

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

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

For the Years Ended May 31, 2020 and 2019



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, 2020 and 2019, 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 audits 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Substantial Doubt About The International Dyslexia Association and Subsidiary's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that The International Dyslexia Association and Subsidiary will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, The International Dyslexia Association and Subsidiary has suffered recurring losses from operations and has a net capital deficiency. In addition, as discussed in Notes 7 and 8, The International Dyslexia Association and Subsidiary's line of credit and building loan payable mature on October 1, 2021. Management has concluded that substantial doubt exists about The International Dyslexia Association and Subsidiary's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plan regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 net assets without donor restrictions 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.

May 4, 2021

**THE INTERATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

Consolidated Statements of Financial Position

<i>As of May 31,</i>	<i>2020</i>	<i>2019</i>
Assets		
Current Assets		
Cash and cash equivalents	\$ 377,951	\$ 64,994
Accounts receivable, net	48,944	13,043
Unconditional promises to give, current portion	22,663	20,171
Inventory of publications for sale	10,980	9,935
Prepaid expenses	48,835	55,460
Total Current Assets	509,373	163,603
Noncurrent Assets		
Investments	104,982	275,251
Unconditional promises to give, net of current portion and discount	56,599	61,881
Property and equipment, net	1,683,684	1,748,148
Intangible assets, net	94,451	157,729
Total Noncurrent Assets	1,939,716	2,243,009
Total Assets	\$ 2,449,089	\$ 2,406,612
Liabilities and Net Assets		
Current Liabilities		
Line of credit	\$ 150,000	\$ 200,000
Accounts payable	203,331	177,067
Accrued wages and vacation	14,096	17,009
Deferred revenue	121,378	168,028
Building loan payable, current portion	41,946	30,475
Total Current Liabilities	530,751	592,579
Long Term Liabilities		
Building loan payable, net of current portion	820,633	869,554
Paycheck Protection Program Loan (Note 9)	180,440	-
Total Liabilities	1,531,824	1,462,133
Commitments and Contingencies (Notes 2, 12, 13, and 18)		
Net Assets		
Without Donor Restriction - Undesignated	(379,921)	(292,046)
Without Donor Restriction - Board designated	1,128,190	1,064,739
Total Without Donor Restrictions	748,269	772,693
With Donor Restrictions	168,996	171,786
Total Net Assets	917,265	944,479
Total Liabilities and Net Assets	\$ 2,449,089	\$ 2,406,612

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

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

Consolidated Statements of Activities

<i>For the Years Ended May 31,</i>	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues, gains and other support:						
Public Support - Received directly:						
Contributions and grants	\$ 248,771	\$ -	\$ 248,771	\$ 170,356	\$ 2,000	\$ 172,356
Team Quest	-	-	-	5,366	-	5,366
Worksite campaign	4,459	-	4,459	9,674	-	9,674
Total public support	253,230	-	253,230	185,396	2,000	187,396
Other operating revenue:						
National conference	1,453,575	-	1,453,575	1,258,699	-	1,258,699
Membership dues	494,068	-	494,068	666,728	-	666,728
Institutional review and accreditation (Note 17)	27,433	-	27,433	89,667	-	89,667
Educator training (Note 17)	137,842	-	137,842	219,982	-	219,982
Certification (Note 17)	28,170	-	28,170	17,546	-	17,546
Publication and educational material sales	156,851	-	156,851	173,499	-	173,499
Miscellaneous	90,859	-	90,859	63,882	-	63,882
Advertising	67,363	-	67,363	74,885	-	74,885
Special events, net of costs of \$1,649 for 2020 and \$1,995 for 2019	41,568	-	41,568	32,232	-	32,232
Total other operating revenue	2,497,729	-	2,497,729	2,597,120	-	2,597,120
Net assets released from restrictions by satisfaction of purpose and time restrictions	18,736	(18,736)	-	52,138	(52,138)	-
Total operating revenues, gains, and other support	2,769,695	(18,736)	2,750,959	2,834,654	(50,138)	2,784,516
Operating expenses:						
Program services	2,258,655	-	2,258,655	2,726,332	-	2,726,332
Supporting services:						
Management and general	468,357	-	468,357	308,873	-	308,873
Fundraising	88,700	-	88,700	165,729	-	165,729
Membership development	31,072	-	31,072	63,804	-	63,804
Total supporting services	588,129	-	588,129	538,406	-	538,406
Total operating expenses	2,846,784	-	2,846,784	3,264,738	-	3,264,738
Change in net assets from operations	(77,089)	(18,736)	(95,825)	(430,084)	(50,138)	(480,222)
Other Income:						
Rental Income	47,935	-	47,935	29,169	-	29,169
Change in present value of charitable lead annuity trusts	-	15,946	15,946	-	(11,611)	(11,611)
Investment income	4,730	-	4,730	11,495	-	11,495
Change in net assets	(24,424)	(2,790)	(27,214)	(389,420)	(61,749)	(451,169)
Net assets - beginning of year	772,693	171,786	944,479	1,162,113	233,535	1,395,648
Net assets - end of year	\$ 748,269	\$ 168,996	\$ 917,265	\$ 772,693	\$ 171,786	\$ 944,479

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

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

**Consolidated Statement of Functional Expenses
For the Year Ended May 31, 2020**

	Program Services	Management and General	Fundraising	Membership Development	Total
Payroll and payroll related expenses	\$ 740,619	\$ 192,423	\$ 36,442	\$ 12,769	\$ 982,253
Equipment and facilities rental and maintenance	311,225	80,859	15,314	5,366	412,764
Professional fees	245,079	63,675	12,059	4,224	325,037
Conference events expenses	208,050	-	-	-	208,050
Branch dues and other branch support	89,354	-	-	-	89,354
Depreciation and amortization expense	96,305	25,036	4,741	1,660	127,742
Occupancy expenses	81,937	21,288	4,032	1,412	108,669
Publications and educational items	111,668	-	-	-	111,668
Staff travel and lodging	24,350	6,327	1,198	419	32,294
Other expenses	89,872	23,352	4,422	1,548	119,194
Board and committee expenses	16,475	4,281	811	284	21,851
Postage and delivery	29,502	7,665	1,452	509	39,128
Printing	27,714	7,200	1,364	477	36,755
Supplies	32,958	8,563	1,622	568	43,711
Insurance	35,149	9,133	1,729	606	46,617
Speaker expenses	46,935	-	-	-	46,935
Telephone	34,443	8,949	1,695	592	45,679
Legal	35,384	9,193	1,741	611	46,929
Advertising	1,404	365	69	24	1,862
Amortization of deferred loan fees	232	48	9	3	292
	\$ 2,258,655	\$ 468,357	\$ 88,700	\$ 31,072	\$ 2,846,784

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

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

**Consolidated Statement of Functional Expenses
For the Year Ended May 31, 2019**

	Program Services	Management and General	Fundraising	Membership Development	Total
Payroll and payroll related expenses	\$ 1,113,253	\$ 150,487	\$ 80,746	\$ 31,088	\$ 1,375,574
Equipment and facilities rental and maintenance	359,041	48,535	26,042	10,026	443,644
Professional fees	205,479	27,776	14,904	5,738	253,897
Conference events expenses	156,185	-	-	-	156,185
Branch dues and other branch support	154,355	-	-	-	154,355
Depreciation and amortization expense	107,207	14,493	7,776	2,992	132,468
Occupancy expenses	88,272	11,933	6,403	2,465	109,073
Publications and educational items	104,021	-	-	-	104,021
Staff travel and lodging	71,775	9,703	5,206	2,004	88,688
Other expenses	69,012	9,329	5,006	1,927	85,274
Board and committee expenses	64,198	8,678	4,656	1,793	79,325
Postage and delivery	55,707	7,531	4,041	1,556	68,835
Printing	51,443	6,954	3,731	1,437	63,565
Supplies	42,259	5,712	3,065	1,180	52,216
Insurance	29,037	3,926	2,106	811	35,880
Speaker expenses	26,861	-	-	-	26,861
Telephone	15,642	2,114	1,134	437	19,327
Legal	7,817	1,057	567	218	9,659
Advertising	3,352	454	243	92	4,141
Amortization of deferred loan fees	1,416	191	103	40	1,750
	\$ 2,726,332	\$ 308,873	\$ 165,729	\$ 63,804	\$ 3,264,738

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

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

Consolidated Statements of Cash Flows

<i>For the Years Ended May 31,</i>	<i>2020</i>	<i>2019</i>
Cash flows from operating activities:		
Change in net assets	\$ (27,214)	\$ (451,169)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation and amortization	127,742	132,468
Amortization of deferred loan fees	292	1,750
Realized (gain) loss on investments	(2,949)	3,476
Reinvested dividends and interest	(5,602)	(5,559)
Unrealized loss (gain) on investments	3,820	(9,412)
(Increase) decrease in assets:		
Accounts receivable	(35,901)	(7,007)
Unconditional promises to give	2,790	41,846
Inventory of publications for sale	(1,045)	(466)
Prepaid expenses	6,625	19,068
Increase (decrease) in liabilities:		
Accounts payable	26,264	(139,207)
Accrued wages and vacation	(2,913)	(17,853)
Deferred revenue	(46,650)	(7,478)
Net cash and cash equivalents provided by (used in) operating activities	45,259	(439,543)
Cash flows from investing activities		
Sales of investments	175,000	495,809
Purchase of property and equipment	-	(1,890)
Development of intangible assets	-	(1,038)
Net cash and cash equivalents provided by investing activities	175,000	492,881
Cash flows from financing activities		
Repayment of line of credit	(50,000)	-
Repayment of building loan payable	(37,742)	(42,445)
Proceeds from Payroll Protection Program Loan	180,440	-
Net cash and cash equivalents provided by (used in) financing activities	92,698	(42,445)
Net increase in cash and cash equivalents	312,957	10,893
Cash and cash equivalents - beginning of year	64,994	54,101
Cash and cash equivalents - end of year	\$ 377,951	\$ 64,994
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ 50,845	\$ 47,388

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

THE INTERNATIONAL DYSLLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The International Dyslexia Association (IDA) 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.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

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

Consolidated Financial Statement Presentation

During the year ended May 31, 2019, IDA adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which improves the current net asset classification and the related information presented in the financial statements and notes about the IDA's liquidity, financial performance and cash flows. Under Topic 958, IDA is required to report information regarding its financial position and activities according to two classes of net assets.

Net assets without donor restrictions: Net assets without donor restrictions are the net assets that are not restricted by donor-imposed stipulations. The Board of Directors has designated certain amounts to be spent only for purposes approved by the Board of Directors.

Net assets with donor restrictions: Net assets with donor restrictions result from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of IDA pursuant to these stipulations. Net assets may be donor restricted for various purposes, such as use in future periods or use for specified purposes. Net assets with donor restrictions may also result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by IDA's action, which are to be maintained permanently.

Use of Estimates

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 Accounting Standards Codification (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. Assets to be disposed are reportable at the lower of the carrying amount or fair value, less costs to sell. As of May 31, 2020 and 2019, IDA does not believe any long-lived assets are impaired and, except as noted in Note 6, has not identified any assets as being held for disposal.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

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, 2020 and 2019.

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 \$523 and \$4,224 as of May 31, 2020 and 2019, 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, 2020 and 2019

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,:

	2020	2019
Development of Team Quest	\$ 41,713	\$ 41,713
Development of IDA Teacher Certification Exam	213,974	213,974
Other Intangible Assets	70,255	70,255
	325,942	325,942
Less: accumulated amortization	(231,491)	(168,213)
Intangible assets, net	\$ 94,451	\$ 157,729

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. Accumulated amortization totaled \$30,670 and \$22,328 as of May 31, 2020 and 2019, respectively. Amortization expense totaled \$8,342 and \$8,343 during the years ended May 31, 2020 and 2019, respectively.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

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 proficiency in teaching reading to individuals with dyslexia 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. Accumulated amortization totaled \$136,049 and \$99,529 as of May 31, 2020 and 2019, respectively. Amortization expenses totaled \$36,520 and \$36,691 during the years ended May 31, 2020 and 2019, 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. Accumulated amortization totaled \$64,772 and \$46,356 as of May 31, 2020 and 2019, respectively. Amortization expenses totaled \$18,416 and \$22,925 during the years ended May 31, 2020 and 2019, respectively.

Future amortization expense of intangibles are as follows:

<u>Years ending May 31,:</u>	
2021	\$ 46,927
2022	38,216
2023	9,308
<u>Total</u>	<u>\$ 94,451</u>

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.

No donated services were recorded during the years ended May 31, 2020 and 2019.

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.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

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

National Conference Revenue

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 and Grants

Contributions are recognized when the donor makes an unconditional promise to give. Contributions received are recorded as with or without donor restrictions 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 without donor restrictions.

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, such net assets are reclassified to net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions.

The cost of fundraising events, which totaled \$600 and \$9,619 during the years ended May 31, 2020 and 2019, respectively, is included in fundraising expense in the accompanying consolidated statements of activities.

Membership Dues

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.

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 dyslexia education and support. The principal of the fund is permanently restricted. Income (not greater than 5% per year of the corpus) can be used for dyslexia education and support.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

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

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 functional expense. Accordingly, management and general costs have been allocated among the programs benefited. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated on the basis of estimates of the portion of time expended by the staff, head count, or square footage of the various functions.

Advertising Expense

Advertising costs are charged to operations when incurred. Advertising expense for the years ended May 31, 2020 and 2019 totaled \$1,862 and \$4,141, respectively, and is included in program and supporting services on the accompanying consolidated statements of activities.

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 INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

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

Fair Value Measurement – cont’d.

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

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

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 0.30% and 1.93% was used during the years ended May 31, 2020 and 2019, respectively.

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, 2020 and 2019.

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, 2020 and 2019.

The following table sets forth by level, within the fair value hierarchy, IDA’s investments at fair value as of May 31, 2020:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 99,372	\$ -	\$ -	\$ 99,372
Unconditional promises to give - beneficial interest in charitable lead annuity trusts	-	77,262	-	77,262
Total	\$ 99,372	\$ 77,262	\$ -	\$ 176,634

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

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, 2019:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 261,121	\$ -	\$ -	\$ 261,121
Unconditional promises to give - beneficial interest in charitable lead annuity trusts	-	80,052	-	80,052
Total	\$ 261,121	\$ 80,052	\$ -	\$ 341,173

Cash and cash equivalents are excluded from the fair value hierarchy as money market funds are generally measured at cost. As such, \$5,610 and \$14,130 of cash held in IDA’s investment portfolio at May 31, 2020 and 2019, respectively, has been excluded from this table.

Recently Issued Accounting Pronouncement

In May 2014, the 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 new standard is effective for nonpublic entities for reporting periods beginning after December 15, 2019. Early adoption is permitted. The new revenue standard may be applied retrospectively to each prior period presented or prospectively with the cumulative effect recognized as of the date of adoption. Management has not elected to early adopt ASU 2014-09 and will assess the future impact on the financial statements.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

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

Recently Issued Accounting Pronouncement – cont'd.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The distinction between finance 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. In June 2020, the FASB deferred the effective date of the lease guidance for non-public entities to be fiscal years beginning after December 15, 2021. IDA elected not to early adopt ASU 2016-02.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Under the new standard, restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown in the statements of cash flows. The new standard will be effective for non-public entities for fiscal years beginning after December 15, 2018. IDA implemented ASU 2016-18 during the year ended May 31, 2020 and has adjusted the presentation of its financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The adoption of the new standard did not have a material impact on the accompanying financial statements. There was no effect on net assets or changes in net assets as a result of the adoption of ASU 2016-18.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and accounting guidance for contributions. ASU 2018-08 clarifies whether certain transactions should be characterized as contributions (nonreciprocal transactions) within the scope of Topic 958-605 or as exchange (reciprocal) transactions subject to other guidance such as Topic 606, *Revenue from Contracts with Customers*. The ASU provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. IDA implemented ASU 2018-08 during the year ended May 31, 2020. The adoption of the new standard did not have a material impact on the accompanying financial statements. There was no effect on net assets or changes in net assets as a result of the adoption of ASU 2018-08.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

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

Recently Issued Accounting Pronouncement – cont'd.

In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to enhance their financial statement presentation of contributed nonfinancial assets, or gifts-in-kind. Gifts-in-kind are to be disaggregated into categories based on the type of gift received. The ASU requires the new standard to be applied retrospectively. The amendments of this ASU are effective for fiscal years beginning after June 15, 2021. Early adoption is permitted in periods in which financial statements have not been issued or made available for issuance. IDA has elected not to early adopt ASU 2020-07, but is evaluating the impact of adopting the new standard on the IDA's financial statements.

Subsequent Events

IDA evaluated for disclosure any subsequent events through May 4, 2021, the date on which the consolidated financial statements were available to be issued and determined there were no material events that warrant disclosure, except as disclosed in Notes 7, 8, and 9.

Reclassifications

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

2. FINANCIAL CONDITION

As reported in the accompanying consolidated financial statements, IDA experienced decreases in net assets from operations of \$95,825 and \$480,222, during the years ended May 31, 2020 and 2019, respectively. In addition, the line of credit and building loan payable, as extended, matures on October 1, 2021. The balances outstanding under these loans total approximately \$1 million as of May 31, 2020 (Notes 7 and 8).

The operating losses together with the maturity of the bank loans in October 2021 creates a substantial doubt regarding IDA's ability to continue as a going concern.

Management's plan to address this situation includes the following:

- Reduce staffing levels and discretionary purchases to minimize expenditures
- Increase fund raising activities to increase contributions
- Pursue the sale of the building or an extension of the maturity date of the building loan

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

2. FINANCIAL CONDITION – cont’d.

Management has developed, and the board of trustees has approved, a budget for the 2021-2022 fiscal year that projects positive cash flow through the implementation of the above steps. Management believes that although the aforementioned factors create substantial doubt about IDA’s ability to continue as a going concern, IDA will be able to successfully sustain its operations. However, there is no assurance that management’s plans will be successful.

3. 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, 2020 and 2019.

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, 2020 and 2019. IDA is subject to taxation in various jurisdictions.

4. 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. The first trust ended during the year ended May 31, 2019. In calculating the present values of the annual amounts to be received until termination of the trusts, a 6.00% average investment rate of return was utilized, and average discount rates of 0.30% and 1.93% were utilized for the years ended May 31, 2020 and 2019, respectively. For the years ended May 31, 2020 and 2019, respectively, unitrust payments totaling \$18,736 and \$31,405 were received by IDA.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

4. UNCONDITIONAL PROMISES TO GIVE – cont’d.

The unconditional promises to give are as follows at May 31, 2020:

	Charitable Lead Annuity Trusts	Other Pledges	Total
Due in:			
Less than one year	\$ 20,663	\$ 2,000	\$ 22,663
One to five years	57,122	-	57,122
Total unconditional promises to give	77,785	2,000	79,785
Less discount to present value	(523)	-	(523)
Net unconditional promises to give	\$ 77,262	\$ 2,000	\$ 79,262

The unconditional promises to give are as follows at May 31, 2019:

	Charitable Lead Annuity Trusts	Other Pledges	Total
Due in:			
Less than one year	\$ 18,171	\$ 2,000	\$ 20,171
One to five years	66,105	-	66,105
Total unconditional promises to give	84,276	2,000	86,276
Less discount to present value	(4,224)	-	(4,224)
Net unconditional promises to give	\$ 80,052	\$ 2,000	\$ 82,052

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

5. INVESTMENTS

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

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 5,610	\$ 5,610	\$ 14,130	\$ 14,130
Mutual funds				
Equity funds	78,999	78,429	206,424	205,652
Fixed income funds	19,180	20,943	53,422	55,469
	\$ 103,789	\$ 104,982	\$ 273,976	\$ 275,251

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

6. PROPERTY AND EQUIPMENT

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

	2020	2019
Land and building held for sale	\$ 1,395,558	\$ 1,395,558
Data processing equipment and software	43,135	43,135
Furniture and equipment	122,309	122,309
Building improvements	846,077	846,077
	2,407,079	2,407,079
Less: accumulated depreciation and amortization	(723,395)	(658,931)
	\$ 1,683,684	\$ 1,748,148

Depreciation and amortization expense amounted to \$64,464 and \$64,509 for the years ended May 31, 2020 and 2019, respectively.

7. LINE OF CREDIT

IDA maintains 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 4.25% and 6.5% as of May 31, 2020 and 2019, respectively. The balance on the line of credit totaled \$150,000 and \$200,000 as of May 31, 2020 and 2019, respectively. Borrowings under the line of credit are secured by substantially all assets of IDA.

In October 2019, IDA entered into a modification agreement and extended the line of credit to July 1, 2020. In January 2021, IDA entered into a second modification agreement and extended the line of credit to October 1, 2021. IDA agreed to make step-down payments. As a result, IDA anticipates making payments on the line of credit totaling \$30,000 during the year ended May 31, 2021 and \$120,000 during the year ended May 31, 2022. This line of credit is secured by substantially all assets including a 2nd lien on IDA's building.

8. BUILDING LOAN PAYABLE

On August 1, 2014, IDA refinanced its Building Loan. The refinanced loan amount totaled \$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 were due. The remaining balance was due in August 2019.

In October 2019, IDA entered into a modification agreement and extended the maturity date to July 1, 2020. As a part of the modification agreement, monthly principal and interest payments increased to \$7,186. In January 2021, IDA entered into a second modification agreement and extended the maturity date to October 1, 2021. This loan is secured by substantially all assets of IDA and a Deed of Trust on the building. Interest expense totaled \$50,845 and \$47,388 for the years ended May 31, 2020 and 2019, respectively.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

8. BUILDING LOAN PAYABLE – cont’d.

Future maturities are as follows:

Year ending May 31,:	
2021	\$ 41,946
2022	820,633
	<u>862,579</u>
Less unamortized deferred loan fees	-
Building loan payable, net	<u>\$ 862,579</u>

9. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, IDA entered into a loan in the amount of \$180,440 with a financial institution under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP), which was established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan is eligible for forgiveness pursuant to terms and conditions of the CARES Act, which minimally requires that (1) the loan proceeds be used to cover eligible expenses, which include payroll costs, mortgage interest, rent and utilities, and (2) the number of employees and compensation levels are generally maintained. The portion of the loan that is not forgiven bears interest at 1.00% and is due in monthly payments over a period of five years. In October 2020, the SBA extended the deferral period for loan repayments to either (1) the date that the SBA remits the IDA’s loan forgiveness amount to the lender or (2) if IDA does not apply for loan forgiveness, 10 months after the end of IDA’s loan forgiveness covered period.

IDA has elected to record the loan as debt in accordance with ASC 470, *Debt*, and recognize income from loan forgiveness in accordance with ASC 405-20, *Extinguishment of Liabilities* and ASC 450-30, *Gain Contingencies*. The portion of the loan that is ultimately forgiven will be recognized as a gain on extinguishment when the loan is, in part or wholly, legally forgiven by the SBA. The portion that is not forgiven will be repaid in accordance with the terms of the loan agreement. As of May 31, 2020, the entire loan is recorded as a Paycheck Protection Program loan payable on the accompanying statements of financial position. The PPP loan was forgiven by the SBA on December 19, 2020 as IDA used the loan proceeds to cover eligible expenses and maintained the necessary employee and compensation levels for loan forgiveness in accordance with the CARES Act.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

9. PAYCHECK PROTECTION PROGRAM LOAN – cont’d.

In March 2021, IDA entered into a second loan in the amount of \$185,472 with a financial institution under the SBA PPP. The loan is eligible for forgiveness pursuant to the CARES Act, which minimally requires that (1) loan proceeds are used to cover eligible expenses which include payroll costs, mortgage interest, rent, and utilities, and (2) the number of employees and compensation levels are generally maintained. The portion of the loan that is not forgiven bears interest at 1.0% and is due in monthly payments over five years. Principal and interest payments are deferred for the first 10 months of the loan at which time the loan will be repaid on a monthly basis over the remaining 50 months. Management anticipates that 100% of the loan will be forgiven as IDA plans on using the loan proceeds to cover eligible expenses and plans to maintain the employee and compensation levels as required by the CARES Act for forgiveness.

10. 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, 2020 and 2019.

11. RESTRICTIONS ON ASSETS

Net assets with donor restrictions are available for the following purposes at May 31,:

	2020	2019
Unconditional promises to give which are not available for use	\$ 79,262	\$ 82,052
Good Samaritan	68,354	68,354
Global Partnership	1,380	1,380
Other restrictions	20,000	20,000
	<u>\$ 168,996</u>	<u>\$ 171,786</u>

12. CONFERENCE COMMITMENTS

At May 31, 2020, IDA has committed to hold future annual conferences at convention centers or hotels in Aurora, Colorado (2020), Charlotte, North Carolina (2021), and San Antonio, Texas (2022). Amounts committed under the related agreements total \$552,559 as of May 31, 2020.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

13. LEASE COMMITMENTS

Operating Leases

IDA rents temporary storage space on a month to month lease. Total rental expense for temporary storage space amounted to \$4,359 and \$7,081 for the years ended May 31, 2020 and 2019, respectively.

In addition, IDA leases a copier, a mailing machine, and a vehicle under operating leases expiring in various years. Equipment rental expense amounted to \$18,100 and \$20,415 for the years ended May 31, 2020 and 2019, respectively.

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

Year ending May 31,:	
2021	\$ 16,028
2022	9,814
2023	9,814
2024	4,089
Total	\$ 39,745

IDA entered into an agreement as lessor to rent its conference room. IDA will rent their conference room to the tenant for a period of two years, through October 2020, at a monthly rate of \$4,167. IDA recognized \$47,935 and \$29,169 in rental income during the years ended May 31, 2020 and 2019, respectively, and was recorded within rental income on the consolidated statement of activities. This lease was not renewed upon expiration in October 2020.

14. NET ASSETS RELEASED FROM RESTRICTIONS

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

	2020	2019
Purpose:		
MSI Research Program	\$ -	\$ 19,903
Time - unconditional promises to give	18,736	32,235
Total releases	\$ 18,736	\$ 52,138

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

15. LIQUIDITY AND AVAILABILITY OF RESOURCES

IDA's financial assets available within one year for general expenditures are as follows as of May 31,:

	2020	2019
Cash and cash equivalents	\$ 377,951	\$ 64,994
Accounts receivable, net	48,944	13,043
Unconditional promises to give, net	79,262	82,052
Total financial assets as of year end	506,157	160,089
Add: Board designated investments for general expenditure	84,982	155,251
Less: Receivables to be collected in more than one year	(56,599)	(61,881)
Less: Contractual or donor-imposed restrictions	(168,996)	(171,786)
Total financial assets available to meet general expenditures within the next 12 months	\$ 365,544	\$ 81,673

As part of IDA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

16. 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 rental income are recognized as non-operating support, revenues, gains, and losses.

17. 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. As of May 31, 2020 and 2019, the line of credit balance totaled \$218,126, 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, 2020 and 2019.

THE INTERNATIONAL DYSLEXIA ASSOCIATION AND SUBSIDIARY

Notes to the Consolidated Financial Statements For the Years Ended May 31, 2020 and 2019

17. CENTER FOR EFFECTIVE READING INSTRUCTION, INC. – cont’d.

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 \$137,842 and \$219,982 during the years ended May 31, 2020 and 2019, 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 \$28,170 and \$17,546 during the years ended May 31, 2020 and 2019, respectively.

During the year ended May 31, 2019, IDA began to perform institutional program reviews and institutional accreditations. Revenue earned from these institutional reviews and accreditations totaled \$27,433 and \$89,667 during the years ended May 31, 2020 and 2019, respectively.

18. CORONAVIRUS

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported in Wuhan, China. The World Health Organization declared COVID-19 to constitute a “Public Health Emergency of International Concern.” In March 2020, COVID-19 began to spread throughout the United States. Efforts to contain COVID-19, including restrictions mandated by the Federal and State of Maryland governments has caused schools and numerous businesses to close or operate remotely in an effort to prevent COVID-19 from spreading more rapidly. IDA experienced an immediate impact from COVID-19 causing employees to operate using a virtual platform since the spring of 2020. The extent of the impact of COVID-19 on IDA’s revenues and financial performance for the year ending May 31, 2021 and beyond will depend on future developments, including the duration and spread of the outbreak, which is highly uncertain and cannot be predicted. The impact of COVID-19, however, could materially adversely affect IDA’s results of operations.

SUPPLEMENTARY INFORMATION

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

Supplemental Consolidated Schedule of Net Assets Without Donor Restriction

	Undesignated	Board Designated				Board Designated Total	Total
		Branch Council	MSI Research Program	Initiatives	Operating Reserve		
Net Assets Without Donor Restriction at May 31, 2018	\$ 109,106	\$ 58,179	\$ 3,200	\$ 677,696	\$ 313,932	\$ 1,053,007	\$ 1,162,113
Change in net assets without donor restriction	(401,152)	11,732	-	-	-	11,732	(389,420)
Net Assets Without Donor Restriction at May 31, 2019	(292,046)	69,911	3,200	677,696	313,932	1,064,739	772,693
Change in net assets without donor restriction	(87,875)	63,451	-	-	-	63,451	(24,424)
Net Assets Without Donor Restriction at May 31, 2020	\$ (379,921)	\$ 133,362	\$ 3,200	\$ 677,696	\$ 313,932	\$ 1,128,190	\$ 748,269

See independent auditors' report.

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

**Supplemental Consolidated Schedule of Program Service Expenses
For the Year Ended May 31, 2020**

	Conference	Membership Services	Branch Services	Publications and Information	Educator Training Initiative	Center for Effective Reading	Total
Payroll and payroll related expenses	\$ 191,441	\$ 112,173	\$ 130,542	\$ 150,874	\$ 92,823	\$ 62,766	\$ 740,619
Equipment and facilities rental and maintenance	80,448	47,138	54,856	63,401	39,006	26,376	311,225
Professional fees	63,350	37,120	43,197	49,926	30,716	20,770	245,079
Conference events expenses	208,050	-	-	-	-	-	208,050
Branch dues and other branch support	9,933	57,615	21,806	-	-	-	89,354
Depreciation and amortization expense	24,879	14,587	16,981	19,617	12,076	8,165	96,305
Occupancy expenses	21,180	12,410	14,442	16,692	10,269	6,944	81,937
Publications and educational items	-	-	-	111,668	-	-	111,668
Staff travel and lodging	6,294	3,688	4,292	4,960	3,052	2,064	24,350
Other expenses	23,231	13,612	15,841	18,308	11,264	7,616	89,872
Board and committee expenses	4,259	2,495	2,904	3,356	2,065	1,396	16,475
Postage and delivery	7,626	4,468	5,200	6,010	3,698	2,500	29,502
Printing	7,164	4,197	4,885	5,646	3,473	2,349	27,714
Supplies	8,519	4,992	5,809	6,714	4,131	2,793	32,958
Insurance	9,086	5,324	6,195	7,160	4,405	2,979	35,149
Speaker expenses	46,935	-	-	-	-	-	46,935
Telephone	8,903	5,217	6,071	7,016	4,317	2,919	34,443
Legal	9,146	5,359	6,237	7,208	4,435	2,999	35,384
Advertising	363	213	247	286	176	119	1,404
Amortization of deferred loan fees	75	34	35	49	23	16	232
	\$ 730,882	\$ 330,642	\$ 339,540	\$ 478,891	\$ 225,929	\$ 152,771	\$ 2,258,655

See independent auditors' report.

**THE INTERNATIONAL DYSLEXIA ASSOCIATION
AND SUBSIDIARY**

**Supplemental Consolidated Schedule of Program Service Expenses
For the Year Ended May 31, 2019**

	Conference	Membership Services	Branch Services	Publications and Information	Educator Training Initiative	Center for Effective Reading	Total
Payroll and payroll related expenses	\$ 285,982	\$ 172,084	\$ 182,539	\$ 161,355	\$ 145,811	\$ 165,482	\$ 1,113,253
Equipment and facilities rental and maintenance	92,234	55,500	58,872	52,039	47,026	53,370	359,041
Professional fees	52,785	31,763	33,692	29,782	26,913	30,544	205,479
Conference events expenses	156,185	-	-	-	-	-	156,185
Branch dues and other branch support	17,159	99,527	37,669	-	-	-	154,355
Depreciation and amortization expense	27,540	16,572	17,579	15,539	14,041	15,936	107,207
Occupancy expenses	22,676	13,645	14,474	12,794	11,562	13,121	88,272
Publications and educational items	-	-	-	104,021	-	-	104,021
Staff travel and lodging	18,438	11,095	11,769	10,403	9,401	10,669	71,775
Other expenses	17,728	10,668	11,316	10,003	9,039	10,258	69,012
Board and committee expenses	16,492	9,924	10,526	9,305	8,408	9,543	64,198
Postage and delivery	14,311	8,611	9,134	8,074	7,296	8,281	55,707
Printing	13,215	7,952	8,435	7,456	6,738	7,647	51,443
Supplies	10,856	6,532	6,929	6,125	5,535	6,282	42,259
Insurance	7,459	4,489	4,761	4,209	3,803	4,316	29,037
Speaker expenses	26,861	-	-	-	-	-	26,861
Telephone	4,018	2,418	2,565	2,267	2,049	2,325	15,642
Legal	2,008	1,208	1,282	1,133	1,024	1,162	7,817
Advertising	861	518	550	486	439	498	3,352
Amortization of deferred loan fees	364	219	232	205	186	210	1,416
	\$ 787,172	\$ 452,725	\$ 412,324	\$ 435,196	\$ 299,271	\$ 339,644	\$ 2,726,332

See independent auditors' report.