

PARENTS AS TEACHERS NATIONAL CENTER, INC.

**FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2009**

Parents as Teachers National Center, Inc.

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT.....	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 - 17
SUPPLEMENTARY INFORMATION	
Independent Auditors' Report on Supplementary Information	18
Schedule of Expenses.....	19



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, 2009 and the related statement 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, 2008 consolidated financial statements and, in our report dated September 17, 2008, 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 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 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, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2009, 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 the 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.

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 consolidated financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Schmersahl Treloar & Co., PC

September 25, 2009

St. Louis, Missouri

FINANCIAL STATEMENTS

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

ASSETS		June 30,	
		2009	2008
CURRENT ASSETS			
Cash and cash equivalents		\$2,898,479	\$ 373,435
Accounts receivable (net of allowance for doubtful accounts)		490,386	886,901
Contracts receivable		134,070	326,103
Grants receivable		205,421	228,331
Unconditional promises to give		218,505	-
Inventory		375,515	741,791
Prepaid expenses		66,525	6,449
Total Current Assets		4,388,901	2,563,010
INVESTMENTS		2,854,921	3,620,550
PROPERTY AND EQUIPMENT, net of depreciation		324,766	390,129
ASSETS DESIGNATED/RESTRICTED FOR PERMANENT INVESTMENT		107,978	111,053
TOTAL ASSETS		<u>\$7,676,566</u>	<u>\$6,684,742</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses		\$ 651,052	\$ 467,044
Deferred revenues		1,132,912	255,359
Total Current Liabilities		1,783,964	722,403
NET ASSETS			
Unrestricted			
Board designated quasi endowment		2,854,921	3,620,550
Board designated scholarship endowment		65,393	68,468
Undesignated		2,562,415	1,792,795
Total Unrestricted Net Assets		5,482,729	5,481,813
Temporarily restricted		367,288	437,941
Permanently restricted		42,585	42,585
Total Net Assets		<u>5,892,602</u>	<u>5,962,339</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$7,676,566</u>	<u>\$6,684,742</u>

See accompanying notes to consolidated financial statements

Parents as Teachers National Center, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009
(With Summarized Financial Information For The Year Ended June 30, 2008)

	2009					2008
	Unrestricted		Temporarily	Permanently	Total	Total
	Operations	Quasi Endowment	Restricted	Restricted		
SUPPORT						
Contracts						
Missouri Department of Elementary and Secondary Education	\$ 498,136	\$ -	\$ -	\$ -	\$ 498,136	\$ 544,385
Other sources	3,747,193	-	-	-	3,747,193	1,975,929
Federal grants	516,097	-	-	-	516,097	983,066
Contributions	448,762	-	620,268	-	1,069,030	719,789
Total Support	5,210,188	-	620,268	-	5,830,456	4,223,169
REVENUES AND GAINS						
Training and consulting fees	1,316,188	-	-	-	1,316,188	1,345,196
Sales of materials	1,109,838	-	-	-	1,109,838	1,379,357
Miscellaneous income	258,757	-	-	-	258,757	-
International conference	41,755	-	-	-	41,755	262,771
Recertification and affiliation fees	357,880	-	-	-	357,880	322,735
Total Revenues and Gains	3,084,418	-	-	-	3,084,418	3,310,059
NET ASSETS RELEASED FROM RESTRICTIONS	690,921	-	(690,921)	-	-	-
Total Support, Revenues, and Gains	8,985,527	-	(70,653)	-	8,914,874	7,533,228
EXPENSES						
Program services	6,469,128	-	-	-	6,469,128	6,331,811
Management and general	1,503,000	-	-	-	1,503,000	1,527,641
Fundraising	250,547	-	-	-	250,547	176,732
Total Expenses	8,222,675	-	-	-	8,222,675	8,036,184
Change in Net Assets from Operations	762,852	-	(70,653)	-	692,199	(502,956)
INVESTMENT RETURN	3,693	(765,629)	-	-	(761,936)	(342,367)
Change in Net Assets	766,545	(765,629)	(70,653)	-	(69,737)	(845,323)
NET ASSETS, Beginning of year	1,861,263	3,620,550	437,941	42,585	5,962,339	6,807,662
NET ASSETS, End of year	\$ 2,627,808	\$ 2,854,921	\$ 367,288	\$ 42,585	\$ 5,892,602	\$ 5,962,339

See accompanying notes to consolidated financial statements

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

	Years Ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 69,737)	(\$ 845,323)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation and amortization	68,216	145,183
Unrealized loss on investments	879,482	704,670
Realized (gain) on investments	(41,598)	(126,746)
Loss on disposal of property and equipment	3,453	454
(Increase) decrease in assets:		
Accounts receivable	396,515	(403,641)
Contracts receivable	192,033	372,274
Grants receivable	22,910	239,451
Unconditional promises to give	(218,505)	-
Inventory	366,276	53,394
Prepaid expenses	(60,076)	(2,578)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	184,008	(331,341)
Deferred revenues	877,553	231,259
 Net Change in Cash from Operating Activities	 2,600,530	 37,056
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(822,255)	(287,652)
Proceeds from sale of investments	753,075	765,309
Purchases of property and equipment	(6,306)	-
 Net Change in Cash from Investing Activities	 (75,486)	 477,657
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on line of credit	-	(300,000)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 2,525,044	 214,713
 CASH AND CASH EQUIVALENTS, Beginning of year	 373,435	 158,722
 CASH AND CASH EQUIVALENTS, End of year	 <u>\$ 2,898,479</u>	 <u>\$ 373,435</u>
 SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ -	\$ 16,794

See accompanying notes to consolidated financial statements

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

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

Basis of Presentation

The financial statement presentation follows the requirements of *Statement of Financial Accounting Standards* (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. 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 consolidated financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Cash and Cash Equivalents

For purposed 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, 2009.

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

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

Inventory

Inventory is carried at the lower of cost (first-in, first-out) or market.

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 Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

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 Statements of Financial Position approximate fair values due to the short-term maturities of those instruments.

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.

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") programs at June 30, 2009 was 3,056 in 50 states, District of Columbia, U.S. Territories and 7 foreign countries. Parent educators/supervisors/early childhood professionals trained in either core training or professional development offerings from July 1, 2008 through June 30, 2009 were 7,816. The number of trainings and institutes (online and face to face) held July 1, 2008 through June 30, 2009 was 364.

International Conference – Annual meeting for parent educators to share information and receive additional training. Workshops, speakers, and meals are provided to those in attendance.

State Systems/Certification – Linking state leaders with the Center and assuring PAT programs and parent educators meet the Center's standards.

Curriculum Development – Includes additions of the 2009 Born 2 Learn Curriculum 2 Years to Kindergarten Entry (revision), Supporting Families of Children with Special Needs (revision).

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

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 Born to Learn annual program report data, and evaluates Parents as Teachers National Center products and services.

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 provides military families with voluntary home visits, group meetings, developmental screenings and referrals to other installations and community resources. The 4 year NAF Contract is currently supporting 80 parent educators at 36 Department of Defense sites in the United States—24 Army, 4 Air Force, 3 Navy, 3 Marine Corps, and 2 National Guard.

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

Outreach – PAT information packets were sent to 50 states, District of Columbia and 7 foreign countries. Those requesting information were parents, social service agencies, schools, legislators, childcare providers, program administrators, pediatricians and grandparents.

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.

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

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 constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

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.

During 2009 Parents as Teachers International, Inc. (a not-for-profit organization wholly owned by the Center) merged with the Center.

C. **INVESTMENTS**

Investments consist of mutual funds totaling \$2,708,537 and money market funds totaling \$146,384. These investments have a cost of \$3,395,774 and a fair value of \$2,854,921. Investments are carried at fair value in accordance with generally accepted accounting principles. At June 30, 2009, an unrealized loss of \$879,482 was recorded to adjust the investments to fair value. Assets designated/restricted for permanent investments of \$107,978 consist of money market funds.

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

C. **INVESTMENTS** (Continued)

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

Interest and dividends	\$ 75,948
Unrealized loss on investments	(879,482)
Realized gain on investments	<u>41,598</u>
Investment Return	<u><u>(\$761,936)</u></u>

The investment balance at June 30, 2009 of \$2,854,921 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, 2009 the Board approved no operational transfers.

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 SFAS No. 157, *Fair Value Measurements* (SFAS No. 157).

SFAS No. 157-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.

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.

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

E. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2009:

Office furniture and equipment	\$ 966,343
Leasehold improvements	<u>218,282</u>
	1,184,625
Less accumulated depreciation and amortization	<u>(859,859)</u>
	<u>\$ 324,766</u>

Depreciation and amortization charged against revenues amounted to \$68,216 for the year ended June 30, 2009.

F. LINE OF CREDIT

The Center has an \$800,000 line of credit bearing a variable interest rate of LIBOR divided by 1 minus the Libor Reserve Requirement (4.75% at June 30, 2009). Outstanding principle and interest are payable October 29, 2009. There was no outstanding balance at June 30, 2009. Certain investment accounts are pledged as collateral. There was no interest expense for the year ended June 30, 2009.

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.

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, "PATNC Special Needs Scholarship," in the amount of \$24,999 was received from DESE in 2009, all of which was expended at June 30, 2009.

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

H. NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Aaron Foundation - Funding the dissemination of the Parents as Teachers Nutrition and Fitness for Infants and Toddlers curriculum	\$ 29,773
GWB School of Social Work - Training for Early Childhood Connections	3,385
Minneapolis Foundation (Prudential Fund) - Prudential Neighborhood Partnership Fund for capacity building in Minneapolis	1,440
Boeing - Work with St. Louis City families	51,781
Opus - Screening training and distribution of manuals	33,355
HealthCare Foundation of Greater Kansas City - Supporting parental intervention in preventing obesity in pre-school age children programs	6,952
McKnight Foundation - Support for expanding Minnesota services	43,265
Pew Charitable Trust - Support of the MO Business Summit	10,000
Roblee - Spanish Translation of 3-K Parent Handouts	7,500
World of Children - Revisions and distributions of Supporting Care Providers through Personal Visits (SCPV) curriculum	10,000
Annie Casey Foundation - Support of the 3-year Strategic Plan	48,000
Deaconess Foundation - Support of the MO Business Summit	5,000
Phileona - Expansion of services	64,831
General Mills - Expansion of services in North Minneapolis neighborhoods	44,506
3M-Parent Engagement Training in Minnesota	<u>7,500</u>
Total	<u>\$ 367,288</u>

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.

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

H. **NET ASSETS** (Continued)

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

Aaron Foundation - Funding the dissemination of the Parents as Teachers Nutrition and Fitness for Infants and Toddlers curriculum	\$ 153
Boeing - Diversity Work - Cultural Diversity Training for St. Louis region parent educators	22,656
Express Scripts Foundation - Literacy kit grants	19,692
General Mills Foundation - Providing operating support to Meld programming in North Minneapolis and to integrate Meld services and programs with Parents as Teachers programs nationwide.	31,351
GWB School of Social Work - Training for Early Childhood Connections	250
McKnight Foundation - Support for expanding Minnesota services and revision of Meld core curricula	64,729
Phileona Foundation - Expansion of services	35,169
Philpott Family Foundation - Support for Heroes at Home Program	3,000
Prudential Foundation - Supporting the Balancing Work and Families Initiative	338
Minneapolis Foundation (Prudential Fund) - Prudential Neighborhood Partnership Fund for capacity building in Minneapolis	3,534
Roblee Foundation - To support services in the Twin Cities	4,065
Norman J. Stupp Foundation - Knowledge Path literacy kits and training for the Jennings and Ritenour School Districts	600
McKnight Foundation - Support for expanding Minnesota services	31,734
Anonymous	97,275
Opus - Screening training and distribution of manuals	1,645
Minnesota Early Learning Foundation - Twin Cities services	12,122
HealthCare Foundation of Greater Kansas City - Supporting parental intervention in preventing obesity in pre-school age children programs	28,149
General Mills Foundation - Expansion of services in North Minneapolis neighborhoods	494
	<hr/>
Balance Carried Forward	\$ 356,956

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

H. **NET ASSETS** (Continued)

Balance Brought Forward	\$ 356,956
Minnesota Early Learning Foundation - Twin Cities services	195,487
The Jay and Rose Phillips Foundation - Establishing a Meld/Parents as Teachers Minnesota State office.	18,191
Annie Casey Foundation - Support of external scan of home visiting	30,000
Roblee Foundation - To support services in the Twin Cities	14,541
Norman J. Stupp Foundation - Knowledge Path literacy kits and training for the Jennings and Ritenour School Districts	7,000
Greater Twin Cities United Way - Training and implementation of BTL with the Greater Minneapolis Council of Churches	68,746
Total	<u>\$ 690,921</u>

I. **TEMPORARILY RESTRICTED SUPPORT**

Temporarily restricted support for the year ended June 30, 2009 consists of:

Annie Casey Foundation - Support of external scan of home visiting	\$ 30,000
Boeing - Work with St. Louis City families	51,781
McKnight Foundation - Support for MN services	75,000
Opus - Screening training and distribution of manuals	35,000
General Mills Foundation - expansion of services in North Minneapolis neighborhoods	45,000
Phileona Foundation - Expansion of services	100,000
Pew Charitable Trust - Support for MO Business Summit	10,000
World of Children - Revisions and distributions of Supporting Care Providers through Personal Visits (SCPV) curriculum	10,000
Minnesota Early Learning Foundation - Twin Cities services	195,487
3M - Parent Engagement Training in Minnesota	7,500
Annie Casey Foundation - Support for 3-year Strategic Plan	48,000
Deaconess Foundation - Support for MO Business Summit	5,000
Roblee Foundation - Spanish Translation of 3-K parent handouts	<u>7,500</u>
Total	<u>\$ 620,268</u>

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

J. CONTRACTS – OTHER SOURCES

The Center's contracts from other sources for the year ended June 30, 2009 are as follows:

Heroes at Home	\$ 2,954,664
BIE Contract	756,029
United Way - PEPI (Atlanta)	25,000
Minnesota Office	<u>11,500</u>
	<u>\$ 3,747,193</u>

K. FEDERAL GRANTS

The Center's contracts from federal grants for the year ended June 30, 2009 are as follows:

U.S. Department of Education

Fund for the Improvement of Education	\$ 120,726
Passed Through LIFT - Missouri	
Parent Information and Resource Centers	<u>149,941</u>
Total U.S. Department of Education	<u>270,667</u>

U.S. Department of Health and Human Services

Promoting Responsible Fatherhood	204,361
Passed Through Goodwill/Easter Seals Minnesota	
Promoting Responsible Fatherhood	<u>2,036</u>
Total U.S. Department of Health and Human Services	<u>206,397</u>

U.S. Environmental Protection Agency

National Environmental Educational Act	<u>39,033</u>
Total Federal Grants	<u>\$ 516,097</u>

Parents as Teachers National Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

L. DEFERRED COMPENSATION PLANS

The Center has a noncontributory, tax sheltered annuity plan covering eligible full-time employees. The plan provides for contributions by the Center in such amounts as the Board of Directors may annually determine. The Center's contribution to the plan for the year ended June 30, 2009 was 5% of eligible compensation or \$118,161. In addition, the Center has a contributory, tax sheltered annuity plan, which permits eligible employees to contribute a portion of their salaries not to exceed limits set by the Internal Revenue Code.

M. LEASE AGREEMENTS

In May 2002, the Center entered into a lease for its operating facilities in St. Louis, Missouri, which expires April 30, 2012. The agreement provides for monthly rentals ranging from \$26,862 to \$29,256. 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.

In May 2006, the Center entered into a lease for office space in Minneapolis, Minnesota which expired May 31, 2009. The agreement provided for monthly rentals beginning at \$1,815, subject to change based upon square footage occupied and the lessor's operating costs. This lease was verbally extended for two months to July 31, 2009 to allow the Center to secure a replacement lease with the East Side Neighborhood Services, Inc.

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 July 31, 2011. First and second year rent payments are \$1,107 and \$1,140 per month, respectively.

Rent expense amounted to \$417,014 and \$402,935 in 2009 and 2008, respectively.

At June 30, 2009, the approximate future minimum rental commitments required under these noncancelable operating leases are as follows:

Year Ended	PATNC, St. Louis	Minneapolis, Minnesota	Total
June 30, 2010	\$351,071	\$13,992	\$ 365,063
June 30, 2011	351,071	13,647	364,718
June 30, 2012	<u>292,559</u>	<u>1,140</u>	<u>293,699</u>
Total	<u>\$994,701</u>	<u>\$28,779</u>	<u>\$1,023,480</u>

**SUPPLEMENTARY
INFORMATION**



**Independent Auditors' Report
on Supplementary Information**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken 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 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 25, 2009

Parents as Teachers National Center, Inc.
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2009

(With Summarized Financial Information For The Year Ended June 30, 2008)

	2009							2008
	Training	Research	General Program	Outreach	Program Services	General and Administrative	Fund- raising	Total
Payroll, payroll taxes and benefits	\$ 1,477,260	\$ 113,738	\$ 1,437,289	\$ 228,064	\$ 3,256,351	\$ 1,064,120	\$ 119,997	\$ 4,440,468
Advertisement	24	2	19,143	9,306	28,475	265	2	28,742
Bad debt expense	-	-	-	-	-	-	-	-
Bank, investment and credit card fees	9,401	15	884	4,059	14,359	7,685	18	22,062
Board expenses	-	-	-	-	-	20,739	-	20,739
Cost of goods sold	483,914	-	11,609	88,263	583,786	32,293	-	616,079
Depreciation and amortization	20,932	1,892	26,363	4,939	54,126	12,082	2,008	68,216
Dues and subscriptions	218	320	272	197	1,007	7,465	60	8,532
Equipment	10,097	910	15,999	2,300	29,306	4,642	4,095	38,043
Interest expense	-	-	-	-	-	-	-	-
International conference	12,682	1,116	33,760	2,407	49,965	7,457	1,292	58,714
Miscellaneous	11,338	-	10,572	840	22,750	31,355	4,047	58,152
Occupancy	140,332	12,789	205,223	33,143	391,487	87,479	13,500	492,466
Office supplies and non-capital equipment	13,031	1,442	41,108	3,329	58,910	35,401	763	95,074
Postage and shipping	30,481	36	5,242	22,486	58,245	411	5,557	64,213
Print, copy and video production	14,973	285	4,356	54,682	74,296	216	12,254	86,766
Professional and contracted services	204,582	5,818	841,557	109,840	1,161,797	78,906	63,152	1,303,855
Program, library and research materials	124,480	65	35,882	522	160,949	10,656	4,919	176,524
Scholarship expense	-	-	-	-	-	495	-	495
Software fees	6,229	553	9,672	1,501	17,955	33,145	578	51,678
Staff development	55	-	520	100	675	700	-	1,375
Telephone	9,874	416	13,333	1,115	24,738	13,724	457	38,919
Temporary services	791	-	8,485	-	9,276	24,686	-	33,962
Training facilities	42,352	272	7,874	689	51,187	2,702	16,938	70,827
Travel	240,805	2,335	176,170	178	419,488	26,376	910	446,774
	\$ 2,853,851	\$ 142,004	\$ 2,905,313	\$ 567,960	\$ 6,469,128	\$ 1,503,000	\$ 250,547	\$ 8,222,675
								\$ 8,036,184

See accompanying independent auditors' report on supplementary information
(19)