheet as a reduction from the related debt liability rather than as an asset, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. Management implemented ASU 2015-03 for the year ended May 31, 2018, and it was applied retroactively. As a result of the adoption of ASU 2015-03, the building loan payable on the accompanying consolidated statements of financial position has been reduced by net deferred loan fees. The adoption of this ASU had no impact on the consolidated statements of activities.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which amends the existing accounting standards for revenue recognition. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 and most industry-specific guidance throughout the Industry Topics in the ASC. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Recently Issued Accounting Pronouncement – cont'd.

In August 2015, the FASB deferred the effective date of the revenue recognition guidance for non-public entities to reporting periods beginning after December 15, 2018. Early adoption is permitted. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. Management has elected not to early adopt ASU 2014-09 and will assess the future impact on revenue.

In May 2015, FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820) - Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 also removes certain disclosure requirements for investments that calculate net asset value per share and do not use the practical expedient. ASU 2015-07 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2016, with earlier adoption permitted, and should be retrospectively applied to all periods presented. Management implemented ASU 2015-07 for the year ended June 30, 2017, and it was applied retroactively.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will be effective for fiscal years beginning after December 15, 2019. The distinction between finance leases (previously capital leases) and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous leases guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. Management has elected not to early adopt ASU 2016-02 but will assess the future impact on any leases.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Recently Issued Accounting Pronouncement – cont'd.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities* which is effective for fiscal years beginning after December 15, 2017. The primary impacts of ASU 2016-14 are as follows: a) Net Asset Classification: The three categories of net assets will be condensed to two categories: Without Donor Restrictions and With Donor Restrictions. Not-for-profits may choose to disaggregate net assets further within the two categories. b) Board-Designated Net Assets: Not-for-profits will need to disclose the amount, purpose, and type of board designations either on the face of the financials or in the notes to the financial statements. Board-designated net assets remain a subgroup of net assets without donor restrictions. c) Underwater Endowment Assets: Although the underwater calculation remains unchanged, instead of classifying the underwater portion against unrestricted net assets, it will go against the Net Assets With Donor Restrictions. There are also certain additional disclosures such as any board policy or actions taken regarding appropriation from such funds. d) Cash Flow Statement: Not-for-profits will still have the option of presenting operating cash flows using the direct method or the indirect method. If the direct method is chosen, the indirect reconciliation is not required. e) Expenses: Expenses will be required to be presented both by function and by nature, but it is flexible as to how (in statement form vs. in the footnotes). A qualitative disclosure about how costs are allocated by function will also be required. External and internal direct investment expenses will be netted against investment return on the statement of activities. Disclosure of investment return components will no longer be required. f) Liquidity and Availability: The ASU will require (1) quantitative disclosure about availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date, and (2) qualitative disclosure about liquidity, presented in the notes, including information about liquidity risk and how the liquid available resources are managed. Management has chosen not to early adopt ASU 2016-14 but will assess the impact on future financial statements.

Subsequent Events

IDA evaluated for disclosure any subsequent events through October 23, 2018, the date on which the consolidated financial statements were available to be issued, and determined there were no material events that warrant disclosure.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified in order to conform to the current year presentation.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

2. INCOME TAXES

IDA is generally exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, IDA qualifies for charitable contributions deductions under Section 170(b)(1)(A) of the Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Code. Income, which is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. IDA had no net unrelated business income for the years ended May 31, 2018 and 2017.

ASC 740, *Income Taxes*, prescribes a recognition threshold and a measurement attribute for the consolidated financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return as well as guidance on de-recognition, classification, interest and penalties and consolidated financial statement reporting disclosures. For these benefits to be recognized, a tax position must be more-likely-than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement.

IDA recognizes interest and penalties accrued on any unrecognized tax exposure as a component of income tax expense. IDA does not have any amounts accrued relating to interest and penalties as of May 31, 2018 and 2017. IDA is subject to taxation in various jurisdictions.

3. INVESTMENTS

IDA's investments are carried at fair value (as discussed at Note 1). Investments consisted of the following at May 31,:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 116,253	\$ 116,253	\$ 94,400	\$ 94,400
Corporate equities	-	-	8,510	6,506
Corporate bonds	350,000	340,878	520,908	514,534
Mutual funds				
Equity funds	237,997	238,503	200,366	288,865
Fixed income funds	63,466	63,931	18,056	18,210
	\$ 767,716	\$ 759,565	\$ 842,240	\$ 922,515

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

3. INVESTMENTS – cont'd.

Investment income (loss) consisted of the following for the years ended May 31,:

	2018	2017
Interest and dividend earnings	\$ 12,015	\$ 11,420
Investment expenses	(534)	(1,154)
Realized gains	163,415	6,398
Unrealized gains (losses)	(137,835)	28,950
	<u>\$ 37,061</u>	<u>\$ 45,614</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at May 31,:

	2018	2017
Data processing equipment and software	\$ 43,135	\$ 30,975
Furniture and equipment	120,419	119,727
Building	986,650	986,650
Land	408,908	408,908
Building improvements	846,077	846,077
	<u>2,405,189</u>	<u>2,392,337</u>
Less: accumulated depreciation and amortization	(594,422)	(530,416)
	<u>\$ 1,810,767</u>	<u>\$ 1,861,921</u>

Depreciation and amortization expense amounted to \$64,006 and \$54,929 for the years ended May 31, 2018 and 2017, respectively.

5. LINE OF CREDIT

During the year ended May 31, 2015, IDA entered into a \$200,000 line of credit arrangement with a financial institution. Advances under the line of credit bear interest at the prime rate plus 1%, which equaled 5.75% and 5.00% as of May 31, 2018 and 2017, respectively. The balance on the line of credit totaled \$200,000 and \$182,000 as of May 31, 2018 and 2017, respectively. Borrowings under the line of credit are secured by substantially all assets of IDA.

6. BUILDING LOAN PAYABLE

On August 1, 2014, IDA refinanced its Building Loan. The refinanced loan amount totals \$1,088,000 with a fixed interest rate of 3.84%. Beginning September 1, 2014 and continuing for 59 months, monthly principal and interest payments of \$6,534 are due. The remaining balance is due at maturity in August 2019. This loan is secured by substantially all assets of IDA. Interest expense on this refinanced building loan amounted to \$44,035 and \$43,709 for the years ended May 31, 2018 and 2017, respectively.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

6. BUILDING LOAN PAYABLE – cont'd.

Future maturities of the loan payable consist of the following:

Years ending May 31,:	
2019	\$ 42,445
2020	900,321
	942,766
Less unamortized deferred loan fees	(2,042)
Building loan payable, net	\$ 940,724

7. RETIREMENT PLAN

IDA participates in the Teachers Insurance and Annuity Association - College Retirement Equities Fund, a contributory retirement plan established for educational institutions. Employees have no length of service requirement to fulfill to participate. Participants can contribute up to the maximum limit allowed by the Internal Revenue Code. IDA may provide for a discretionary match of participant contributions dollar for dollar up to 5% of the participant's salary. There were no matching contributions to the plan for the years ended May 31, 2018 and 2017.

8. UNCONDITIONAL PROMISES TO GIVE

IDA has been named as one of six equal beneficiaries in two charitable lead trusts. Under the terms of the first trust, for a period of twenty years commencing on November 18, 1998, the trustee shall pay a unitrust amount for each taxable year equal to 6% of the net fair market value of the assets of the trust valued as of the first day of each taxable year to the six beneficiaries. Under the terms of the second trust, for a period of twenty-five years commencing on November 18, 1998, the trustee shall pay a unitrust amount for each taxable year equal to 6% of the net fair market value of the assets of the trust valued as of the first day of each taxable year to the six beneficiaries. Distributions received by IDA are reported as unrestricted contribution revenue. Upon termination of the trusts, the assets in trust revert to the donor. In calculating the present values of the annual amounts to be received until termination of the trusts, a 1.75% average discount rate and a 6.00% average investment rate of return were utilized for the years ended May 31, 2018 and 2017. For the years ended May 31, 2018 and 2017, respectively, unitrust payments totaling \$37,472 and \$37,368 were received by IDA.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

8. UNCONDITIONAL PROMISES TO GIVE – cont’d.

The unconditional promises to give are as follows at May 31, 2018:

	Charitable Lead Annuity Trusts	Other Pledges	Total
Due in:			
Less than one year	\$ 35,405	\$ 829	\$ 36,234
One to five years	93,999	-	93,999
More than five years	-	-	-
Total unconditional promises to give	129,404	829	130,233
Less discount to present value	(6,335)	-	(6,335)
Net unconditional promises to give	\$ 123,069	\$ 829	\$ 123,898

The unconditional promises to give are as follows at May 31, 2017:

	Charitable Lead Annuity Trusts	Other Pledges	Total
Due in:			
Less than one year	\$ 36,889	\$ 60,725	\$ 97,614
One to five years	104,090	-	104,090
More than five years	16,023	-	16,023
Total unconditional promises to give	157,002	60,725	217,727
Less discount to present value	(12,752)	-	(12,752)
Net unconditional promises to give	\$ 144,250	\$ 60,725	\$ 204,975

Unconditional promises to give are considered fully collectible and, as such, no allowance for doubtful accounts has been recorded.

9. RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes at May 31,:

	2018	2017
Unconditional promises to give which are not available for use	\$ 123,898	\$ 204,975
Good Samaritan	68,354	68,354
MSI research program	19,903	19,903
Global Partnership	1,380	1,380
	\$ 213,535	\$ 294,612

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

10. PROGRAM SERVICE EXPENSES

Program service expenses totaled the following for the years ended May 31,:

	2018	2017
Conference	\$ 1,026,916	\$ 755,403
Membership services	364,367	325,969
Branch services	352,252	382,785
Publications and information	379,971	393,737
ETI	296,592	284,434
Center for Effective Reading Instruction	289,924	135,880
	<u>\$ 2,710,022</u>	<u>\$ 2,278,208</u>

11. CONFERENCE COMMITMENTS

At May 31, 2018, IDA has committed to hold future annual conferences at convention centers or hotels in Connecticut (2018), Oregon (2019), Colorado (2020), and North Carolina (2021). Amounts committed under the related agreements total \$1,092,297 as of May 31, 2018.

12. LEASE COMMITMENTS

Operating Lease

IDA rents temporary storage space on a month to month lease. Total rental expense for temporary storage space amounted to \$6,642 for the years ended May 31, 2018 and 2017.

In addition, IDA leases two (2) copiers, a mailing machine, and a vehicle under operating leases expiring in various years. Equipment rental expense amounted to \$30,294 and \$28,571 for the years ended May 31, 2018 and 2017, respectively.

Future minimum lease payments required under these leases are as follows:

Years ending May 31,:	
2019	\$ 13,637
2020	8,286
2021	6,215
Total	<u>\$ 28,138</u>

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2018 and 2017

13. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions for satisfaction of the following restrictions:

	2018	2017
Time - unconditional promises to give	\$ 97,452	\$ 75,393

14. MEASURE OF OPERATIONS

In its consolidated statements of activities, IDA includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses, change in present value of charitable lead annuity trusts and contributions to permanently restricted net assets are recognized as non-operating support, revenues, gains, and losses.

15. CENTER FOR EFFECTIVE READING INSTRUCTION, INC.

In December 2015, the International Dyslexia Association Executive Committee approved the extension of a \$200,000 line of credit by the International Dyslexia Association for CERI. This was increased to \$220,000 during the year ended May 31, 2017. During the years ended May 31, 2018 and 2017, the line of credit balance totaled \$220,821 and \$220,103, respectively,

CERI is generally exempt from Federal income taxes under Section 501(c)(6) of the Code and received an IRS determination letter, dated March 23, 2016. In addition, CERI does not qualify for charitable contributions deductions under Section 170(c)(2) of the Code. Income not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. CERI had no unrelated business income for the years ended May 31, 2018 and 2017.

During the year ended May 31, 2017, IDA began to offer education courses for those interested in taking the certification exam through CERI. The education courses are not geared specifically for the exam and deal with general topics related to Dyslexia. These activities will remain in IDA, as education falls within the exempt purpose of IDA. Revenue earned from education courses totaled \$348,445 and \$523,925 during the years ended May 31, 2018 and 2017, respectively.

During the year ended May 31, 2017, CERI began to offer the certification exam. The exam is administered through a third-party testing vendor, who will distribute the revenues from the exam based on a percentage agreement with IDA and CERI, until IDA has recovered the costs it has expended on behalf of CERI. Revenue earned by CERI for exam fees totaled \$18,720 and \$29,120 during the years ended May 31, 2018 and 2017, respectively.

SUPPLEMENTARY INFORMATION

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
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Supplemental Consolidated Schedule of Unrestricted Net Assets

	Undesignated	Board Designated				Board Designated Total	Total
		Branch Council	MSI Research Program	Initiatives	Operating Reserve		
Unrestricted net assets at May 31, 2016	\$ 778,624	\$ 77,529	\$ 3,200	\$ 677,696	\$ 313,932	\$ 1,072,357	\$ 1,850,981
Change in unrestricted net assets	(253,974)	(32,142)	-	-	-	(32,142)	(286,116)
Unrestricted net assets at May 31, 2017	524,650	45,387	3,200	677,696	313,932	1,040,215	1,564,865
Change in unrestricted net assets	(415,544)	12,792	-	-	-	12,792	(402,752)
Unrestricted net assets at May 31, 2018	\$ 109,106	\$ 58,179	\$ 3,200	\$ 677,696	\$ 313,932	\$ 1,053,007	\$ 1,162,113

See independent auditors' report.

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

**Supplemental Consolidated Schedule of Functional Expenses
For the Year Ended May 31, 2018**

	Program Services	Management and General	Fundraising	Membership Development	Total
Payroll and payroll related expenses	\$ 1,065,221	\$ 164,354	\$ 166,632	\$ 36,546	\$ 1,432,753
Equipment and facilities rental and maintenance	328,546	18,325	13,025	1,431	361,327
Professional fees	170,204	42,205	2,251	267	214,927
Branch dues and other branch support	189,223	-	-	-	189,223
Conference events expenses	164,795	-	-	-	164,795
Depreciation and amortization expense	108,256	6,543	14,192	1,309	130,300
Staff travel and lodging	121,884	3,385	2,853	648	128,770
Occupancy expenses	83,977	10,630	9,567	2,126	106,300
Board and committee expenses	80,554	15,711	-	-	96,265
Publications and educational items	95,633	-	-	-	95,633
Postage and delivery	47,289	973	25,060	13,124	86,446
Other expenses	58,582	330	9,779	113	68,804
Printing	29,519	108	17,740	14,885	62,252
Supplies	49,593	10,792	831	-	61,216
Special event - fundraisers	-	-	47,655	-	47,655
Telephone	37,581	7,117	949	-	45,647
Speaker expenses	37,733	-	-	-	37,733
Insurance	26,054	3,298	2,968	660	32,980
Legal	13,539	889	832	-	15,260
Advertising	1,839	-	30	-	1,869
	\$ 2,710,022	\$ 284,660	\$ 314,364	\$ 71,109	\$ 3,380,155

See independent auditors' report.

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
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**Supplemental Consolidated Schedule of Functional Expenses
For the Year Ended May 31, 2017**

	Program Services	Management and General	Fundraising	Membership Development	Total
Payroll and payroll related expenses	\$ 906,211	\$ 179,847	\$ 89,106	\$ 43,787	\$ 1,218,951
Equipment and facilities rental and maintenance	244,780	19,927	13,441	1,657	279,805
Professional fees	173,848	33,203	2,277	459	209,787
Branch dues and other branch support	181,030	-	-	-	181,030
Occupancy expenses	77,460	15,492	7,230	3,098	103,280
Staff travel and lodging	91,404	6,137	3,553	1,091	102,185
Depreciation and amortization expense	69,292	13,859	6,467	2,772	92,390
Board and committee expenses	78,764	10,538	-	-	89,302
Conference events expenses	86,903	-	-	-	86,903
Publications and educational items	84,850	-	-	-	84,850
Special event - fundraisers	-	-	78,832	-	78,832
Other expenses	59,127	4,272	4,894	36	68,329
Postage and delivery	45,302	1,038	2,385	14,594	63,319
Printing	39,059	1,098	7,359	13,258	60,774
Supplies	37,278	12,988	3,904	128	54,298
Telephone	39,462	9,319	391	-	49,172
Insurance	22,843	4,568	2,132	914	30,457
Speaker expenses	22,778	-	-	-	22,778
Legal	14,359	-	-	-	14,359
Advertising	3,458	-	469	-	3,927
	\$ 2,278,208	\$ 312,286	\$ 222,440	\$ 81,794	\$ 2,894,728

See independent auditors' report.

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
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**Supplemental Consolidated Schedule of Program Service Expenses
For the Year Ended May 31, 2018**

	Conference	Membership Services	Branch Services	Publications and Information	Educator Training Initiative	Center for Effective Reading	Total
Payroll and payroll related expenses	\$ 260,130	\$ 160,625	\$ 143,937	\$ 156,630	\$ 123,759	\$ 220,140	\$ 1,065,221
Equipment and facilities rental and maintenance	255,527	23,543	12,945	16,604	8,482	11,445	328,546
Branch dues and other branch support	21,035	122,010	46,178	-	-	-	189,223
Professional fees	48,268	6,355	6,617	44,858	55,415	8,691	170,204
Conference events expenses	164,795	-	-	-	-	-	164,795
Staff travel and lodging	53,239	5,072	28,877	4,411	19,851	10,434	121,884
Depreciation and amortization expense	12,432	10,469	17,424	8,204	49,258	10,469	108,256
Publications and educational items	-	-	-	95,633	-	-	95,633
Occupancy expenses	20,197	17,008	8,504	9,567	11,693	17,008	83,977
Board and committee expenses	-	-	71,140	985	8,429	-	80,554
Other expenses	31,117	11,964	1,456	5,401	8,232	412	58,582
Supplies	37,918	1,147	2,628	6,214	1,368	318	49,593
Postage and delivery	19,494	-	253	25,351	2,062	129	47,289
Speaker expenses	37,512	-	-	-	221	-	37,733
Telephone	31,981	897	1,068	1,923	1,712	-	37,581
Printing	26,088	-	860	370	2,201	-	29,519
Insurance	6,266	5,277	2,638	2,968	3,628	5,277	26,054
Legal	-	-	7,667	-	271	5,601	13,539
Advertising	917	-	60	852	10	-	1,839
	\$ 1,026,916	\$ 364,367	\$ 352,252	\$ 379,971	\$ 296,592	\$ 289,924	\$ 2,710,022

See independent auditors' report.

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
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**Supplemental Consolidated Schedule of Program Service Expenses
For the Year Ended May 31, 2017**

	Conference	Membership Services	Branch Services	Publications and Information	Educator Training Initiative	Center for Effective Reading	Total
Payroll and payroll related expenses	\$ 208,516	\$ 135,532	\$ 169,729	\$ 169,747	\$ 162,197	\$ 60,490	\$ 906,211
Equipment and facilities rental and maintenance	177,656	17,552	12,779	25,544	6,786	4,463	244,780
Branch dues and other branch support	2,900	117,732	60,398	-	-	-	181,030
Professional fees	35,032	10,092	5,271	39,826	39,874	43,753	173,848
Staff travel and lodging	42,632	4,636	23,605	6,515	11,018	2,998	91,404
Conference events expenses	86,903	-	-	-	-	-	86,903
Publications and educational items	-	-	-	84,850	-	-	84,850
Board and committee expenses	-	-	74,692	-	2,975	1,097	78,764
Occupancy expenses	19,623	12,394	11,361	16,525	9,295	8,262	77,460
Depreciation and amortization expense	17,554	11,087	10,163	14,782	8,315	7,391	69,292
Other expenses	27,976	11,309	964	3,123	13,501	2,254	59,127
Postage and delivery	15,244	-	750	22,496	6,809	3	45,302
Telephone	35,530	750	1,127	2,019	6	30	39,462
Printing	24,296	-	5,423	272	8,562	506	39,059
Supplies	30,612	1,230	2,178	1,660	1,598	-	37,278
Insurance	5,787	3,655	3,350	4,873	2,741	2,437	22,843
Speaker expenses	21,783	-	995	-	-	-	22,778
Legal	-	-	-	1,406	10,757	2,196	14,359
Advertising	3,359	-	-	99	-	-	3,458
	\$ 755,403	\$ 325,969	\$ 382,785	\$ 393,737	\$ 284,434	\$ 135,880	\$ 2,278,208

See independent auditors' report.