



# Progress for America's Children

A special report about PTA



2006 National PTA Annual Report

# Progress for Am



5,458,600 members

54 Congresses  
(50 states plus the District of Columbia,  
the U.S. Virgin Islands, and  
Department of Defense Dependents Schools  
in Europe and the Pacific)

23,264 local units

As you read the 2006 National Parent Teacher Association (PTA) Annual Report, I ask that you consider its theme—Progress for America’s Children. Every PTA program, campaign, and resource aims to grow a nation of involved families and communities so America’s children succeed.

In 2006, our efforts advanced PTA as the premier organization speaking on behalf of all children, providing information to assist parents in raising and protecting their children, and encouraging family involvement in children’s education.

We helped prepare families and communities across the country for the new school year, called national attention to the critical need for physical activity during the school day, and continued helping families and schools affected by Hurricanes Katrina and Rita. PTA also took unprecedented steps forward by identifying and developing minority leadership in every state. Through its first-ever Emerging Minority Leaders Conference, PTA encouraged ethnic minority volunteers to take the next step in becoming leaders to help the children of underrepresented communities.

In addition to making these advancements, PTA took to Capitol Hill with more than 250 state PTA leaders from across the country to advocate for children. We urged child advocates to take action on several legislative issues, including the education budget and school nutrition standards. We also formed strategic partnerships with other organizations to offer the latest information on technology, health, and wellness.

We thank our donors and sponsors for their financial support and active engagement in furthering the PTA Mission. Leading corporations, government agencies, and thousands of individual donors have made it possible for us to make progress toward achieving our goal of serving all children and families. Still, the lifeblood of PTA is the millions of members who work tirelessly to make a positive impact on the life of every child in their communities, their states, and their country.

As you read this report, I hope you will agree that through our work and efforts over the last year, we truly have made progress for America’s children. And let us remain steadfast in the work we do for children, remembering our founders to secure our future.

In the words of Alice McLellan Birney, cofounder and first president of PTA, “May the whisper grow into a mighty shout throughout the land until all mankind takes it up as the battle cry....Let mothers, fathers, nurses, educators, ministers, legislators, and mightiest of all in its swift, far-reaching influence, the press, make the child the watchword and ward of the day and hour; let all else be secondary, and coming generations will behold a new world and a new people.”

A handwritten signature in black ink that reads "Warlene Gary".

Warlene Gary  
PTA National Chief Executive Officer

# America's Children



## PTA National Board of Directors

(as of June 30, 2006)

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Malini Ganvir  
Nick Rivera

PTA's work in 2006 strengthened the organization by growing membership, leadership, and diversity and, in turn, making progress for America's children.

As the 2005–2007 PTA national president, I consider myself very fortunate to carry on the legacy of the dedicated individuals who preceded me and to lead the efforts of millions more. I also feel a responsibility to put plans in place to help future leaders and members continue to advance the work of PTA.

In 2006, PTA reinstated PTA Membership Month (in September) to call more attention to the importance of all parents becoming advocates for children through PTA. PTA also hosted a leadership conference focusing on ethics training to further develop parent leaders, and held the organization's first-ever Emerging Minority Leaders Conference to train PTA leaders who represent the growing diversity of America's communities.

The 2006 year also marked several firsts for PTA in programs designed to assist families, schools, and communities in supporting our country's most valuable asset—children. In February, PTA sponsored the first Take Your Family to School Week, which very successfully helped families understand and participate in school life. PTA's preliminary efforts with Cartoon Network to rescue recess culminated in September in the first National Recess Week—a very popular event widely supported by health- and child-centered organizations. In October, PTA launched Start the Art Week, a celebration designed to inspire students and families to participate in the arts and help keep the arts in schools.

In this report, you will read more about the work PTA has done and the programs put in place for making even more progress for America's children. Through valuable sponsorships from our corporate friends and allies, as well as through joint efforts with strategic partners, PTA intends to extend its work to translate emerging education research into programs and tools that benefit all children and families. Further, we will continue our legislative advocacy to empower families to speak up for their children and expect excellence in schools. PTA welcomes everyone in all communities to become a part of our ongoing legacy of service to children and public education.

A handwritten signature in black ink that reads "Anna Weselak". The signature is fluid and cursive.

Anna Marie Weselak  
PTA National President

A black and white photograph of a woman and a young girl sitting at a table in a library, reading a book together. The woman is leaning over the table, looking at the book with the girl. The girl is also looking at the book. There are bookshelves filled with books in the background. The text "[Meaningful Involve]" is overlaid on the image in a large, white, serif font.

# [Meaningful Involve



# ment

## Leading America's Parents Back to School

PTA got parents and PTA leaders across the country ready to start the 2006–2007 school year right with its exclusive **Back-to-School Kit**, sent to all PTAs. The kit included tools to increase family involvement and materials to help PTA leaders recruit members and run effective units. The kit also featured the *Program Planner Notebook*, a collection of resources on parent involvement, healthy lifestyles, arts and culture, and public policy and grassroots advocacy, as well as program ideas in those areas. PTA Proud Community Partner Office Depot returned as a second-year sponsor of the kit, and PTA welcomed Proud Sponsor GlaxoSmithKline as a first-year sponsor of the kit.

## Starting a New Tradition

Parents across the country got a taste of their children's lunchrooms and classrooms and took part in special events during the first-ever **PTA Take Your Family to School Week**, February 12–18, 2006. The week was created to give schools a new way to invite families into the school and build positive partnerships with parents and communities. During its inaugural year, the week garnered the attention and support of education, business, and community leaders, including U.S. Secretary of Education Margaret Spellings, Scholastic Inc., and the National School Boards Association.



“PTA understands the modern family, and as much as family structures and demographics change, our goals to support and protect children remain the same,” said PTA National President Anna Weselak during the PTA Back-to-School Media Briefing in New York City, August 10, 2006. The media briefing was held to release to parents and media the latest information on family involvement, Internet safety, and the workforce of the 21st century.



“I have been fortunate to be involved in our public schools in many different ways—most importantly as a parent—for more than two decades. During that time, I have seen that those involved in education are people who want to help children and serve the local community. You [PTA] are on the frontlines of some of the most important years in our children's lives,” wrote U.S. Secretary of Education Margaret Spellings in a letter of support for PTA Take Your Family to School Week. “Thank

you for your commitment to education, for your efforts to strengthen family-school partnerships, and for the work you do every day. I extend best wishes for a successful and enjoyable observation of PTA Take Your Family to School Week.”



## Giving Teachers a Big Thanks

Teachers are arguably among the most important people in a child's life. That's why each year, since 1984, PTA communities nationwide celebrate and recognize educators during **PTA Teacher Appreciation Week**, the first full week in May. On May 7–13, 2006, families honored the dedicated men and women who lend their passion and skills to educating children. PTA introduced Spanish-language resources for the event and incorporated a valuable discount offer from PTA Proud Community Partner Office Depot to celebrate the accomplishments of educators.

Thanks to PTA Proud Community Partner Office Depot, PTAs had a simple way to show their appreciation to teachers.



LA SEMANA DEL RECONOCIMIENTO AL MAESTRO  
LA SEMANA DEL RECONOCIMIENTO AL MAESTRO  
**Honremos**  
a los maestros  
de nuestra nación

durante la Semana del reconocimiento al maestro,  
del 7 al 13 de mayo de 2006  
y del 6 al 12 de mayo de 2007

Toda mente joven necesita una luz con la que iluminar el camino hacia un futuro más brillante a través del aprendizaje, y los maestros son esa luz. En 1984, la National PTA estableció la primera semana de mayo como la Semana del reconocimiento al maestro para honrar a hombres y mujeres dedicados que transmiten su pasión y sus conocimientos en aras de la educación de nuestros hijos. Los alienta a que, junto con la PTA correspondiente, demuestren a los maestros su agradecimiento por todo lo que aportan a la vida de nuestros hijos. Ayuden a la National PTA y a sus casi 6 millones de miembros a ofrecer a los maestros el reconocimiento que tanto merecen durante esta semana especial. El trabajo conjunto de padres y maestros verdaderamente marca una diferencia.

*Anna Wieselak*  
Anna Wieselak, Presidenta de la National PTA

**Cómo planificar la Semana del reconocimiento al maestro**  
Puede planificar un evento especial o una semana entera de pequeñas sorpresas para homenajear a los maestros que trabajan en su escuela durante la Semana del reconocimiento al maestro. Por ejemplo, puede colocar notas de reconocimiento hechas a mano sobre el escritorio de cada maestro, coleccionar tarjetas de agradecimiento en los comedores o servir un almuerzo a la caravana para todos los maestros y el personal de la escuela; sea cual fuere el evento que organice, ellos se sentirán muy felices de que haya dedicado su tiempo para agradecerlos.

**PTA**  
educando a todos



More than 200 Chicago Public School students celebrated PTA Start the Art Week by participating in interactive arts experiences at the Chicago Children's Museum and the Museum of Science and Industry.

## Giving the Arts a Jump Start

PTA joined forces with Americans for the Arts to debut **PTA Start the Art Week** on October 9–13, 2006. Families and schools nationwide celebrated the arts and called attention to the importance of arts education, which enhances students' intellectual, personal, and social development and helps students develop critical thinking skills, problem-solving techniques, and a drive for excellence.

PTA Start the Art Week now serves as a national launch for PTA's **Reflections Program**, which boasts millions of participants over its nearly 40-year history. For the 2006 Reflections Program, nearly half a million students in preschool through grade 12 submitted works of art in the program's four categories: literature, musical composition, photography, and visual arts.



**Outstanding Interpretation,  
Musical Composition**  
"I Wonder Why the Ghosts Haunt"  
Max Mueller  
Lakewood High School PTA  
Lakewood, OH



**Outstanding Interpretation,  
Visual Arts**  
"I Wonder Why the Rain Feels so Beautiful"  
Arshia Ali  
Noel Grisham Middle School PTA  
Austin, TX

**I Wonder Why....**

I wonder why He chose me,  
To teach me and the world that only  
He holds the key,  
To miracles, cures, blessings, and love,  
God holds the keys to all of the above.

I no longer wonder why He chose me,  
I live every day as if it is my last,  
and be the best I can be.

(excerpt)

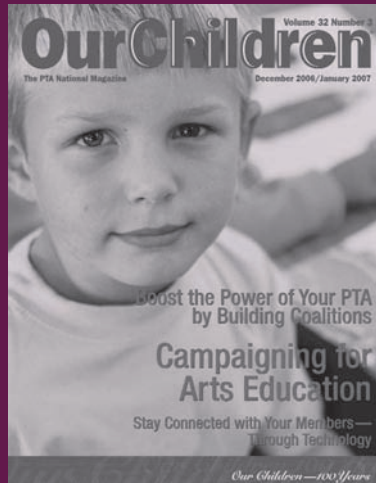
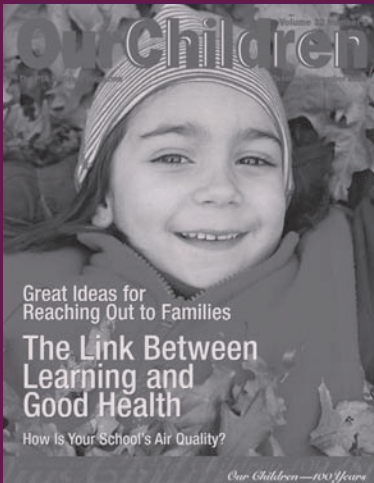
**Outstanding Interpretation,  
Literature**  
"I Wonder Why...."  
Izeyah Yenter  
Spalding PTA  
Boise, ID



**Outstanding Interpretation,  
Photography**  
"Plastic"  
Angele Alberti  
Marietta High School PTSA  
Marietta, GA



# Rel



Over the last 100 years, *Our Children* has become a respected source of information from leading experts in the fields of education, health, child welfare, and parenting.

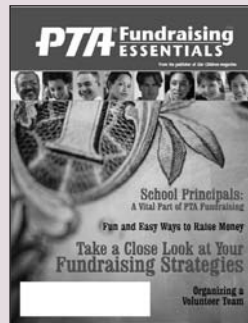
# Relevant Resources

## They Say Good Things Last Forever

In 2006, **Our Children magazine**, PTA's flagship publication, reached nearly 30,000 PTA leaders, parents, and child education professionals and celebrated its 100th anniversary of publication. The magazine has remained a consistent and relevant resource through decades of change in our society and schools. During its centennial year, the publication began accepting advertising to help offset the cost of production and provide more resources for parents.

## Fundraising Support for Schools

Every year, schools are asked to do more with less, so they increasingly rely on PTAs for fundraising support. That's why for the third consecutive year PTA provided more than 120,000 members, leaders, and public school principals across the country with the latest and greatest fundraising techniques and advice. **PTA Fundraising Essentials 2006** featured event ideas, advice on how to keep fundraising strategies fresh, and tips on successful collaboration for principals and volunteers.



## Communication for Today's Parent in a Virtual World

Parents and other child advocates are increasing their use of **www.pta.org** every day. The website provides resources for parents and PTA leaders, news for members, and a venue for members around the globe to communicate and share ideas—thus furthering the PTA Mission of equipping families to help their children succeed. The PTA national website is one of the most efficient tools for today's parent, so it's no surprise that it receives an average of almost 1 million page views per month.



In 2006, traffic to **www.pta.org** increased overwhelmingly, more than tripling the monthly average of the previous year. The PTA national website averaged almost 1 million page views per month in 2006. During the Back-to-School season, the website averaged more than 1.5 million page views per month!

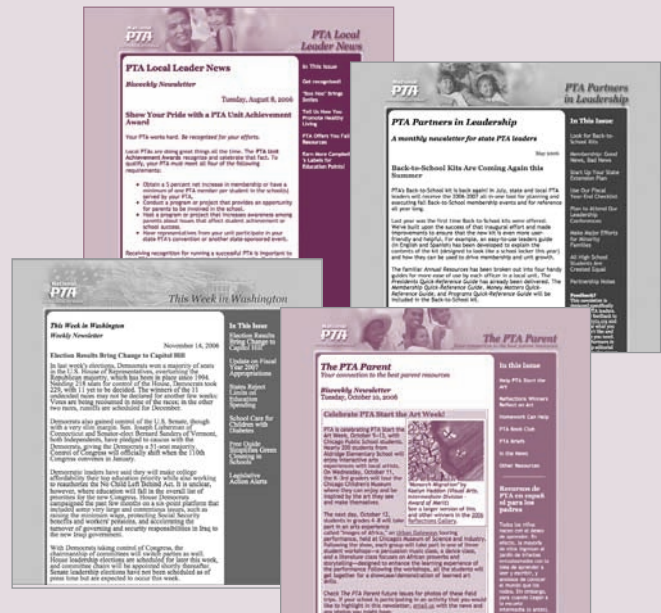
Since their debut, PTA's **electronic newsletters** have grown in readership by the thousands, and they continue to answer the needs of parents and PTA leaders with the latest PTA news, parenting tips, and information on hot topics.

➔ **The PTA Parent** is issued biweekly to connect parents with expert resources from PTA and provide news to support parent involvement in schools.

➔ **PTA Local Leader News** is published biweekly and provides PTA local unit leaders with program tips, information about resources and activities, and leadership tools.

➔ **PTA Partners in Leadership** is sent to state PTA presidents and board members monthly. It features news about PTA initiatives, as well as advice on communicating with members.

➔ **This Week in Washington** provides highlights of education- and child-related happenings on Capitol Hill to nearly 19,000 PTA leaders, PTA members, and other child advocates. The weekly newsletter includes updates on legislative actions, policies, and programs.



# Health, Safety, and Support for All Children

In February 2006, more than 20,000 students in 35 Louisiana schools received much-needed school supplies through the Kids of Katrina Fund. PTA also delivered writing instrument sets to 1,500 students in Louisiana schools, and books to another 1,500 students.



## PTA Remembers the Kids of Katrina

In 2006, PTA built on its swift and compassionate response of the previous year to continue assisting schools affected by Hurricanes Katrina and Rita. Through the **Kids of Katrina Fund**, PTA joined forces with Proud Community Partner Office Depot and NASCAR driver Carl Edwards to give tens of thousands of school supplies to hurricane-affected schools in Louisiana.

## Action When It Counts

At the beginning of the 2006 year, PTA awarded \$89,230 in **grants to aid PTAs and schools** in six states affected by the hurricanes. An estimated 24,900 students benefited from the grants, awarded to PTAs in Alabama, Florida, Georgia, Louisiana, Mississippi, and Texas. The grants funded educational activities and the purchase of needed equipment and resources.

## Getting Families Moving

Over the past 30 years, the obesity rate has nearly tripled for children ages 2 to 5 and youth ages 12 to 19, and quadrupled for children ages 6 to 11, according to the Institute of Medicine. PTA focuses on getting families moving in order to improve the health and wellness of children and call attention to the importance and benefits of physical activity.

➔ In response to surveys showing that schools are abolishing recess, families led a nationwide letter-writing campaign to help increase children's opportunities to be physically active at school. Part of PTA and Cartoon Network's **Rescuing Recess** campaign, the effort generated more than 100,000 handwritten letters from children



PTA's Hurricanes Katrina and Rita Disaster Relief Grants were part of a multipronged PTA initiative that included several Web-based components: the Adopt-a-PTA program, a disaster relief information center, and a special bulletin board that allowed PTAs to share ideas and stay connected.





and culminated in \$260,000 awarded by Cartoon Network to top participating PTAs in 49 states, the District of Columbia, the U.S. Virgin Islands, and Department of Defense Dependents Schools in Europe. In addition,

Florida PTA earned a \$50,000 grant for being the state with the highest participation.

➔ Building on the success of Rescuing Recess, PTA joined leading child advocacy groups and Cartoon Network in supporting the inaugural **National Recess Week**, September 18–22, 2006. The week raised even more awareness about the importance of recess, which experts agree can be just as vital as classroom time to a child's social, emotional, and educational development.

➔ Because there's no such thing as too much of a good thing, PTA partnered with Campbell's Labels for Education™ to launch **Campbell's Recess Rewards™**, an effort that encourages schools to make physical activity a priority. The initiative supports schools in their efforts to provide student programs that promote physical activity, nutrition, and wellness. The initiative offers in-school activities and online resources to help schools meet their wellness goals.

➔ Hundreds of PTA members, local families, and other parents and child advocates from across the country served as role models for children by participating in the **2nd Annual PTA Walk for Healthy Kids** in Phoenix during the 110th Annual National PTA Convention and Exhibition. The 3K walk supports

efforts to keep children healthy and highlights the importance of healthy lifestyles at home and school.



## OK to Play?

PTA took to the airwaves in a satellite media tour as part of a campaign with the Entertainment Software Rating Board (ESRB) to **educate parents on the use of video game ratings**. The nationwide campaign distributed 1.3 million brochures to our 26,000 PTAs. It enabled state and local PTAs to educate their communities' parents about the ratings just in time for holiday shopping. The effort offered brochures in both English and Spanish, in addition to online support through the PTA and ESRB websites.





# [ A New Way

## Taking Capitol Hill

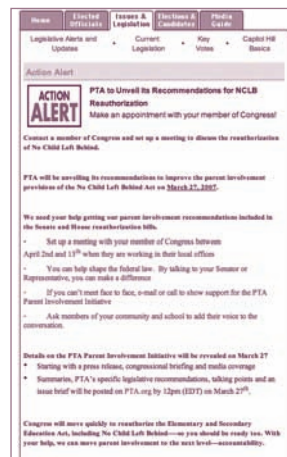
PTA again led parents toward being a powerful voice and making progress for America's children with the **2006 National PTA Legislative Conference**. More than 250 state PTA leaders visited Capitol Hill to advocate for children on behalf of families nationwide. These PTA members from all 50 states visited almost 400 congressional offices, including those of the chairs of the Senate and House education committees and subcommittees. PTA members used the visits to ensure that education and family issues remain a top priority for elected officials.



PTA National President Anna Weselak and the Florida PTA delegation met with Rep. Ric Keller of Florida during the 2006 National PTA Legislative Conference. Representatives from the Florida PTA included Florida PTA President Nancy Cox, Florida PTA Legislative Chair Dawn Stewart, and Florida PTA President-Elect Lenelle Cruse.

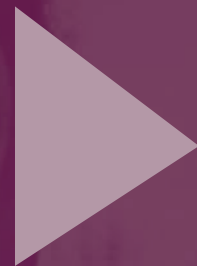


“PTA is here to convey three key messages to lawmakers: Ensure the inclusion or strengthening of parent involvement provisions in relevant pieces of legislation; support the Child Nutrition Promotion and School Lunch Protection Act; provide adequate funding for education and family support programs,” PTA National President Anna Weselak told Legislative Conference participants.



Through *ad hoc* **Legislative Action Alerts**, PTA urges parents nationwide to take action for children. Whether the issue is education funding or school nutrition standards, parents can make a difference.

# of Leading



## Identifying Emerging Leaders

PTA strengthened its arsenal of diverse leadership by conducting its first-ever **Emerging Minority Leaders Conference**, October 27–29, 2006. State and local PTA leaders, as well as national PTA staff, identified nearly 150 ethnic minority parents across the country to attend the three-day conference in Detroit. Workshops featured techniques on bringing homes, schools, and communities closer together to make a greater impact for children.

## Strengthening Our Vision

PTA leaders and members and education officials come together once a year to show their colors and strengthen their commitment to children. The **110th Annual National PTA Convention and Exhibition** was held in Phoenix, June 24–26, 2006. More than 1,000 convention attendees participated in a weekend of activities—from the 2nd Annual PTA Walk for Healthy Kids to more than 40 workshops for parents and students. The annual national convention is known throughout the country as the best forum for learning, sharing, and debating issues facing today’s families, schools, and communities.



“Every year, we’re breaking the mold and stereotype of PTA parents, and we must continue to do so—for the benefit of all children,” said PTA National Chief Executive Officer Warlene Gary about the Emerging Minority Leaders Conference. “We want PTAs nationwide to be representative of our country’s population, at every level of the organization—local, district, state, and national. This conference is a much-needed and important step in the right direction.”



More than 150 parents gathered in Chicago for the **2006 PTA Leadership Conference**, September 29–October 1, to learn about effective leadership skills in the changing school and community environment.

At the 2006 convention, PTA members voted to adopt three national resolutions: Recognition and Care of School-Age Children with Diabetes, School Health Councils, and School Trust Lands and Funds. The resolutions were proposed by PTA members and call for national action on the issues. PTA has adopted hundreds of national resolutions on a wide variety of education, health, and safety issues since its first convention in 1897.



## Making Something Great Even Better

In 2006, PTA revised its one-of-a-kind parent involvement program to position schools across the country to achieve even higher quality parent participation. The **Parent Involvement Schools of Excellence Certification** program assists schools in effectively involving families and communities. The program recognizes schools that have achieved excellence in implementing the National Standards for Parent/Family Involvement Programs or that have shown a commitment to pursuing excellence in community outreach and family involvement.

PTA presented 32 schools with Certification of Excellence and five with Recognition of Commitment in 2006. Since the program's inception, 619 schools have received Certification of Excellence and 77 have received Recognition of Commitment.



## Rewarding School-Community Partnerships

The **Phoebe Apperson Hearst-National PTA Excellence in Education Partnership Award** is given to local units for working with groups or individuals in their communities to promote parent and family involvement in ongoing programs that promote student achievement.

The 2006 national award winner was Haldane Central School PTA in Cold Spring, New York, in partnership with Garrison Union Free School PTA in Garrison, New York. The PTAs' Common Threads Program has helped make students aware that cultural diversity, as well as physical and generational diversity, is to be recognized, valued, and respected. Elementary, middle, and secondary schools—and the entire community—have benefited from the collaborative efforts that have come from this partnership and program.

Four PTAs received honorable mention:

- ➔ Boyce Middle School PTA, Upper St. Clair, Pennsylvania, in partnership with the faculty of the Upper St. Clair School District
- ➔ Houston High School PTSA, Germantown, Tennessee, in partnership with the City of Germantown
- ➔ Olive Peirce Middle School PTSA, Ramona, California, in partnership with the North Inland Community Prevention Program
- ➔ Olympus High School PTSA, Salt Lake City, Utah, in partnership with NAMI (National Alliance on Mental Illness) Utah



## New Ambassador for Youth Revs Up for PTA

NASCAR driver Carl Edwards took a break from the racetrack to advocate for children by becoming PTA's second national **ambassador for youth**. A former substitute teacher, the driver of the No. 99 Office Depot Ford Fusion wants to boost family nutrition and wellness, as well as help kids succeed in school. Edwards follows in the footsteps of dozens of community leaders, celebrities, legislators, and U.S. presidents who have lent their voices and support to PTA to make a difference in the lives of children.



PTA Ambassador for Youth Carl Edwards hoops it up with a Harlem Globetrotter at the PTA Back-to-School Media Briefing.

## Reaffirming Our Commitment to America's Children

Nearly 200 education and business leaders gathered at PTA's second annual **Commitment to America's Children Gala Award Dinner**, October 11, 2006, in Washington DC, to show their support for parent and community involvement in children's education. Sprint received the 2006 Commitment to America's Children Award for its contributions to communities and its dedication and service to children. The gala was made possible by the contributions of Target (presenting host), DIRECTV4Schools (benefactor), the AXA Foundation (sponsor, entertainment and decorations), and Alliant Credit Union (supporter).



“Education and youth development are key initiatives that we support. The PTA has been an excellent organization with which to partner on this mission, and I am so proud they have chosen us to receive this year's Commitment to America's Children Award,” said Ralph Reid, Sprint's vice president of corporate social responsibility, who accepted the award for Sprint.

# 2006 National PTA Contributors

PTA appreciates donations made at any giving level. Below is the list of donors for 2006. Thank you one and all for supporting PTA's efforts to help all parents, families, and children.

## Proud Community Partner

Office Depot

## Proud Sponsors

AXA Foundation  
Alliant Credit Union  
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Cartoon Network  
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Wonder Bread  
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## Walk for Healthy Kids Sponsors

Cartoon Network  
Discovery Education  
Landscape Structures  
Lollytogs

## 2006 Commitment to America's Children Gala Sponsors

AXA Foundation  
Alliant Credit Union  
DIRECTV4Schools  
Target

## 2006 Basket Raffle Donors

PTA National Headquarters & Office of Programs and Public Policy

## PTA State Offices

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Arizona  
Arkansas  
California  
Colorado  
Florida  
Georgia  
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Wyoming

## Exhibitors/Sponsors/Vendors

Box Tops for Education  
Cartoon Network  
Cranium  
Everlasting Art  
Greater Phoenix Bureau  
La Tee Da Fundraising  
Little Caesars  
Meeker-Magner  
Total Promotions

## 2006 Annual Fund Donors

### Friend (up to \$99)

Acapella Rock 'N' Roll  
Megan Adams  
Eliana V. Aillon  
Albany Avenue Elementary School PTA  
Alberta Smith Elementary  
Jane Ampe  
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Kathi L. Anderson  
Anonymous  
Atholton High PTA  
Donald Austin  
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Mike Bagstad  
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Pat Baker  
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Ms. Donna Barletta  
Ms. Judith Bartley  
Pattie L. Bayless  
Bayview PTA  
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# Financial Statements

## Report of Independent Auditors

### To the Board of Directors of National Congress of Parents and Teachers

We have audited the accompanying combined statement of financial position of National Congress of Parents and Teachers and its affiliate (collectively National PTA) as of December 31, 2006 and the related combined statements of activities and of cash flows for the year then ended. These combined financial statements are the responsibility of the National PTA's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of National Congress of Parents and Teachers and its affiliate as of December 31, 2006 and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Legacy Professionals, LLP**  
**March 27, 2007**

### National Congress of Parents and Teachers Combined Statement of Financial Position December 31, 2006

#### Assets

Current assets	
Cash and cash equivalents	\$2,729,488
Accounts receivable	
Membership dues	859,750
Grants, contracts and other	557,576
Prepaid expenses	155,171
Total current assets	<u>4,301,985</u>
Investments	17,553,755
Prepaid pension benefit cost	456,000
Property and equipment – net	1,074,544
Total assets	<u>\$23,386,284</u>

#### Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	\$1,960,836
Deferred revenue	109,702
Total current liabilities	<u>2,070,538</u>
Deferred lease credit	554,502
Total liabilities	<u>2,625,040</u>
Net assets	
Unrestricted	18,446,038
Temporarily restricted	305,697
Permanently restricted	2,009,509
Total net assets	<u>20,761,244</u>
Total liabilities and net assets	<u>\$23,386,284</u>

See accompanying notes to combined financial statements.

**National Congress of Parents and Teachers  
Combined Statement of Activities  
Year Ended December 31, 2006**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue</b>				
Membership fees	\$9,337,478	\$ —	\$ —	\$9,337,478
Convention fees	580,735	—	—	580,735
Subscriptions	242,017	—	—	242,017
Publications	6,461	—	—	6,461
Boutique sales	5,576	—	—	5,576
Royalties	21,025	—	—	21,025
Contributions and sponsorships	1,234,928	—	61,935	1,296,863
Grants	18,256	175,122	—	193,378
Leadership conferences	7,368	—	—	7,368
Legislative conferences	10,625	—	—	10,625
Parent Involvement Certification Program	3,875	—	—	3,875
Net unrealized and realized gain on investment	858,681	—	—	858,681
Interest and dividends	506,459	28,053	—	534,512
Miscellaneous	568	—	—	568
Advertising income	216,518	—	—	216,518
Member benefits	21,064	—	—	21,064
Net assets released from restrictions				
Satisfaction of program restrictions	433,094	(433,094)	—	—
Total revenue	<u>13,504,728</u>	<u>(229,919)</u>	<u>61,935</u>	<u>13,336,744</u>
<b>Expenses</b>				
Program services				
Programs	1,013,575	—	—	1,013,575
Field Service/Training/Membership	4,075,657	—	—	4,075,657
Advocacy	703,694	—	—	703,694
Convention	927,885	—	—	927,885
Officers/Meetings	1,452,081	—	—	1,452,081
Total program services	<u>8,172,892</u>	<u>—</u>	<u>—</u>	<u>8,172,892</u>
Supporting services				
General and administrative	2,186,647	—	—	2,186,647
Development	558,505	—	—	558,505
Advertising expenses	164,456	—	—	164,456
Total supporting services	<u>2,909,608</u>	<u>—</u>	<u>—</u>	<u>2,909,608</u>
Total expenses	<u>11,082,500</u>	<u>—</u>	<u>—</u>	<u>11,082,500</u>
<b>Change in net assets</b>	<b>2,422,228</b>	<b>(229,919)</b>	<b>61,935</b>	<b>2,254,244</b>
<b>Net assets</b>				
Beginning of year – as restated	16,023,810	535,616	1,947,574	18,507,000
End of year	<u>\$18,446,038</u>	<u>\$305,697</u>	<u>\$2,009,509</u>	<u>\$20,761,244</u>

See accompanying notes to combined financial statements.

**National Congress of Parents and Teachers  
Combined Statement of Cash Flows  
Year Ended December 31, 2006**

Cash flows from operating activities	
Change in net assets	\$2,254,244
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	268,071
Realized and unrealized (gain) on investments	(858,681)
Changes in assets and liabilities affecting operations	
Decrease in membership dues receivable	133,086
Decrease in grants, contracts and other receivables	40,751
(Increase) in prepaid expenses	(1,250)
(Increase) in prepaid pension	(175,380)
Increase in accounts payable and accrued expenses	785,460
Increase in deferred revenue	75,700
(Decrease) in lease abandonment	(339,456)
Increase in deferred lease credit	<u>230,376</u>
Net cash provided by operating activities	<u>2,412,921</u>
Cash flows from investing activities	
Purchase of property and equipment	(173,135)
Purchase of investments	(7,290,799)
Proceeds on sale and redemption of investments	<u>5,911,669</u>
Net cash (used in) investing activities	<u>(1,552,265)</u>
Net increase	860,656
Cash	
Beginning of year	<u>1,868,832</u>
End of year	<u>\$2,729,488</u>

*See accompanying notes to combined financial statements.*

**National Congress of Parents and Teachers  
Notes to Combined Financial Statements  
December 31, 2006**

**Note 1. Description of Organization**

**Reporting Entity**

The reporting entity referred to as National Congress of Parents and Teachers includes the accounts of two organizations, National Congress of Parents and Teachers, and The Endowment Fund of the National Congress of Parents and Teachers (collectively National PTA). Combined financial statements for the two organizations are presented and significant interorganizational transactions and balances have been eliminated.

**Nature of Organization**

The purpose of the National PTA is to:

- ◆ Promote the welfare of children and youth in the home, school, community and place of worship.
- ◆ Raise the standards of home life.
- ◆ Secure adequate laws for the care and protection of children and youth.

◆ Bring into closer relationship the home and the school that parents and teachers may cooperate intelligently in the education of children and youth.

◆ Develop between educators and the general public such united efforts as will secure for all children and youth the highest advances in physical, mental, social and spiritual education.

**Tax-Exempt Status**

National Congress of Parents and Teachers and The Endowment Fund for The National Congress of Parents and Teachers have previously received notices from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code, and have been classified as organizations which are not private foundations under Section 509(a) and which qualify for charitable contribution deductions by individual donors, as stated in Section 170. The National Congress of Parents and Teachers is subject to federal and state income tax on income from a trade or business that is unrelated to its tax-exempt purpose. National PTA does engage in activities such as selling advertising in periodicals that are considered unrelated to its tax-exempt purpose. However, no provision for income tax is deemed necessary. No tax payments were made in 2006. Accordingly, the accompanying combined financial statements contain no provision for income taxes.

## **Note 1. Description of Organization (continued)**

### **Programs**

The National PTA's major programs are as follows:

#### **Programs**

Develops and implements effective and informative programs and materials for local PTA leaders devoted to the priorities of the organization as outlined in the strategic plan.

#### **Field Service/Training/Membership**

Provides vital information and training to assist National PTA leaders and potential leaders in developing organizational and leadership skills and knowledge needed to be successful in the National PTA and in their communities. Provides information and training to support membership retention and growth in the traditional setting as well as a variety of other membership services.

#### **Advocacy**

Advocate for policies that benefit children and families via dissemination of information, lobbying in support or opposition to proposed federal legislation, regulations, and rulemaking, participation in programs, training and monitoring legislation.

#### **Convention**

Facilitates the coming together of National PTA leadership and membership at the annual meeting and convention.

#### **Officers/Meetings**

Facilitates the gatherings of National PTA leadership including all board and committee meetings in support of the business, work and mission of the organization.

## **Note 2. Summary of Significant Accounting Policies**

### **Net Assets**

The National PTA reports information regarding its financial position and activities according to three classes of net assets as follows:

- ◆ Unrestricted net assets, which include the portion of net assets of the National PTA that are neither temporarily restricted nor permanently restricted by donor-imposed stipulations.
- ◆ Temporarily restricted net assets include the portion of net assets of the National PTA resulting from: contributions and other inflows of assets, the National PTA's use of which is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the National PTA pursuant to those stipulations. Temporarily restricted net assets at December 31, 2006 consist of amounts relating to Programs' purpose restrictions for reflection - arts and education, after school initiative and HIV/AIDS awareness.
- ◆ Permanently restricted net assets include the portion of net assets of the National PTA resulting from: contributions and other inflows of assets, the use of which by the National PTA is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the National

PTA. Permanently restricted net assets at December 31, 2006 consist of assets that are restricted in perpetuity, the income of which is expendable for program use.

### **Cash and Cash Equivalents**

The National PTA considers all highly liquid investments with an initial maturity of three months or less at the date of acquisition to be cash equivalents, excluding such investments in money managed accounts, for the purposes of the combined statement of cash flows.

### **Concentration of Credit Risk**

Financial instruments that potentially subject the National PTA to concentrations of credit risk consist principally of short-term and long-term investments, demand deposit accounts, short-term cash investments and member receivables. The National PTA places its funds with high quality financial institutions. The balances are insured up to \$100,000 per institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2006, the National PTA's balances in excess of FDIC insurance coverage totaled approximately \$2,400,000.

Concentrations of credit risk with respect to member dues are limited due to the large number of contributors comprising National PTA's contributor base and its dispersion across different geographic areas located primarily in the United States.

### **Property and Equipment**

Purchased property and equipment are stated at cost. The National PTA capitalizes all capital expenditures in excess of \$500. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the National PTA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The National PTA reclassifies temporarily restricted net assets to unrestricted net assets at that time.

### **Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions.

### **Donated Assets**

Significant donated marketable securities and other noncash assets are recorded as contributions at their estimated fair values at the date of donation.

**Note 2. Summary of Significant Accounting Policies (continued)**

**Membership Fees**

Membership fees allocated for subscriptions to the periodical *Our Children* are \$219,083 for the period ended December 31, 2006.

**Deferred Revenue**

Income from convention exhibit fees and subscription fees is deferred and recognized over the periods to which the fees relate.

**Investment Expenses**

Expenses relating to investment revenues, including custodial fees and investment advisory fees, were \$39,887 for the year ended December 31, 2006 and are netted against unrealized and realized gain on investments in the combined statement of activities.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the combined statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Note 3. Investments**

Investments are carried at fair value which generally represents reported market value as of the last business day of the fiscal year. Cash investments are carried at cost which approximates fair value. Mutual funds are carried at fair value as estimated by the investment manager. The following summary presents fair value for each of the investment categories:

Cash investments	\$315,503
Certificate of deposit	492,457
Stocks	5,820,183
Mutual funds	7,130,674
Bonds and Government securities	3,794,938
<b>Total</b>	<b>\$17,553,755</b>

**Note 4. Property and Equipment**

Property and equipment are summarized by major classifications as follows at December 31, 2006:

		Useful Life
Condominiums	\$616,738	30 years
Furniture and equipment	434,360	5-7 years
Computer equipment	1,045,182	3 years
	<u>2,096,280</u>	
Less accumulated depreciation	<u>(1,021,736)</u>	
<b>Total</b>	<b>\$1,074,544</b>	

Depreciation expense for the year ended December 31, 2006 was \$268,071. Depreciation is computed over the estimated useful lives of the related assets by the straight-line method.

**Note 5. Commitments**

Commitments consist primarily of various lease agreements for office space and equipment. Future minimum rental payments required for noncancelable operating leases having terms in excess of one year are as follows:

Year ending December 31,	
2007	\$337,715
2008	345,230
2009	347,329
2010	327,210
2011	335,297
Remainder	1,488,006
<b>Total</b>	<b>\$3,180,787</b>

Rent expense is recognized using the straight-line method over the life of the lease and consequently, the accompanying combined statement of financial position reflects a noncurrent liability for deferred lease credit of \$554,502 at December 31, 2006 representing lease expense recognized but not yet paid. Rent expense for the year ended December 31, 2006 was \$498,636.

In 2004, the National PTA abandoned a noncancelable lease which expired November 30, 2006 in order to take advantage of a lower priced lease for office space. In accordance with Statement of Financial Accounting Standards No. 146, *Accounting for Costs*

## Note 5. Commitments (continued)

Associated with Exit or Disposal Activities, the National PTA accrued the amount of all future operating lease payments (net of subleasing receipts) of \$704,099 in 2004. The balance as of December 31, 2006 was \$0.

## Note 6. Retirement Plan

The National PTA maintains a noncontributory defined benefit retirement plan which covers all qualified employees. Benefits are primarily based upon eligible years of service and final levels of employee compensation. The plan is accounted for under Statement of Financial Accounting Standards (SFAS) No. 132, *Employers' Disclosures about Pensions and other Postretirement Benefits*.

The following sets forth the funded status of the plan and amounts recognized in the combined statement of financial position at December 31, 2006:

Benefit obligation	\$2,512,265
Plan assets as fair value	<u>2,351,047</u>
Total-funded status	<u>\$(161,218)</u>
Prepaid pension benefit cost	\$456,000
Net periodic pension cost	\$207,380
Employer contribution	\$382,760
Benefits paid	\$279,268
Accumulated benefit obligation	\$2,091,997

The projected benefit obligation and periodic pension cost were determined using an assumed discount rate of 6.25% and an assumed rate of compensation increases of 5.0%.

The expected long-term rate of return on plan assets of 7.0% for fiscal year ended December 31, 2006 reflects the average rate of earnings as of January 1, 2006 expected on the funds invested to provide for the benefits included in the projected benefit obligations. Factors used in determining that rate include historic returns on plan assets and current market information on long-term returns.

The basic objective for the investment management of the plan assets is growth primarily and income secondary. The target allocation for the equity portion of the portfolio is between 40% and 60% of the total portfolio. The target allocation for the fixed income portion of the portfolio is between 40% and 60% of the total portfolio. Plan asset allocations are reviewed periodically and rebalanced to achieve target allocation among the asset categories when necessary. The asset categories at December 31, 2006 is as follows:

Equities	61.0%
Fixed income	31.0
Cash and cash equivalents	<u>8.0</u>
Total	<u>100.0%</u>

A plan amendment was adopted on August 2, 2005 which offered special unreduced early retirement benefit to certain participants.

The amount expected to be contributed in 2007 is \$168,750.

The following benefit payments are expected to be paid during fiscal years beginning January 1:

2007	\$45,952
2008	\$45,206
2009	\$299,408
2010	\$302,876
2011	\$43,676
2012–2016	\$1,070,161

## Note 7. The Endowment Fund of the National Congress of Parents and Teachers

Financial information for The Endowment Fund of The National Congress of Parents and Teachers, which is included in the combined financial statements (Note 1), at December 31, 2006 is as follows:

### Statement of Financial Position

Assets:	
Cash and cash equivalents	\$208,035
Accounts receivables – other	1,964
Investments	<u>3,907,107</u>
Total assets	<u>\$4,117,106</u>
Liabilities:	
Due to National Congress of Parents and Teachers	<u>\$79,858</u>
Net assets:	
Unrestricted	2,544,230
Permanently restricted	<u>1,493,018</u>
Total net assets	<u>4,037,248</u>
Total liabilities and net assets	<u>\$4,117,106</u>

**Note 7. The Endowment Fund of the National Congress of Parents and Teachers (continued)**

<b>Statement of Activities</b>	Unrestricted	Permanently Restricted	Total
Revenue:			
Contributions:			
Life achievement awards	\$ —	\$31,235	\$31,235
Other	—	30,700	30,700
Investment revenue	80,130	—	80,130
Net realized and unrealized gain on investments	<u>300,063</u>	<u>—</u>	<u>300,063</u>
Total revenue	380,193	61,935	442,128
Expenses:			
General and administrative	<u>80,130</u>	<u>—</u>	<u>80,130</u>
Change in net assets	300,063	61,935	361,998
Net assets:			
Beginning of year	<u>2,244,167</u>	<u>1,431,083</u>	<u>3,675,250</u>
End of year	<u><u>\$2,544,230</u></u>	<u><u>\$1,493,018</u></u>	<u><u>\$4,037,248</u></u>

**Note 8. Line of Credit**

National PTA established a line of credit with LaSalle Bank in September 2002, which was extended until December 31, 2007. The maximum borrowing under the line of credit is \$2,000,000. No borrowings were made against the line of credit in the year ended December 31, 2006.

**Note 9. Chief Executive Officer**

During the year ended December 31, 2003, the National PTA entered into a three year employment contract with the Chief Executive Officer (CEO). The CEO began full-time employment with the National PTA on January 1, 2004. The contract was renewed through December 31, 2007.

**Note 10. Restricted Assets**

Restricted assets as of December 31, 2006 are as follows:

	Permanently Restricted	Temporarily Restricted
National Congress of Parents and Teachers		
Government, Corporate and Foundation Grants	\$ —	\$250,048
Educator of the Year Award–Hearst Foundation	300,000	23,760
Reflection Awards		
Enhancement Grant Program	90,256	14,246
Visual Arts	26,880	4,344
Literature Scholarship	33,119	4,513
Music Scholarship	33,118	4,513
Photography Scholarship	33,118	4,273
	<u>516,491</u>	<u>305,697</u>
Endowment Fund of the National PTA	1,493,018	—
Total	<u><u>\$2,009,509</u></u>	<u><u>\$305,697</u></u>

**Note 11. Restatement of Beginning of Year Net Assets**

The beginning of the year net assets have been restated to properly reflect classification of the net assets between unrestricted, temporarily restricted and permanently restricted net assets at January 1, 2006.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning balance – as originally presented	\$15,013,668	\$1,564,396	\$1,928,936	\$18,507,000
Adjustment	1,010,142	(1,028,780)	18,638	—
Beginning balance – as restated	<u><u>\$16,023,810</u></u>	<u><u>\$535,616</u></u>	<u><u>\$1,947,574</u></u>	<u><u>\$18,507,000</u></u>



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