PARENTS AS TEACHERS NATIONAL CENTER, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2022

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.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Parents as Teachers National Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Parents as Teachers National Center, Inc. as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Parents as Teachers National Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Parents as Teachers National Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Parents as Teachers National Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Parents as Teachers National Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Parents as Teachers National Center, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2022, 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 solely 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 effectiveness of Parents as Teachers National Center, Inc.'s 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
October 18, 2022

FINANCIAL STATEMENTS

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

ASSETS

	June 30, 2022	June 30, 2021
CURRENT ASSETS		
Cash and cash equivalents	$ 9,879,431	$ 6,823,370
Accounts receivable, net	491,505	288,317
Contracts receivable	130,773	300,762
Grants receivable	382,613	760,953
Contributions receivable	164,113	180,476
Inventory	94,808	171,027
Prepaid expenses	311,203	504,467
Total Current Assets	11,454,446	9,029,372
PROPERTY AND EQUIPMENT, NET	304,579	345,010
INVESTMENTS	11,400,753	12,853,982
TOTAL ASSETS	$ 23,159,778	$ 22,228,364

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,674,742	$ 1,521,859
Deferred revenues	1,239,380	824,179
Total Liabilities	2,914,122	2,346,038
NET ASSETS		
Without donor restrictions		
Net investment in property and equipment	304,579	345,010
Board designated quasi endowment - operating reserve	11,400,753	12,853,982
Board designated operating reserve	4,590,722	-
Board designated scholarship fund	66,938	66,883
Available for general use	1,812,097	4,381,560
Total Net Assets without Donor Restrictions	18,175,089	17,647,435
With donor restrictions		
Perpetual in nature	42,585	42,585
Purpose restrictions	1,714,599	1,782,085
Time-restricted for future periods	313,383	410,221
Total Net Assets With Donor Restrictions	2,070,567	2,234,891
Total Net Assets	20,245,656	19,882,326
TOTAL LIABILITIES AND NET ASSETS	$ 23,159,778	$ 22,228,364

See accompanying notes to financial statements

Parents as Teachers National Center, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022
(With Summarized Financial Information For The Year Ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT				
Contracts	$ 1,748,802	$ -	$ 1,748,802	$ 1,843,311
Federal grants	2,596,288	-	2,596,288	3,100,143
Paycheck Protection Program grant	-	-	-	1,375,800
Grants and contributions	2,039,355	1,744,475	3,783,830	3,023,795
Total Support	6,384,445	1,744,475	8,128,920	9,343,049
REVENUES				
Recertification and affiliation fees	4,377,068	-	4,377,068	4,300,110
Training and consulting fees	4,368,780	-	4,368,780	3,482,218
Conference	1,023,527	-	1,023,527	653,071
Reimbursed service costs	45,840	-	45,840	36,847
Sales of materials	104,790	-	104,790	143,827
Miscellaneous income	42,189	-	42,189	67,257
Total Revenues	9,962,194	-	9,962,194	8,683,330
NET ASSETS RELEASED FROM RESTRICTIONS	1,908,799	(1,908,799)	-	-
Total Support and Revenue	18,255,438	(164,324)	18,091,114	18,026,379
EXPENSES				
Program services	12,902,456	-	12,902,456	11,905,339
Management and general	3,112,154	-	3,112,154	2,658,815
Fund development	259,999	-	259,999	222,941
Total Expenses	16,274,609	-	16,274,609	14,787,095
Change in Net Assets from Operations	1,980,829	(164,324)	1,816,505	3,239,284
INVESTMENT RETURN, NET OF FEES	(1,453,175)	-	(1,453,175)	2,485,524
Change in Net Assets	527,654	(164,324)	363,330	5,724,808
NET ASSETS, Beginning of year	17,647,435	2,234,891	19,882,326	14,157,518
NET ASSETS, End of year	$ 18,175,089	$ 2,070,567	$ 20,245,656	$ 19,882,326

See accompanying notes to financial statements

Parents as Teachers National Center, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022
(With Summarized Financial Information For The Year Ended June 30, 2021)

	2022									2021
	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	$ 1,966,827	$ 1,991,112	$ 705,335	$ 1,460,819	$ 354,158	$ 6,478,251	$ 2,352,916	$ 219,332	$ 9,050,499	$ 8,294,045
Professional and contracted services	532,993	1,107,233	975,637	1,445,170	334,246	4,395,279	373,338	12,059	4,780,676	5,083,753
International conference	7,732	4,215	1,783	-	851,971	865,701	9,522	5,789	881,012	161,463
Occupancy	81,679	105,496	33,474	101,568	19,152	341,369	97,512	9,577	448,458	450,887
Cost of goods sold	154,599	3,233	1,510	170,755	22,451	352,548	143	-	352,691	364,858
Travel	39,382	28,766	9,268	74,336	3,818	155,570	10,061	806	166,437	22,361
Bank and credit card fees	30,016	28,879	9,140	29,572	7,117	104,724	37,378	2,816	144,918	113,128
Staff development	6,881	656	1,131	981	-	9,649	66,788	69	76,506	23,726
Dues and subscriptions	204	580	25	5,811	47,019	53,639	16,699	767	71,105	61,559
Office supplies and non-capital equipment	1,981	3,694	144	32,221	2	38,042	24,463	65	62,570	64,541
Board expenses	-	-	-	-	-	-	43,762	-	43,762	1,468
Depreciation	7,923	9,636	3,243	7,734	1,795	30,331	9,195	905	40,431	45,103
Telephone	5,509	9,201	1,668	11,534	864	28,776	10,008	1,139	39,923	35,844
Temporary services	-	-	-	-	-	-	27,000	-	27,000	-
Software fees	510	3,481	7,124	510	1,089	12,714	12,345	60	25,119	7,540
Facilities	1,454	1,392	100	6,164	139	9,249	7,124	2,787	19,160	9,744
Postage and shipping	3,435	3,474	436	384	966	8,695	5,621	546	14,862	4,570
Print, copy and video production	170	287	70	213	6,780	7,520	1,698	301	9,519	5,369
Advertisement	863	-	-	-	4,344	5,207	213	2,628	8,048	4,211
Equipment	1,327	887	533	1,295	305	4,347	1,667	153	6,167	19,380
Miscellaneous	171	329	83	177	85	845	4,701	200	5,746	5,148
Bad debt expense	-	-	-	-	-	-	-	-	-	8,397
	$ 2,843,656	$ 3,302,551	$ 1,750,704	$ 3,349,244	$ 1,656,301	$ 12,902,456	$ 3,112,154	$ 259,999	$ 16,274,609	$ 14,787,095

See accompanying notes to financial statements

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

	Years Ended June 30, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 363,330	$ 5,724,808
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	40,431	45,103
Net realized and unrealized loss (gain) on investments	1,893,353	(2,305,265)
Inventory obsolescence write-off	10,137	16,614
Bad debt expense	-	8,397
Paycheck Protection Program grant	-	(1,375,800)
(Increase) decrease in assets:		
Accounts receivable, net	(203,188)	(45,182)
Contracts receivable	169,989	196,985
Grants receivable	378,340	726,447
Contributions receivable	16,363	(141,038)
Inventory	66,082	19,594
Prepaid expenses	193,264	(79,780)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	152,883	327,839
Deferred revenues	415,201	515,994
Net Change in Cash from Operating Activities	3,496,185	3,634,716
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,050,913)	(2,381,876)
Proceeds from sale of investments	610,789	2,201,667
Net Change in Cash from Investing Activities	(440,124)	(180,209)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,056,061	3,454,507
CASH AND CASH EQUIVALENTS, Beginning of year	6,823,370	3,368,863
CASH AND CASH EQUIVALENTS, End of year	$ 9,879,431	$ 6,823,370
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, 2021, 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 Quasi Endowment – Operating Reserve 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.

Board Designated Operating Reserve represents those net assets established with the intention of providing an internal source of funds for situations such as a sudden increase in expense, one-time unbudgeted expenses, unanticipated loss in funding, extraordinary losses, or uninsured losses.

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

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, 2022, the amount in excess of insured limits was $9,848,871. 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, 2022.

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, 2022.

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 measurable 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 2019 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.

Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through October 18, 2022, the date the financial statements were available to be issued.

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

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 5,450 parent educators/supervisors/early childhood professionals trained in either core trainings or professional development from July 1, 2021, through June 30, 2022.

Affiliations and Program Support – The number of Parents as Teacher ("PAT") affiliates at June 30, 2022, was 979 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.

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

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

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

Program Services *(Continued)*

General Program *(Continued)* –

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 50 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.

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 $4,096,401, exchange traded products totaling $2,569,143, money market funds totaling $2,068,348 municipal bonds totaling $2,269,491 and certificates of deposit totaling $397,370. These investments have a total fair value of $11,400,753. Investments are carried at fair value in accordance with generally accepted accounting principles. At June 30, 2022, a net realized and unrealized loss of $1,893,353 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, 2022, 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, 2022				
Mutual Funds	$ 4,096,401	$ 4,096,401	$ -	$ -
Exchange Traded Products	2,569,143	2,569,143	-	-
Money Market Funds	2,068,348	2,068,348	-	-
Municipal Bonds	2,269,491	-	2,269,491	-
Certificates of Deposit	397,370	397,370	-	-
Total	$11,400,753	$ 9,131,262	$ 2,269,491	$ -

E. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022:

Office furniture and equipment	$1,371,905
Leasehold improvements	271,879
	1,643,784
Less: accumulated depreciation	(1,339,205)
Total Property and Equipment, Net	$ 304,579

Depreciation amounted to $40,431 for the year ended June 30, 2022.

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:

Board Designated Operating Reserve:

Quasi Endowment – Operating Reserve – 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 $11,400,753 for the year ended June 30, 2022.

Operating Reserve – Established with the intention of providing an internal source of funds for situations such as a sudden increase in expense, one-time unbudgeted expenses, unanticipated loss in funding, extraordinary losses, or uninsured losses. The Board designated operating reserve amounted to $4,590,722 for the year ended June 30, 2022.

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 $66,938 for the year ended June 30, 2022.

G. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes for the year ended June 30, 2022:

Enterprise Foundation-ROAD Forward	$ 678,438
Heising-Simons Foundation-RR-VHV2	644,548
W. K. Kellogg Foundation	150,000
Lipstein Foundation	81,324
United Way	36,279
Simon Foundation	25,000
Dana Brown	19,951
Goldstein Family Foundation	15,465
Emerson Charitable Trust	11,512
I.A. O'Shaughnessy Foundation	11,337
Saigh Foundation	10,000
Stupp Foundation (FY21)	8,500
Heising-Simons Foundation	7,000
Pettus Foundation	6,067
St. Louis Philanthropic	3,500
Joseph H. and Florence A. Roblee Foundation	2,262
First Bank	2,193
Toyota	1,223
	1,714,599
Subject to the passage of time for periods after June 30	
Individual Contributions	127,383
Centene Foundation	125,000
W. K. Kellogg Foundation	20,000
Allen P. and Josephine B. Green Foundation	12,000
Edward Jones	10,000
Edison Family Foundation	5,000
Bezos Family Foundation	4,000
Mutual of America	3,000
Moneta Charitable Foundation	2,500
Steven F. Roy Investments Inc.	2,500
TWIGA Foundation	2,000
	313,383
Subject to the Organization's spending policy and appropriation:	
Original donor-restricted gift amount and amount required to be maintained by donor	42,585
	$ 2,070,567

H. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions are as follows for the year ended June 30, 2022:

Enterprise Foundation-ROAD Forward	$ 1,059,041
Heising-Simons Foundation-RR-VHV	205,452
I.A. O'Shaughnessy Foundation	38,663
Emerson Charitable Trust	38,488
Pritzker Children's Initiative	38,300
Heising-Simons Foundation-Home Visiting Collaborative	22,165
Joseph H. and Florence A. Roblee Foundation (FY22)	17,738
United Way	15,013
Goldstein Family Foundation (FY22)	14,535
Goldstein Family Foundation (FY21)	11,889
Stupp Foundation (FY21)	8,500
Joseph H. and Florence A. Roblee Foundation (FY21)	7,982
First Bank	7,807
Pettus Foundation	4,933
United Way	2,500
Trio	2,349
Toyota	1,677
Lipstein Foundation	1,497
Dana Brown Charitable Trust	49
	1,498,578
Time restrictions expired:	
Individual Contributions	208,221
Centene Foundation	125,000
United Way	25,000
W.K. Kellogg Foundation	10,000
Edward Jones	10,000
Mutual of America	6,000
Steven F. Roy Investments Inc.	6,000
Bezos Family Foundation	5,000
Moneta Charitable Foundation	5,000
RBO Print Logistics	5,000
QuikTrip Corporation	4,500
Twiga Foundation	500
	410,221
Total Net Assets Released from Restriction	$ 1,908,799

I. GRANTS AND CONTRIBUTIONS WITH DONOR RESTRICTIONS

The Center's grants and contributions support for the year ended June 30, 2022, is as follows:

Enterprise Foundation-ROAD Forward	$ 1,000,000
W.K. Kellogg Foundation	150,000
Individual Contributions	127,383
Centene Foundation	125,000
United Way	51,292
I.A. O'Shaughnessy Foundation	50,000
Pritzker Children's Initiative	38,300
Goldstein Family Foundation	30,000
Simon Foundation	25,000
W. K. Kellogg Foundation	20,000
Dana Brown Charitable Trust	20,000
Joseph H. and Florence A. Roblee Foundation	20,000
Allen P. and Josephine B. Green Foundation	12,000
Pettus Foundation	11,000
Edward Jones	10,000
Saigh Foundation	10,000
First Bank	10,000
Stupp Foundation	8,500
Heising-Simons Foundation	7,000
Edison Family Foundation	5,000
Bezos Family Foundation	4,000
Mutual of America	3,000
Moneta Charitable Foundation	2,500
Steven F. Roy Investments Inc.	2,500
TWIGA Foundation	2,000
	$ 1,744,475

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, 2022.

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 donor-restricted endowment funds or deficiencies at June 30, 2022.

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Endowment Assets
Board designated endowment funds	$11,400,753	$ -	$11,400,753

Changes in endowment net assets as of June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	$12,853,982	$ -	$12,853,892
Interest and dividends, net of fees	440,124	-	440,124
Net depreciation (realized and unrealized)	(1,893,353)	-	(1,893,353)
Amounts appropriated for operations	-	-	-
Endowment net assets, end of year	$11,400,753	-	$11,400,753

K. CONTRACTS

The Center's contract support for the year ended June 30, 2022 is as follows:

BIE Contract	$1,216,108
Texas DFPS	348,000
Normandy Schools Collaborative	169,694
South Carolina -Child Protective Service Evaluation	15,000
Total Contracts	$1,748,802

L. FEDERAL GRANTS

The Center's federal grants support for the year ended June 30, 2022 is as follows:

U.S. Department of Health and Human Services	
Maternal, Infant and Early Childhood Home Visiting Program - WY	$1,672,228
Passed through Missouri Department of Health and Senior Services	
Maternal, Infant and Early Childhood Home Visiting Program - MO	773,858
Passed through Washington University	
Cardiovascular Diseases Research	89,469
National Center for Advancing Translation Sciences	6,013
Total U.S. Department of Health and Human Services	2,541,568
U.S. Department of Education	
Passed through the Public Broadcasting Service	
Ready to Learn Project	54,720
Total U.S. Department of Education	54,720
Total Federal Grants	$2,596,288

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 2022. The Center's contribution to the plan for the year ended June 30, 2022 was $360,203.

O. LINE OF CREDIT

The Center has an $800,000 line of credit bearing variable interest of monthly Prime Rate (4.75% at June 30, 2022) less 0.65%, with a floor of 2.85%. Outstanding principal and interest are payable December 16, 2022. There was no outstanding balance at June 30, 2022. Certain investment accounts are pledged as collateral.

P. 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.

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.

P. 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, 2022:

Cash and cash equivalents	$ 9,879,431
Accounts receivable, net	491,505
Contracts receivable	130,773
Grants receivable	382,613
Contributions receivable	164,113
Investments	11,400,753
Total financial assets	22,449,188
Less amounts not available or expected to be used within one year:	
Board designated quasi endowment - operating reserve	11,400,753
Board designated operating reserve	4,590,722
Board designated scholarship fund	66,938
Donor-restricted perpetual in nature	42,585
Total financial assets not available or expected to be used within one year	16,100,998
Financial assets available to meet cash needs for general expenditures within one year	$ 6,348,190

Q. 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 additional office space 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.

Q. LEASE AGREEMENTS *(Continued)*

At June 30, 2022, the approximate future minimum rental commitments required under these operating leases are as follows:

Years Ended June 30,	Amount
2023	$202,126

Rental expense, including common area maintenance, amounted to $356,577 for the year ended June 30, 2022.

R. 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 $293,000 during the year ended June 30, 2022, 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.