PARENTS AS TEACHERS NATIONAL CENTER, INC.

FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION AND INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED JUNE 30, 2011

Parents as Teachers National Center, Inc.

CONTENTS

SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

Independent Auditors' Report

Board of Directors
Parents as Teachers National Center, Inc.
St. Louis, Missouri

We have audited the accompanying statement of financial position of Parents as Teachers National Center, Inc., a not-for-profit organization, (the "Center") as of June 30, 2011, and the related statements of activities, and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from the Center's June 30, 2010 financial statements and, in our report dated September 30, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 the Center as of June 30, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2011, on our consideration of Parents as Teachers National Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Schmersahl Treloar & Co., PC

September 22, 2011
St. Louis, Missouri

FINANCIAL STATEMENTS

Parents as Teachers National Center, Inc.
STATEMENT OF FINANCIAL POSITION

ASSETS

	June 30, 2011	June 30, 2010
CURRENT ASSETS		
Cash and cash equivalents	$ 3,190,327	$3,684,380
Accounts receivable, net of allowance	423,471	787,716
Contracts receivable	123,068	330,313
Grants receivable	2,443,778	95,730
Unconditional promises to give	111,784	158,820
Inventory	311,381	329,523
Prepaid expenses	79,606	61,067
Total Current Assets	6,683,415	5,447,549
INVESTMENTS	5,068,141	3,185,226
PROPERTY AND EQUIPMENT, net of depreciation	573,947	280,284
ASSETS DESIGNATED/RESTRICTED FOR PERMANENT INVESTMENT	107,759	108,180
TOTAL ASSETS	$12,433,262	$9,021,239

LIABILITIES AND NET ASSETS

	2011	2010
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 888,055	$ 595,876
Deferred revenues	250,777	148,505
Total Current Liabilities	1,138,832	744,381
NET ASSETS		
Unrestricted		
Board designated quasi endowment	5,068,141	3,185,226
Board designated scholarship fund	65,174	65,595
Undesignated	3,624,901	4,816,704
Total Unrestricted Net Assets	8,758,216	8,067,525
Temporarily restricted	2,493,629	166,748
Permanently restricted	42,585	42,585
Total Net Assets	11,294,430	8,276,858
TOTAL LIABILITIES AND NET ASSETS	$12,433,262	$9,021,239

See accompanying notes to financial statements

Parents as Teachers National Center, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011
(With Summarized Financial Information For The Year Ended June 30, 2010)

	2011					2010
	Unrestricted					
	Operations	Quasi Endowment	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT						
Contracts						
Missouri Department of Elementary and Secondary Education	$ 148,379	$ -	$ -	$ -	$ 148,379	$ 269,186
Other sources	2,282,838	-	-	-	2,282,838	8,055,998
Federal grants	2,068,964	-	-	-	2,068,964	511,087
Contributions	154,426	-	3,273,002	-	3,427,428	612,518
Total Support	4,654,607	-	3,273,002	-	7,927,609	9,448,789
REVENUES AND GAINS						
Training and consulting fees	1,534,287	-	-	-	1,534,287	1,415,482
Sales of materials	580,569	-	-	-	580,569	1,227,321
Miscellaneous income	14,040	-	-	-	14,040	14,384
International conference	235,713	-	-	-	235,713	321,435
Recertification and affiliation fees	322,778	-	-	-	322,778	375,970
Total Revenues and Gains	2,687,387	-	-	-	2,687,387	3,354,592
NET ASSETS RELEASED FROM RESTRICTIONS	946,121	-	(946,121)	-	-	-
Total Support, Revenues, and Gains	8,288,115	-	2,326,881	-	10,614,996	12,803,381
EXPENSES						
Program services	6,396,504	-	-	-	6,396,504	8,604,242
Management and general	1,806,643	-	-	-	1,806,643	1,870,263
Fundraising	127,756	-	-	-	127,756	275,723
Total Expenses	8,330,903	-	-	-	8,330,903	10,750,228
Change in Net Assets from Operations	(42,788)	-	2,326,881	-	2,284,093	2,053,153
TRANSFERS	(1,150,000)	1,150,000	-	-	-	-
INVESTMENT RETURN	564	732,915	-	-	733,479	331,103
Change in Net Assets	(1,192,224)	1,882,915	2,326,881	-	3,017,572	2,384,256
NET ASSETS, Beginning of year	4,882,299	3,185,226	166,748	42,585	8,276,858	5,892,602
NET ASSETS, End of year	$ 3,690,075	$ 5,068,141	$ 2,493,629	$ 42,585	$ 11,294,430	$ 8,276,858

See accompanying notes to financial statements

Parents as Teachers National Center, Inc.
STATEMENT OF CASH FLOWS

	Years Ended June 30, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,017,572	$ 2,384,256
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation and amortization	50,213	62,763
Unrealized (gain) on investments	(631,659)	(266,744)
Realized (gain) loss on investments	(7,796)	6,456
Loss on disposal of property and equipment	1,590	4,513
Bad debt expense	40,898	145,197
Donated Securities	(8,124)	-
(Increase) decrease in assets:		
Accounts receivable	323,347	(442,527)
Contracts receivable	207,245	(196,243)
Grants receivable	(2,348,048)	109,691
Unconditional promises to give	47,036	59,685
Inventory	18,142	45,992
Prepaid expenses	(18,539)	5,458
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	292,179	(55,176)
Deferred revenues	102,272	(984,407)
Net Change in Cash from Operating Activities	1,086,328	878,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,392,274)	(195,445)
Proceeds from sale of investments	157,359	125,226
Purchases of property and equipment	(345,466)	(22,794)
Net Change in Cash from Investing Activities	(1,580,381)	(93,013)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(494,053)	785,901
CASH AND CASH EQUIVALENTS, Beginning of year	3,684,380	2,898,479
CASH AND CASH EQUIVALENTS, End of year	$ 3,190,327	$ 3,684,380
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ -	$ -

See accompanying notes to financial statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of Parents as Teachers National Center (the "Center") have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statement presentation follows the requirements of United States Generally Accepted Accounting Principles ("GAAP"). Therefore, Parents as Teachers National Center, Inc. reports its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Center considers all unrestricted highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

The Center maintains cash deposits in bank accounts which at times may exceed the federally insured limits of up to $250,000 for each account. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts, Contracts and Grants Receivable

Accounts, contracts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a charge to expenses and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the respective receivable balance. An allowance for doubtful accounts of $30,000 has been recorded at June 30, 2011.

Inventory

Inventory is carried at average cost.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments

Investments are carried at fair market value, as determined from quoted market prices.

Property and Equipment

Property and equipment are recorded at cost if purchased, or at estimated fair value if donated, less accumulated depreciation computed using the straight-line method over periods ranging from three to ten years. Expenditures for repairs and maintenance are charged to expenses as incurred.

Deferred Revenues

Deferred revenues consist of training fees paid in advance for training institutes which have not occurred as of year end and annual affiliation fees paid for the upcoming year.

Restricted and Unrestricted Support and Revenue

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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Investments and Services

Investments which are donated to the Center are recorded as contributions at their fair values as of the date of receipt.

In addition, the Center records as in-kind contributions those donated services that meet the criteria for recognition under GAAP.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Reclassification

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Instruments

The carrying amount of cash and cash equivalents, accounts, contracts, and grants receivable, accounts payable and accrued expenses, and deferred revenue reported in the Statement of Financial Position approximate fair values due to the short-term maturities of those instruments.

Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through, September 22, 2011, the date the financial statements were available to be issued.

Description of Program Services and Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Program Services
Includes all aspects of the Center's operations – providing the information, training, technical assistance, curriculum and program development for professionals implementing family education and support services designed to help parents be their children's best first teachers. The Center's programs are:

Training – The number of Parents as Teacher ("PAT") affiliates at June 30, 2011 was 3,153 in 50 states, District of Columbia, U.S. Territories and 7 foreign countries. There were 9,711 parent educators/supervisors/early childhood professionals trained in either core trainings or professional development from July 1, 2010 through June 30, 2011.

Conference – Annual meeting for parent educators to share information, receive additional training, attend workshops and listen to speakers.

Certification – Parent educators attending Foundational and Model Implementation training are granted Model certification. Annual renewal is required to maintain certification and Foundational curriculum access.

Curriculum Development – Includes digital Foundational and Model Implementation curriculums, Spanish translation of the Foundational parent handouts and School Transition curriculum, and German translation of the Foundational curriculum.

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Description of Program Services and Supporting Activities *(Continued)*

Program Services *(Continued)*

Research – Includes developing collaborative relationships with university researchers, supporting the design of new research studies, and communicating research findings with the field. In addition, the department develops resources for program evaluation and outcomes measurement, analyzes and disseminates Affiliate Performance Report data, and evaluates Parents as Teachers.

Heroes at Home – Working with families throughout pregnancy up to Kindergarten entry, the Parents as Teachers Heroes at Home program helps military parents learn to develop secure attachments and encourage their children's development so they will learn, grow and develop to realize their full potential. The Heroes at Home program provided military families with voluntary home visits, group meetings, developmental screenings and referrals to other installations and community resources.

Investing In Innovations (i3) - The purpose of the i3 grant is to replicate BabyFACE, the home-based services of the successful Family And Child Education (FACE) program in 22 Bureau of Indian Education (BIE) schools. BabyFACE serves high-needs American Indian families with children ages prenatal to 3 years. Services to families include home-visits, routine health and developmental screenings for the children, parent group meetings, and resource referrals as needed. Families will receive weekly or bi-weekly visits from certified parent educators. A significant amount of contributions were received in 2011 to fund this program for several years and are reflected in temporarily restricted net assets.

Special Programs – Includes general program support and various other projects.

Outreach – Includes dissemination of information about Parents as Teachers programming and services to parents, social service agencies, schools, legislators, child care providers and home visitors, program administrators, government agencies and media outlets in 50 states and several other countries.

Management and General
Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Center's program strategy, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration of the Center, and manage the financial and budgetary responsibilities of the Center.

Fundraising
Provides the structure necessary to encourage and secure financial support from individuals, foundations, other organizations and corporations.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Expense Allocation

Salaries and related expenses are charged to program services and supporting activities on the basis of time sheets prepared each pay period. Functional expense allocations are calculated based on the head count for each of the program services, management and general, and fundraising activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

Tax Status

The Center qualifies as a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center does not have unrelated business income, excise taxes or activities that would threaten the Center's tax-exempt status. Accordingly, no provision for federal or state income taxes is provided. The Organization files an information return, IRS Form 990.

The Center adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax positions of the Organization related to the tax filings.

B. OPERATIONS

The Parents as Teachers (PAT) program began in 1981 as a pilot project to provide parents the information and support necessary to help their children (from birth to age three) get the best possible start in life. The PAT program was initially funded by the Missouri Department of Elementary and Secondary Education (DESE), The Danforth Foundation and four local school districts. Legislation enacted in 1984 led to state-wide expansion of the PAT program in 1985, within the limits of state appropriations.

During 1987, the PAT National Center was formed to promote the growth of the PAT program within Missouri and on a national level. Initial funding for this operation came primarily from grants by DESE, The Ford Foundation and The Danforth Foundation.

On October 19, 1990, the Center was formed and incorporated as a not-for-profit corporation. A primary function of the Center is to strengthen, support, promote, expand and adapt the PAT program within Missouri, as well as nationally and internationally. In doing so, the Center serves policy makers, school districts, other family support and education organizations, corporations, foundations, program administrators, parent educators and families.

C. INVESTMENTS

Investments consist of mutual funds totaling $4,921,672 and money market funds totaling $146,469. These investments have a cost of $4,539,274 and a fair value of $5,068,141. Investments are carried at fair value in accordance with generally accepted accounting principles. At June 30, 2011, an unrealized gain of $631,659 was recorded to adjust the investments to fair value. Assets designated/restricted for permanent investments of $107,759 consist of money market funds.

Interest and dividends and gains or losses reported as investment return on the statement of activities consist of the following:

Interest and dividends	$ 94,024
Unrealized gain on investments	631,659
Realized gain on investments	7,796
Investment Return	$733,479

The investment balance at June 30, 2011 of $5,068,141 makes up the Board Designated Quasi Endowment. These board designated net assets have been set aside for future operational purposes to cover cash flow and operational deficits or to fund large capital project initiatives. Interest and dividends are re-invested into the Quasi Endowment and operational transfers are made only by Board action. During the year ended June 30, 2011, $1,150,000 was transferred from unrestricted operations to unrestricted Quasi Endowment.

D. FAIR VALUE DISCLOSURES

The Center's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with GAAP.

GAAP establishes a hierarchy based on the quality of the inputs used to measure fair value. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Center. Unobservable inputs are inputs that reflect the Center's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1—Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Center has the ability to access and does not entail a significant degree of judgment.

Level 2—Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

D. FAIR VALUE DISCLOSURES *(Continued)*

Level 3—Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Parents as Teachers National Center, Inc. has no Level 2 or Level 3 assets.

E. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2011:

Office furniture and equipment	$ 740,336
Construction in Progress	345,466
Leasehold improvements	218,283
	1,304,085
Less accumulated depreciation and amortization	(730,138)
	$ 573,947

Depreciation and amortization charged against revenues amounted to $50,213 for the year ended June 30, 2011.

F. LINE OF CREDIT

The Center has an $800,000 line of credit bearing a variable interest rate of monthly LIBOR (0.19% at June 30, 2011) plus 2.25%, with a floor of 3%. Outstanding principal and interest are payable October 27, 2011. There was no outstanding balance at June 30, 2011. Certain investment accounts are pledged as collateral. There was no interest expense for the year ended June 30, 2011.

G. GRANTS AND CONTRACTS – MISSOURI DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

The DESE grant provides funding for initial certification and recertification of Parent Educators in Missouri school districts. Major activities include the following:

- Supplementing PAT training for Missouri school districts
- Approving parent educators for DESE certification
- Maintaining records on all parent educators in Missouri
- Developing and field testing PAT curriculum and program adaptations
- Producing a newsletter and other PAT publications
- Coordinating evaluation studies of the PAT program
- Disseminating findings at state/national conferences and meetings
- Planning and conducting state/national conference activities.

G. GRANTS AND CONTRACTS – MISSOURI DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION *(Continued)*

DESE grant and contract support is funded through Missouri sources (General Revenue, Hard-To-Reach, Excellence in Education and State School Money's Fund).

An additional contract, "Special Needs Scholarship," in the amount of $24,932 was received from DESE in 2011, all of which was expended at June 30, 2011.

H. NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Monsanto Fund - Support of Block Fest	$ 18,371
Missouri Foundation for Health - Integrating health literacy promotion strategies into the Parents as Teachers (PAT) program.	125,449
Dana Brown Foundation - Training child care providers in the Normandy School District to conduct health and developmental screenings.	5,700
Wal-Mart Foundation - Retraining Missouri PEs in new Parents as Teachers Foundational Curriculum	77,350
Norman J. Stupp Foundation - Retraining in the Foundational Curriculum	8,200
Heising-Simons Foundation - Spanish translation of the Foundational Curriculum	24,036
The John T. Vecurevich Foundation - i3 matching funds. Support of BabyFACE in South Dakota.	97,200
W. K. Kellogg Foundation - i3 matching funds. Support of BabyFACE in New Mexico	472,200
The Annie E. Casey Foundation - i3 matching funds. Support of BabyFACE at 22 sites.	375,856
Rural School and Community Trust - i3 matching funds. Support of BabyFACE at 22 sites	1,134,395
Cherokee Preservation Foundation - i3 matching funds. Support of BabyFACE in North Carolina.	104,388
Arizona Community Foundation - i3 matching funds. Support of BabyFACE in Arizona.	50,484
Total	$ 2,493,629

Permanently restricted net assets consist of contributions to the Mildred Winter Scholarship Fund, the earnings from which will be used to support trainees attending PAT programs.

H. NET ASSETS *(Continued)*

Net assets were released from donor-imposed restrictions as follows:

George Warren Brown contract - Training for Child Welfare Workers.	$ 3,385
Boeing - Revision of PAT Curriculum	43,836
Express Scripts - Support of IT database development	52,672
Bank of America - Revision of PAT Curriculum	10,000
General Mills Foundation - Support of PAT State office in MN	16,470
McKnight - Support of PAT State office in MN	40,385
Anonymous Donor - Support of IT database development	100,000
Boeing - Support of IT database development	75,000
Monsanto Fund - Support of Block Fest	1,629
Missouri Foundation for Health - Integrating health literacy promotion strategies into the Parents as Teachers (PAT) program.	57,949
Dana Brown Foundation - Training child care providers in the Normandy School District to conduct health and developmental screenings.	1,800
Wal-Mart Foundation - Retraining Missouri PEs in new Parents as Teachers Foundational Curriculum	11,650
Roblee Foundation - Support of IT database development.	15,000
Norman J. Stupp Foundation - Retraining in the Foundational Curriculum	1,800
Heising-Simons Foundation - Spanish translation of the Foundational Curriculum	34,590
Bank of America - Support of IT database development	10,000
Enterprise Holdings	25,000
General Mills - Support of PAT State office in MN	20,000
The John T. Vecurevich Foundation - i3 matching funds. Support of BabyFACE in South Dakota	27,800
W. K. Kellogg Foundation - i3 matching funds. Support of BabyFACE in New Mexico.	27,800
The Annie E. Casey Foundation - i3 matching funds. Support of BabyFACE at 22 sites.	24,144
Rural School and Community Trust - i3 matching funds. Support of BabyFACE at 22 sites.	165,605
Cherokee Preservation Foundation - i3 matching funds. Support of BabyFACE in North Carolina.	13,612
Arizona Community Foundation - i3 matching funds. Support of BabyFACE in Arizona.	24,516
I3 - In-Kind Expenses (Enterprise Fleet Management, BIE schools)	141,478
Total	$ 946,121

I. TEMPORARILY RESTRICTED SUPPORT

Temporarily restricted support for the year ended June 30, 2011 consists of:

Anonymous Donor - Support of IT database development.	$ 100,000
Boeing - Support of IT database development.	75,000
Monsanto Fund - Support of Block Fest.	20,000
Missouri Foundation for Health - Integrating health literacy promotion strategies into the Parents as Teachers (PAT) program.	183,398
Dana Brown Foundation - Training child care providers in the Normandy School District to conduct health and developmental screenings.	7,500
Wal-Mart Foundation - Retraining Missouri PEs in new Parents as Teachers Foundational Curriculum	89,000
Roblee Foundation - Support of IT database development.	15,000
Norman J. Stupp Foundation - Retraining in the Foundational Curriculum	10,000
Heising-Simons Foundation - Spanish translation of the Foundational Curriculum	58,626
The John T. Vecurevich Foundation - i3 matching funds. Support of BabyFACE in South Dakota	125,000
W. K. Kellogg Foundation - i3 matching funds. Support of BabyFACE in New Mexico.	500,000
The Annie E. Casey Foundation - i3 matching funds. Support of BabyFACE at 22 sites.	400,000
Rural School and Community Trust - i3 matching funds. Support of BabyFACE at 22 sites.	1,300,000
Cherokee Preservation Foundation - i3 matching funds. Support of BabyFACE in North Carolina.	118,000
Arizona Community Foundation - i3 matching funds. Support of BabyFACE in Arizona.	75,000
Bank of America - Support of IT database development	10,000
Enterprise Holdings	25,000
General Mills - Support of PAT State office in MN	20,000
I3 - In-Kind Expenses (Enterprise Fleet Management, BIE schools)	141,478
Total	$ 3,273,002

J. CONTRACTS – OTHER SOURCES

The Center's contracts from other sources for the year ended June 30, 2011 are as follows:

United Way - Georgia	$ 43,782
Ohio Dept of Health	120,922
Bureau of Indian Education	753,474
Heroes at Home	1,364,660
Total	$ 2,282,838

K. FEDERAL GRANTS

The Center's contracts from federal grants for the year ended June 30, 2011 are as follows:

U.S. Department of Education	
i3 Grant	$ 1,457,864
Fund for the Improvement of Education	142,068
Passed Through LIFT - Missouri	213,730
Passed Through Burrell Behavioral Health	10,000
Passed Through PACER Center	4,000
Total Parent Information and Resource Centers	227,730
Total U.S. Department of Education	1,827,662
U.S. Department of Health and Human Services	
Promoting Responsible Fatherhood	235,503
Passed Through Goodwill/Easter Seals Minnesota Promoting Responsible Fatherhood	5,799
Total U.S. Department of Health and Human Services	241,302
Total Federal Grants	$ 2,068,964

L. DEFERRED COMPENSATION PLAN

The Center participates in a 401(k) retirement plan for full time staff, which permits eligible employees to contribute a portion of their salaries not to exceed limits set by the Internal Revenue Code. The Center's contribution to the plan for the year ended June 30, 2011 was 5% of eligible compensation or $95,378.

M. LEASE AGREEMENTS

On June 9, 2011, the Center executed a first lease amendment effective March 1, 2011 for its operating facilities in St. Louis, Missouri. This amendment supersedes the lease which was set to expire on April 30, 2012. The new lease expires April 30, 2018. The agreement provides for monthly rentals ranging from $15,514 to $17,288, and no payments in the month of May each year. The lease also provides that the Center pay real estate taxes, certain maintenance expenses, insurance and certain other operating expenses applicable to the leased premises, except for the month of May each year.

On June 24, 2009, the Center executed a two-year lease for office space in Minneapolis, Minnesota with the East Side Neighborhood Services, Inc. commencing on August 1, 2009 and ending on August 31, 2011. First and second year rent payments are $1,107 and $1,140 per month, respectively. This lease was not extended.

Rent expense amounted to $380,895 and $401,347 in 2011 and 2010, respectively.

At June 30, 2011, the approximate future minimum rental commitments required under these noncancellable operating leases are as follows:

Year Ended	St. Louis	Minneapolis, Minnesota	Total
June 30, 2012	$ 171,546	$2,280	$ 173,266
June 30, 2013	180,411	-	180,411
June 30, 2014	180,854	-	180,854
June 30, 2015	185,287	-	185,287
June 30, 2016	185,730	-	185,730
June 30, 2017 and thereafter	363,039	-	363,039
Total	$1,266,867	$2,280	$1,269,147

SUPPLEMENTARY

INFORMATION

SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

Independent Auditors' Report
on Supplementary Information

Board of Directors
Parents as Teachers National Center, Inc.
St. Louis, Missouri

We have audited the financial statements of Parents as Teachers National Center, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated September 22, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements as a whole. The schedule of expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Schmersahl Treloar & Co., PC
September 22, 2011

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Parents as Teachers National Center, Inc.
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2011
(With Summarized Financial Information For The Year Ended June 30, 2010)

	2011								2010
	Training	Research	General Program	Outreach	Total Program Services	Management and General	Fund-raising	Total	Total
Payroll, payroll taxes and benefits	$ 1,211,435	$ 114,667	$ 1,007,608	$ 205,840	$ 2,539,550	$ 1,092,722	$ 96,543	$ 3,728,815	$ 6,417,956
Bad debt expense	-	-	-	-	-	40,898	-	40,898	145,197
Bank, investment and credit card fees	8,563	108	935	8,010	17,616	2,250	131	19,997	25,759
Board expenses	-	-	-	-	-	23,857	-	23,857	20,419
Cost of goods sold	446,405	-	-	78,067	524,472	-	-	524,472	473,918
Depreciation and amortization	18,621	1,656	11,791	3,339	35,407	13,576	1,230	50,213	62,763
Dues and subscriptions	636	574	721	214	2,145	5,667	20	7,832	22,600
Equipment	6,030	535	3,277	1,102	10,944	4,832	392	16,168	49,501
International conference	90,501	8,022	18,569	16,660	133,752	72,264	5,553	211,569	340,564
Miscellaneous	185	77	864	766	1,892	9,383	60	11,335	39,132
Occupancy	154,362	13,748	153,782	27,389	349,281	111,996	10,463	471,740	468,435
Office supplies and non-capital equipment	14,563	454	4,680	2,998	22,695	10,231	751	33,677	33,639
Postage and shipping	21,511	-	3,118	25,749	50,378	21,537	232	72,147	83,985
Print, copy and video production	18,229	95	4,992	47,695	71,011	6,208	4,879	82,098	120,356
Professional and contracted services	477,385	15,408	1,320,036	192,373	2,005,202	269,519	5,981	2,280,702	1,360,571
Program, Library and research materials	149,117	-	111,720	189	261,026	92	-	261,118	240,036
Software fees	5,035	220	497	1,698	7,450	35,850	342	43,642	57,818
Staff development	2,621	232	525	483	3,861	1,937	161	5,959	1,732
Telephone	18,547	1,135	10,097	2,208	31,987	6,620	801	39,408	109,508
Temporary services	-	-	2,551	-	2,551	15,413	-	17,964	77,633
Training facilities	35,187	325	9,517	593	45,622	22,054	217	67,893	102,528
Travel	201,368	2,324	75,733	237	279,662	39,737	-	319,399	496,178
	$ 2,880,301	$ 159,580	$ 2,741,013	$ 615,610	$ 6,396,504	$ 1,806,643	$ 127,756	$ 8,330,903	$ 10,750,228

See accompanying independent auditors' report on supplementary information