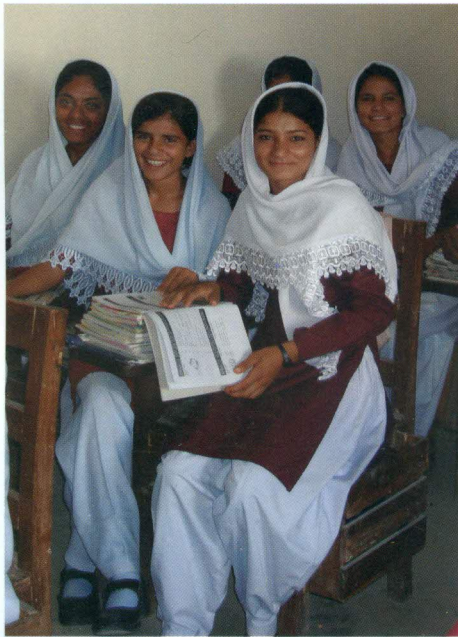
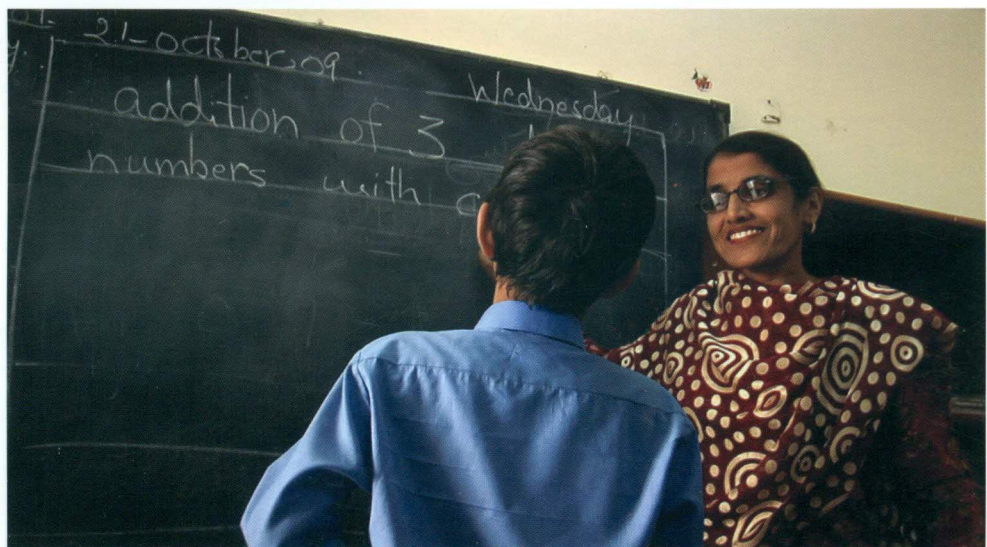
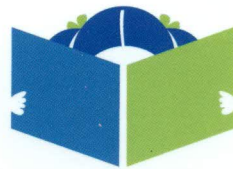


DEVELOPMENTS

in LITERACY



Annual Report
2009



Developments in Literacy

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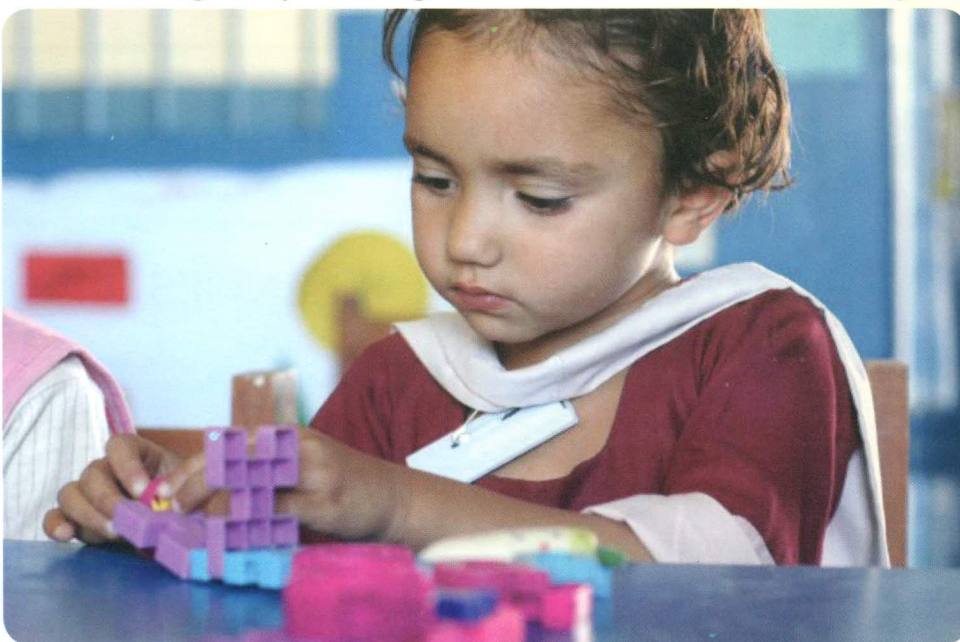
MESSAGE FROM LEADERSHIP

It's been estimated that 40 percent of all Pakistan children born as you read this letter will never step foot inside a classroom. Developments in Literacy refuses to accept this bleak conclusion. Too many lives and destinies depend on all of us reaching for a much different, brighter story.

That is the story that DIL is excited to share in our 2009 Annual Report, as seen through the shining achievements and faces of our students, teachers, community leaders, donors, and chapters. This past year saw a surge in students being educated and empowered; the professional development of teachers; state-of-the-art curriculum embraced; vocational training launched, and school construction completed.

We will never lose hope in a brighter future for Pakistan's children because they are so much more than faceless statistics. They're the bright-eyed, eager students we see running down dirt roads to

reach their first school. They're the students of teachers, like Gulnaz, who walk with her across hard-baked soil for 40 minutes to finally reach the classroom where she teaches them math.



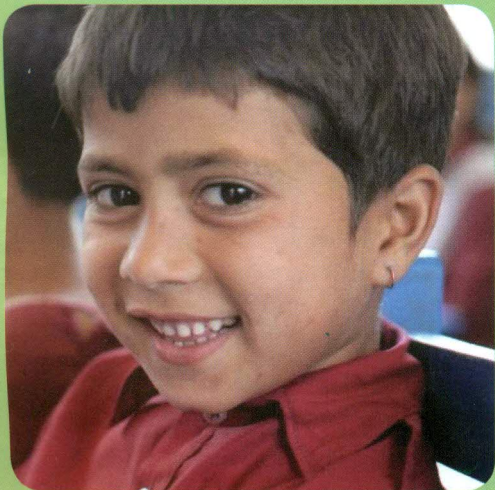


We laud the efforts of community leaders, like Nagina Bibi, (story p. 22) who give time, land, --and even rooms in their own homes --to ensure that children will not just step foot into a classroom – but graduate with confidence to make a difference in the future.



We have the extreme privilege of helping determine what that future will be. Thanks to our generous DIL community, our story is one of hope, empowerment, and transformation. Help us educate the future teachers, healthcare practitioners, parents, and leaders of a progressive and prosperous Pakistan. You will surely find your own life story changing, as well!

And thank you sincerely for your ongoing support!



Fiza Shah
CEO

Imran Ahmed
Chair, Pakistan



THE GIRL EFFECT IN PAKISTAN:

WHEN YOU EDUCATE A GIRL, YOU CHANGE THE WORLD

"I don't want anyone telling the girls of my village they are uneducated and illiterate," a DIL student, who says her first day of school was the happiest day of her life.

In the softly folded mountains and beautiful valleys of Pakistan, young girls and women live with the harshest realities: religious extremists, crushing poverty—and deep discrimination against girls' education. At the same time, Pakistan's failed education system offers little hope of addressing this crisis.

In the midst of these bleak conditions, DIL is transforming the educational system in the rural areas of Pakistan. DIL has attracted support from the U.S. State Department, United Nations, UNICEF, and other leading organizations because DIL's 150 schools and modern, progressive education offer a bright, hopeful turning point for Pakistan's children, who are the catalyst for sustainable change, stability, and prosperity.



One of DIL's first graduates, Fauzia is also one of the first courageous girls from her village who chose to complete her schooling. After Fauzia graduated from eighth grade, she received a DIL scholarship to further her education. Eventually, she returned to Mungia School in the region of Khairpur hoping to be a teacher. But, she first needed even more education. The villagers protested: "No! We do not send our girls out. If you send Fauzia to study, our daughters may also demand the same."

But Fauzia's father is the head of the local Education Committee. He insisted that his daughter receive an education. Fauzia now is continuing her schooling while teaching at a DIL school.

Fauzia is evidence of a great attitudinal shift in Pakistan. As communities embrace young women like Faiza as teachers, they also embrace one critical belief: Girls can succeed and be prosperous without disrupting the social fabric. Now other teachers from neighboring villages are following Fauzia's shining example, with DIL's guidance.

For more success stories turn to page 17.

2009



YEAR in REVIEW

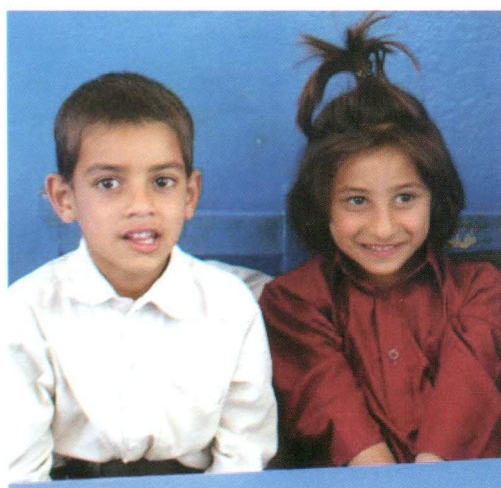
Developments in Literacy



Annual Report



STUDENTS DISCOVER THE WIDER WORLD: A SNAPSHOT OF DIL'S SUCCESS



- Developments in Literacy (DIL) is a leading development nonprofit that educates more than 16,000 students at 147 schools in the most remote, impoverished regions of Pakistan.
- DIL schools break the cycle of illiteracy and poverty, especially among young girls, whose illiteracy is often 75 percent.
- DIL's safe and progressive schools are made up of 70 percent girls; 30 percent boys.
- A highly respected model for education in the developing world, DIL goes far beyond school construction: It offers state-of-the-art teacher and principal training, high-quality child-centered curriculum, and scholarships. It manages modern library resources and technology. DIL also offers extracurricular activities and vocational training.
- DIL expects to educate thousands more students and train thousands of teachers in the next 5 years.
- DIL is piloting a virtual teacher and principal training program to train educational leaders, who are hard to reach because of their remote locations.

2009 ACHIEVEMENTS

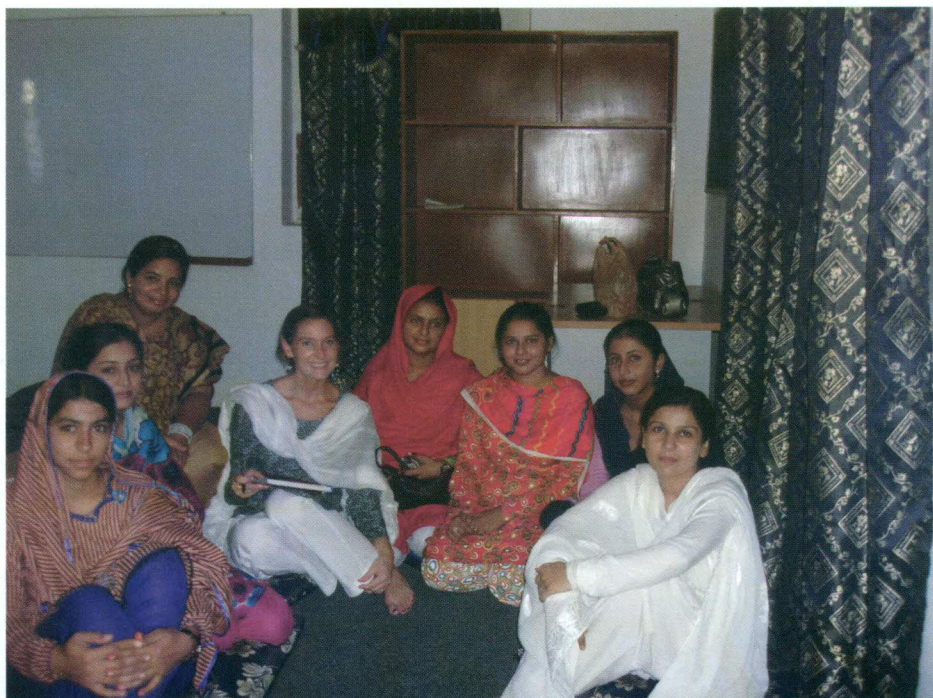
2009 proved to be one of DIL's most successful years to date, with many new initiatives gaining great momentum and DIL's tested practices and model showing even greater results...

CURRICULUM DEVELOPMENT: DIL's now in its fourth year of researching, developing and implementing its own curriculum in the DIL schools. Initially focused only on improving the English instruction, the program has expanded to include Urdu, math, science, and general teaching pedagogy. DIL's team of curriculum developers, along with the talented training staff, has helped to create a positive shift in DIL's academics, boost students' successes, and greatly inspire teachers, principals and DIL's communities.

A teacher from DIL-Junior 2 in Orangi enjoys the progress in her students' English studies: "In class 3, my students are facing reading comprehension problems because they were not involved in or exposed to any reading experiences. Now, in grade 2, students read and understand stories. I am quite confident that, in the next class, these students will not face such problems and their learning will be better." Other teachers praise the new math program and especially like the introduction of manipulatives, like fake currency, pattern blocks, and indigenous materials that provide a hands-on experience for conceptual understanding of math skills -- and increase children's interest in math.

DIL is developing curricula for all of the subjects, one grade level at a time. The goal: a full primary curriculum by December 2011.

DIL Curriculum Director Annie Field with teachers after a training session.

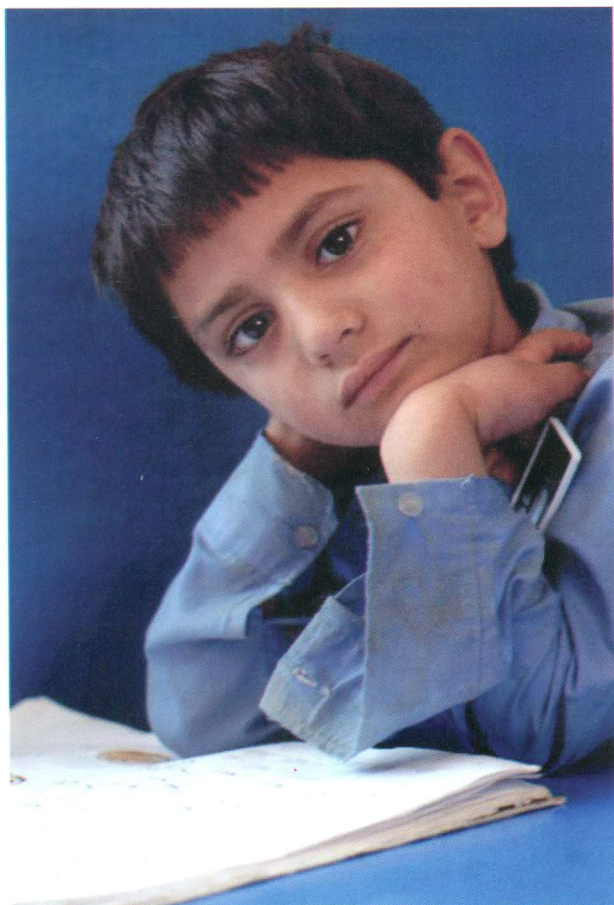


DIL SCHOOLS REMAIN OPEN IN VOLATILE DIR: DIL schools in the Dir area remained opened, thanks to partner Khwendo Kor's good social mobilization. An interim strategy was developed to continue to support teachers for the 33 DIL schools in upper and lower Dir.

FINANCIAL EMPOWERMENT:

DIL's quality education continues to reach beyond school children and classrooms. With assistance and encouragement from DIL and partner staff, more than 80 percent of teachers from the rural Islamabad and Pindi schools have now opened their own bank accounts. Following their example, 50% of ayas (cleaning staff) in rural Islamabad schools have also opened their

own accounts for the first time. These women are rapidly becoming empowered in controlling their own financial destinies.



ANNUAL REVIEW IN PAKISTAN: In September the Annual Review brought together all DIL concerns for team building activities, sharing of successes and vision, engagement in decision making, and direction setting for 2010.

FACT:

Pakistan has the third-highest rate of out-of-school children in the world.



DIL XO LAPTOP PILOT: Sixty laptops were distributed at two schools: Pind Malkan and Chak Kamdar. The pilot program involves 57 students and nine teachers. Students and teachers eagerly explored their laptops. Teachers are being trained on the optimal use of laptops for classroom learning. DIL students are already able to explore and understand new programs for themselves and help each other. Attendance also has risen. As students take the XO computers home, learning through technology will be extended to siblings and other family members, especially mothers. DIL will monitor the progress of the students and response of their families. With another partner, Children Of Tomorrow, DIL is also designing and developing computer-based English lessons that complement and reinforce students following the DIL English phonics curriculum.

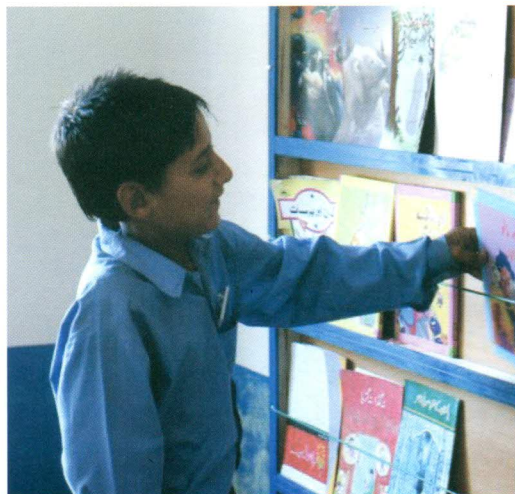
SCHOOL CONSTRUCTION:

DIL constructed five schools this year: Rind Hijano (Khairpur), Junior School 7 (Orangi), Choal Pattan, Chappar (Islam-

abad), Ghareeba (Rawalpindi). Classes have begun at the cost-effective schools, which maximize natural light and ventilation. Land for Khuda Ki Basti DIL School at Kala Shah Kaku was secured and construction has started. DIL partner NOWA started construction of a new DIL school in Rind. DIL partner IRC started to upgrade four more schools from single classrooms to full primary schools.

TEACHER DEVELOPMENT; SCIENCE INSTRUCTION:

Magnetism, electricity, chemical reactions. All these and other science topics were explored in a two-day workshop on inquiry-based science instruction for science teachers at 24 schools supported by DIL in the Rawalpindi and Islamabad regions. The participants in the first workshop were third to sixth-grade teachers. The professional development training helps teachers better: understand and identify the different process skills associated with inquiry-based learning, from observing and raising questions to planning an investigation, creating a hypothesis and communicating results.



HEALTH WORKSHOPS:

Health issues are the leading cause of student absenteeism in DIL schools. DIL began conducting health workshops in 58 schools. Over 6,000 students, teachers, and parents received instruction on preventative health and hygiene.



ORGANIZATION DEVELOPMENT: DIL increased its IT capacity, at no extra cost, by establishing remote computer linkages with other DIL offices, and acquired the capability for video-audio link through gmail. This has enabled the potential for video conferencing with any DIL office.

TEACHER TRAININGS: In the summer of 2009, 689 teachers completed an intensive six-week summer Teachers' Training at the DIL Teacher Education Center (DTEC) in Islamabad to strengthen their subject-specific teaching skills and complete pedagogy trainings. A particular highlight: after almost two years of political instability in Dir,



five Dir school teachers, selected as local facilitators, were trained. Trainers and program managers are working on developing a comprehensive strategy to enable quality education in this remote and often inaccessible area. DTEC plans to train at least 700 teachers a year and hundreds of teachers from other organizations.



IMPROVING STUDENTS' HEALTH AND SAFETY:

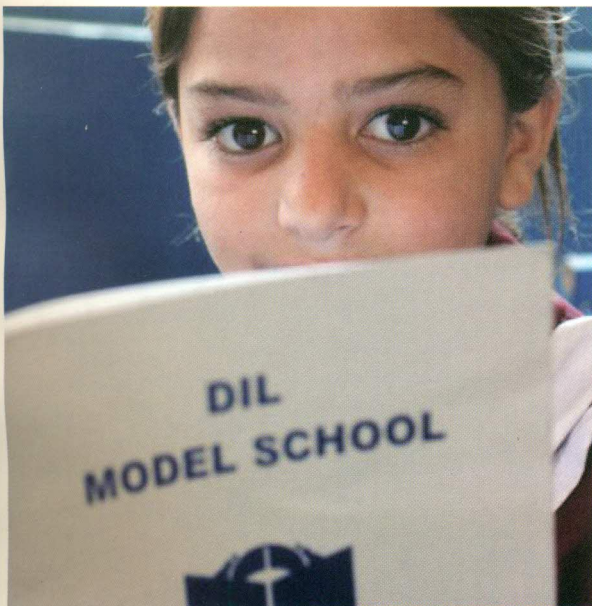
Children in Pakistan too often miss classes because they are sick. DIL hosted health and hygiene information sessions for more than 800 students at six schools. About 35 teachers and 150 parents also participated. Students later developed health-related posters and awareness-raising materials. The community-wide events gave parents a chance to share their concerns and seek solutions. One major issue raised: Local water sources are scarce or contaminated, which causes students to develop illnesses and fevers. Community members advocated for more information on health and steps related to water quality. They also said they'd be willing to improve their skills to cope

with and manage health and related issues if given the opportunity

DIL also jointly conducted a Karachi program on child protection with UNICEF, the Government of Sindh, and I-Earn. The project, "Achay Dost" (Good Friends) was an FM radio program that raised awareness about gender-based discrimination, corporal punishment and child abuse. About 15 DIL representatives, including students, teachers, parents and project staff from the DIL Orangi Project attended the program.

FACT:

Girls are often denied an education and instead forced to marry at young ages, perpetuating the cycle of illiteracy.



COMMUNICATIONS INITIATIVES:

DIL hosted a film maker from the United States and her team to develop a documentary on DIL schools, highlighting positive effects and outcomes of quality education. Also, a photo journalist from the UK gathered images in the Khairpur projects for photo essays.

FIRST TIME PROSPERITY:

WOMEN BECOME EMPOWERED AND EMPLOYED

After Farzana Habib was married at twelve -- to a man three times her age -- she eagerly pursued every educational opportunity she could find. When a DIL school opened in her village, Mohammed Murad Katohar, Farzana enrolled. "It felt like a dream to get new knowledge," Farzana said.

When Farzana's husband died, she knew she absolutely had to work to survive. The idea for a clothing retail business had been percolating since she overheard women complaining about their lack of choice. She sold her cow for 6000 Rupees for seed capital. Now, when Farzana brings fabric back from the market, women eagerly gather to browse and shop. Farzana makes a profit of 50 rupees per fabric piece sold.

"DIL teachers put a lot of confidence inside me... Now I think women can work without losing their honor, outside the home, and bring income without bringing shame to the men of the family."

Farzana Habib's advocacy for her DIL school also has helped its student body grow from 30 to 130 students, DIL teachers say.

The empowerment of determined entrepreneurs like Farzana is a perfect example of why DIL has launched an aggressive vocational training effort in 2009. This year, about 330 participants completed vocational training. Some trained in sewing, knitting, computer skills, embroidery, and candle making are successfully marketing their products. Many women are working as successful seamstresses and earning a monthly income, which greatly boosts their families' income and further empowers the women. On an average these young seamstresses are making Rs. 2000/- to Rs. 3000/- a month.

One woman, Tayabba, is now learning to be a trainer herself and acquiring management skills for running her own vocational training center, while finding time to take orders for embroidery and stitching. Others are selling candles and jute bags at the Karachi Sunday bazaar. DIL plans to open two new cutting and sewing centers to reach the Orangi community where DIL has 17 schools.



DIL IN THE NEWS

NY TIMES MEDIA COVERAGE LAUDS DIL'S "TERRIFIC MODERN SCHOOLS"

An ardent supporter of DIL, acclaimed NY Times columnist Nicholas Kristof featured DIL in a holiday giving roundup in December: "A Most Meaningful Gift Idea." Here are excerpts of the article: "This time of year, I'm always barraged with inquiries about well-run charitable groups doing effective work. So let me tell you about some of the organizations I've encountered that tackle global poverty in innovative ways."

Including DIL in the list, Kristof writes that, "Developments in Literacy builds terrific modern schools in Pakistan, particularly for girls."

Nicholas Kristof, bestselling NY Times columnist, continues to be a cherished supporter of DIL students and schools.



2009 GLOBAL SPONSORS



Coca-Cola



U.S. Department of State

Schering-Plough



Target Foundation



Citi Group

Pakistan Poverty Alleviation Fund



United Nations Womens' Guild



Irfan Kathwari Foundation



MF Foundation



Five DIL Stories



Our COMMUNITY in PAKISTAN



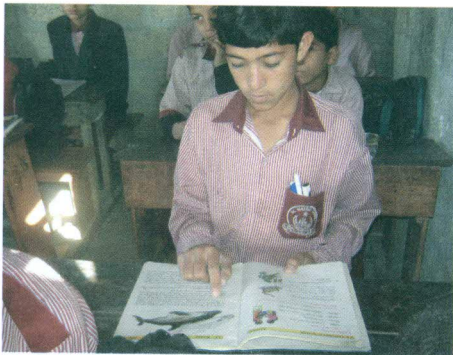
WAHEED

I am a grade 4 student in DIL Nation School. My name is Waheed. My mother tongue is Pushto. I have four brothers and two sisters. My father is a guard and my mother stitches clothes for people. No one in my family had ever gone to school, and I would stand in the doorway of my house in the mornings looking longingly at all the children rushing to school wearing uniforms and carrying big school bags.

I knew it was useless to ask my father because our means did not allow it. One day my father met the Principal of DIL Nation School and mentioned to him that I was very keen to go to school but the family could not afford it. The principal said that if I worked hard and proved to be a good student, he would not charge any fees.

I was thrilled and felt as if I had been given the key to a treasure! I was a little over age and faced a lot of difficulty when I started going to school but the teachers were very helpful and gave me extra attention during break time. Slowly I not only caught up with my classmates but began to outdo them.

I want to be a good human being and do something important for my family, my teachers and my country.



AFSHAN



Only 14 percent of all girls in rural Pakistan know how to read or write. Afshan and her five sisters are excelling in a DIL school—the only school in their small village outside of Islamabad that can make their dreams for the future possible.

Afshan, a fifth grader, says she loves studying English and Urdu. But she and her sisters admit feeling constant fear over the threat of terrorist attacks and sharp increases in violence in their area. Afshan's mother, an illiterate housewife, is determined all her daughters will graduate. "I want them to have a better future...I don't want my daughters marrying so young."

“ I want them to have a better future... ”

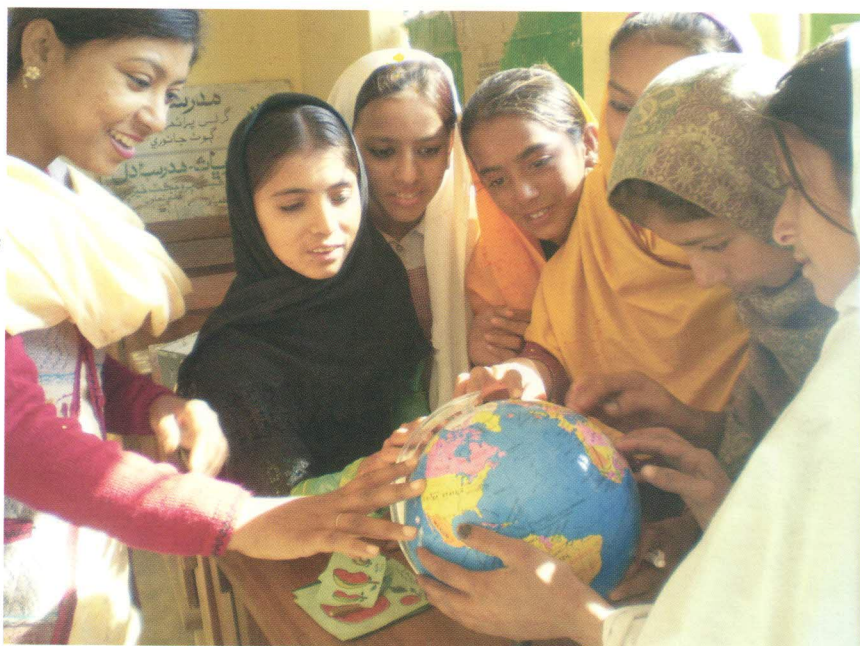
FARZANA SIAL

Farzana Sial's life has been marked by struggles, but it is her drive to inspire education in others that makes her an enlightening influence in the village of January Goth. After noticing that the girls at January Goth School continually came in late, and with poor hygiene, Farzana reached out to the mothers. She was shocked to realize that the mothers could not even sign their own names.

Farzana offered adult literacy classes to the mothers as an incentive to get their daughters to school on time.

Farzana has experienced resistance to education from her own family, including her two brothers that own the land on which the school was built. In her family of ten, she and her husband support everyone. The culture of the region traditionally did not foster education, which is why her sisters-in-law were not interested in joining the effort. The brothers that own the January Goth land often stood in the way of Farzana by renting out the school for other uses. It was only after she gave a watchman position to one brother's son and convinced the other brother to send his daughter to school that their attitudes changed.

Despite the cultural resistance to girls' education, Farzana has accomplished more than she had dreamed. She has seen an increased confidence within students, and knows that, while mindsets may not change overnight, it's inspiring to see a surge of positive morale within the community.



Teachers like Farzana (shown at far left) serve as educators and community leaders in their villages.

TARIQ SHEIKH

Inspiring leaders like Tariq Sheikh, a village elder in Bunni Behk, are fueling the great sea change in Pakistan by speaking out and advancing education for girls. He knows the hardship families face as they barely survive on \$30 to \$40 each month. He also sees that girls can be part of the economic solution. "Most of the villagers are laborers and people live hand to mouth," Tariq says. "The girls have always been deprived of education. Boys can travel for education but girls cannot. So women are forced to stay at home. That's why I wanted to start a girls' school." Tariq created the DIL Community Model School for Girls in Bunni Behk.



NAGINA BIBI

Women like Nagina Bibi, hold up the sky in Pakistan. Women who don't let the Taliban, poverty, or discrimination extinguish dreams of educating their children. Married off at just 18, only able to sign her name with her thumbprint, Nagina Bibi made her husband promise their four children would receive an education. They all earned college degrees. Amazingly, Nagina didn't stop there. She donated land for a school that now educates 120 children.



Nagina Bibi, an illiterate mother, cuts the ribbon at the celebration of a school opening for which she donated the land.



G_{irls}

L_{earn}

I_{nternational}

PARTNERSHIP PROFILE



U.S. STUDENTS CONNECT WITH PAKISTANI STUDENTS

While most teens spend their summer at the pool, with thoughts of school at the back of their minds, Erin Butterfield was hard at work planting the seed for a social awareness movement to hit Sonomo Academy in California.

What started as a visit to the Girls Learn International headquarters in New York during a leadership program quickly became Butterfield's newfound passion. GLI conducts ex-

change programs between American schools and schools in the developing world in which girls have been typically denied education. DIL has five school exchanges with GLI.

Butterfield's keen desire to get involved with GLI was supported by her humanities teacher and her friend Kelly, which helped launch the Sonomo Academy chapter and its partnership with DIL's Sojthro Model School in Sagyoon, Pakistan.

Why does Butterfield care so much about giving girls access to education? She was moved when she learned how it's often culturally taboo for girls to go to school. "The girls have an extreme desire to learn, but it is frowned upon by the community. Something that is so common for girls in America is a constant battle for those in countries such as Pakistan."

Butterfield and the girls in her chapter write letters to a group of younger girls at the Sojthro Model School. They share American culture, and the Pakistani girls give insight into their lives. Butterfield and her chapter members were shocked when Sojthro School's first letter detailed vacations spent working in the fields.

One letter in particular made an impact on the Sonomo Academy girls. They eagerly

“The girls have an extreme desire to learn, but it is frowned upon by the community.”



wrote about how great the upcoming spring break would be, including how much they love spending time outside. In response, they learned that the Pakistani girls could not wait to enjoy flowers and spring outdoors in the garden. Butterfield and her friends were enlightened to realize that, regardless of where girls live in the world, "it is cool to see the similarities."

The exchange involves more than letters travelling from one country to another. The two groups of girls also share their lives. Sonomo Academy created a cookbook containing the recipes of traditional American food, highlighting breakfast, lunch, dinner, and dessert.

Keeping education alive requires funding, so Erin set her target for \$500 a school year. So far she has been pleased with the success of her fundraising and advocacy events, including bake sales, a rummage sale, and a student art auction. The auction alone raised between \$600 and \$800. To complement the fundraisers, the group makes fliers and announcements to spread awareness and facts about girls' education and their chapter's efforts.

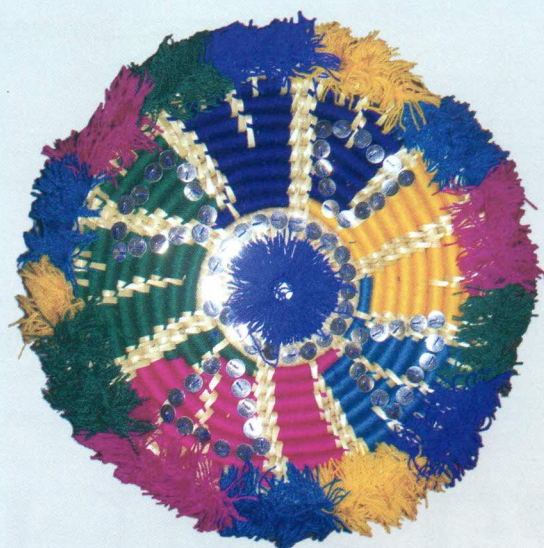
Half of the money at Sojthro School goes to essential resources such as desk, tables, and supplies. The other half is spent on other expenses, such as non-academic books and teacher salaries. Butterfield shared just one example of how the support has improved conditions for the Pakistani girls.

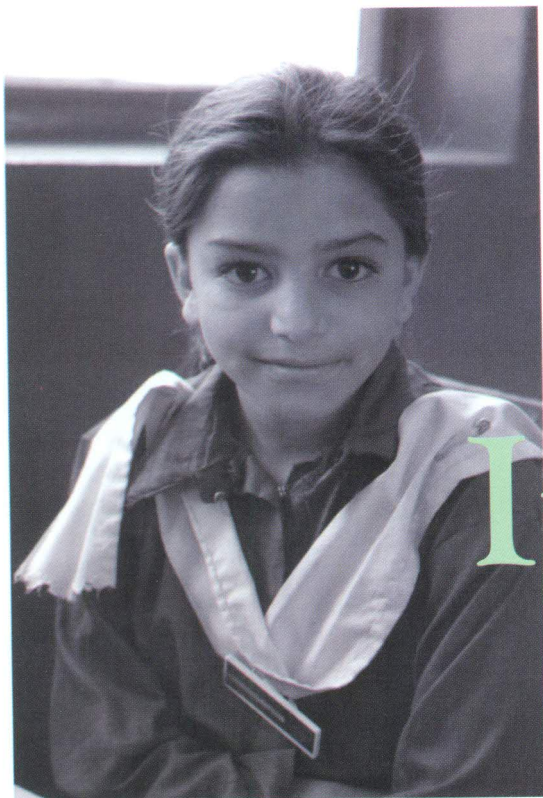
"The school was built with only a male restroom. With one boy attending the school, the girls had no restroom of their own. Our chapter raised enough money to build a restroom for the girls, which makes the school a much better environment for female students."

The GLI school exchange with a DIL school is profoundly dear to Erin's heart. "My goal is to create worldwide relationships between girls. That will help everyone. In this world there are so many different countries, but we need to unite as one. Though we may live in different parts of the world, I write letters to let them know we go through similar things. Most teens want to relate to another teenager. A big part of growing up is finding out that you can."



U.S. and Pakistani girls form friendships as they exchange art, sewing, writing, and other projects such as the pieces shown here.





“Just knowing about [DIL] is the first step in making a difference.”
- Erin Butterfield

Interested in supporting DIL?

How you can invest in a DIL school:

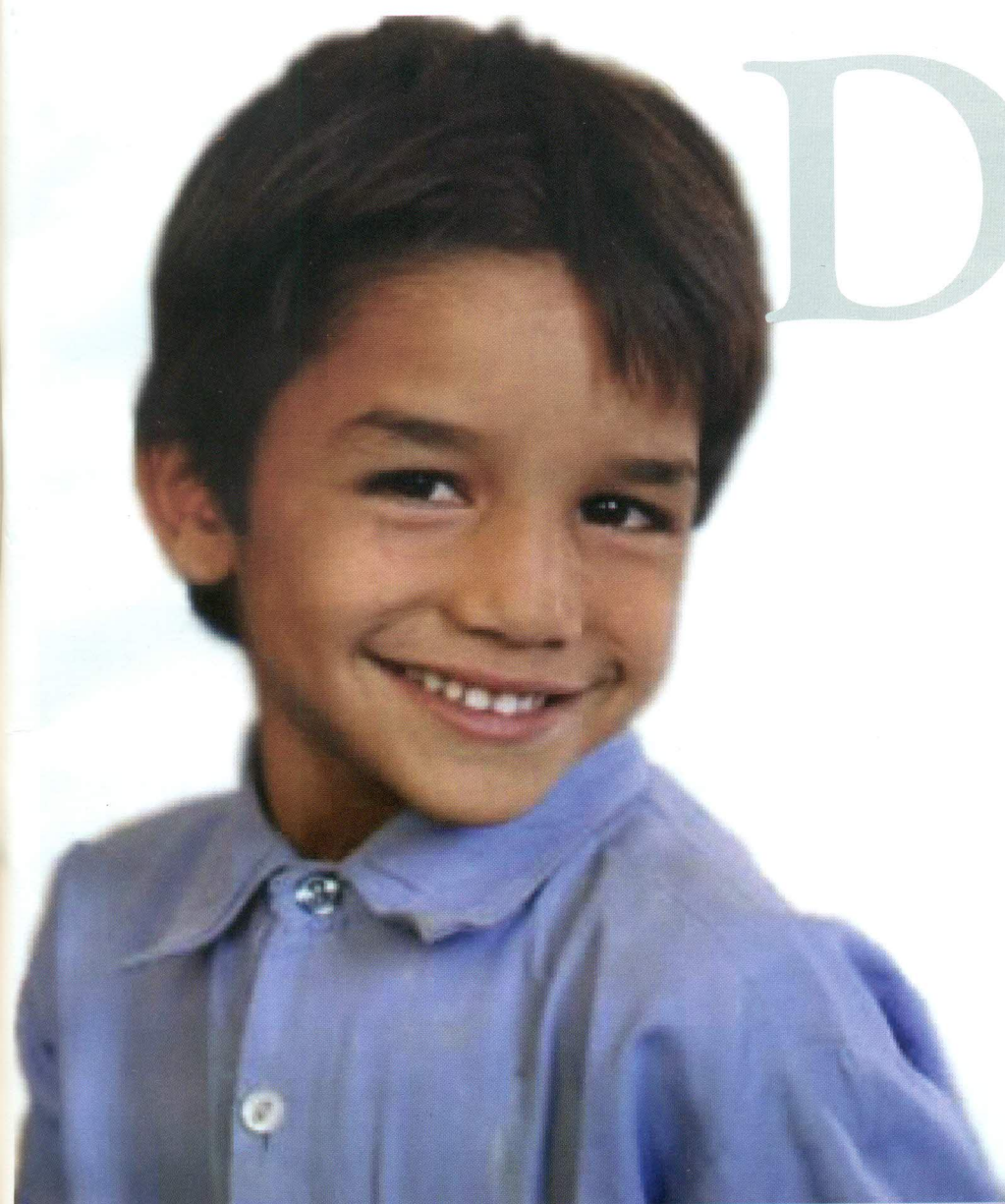
- \$65,000 primary school construction
- \$5,400 computer lab (internet and generator)
- \$1,500 Library (books and materials)
- \$1,500 sponsors one entire classroom for a year
- \$480 the primary education of one child (K-5)
- \$200 training for one teacher

In addition to supporting DIL through donations, consider joining a DIL chapter, which serve as the heart and soul of our organization.

YOUR DIL is the youth outreach effort for Developments in Literacy which networks, promotes awareness, and raises support for DIL's goals via eight YOUR DIL chapters.

The next section goes indepth about the activities of our chapters.

Visit www.dil.org



DIL

Our

GLOBAL

COMMUNITY

CHAPTER HIGHLIGHTS



DIL OTTAWA - proudly held its 8th Annual Fundraising Gala on Saturday, October 3rd at the prestigious Hellenic Centre. Over 250 people attended this magical evening of music, dances and fine dining. Yasmin Rashid, mesmerized the audience with her renditions of songs from yesteryear.

DIL DENVER - held its first event on November 14, 2009 at the Hope United Methodist Church. Over 400 people attended – an amazing turnout for an inaugural event. The highlight of the evening was a wonderful play written and directed by members of the local Chapter. Proceeds raised at the event will help fund a new school.



DIL LOS ANGELES - held its 2009 fundraiser at the St. Regis Monarch Beach Resort in Dana Point. The honorees included, event hosts Dr. Meher Tabatabai and Mr. Syed Qaisar Madad, and Drs. Parveen and Khalid Ahmed who were recognized for their philanthropic endeavors. DIL LA board member, Mariam Rashid, was also recognized for her on-going dedication and fundraising efforts on behalf of the children of DIL.

DIL NEW YORK - hosted a very successful annual Gala on November 13th at Gotham Hall, NYC. The event honored Nicholas Kristof, New York Times columnist and co-author of book, "Half the Sky." The who's who of NY City attended the fun-filled evening.



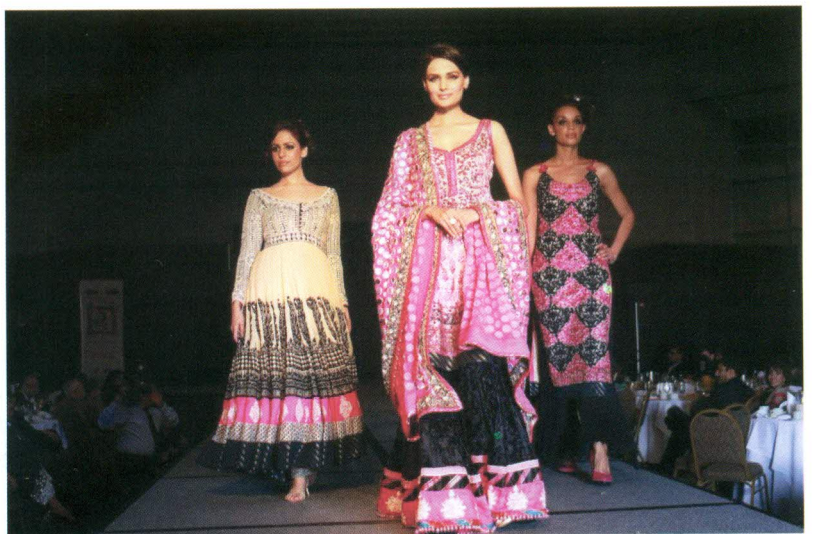


DIL TRUST U.K. - from a cooking demonstration to a sports tournament to a book reading, DIL Trust U.K. had a highly successful fund-raising year. The popular cricket tournament involved six simultaneous matches at London's Regents Park. The event helped fund programs at the DIL Mehran school.

DIL KARACHI - held a successful awareness building event in 2009 and raised visibility and support for DIL.

DIL WASHINGTON D.C.

Their fundraiser was a sold out event with its "Colors of Pakistan 2009" fashion show, managed by QYT productions. It attracted a vast number of new supporters not only from within the DC area, but from as far as Pennsylvania, New York and Richmond.



DIL SAN FRANCISCO - held its annual fundraiser at the Crowne Plaza Hotel in Palo Alto on November 7th, 2009. This year's event, "Journey Through Pakistan," featured Dr. Adil Najam, Professor of Global Policy at Boston University, who captivated the audience with his compelling argument in favor of educating Pakistani children. He explained, "We cannot do anything about Pakistan's past but we can do something about its future."



YOUR DIL CHICAGO - held a Raise the Stakes for Schools game night with food and music, and also hosted their first annual Iftar dinner, a Summer Sizzler Barbecue, and a "Rock out for Literacy" night, with live from music from two cool bands!



YOUR DIL NEW YORK - has been successfully following the foundational steps of DIL and continues to promote awareness and raise funds that seek to eradicate illiteracy among children in Pakistan. Over the course of last year, YOUR DIL New York has raised over \$50,000 through their Annual Gala, Spring Affair and Encore. Each event was thoroughly enjoyed by over 200 young professionals of New York City.

DIL HOUSTON - About 450 people came to support DIL's cause at Houston's prestigious Omni Hotel. The evening's programs included a silent and live auction, delicious food and superb entertainment. The keynote speaker was Dr. Adil Najam, Professor of Global Pubic Policy at Boston University. The gala raised more than \$200,000.



YOUR DIL DETROIT - held its first major event - a memorable concert featuring renowned South Asian fusion band Josh, along with the talented Tabla Guy and comedian Aman Ali.

PAKISTAN'S CHALLENGES

With a population of about 176 million, Pakistan is one of the most densely populated countries in the world. Pakistan has been under military rule for all but 16 years of its existence.

Pakistan continues to grapple with the poverty and underdevelopment the country has faced since its independence. Almost a quarter of all Pakistanis live below the official poverty line, defined as \$12.45 a month. Violence against women is prevalent and honor killings are all too widespread.*

Here are the specific educational challenges, DIL transcends and transforms each day in Pakistan, where the public education system is broken. Less than two percent of Pakistan's GDP is spent on education:



A DIL School

- 30,000 empty, unused government buildings, called "Ghost Schools," receive government educational funding, but exist only on paper.
- About 86 percent of girls in rural Pakistan can't read or write.
- Girls are often denied an education and instead forced to marry at young ages, perpetuating the cycle of illiteracy. (Please see the Girl Effect in Pakistan story pg 6)
- Pakistan has the third highest rate of out-of-school children in the world.
- Children are born and live their entire lives without breaking through the stubborn cycle of extreme poverty.

A Pakistani "ghost" school



DIL is making an effort to change these statistics.

Our progress thus far has been inspiring, and with the help of our supporters we hope to continue to educate Pakistani children far into the future.

DIL PAKISTAN AUDIT REPORT



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRSUTEES OF DEVELOPMENTS IN LITERACY

We have audited the accompanying financial statements of Developments in Literacy ("the Society"), which comprise the balance sheet as at 31 December 2009, the income and expenditure statement, cash flow statement and statements of changes in fund balance for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Society'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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Waseem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Society as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we refer to note 3.2 to the financial statements which explain the reasons for restatement of comparative figures.

Financial statements of the Society as of and for the year ended 31 December 2008 were audited by another auditor whose report dated 22 May 2009 expressed an unqualified opinion on those financial statements.

Date: 12 July 2010
ISLAMABAD

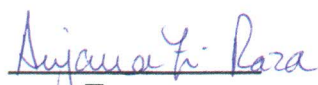
KPMG TASEER HADI & Co.
CHARTERED ACCOUNTANTS
Muhammad Rehan Chughtai

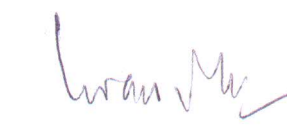
Developments in Literacy

Balance Sheet

As at 31 December 2009

	Note	2009 (Rupees)	2008 (Rupees) (Restated)
NON-CURRENT ASSETS			
Property and equipment - net of accumulated depreciation	4	11,252,684	7,322,544
CURRENT ASSETS			
Advances - unsecured, considered good	5	481,696	3,278,723
Deposits and prepayments	6	836,444	620,875
Cash and bank balances	7	16,040,842	8,942,851
		17,358,982	12,842,449
CURRENT LIABILITIES			
Accrued and other liabilities	8	(4,835,829)	(3,171,243)
NET CURRENT ASSETS			
		12,523,153	9,671,206
NET ASSETS			
		23,775,837	16,993,750
NON-CURRENT LIABILITIES			
Deferred grant	9	11,252,684	7,322,544
REPRESENTED BY:			
Fund balance		12,523,153	9,671,206
		23,775,837	16,993,750
Contingencies and commitments	10		


Trustee


Trustee

Developments in Literacy

Income and Expenditure Account / Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	2009 (Rupees)	2008 (Rupees) (Restated)
INCOME			
Transferred from fund balance	3.2.1	99,768,342	82,649,657
Deferred grant recognised	3.2.3 & 9	1,414,056	709,476
		<u>101,182,398</u>	<u>83,359,133</u>
EXPENDITURE			
Grants to other NGOs	13	54,874,122	48,055,171
General and administration expenses	14	4,233,858	3,310,902
Program expenses	15	18,030,650	15,357,737
Project expenses	16	24,043,768	16,635,323
		<u>(101,182,398)</u>	<u>(83,359,133)</u>
Excess of income over expenditure		-	-
Other Comprehensive income		-	-
Other Comprehensive income		-	-

WMM 88A

Aijazul Haq
Trustee

Wazir Khan
Trustee

DIL USA AUDIT REPORT



Troy Yoshida & Leland Lau, LLP
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Garden Grove, CA 92845
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(712) 898-6873 fax
Troy@TroyCPA.com

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

We have audited the accompanying statements of financial position of Developments in Literacy, Inc. ("the Organization") as of December 31, 2009 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in the prior audit report dated August 31, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our 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, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Troy K. Yoshida & Leland Lau, LLP

Troy Yoshida & Leland Lau, LLP
Garden Grove, CA
September 20, 2010

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
(with summarized totals for 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Totals</u>	<u>2008 Totals</u>
ASSETS				
CURRENT ASSETS:				
Cash	\$ 1,551,792	\$ -	\$ 1,551,792	\$ 1,361,343
Current Portion of Pledges Receivable, Net	67,105	-	67,105	24,035
Prepaid Expenses	1,000	-	1,000	749
TOTAL CURRENT ASSETS	1,619,897	-	1,619,897	1,386,127
PROPERTY & EQUIPMENT, Net	634	-	634	961
OTHER ASSETS:				
Noncurrent Portion of Pledges Receivable, Net	-	72,841	72,841	75,302
Investments	452,504	-	452,504	377,524
Deposits	326	-	326	326
TOTAL OTHER ASSETS	452,830	72,841	525,671	453,152
TOTAL ASSETS	\$ 2,073,361	\$ 72,841	\$ 2,146,202	\$ 1,840,240
LIABILITIES & NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 68
Deferred Income	-	-	-	3,074
TOTAL CURRENT LIABILITIES	-	-	-	3,142
NET ASSETS:				
Unrestricted				
Designated	500,000	-	500,000	500,000
Undesignated	1,573,361	-	1,573,361	1,261,796
Temporarily Restricted	-	72,841	72,841	75,302
TOTAL NET ASSETS	2,073,361	72,841	2,146,202	1,837,098
TOTAL LIABILITIES & NET ASSETS	\$ 2,073,361	\$ 72,841	\$ 2,146,202	\$ 1,840,240

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(with summarized totals for 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Totals</u>	<u>2008 Totals</u>
REVENUES AND OTHER SUPPORT				
Fundraising	\$ 1,284,635	\$ -	\$ 1,284,635	\$ 1,228,245
Contributions	409,922	75,928	485,850	465,886
Interest and Dividend Income	14,001	-	14,001	22,783
Net Unrealized Gain (Loss)	75,851	-	75,851	(168,780)
Net Assets Released from Time Restriction	78,389	(78,389)	-	-
TOTAL REVENUES AND OTHER SUPPORT	1,862,798	(2,461)	1,860,337	1,548,134
EXPENSES				
Program Services	\$ 1,192,600	\$ -	\$ 1,192,600	\$ 1,239,653
Supporting Services				
Management and General	75,298	-	75,298	114,988
Fundraising	283,335	-	283,335	216,738
TOTAL EXPENSES AND LOSSES	1,551,233	-	1,551,233	1,571,379
CHANGE IN NET ASSETS	\$ 311,565	\$ (2,461)	\$ 309,104	\$ (23,245)
NET ASSETS AT BEGINNING OF YEAR	\$ 1,761,796	\$ 75,302	\$ 1,837,098	\$ 1,860,343
NET ASSETS AT END OF YEAR	\$ 2,073,361	\$ 72,841	\$ 2,146,202	\$ 1,837,098

DEVELOPMENTS IN LITERACY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009
(With summarized totals for 2008)

Supporting Services

Education:	Program Services	Management and General	Fundraising	2009 Totals	2008 Totals
Personnel	\$ 579,292	\$ -	\$ -	\$ 579,292	\$ 672,969
Facilities Exp	32,305	-	-	32,305	24,355
Equip & Furniture Exp	49,235	-	-	49,235	66,538
Books & Materials	37,354	-	-	37,354	76,646
Student Services & Activities	10,702	-	-	10,702	13,766
Scholarships	20,441	-	-	20,441	9,326
Training & Monitoring	16,577	-	-	16,577	63,953
Curriculum Development	8,446	-	-	8,446	4,865
Operating Expenses	64,964	-	-	64,964	106,301
Capital Costs	241,572	-	-	241,572	81,539
Professional Fees	5,540	-	-	5,540	3,334
Travel Expense	15,878	-	-	15,878	11,586
Taxes	-	-	-	-	81
Conferences and Meetings	-	-	-	-	1,397
Credit Card Fees	-	-	6,426	6,426	4,722
Database and Software	-	2,740	99	2,839	3,676
Depreciation	-	327	-	327	377
Dinners	-	-	18,870	18,870	25,105
Employee Benefits	4,995	1,629	419	7,043	4,822
Employer Payroll Taxes	5,760	1,955	1,662	9,377	8,554
Hotel Rental	-	-	135,345	135,345	128,301
Insurance	-	3,616	-	3,616	4,168
Miscellaneous	-	9,761	3,119	12,880	3,776
Music	-	-	64,498	64,498	21,228
Newsletter	-	3,228	-	3,228	3,963
Office Supplies	-	1,168	-	1,168	2,931
Payroll	80,367	25,348	21,366	127,081	118,393
Postage and Printing	-	7,837	713	8,550	4,363
Professional Fees	-	8,416	-	8,416	18,111
Program Curriculum Development	3,770	-	-	3,770	5,182
Rent	7,980	1,596	1,064	10,640	10,200
Small Equipment	-	270	772	1,042	2,108
Supplies	-	-	13,778	13,778	8,352
Telephone	-	2,316	-	2,316	2,373
Travel	813	1,683	-	2,496	3,904
Video, Audio and Rentals	-	-	15,204	15,204	12,077
Website	-	1,205	-	1,205	1,397
Loss on Uncollectible Pledges	6,609	2,203	-	8,812	36,640
TOTAL EXPENSES	\$ 1,192,600	\$ 75,298	\$ 283,335	\$ 1,551,233	\$ 1,571,379

DIL UK AUDIT REPORT

DEVELOPMENTS IN LITERACY TRUST UK

Statement of Financial Activities

for the year ended 05th April 2009

	Notes	Unrestricted Funds	
		2009	2008
		£	£
INCOMING RESOURCES			
UK – General Contribution		7,578	6,710
Pakistan- General Donations	2	2,184	-
Donation for Operating Expenses	3	6,600	-
Teacher Training	4	6,600	-
Fund Raising Activities	8	135,505	145
YOUR DIL Collection	5	1,423	-
Bank Interest Income		608	-
Total incoming resources		<u>160,498</u>	<u>6,855</u>
RESOURCES EXPENDED			
Operating expense Mehran School Orangi-Pakistan	6	4,396	566
School Maintenance Cost	7	2,666	230
Teacher Training		-	6,857
Fund raising & Governance cost	9	68,519	-
Management & admin Cost	10	811	1,030
Total resources expended		<u>76,392</u>	<u>8,683</u>
TOTAL FUNDS BROUGHT FORWARD		(1,828)	-
NET INCOMING/ (OUTGOING) RESOURCES		84,106	(1,828)
TOTAL FUNDS CARRIED FORWARD		<u>82,278</u>	<u>(1,828)</u>

There were no recognised gains or losses for the two years other than those included in the statement of financial activities.



DEVELOPMENTS IN LITERACY TRUST UK

Balance Sheet as at 05th April 2009

		2009		2008	
	Notes	£	£	£	£
Current Assets					
Cash at bank and in hand		91,502		5,696	
		<u>91,502</u>		<u>5,696</u>	
Current Liabilities					
Payable to DIL Pakistan	11	9,181		7,503	
Other creditors		43		21	
		<u>9,224</u>		<u>7,524</u>	
Net Current Assets			82,278		(1,828)
Total Assets less Current Liabilities			<u>82,278</u>		<u>(1,828)</u>
Capital Account					
Reserves as at 6 th April 2008			(1,828)		-
Surplus / (deficit) for period			84,106		(1,828)
			<u>82,278</u>		<u>(1,828)</u>

Approved by the trustees on 4th Feb. 2009 and signed on their behalf.


 Ahmereen Reza
 Trustee & Chair

Date: 19th Jan. 2010