

PARENTS AS TEACHERS NATIONAL CENTER, INC.

AUDITED FINANCIAL STATEMENTS

**Year Ended June 30, 2025
(With Comparative Totals for 2024)**

PARENTS AS TEACHERS NATIONAL CENTER, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Parents as Teachers National Center, Inc. (the Center) (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2025 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 (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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 U.S. GAAP, 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 the Center's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 U.S. GAAS 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with U.S. GAAS 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 the Center'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 aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

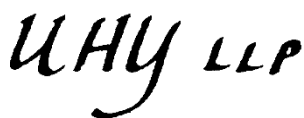
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of the Center as of June 30, 2024 were audited by other auditors whose report dated October 1, 2024 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, 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 20, 2025 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Center'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 the Center's internal control over financial reporting and compliance.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, with "LLP" in a smaller, sans-serif font to the right.

St. Louis, Missouri
October 20, 2025

PARENTS AS TEACHERS NATIONAL CENTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2025 (With Comparative Totals for 2024)

	June 30,	
	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,308,801	\$ 7,190,033
Restricted cash	111,752	111,002
	<u>5,420,553</u>	<u>7,301,035</u>
Accounts receivable	557,472	370,169
Contracts receivable	390,422	321,606
Grants and contributions receivable	259,118	534,853
Inventory	42,627	54,510
Prepaid expenses	438,555	476,403
Total current assets	<u>7,108,747</u>	<u>9,058,576</u>
INVESTMENTS	23,765,798	21,931,193
PROPERTY AND EQUIPMENT, NET	463,384	397,443
RIGHT OF USE ASSET - OPERATING	1,691,573	1,540,624
	<u>\$ 33,029,502</u>	<u>\$ 32,927,836</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,735,010	\$ 2,413,115
Current portion of operating lease liability	166,675	130,135
Deferred revenues	2,089,895	1,469,812
Total current liabilities	<u>3,991,580</u>	<u>4,013,062</u>
OPERATING LEASE LIABILITY	1,554,209	1,426,716
Total liabilities	<u>5,545,789</u>	<u>5,439,778</u>
NET ASSETS		
Without donor restrictions:		
Net investment in property and equipment	463,384	397,443
Board designated quasi-endowment operating reserve	23,397,261	21,456,548
Board designated scholarship fund	69,167	68,417
Available for general use	1,698,639	3,961,355
	<u>25,628,451</u>	<u>25,883,763</u>
With donor restrictions:		
Perpetual in nature	42,585	42,585
Purpose restrictions	1,553,851	1,372,775
Time-restricted for future periods	258,826	188,935
	<u>1,855,262</u>	<u>1,604,295</u>
Total net assets	<u>27,483,713</u>	<u>27,488,058</u>
Total liabilities and net assets	<u>\$ 33,029,502</u>	<u>\$ 32,927,836</u>

See notes to financial statements.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025 (With Comparative Totals for 2024)

	Years Ended June 30,			
	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND PUBLIC SUPPORT				
Public support				
Federal grants	\$ 1,472,428	\$ -	\$ 1,472,428	\$ 1,357,045
Grants and contributions	2,342,308	3,022,203	5,364,511	3,711,714
	3,814,736	3,022,203	6,836,939	5,068,759
REVENUES				
Contracts	1,773,139	-	1,773,139	1,875,196
Recertification and affiliation fees	5,082,338	-	5,082,338	4,933,568
Training and consulting fees	4,146,291	-	4,146,291	4,645,030
Conference	1,458,950	-	1,458,950	1,215,179
Sales of materials	122,026	-	122,026	103,969
Reimbursed service costs	53,587	-	53,587	62,609
Miscellaneous revenue	28,400	-	28,400	10,542
	12,664,731	-	12,664,731	12,846,093
Net assets released from restrictions	2,771,236	(2,771,236)	-	-
Total revenue and public support	19,250,703	250,967	19,501,670	17,914,852
EXPENSES				
Program services	17,112,352	-	17,112,352	16,699,435
Management and general	4,212,276	-	4,212,276	3,815,684
Fund development	442,760	-	442,760	410,761
Total Expenses	21,767,388	-	21,767,388	20,925,880
Change in net assets from operating activities	(2,516,685)	250,967	(2,265,718)	(3,011,028)
INVESTMENT RETURN, NET OF FEES	2,261,373	-	2,261,373	2,315,245
CHANGE IN NET ASSETS	(255,312)	250,967	(4,345)	(695,783)
NET ASSETS – Beginning Of Year	25,883,763	1,604,295	27,488,058	28,183,841
NET ASSETS – End Of Year	\$ 25,628,451	\$ 1,855,262	\$ 27,483,713	\$ 27,488,058

See notes to financial statements.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025 (With Comparative Totals for 2024)

	2025										2024
	Program Services					Supporting Services					
	Training and Curriculum	Affiliations	Research and Evaluation	General Program	Outreach	Total Program Services	Management And General	Fund Development	Total Supporting Services	Total	Total
Salaries, payroll taxes and benefits	\$ 1,872,584	\$ 2,454,197	\$ 1,109,094	\$ 2,627,512	\$ 458,530	\$ 8,521,917	\$ 2,806,109	\$ 343,492	\$ 3,149,601	\$ 11,671,518	\$ 11,002,151
Professional and contracted services	979,509	1,526,028	1,746,912	418,109	296,014	4,966,572	461,964	63,731	525,695	5,492,267	4,746,929
Advertisement	158.00	26,698	-	-	3,555	30,411	708	-	708	31,119	30,793
Bank and credit card fees	32,834	40,428	17,320	56,261	9,618	156,461	61,474	6,731	68,205	224,666	206,386
Board expenses	-	-	-	-	-	-	134,400	583	134,983	134,983	53,695
Challenge grants	20,000	505,000	-	-	-	525,000	-	-	-	525,000	1,807,500
Cost of goods sold	50,023	7,819	12,066	148,176	570	218,654	27,603	13	27,616	246,270	269,041
Depreciation	10,825	13,374	5,730	18,471	3,182	51,582	14,642	1,908	16,550	68,132	59,800
Dues and subscriptions	5,628	2,665	29.00	1,047	13,637	23,006	8,316	2,014	10,330	33,336	25,399
Equipment	1,106	1,729	20,016	2,104	325	25,280	5,733	195	5,928	31,208	16,436
Facilities	3,506	19,621	1,732	1,351	27	26,237	49,321	915	50,236	76,473	60,187
International conference	79,585	30,526	60,784	43,416	1,419,240	1,633,551	23,273	5,978	29,251	1,662,802	1,399,883
Miscellaneous	5,199	1,952	52	1,088	23,359	31,650	8,728	191	8,919	40,569	24,632
Occupancy	38,231	47,229	22,402	86,474	11,236	205,572	69,353	6,737	76,090	281,662	219,563
Office supplies and non-capital equipment	9,126	10,830	4,454	27,118	7,023	58,551	29,863	1,688	31,551	90,102	35,636
Postage and shipping	16,277	598	1,184	(213)	1,254	19,100	4,714	638	5,352	24,452	24,277
Print, copy and video production	822	15	-	637	20,467	21,941	1,737	578	2,315	24,256	30,456
Provision for credit loss	-	-	-	-	-	-	3,502	-	3,502	3,502	-
Staff development	174	4,050	21,195	975	743.00	27,137	24,601	763	25,364	52,501	38,871
Software fees	-	93,735	6,780	-	-	100,515	7,581	1,665	9,246	109,761	97,873
Telephone	2,841	11,458	2,944	24,806	1,635	43,684	11,294	1,317	12,611	56,295	55,404
Temporary services	33,919	4,982	-	995	-	39,896	377,268	-	377,268	417,164	272,689
Travel	77,251	144,201	28,387	119,383	16,413	385,635	80,092	3,623	83,715	469,350	448,279
Total - 2025	\$ 3,239,598	\$ 4,947,135	\$ 3,061,081	\$ 3,577,710	\$ 2,286,828	\$ 17,112,352	\$ 4,212,276	\$ 442,760	\$ 4,655,036	\$ 21,767,388	
Percentages - 2025	14.9%	22.7%	14.1%	16.4%	10.5%	78.6%	19.4%	2.0%	21.4%	100.0%	
Total - 2024	\$ 2,720,145	\$ 6,051,383	\$ 2,405,810	\$ 3,365,102	\$ 2,156,995	\$ 16,699,435	\$ 3,815,684	\$ 410,761	\$ 4,226,445		\$ 20,925,880
Percentages - 2024	13.0%	28.9%	11.5%	16.1%	10.3%	79.8%	18.2%	2.0%	20.2%		100.0%

PARENTS AS TEACHERS NATIONAL CENTER, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2025 (With Comparative Totals for 2024)

	Years Ended June 30,	
	2025	2024
OPERATING ACTIVITIES		
Change in net assets	\$ (4,345)	\$ (695,783)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	68,132	59,800
Non-cash lease expenses	152,402	137,353
Provision for credit loss	3,502	-
Net realized and unrealized gain on investments	(1,327,311)	(1,342,183)
Inventory obsolescence write-off	-	809
Changes in:		
Accounts receivable	(187,303)	297,941
Contracts receivable	(72,318)	795,694
Grants and contributions receivable	275,735	(95,965)
Inventory	11,883	(11,200)
Prepaid expenses	37,848	(108,428)
Accounts payable and accrued liabilities	(678,105)	604,166
Operating lease liability	(139,318)	(123,444)
Deferred revenues	620,083	219,843
Net cash used by operating activities	<u>(1,239,115)</u>	<u>(261,397)</u>
INVESTING ACTIVITIES		
Purchase of investments	(4,916,057)	(5,462,812)
Proceeds from sale of investments	4,408,763	4,386,106
Purchase of property and equipment	<u>(134,073)</u>	<u>(23,474)</u>
Net cash used by investing activities	<u>(641,367)</u>	<u>(1,100,180)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(1,880,482)	(1,361,577)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, Beginning	<u>7,301,035</u>	<u>8,662,612</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, Ending	<u>\$ 5,420,553</u>	<u>\$ 7,301,035</u>
SUPPLEMENTAL DISCLOSURES		
Right-of-use assets acquired in exchange for operating leases obligation	<u>\$ 303,351</u>	<u>\$ -</u>

See notes to financial statements.

PARENTS AS TEACHERS NATIONAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 (With Comparative Totals for 2024)

NOTE 1 — HISTORY AND BUSINESS ACTIVITY

Parents as Teachers National Center (the Center) is a not-for-profit corporation headquartered in St. Louis, Missouri. The Center is the developer of an internationally recognized evidence-based home visiting model, replicated by nearly one thousand family serving organizations, to improve the early development, learning, health and well-being of children and families in communities across the U.S.A. and in five other countries. The Center trains and supports affiliate partners who implement the home visiting model and develops research-informed training, curricula, programs, and other learning products for the broader early childhood home visiting field (including other home visiting models) and family support professionals.

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.

Description of Programs and Supporting Activities

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

Program services: Include 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 and Curriculum

There were over 6,000 parent educators/supervisors/early childhood professionals trained in either core trainings or professional development from July 1, 2024, through June 30, 2025.

Affiliations

The number of Parents as Teacher ("PAT") affiliates at June 30, 2025, was 936 in 49 states, District of Columbia, Germany, Switzerland, United Kingdom, Canada, and Nigeria. Curriculum Partners included 510 in Missouri school districts, 113 Early Head Start programs as well as a multitude of individual professional subscribers extend the footprint to include 50 states, Australia, and Guam. The Center has a research partnership with Washington University, funded by a federal grant, to expand model implementation into Nigeria.

PARENTS AS TEACHERS NATIONAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 (With Comparative Totals for 2024)

NOTE 1 – HISTORY AND BUSINESS ACTIVITY (Continued)

Description of Programs and Supporting Activities (Continued)

***Program services* (Continued)**

Research and Evaluation

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 revised and expanded prenatal and postpartum content, identifying content available in the PAT Engage App, and multiple resources related to service delivery to meet specific needs of families.

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

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 and the St. Louis Mental Health Board where the Center administers the program and supervises staff to implement the model and deliver direct services to families.

This also included the Missouri and Texas Maternal Infant and Early Childhood Home Visiting programs where the Center is the nonprofit federal grant subrecipient that provides implementation and other support of the delivery of services and serves as a local implementing agency in Missouri and provides implementation support and training to model affiliates in Texas.

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 53 BIE-funded schools.

Outreach

This program 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. This includes annual conference 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.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 1 – HISTORY AND BUSINESS ACTIVITY (Continued)

Description of Programs and Supporting Activities (Continued)

Management and General: Includes the functions necessary to maintain a compliant 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Center's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis and in accordance with U.S. GAAP, which require the Center to report information regarding its financial position and activities according to the following net asset classifications:

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

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.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of checking, overnight sweep account, and money market accounts. For purposes of the statement of cash flows, the Center considers highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

Restricted cash is limited in use to payment of costs associated with the donor designated projects.

Concentration of Credit Risk

Financial instruments, which potentially subject the Center to concentration of credit risk, consist principally of cash and cash equivalents, investments, accounts, grants, and contracts receivable. The Center maintains cash and cash equivalents and investments with major banks and financial institutions. Accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and accounts at brokerage firms are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 at each institution, as applicable. At times, the Center may have balances with banks in excess of the FDIC coverage. As of June 30, 2025 and 2024, the Center had no significant concentrations of credit risk associated with receivables due to high historical collection rates. Receivables are carried at estimated net realizable values.

Accounts and Contracts Receivable

Accounts and contracts receivable are carried net of allowance for credit losses. The allowance is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors.

Change in the aggregate allowance for credit losses is as follows:

	As of and for the Years Ended June 30,	
	2025	2024
Balance, Beginning	\$ 111,000	\$ 111,000
Provision for Credit Losses	3,502	-
Write-Offs	(38,376)	-
Balance, Ending	<u>\$ 76,126</u>	<u>\$ 111,000</u>

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions Receivable

Grants receivables consist of amounts due to the Center related to the work performed under non-exchange grant agreements. Contributions receivable are stated at the amount management expects to collect from balances outstanding at year end based on management's assessment of donors having outstanding balances and current relationships with them. Contributions receivable are recognized as support in the period the promises are received. Conditional pledges receivable are not included as support until the conditions are substantially met. Management writes off receivables when it determines that an amount will not be collected and considers all grants and contributions receivable at June 30, 2025 and 2024 to be collectible. Accordingly, no allowance for uncollectible grants and contributions receivable has been reflected in the financial statements.

Prepaid Expenses

Prepaid expenses consist of primarily of prepaid insurance, conference expenses, and software licenses and subscriptions.

Investments

Purchased investments are reported at fair value. Contributed securities are stated at their fair value on the date of receipt. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses.

Realized and unrealized gains and losses include gains and losses from purchases and sales of investments, as well as changes in value of assets held during the year and are recognized in the accompanying statement of activities. Gains or losses on investments are recognized as an increase or decrease in net assets without donor restriction unless their use is restricted by explicit donor stipulations or by law.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in investments in the near-term would materially affect the amounts reported in these financial statements.

Management evaluates securities for other-than-temporary impairment at least on an annual basis and more frequently when economic or market conditions warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Center to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

PARENTS AS TEACHERS NATIONAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 (With Comparative Totals for 2024)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at estimated fair market value on the date of receipt, if donated. The Center capitalizes individual assets greater than \$5,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized.

Depreciation of property and equipment is provided on a straight-line method over the following estimated useful lives:

	<u>Years</u>
Office furniture and equipment	3 - 9
Leasehold Improvements	Term of lease

Asset Impairment Assessments

The Center reviews long-lived assets for impairment annually, or whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is recognized to the extent that the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value.

Leases

The Center determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the Center has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the rate implicit in the lease or the risk-free rate. The risk-free rate is defined as the daily treasury par yield curve rate for a period of time that approximates the lease term. The Center's lease terms include options to renew or terminate the lease when it is reasonably certain that it will exercise the option. The Center elected a short-term lease exception policy, which allows entities to not apply the standard to short-term leases (i.e. leases with terms of 12 months or less).

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use-asset. Certain leases contain escalation clauses, which are factored into the right-of-use asset where appropriate. Lease expense for minimum lease payments are recognized on straight-line basis over the lease term.

The Center's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenues

Deferred revenues represent cash received from exchange transactions such as training seminars, renewals, annual affiliation fees, and conferences fees prior to performance by the Center. 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, 2025. Deferred revenues were \$1,469,812 and \$1,249,969 as of July 1, 2024 and 2023, respectively.

Public Support - Contributions and Grants

Contributions: The Center records contributions when received as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities.

Grants and Federal Grants: A portion of the Center's revenue is derived from cost-reimbursable federal, state, and local 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 grant provisions.

Revenue Recognition for Contracts with Customers

The Center's primary revenue streams under contracts with customers are comprised of conference fees, program fees, contracts, and sale of material.

For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Center determines whether the performance obligations in the contracts are distinct or should be bundled. Factors to be considered include the pattern of transfer, whether participants (customers) can benefit from the resources, and whether the resources are readily available. The Center's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. The Center recognizes revenue over a period of time if the customer receives and consumes the benefit that the Center provided, or if the Center's performance does not create an asset with an alternative use, and has an enforceable right to payment for the performance. The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods.

The transaction price is calculated as the amount of consideration to which the Center expects to be entitled (such as reimbursement cost stipulated in the contract, conference and program fees). In some situations, the Center bills customers and collects cash prior to the satisfaction of the performance obligation, which results in the Center recognizing contract liabilities (deferred revenue) upon receipt of payment.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition for Contracts with Customers (Continued)

The following explains the performance obligations related to each revenue stream and how they are recognized.

Contracts: the Center has contract arrangement with various school district or local governments. The contracts are reviewed for performance obligations and as the performance obligations are met, revenue is recognized.

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.

Program Service Fees: Program service fees, which include recertification and affiliation fees and training and consulting fee, are recorded as performance obligations are met. Payments received in advance are deferred until earned.

Sale of materials: sale of curriculum materials and others are recognized at the point in time when the sale occurs, and the customer takes possession of the item purchased.

Contributions of Nonfinancial Assets

The Organization periodically receives donations of services, when donated services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of the donation is recorded as contribution revenue in the period received. The Center also receives donated services from unpaid volunteers who assist in fundraising and special projects. This support does not meet the criteria for recognition. There have been no contributions of nonfinancial assets for the years ended June 30, 2025 and 2024.

Functional Expense Allocation

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses for the years ended June 30, 2025 and 2024 present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Center determines the fair values of its financial instruments based on the fair value hierarchy established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

There are three levels of inputs that may be used to measure fair value:

- Level 1: financial instruments are valued based on quoted prices in active markets for identical assets or liabilities.
- Level 2: financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data of substantially the full term of the assets or liabilities.
- Level 3: financial instruments are valued using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

There were no triggering events that required fair value measurements of the Center's nonfinancial assets and liabilities at June 30, 2025 and 2024.

Income Taxes

The Center is a not-for-profit trust, exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code and none of its present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements. The Center files an information return, IRS Form 990.

The Center follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements as of June 30, 2025.

Reclassification

Certain reclassifications have been made to the financial statement for the year ended June 30, 2024 to confirm to the year ended June 30, 2025 presentation.

Subsequent Events

The Center has performed a review of events subsequent to the statement of financial position date through October 20, 2025, the date the financial statements were available to be issued.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within one year of the statement of financial position date for operating expenditure, such as operating expenses, were as follows:

	June 30,	
	2025	2024
Cash, Cash Equivalents, and Restricted Cash	\$ 5,420,553	\$ 7,301,035
Accounts Receivable	557,472	370,169
Contracts Receivable	390,422	321,606
Grants and Contributions Receivable	259,118	534,853
Investments	<u>23,765,798</u>	<u>21,931,193</u>
Total Financial Assets	<u>30,393,363</u>	<u>30,458,856</u>
Less Board or Donor Restrictions:		
Board Designated Quasi endowment Operating Reserve	23,397,261	21,587,482
Board Designated Scholarship Fund	69,167	68,417
Donor Restricted – Time and Purpose	1,812,677	1,561,710
Donor Restricted Perpetual in Nature	<u>42,585</u>	<u>42,585</u>
Total Board or Donor Restrictions	<u>25,321,690</u>	<u>23,260,194</u>
Financial assets available to meet cash needs for		
General expenditures within one year	<u>\$ 5,071,673</u>	<u>\$ 7,198,662</u>

The Center regularly monitors liquidity to meet its operating needs and other contracted commitments, while also striving to maximize the investment of its available funds. The Center maintains financial assets, consisting of cash and cash equivalents, various receivables, and investments 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.

To manage unanticipated liquidity needs, the Center maintains a line of credit with a commercial bank of \$800,000. There was no balance outstanding at June 30, 2025 and 2024 (Note 12).

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.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 4 – INVESTMENTS

Investments consist of the following:

	June 30,	
	2025	2024
Equities		
iShares Core S&P 500 ETF	\$ 2,412,197	\$ 2,290,158
All other equity investments less than 10%	<u>7,251,137</u>	<u>6,163,186</u>
	9,663,334	8,453,344
Money Market Funds	8,270,082	8,483,795
Fixed Income	5,188,232	4,391,701
Alternative Investments	<u>644,150</u>	<u>602,353</u>
	<u>\$ 23,765,798</u>	<u>\$ 21,931,193</u>

Net investment return consists of the following:

	Years Ended June 30,	
	2025	2024
Interest and Dividends	\$ 1,012,521	\$ 1,043,315
Realized and Unrealized Gain	<u>1,327,311</u>	<u>1,342,183</u>
	2,339,832	2,385,498
Less Investment Advisory Fees	<u>78,459</u>	<u>70,253</u>
	<u>\$ 2,261,373</u>	<u>\$ 2,315,245</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for assets measured at fair value:

Equities

Domestic and foreign securities, exchange traded funds, and mutual funds traded on a national securities exchange are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Investments in mutual funds represent open ended funds which transact at a net asset value on a daily basis. Since the market for these securities is active and observable, such investments are reported at the unadjusted net asset value at the end of each trading day.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

Fixed Income

Corporate and foreign bonds are valued based on yields currently available on comparable securities of issuers of similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Diversified mutual funds, emerging markets fixed income funds, asset backed security funds are valued at the closing price reported on the active market on which the individual securities are traded. Government bonds include both U.S. treasury bonds and agency bonds. U.S. treasury bonds are valued using proprietary valuation models incorporating live data from active market makers and brokers as reported on electronic communication networks. The valuation models incorporate benchmark yields, reported trades, broker/dealer quotes, bids, offers and other data. Evaluated pricing models that vary by type of security and incorporate available market data are utilized to determine fair market value of agency bonds. Standard inputs include issuer and type of security, benchmark yields, reported trades, broker/dealer quotes and issuer spreads.

Alternative Investments

Alternative investments in hedge funds are traded on a national securities exchange and represent open ended funds which transact at a net asset value on a daily basis. Since the market for these securities is active and observable, such investments are reported at the unadjusted net asset value at the end of each trading day.

Money Market Funds

Investments in money market cash funds are comprised of open-ended funds that transact at a constant net asset value (NAV). These funds invest in short-term, high-quality instruments and are designed to provide daily liquidity while preserving capital.

Fair values of assets measured on a recurring basis at June 30, 2025 and 2024 are as follows:

	Total Fair Value	Level 1:	Level 2:	Level 3:
<u>June 30, 2025</u>				
Equities	\$ 9,663,334	\$ 9,663,334	\$ -	\$ -
Fixed Income	5,188,232	-	5,188,232	-
Alternative Investments	<u>644,150</u>	<u>644,150</u>	-	-
	15,495,716	<u>\$ 10,307,484</u>	<u>\$ 5,188,232</u>	<u>\$ -</u>
Money Market Funds				
Reported at NAV	<u>8,270,082</u>			
Total Investments	<u>\$ 23,765,798</u>			

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

	Total Fair Value	Level 1:	Level 2:	Level 3:
<u>June 30, 2024</u>				
Equities	\$ 8,453,344	\$ 8,453,344	\$ -	\$ -
Fixed Income	4,391,701	-	4,391,701	-
Alternative Investments	<u>602,353</u>	<u>602,353</u>	<u>-</u>	<u>-</u>
	13,447,398	<u>\$ 9,055,697</u>	<u>\$ 4,391,701</u>	<u>\$ -</u>
Money Market Funds				
Reported at NAV	<u>8,483,795</u>			
Total Investments	<u>\$ 21,931,193</u>			

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2025	2024
Office furniture and equipment	\$ 1,279,596	\$ 1,147,236
Leasehold improvements	<u>197,690</u>	<u>195,977</u>
	1,477,286	1,343,213
Less: Accumulated Depreciation	<u>1,013,902</u>	<u>945,770</u>
	<u>\$ 463,384</u>	<u>\$ 397,443</u>

Depreciation expense amounted to \$68,132 and \$59,800 for the years ended June 30, 2025 and 2024, respectively.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following:

	June 30,	
	2025	2024
Restricted for Purpose	\$ 1,553,851	\$ 1,372,775
Subject to Passage of Time	258,826	188,935
Restricted in Perpetuity	<u>42,585</u>	<u>42,585</u>
	<u>\$ 1,855,262</u>	<u>\$ 1,604,295</u>

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from donor restrictions for the year ended June 30, 2025 were as follows:

Released from Purpose Restriction	\$ 2,582,301
Time Restrictions Expired	<u>188,935</u>
Total net assets released from donor restrictions	<u>\$ 2,771,236</u>

NOTE 8 – BOARD DESIGNATED QUASI-ENDOWMENT

The Board of Directors has designated the Center’s investment as a board designated quasi-endowment fund, which was established to assure the long-term sustainability of the Center. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

There are no donor-restricted endowment funds as of June 30, 2025 and 2024.

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 money market funds, equities, fixed income securities, and alternative investments.

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.

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.

Quasi-endowment net assets without donor restriction consist of the following:

	June 30,	
	2025	2024
Board Designated Quasi-Endowment Funds	<u>\$ 23,397,261</u>	<u>\$ 21,456,548</u>

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 8 – BOARD DESIGNATED QUASI-ENDOWMENT (Continued)

The changes in quasi-endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	Years Ended June 30,	
	2025	2024
Quasi-Endowment Net Assets, Beginning of the Year	\$ 21,456,548	\$ 19,512,304
Investment Return		
Realized and Unrealized Gains	1,327,311	1,342,183
Interest and Dividends	613,402	602,061
Appropriation Appropriated for Operations	-	-
Quasi-Endowment Net Assets, End of Year	<u>\$ 23,397,261</u>	<u>\$ 21,456,548</u>

NOTE 9 – FEDERAL GRANTS

The Center's public support from federal grants for the year ended June 30, 2025 are as follows:

U.S. Department of Health and Human Services

Passed through Missouri Department of Elementary &
Secondary Education

Maternal, Infant, and Early Childhood

Home Visitation Program

\$ 972,463

Passed through Washington University

Enhancing Intergenerational Health in Nigeria; Peripartum

a Critical Life Stage for Cardiovascular Health (ENHANCE-CVH)

115,896

Cardiovascular Diseases Research

69,096

Passed through New York University (NYU)

Parent-focused Primary Prevention of Child Sexual Abuse:

An Effectiveness-Implementation Hybrid Trial

46,913

Passed through Northwestern University

Cardiovascular Diseases Research

15,897

Passed through Johns Hopkins University

Cardiovascular Diseases Research

13,594

Total U.S. Department of Health and Human Services

1,233,859

U.S. Department of Education

Passed through Public Broadcasting Service

Ready to Learn Project

178,895

Total U.S. Department of Education

178,895

U.S. Department of Treasury

Passed through The City of St. Louis

State & Local Fiscal Recovery Fund II

59,674

Total U.S. Department of Treasury

59,674

Total Federal Grants

\$ 1,472,428

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 9 – FEDERAL GRANTS (Continued)

The Center's public support from federal grants for the year ended June 30, 2024 are as follows:

U.S. Department of Health and Human Services		
Passed through Missouri Department of Elementary & Secondary Education		
Maternal, Infant, and Early Childhood Home Visitation Program	\$	887,031
Passed through Washington University		
Cardiovascular Diseases Research		137,611
Enhancing Intergenerational Health in Nigeria; Peripartum a Critical Life Stage for Cardiovascular Health (ENHANCE-CVH)		59,765
Maternal, Infant, and Early Childhood Home Visitation Program - WY		21,363
Passed through New York University (NYU)		
Parent-focused Primary Prevention of Child Sexual Abuse: An Effectiveness-Implementation Hybrid Trial		18,640
Passed through Northwestern University		
Cardiovascular Diseases Research		<u>8,416</u>
Total U.S. Department of Health and Human Services		<u>1,132,826</u>
U.S. Department of Education		
Passed through Public Broadcasting Service		
Ready to Learn Project		<u>176,971</u>
Total U.S. Department of Education		<u>176,971</u>
U.S. Department of Treasury		
Passed through The City of St. Louis		
State & Local Fiscal Recovery Fund II		30,797
Coronavirus State & Local Fiscal Recovery Funds		<u>16,451</u>
Total U.S. Department of Treasury		<u>47,248</u>
Total Federal Grants	\$	<u><u>1,357,045</u></u>

NOTE 10 – CONTRACTS

The Center's contract revenue are as follows:

	Years Ended June 30,	
	2025	2024
BIE Contract	\$ 1,064,621	\$ 1,226,171
Texas DFPS	439,000	407,958
Normandy Schools Collaborative	245,878	192,725
Maine Children's Trust - Translation	23,640	11,200
South Carolina – First Steps	-	37,142
	<u>\$ 1,773,139</u>	<u>\$ 1,875,196</u>

PARENTS AS TEACHERS NATIONAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 (With Comparative Totals for 2024)

NOTE 11 – LINE OF CREDIT

The Center has a \$800,000 line of credit with its principal bank, secured by certain investment accounts. The line of credit bears interest at prime rate and set to expire March 2026. There was no balance outstanding as of June 30, 2025 and 2024.

NOTE 12 – LEASES

The Center leases its office space, under a long-term operating lease agreement ending October 2033. During the year ended June 30, 2025, the Center modified its lease agreement for the expansion of its office space and recorded operating right-of-use asset and lease obligation totaling \$303,351.

Future minimum lease commitments at June 30, 2025 are as follows:

Year Ending <u>June 30,</u>	
2026	\$ 225,073
2027	228,976
2028	252,394
2029	237,107
2030	241,010
Thereafter	<u>809,873</u>
Undiscounted cash flows	1,994,433
Less present value discount	<u>273,549</u>
Total lease liability	1,720,884
Less current portion of lease liability	<u>166,675</u>
Long-term lease liability	<u>\$ 1,554,209</u>

The weighted average remaining lease term of the office as of June 30, 2025 and 2024 is 8.33 and 9.33 years, respectively.

The weighted average discount rate of the office as of June 30, 2025 and 2024 is 3.59%.

There was \$238,447 and \$158,377 in operating lease expense, included in occupancy expense on the statement of functional expenses, for the years ended June 30, 2025 and 2024, respectively.

NOTE 13 – EMPLOYEE BENEFIT PLAN

The Center sponsors a defined contribution 401(k) retirement plan for its full-time employees, 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 who contribute to the plan. The Center may make an additional discretionary employer contribution up to 2% of all eligible compensation. The Center's contribution to the plan for the year ended June 30, 2025 and 2024 was \$454,365 and \$400,661, respectively.

PARENTS AS TEACHERS NATIONAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 (With Comparative Totals for 2024)

NOTE 14 – RELATED PARTY TRANSACTIONS

The Center contracted for collaborative services with one company whose executive director is a member of the Center's board of directors. The Company was paid approximately \$427,000 and \$240,000 during the years ended June 30, 2025 and 2024, respectively for services that align with the Center's Strategic Initiatives. The board members 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.

NOTE 15 – CONCENTRATIONS

The Center derived approximately 13% of its public support from one funding source for the year ended June 30, 2025. Receivables from this funding source were \$-0- at June 30, 2025 and 2024.

This funding source intends to provide \$2.5 million annually through October 2029 to support the ROAD Forward Program.

NOTE 16 – CONTINGENCIES

The Center is presently involved in certain legal matters arising from normal business activities. Management believes that the outcome of these matters will not have a material impact on the Center 's financial position.