PARENTS AS TEACHERS NATIONAL CENTER, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2021

Parents as Teachers National Center, Inc.

CONTENTS

SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Parents as Teachers National Center, Inc., a nonprofit organization (the "Center"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parents as Teachers National Center, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Parents as Teachers National Center, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021, 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* in considering Parents as Teachers National Center, Inc.'s internal control over financial reporting and compliance.

Schmersahl Treloar & Co., PC

St. Louis, Missouri
September 29, 2021

FINANCIAL STATEMENTS

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

ASSETS

	June 30, 2021	June 30, 2020
CURRENT ASSETS		
Cash and cash equivalents	$ 6,823,370	$ 3,368,863
Accounts receivable, net	288,317	251,532
Contracts receivable	300,762	497,747
Grants receivable	760,953	1,487,400
Contributions receivable	180,476	39,438
Inventory	171,027	207,235
Prepaid expenses	504,467	424,687
Total Current Assets	9,029,372	6,276,902
PROPERTY AND EQUIPMENT, NET	345,010	390,113
INVESTMENTS	12,853,982	10,368,508
TOTAL ASSETS	$ 22,228,364	$ 17,035,523

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,521,859	$ 1,194,020
Note payable, current portion	-	607,516
Deferred revenues	824,179	308,185
Total Current Liabilities	2,346,038	2,109,721
NOTE PAYABLE	-	768,284
Total Liabilities	2,346,038	2,878,005
NET ASSETS		
Without donor restrictions		
Net investment in property and equipment	345,010	390,113
Board designated scholarship fund	66,883	66,834
Board designated quasi endowment	12,853,982	10,368,508
Available for general use	4,381,560	924,871
Total Net Assets without Donor Restrictions	17,647,435	11,750,326
With donor restrictions		
Perpetual in nature	42,585	42,585
Purpose restrictions	1,782,085	1,465,169
Time-restricted for future periods	410,221	899,438
Total Net Assets With Donor Restrictions	2,234,891	2,407,192
Total Net Assets	19,882,326	14,157,518
TOTAL LIABILITIES AND NET ASSETS	$ 22,228,364	$ 17,035,523

See accompanying notes to financial statements

Parents as Teachers National Center, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Summarized Financial Information For The Year Ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT				
Contracts	$ 1,843,311	$ -	$ 1,843,311	$ 1,786,304
Federal grants	3,100,143	-	3,100,143	2,601,832
Paycheck Protection Program grant	1,375,800	-	1,375,800	-
Grants and contributions	159,124	2,864,671	3,023,795	1,968,847
Total Support	6,478,378	2,864,671	9,343,049	6,356,983
REVENUES				
Recertification and affiliation fees	4,300,110	-	4,300,110	3,803,805
Training and consulting fees	3,482,218	-	3,482,218	2,702,499
Conference	653,071	-	653,071	820,922
Reimbursed service costs	36,847	-	36,847	234,377
Sales of materials	143,827	-	143,827	137,542
Miscellaneous income	67,257	-	67,257	41,651
Total Revenues	8,683,330	-	8,683,330	7,740,796
NET ASSETS RELEASED FROM RESTRICTIONS	3,036,972	(3,036,972)	-	-
Total Support and Revenue	18,198,680	(172,301)	18,026,379	14,097,779
EXPENSES				
Program services	11,905,339	-	11,905,339	11,234,187
Management and general	2,658,815	-	2,658,815	2,872,109
Fund development	222,941	-	222,941	217,272
Total Expenses	14,787,095	-	14,787,095	14,323,568
Change in Net Assets from Operations	3,411,585	(172,301)	3,239,284	(225,789)
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	-	-	-	(458,470)
INVESTMENT RETURN, NET OF FEES	2,485,524	-	2,485,524	(355,574)
Change in Net Assets	5,897,109	(172,301)	5,724,808	(1,039,833)
NET ASSETS, Beginning of year	11,750,326	2,407,192	14,157,518	15,197,351
NET ASSETS, End of year	$ 17,647,435	$ 2,234,891	$ 19,882,326	$ 14,157,518

See accompanying notes to financial statements

Parents as Teachers National Center, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021
(With Summarized Financial Information For The Year Ended June 30, 2020)

	2021									2020
	Training and Curriculum	Affiliations	Research and Evaluation	General Program	Outreach	Total Program Services	Management and General	Fund Development	Total	Total
Salaries, payroll taxes and benefits	$ 1,884,036	$ 1,792,689	$ 633,223	$ 1,358,013	$ 338,478	$ 6,006,439	$ 2,093,269	$ 194,337	$ 8,294,045	$ 7,824,093
Professional and contracted services	1,968,387	940,544	656,357	973,231	252,458	4,790,977	283,956	8,820	5,083,753	3,810,387
Occupancy	89,892	108,197	32,201	98,030	18,219	346,539	95,242	9,106	450,887	445,662
Cost of goods sold	197,196	45,342	2,386	97,271	2,304	344,499	20,359	-	364,858	479,162
International conference	-	35	-	-	161,385	161,420	43	-	161,463	584,490
Bank and credit card fees	20,077	18,998	5,448	19,401	3,684	67,608	43,341	2,179	113,128	93,442
Office supplies and non-capital equipment	4,240	9,963	1,537	17,410	690	33,840	30,443	258	64,541	47,254
Dues and subscriptions	1,095	1,679	-	3,470	29,049	35,293	23,981	2,285	61,559	35,406
Depreciation	9,909	8,921	3,965	9,914	1,985	34,694	9,417	992	45,103	164,828
Telephone	5,794	9,183	859	10,240	862	26,938	8,335	571	35,844	34,635
Staff development	821	844	826	717	266	3,474	20,078	174	23,726	7,701
Travel	790	1,888	-	13,582	-	16,260	6,101	-	22,361	545,238
Equipment	3,430	7,077	1,215	2,958	686	15,366	3,671	343	19,380	16,885
Facilities	448	1,270	168	416	90	2,392	5,184	2,168	9,744	46,361
Bad debt expense	-	-	-	-	-	-	8,397	-	8,397	2,855
Software fees	1,047	-	5,415	-	-	6,462	1,078	-	7,540	15,574
Print, copy and video production	679	304	63	935	2,657	4,638	574	157	5,369	50,827
Miscellaneous	240	302	137	591	-	1,270	3,878	-	5,148	25,672
Postage and shipping	1,585	2,341	-	52	349	4,327	-	243	4,570	18,615
Advertisement	-	-	-	-	2,903	2,903	-	1,308	4,211	16,750
Board expenses	-	-	-	-	-	-	1,468	-	1,468	46,634
Temporary services	-	-	-	-	-	-	-	-	-	11,097
	$ 4,189,666	$ 2,949,577	$ 1,343,800	$ 2,606,231	$ 816,065	$ 11,905,339	$ 2,658,815	$ 222,941	$ 14,787,095	$ 14,323,568

See accompanying notes to financial statements

Parents as Teachers National Center, Inc.

STATEMENTS OF CASH FLOWS

	Years Ended June 30, 2021	Years Ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 5,724,808	($ 1,039,833)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	45,103	164,828
Loss on disposal of property and equipment	-	458,470
Net realized and unrealized (gain) loss on investments	(2,305,265)	651,452
Inventory obsolescence write-off	16,614	109
Bad debt expense	8,397	2,855
Paycheck Protection Program grant	(1,375,800)	-
(Increase) decrease in assets:		
Accounts receivable, net	(45,182)	169,585
Contracts receivable	196,985	(45,766)
Grants receivable	726,447	1,495,340
Contributions receivable	(141,038)	180,723
Inventory	19,594	(1,078)
Prepaid expenses	(79,780)	(187,483)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	327,839	17,329
Deferred revenues	515,994	(220,312)
Net Change in Cash from Operating Activities	3,634,716	1,646,219
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,381,876)	(960,130)
Proceeds from sale of investments	2,201,667	664,383
Purchase of property and equipment	-	(65,019)
Net Change in Cash from Investing Activities	(180,209)	(360,766)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	1,375,800
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,454,507	2,661,253
CASH AND CASH EQUIVALENTS, Beginning of year	3,368,863	707,610
CASH AND CASH EQUIVALENTS, End of year	$ 6,823,370	$ 3,368,863
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, Inc. (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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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, 2020, from which the summarized information was derived.

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated scholarship fund and quasi endowment.

Net Investment in Property and Equipment represents net assets without donor restriction consisting of property and equipment of the Center.

Board Designated Scholarship Fund represents the earnings from the Mildred Winter Scholarship Fund to support trainees attending PAT Programs.

Board Designated Quasi Endowment represents those net assets established with the intention of allowing the corpus to be retained and the income to build within the account or be used to fund operations or large capital project initiatives. The Board retains the authority to "un-designate" these funds as deemed necessary in the future.

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

Net Assets with Donor Restrictions

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such assets be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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. At June 30, 2021, the amount in excess of insured limits was $7,079,103. 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, Grants and Contributions Receivable

Accounts, contracts, grants, and contributions 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. The Center has an allowance for doubtful accounts of $30,000 at June 30, 2021.

Inventory

Inventory consists of core training and professional development materials of the Center. Inventory is carried at average cost.

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

Investments

Investments consist of mutual funds, exchange traded products, bonds, certificates of deposit and money market funds, and are carried at fair value. Donated investments received as contributions are recorded at their fair value of the investment on the date they were received. Investment return, net of fees, is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

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 thirty-nine years. Expenditures for repairs and maintenance are charged to expenses as incurred. Purchases under $5,000 are recorded as expense in the period incurred.

Deferred Revenues

Deferred revenues include training fees, renewal fees and conference fees paid in advance for training seminars and conferences which have not occurred as of year-end and annual affiliation fees for the upcoming year. Deferred revenues also consist of conditional grants in which cash has been received but conditions of the grant have not been met as of June 30, 2021.

Revenue and Revenue Recognition

The Center recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measureable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

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

Contributions

Contributions are recognized when a donor makes a promise to give to the Center that is, in substance, unconditional. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Conference

Conference revenue from ticket sales and sponsorships that relate to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

Grants, Contracts and Federal Grants

A portion of the Center's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contacts or grant provisions.

Program Service Fees

Program service fees are recorded as performance obligations are met. Payments received in advance are deferred until earned.

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.

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

Functional Expense Allocation

The Statement of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Center. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, which are allocated on the basis of time and effort; bank and credit card fees, depreciation, and occupancy expenses are allocated on the basis of department headcount; and certain other expenses have been allocated among program services, management and general, and fund development based on direct benefit and department headcount.

Financial Instruments

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

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.

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 Center files an information return, IRS Form 990. Tax returns for fiscal years 2018 and later remain subject to examination by taxing authorities. 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 Center related to the tax filings.

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

Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through September 29, 2021, 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 promote the optimal early development, learning and health of children by supporting and engaging their parents and caregivers. The Center's programs are:

Training, Curriculum and Program Innovations – There were over 4,700 parent educators/supervisors/early childhood professionals trained in either core trainings or professional development from July 1, 2020, through June 30, 2021.

Affiliations and Program Support – The number of Parents as Teacher ("PAT") affiliates at June 30, 2021, was 1,001 in 48 states, District of Columbia, Germany, Switzerland, United Kingdom and Canada. Curriculum subscribers extend the footprint to include 50 states, Australia and Guam.

Research and Quality Improvement – This program area includes developing collaborative relationships with university researchers, supporting the design of new research studies, and communicating research findings within the field. In addition, the department develops resources for program evaluation and outcomes measurement, analyzes and disseminates Affiliate Performance Report data, and manages the Parents as Teachers quality endorsement process to assess fidelity to the evidence-based model.

General Program –

Curriculum Development – Work this year includes the continual updating of the online Foundational Curriculum to include the development of new parent handouts in modified reading level and visual versions. New resources for the field include the family engagement book, Engaged, and multiple resources related to virtual service delivery.

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

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

Program Services *(Continued)*

General Program *(Continued)* –

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

Conference – Annual meeting for parent educators and others in the early childhood field to share information, receive additional training and attend workshops conducted by professional speakers and presenters.

Special Programs – Includes general program support and various other projects such as the contracts with the Normandy Schools Collaborative, Missouri Departments of Elementary and Secondary Education and Health where the Center administers the program and supervises staff to implement the model and deliver direct services to families.

Also included is the Wyoming, Missouri, and Texas Maternal Infant and Early Childhood Home Visiting programs where the Center is the nonprofit federal grant recipient that administers, supervises, and coordinates the delivery of services by local implementing agencies within the states.

Through a contract with the Bureau of Indian Education (BIE), the Center provides technical assistance to the Family and Child Education (FACE) Program, an educational model developed for American Indian families with emphasis on school readiness through culturally responsive education, resources, and support. The Center currently provides assistance to 49 BIE-funded schools.

Outreach – Includes dissemination of information about Parents as Teachers programming and services to parents, social service agencies, schools, legislators, childcare 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.

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

Fund Development

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

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 statewide 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 $4,988,889, exchange traded products totaling $2,931,039, money market funds totaling $1,606,958, municipal bonds totaling $2,697,200 and certificates of deposit totaling $629,896. These investments have a total fair value of $12,853,982. Investments are carried at fair value in accordance with generally accepted accounting principles. At June 30, 2021, a net realized and unrealized gain of $2,305,265 was recorded to adjust the investments to fair value.

These board designated net assets have been set aside for future operational purposes 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.

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.

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.

Fair values of assets measured on a recurring basis at June 30, 2021, are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Mutual Funds	$ 4,988,889	$ 4,988,889	$ -	$ -
Exchange Traded Products	2,931,039	2,931,039	-	-
Money Market Funds	1,606,958	1,606,958	-	-
Municipal Bonds	2,697,200	-	2,697,200	-
Certificates of Deposit	629,896	629,896	-	-
Total	$12,853,982	$10,156,782	$2,697,200	$ -

E. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021:

Office furniture and equipment	$1,371,905
Leasehold improvements	271,879
	1,643,784
Less: accumulated depreciation	(1,298,774)
Total Property and Equipment, Net	$ 345,010

Depreciation amounted to $45,103 for the year ended June 30, 2021.

F. BOARD DESIGNATED NET ASSETS

Board designated net assets consist of unrestricted support previously received by the Center. These funds are earmarked by the Board of Directors as follows:

Quasi Endowment – Established with the intention of allowing the corpus to be retained and the income to build within the account or be used to fund a portion of the operating costs or to fund large capital project initiatives. The Board retains the authority to change the designation of these funds as deemed necessary in the future. The Board designated Quasi Endowment amounted to $12,853,982 for the year ended June 30, 2021.

Scholarship Fund – Established with the intention of utilizing the earnings from the Mildred Winter Scholarship Fund to support trainees attending PAT Programs. The Board designated scholarship fund amounted to $66,883 for the year ended June 30, 2021.

G. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes for the year ended June 30, 2021:

Heising Simons Foundation - RR-VHV2	$ 850,000
Enterprise Foundation-ROAD Forward	737,479
Lipstein Foundation	82,821
Emerson	50,000
Heising Simons Foundation - NAHV	22,165
Goldstein Family Foundatoin	11,889
Stupp Foundation (fy21)	8,500
Roblee	7,982
St. Louis Philanthropic	3,500
Toyota	2,900
United Way	2,500
Trio Foundation (FY21)	2,349
	1,782,085
Subject to the passage of time	
For periods after June 30	
Centene	125,000
United Way	25,000
Edward Jones	10,000
W. K. Kellogg Foundation	10,000
Steven F. Roy Investments Inc.	6,000
Mutual of America	6,000
RBO Print Logistix	5,000
Bezos Family Foundation	5,000
Moneta Charitable Foundation	5,000
Quiktrip Corporation	4,500
TWIGA Foundation	500
Individual	208,221
	410,221
Subject to the Organization's spending policy and appropriation:	
Original donor-restricted gift amount and amount required to be maintained by donor	42,585
	$ 2,234,891

H. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions are as follows for the year ended June 30, 2021:

Heising Simons Foundation - RR-VHV	$ 925,770
Community Impact Network	393,473
Enterprise ROAD Forward	262,521
Episcopal Health Foundation	101,418
W.K. Kellogg Foundation	100,000
Missouri Foundation for Health - Healthy Tomorrows	83,998
Pritzker's Children Initiative	50,000
Heising Simons Foundation - Home Visiting Collaborative	37,835
Goldstein Family Foundation	18,111
PNC	15,000
Dana Brown Charitable Trust	15,000
Pettus Foundation	11,000
John Ferring Trust	10,000
Saigh Foundation	10,000
Deaconess Foundation - Show Me Strong Families Advocacy	9,889
Stupp Foundation (FY 20)	8,500
Joseph H. and Florence A. Roblee Foundation	7,018
Heising-Simons Language Access	7,000
Goldstein Family Foundation (FY20)	6,536
Washington University - Data Mining	6,013
Allen P. and Josephine B. Green Foundation - Autism	5,530
Deaconess - CDA	5,000
Deaconness COVID-19	5,000
St. Louis Bookfair	4,400
Trio Foundation	3,959
Community Impact Network	3,000
Trio	2,651
Toyota	2,100
Greater Saint Louis Book Fair	1,000
Simon Foundation	675
Missouri Foundation for Health - Flourish COVID-19	137
	2,112,534
Time restrictions expired:	
The Ballmer Group	850,000
Individual Contributions	29,438
United Way	25,000
Edward Jones	10,000
Athena Software	5,000
Steven F. Roy Investments Inc.	5,000
	924,438
Total Net Assets Released from Restriction	$ 3,036,972

I. GRANTS AND CONTRIBUTIONS WITH DONOR RESTRICTIONS

The Center's grants and contributions support for the year ended June 30, 2021, is as follows:

Enterprise Foundation-ROAD Forward	$ 1,000,000
Heising Simons Foundation - RR-VHV2	850,000
Community Impact Network	393,473
Individual	208,221
Centene	125,000
Emerson	50,000
United Way	50,000
Goldstein Family Foundation	30,000
Episcopal Health Foundation	26,464
Dana Brown	15,000
Joseph H. and Florence A. Roblee Foundation	15,000
Pettus Foundation	11,000
Edward Jones	10,000
W. K. Kellogg Foundation	10,000
Stupp	8,500
Heising-Simons Language Access	7,000
Washington University	6,013
Steven F. Roy Investments Inc.	6,000
Mutual of America	6,000
Trio Foundation (FY21)	5,000
Toyota	5,000
RBO Print Logistix	5,000
Bezos Family Foundation	5,000
Moneta Charitable Foundation	5,000
Quiktrip Corporation	4,500
St. Louis Philanthropic	3,500
United Way	2,500
Great St. Louis Bookfair	1,000
TWIGA Foundation	500
	$ 2,864,671

J. ENDOWMENT FUNDS

The Center has adopted provisions of ASC 958-205-50-1B, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds.* ASC 958-205-50-1B provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization. The Center's Quasi Endowment consists of funds designated by the Board of Directors to function as endowments. 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.

Effective August 28, 2009, the State of Missouri enacted UPMIFA. UPMIFA requires the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Center classifies as net assets with donor restriction – perpetual in nature (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

There are no donor-restricted endowment funds at June 30, 2021.

Investment Return Objectives, Risk Parameters and Strategies: The Center has adopted an investment policy, approved by the Board of Directors, for endowment assets to provide a clear understanding of the investment philosophy and objectives regarding the investment of funds of the Center. Accordingly, the objective of the investment policy is to preserve the Center's assets while meeting the spending objective and real rate of return objective to protect and grow the Center's assets at a rate of return consistent with applicable benchmarks. Quasi Endowment assets are invested in a diversified asset mix, which can include cash and cash equivalents, equities, and fixed income securities. The Board designated Quasi Endowment funds have asset allocation target percentages by class of asset, including fixed income at 30%, Equity at 50%, and alternative investments at 20%.

The Center's investment performance is evaluated semi-annually against index benchmarks. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Endowment assets include the Center's Board designated Quasi Endowment funds.

J. ENDOWMENT FUNDS *(Continued)*

Spending Policy: The Board designated Quasi Endowment funds were established with the intention of retaining the corpus and building income to be used to fund a portion of the operating costs or to fund major capital project initiatives. Contributions to the Board designated Quasi Endowment fund and appropriations for operations must be authorized by the Board of Directors. The Center expects the current spending policy to allow its endowment funds to grow.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration. Deficiencies of this nature, if any, would be reported in net assets with donor restrictions. These deficiencies could result from unfavorable market fluctuations on investment contributions restricted in perpetuity. There were no deficiencies at June 30, 2021.

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Endowment Assets
Board designated endowment funds	$12,853,982	$ -	$12,853,982

Changes in endowment net assets as of June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	$10,368,508	$ -	$10,368,508
Interest and dividends, net of fees	180,209	-	180,209
Net appreciation (realized and unrealized)	2,305,265	-	2,305,265
Amounts appropriated for operations	-	-	-
Endowment net assets, end of year	$12,853,982	-	$12,853,982

K. CONTRACTS

The Center's contract support for the year ended June 30, 2021 is as follows:

Bureau of Indian Education	$ 1,225,253
Texas Department of Family and Protective Services	366,883
Normandy Schools Collaborative	251,175
Total	$ 1,843,311

L. FEDERAL GRANTS

The Center's federal grants support for the year ended June 30, 2021 is as follows:

U.S. Department of Health and Human Services	
Maternal, Infant and Early Childhood Home Visiting Program - WY	$ 1,417,468
Passed through Missouri Department of Health and Senior Services	
Maternal, Infant and Early Childhood Home Visiting Program - MO	583,520
Passed through Texas Department of Family & Protective Services	
Maternal, Infant and Early Childhood Home Visiting Program - TX	67,316
Healthy Tomorrows Partnership for Children Program	38,735
Association of Maternal & Child Health Programs	
National Alliance of Home Visiting Models	850,000
Passed through Washington University	
Cardiovascular Diseases Research	119,268
Total U.S. Department of Health and Human Services	3,076,307
U.S. Department of the Treasury	
Passed through St. Louis County	
Coronavirus Relief Fund	10,000
Total U.S. Department of the Treasury	10,000
U.S. Department of Education	
Passed through the Public Broadcasting Service	
Ready to Learn Project	13,836
Total U.S. Department of Education	13,836
Total Federal Grants	$ 3,100,143

M. PAYCHECK PROTECTION PROGRAM GRANT

On April 15, 2020, the Center was granted a loan in the amount of $1,375,800 from Commerce Bank, pursuant to the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under certain circumstances, all or part of the loan may be forgiven and recognized as a grant. The loan was unsecured, guaranteed by the SBA, and recorded as a note payable at June 30, 2020. During the year ended June 30, 2021, the Center spent the PPP funds on eligible expenses and forgiveness was granted on the full loan balance February 17, 2021. The forgiveness is reflected on the Statement of Activities as Paycheck Protection Program grant for the year ended June 30, 2021.

N. 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 provides up to a 5% matching contribution for all participants making participant contributions. The Center may make an additional discretionary employer contribution up to 2% of all eligible compensation, which occurred in fiscal year 2021. The Center's contribution to the plan for the year ended June 30, 2021 was $389,234.

O. LINE OF CREDIT

The Center has an $800,000 line of credit bearing variable interest of monthly Prime Rate (3.25% at June 30, 2021) less 0.65%, with a floor of 2.85%. Outstanding principal and interest are payable December 17, 2021. There was no outstanding balance at June 30, 2021. Certain investment accounts are pledged as collateral.

P. CONDITIONAL GRANTS

The Center has received a conditional promise to give for the project: Infants Deserve Protection from Preventable Disease. The promise to give is subject to the Center meeting certain conditions for the operation and performance of the project. The conditional promise to give at June 30, 2021, that was not recognized in the financial statements was $47,247.

Q. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Center receives revenue from contracts, federal grants, and grants and contributions with and without donor restrictions, and considers all contracts, grants, and contributions, which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Center maintains financial assets, consisting of cash, various receivables, and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. The Center maintains a board designated quasi endowment established with the intention of retaining the corpus and building income to be used to fund a portion of the operating costs or to fund major capital project initiatives.

Q. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS *(Continued)*

The Center's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of June 30, 2021:

Cash and cash equivalents	$ 6,823,370
Accounts receivable, net	288,317
Contracts receivable	300,762
Grants receivable	760,953
Contributions receivable	180,476
Investments	12,853,982
Total financial assets	21,207,860
Less amounts not available or expected to be used within one year:	
Board designated scholarship fund	66,883
Board designated quasi endowment	12,853,982
Donor-restricted perpetual in nature	42,585
Total financial assets not available or expected to be used within one year	12,963,450
Financial assets available to meet cash needs for general expenditures within one year	$ 8,244,410

As described in Note O, the Center also has a committed line of credit in the amount of $800,000, which it could draw upon in the event of an unanticipated liquidity need.

In addition, although the Center does not intend to spend from its board designated quasi endowment, amounts from its board designed quasi endowment could be made available for operating costs if necessary.

R. LEASE AGREEMENTS

In June 2011, the Center executed a first lease amendment effective March 1, 2011, for its operating facilities in St. Louis, Missouri. The lease originally expired on April 30, 2018. The Center extended the lease through April 30, 2023. The agreement provides for monthly rent ranging from $17,288 to $18,713. 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 April 2018, the Center entered into a second lease agreement effective May 1, 2018, for its general office in downtown St. Louis, Missouri. The agreement provides for monthly rent set at $1,500. The lease originally expired on April 30, 2021. The Center extended the lease through April 30, 2023.

R. LEASE AGREEMENTS *(Continued)*

At June 30, 2021, the approximate future minimum rental commitments required under these operating leases are as follows:

Years Ended June 30,	Amount
2022	$238,882
2023	202,126
Total	$441,008

Rental expense, including common area maintenance, amounted to $375,052 for the year ended June 30, 2021.

S. RELATED PARTY

The Center contracted for collaborative services with a company whose executive director is a member of the Center's board of directors. The Company was paid approximately $268,000 during the year ended June 30, 2021, for services related to the research evaluation project that aligns with the Center's Strategic Initiatives. The board member disclosed the contract relationship in a board meeting, the extent of the project as well as noted the relationship in the Conflict of Interest Policy Acknowledgment signed by board directors annually.

T. ECONOMIC UNCERTAINTY

As the spread of the COVID-19 coronavirus continues worldwide, economic uncertainties have arisen that are likely to impact the Center's financial results. While management expects this impact to be temporary, the severity and duration of the impact is uncertain at this time.