

**National Center for Family Literacy, Inc.**

**Financial Statements  
and  
Supplementary Information**

**Years Ended June 30, 2010 and 2009**

**National Center for Family Literacy, Inc.**

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## Independent Auditor's Report on Financial Statements

To the Audit Committee  
National Center for Family Literacy, Inc.

We have audited the accompanying statements of financial position of National Center for Family Literacy, Inc. ("the Center") as of June 30, 2010 and 2009 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 National Center for Family Literacy, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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**National Center for Family Literacy, Inc.**  
**Statements of Financial Position**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,249,428	\$ 5,006,964
Certificate of deposit	1,555,511	1,541,364
Accounts and grants receivable	350,197	331,307
Prepaid expenses	40,259	10,239
Property and equipment, net of accumulated depreciation of \$1,022,407 and \$991,429 for 2010 and 2009, respectively	90,071	77,178
Investments	6,132,740	5,837,920
Funds held in trust by others	949,309	949,934
Total Assets	<u>\$ 13,367,515</u>	<u>\$ 13,754,906</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 169,125	\$ 155,914
Deferred revenue	1,073,636	250,136
Total Liabilities	1,242,761	406,050
<b>Commitments and Contingencies</b>		
<b>Net Assets</b>		
<b>Unrestricted</b>		
For current operations	680,857	542,792
Invested in property and equipment	90,071	77,178
Endowment funds	6,132,740	5,837,920
Total Unrestricted	6,903,668	6,457,890
Temporarily restricted	4,271,777	5,941,032
<b>Permanently restricted</b>		
Funds held in trust by others	949,309	949,934
Total Net Assets	<u>12,124,754</u>	<u>13,348,856</u>
Total Liabilities and Net Assets	<u>\$ 13,367,515</u>	<u>\$ 13,754,906</u>

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

National Center for Family Literacy, Inc.  
 Statements of Activities and Changes in Net Assets  
 Years Ended June 30, 2010 and 2009

	2010			2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support								
Grant and gift income	\$ 156,851	\$ 1,887,960	\$ -	\$ 2,044,811	\$ 257,686	\$ 3,827,649	\$ -	\$ 4,085,335
Federal grant income	133,186	-	-	133,186	253,961	-	-	253,961
Contract services and registration fee income	2,302,018	-	-	2,302,018	2,534,686	-	-	2,534,686
Investment income	446,951	-	-	446,951	567,501	-	-	567,501
Available for operations	294,820	-	(625)	294,195	(1,227,694)	-	(346,992)	(1,574,686)
Other investment earnings	267,775	-	-	267,775	304,371	-	-	304,371
Other income								
Net assets released from restrictions:								
Satisfaction of program restrictions	3,557,215	(3,557,215)	-	-	3,735,612	(3,735,612)	-	-
Total Revenues and Support	7,158,816	(1,669,255)	(625)	5,488,936	6,426,123	92,037	(346,992)	6,171,168
Expenses								
Literacy programs	5,654,537	-	-	5,654,537	6,345,304	-	-	6,345,304
Development and fundraising	187,368	-	-	187,368	257,764	-	-	257,764
Management and administrative	871,133	-	-	871,133	986,134	-	-	986,134
Total Expenses	6,713,038	-	-	6,713,038	7,589,202	-	-	7,589,202
Changes in Net Assets	445,778	(1,669,255)	(625)	(1,224,102)	(1,163,079)	92,037	(346,992)	(1,418,034)
Net Assets at Beginning of Year	6,457,890	5,941,032	949,934	13,348,856	7,620,969	5,948,995	1,296,926	14,766,890
Net Assets at End of Year	\$ 6,903,668	\$ 4,271,777	\$ 949,309	\$ 12,124,754	\$ 6,457,890	\$ 5,941,032	\$ 949,934	\$ 13,348,856

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

**National Center for Family Literacy, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (1,224,102)	\$ (1,418,034)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation	30,978	22,056
Donated assets	(15,132)	-
Net realized and unrealized (gain) loss on investments	(466,283)	1,006,619
Net realized and unrealized loss on funds held in trust by others	625	346,992
Changes in:		
Accounts and grants receivable	(18,890)	340,568
Prepaid expenses	(14,888)	95,317
Accounts payable and accrued expenses	13,211	(58,870)
Deferred revenue	823,500	39,778
	<u>(870,981)</u>	<u>374,426</u>
<b>Net Cash (Used) Provided by Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	1,456,969	1,569,005
Purchases of investments and certificate of deposit	(1,299,653)	(1,381,856)
Purchases of property and equipment	(43,871)	(46,330)
	<u>113,445</u>	<u>140,819</u>
<b>Net Cash Provided by Investing Activities</b>		
(Decrease) Increase in Cash and Cash Equivalents	(757,536)	515,245
Cash and Cash Equivalents at Beginning of Year	<u>5,006,964</u>	<u>4,491,719</u>
<b>Cash and Cash Equivalents at the End of Year</b>	<u>\$ 4,249,428</u>	<u>\$ 5,006,964</u>

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

#### Note A - Nature of Organization

The National Center for Family Literacy, Inc. ("the Center") is a nonprofit organization established to advance and support the family literacy field through program development, training, research, advocacy, and dissemination of information. The Center derives its revenue mainly through grants, contracts, and fees for services.

#### Note B - Summary of Significant Accounting Policies

1. Basis of Presentation: The financial statements of the Center have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.
2. Use of Estimates: The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.
3. FASB Accounting Standards Codification: In June 2009, the Financial Accounting Standards Board ("FASB") issued SFAS No. 168, entitled *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* ("GAAP"). In substance, SFAS No. 168 makes the FASB Accounting Standards Codification ("ASC") the sole source of authoritative accounting technical literature for nongovernmental entities. All accounting guidance that is not included in the ASC now is considered to be non-authoritative. The ASC is effective for interim and annual reporting periods ending after September 15, 2009. The Center adopted the ASC upon issuance, with no material impact to the financial statements.
4. Donor-Imposed Restrictions: The Center records and reports its assets, liabilities, net assets, revenues, gains and losses, and other support based on the existence or absence of donor-imposed restrictions.

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

The Center reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Permanently restricted net assets include those contributions and other inflows of assets whose use by the Center is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center.

Unrestricted endowment funds are funds which have been designated by the Board of Directors to establish an unrestricted endowment to generate operating revenue. The corpus of this endowment can be utilized only if certain conditions arise and with the approval of the Board of Directors.

**Note B - Summary of Significant Accounting Policies (Continued)**

5. Cash and Cash Equivalents: The Center considers all short-term investments with a maturity of three months or less when purchased, that are not designated for a specified purpose, to be cash equivalents. The Center typically maintains cash on deposit at banks in excess of federally insured limits. The certificate of deposit is reported at cost including accrued interest, which approximates fair value. The certificate outstanding at June 30, 2010 matures on January 27, 2011.
6. Accounts and Grants Receivable: Accounts and grants receivable consist of amounts due from grants or contracts as reimbursements. No allowance for uncollectible accounts has been included as management considers all amounts collectible.
7. Property and Equipment: Property and equipment are recorded at cost at the date of acquisition. Donated assets are recorded at estimated fair value at the date of acquisition. The Center typically capitalizes items costing or valued over \$5,000. Repairs and maintenance are expensed as incurred. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets which range from five to ten years. Depreciation expense of \$30,358 and \$21,593 was recognized during the years ended June 30, 2010 and 2009, respectively.
8. Investments: Investments are recorded at fair value. Net realized and unrealized gains and losses are reflected in the statements of activities and changes in net assets. Investment income is shown net of investment fees. Fees were \$25,506 and \$24,499 for the years ended June 30, 2010 and 2009, respectively.
9. Funds Held in Trust by Others: Funds held in trust by others represent resources neither in the possession nor under the control of the Center, but held and administered by an outside party, with the Center deriving income from such funds. The fair value of the Center's share of assets is reflected in the statements of financial position and the income including fair value adjustments is recorded in the statements of activities and changes in net assets.
10. Contributed Services, Supplies and Property: Certain contributed supplies, services and property are recorded as support and expenses or a related asset at fair value when determinable, otherwise at values indicated by the donor. The Organization received contributed property, professional services and supplies of \$42,368 and \$18,409 during the years ended June 30, 2010 and 2009, respectively.
11. Income Taxes: The Center has received a determination from the Internal Revenue Service indicating that it is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and is classified as an organization that is not a private foundation. Accordingly, no provision is made for income taxes in the financial statements.

The FASB has issued new standards, contained in the ASC, clarifying the accounting for uncertainty in taxes recognized in annual financial statements for fiscal years beginning after December 31, 2008. These standards require recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. The Center adopted these standards at the beginning of fiscal 2010 with no material impact on its financial statements.

**National Center for Family Literacy, Inc.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010 and 2009**

**Note B - Summary of Significant Accounting Policies (Continued)**

12. Subsequent Events: Subsequent events for the Center have been considered through the date of the Independent Auditor's Report, which represents the date that the financial statements were available to be issued.

**Note C - Investments and Funds Held in Trust by Others**

Investments consist of the following at June 30, 2010 and 2009:

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Unrestricted endowment funds				
Money market funds	\$ 50,841	\$ 50,841	\$ 195,353	\$ 195,353
U.S. Government securities	1,210,409	1,296,500	1,109,632	1,184,436
Corporate bonds	665,454	704,526	663,175	675,615
Common stock	2,439,726	2,711,476	2,689,178	2,628,863
Mutual funds	1,490,714	1,369,397	1,479,186	1,153,653
	<u>\$ 5,857,144</u>	<u>\$ 6,132,740</u>	<u>\$ 6,136,524</u>	<u>\$ 5,837,920</u>

For the years ended June 30, 2010 and 2009, total distributions from the unrestricted endowment funds were \$342,045 and \$375,343 respectively.

The fair value of funds held in trust by others at June 30, 2010 and 2009 is as follows:

	2010	2009
Funds held in trust by others	<u>\$ 949,309</u>	<u>\$ 949,934</u>

Funds held in trust by others are invested in a socially responsible fund at the Community Foundation of Louisville. For the years ended June 30, 2010 and 2009, total distributions from the Community Foundation of Louisville were \$59,797 and \$76,693, respectively.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of the Center.

**Note D - Fair Value Measurement**

The ASC 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 the 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 the fair value hierarchy under FASB ASC are described below:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Center's own assumptions.

Following is a description of the valuation methodologies for assets measured at fair value:

*Money market funds:* Valued at amortized cost which approximates fair value.

*U.S. Government securities, corporate bonds and common stock:* Valued at the closing price reported on the active market in which the individual security is traded.

*Mutual funds:* Valued at the net asset value of the shares held by the Center at year end.

*Funds held in trust by others:* The underlying assets of the fund are valued at the closing price reported on the active market on which the individual securities are traded. The fund is valued at the net asset value of the underlying assets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

National Center for Family Literacy, Inc.  
Notes to Financial Statements (Continued)  
June 30, 2010 and 2009

Note D - Fair Value Measurement (Continued)

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2010:

Investments at Fair Value as of June 30, 2010				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 50,841	\$ -	\$ -	\$ 50,841
U.S. Government securities	1,296,500	-	-	1,296,500
Corporate bonds	704,526	-	-	704,526
Common stock	2,711,476	-	-	2,711,476
Mutual funds	1,369,397	-	-	1,369,397
	<u>\$ 6,132,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,132,740</u>

  

Other Assets at Fair Value as of June 30, 2010				
	Level 1	Level 2	Level 3	Total
Funds held in trust by others	\$ -	\$ 949,309	\$ -	\$ 949,309

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2009:

Investments at Fair Value as of June 30, 2009				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 195,353	\$ -	\$ -	\$ 195,353
U.S. Government securities	1,184,436	-	-	1,184,436
Corporate bonds	675,615	-	-	675,615
Common stock	2,628,863	-	-	2,628,863
Mutual funds	1,153,653	-	-	1,153,653
	<u>\$ 5,837,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,837,920</u>

  

Other Assets at Fair Value as of June 30, 2009				
	Level 1	Level 2	Level 3	Total
Funds held in trust by others	\$ -	\$ 949,934	\$ -	\$ 949,934

National Center for Family Literacy, Inc.  
Notes to Financial Statements (Continued)  
June 30, 2010 and 2009

Note E - Endowments

The Center's endowment consists of two individual funds established to support operations. Its endowment includes both a donor-restricted endowment fund and a fund designated by the Board of Directors to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Center classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified in permanently restricted net assets is classified as temporarily restricted if the amounts are restricted as to purpose otherwise as unrestricted net assets.

Endowment net asset composition by type of fund as of June 30, 2010 and 2009 is as follows:

		June 30, 2010			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted		\$ -	\$ -	\$ 949,309	\$ 949,309
Board designated		6,132,740	-	-	6,132,740
Total		<u>\$ 6,132,740</u>	<u>\$ -</u>	<u>\$ 949,309</u>	<u>\$ 7,082,049</u>
		June 30, 2009			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted		\$ -	\$ -	\$ 949,934	\$ 949,934
Board designated		5,837,920	-	-	5,837,920
Total		<u>\$ 5,837,920</u>	<u>\$ -</u>	<u>\$ 949,934</u>	<u>\$ 6,787,854</u>

National Center for Family Literacy, Inc.  
Notes to Financial Statements (Continued)  
June 30, 2010 and 2009

Note E - Endowments (Continued)

Changes in endowment net assets for the years ended June 30, 2010 and 2009 are as follows:

	June 30, 2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of the Year	\$ 5,837,920	\$ -	\$ 949,934	\$ 6,787,854
Investment return:				
Investment income	170,582	-	11,988	182,570
Net appreciation	466,283	-	47,184	513,467
Total investment return	636,865	-	59,172	696,037
Distributions and expenditures	(342,045)	-	(59,797)	(401,842)
Endowment Net Assets, End of Year	<u>\$ 6,132,740</u>	<u>\$ -</u>	<u>\$ 949,309</u>	<u>\$ 7,082,049</u>
	June 30, 2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of the Year	\$ 7,065,614	\$ -	\$ 1,296,926	\$ 8,362,540
Investment return:				
Investment income	154,268	-	17,399	171,667
Net depreciation	(1,006,619)	-	(287,698)	(1,294,317)
Total investment return	(852,351)	-	(270,299)	(1,122,650)
Distributions and expenditures	(375,343)	-	(76,693)	(452,036)
Endowment Net Assets, End of Year	<u>\$ 5,837,920</u>	<u>\$ -</u>	<u>\$ 949,934</u>	<u>\$ 6,787,854</u>

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the board designated endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The long-term rate-of-return objective for the total fund is inflation plus 3 – 4% annually. Actual results in any given year may vary from this amount.

**Note E - Endowments (Continued)**

To satisfy its long-term rate-of-return objective, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Center targets diversified asset allocations that place a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The Center has a policy of appropriating for distribution each year 5% of the average market value on March 31<sup>st</sup> of the three years preceding the current fiscal year. There is no distinction between distributions coming from income or principal.

The donor restricted endowment funds are held at the Community Foundation of Louisville for the benefit of the Center. As such, the endowment funds are subject to the Community Foundation of Louisville's investment and distribution policies.

**Note F - Net Assets**

Temporarily restricted net assets of \$4,271,777 and \$5,941,032 at June 30, 2010 and 2009, respectively, are available for literacy projects.

Permanently restricted net assets of \$949,309 and \$949,934 at June 30, 2010 and 2009, respectively, are restricted to investment in perpetuity, the income from which is expendable to support current operations.

**Note G - Lease Obligation**

The Center leases office equipment and office space under noncancelable operating lease agreements which extend through April 2016. The office space lease payments are reduced in exchange for the Center holding the annual conference at a specified location. Future minimum rental commitments under the lease are as follows:

Year Ending June 30,	Amount
2011	\$ 179,910
2012	176,550
2013	176,550
2014	176,550
2015	176,550
Thereafter	161,838
	<u>\$ 1,047,948</u>

Rental and equipment expense under these leases totaled \$193,123 and \$192,151 for the years ended June 30, 2010 and 2009, respectively.

The Center entered into a noncancelable operating sublease with a tenant that expires April 2016. The approximate future building rentals due to the Center under this lease are \$46,800 per year.

**National Center for Family Literacy, Inc.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2010 and 2009**

**Note H - Retirement Plan**

The Center has a retirement plan for the benefit of all eligible employees through contracts with the Teachers Insurance and Annuity Association of America. During the years ended June 30, 2010 and 2009, the Center contributed an amount equal to 5% and 7.5%, respectively, of each eligible employee's annual salary to the plan. Total cost to the Center under this defined contribution plan was \$91,377 and \$182,892 for the years ended June 30, 2010 and 2009, respectively.

**Note I - Concentrations**

During the years ended June 30, 2010 and 2009, the Center received 23% and 55%, respectively, of its revenue from the same corporate grantor. In addition, during each of the years ended June 30, 2010 and 2009, the Center received an additional 18% of its revenue from one contractor.

**Note J - Commitments**

As part of a specific grant agreement, the Center has committed to making future payments to ten school systems totaling \$625,000 in 2011 and five school systems totaling \$250,000 in 2012 contingent upon meeting certain goals and progress requirements. Funding for these commitments is included in temporarily restricted net assets at June 30, 2010.

The Center has guaranteed usage of a certain number of hotel room nights during the 2011 and 2013 annual conferences. The maximum potential liability to the Center is approximately \$470,000.



Mountjoy  
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## Independent Auditor's Report on Supplementary Information

To the Audit Committee  
National Center for Family Literacy, Inc.

Our report on our audit of the basic financial statements of the National Center for Family Literacy, Inc. ("the Center") for 2010 and 2009 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on pages 15 and 16 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Mountjoy Chilton Medley LLP*

Mountjoy Chilton Medley LLP  
Louisville, Kentucky  
October 29, 2010

**Supplementary  
Information**

National Center for Family Literacy, Inc.  
 Supplemental Schedule - Functional Expenses  
 Year Ended June 30, 2010

	<u>Literacy Programs</u>	<u>Development and Fundraising</u>	<u>Management and Administrative</u>	<u>Total Expenses</u>
<b>Expenses</b>				
Salaries	\$ 1,109,339	\$ 106,663	\$ 525,945	\$ 1,741,947
Employee benefits and taxes	275,943	26,666	42,096	344,705
Travel expense	685,224	17,640	25,955	728,819
Meeting expense	289,632	823	1,978	292,433
Publication production	12,443	(589)	-	11,854
Printing	55,967	159	11,527	67,653
Postage and delivery	42,463	1,906	7,367	51,736
Office supplies and equipment	30,484	3,377	34,700	68,561
Training supplies	87,046	50	-	87,096
Occupancy	173,434	3,971	11,686	189,091
Contracted services	1,328,317	15,648	144,206	1,488,171
Legal and audit	300	-	41,584	41,884
Telephone	3,602	306	14,314	18,222
Equipment rental and repair	-	-	296	296
Depreciation	28,534	620	1,824	30,978
Insurance	25,274	579	1,703	27,556
Marketing	-	210	-	210
Professional development	149,134	8,117	1,636	158,887
Model program funding	1,343,450	-	-	1,343,450
Miscellaneous expense	13,951	1,222	4,316	19,489
	<u>\$ 5,654,537</u>	<u>\$ 187,368</u>	<u>\$ 871,133</u>	<u>\$ 6,713,038</u>
Total Expenses	<u>\$ 5,654,537</u>	<u>\$ 187,368</u>	<u>\$ 871,133</u>	<u>\$ 6,713,038</u>

See independent auditor's report on supplementary information.

National Center for Family Literacy, Inc.  
 Supplemental Schedule - Functional Expenses  
 Year Ended June 30, 2009

	<u>Literacy Programs</u>	<u>Development and Fundraising</u>	<u>Management and Administrative</u>	<u>Total Expenses</u>
<b>Expenses</b>				
Salaries	\$ 1,543,331	\$ 155,859	\$ 640,518	\$ 2,339,708
Employee benefits and taxes	434,373	43,485	91,886	569,744
Travel expense	714,208	17,302	31,179	762,689
Meeting expense	486,145	356	4,019	490,520
Publication production	25,780	3,736	-	29,516
Printing	115,654	4,245	(855)	119,044
Postage and delivery	39,369	2,076	10,731	52,176
Office supplies and equipment	26,421	1,816	25,307	53,544
Training supplies	97,605	-	-	97,605
Occupancy	172,543	3,950	11,626	188,119
Contracted services	1,159,868	16,475	71,933	1,248,276
Legal and audit	3,797	-	70,033	73,830
Telephone	2,550	322	17,290	20,162
Equipment rental and repair	(480)	-	1,128	648
Depreciation	20,230	463	1,363	22,056
Insurance	23,897	547	1,610	26,054
Marketing	6,439	-	-	6,439
Professional development	122,979	6,017	4,193	133,189
Model program funding	1,337,950	-	-	1,337,950
Miscellaneous expense	12,645	1,115	4,173	17,933
	<u>\$ 6,345,304</u>	<u>\$ 257,764</u>	<u>\$ 986,134</u>	<u>\$ 7,589,202</u>

See independent auditor's report on supplementary information.