



Developments in Literacy

Educating Children • Empowering Communities

FINANCIAL STATEMENTS
DECEMBER 31, 2020



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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Developments in Literacy, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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, I 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Developments in Literacy, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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

Report on Summarized Comparative Information

I have previously audited the Developments in Literacy Inc.'s 2019 financial statements, and my report dated August 8, 2020, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads 'Troy Yoshida'.

Troy Yoshida CPA, Inc.
Cypress, CA
June 30, 2021

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(with summarized totals for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
ASSETS				
CURRENT ASSETS:				
Cash	\$ 494,997	\$ -	\$ 494,997	\$ 575,543
Current Portion of Pledges Receivable, Net	167,110	-	167,110	174,610
Note Receivable	16,374	-	16,374	18,624
Prepaid Expenses	27,388	-	27,388	14,634
TOTAL CURRENT ASSETS	<u>705,869</u>	<u>-</u>	<u>705,869</u>	<u>783,411</u>
PROPERTY & EQUIPMENT				
Computers & Equipment	13,673	-	13,673	13,673
Accumulated Depreciation	(11,867)	-	(11,867)	(11,086)
TOTAL PROPERTY & EQUIPMENT	<u>1,806</u>	<u>-</u>	<u>1,806</u>	<u>2,587</u>
OTHER ASSETS:				
Investments	640,160	-	640,160	340,934
Right of Use Asset-Operating Lease	16,552	-	16,552	32,733
Lease Incentive	3,862	-	3,862	9,655
Deposits	5,096	-	5,096	3,821
TOTAL OTHER ASSETS	<u>665,670</u>	<u>-</u>	<u>665,670</u>	<u>387,143</u>
TOTAL ASSETS	<u>\$ 1,373,345</u>	<u>\$ -</u>	<u>\$ 1,373,345</u>	<u>\$ 1,173,141</u>
LIABILITIES & NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable	\$ 8,659	\$ -	\$ 8,659	\$ 21,818
Loan Payable	83,441	-	83,441	-
Accrued Liabilities	17,059	-	17,059	17,395
Lease Liability-Current	25,360	-	25,360	28,320
TOTAL CURRENT LIABILITIES	<u>134,519</u>	<u>-</u>	<u>134,519</u>	<u>67,533</u>
OTHER LIABILITIES				
Lease Liability-Long Term	-	-	-	25,360
TOTAL OTHER LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,360</u>
TOTAL LIABILITIES	134,519	-	134,519	92,893
NET ASSETS:				
Without Donor Restrictions				
Undesignated	1,238,826	-	1,238,826	1,080,248
With Donor Restrictions	-	-	-	-
TOTAL NET ASSETS	<u>1,238,826</u>	<u>-</u>	<u>1,238,826</u>	<u>1,080,248</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 1,373,345</u>	<u>\$ -</u>	<u>\$ 1,373,345</u>	<u>\$ 1,173,141</u>

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(with summarized totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
REVENUES AND OTHER SUPPORT				
Special events, net of direct benefit to donors of \$6,420	\$ 218,411	\$ -	\$ 218,411	\$ 1,675,047
Contributions	1,308,649	-	1,308,649	507,632
Interest and Dividend Income	17,197	-	17,197	12,882
Net Unrealized Gain (Loss)	38,768	-	38,768	23,685
Net Assets Released from Time Restriction	-	-	-	-
TOTAL REVENUES AND OTHER SUPPORT	1,583,025	-	1,583,025	2,219,246
EXPENSES				
Program Services	\$ 1,216,812	\$ -	\$ 1,216,812	\$ 2,049,281
Supporting Services				
Management and General	110,972	-	110,972	156,490
Fundraising	101,663	-	101,663	107,049
TOTAL EXPENSES	1,429,447	-	1,429,447	2,312,820
CHANGE IN NET ASSETS FROM OPERATIONS	153,578	-	153,578	(93,574)
OTHER INCOME				
EIDL Disaster Grant	5,000	-	5,000	-
CHANGE IN NET ASSETS	\$ 158,578	\$ -	\$ 158,578	\$ (93,574)
NET ASSETS AT BEGINNING OF YEAR	\$ 1,080,248	\$ -	\$ 1,080,248	\$ 1,173,822
NET ASSETS AT END OF YEAR	\$ 1,238,826	\$ -	\$ 1,238,826	\$ 1,080,248

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(with summarized totals for 2019)

	Program Services	Supporting Services		2020 Totals	2019 Totals
		Management and General	Fundraising		
Education:					
Personnel	\$ 686,909	\$ -	\$ -	\$ 686,909	\$ 1,190,671
Other	-	-	-	-	12,092
Facilities Exp	115,505	-	-	115,505	111,301
Equip & Furniture Exp	3,863	-	-	3,863	112,880
Books & Materials	39,219	-	-	39,219	64,092
Student Services & Activities	-	-	-	-	9,581
Training & Monitoring	-	-	-	-	1,218
IT Program	1,205	-	-	1,205	42,105
Operating Expenses	19,926	-	-	19,926	73,997
Professional Fees	9,972	-	-	9,972	9,104
Travel Expense	13,401	-	-	13,401	113,278
Direct Fundraising Event Expense	-	-	6,420	6,420	418,524
Bank and Credit Card Fees	16	14,472	126	14,614	25,005
Database and Software	301	1,023	7,078	8,402	8,633
Depreciation	-	781	-	781	781
Insurance	885	5,255	885	7,025	6,589
Marketing	-	-	1,564	1,564	6,103
Miscellaneous	412	857	122	1,391	540
Payroll & Related Expenses	266,275	71,632	80,350	418,257	425,568
Postage and Printing	27	714	1,884	2,625	11,458
Professional Fees	33,939	8,206	2,269	44,414	40,889
Rent Expenses	21,847	6,695	6,695	35,237	36,312
Supplies	73	634	39	746	2,166
Telephone	2,158	666	651	3,475	4,006
Travel	879	37	-	916	4,451
TOTAL EXPENSES	1,216,812	110,972	108,083	1,435,867	2,731,344
Less: Direct Benefit to Donors at Special Events Included in Revenue	-	-	(6,420)	(6,420)	(418,524)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 1,216,812	\$ 110,972	\$ 101,663	\$ 1,429,447	\$ 2,312,820

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(with summarized totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 158,578	\$ (93,574)
Adjustments to Reconcile Change in Net Assets		
To Net Cash Provided by Operating Activities:		
Depreciation	\$ 781	\$ 781
Unrealized (Gain) Loss on Investment	(38,768)	(23,685)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Pledges Receivable	7,500	(30,490)
(Increase) Decrease in Note Receivable	2,250	900
(Increase) Decrease in Prepaid Expenses	(12,754)	(6,959)
(Increase) Decrease in Right of Use Asset-Operating Lease	16,181	8,660
(Increase) Decrease in Lease Incentive	5,793	5,792
(Increase) Decrease in Deposits	(1,275)	618
Increase (Decrease) in Accounts Payable	(13,159)	(4,723)
Increase (Decrease) in Deferred Revenue	-	-
Increase (Decrease) in Payroll Taxes Payable	-	-
Increase (Decrease) in Accrued Liabilities	(336)	(5,473)
Increase (Decrease) in Lease Liability	(28,320)	(19,486)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	96,471	(167,639)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Computers & Equipment	-	-
Change in Investments	(260,458)	239,590
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(260,458)	239,590
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Loan Payable	83,441	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	83,441	-
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(80,546)	71,951
BEGINNING CASH AND CASH EQUIVALENTS	\$ 575,543	\$ 503,592
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 494,997</u>	<u>\$ 575,543</u>

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. Summary of Significant Accounting Policies

Nature of Organization

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

Net Assets

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

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Without donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. This also includes net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. Summary of Significant Accounting Policies – (Continued)

Use of Estimates and Assumptions

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

Basis of Accounting

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

Cash and Cash Equivalents

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

Concentration of Credit Risk

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

Investments

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

Note Receivable

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

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. Summary of Significant Accounting Policies – (Continued)

Property and Equipment

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

Promises to Give

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

Revenue Recognition

The Organization normally receives the majority of its revenues from donors at fundraising events. However, due to Covid restrictions, in person fundraising events were not possible during 2020. Therefore, during 2020, the majority of revenue was from contributions raised thru virtual fundraising. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

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

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. Summary of Significant Accounting Policies – (Continued)

Functional Allocation of Expenses

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

The major programs of the Organization are as follows:

Cooperation for Advancement Rehabilitation and Education (CARE)

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

Orangi

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

Indus Resource Center (IRC)

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

Kala Shah Kaku (KSK)

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

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. Summary of Significant Accounting Policies – (Continued)

Functional Allocation of Expenses (Continued)

Khwendo Kor (KK)

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

Naz Old Boys Welfare Association (NOWA)

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

Islamabad Central Territory (ICT)

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

Rural Rawalpindi (RRP)

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

Mansehra

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

Leases

At lease inception, the Organization determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right of use (ROU) assets, current operating lease liabilities, and noncurrent lease liabilities in the financial statements.

ROU assets represent the Organization's right to use leased assets over the term of the lease. Lease liabilities represent the Organization's contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the lease payments over the lease term. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses its incremental borrowing rate at the commencement date of the

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Leases (continued)

lease to determine the present value of the lease payments. Operating ROU assets are calculated as the present value of the lease payments plus initial direct costs, plus any prepayments less any lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight line basis over the lease term. The Organization has elected not to recognize an ROU asset and obligation for leases with an initial term of twelve months or less. The expense associated with short term leases is included in rent expense in the statement of functional expenses.

Loan Payable

The Organization received a Paycheck Protection Program Loan (PPP). Management has elected to recognize forgivable debt received from a government entity as debt until debt extinguishment occurs when the Organization is legally released from being the obligor. Upon legal release as obligor, the Organization will recognize the forgiven amount as income in the statement of activities.

Income Taxes

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

Reclassifications

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

Subsequent Events

Management has evaluated subsequent events through June 30, 2021 the date on which the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to continue to have a negative impact on its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

2. Cash & Cash Equivalents

The total cash held by the Organization at December 31, 2020 totaled \$494,997 maintained in various accounts. Balances in bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. Federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization.

3. Contributed Services

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

4. Pledges Receivable

In addition to contributions received during the fiscal year, donors have made pledges for current contributions. Pledges receivable at December 31, 2020 was \$167,110 as shown below.

Pledges receivable without donor restriction, due in less than one year	167,110
Less: Allowance for doubtful pledges	<u>(0)</u>
Total Pledges Receivable	<u>\$167,110</u>

5. Note Receivable

The Organization carried an unsecured note receivable with repayment terms of 24 months commencing on August 1, 2016 with interest at 0% per annum. As of December 31, 2020, the balance on the note receivable totaled \$16,374. There was no allowance for loss at December 31, 2020.

6. Property and Equipment

Property and equipment consist of the following:

Computers	\$12,673
Furniture and equipment	<u>1,000</u>
	13,673
Less accumulated depreciation	<u>(11,867)</u>
Total Property and Equipment (net)	<u>\$ 1,806</u>

Depreciation expense for the year ended December 31, 2020 totaled \$781.

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

7. Investments

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

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

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

Fair value methods and assumptions on investments consisting of common stock, preferred stock, mutual funds and bond funds are based on the Level 1 market approach. The following table present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31, 2020:

	Fair Value Measurements at December 31, 2020			
	Total	Level 1	Level 2	Level 3
Common stock	\$35,143	\$35,143	\$ -	\$ -
Mutual Funds	553,345	553,345		
Fixed Income Funds	51,672	51,672	-	-
Total Investments carried at fair value	\$640,160	\$ 640,160	\$ -	\$ -
Money Market Funds	0			
Total Investments	<u>\$640,160</u>			

The following schedule summarizes the investment return on cash equivalents and investments for the year ended December 31, 2020:

Interest and Dividends	\$ 17,197
Unrealized Gains/(Losses)	<u>38,768</u>
Total Investment Return	<u>\$ 55,965</u>

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

8. Liquidity and Availability

Financial assets held by the Organization at December 31, 2020 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized as follows:

Financial Assets at Year End:	
Cash	\$ 494,997
Investments	640,160
Pledges Receivable, Net	<u>167,110</u>
Total Financial Assets at Year End	\$1,302,267
Less Amounts Not Available to Be Used Within One Year:	0
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$1,302,267</u>

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

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

9. Leases

The Organization has an operating lease on office space that expires in August 2021. The components of lease expense were as follows:

Operating Lease Cost	\$ 29,610
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Lease Liability Maturities

2021	\$ 28,548
Total	\$ 28,548
Less: Interest	<u>(3,188)</u>
Lease Liability	\$ 25,360

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

10. Loan Payable

As a response to the coronavirus disease (COVID-19) outbreak, the U.S. government has responded with relief legislation. Certain legislation called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), as amended and expanded under later legislation, among other things, authorized emergency loans to businesses by establishing, and providing funding for, forgivable bridge loans under the Paycheck Protection Program (PPP). In May 2020, the Organization received \$83,441 under the PPP, which the entire balance is outstanding as of December 31, 2020. Under the PPP, the Small Business Administration (SBA) will forgive the proceeds received if eligibility and other criteria are met related to use of the funds, at which time the Company will recognize the forgiven amount as income. Once the SBA reviews and approves the forgiveness amount, the SBA will have the right to audit the Company's compliance with the PPP for a period of up to six years. The portion of the proceeds received that is not forgiven, if any, is converted to an unsecured term note payable in equal installments, including interest at 1%, through May 2022.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2020 totaled \$0 and usually consists of donations restricted by time.

12. Special Events

Special event revenue and expenses are directly related to fundraising events. The gross revenue in 2020 was \$224,831 and the direct expense benefit to donors was \$6,420. In 2019, the gross revenue was \$2,093,571 and the direct expense benefit to donors was \$418,524. The Statement of Activities reports special event revenue net of the direct expense benefit to donors, totaling \$218,411 in 2020 and \$1,675,047 in 2019.

13. Financial Statement Summarized Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by the net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

DEVELOPMENTS IN LITERACY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

14. Developments in Literacy, Pakistan

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