

# **International Leadership of Texas – Global and Subsidiary**

**Consolidated Financial Statements  
June 30, 2025**



# International Leadership of Texas – Global and Subsidiary Contents

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Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7



## **Independent Auditors' Report**

To the Board of Directors of  
International Leadership of Texas – Global and Subsidiary

### ***Opinion***

We have audited the accompanying consolidated financial statements of International Leadership of Texas - Global and Subsidiary (nonprofit organizations) (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statement of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, 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 (GAAP).

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP; and for 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.

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

### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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



A Limited Liability Partnership

Arlington, Texas  
March 13, 2026

**International Leadership of Texas – Global and Subsidiary**  
**Consolidated Statement of Financial Position**  
**June 30, 2025**

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**Assets**

**Current assets:**

Cash and cash equivalents	\$ 1,256,823
Certificates of deposit	3,100,000
Other current assets	<u>11,720</u>

**Total current assets** 4,368,543

Property and equipment, net 309,844

**Total assets** \$ 4,678,387

**Liabilities and Net Assets**

**Current liabilities:**

Accounts payable and accrued expenses	\$ 56,768
Deferred tuition revenue	3,184,498
Current portion of notes payable	<u>103,706</u>

**Total current liabilities** 3,344,972

Notes payable, net 33,044

**Total liabilities** 3,378,016

**Net Assets:**

Without donor restrictions	1,268,354
With donor restrictions	<u>32,017</u>

**Total net assets** 1,300,371

**Total liabilities and net assets** \$ 4,678,387

See notes to consolidated financial statements.

**International Leadership of Texas – Global and Subsidiary**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Tuition and related fees, net	\$ 4,808,141	\$ -	\$ 4,808,141
Program service fees	117,316	-	117,316
Contributions	242,392	-	242,392
Rental income	46,424	-	46,424
Interest Income	44,871	-	44,871
Other	12,468	-	12,468
<b>Total revenue and other support</b>	<b>5,271,612</b>	<b>-</b>	<b>5,271,612</b>
<b>Operating expenses:</b>			
Educational	4,011,312	-	4,011,312
General and administrative	1,108,147	-	1,108,147
<b>Total operating expenses</b>	<b>5,119,459</b>	<b>-</b>	<b>5,119,459</b>
<b>Change in net assets</b>	<b>152,153</b>	<b>-</b>	<b>152,153</b>
<b>Net assets at beginning of year</b>	<b>1,116,201</b>	<b>32,017</b>	<b>1,148,218</b>
<b>Net assets at end of year</b>	<b>\$ 1,268,354</b>	<b>\$ 32,017</b>	<b>\$ 1,300,371</b>

See notes to consolidated financial statements.

**International Leadership of Texas – Global and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2025**

	Educational	General and Administrative	Total
Advertising, marketing and promotion	\$ -	\$ 911,169	\$ 911,169
Bank fees	11,983	-	11,983
Camp programs	38,231	-	38,231
Charitable contributions	458,617	-	458,617
Contracted services	300,461	-	300,461
Depreciation	30,038	-	30,038
Dues and subscriptions	56	-	56
General and office supplies	-	26,207	26,207
Grants	6,998	-	6,998
Licenses and permits	-	8,865	8,865
Occupancy	14,141	-	14,141
Other	-	12,071	12,071
Professional fees	-	121,989	121,989
Repairs and maintenance	-	2,025	2,025
Room and board	2,459,507	-	2,459,507
Salaries and benefits	578,376	-	578,376
Student events	112,904	-	112,904
Travel	-	19,955	19,955
Utilities	-	5,866	5,866
	<u>\$ 4,011,312</u>	<u>\$ 1,108,147</u>	<u>\$ 5,119,459</u>

See notes to consolidated financial statements.

**International Leadership of Texas – Global and Subsidiary**  
**Consolidated Statement of Cash Flows**  
**Year Ended June 30, 2025**

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**Cash flows from operating activities:**

Change in net assets	\$ 152,153
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	30,038
Changes to assets and liabilities:	
Accounts receivable	10,271
Other current assets	1,280
Accounts payable and accrued expenses	(184,618)
Deferred tuition revenue	224,413
	233,537
Net cash provided by operating activities	233,537

**Cash flows from investing activities:**

Purchases of property and equipment	(57,294)
Purchases of certificates of deposit	(7,350,000)
Redemptions of certificates of deposit	4,250,000
	(3,157,294)
Net cash used in investing activities	(3,157,294)

**Cash flows from financing activities:**

Payments on notes payable	(9,941)
	(9,941)

**Change in cash and cash equivalents** (2,933,698)

**Cash and cash equivalents at beginning of year** 4,190,521

**Cash and cash equivalents at end of year** \$ 1,256,823

**Supplemental disclosure of cash flow information:**

Cash paid during the year for interest	\$ 3,765
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See notes to consolidated financial statements.

# International Leadership of Texas – Global and Subsidiary

## Notes to Consolidated Financial Statements

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### 1. Nature of Activities

International Leadership of Texas - Global (ILTexas Global) is a Texas not-for-profit corporation formed in 2014 with a mission to strengthen, enhance and support the advancement of International Leadership of Texas (ILTexas), a not-for-profit organization, by engaging in fundraising and other charitable activities. ILTexas Global also operates a private school to serve ninth through twelfth grades with a primary focus of offering a Chinese cultural exchange program for the benefit of students in Texas and China. ILTexas Global partners with ILTexas' charter schools to further support and facilitate cross-cultural educational models and methods.

The International Leadership of Texas (Shanghai) Commercial Consulting Co., Ltd. (Subsidiary) is a Chinese nongovernmental organization solely owned by Global formed to assist Global with International recruitment efforts.

ILTexas Global and Subsidiary are collectively referred to as the Organization. Effective October 4, 2021, ILTexas no longer has a controlling interest in ILTexas Global.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Accounting***

The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, revenues are recognized when earned and expenses are recorded as incurred.

#### ***Consolidated Financial Statements and Presentation***

The consolidated financial statements include the accounts and transactions of the Organization. All significant intercompany account and transactions have been eliminated in consolidation.

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

*Net assets without donor restrictions* - Net assets not subject to donor or grantor imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

*Net assets with donor restrictions* - Net assets subject to donor or grantor restrictions that will be met by actions of the Organization and/or the passage of time.

## **International Leadership of Texas – Global and Subsidiary Notes to Consolidated Financial Statements**

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Revenues are reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Donor restricted contributions whose restrictions are met in the same year the contributions are received are reported as net assets without donor restrictions.

### ***Financial Instruments and Credit Risk Concentrations***

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. The Organization maintains cash balances at various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2025 uninsured bank balances totaled \$770,303. The Organization has not experienced any losses on such accounts.

### ***Cash and Cash Equivalents***

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

### ***Certificates of Deposit***

At June 30, 2025, the Association has multiple certificates of deposit totaling \$3,100,000 with interest rates ranging from 4.15% to 4.35% maturing between July 2025 and April 2026. The certificates of deposit are carried at cost plus reinvested interest, which approximate fair value.

### ***Property and Equipment***

Property and equipment is stated at cost, if purchased, and at fair market value, if donated. Assets with a cost of \$5,000 or more and an expected life greater than one year are capitalized. Depreciation of these assets is calculated on a straight-line method over the estimated useful lives of 3 to 30 years. Expenditures for additions, major renewals, and betterments are capitalized, and maintenance and repairs are charged to expense as incurred.

## **International Leadership of Texas – Global and Subsidiary Notes to Consolidated Financial Statements**

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### ***Revenue Recognition***

Tuition revenue is recognized over the period that the Organization provides services to students. Revenue is reported at the amount of consideration which the Organization expects to be entitled in exchange for providing tuition. The Organization determines the transaction price based on standard charges for goods and services provided. The Organization estimates the transaction price for students based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions based on historical collection experience.

Revenue from contracts with students for tuition is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing instruction and other services. Revenue is recognized as performance obligations are satisfied, which is ratably over the academic year. Tuition revenue is considered to be separate contracts with separate performance obligations. Generally, the Organization bills students prior to the beginning of the academic year and student accounts receivable are due in full before classes begin unless the student has entered into a monthly payment plan.

If a student withdraws during the academic year, the Organization does not offer a refund on tuition. Students are only offered refunds in instances that their visa is rejected. At June 30, 2025, there is no refund liability for student tuition.

Deferred tuition consists of tuition and other fees collected in advance and are recognized as revenue over the school year.

Contributions are recognized as revenues in the period received. Unconditional promises to give are recorded at their net realizable value if they are expected to be collected within one year or at fair value, which is measured using the present value of future cash flows, if they are expected to be collected over periods longer than one year. Contributions to be received after one year are discounted using a risk-adjusted rate of return. Amortization of discounts is recorded as additional contribution revenue reflecting donor-imposed restrictions, if any. An allowance for uncollectible promises to give is provided based upon management's judgment after considering prior collection history and type of contribution. At June 30, 2025, there were no unconditional promises to give and therefore, no allowance or discount.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting measurable performance or other barriers are reported as refundable advances. At June 30, 2025, there were no refundable advances.

## **International Leadership of Texas – Global and Subsidiary Notes to Consolidated Financial Statements**

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Program service fees are recognized when the related services are provided.

Rental revenue is recognized when the rental service is performed. Deposits for rents are recorded as deferred revenue until the rental service is performed.

### ***Functional Allocation of Expenses***

The costs of providing program and administrative activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents expenses by function and natural classification. Certain costs are charged directly to the functions they benefit. Other expenses require allocation on a reasonable basis that is consistently applied.

### ***Foreign Denominated Transactions***

Transactions denominated in foreign currencies are translated at the exchange rate prevailing when the transaction is realized. Translation adjustments are recorded as other income or loss in the consolidated statement of activities. At each statement of financial position date, the monetary assets and liabilities are recorded at the historical exchange rate.

### ***Federal Income Taxes***

ILTexas Global is organized as a Texas nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, ILTexas Global is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. For the year ended June 30, 2025, ILTexas Global did not conduct material unrelated business activities that would be subject to federal income taxes and the effect of accrued unrelated business income tax at June 30, 2025 would be insignificant. Therefore, no tax provision or liability has been reported in the accompanying consolidated financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing ILTexas Global's annual Form 990 and recognition of a tax liability (or asset) if the entity has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by each entity, and has concluded that as of June 30, 2025, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

# International Leadership of Texas – Global and Subsidiary

## Notes to Consolidated Financial Statements

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### *Estimates and Assumptions*

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

### *Advertising, Marketing and Promotion*

The Organization expenses advertising, marketing and promotion costs as they are incurred. These costs totaled \$911,169 for the year ended June 30, 2025.

### **3. Property and Equipment**

Property and equipment consists of the following as of June 30, 2025:

Building	\$	257,437
Photo video equipment		9,878
Vehicles		122,479
		<u>389,794</u>
Less accumulated depreciation		<u>(79,950)</u>
Property and equipment, net	\$	<u>309,844</u>

Depreciation expense for the year ended June 30, 2025 totaled \$30,038.

### **4. Contract Liabilities**

For revenues from contracts with customers, the timing of revenue recognition, billings and cash collections may result in billed accounts receivable (contract assets) and customer advances and deposits (contract liabilities) on the statements of financial position. See Note 2 for additional description of the types of revenue recognition.

## International Leadership of Texas – Global and Subsidiary Notes to Consolidated Financial Statements

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Deferred revenue consists of funds paid in advance for subsequent year deliverables. The following table provides information about significant changes in deferred revenue as of June 30, 2025:

Contract liabilities, beginning of year	\$ 2,960,085
Revenue recognized that was included in deferred revenue at the beginning of the year	(2,960,085)
Increase in deferred revenue due to cash received during the year for subsequent year services	3,184,498
Contract liabilities, end of year	\$ 3,184,498

### 5. Notes Payable

In September 2021, the Organization entered into a promissory note with a bank requiring yearly interest only payments through the note’s maturity on September 1, 2026. The note accrues interest at 1%. The outstanding balance at June 30, 2025 totaled \$90,000.

In July 2023, the Organization entered into promissory notes for two vehicles requiring monthly installments with an interest rate of 5.49% totaling \$534 each, until maturity at August 14, 2029. The outstanding balance at June 30, 2025 totaled \$46,750.

Future maturities of the notes payable are as follows for the years ended June 30:

2026	103,706
2027	12,806
2028	12,806
2029	7,432
Total notes payable	\$ 136,750

### 6. Net Assets With Donor Restrictions

At June 30, 2025, there were net assets with donor restrictions for the Texas Education Fund program and totaled \$32,017.

# International Leadership of Texas – Global and Subsidiary

## Notes to Consolidated Financial Statements

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### 7. Rental Income

The Organization leases its condominium space to a third-party tenant under a cancelable operating lease. Rental income for the year ended June 30, 2025 totaled \$46,424.

### 8. Concentrations and Related Party Transactions

ILTexas Shanghai owns a noncontrolling interest in ILTexas China. ILTexas Shanghai's investment in ILTexas China is not material to the consolidated financial statements.

For the year ended June 30, 2025, 12% of total contributions was received from one donor.

For the year ended June 30, 2025, approximately 8% of total contributions were received through payroll deductions facilitated by ILTexas on the behalf of its employees, designated for the Organization.

### 9. Liquidity and Availability of Resources

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures for a reasonable period of time. The Organization's financial assets that are available to meet general expenditures within one year of the consolidated statement of financial position date are as follows as of June 30, 2025:

Cash and cash equivalents	\$ 1,256,823
Certificates of deposit	<u>3,100,000</u>
Total financial assets	4,356,823
Less amounts unavailable for general expenditure within one year due to:	
Donor restricted for programs	<u>(32,017)</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u>\$ 4,324,806</u>

The Organization has a goal to maintain financial assets on hand to meet six months of normal operating expenses, which for the year ending June 30, 2025, was approximately \$2,560,000. The Organization manages its financial assets to meet its operating expenditures, liabilities and other obligations as they come due.

**International Leadership of Texas – Global and Subsidiary**  
**Notes to Consolidated Financial Statements**

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**10. Subsequent Events**

The Organization evaluated subsequent events through March 13, 2026, the date the consolidated financial statements were available to be issued, and concluded that no additional disclosures are required.