



• 2010 NATIONAL PTA •

ANNUAL REPORT

• AN ENDURING VOICE FOR PARENTS AND CHILDREN •

National
PTA[®]

everychild.onevoice.[®]

PTA is the largest volunteer **child advocacy** association in the country, as well as the nation's original and premier parent involvement organization in schools. **Membership is open to all** who support the health and educational achievement of our nation's children. Over 4 million parents, teachers, community members, and other concerned citizens are currently PTA members.

PTA promotes **family engagement** in all schools, and works to ensure nationwide access to quality public education primarily by providing parents and **communities** with tools and resources to support their students and by speaking with a powerful voice on behalf of every child.

2010 NATIONAL PTA® ANNUAL REPORT



02. Forging the Future with a United Voice

National PTA celebrates a year of successes, including the launch of the “Million Hours of Power” project, the addition of Puerto Rico as PTA’s 55th congress, and partnerships with NBC and Nickelodeon.

04. Speaking on Behalf of All Children

In 2010, National PTA proved the power of partnership, teaming up with the First Lady in support of her *Let’s Move!* anti-obesity campaign, collaborating with the U.S. Department of Education on a series of family engagement seminars, and joining forces with countless members in support of the Common Core State Standards.

08. Walking the Talk

National PTA continued to recognize talented students and PTAs through its Reflections, Healthy Lifestyles, and Family Engagement Programs.

12. Strengthening Our Voice

National PTA traveled nationwide to build its community and strengthen its cause, hosting back-to-school events in eight cities, convening in Memphis for the 114th Annual PTA National Convention and Exhibition, and training members online through its e-learning courses.

16. Delivering Our Message

National PTA honored traditional and embraced nontraditional communication vehicles by reaching out to new audiences through its flagship magazine, *Our Children*; PTA.org; and social media platforms like Facebook and Twitter.

ALSO...

2010 Financial Statement

National PTA Board of Directors and Committees

Forging the Future with a United Voice

Children learn early the power of a voice. One well-pitched cry can bring any parent running.

The National Parent Teacher Association® (PTA) knows the power of a voice, too. Since 1897, National PTA has gathered the collective voice of parents, teachers, advocacy groups, and federal agencies to speak on behalf of every child's right to an opportunity to listen, learn, and live the best life possible.

In 2010, National PTA's call to help children succeed rang far and wide, achieving such successes as:

- Welcoming Puerto Rico PTA as the association's 55th congress
- Launching the national "Million Hours of Power" project designed to encourage men to play a more active role in the lives of children
- Partnering with NBC on Education Nation, a weeklong event that examined and redefined education in America
- Celebrating a 40-year milestone: the merger of the National Congress of Colored Parents and Teachers (NCCPT) with the National Congress of Parents and Teachers to form today's National PTA
- Supporting the adoption and implementation of the Common Core State Standards

In 2010, we continued to fight for children's futures, supporting and encouraging the passage of laws and standards that improve child nutrition programs and provide consistent expectations for all students. We encouraged children's creativity, supported efforts to improve their emotional and intellectual health, and supported the adults whose voices needed to be heard.

For National PTA, the laughter of a happy, healthy family is the most powerful sound of all.



Kari-Ann Lee
Reflections Program
Award of Excellence Winner,
Photography

“ I can’t tell you how wonderful this opportunity was to get a wellness program started at our school and the positive feedback that I have received from parents regarding a possible run for next year. We will certainly keep in place the easy, no = cost activities like the Lean Team, and I’m going to get creative on finding incentive prizes for our students.”

Michelle Reibel

Speaking on Behalf of All Children

Every day, National PTA works diligently to recognize the changing needs of children and provide families, educators, and communities with the information and resources needed to meet them. Doing so takes the cooperation of a nation of active advocates and vocal volunteers—and PTA has plenty of them. In 2010, PTA members rallied to support legislation that would draw families together and increase the future successes of our students; partnered with the First Lady on a national anti-obesity campaign; and advocated for the adoption and implementation of the Common Core State Standards.

Encouraging Family Engagement

Family, school, and community engagement in education is a top predictor of school preparedness and academic success. Research consistently shows that family engagement is critical to keeping children on the pathway to college and career-readiness. In sum, grades improve. Teachers improve. Schools improve.

One way to ensure that schools are reaching out to families who may not be involved in their children's education is to ensure that schools spend both time and money building meaningful family engagement programs. National PTA President Charles J. "Chuck" Saylor urged attendees of the 114th Annual National PTA Convention and Exhibition, held June 9–13 in Memphis, to phone their congressional representative right from the convention floor to support H.R. 5211, the Family Engagement in Education Act of 2010, which promotes meaningful family engagement policies and sets forth a framework for investment in family, school, and community engagement in education.

GRADES IMPROVE.
TEACHERS IMPROVE.
SCHOOLS IMPROVE.

In April, the U.S. Department of Education, in collaboration with National PTA, Harvard Family Research Project, SEDL, and United Way Worldwide, hosted the first of a series of family engagement webinars. The series, *Achieving Excellence and Innovation in Family, School and Community Engagement*, provides an opportunity for local, state, and national organizations—including PTAs—to learn about best practices in family engagement that improve student achievement. The webinars merge research, policy, and practice to showcase real-life examples of innovative strategies that meaningfully engage parents and the community.



“ And that’s one of the great things about this organization—that anyone can get involved, anyone can get engaged. All that’s required is that you care about our kids and that you care about their well-being, and their potential to grow up into happy, and healthy, and successful adults. That’s really why we’re all here today, why I’m here, because we care deeply about our kids.”

**First Lady Michelle Obama, Keynote Speaker at
National PTA Legislative Conference, 2010**



Charles J. "Chuck" Saylor speaks with state and local members.

Motivating Change

In March, National PTA hosted its 2010 Legislative Conference, an annual event to motivate “grasstop” leaders from across the country. Attended by 250 PTA state leaders, state PTA federal legislative chairs, and the National PTA Board of Directors, the conference featured skill-building trainings, panel discussions, lectures, and the first-ever Youth Institute. The Legislative Conference workshops focused on PTA’s 2010 public policy priorities: reauthorization of the Elementary and Secondary Education Act–No Child Left Behind, the Child Nutrition Act, the Common Core State Standards Initiative, the Juvenile Justice Delinquency Prevention Act, and the Individuals with Disabilities Education Act.

That same month, National PTA worked closely with First Lady Michelle Obama’s staff and White House advisors on the launch of *Let’s Move!*, Mrs. Obama’s initiative to end child obesity in a single generation. In keeping with National PTA’s core mission, the *Let’s Move!* campaign brings together a wide variety of stakeholders in children’s health, including parents, community leaders, corporate partners, and school officials.

Celebrating Victories

PTA’s top legislative priority, The Family Engagement in Education Act (H.R.5211), was introduced in the U.S. House of Representatives with bipartisan support by Representatives Carolyn McCarthy (D-NY/4) and Todd Russell Platts (R-PA/19). A proposal to strengthen family engagement in the Elementary and Secondary Education Act, the bill garnered more than 30 additional cosponsors before the close of 2010 and the 111th Congress.

In August 2010, Congress passed and the President signed a multibillion dollar plan to save the jobs of thousands of teachers and other government workers. The legislation specifically provided \$10 billion to school districts to rehire laid-off teachers or to ensure that more teachers remain employed. PTA parents, children, and families from Washington DC, Maryland, and Virginia watched as the President signed the bill with members of Congress looking on.



House Speaker Nancy Pelosi, (D-CA), is surrounded by area children after signing a \$26 billion jobs bill to protect 300,000 teachers and other nonfederal government workers from election-year layoffs during an enrollment ceremony on Capitol Hill in Washington, Tuesday, Aug. 10, 2010.

(AP Photo/Alex Brandon)

As the 111th Congress came to a close, PTA celebrated passage of the Healthy, Hunger-Free Kids Act (S.3307) which increased access to vital anti-hunger measures, improved the nutritional quality of all foods served in schools throughout the school day, and provided a wide variety of supports necessary for school food service workers to meet the needs of American school children. National PTA, along with advocacy partners, worked closely with members of Congress on both sides of the aisle to secure passage of this landmark legislation to improve the lives of all children.



Members of the Youth Committee discuss their goals for 2011.

Serving Those Who Serve

Most military children will enroll in six to nine different school systems from kindergarten to 12th grade. The organizations of the PTA Military Alliance for Parents and Partners continued to work together to provide resources to and advocate for military families to help military children deal with these transitions.

Setting the Standard

National PTA also worked to establish academic consistency from one state to another with its Common Core State Standards Initiative (CCSSI). Designed to ensure that all students are college and career-ready upon graduation, these standards identify a set of consistent, clear academic standards in mathematics and English that are rigorous and relevant to the real world. They establish expectations to help parents understand what their children should learn and help teachers know what to teach. National PTA enthusiastically supported both the draft and final versions of the standards, urging its millions of members to get behind the campaign and encouraging chief state school officers and state boards of education to include parents in the adoption and implementation process. Since the release of the standards in June 2010, more than 40 states have fully adopted the Common Core State Standards.



Walking the Talk

At National PTA, we do not just theorize about how to improve childhood education. We believe recognizing students, parents, and PTA members and leaders, for their advocacy and creative achievements is just as important. We create opportunities for students to excel, provide practical guidelines and tools for parents and educators to use, and recognize those who make strides every day to see our goals fulfilled.

Reflections: Inspiring Student Achievement Through the Arts

In 2010, National PTA celebrated the 40th anniversary of the PTA ReflectionsSM program, one of the nation's oldest and largest arts programs. National PTA believes that every child benefits from and deserves an arts education, a belief that research bears out.

- The College Board indicates that SAT takers who participate in arts education coursework scored 58 points higher on the verbal portion of the test and 38 points higher on the math portion than students with no coursework or experience in the arts.
- When comparing students from low-income families, those who were involved in orchestra or band were more than twice as likely to perform at the highest levels in math as their peers who were not involved in music.
- The average high school graduation rate in the 50 largest U.S. cities is 53 percent. Nationwide, schools that have arts programs have significantly higher graduation rates than do those without programs (90.2 percent as compared to 72.9 percent)

Schools that have art programs have significantly higher graduation rates than those without programs. In addition, those that rate their programs as “excellent” or “very good” have an even higher graduation rate. Schools that have music programs have significantly higher attendance rates than do those without programs.

— Harris Interactive Poll

The Reflections program has encouraged millions of students in preschool through grade 12 to explore their creative talents by creating works of art in six areas: dance choreography, film production, literature, musical composition, photography, and the visual arts. Students can enter their works of art in the Reflections program at the local, district/regional, and state levels, with the winning state entries going to National PTA to be considered for a national Reflections award.

The theme for the 2009-2010 school year was, “Beauty is ...”. Hundreds of thousands of students entered their works in the Reflections competition. National PTA presented six students with an Outstanding Interpretation Award, the highest honor given to a student by National PTA. National PTA also issued 72 Awards of Excellence and 120 Awards of Merit, recognizing the artistic talents of youth throughout the country.



Jessica Hubbard
Reflections Program
State Winner, Photography



“ I am looking forward to sharing in the wonderful world of Reflections. Thank you for your support of the arts and children, and for all you do for the Reflections program.”

Sara Otus-Green, PTA member



Students choose a healthy food alternative at Lowell Elementary School in Seattle, WA.

Each year, PTA's Reflections program adopts a new theme to inspire students in creating their Reflections artwork through its annual Reflections Theme Search contest. The student who submits the winning entry receives a cash award. In 2010, National PTA received 92 contest entries; the winning theme, "Diversity Means...," will be used during the 2012-2013 school year.

Strengthening Family Engagement

The research is compelling that family involvement promotes students' academic success, better social skills, and an interest in pursuing a postsecondary education. When families, schools, and communities work together, the gains in student achievement, teacher morale, and community connections multiply.

PTA's process for building successful partnerships starts with the National Standards for Family-School Partnerships. PTAs, educators, and administrators can use these six standards as a framework for thinking about, structuring, and assessing family engagement:

- **Standard 1:** Welcome all families into the school community
- **Standard 2:** Communicate effectively
- **Standard 3:** Support student success
- **Standard 4:** Speak up for every child
- **Standard 5:** Share power
- **Standard 6:** Collaborate with community

To date, 10 states have codified portions of the Standards in law, and five have included them in state policy.

Funding Bright Futures

National PTA provides grants to encourage PTAs to implement evidence informed strategies to positively impact education, health, and well-being. As a result, PTA receives hundreds of applications and issues thousands of dollars in grants each year to deserving students and PTAs through four key programs.

The **Mary Lou Anderson Reflections Arts Enhancement Grant Program** funds student-centered programs focused on arts education. PTAs receive matching grants of up to \$1,000 through a competitive grant process to establish or enhance arts programs.

The **National PTA Healthy Lifestyles Grant Program** promotes nutrition and physical activity to combat the nation's child obesity epidemic. National PTA offers Healthy Lifestyles grants of up to \$1,000 to local PTAs to plan programs, trainings, and activities on nutrition and physical activity. PTA highlights this work during **Healthy Lifestyles Month**, which takes place each November; however the funded programs take place throughout the school year. Since the program began, National PTA has provided 152 Healthy Lifestyles grants and approximately



It's all about being active at a PTA Healthy Lifestyle event, hosted by Mountain Road PTA in Woodstock, GA.

\$125,000 to PTAs. In 2010 alone, National PTA funded 45 PTAs whose work benefited 18,000 students and more than 13,500 adults. The program was supported with approximately 6,400 volunteer hours, and 136 community partners. The Healthy Lifestyles programs, that the 45 PTAs hosted, also resulted in the recruitment of 177 new PTA members.

National PTA recognizes and celebrates PTAs that have put in place outstanding family engagement programs with the **Phoebe Apperson Hearst Family-School Partnership Award**. This award was established three years ago, and since that time, National PTA has recognized 15 PTAs and helped them build family-school partnerships.

National PTA also issues grants of \$1,897—the sum commemorates the year of PTA's founding—to PTAs to implement family engagement programs and activities during **PTA Take Your Family to School Week**, sponsored by the AXA Foundation. This week is celebrated during the week leading up to PTA's Founders Day (February 17). Since the inception of the program, National PTA has provided 112 grants totaling more than \$212,000 to local PTAs. In 2010, 32 PTAs received grants.



Strengthening Our Voice

Athletes do not get stronger by thinking about it. They have to take action to create the results they want. National PTA is no different. In 2010, National PTA flexed its muscles in cities and neighborhoods across the country, growing our cause and strengthening our voice by welcoming new, diverse members into our association.

Putting Theory to Work

In August 2010, National PTA's Urban Family Engagement Initiative held community-wide **Set for Success** back-to-school events in eight cities: Atlanta, Albuquerque, Baltimore, Chicago, Houston, Miami, Las Vegas, and New York City. At each of these highly successful events, children received school supplies, in backpacks, free clothing and toiletries, immunizations and health exams. Each Set for Success gathering featured an interactive PTA Family Pavilion that encouraged families to create art projects, complete parent/child physical fitness challenges, learn about Internet safety, and join PTA.

With generous support provided by the Verizon Foundation, Target, Nickelodeon, and Scholastic, National PTA provided resources, such as gift bags and new books in English and Spanish, to urban communities across the country.

A total of more than 47,270 men, women, and children attended a Set for Success, event, and 233 local volunteers and 388 local community exhibitors ensured that 6,925 children received resources and information they needed for a successful school year.

Beginning in October 2010 and extending through June 2011, the Urban Family Engagement Initiative also launched a new, quarterly, **Family Institute Day** mini-conference series in Atlanta, Albuquerque, Baltimore, Chicago, Houston, Miami, and New York City. Mini-conference sessions, facilitated by local parents and caregivers serving as Urban Family Engagement Initiative local engagement team members, taught urban community leaders and parents many of the critical skills needed to advocate for urban students and their families in a respectful, yet empowering way. Every Family Institute Day session was offered in English and Spanish; featured keynote speakers, breakfast, and lunch; and offered free child care. Just under 600 urban parents, caregivers, and community residents participated in one or more Family Institute Day mini-conferences.

**Raising awareness,
guiding policy, and
training citizens to
ensure that students
everywhere reach
their fullest potential.**



A Set for Success Back to School
Event in Houston, TX

“

I was very impressed with the workshops and materials. I learned new things such as the education plan and how to chart progress at each grade level. This is great to help parents be prepared to help with their child's education.”

Annie G., Set for Success attendee



PTA members voice the need for more male and community involvement, at the 2010 National PTA Convention.

Real Men Join PTA

National PTA worked with PTA MORESM (Men Organized to Raise Engagement) Alliance partners and the National PTA Membership Committee to focus efforts on increasing male membership and engagement. Part of their efforts included launching the **Million Hours of Power** campaign. Designed to attract at least 350,000 men to mentor students, read to a child, or attend PTA meetings, the campaign was promoted to all PTA leadership, who encouraged men to track their hours of service online.

In addition to these efforts, the National PTA Membership Committee created the **Male Engagement Participation (MP3) Award** or state PTAs in 2010. State PTAs that worked with MORE Alliance partners to engage men, create male-targeted marketing efforts, and put forth efforts to grow this important segment of membership were considered for this award. The inaugural winner, Indiana PTA, received its award at the 2011 National PTA Annual Convention.

Speaking Together, Learning Together

Thousands of parents, educators, students, and other child advocates gathered in Memphis for the association's biggest meeting of the year—the **114th Annual National PTA Convention and Exhibition**, which featured an impressive list of speakers, including U.S. Secretary of Education Arne Duncan, former NFL head coach and founder of All Pro Dads Tony Dungy, and 2010 Teacher of the Year Sarah Brown Wessling.

During the convention, PTA members celebrated the 40th anniversary of the merger of the National Congress of Colored Parents and Teachers (NCCPT) with the National Congress of Parents and Teachers to form National PTA, debated and voted on the adoption of five national resolutions, and attended workshops on PTA's public policy priorities, running a PTA, and other pertinent topics. National PTA's Office of Public Policy also launched a family engagement advocacy campaign and lobbying effort that garnered 30 congressional cosponsors of the Family Engagement Act of 2010 and the support of more than 200 national and state organizations.

The 5th Annual **Emerging Minority Leaders Conference** convened, for the first time, in conjunction with the 114th Annual National PTA Convention and incorporated several events of the National PTA convention. The conference focused on helping the best and brightest emerging ethnic minority leaders build leadership skills, network, and share best practices, helping PTA move closer to fulfilling its vision of making every child's potential a reality.



Delegates applaud at the 5th Annual Emerging Minority Leaders Conference in Memphis, TN.

In 2010, National PTA also continued to offer **PTA leadership development e-learning courses**. E-learning gives National PTA the power to advance leadership training by quickly moving knowledge from people who have it to people who need it, conveniently and cost-effectively. The learning tracks offered at no charge to members are leadership fundamentals, diversity, advocacy, leadership enhancement, and PTA program essentials, and include such topics as conflict management, grant writing, cultural competency, and Reflections 101.

In addition, National PTA Officers, Board members, and staff visited, presented, and offered training at more than 70 state PTA events in 2010. Both National PTA representatives (volunteers) and National Service Representatives (staff) provided state PTA boards with training, exposure to leadership opportunities at the national level, and compelling messaging about promoting the benefits and advocacy offered by National PTA.



(Above) Members learn Memphis line dances at PTA's Annual Convention.
(Below) Tony and Lauren Dungy conduct press interviews during convention.



Delivering Our Message

Communicating with current members and reaching out to new ones used to mean one thing: print media. Today, technology reigns, and National PTA has diversified the means by which it reaches members and the public.

Carrying Our Message on Every Channel

National PTA continued to reach new audiences in 2010, spreading its message to new people in ways both traditional and nontraditional.

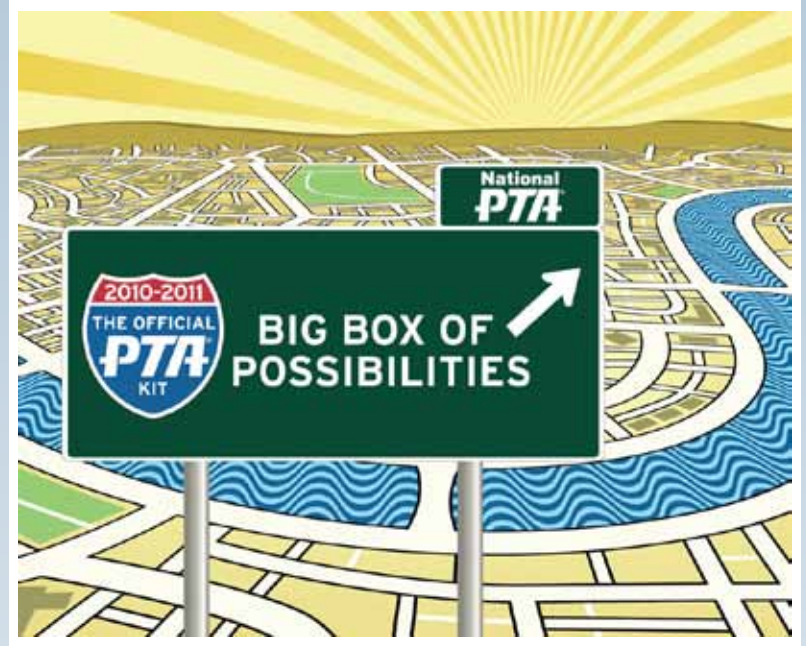
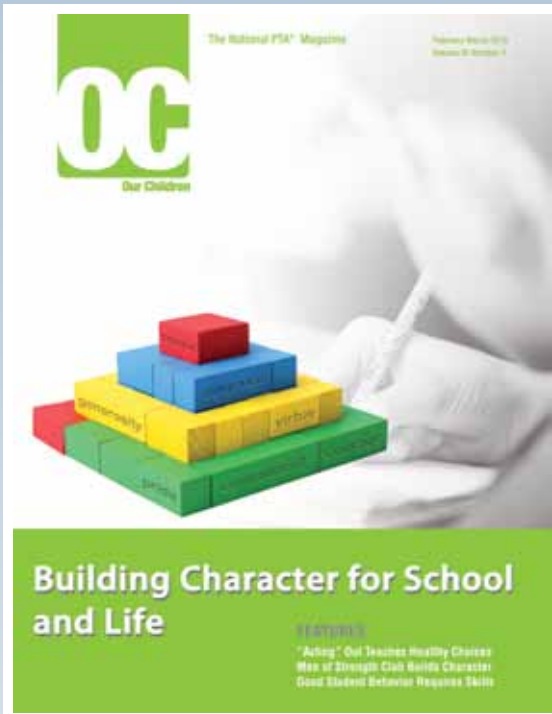
Our Children, which has been published continuously under different names since 1906, again served as one of the most recognizable and appreciated member benefits. Each of the five issues of the magazine reached local and state PTA leaders and subscribers with in-depth analysis of key issues, such as improving high school graduation rates, learning school system basics, and applying strategies for better advocacy work. The Back to School PTA Handbook edition of the magazine, published in August, showcased the comprehensive portfolio of National PTA resources and services available to members, providing them with a useful catalog they could refer to year round. For the first time, *Our Children* provided two to three Spanish translations of complete articles in every issue.

Another key member benefit, **The Official PTA Kit**, was delivered to more than 24,000 local PTA units. The membership tools, *Quick-Reference Guides*, advocacy brochures, and other valuable resources enabled these units to kick off the new school year effectively.

PTA.org proved to be an increasingly valuable resource, as more than 3 million visitors accessed articles, toolkits, brochures, and information from the site's 5,000 searchable pages. National PTA also produced specialized **monthly newsletters** for various PTA constituencies: *The PTA Parent*, for a general audience of members and nonmembers; *Local Leader News*, for leaders of PTA local units; *Partners in Leadership*, for state PTA leaders; and *PTA Takes Action Update*, for advocacy chairs and others interested in advocacy and legislative work.

Social media platforms also have helped National PTA engage members and nonmembers alike in conversations about education, child safety, and family engagement. Our Facebook page attracted more than 7,500 new fans and 2.3 million views of posts in 2010, and our Twitter followers totaled more than 2,000 people. The 2,800 members of the PTA Great Idea Bank shared ideas on how to run PTAs, raise funds, and support schools. PTA Radio brought listeners interviews with *Our Children* authors, PTA partners, PTA officers, and other experts on family engagement and education. Our YouTube page also provided viewers with video from the PTA's Annual National Convention, leaders talking to members of the media, public service advertisements, and more tools and topics of interest.

National PTA's visibility and that of its officers continued to gain ground in 2010. National PTA President Charles J. "Chuck" Saylor appeared on CNN and numerous local television stations to promote family engagement and other components of PTA's mission. Saylor also appeared on prominent blogs, like Learning First Alliance's Public School Insights blog, and in newspaper supplements, like *Education Watch*.



National PTA®

everychild.one voice.®



"This channel is fantastic! The Alabama PIRC is going to use it as a model."

PTA YouTube Post



Financials

INDEPENDENT AUDITOR'S REPORT

Page 1

FINANCIAL STATEMENTS

Combined Statement of Financial Position
December 31, 2010

Page 2

Combined Statement of Activities
Year Ended December 31, 2010

Page 3

Combined Statement of Cash Flows
Year Ended December 31, 2010

Page 4

Notes to Combined Financial Statements
December 31, 2010

Page 5

**NATIONAL CONGRESS OF PARENTS AND TEACHERS
FINANCIAL STATEMENTS**

Year Ended December 31, 2010



Mayer Hoffman McCann P.C.

An Independent CPA Firm

One South Wacker Drive, Suite 1800
Chicago, Illinois 60606-4603
312-602-6800 ph
312-602-6950 fx
www.mhm-pc.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

NATIONAL CONGRESS OF PARENTS AND TEACHERS

We have audited the accompanying combined statement of financial position of the National Congress of Parents and Teachers, The Endowment Fund of the National Congress of Parents and Teachers and National PTA Properties, LLC (collectively the "National PTA") as of December 31, 2010, and the related combined statements of activities and 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the National PTA as of December 31, 2010, and the changes in their net assets and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Mayer Hoffman McCann P.C.

Chicago, Illinois
July 19, 2011

NATIONAL CONGRESS OF PARENTS AND TEACHERS

COMBINED STATEMENT OF FINANCIAL POSITION

December 31, 2010

ASSETS

| | |
|-------------------------------------|-----------------------------|
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 3,133,407 |
| Accounts receivable | |
| Membership dues | 634,175 |
| Grants, contracts and other | 402,805 |
| Prepaid expenses | 246,293 |
| Total current assets | <u>4,416,680</u> |
| INVESTMENTS | 12,438,910 |
| ESCROW DEPOSITS | 209,401 |
| LOAN ORIGATION FEES - net | 16,146 |
| PROPERTY AND EQUIPMENT - net | 11,743,983 |
| Total assets | <u><u>\$ 28,825,120</u></u> |

LIABILITIES AND NET ASSETS

| | |
|---------------------------------------|-----------------------------|
| CURRENT LIABILITIES | |
| Accounts payable and accrued expenses | \$ 1,601,333 |
| Line of credit | 3,064,862 |
| Mortgage payable | 95,778 |
| Deferred revenue | 17,695 |
| Total current liabilities | <u>4,779,668</u> |
| DEFERRED LEASE LIABILITY | 916,037 |
| SECURITY DEPOSITS | 26,012 |
| MORTGAGE PAYABLE | 6,799,604 |
| PENSION COST LIABILITY | 320,951 |
| Total liabilities | <u>12,842,272</u> |
| NET ASSETS | |
| Unrestricted | 12,760,861 |
| Temporarily restricted | 1,044,976 |
| Permanently restricted | 2,177,011 |
| Total net assets | <u>15,982,848</u> |
| Total liabilities and net assets | <u><u>\$ 28,825,120</u></u> |

See Accompanying Notes to Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

COMBINED STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|----------------------|-----------------------------------|-----------------------------------|----------------------|
| REVENUE | | | | |
| Membership fees | \$ 8,293,870 | \$ - | \$ - | \$ 8,293,870 |
| Contributions, sponsorships and grants | 1,957,969 | 800,000 | 32,625 | 2,790,594 |
| Rental income | 271,813 | - | - | 271,813 |
| Net unrealized and realized gain on investments | 960,832 | - | - | 960,832 |
| Convention income | 451,619 | - | - | 451,619 |
| Interest and dividends | 300,187 | 363 | - | 300,550 |
| Advertising income | 154,432 | - | - | 154,432 |
| Member benefits | 86,395 | - | - | 86,395 |
| Subscriptions | 190,199 | - | - | 190,199 |
| Royalties | 10,822 | - | - | 10,822 |
| Legislative conferences | 20,125 | - | - | 20,125 |
| Leadership conferences | 2,795 | - | - | 2,795 |
| Gain (loss) on disposals of assets | (195,702) | - | - | (195,702) |
| Miscellaneous | 7,719 | - | - | 7,719 |
| Net assets released from restrictions | | | | |
| Satisfaction of program restrictions | 923,605 | (923,605) | - | - |
| Total revenue | <u>13,436,680</u> | <u>(123,242)</u> | <u>32,625</u> | <u>13,346,063</u> |
| EXPENSES | | | | |
| Program services | | | | |
| Programs | 1,215,865 | - | - | 1,215,865 |
| Field Operations/Training/Membership | 7,181,200 | - | - | 7,181,200 |
| Advocacy | 1,313,360 | - | - | 1,313,360 |
| Convention | 1,191,019 | - | - | 1,191,019 |
| Officers/Meetings | 846,559 | - | - | 846,559 |
| Total program services | <u>11,748,003</u> | <u>-</u> | <u>-</u> | <u>11,748,003</u> |
| Supporting services | | | | |
| General and administrative | 2,395,729 | - | - | 2,395,729 |
| Development | 760,413 | - | - | 760,413 |
| Bad debt expense | 443,750 | - | - | 443,750 |
| Total supporting services | <u>3,599,892</u> | <u>-</u> | <u>-</u> | <u>3,599,892</u> |
| Total expenses | <u>15,347,895</u> | <u>-</u> | <u>-</u> | <u>15,347,895</u> |
| CHANGE IN NET ASSETS | (1,911,215) | (123,242) | 32,625 | (2,001,832) |
| NET ASSETS | | | | |
| Beginning of year | <u>14,672,076</u> | <u>1,168,218</u> | <u>2,144,386</u> | <u>17,984,680</u> |
| End of year | <u>\$ 12,760,861</u> | <u>\$ 1,044,976</u> | <u>\$ 2,177,011</u> | <u>\$ 15,982,848</u> |

See Accompanying Notes to Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

COMBINED STATEMENT OF CASH FLOWS

Year Ended December 31, 2010

| | |
|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ (2,001,832) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | |
| Depreciation and amortization | 437,962 |
| Realized and unrealized (gain) on investments | (960,832) |
| Loss on disposal of assets | 195,702 |
| Decrease (increase) in operating assets: | |
| Membership dues receivable | 183,967 |
| Grants, contracts and other receivables | 364,832 |
| Prepaid expenses | 262,857 |
| Escrow deposits | 60,099 |
| Inventory | 5,840 |
| Increase (decrease) in operating liabilities: | |
| Accounts payable and accrued expenses | 879,596 |
| Pension cost liability | 166,905 |
| Deferred revenue | (856,644) |
| Deferred lease liability | (77,322) |
| Net cash used in operating activities | <u>(1,338,870)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of property and equipment | (4,357,139) |
| Purchase of investments | (4,178,182) |
| Proceeds on sale and redemption of investments | 4,086,017 |
| Net cash used in investing activities | <u>(4,449,304)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Loan origination fees | (18,262) |
| Proceeds from line of credit | 2,564,862 |
| Repayments of loan | (60,157) |
| Net cash provided by financing activities | <u>2,486,443</u> |
| NET DECREASE IN CASH | (3,301,731) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>6,435,138</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 3,133,407</u> |

See Accompanying Notes to Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(1) DESCRIPTION OF ORGANIZATION

Reporting Entity - The reporting entity referred to as the National Congress of Parents and Teachers includes the National Congress of Parents and Teachers, The Endowment Fund of the National Congress of Parents and Teachers and National PTA Properties, LLC (collectively the "National PTA"). The three are commonly controlled; therefore, combined financial statements 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; and develop between educators and the general public such united efforts as will secure for all children and youth the highest advantages in physical, mental, social and spiritual education.

Tax-Exempt Status - The National Congress of Parents and Teachers and The Endowment Fund of the National Congress of Parents and Teachers have previously received notices from the Internal Revenue Service ("IRS") 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. The National PTA does engage in activities, such as selling advertising in periodicals, which are considered unrelated to its tax-exempt purpose. No tax payments were made in 2010. Accordingly, the accompanying combined financial statements contain no provision for income taxes. The National PTA evaluates its uncertain tax positions, if any, on a continual basis through a review of its policies and procedures and discussions with outside consultants. The National PTA's federal Exempt Organization Business Income Tax Returns (Form 990) for 2007, 2008, and 2009 are subject to examination by the IRS, generally for the three years after they were filed.

Programs - The National PTA's major programs are as follows:

Programs - Develops and implements effective and informative programs, marketing campaigns, and materials for local PTA leaders devoted to the priorities of the organization as outlined in the strategic plan. Also conducts extensive fundraising for the economic sustainability of the organization.

Field Operations/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.

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(1) Description of Organization (continued)

Programs (continued)

Advocacy - Advocates policies that benefit children and families via dissemination of its public policy agenda and issues briefs, lobbying in support or opposition to proposed federal legislation, regulations, and rulemaking, participation in programs, training and monitoring legislation.

Convention - Facilitates the gathering of National PTA leadership, its membership, and strategic partners at the annual meeting and convention, which is rotated around the country.

Officers/Meetings - Facilitates the gathering of National PTA leadership including all board and committee meetings in support of the business, work and mission of the organization.

(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 - 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.

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.

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.

Accounts Receivable - Accounts receivable are carried at cost. Management considers accounts receivable fully collectible; accordingly, no allowance for doubtful accounts is required. Amounts that become uncollectible will be written off when that determination is made.

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - The investments of the National PTA are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date (the exit price).

The National PTA follows the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

| | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. |
| Level 2 | Quoted prices in markets that are not considered to be active or for which significant inputs are observable, either directly or indirectly. |
| Level 3 | Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. |

Common stock and fixed income securities are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of the year. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using the investment manager's best estimates.

Mutual funds represent investments with various investment managers. The respective fair values of these investments are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Shares held in mutual funds are traded on national securities exchanges and are valued at the net asset value as of December 31, 2010.

Certificates of deposit are valued from new issue market and direct dealer quotes. Cash investments including money market funds are valued at cost which approximates their fair value.

Purchases and sales of the investments are reflected on a trade-date basis. Dividend income is recorded on the ex dividend date.

Escrow Deposits - Balances included in escrow deposits represent restricted deposits held for rental operations.

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loan Origination Fees - Loan costs are being amortized on a straight-line basis over the five-year life of the loan.

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.

Depreciation and amortization are computed for financial statement purposes using the following methods and estimated useful lives:

| <u>Assets</u> | <u>Principal Methods</u> | <u>Useful Lives</u> |
|-------------------------|--------------------------|---------------------|
| Buildings | Straight-line | 30 years |
| Tenant improvements | Straight-line | 30 years |
| Condominiums | Straight-line | 30 years |
| Furniture and equipment | Straight-line | 5-10 years |
| Computer equipment | Straight-line | 3 years |

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. An impairment is evaluated based on the sum of undiscounted future net cash flows expected to result from the use of the asset compared to its carrying value. If impairment is recognized, the carrying amount of the asset is reduced to its fair value. No impairment has been recognized through December 31, 2010.

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, and short-term cash investments. The National PTA places its funds with high quality financial institutions. Effective in October 2008, balances are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation (FDIC). This limit increase is temporary and set to expire on December 31, 2013. As of December 31, 2010, the National PTA's balances in excess of FDIC insurance coverage totaled approximately \$2,879,246.

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

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 is met, or 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.

Contributions, Sponsorships, and Grants - Contributions, sponsorships, and grants consist of amounts due from public and private organizations. Contributions are recorded as revenue when received or pledged. Donor-restricted amounts are reported as temporarily restricted support until the donor restriction expires, at which time the temporarily restricted net assets are reported in the combined statement of activities as net assets released from restrictions. Sponsorships and grants are recorded in a manner similar to contributions if they represent general support for the mission of the National PTA. Sponsorships and grants that more closely resemble exchange transactions are recorded as revenue in the year earned.

Membership Fees - Membership fees received are recorded as unrestricted support in a manner similar to contributions, as membership fees are considered to be substantially paid in support of the general mission of the organization. Membership fees allocated for subscriptions to the periodical *Our Children* are \$170,345 for the year ended December 31, 2010.

Deferred Revenue - Income from contracts, convention exhibit fees, and subscription fees that has not yet been earned is deferred and recognized over the periods to which the fees relate.

Rental Income - Rental revenue and related charges are recognized when earned over the terms of the related leases.

Advertising Expense - The National PTA uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. Advertising expense for the year ended December 31, 2010 was \$257,061.

Investment Expenses - Expenses relating to investment revenues, including custodial fees and investment advisory fees, were \$72,150 for the year ended December 31, 2010 and are netted against unrealized and realized gain on investments in the combined statement of activities.

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Direct identifiable expenses are charged to programs and supporting services. Certain direct costs have been allocated among the programs and supporting services benefited based on employee pay.

Estimates - The preparation of combined financial statements in conformity with U.S. 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.

(3) INVESTMENTS

The following summary presents at December 31, 2010, the fair value for each of the investment categories:

| | Fair Value | Cost | Unrealized Gain (Loss) |
|-----------------------|----------------------|----------------------|---------------------------|
| Large cap | \$ 5,268,132 | \$ 4,782,085 | \$ 486,047 |
| Small cap/mid cap | 695,178 | 627,490 | 67,688 |
| Non U.S. equity | 1,368,461 | 1,172,759 | 195,702 |
| Corporate obligations | 5,002,921 | 4,925,314 | 77,607 |
| Other | 104,218 | 97,669 | 6,549 |
| Total | \$ 12,438,910 | \$ 11,605,317 | \$ 833,593 |

The following table sets forth by level within the fair value hierarchy the National PTA's investment assets at fair value as of December 31, 2010. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|-----------------------|----------------------|--|---|--|
| Large cap | \$ 5,268,132 | \$ 5,268,132 | \$ - | \$ - |
| Small cap/mid cap | 695,178 | 695,178 | - | - |
| Non U.S. equity | 1,368,461 | 1,368,461 | - | - |
| Corporate obligations | 5,002,921 | 1,236,559 | 3,766,362 | - |
| Other | 104,218 | 104,218 | - | - |
| Total | \$ 12,438,910 | \$ 8,672,548 | \$ 3,766,362 | \$ - |

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(4) Property and Equipment

Property and equipment are summarized by major classifications as follows at December 31, 2010:

| | |
|-------------------------------|----------------------|
| Land | \$ 1,822,366 |
| Buildings | 7,289,464 |
| Tenant improvements | 1,390,057 |
| Condominiums | 616,738 |
| Furniture and equipment | 719,837 |
| Computer equipment | <u>1,872,122</u> |
| | 13,710,584 |
| Less accumulated depreciation | <u>(1,966,601)</u> |
| Total | <u>\$ 11,743,983</u> |

Depreciation and amortization expense for the year ended December 31, 2010 was \$435,846.

(5) RETIREMENT PLANS

The National PTA maintains a non-contributory defined benefit pension plan and a contributory defined contribution plan. Benefits are primarily based upon eligible years of service and final levels of employee compensation for the last five years of service.

The following sets forth the funded status of the defined benefit plan and the amount recognized in the combined statement of financial position at December 31, 2010:

| | |
|--|---------------------|
| Projected benefit obligation | \$ 2,818,200 |
| Plan assets at fair value | <u>2,497,249</u> |
| Funded status (pension cost liability) | <u>\$ (320,951)</u> |
| Accumulated benefit obligation | \$ 2,485,747 |
| Employer contributions for the year | \$ 195,000 |
| Benefits paid for the year | \$ 1,171,023 |

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(5) RETIREMENT PLANS (CONTINUED)

Amounts recognized in the combined statement of activities:

| | |
|--|-------------------|
| Net periodic pension cost: | |
| Service cost at January 1, 2010 plus interest at 5.75% | \$ 143,997 |
| Interest cost on projected benefit obligation on January 1, 2010 at 5.75% | 192,709 |
| Expected return on plan assets on January 1, 2010 at 7.00% | (215,660) |
| Amortization items at January 1, 2010 | |
| Amortization of accumulated net loss or (gain) | <u>135,458</u> |
| Net periodic pension cost for year beginning January 1, 2010 | <u>256,504</u> |
| | |
| Pension-related changes other than net periodic pension cost: | |
| Net (income) loss | 240,859 |
| Amortization of net (income) loss | (135,458) |
| Administrative costs | <u>57,781</u> |
| Total pension-related changes other than net periodic pension cost | <u>163,182</u> |
| | |
| Total | <u>\$ 419,686</u> |

Amounts not yet recognized as periodic pension cost:

| | |
|--------------------|---------------------|
| Accumulated losses | <u>\$ 1,280,748</u> |
|--------------------|---------------------|

The estimated net loss that will be amortized from changes in unrestricted net assets into net periodic benefit credit in 2011 is \$131,455.

Significant actuarial assumptions:

| | |
|---------------------------------|-------|
| Discount rate | 5.75% |
| Expected return on plan assets* | 7.00% |
| Rate of compensation increase | 5.00% |

*The expected return on plan assets reflects the average rate of earnings as of January 1, 2010 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 secondarily. 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.

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(5) RETIREMENT PLANS (CONTINUED)

The asset categories at December 31, 2010 are as follows:

| | |
|---------------------------|---------------------|
| Equities | 52 % |
| Fixed income | 43 |
| Cash and cash equivalents | <u>5</u> |
| Total | <u><u>100 %</u></u> |

The amount expected to be contributed to the plan in 2011 is \$129,664. The National PTA will use accumulated credits to fund the pension contribution for 2011. The National PTA is expected to make the following benefit payments over the next 10 fiscal years:

| | |
|------------------------------------|----------------------------|
| Estimated future benefit payments: | |
| 2011 | \$ 110,767 |
| 2012 | 109,569 |
| 2013 | 75,078 |
| 2014 | 106,785 |
| 2015 | 215,883 |
| 2016 - 2020 | <u>1,152,668</u> |
| | <u><u>\$ 1,770,750</u></u> |

As of December 31, 2009, the National PTA has closed the defined benefit plan for new participants. Current participants have selected to remain in the defined benefit plan or begin benefits with the new defined contribution plan pursuant to Section 403(b) of the Internal Revenue Code the National PTA sponsors, effective in 2010. Under the plan, employees contribute a specified percentage of their salary, or a fixed dollar amount, to the plan. The National PTA may agree to make "nonelective" contributions to their employees' 403(b) plans. "Nonelective" contributions made by the National PTA for the year ended December 31, 2010 were \$160,154.

(6) MORTGAGE PAYABLE

On May 5, 2010, the National PTA acquired an office building in Alexandria, Virginia, and assumed the existing mortgage on that building. The total amount of the loan assumed was \$6,955,539. The remaining term of the loan was approximately five years with a fixed interest rate of 5.65% and requires a balloon payment of \$6,338,514 on March 1, 2016. As of December 31, 2010, future total principal payments required are as follows:

| | |
|---------------------------|----------------------------|
| Years ending December 31, | |
| 2011 | \$ 95,778 |
| 2012 | 100,299 |
| 2013 | 107,309 |
| 2014 | 113,621 |
| 2015 | 120,301 |
| 2016 | <u>6,358,074</u> |
| Total | <u><u>\$ 6,895,382</u></u> |

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(7) COMMITMENTS

As of December 31, 2010, the National PTA has lease agreements for office space in Washington, D.C., and Chicago, Illinois, with lease terms expiring through 2016. Future minimum rental payments required for noncancelable operating leases having terms in excess of one year are as follows:

| | |
|---------------------------|---------------------|
| Years ending December 31, | |
| 2011 | \$ 549,200 |
| 2012 | 567,634 |
| 2013 | 581,723 |
| 2014 | 596,180 |
| 2015 | 611,005 |
| Thereafter | <u>541,163</u> |
| Total | <u>\$ 3,446,905</u> |

Rent expense is recognized using the straight-line method over the life of the lease. Rent expense for the year ended December 31, 2010 was \$782,926.

On December 28, 2009, the National PTA entered into a sublease agreement with an unrelated entity for substantially all of the office space in Chicago. The sublease term began on November 1, 2010 and continues through October 31, 2016, the end of the master lease. The lease commitments detailed above will be offset by payments to be received under the sublease as follows:

| | |
|---------------------------|---------------------|
| Years ending December 31, | |
| 2011 | \$ 420,731 |
| 2012 | 433,354 |
| 2013 | 446,357 |
| 2014 | 459,741 |
| 2015 | 473,505 |
| Thereafter | <u>404,366</u> |
| | <u>\$ 2,638,054</u> |

The currently recognizable economic loss attributable to the current value of the future shortfall of the sublease payments is estimated at \$333,373. Deferred lease liabilities related to the recognition of rents using the straight-line method and related rental costs at December 31, 2010 are approximately \$916,000, which will be recognized over the remaining life of the leases.

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(7) COMMITMENTS (CONTINUED)

The National PTA leases space to tenants. Minimum rents receivable from tenants under noncancelable leases in effect at December 31, 2010, are as follows:

| | |
|---------------------------|---------------------|
| Years ending December 31, | |
| 2011 | \$ 340,137 |
| 2012 | 216,180 |
| 2013 | 119,393 |
| 2014 | 94,815 |
| 2015 | 97,659 |
| Thereafter | <u>310,911</u> |
| | <u>\$ 1,179,095</u> |

(8) ENDOWMENTS

In August 2008, U.S. generally accepted accounting principles ("GAAP") adopted new guidance – *Endowments for Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* – which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). The Commonwealth of Virginia approved a version of UPMIFA in 2008 with an effective date of July 1, 2008. The National PTA adopted this guidance on January 1, 2009. The adoption of this guidance resulted in no reclassifications of net assets.

The National PTA's endowments consist of two individual funds: (1) The Endowment Fund of the National Congress of Parents and Teachers ("The Endowment Fund") and (2) National Congress of Parents and Teachers Endowments (the "National PTA Endowments"). The Endowment Fund was established for the purpose of protecting and growing the assets of the organization for the future. Its endowment is composed of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments.

The National PTA Endowments consist of individual funds established for a variety of purposes. Its endowment is composed of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(8) ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law - The Board of Directors of The Endowment Fund and the Board of Directors of the National PTA (for the National PTA Endowments) have interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Endowment Fund and the National PTA Endowments both classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, The Endowment Fund and the National PTA Endowments both consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Return Objectives and Risk Parameters - The Endowment Fund and the National PTA Endowments both have adopted investment policies for endowed assets that have the dual goals of striving to preserve assets in addition to maximizing the fund's total rate of return. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that should achieve a rate of return in excess of inflation (Consumer Price Index) over a period of three to five years while assuming a reasonable level of risk.

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(8) ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy - For The Endowment Fund, an amount equal to the net income of the fund with respect to each fiscal year of The Endowment Fund is paid in cash to the National PTA after the end of such fiscal year (releasing those net assets from their temporary restrictions), provided however that the National PTA may direct The Endowment Fund not to pay to it any portion of such net income, in which case such portion is added to the principal of the unrestricted net assets of The Endowment Fund. All regular compensation paid to attorneys, investment counsel, custodians and accountants, all costs of investing and reinvesting The Endowment Fund's assets, and all taxes are charged against income. For the National PTA Endowments, the fund utilizes the interest generated from the endowment funds to provide several awards and grants related to artistic expression and education. Any surplus interest is added to the principal investment. In the event the endowed investment does not provide the funds needed to provide the awards, the National Congress of Parents and Teachers provides the balance of funds needed.

Financial Information - Financial information for The Endowment Fund, which is included in the combined financial statements at December 31, 2010 and for the year then ended, is as follows (exclusive of interorganizational eliminations):

Statement of Financial Position

Assets:

| | |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 172,978 |
| Investments | 4,312,435 |
| Total assets | <u>\$ 4,485,413</u> |

Liabilities:

| | |
|------------------|------------------|
| Accounts payable | <u>\$ 48,448</u> |
|------------------|------------------|

Net assets:

| | |
|----------------------------------|---------------------|
| Unrestricted | 2,776,445 |
| Permanently restricted | 1,660,520 |
| Total net assets | <u>4,436,965</u> |
| Total liabilities and net assets | <u>\$ 4,485,413</u> |

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(8) ENDOWMENTS (CONTINUED)

Financial Information (continued)

Statement of Activities

| | <u>Unrestricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|---------------------|
| Revenue: | | | |
| Contributions: | | | |
| Life achievement awards | \$ - | \$ 17,544 | \$ 17,544 |
| Other | - | 15,081 | 15,081 |
| Interest and dividends | 132,134 | - | 132,134 |
| Net unrealized and realized gain on investments | <u>363,193</u> | <u>-</u> | <u>363,193</u> |
| Total revenue | <u>495,327</u> | <u>32,625</u> | <u>527,952</u> |
| Expenses: | | | |
| General and administrative | <u>33,366</u> | <u>-</u> | <u>33,366</u> |
| Change in net assets | 461,961 | 32,625 | 494,586 |
| Net assets: | | | |
| Beginning of year | <u>2,314,484</u> | <u>1,627,895</u> | <u>3,942,379</u> |
| End of year | <u>\$ 2,776,445</u> | <u>\$ 1,660,520</u> | <u>\$ 4,436,965</u> |

Financial information for the National PTA Endowments as of December 31, 2010 is as follows:

| | |
|------------------------|-------------------|
| Temporarily restricted | \$ 68,302 |
| Permanently restricted | 516,491 |
| Total net assets | <u>\$ 584,793</u> |

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(8) ENDOWMENTS (CONTINUED)

Financial Information (continued)

Statement of Activities

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|-----------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Revenue: | | | | |
| Interest and dividends | \$ - | \$ 363 | \$ - | \$ 363 |
| Released from restriction | 22,132 | (22,132) | - | - |
| Total revenue | <u>22,132</u> | <u>(21,769)</u> | - | <u>363</u> |
| Expenses: | | | | |
| Programs | <u>22,132</u> | - | - | <u>22,132</u> |
| Change in net assets | - | (21,769) | - | (21,769) |
| Net assets: | | | | |
| Beginning of year | - | 90,071 | 516,491 | 606,562 |
| End of year | <u>\$ -</u> | <u>\$ 68,302</u> | <u>\$ 516,491</u> | <u>\$ 584,793</u> |

(9) RESTRICTED AND BOARD DESIGNATED NET ASSETS

Restricted net assets as of December 31, 2010 are as follows:

| | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> |
|--|-----------------------------------|-----------------------------------|
| National Congress of Parents and Teachers | | |
| Government, corporate and foundation grants | \$ 976,675 | \$ - |
| Educator of the Year Award - Hearst Foundation | 47,159 | 300,000 |
| Reflection Awards | | |
| Enhancement Grant Program | 613 | 90,256 |
| Visual Arts | 4,576 | 26,880 |
| Literature Scholarship | 5,398 | 33,119 |
| Music Scholarship | 5,398 | 33,118 |
| Photography Scholarship | 5,157 | 33,118 |
| | <u>1,044,976</u> | <u>516,491</u> |
| The Endowment Fund of the National Congress of Parents and Teachers | | |
| Combined Total | - | 1,660,520 |
| | <u>\$ 1,044,976</u> | <u>\$ 2,177,011</u> |

Temporarily restricted net assets at December 31, 2010 consist of amounts relating to program purpose restrictions for Common Core State Standards Initiative Reflection - Arts and Education, After School Initiative, and Hearst Awards.

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(9) RESTRICTED AND BOARD DESIGNATED NET ASSETS (CONTINUED)

Permanently restricted net assets at December 31, 2010 consist of assets that are restricted in perpetuity, the income of which is expendable for program use.

The Board of Directors of the National PTA has designated \$4,311,538 of unrestricted net assets to be used towards the organizations' new headquarters in Alexandria, Virginia. These funds will be used to pay off the Line of Credit and reimburse the National PTA's operating account for expenses related to the purchase and build-out of the new headquarters.

(10) LINE OF CREDIT

The National PTA has established a line of credit with JP Morgan. The maximum borrowing under the line of credit is \$3,200,000. The current balance due on the line of credit is \$3,064,862, and the interest rate as of December 31, 2010 is 1.7%. The expiration date is June 30, 2011.

(11) NATIONAL PTA PROPERTIES, LLC

During 2010, the National Congress of Parents and Teachers created a Limited Liability Company (the "LLC") to purchase the new Headquarters Building in Alexandria, Virginia, and is the sole member of the LLC.

Financial Information - Financial information for the LLC, which is included in the combined financial statements at December 31, 2010 and for the year then ended, is as follows (exclusive of interorganization eliminations):

Statement of Financial Position

Assets:

| | |
|------------------------------|----------------------|
| Cash and cash equivalents | \$ 114,013 |
| Accounts receivable | 33,713 |
| Prepaid expenses | 226,387 |
| Loan origination fees - net | 16,146 |
| Property and equipment - net | 10,915,973 |
| Total assets | <u>\$ 11,306,232</u> |

Liabilities:

| | |
|-------------------|-------------------|
| Accrued expenses | \$ 386,699 |
| Deferred revenue | 7,395 |
| Security deposits | 26,012 |
| Line of credit | 3,064,862 |
| Mortgage payable | 6,895,382 |
| Total liabilities | <u>10,380,350</u> |

| | |
|----------------------------------|----------------------|
| Net assets | 925,882 |
| Total liabilities and net assets | <u>\$ 11,306,232</u> |

See Accompanying Combined Financial Statements

NATIONAL CONGRESS OF PARENTS AND TEACHERS

NOTES TO COMBINED FINANCIAL STATEMENTS

(11) NATIONAL PTA PROPERTIES, LLC (CONTINUED)

Financial Information (continued)

Statement of Activities

| | |
|-------------------------------|-------------------|
| Rental income | <u>\$ 573,865</u> |
| Rental expenses | |
| Depreciation and amortization | 216,028 |
| General and administrative | 53,591 |
| Insurance | 25,578 |
| Interest expense | 295,499 |
| Miscellaneous | 31,906 |
| Professional fees | 38,809 |
| Real estate taxes | 50,157 |
| Repairs and maintenance | 186,336 |
| Security | 7,974 |
| Utilities | 47,937 |
| Total rental expenses | <u>953,815</u> |
| Total operating loss | (379,950) |
| Interest income | <u>87</u> |
| Change in net assets | (379,863) |
| Net assets: | |
| Beginning of year | - |
| Investment by National PTA | 1,305,745 |
| End of year | <u>\$ 925,882</u> |

(12) CASH FLOW DISCLOSURES

| | |
|--|----------------|
| Noncash mortgage proceeds used for property acquisition: | |
| Property and equipment | \$ (7,163,546) |
| Escrow deposits | (269,500) |
| Prepaid expenses | (37,728) |
| Accounts receivable | 26,880 |
| Mortgage payable | 6,955,539 |
| Line of credit | 500,000 |
| Accounts payable and accrued expenses | (37,657) |
| Security deposits | 26,012 |

(13) SUBSEQUENT EVENTS

The National PTA has evaluated subsequent events through July 19, 2011, the date which the financial statements were available to be issued.

See Accompanying Combined Financial Statements

**NATIONAL PTA BOARD OF DIRECTORS
AND COMMITTEES**

National PTA Board of Directors and Committees

BOARD OF DIRECTORS

Officers

Charles J. “Chuck” Saylor (SC),
President – 2011
Betsy Landers (TN),
President-Elect – 2011
Teresa Williams (CO),
Secretary-Treasurer – 2011

Member Representatives

Gina Armor (OK) – 2011
Laura Bay (WA) – 2011
Phil Clark (SC) – 2011
Stella Edwards (VA) – 2010
Melissa Johnson (CT) – 2011
Jean Krieger (LA) – 2010
Tibby Milne (UT) – 2010
Aurelio Montemayor (TX) – 2010
Mary Jo Neil (MD) – 2011
Carla Niño (CA) – 2010
Helane Robson (ND) – 2011
David Squires (MI) – 2011
Al Tamagni (AK) – 2011

Youth Members

Dani Carver (NM) – 2011
Nicholaus Nelson-Goedert
(FL) – 2011

STANDING COMMITTEES

Bylaws and Policy

Mary Jo Neil (MD)
Chair
Phil Clark (SC)
Judi Conrad (KY)
Dawn Johnson-Wenger (FL)
Maryann Kolbeck (NJ)

Judi Myers
Staff Liaison

Diversity

Dee Jones (IN)
Chair
Abdul Akbar (GA)
Marion Akins (VA)
Harry Capers (NJ)
Enrique Escallon (FL)
Angi Gonzales-Carver (NM)
Melani Luedtke-Taylor (NE)
Carla Niño (CA)
Frank Padgett (DC)

Delcenia Jones
Staff Liaison

Field Service

Esther Parker (MD)
Chair
Laura Bay (WA)
Sue Bellows (MI)
Barb Bode (SD)
Jo Ann Fujioka (CO)
André Daniels (NJ)
Ruth Hollis (NY)
Sandy Nekołoff (OH)
Carolyn Nelson-Goedert (FL)
Kris Vaughn (TX)
Sophia Waugh (CA)

Scott Brody
Staff Liaison

Finance

Teresa Williams (CO)
Chair
Laura Bay (WA)
Vito Borrello (NY)
Frank Gallagher (DC)
Betsy Landers (TN)

Jeanice Aikens
Staff Liaison

Legislative

Helane Robson (ND)
Chair
Caroline Allen (PA)
Maria DeWald (NY)
Mary Kenfield (WA)
Otha Thornton (MD)

Mishaela Duran
Staff Liaison

Membership

Derrick Byrd (NC)
Chair
Cyndi Barbian (WI)
Nicole Fentem (IL)
Charles Lawhon (GA)
Karen McLean Dade (GA)
Al Tamagni (AK)
Michelle Tremont (MA)
Rick Mendiondo (TX)
Tina Zubeck (MO)

Michael Knowles
Staff Liaison

Nominating and Leadership Development

Mike Dimich (MT)
Chair
Leslie Boggs (TX)
Nancy Cox (FL)
Michelle Humphreys (OH)
Sal Jansson (UT)
Frank Kwan (CA)
Michelle Sutton (OH)

Diane Tremblay
Staff Liaison

Resolutions

Gina Armor (OK)
Chair
Tammy Bartels (KS)
Margarita Benjamin (VI)
Brian Bonner (CA)
Brenda Davis (CA)
Sharon Goldblatt (TX)
Terri Minnick (AZ)
Kathy Nevans (MO)
Beth Verlanic (MT)

James Martinez
Staff Liaison

Resource Development

Betsy Landers (TN)
Chair
Joel Azrikan (CO)
Frank Gallagher (DC)
Linda Hanson (WA)
Pam Meyercord (TX)
Debbie Squires (MI)
Rhonda Ulmer (MD)

Tom Nguyen
Staff Liaison

Youth Involvement

Nicholaus Nelson-Goedert (FL),
Chair
Robert Acerra (NJ)
Dillon Bruning (CA)
Annie Bukowski (MD)
Dani Carver (NM)
Carlos Delgado (FL)
Jay Murray (CO)

LaKeisha Gray-Sewell
Staff Liaison

SPECIAL COMMITTEES

Convention—General Arrangements

Barb Bungard (OH)
Chair
Priscilla Beaulieu (FL)
Amy Brewer (SC)
Laura Dobbs (GA)
Jean Hovey (FL)
Latha Krishnaiyer (FL)
Karen Kurimcak (SC)
Betsy Landers (TN)
Carla Niño (CA)
Susan Olson, (GA)
Charla Sparks (TN)
Rolf Weeks (TN)
Teresa Williams (CO)

Rebecca Burns
Staff Liaison

Convention—Elections

Catherine Romano (NY)
Chair
Rose Acerra (NJ)
Kim Hunt (MA)
Lupé Morales (TX)
Anita Olsen (OR)
Sherine Padgett (DC)
Claire White (NC)
Bobbie Wirth (SD)

Sonia Hicks
Staff Liaison

Military Family Support

Kay Meyer (EUR)
Chair
Pam Berry (AL)
Brenda Davis (CA)
Vernell Kilpatrick (VA)
Melissa Nehrbass (VA)
Caryn Thornton (MD)
April Whatley (VA)
Bennie Williams (VA)
Patricia Young (NJ)

Deborah Walsh
Staff Liaison

Reflections

Cindy Dearing (TN)
Chair
Lauri DeNooy (KS)
Melissa Erickson (FL)
Marcia Hellevang (ND)
Kathy Moffat (CA)

Chantay Carter
Staff Liaison

Special Needs

Pam Meyercord (TX)
Chair
Wayne Bauman (IA)
Melissa Johnson (CT)
Scott Morgan (AR)
DJ Stutz (CO)

Sheri Johnson
Staff Liaison

OTHER

Strategic Plan

Betsy Landers (TN)

Chair

Scott Allen (WA)

Jan Harp Domene (CA)

Carol Kingston (NH)

Aurelio Montemayor (TX)

Carolyn Nelson-Goedert (FL)

Bill Potts-Datema (GA)

Charles J. "Chuck" Saylor (SC)

Charles Scott (TN)

David Squires (MI)

Alison Turner (NV)

Teresa Williams (CO)

Byron Garrett

Staff

Mishaela Duran

Staff

Erin Hart

Staff

Audra Akins

Staff Liaison

Transition Task Force

Laura Dobbs (GA)

Chair

Ginny Kurrus (AR)

Rose Loeffler-Kemp (MN)

Michael Mooney (NH)

Lynn Morris (NJ)

Anne Thompson (FL)

Renata Witte (NM)

Deb Fritz

Staff Liaison

Endowment Fund Trustees

Teresa Williams (CO)

Chair

Moises Dennis (NV)

Marta Murray (CO)

Jill Schneider (SC)

Anna Weselak (IL)

Jeanice Aikens

Staff Liaison

Leadership Coach Team

Wayne Bauman (IA)

Gayla Boomer (IL)

Meg Bushnell (WA)

Jeannie Cole (AR)

Judi Conrad (KY)

Barbara Eager (IN)

Valerie Martin (GA)

Sylvia Ostes (TX)

Paula Pawlowski (AK)

Pat Raynor (SC)

PAST NATIONAL PRESIDENTS

Thelma Morris (AL, 1961-1964)

Virginia Sparling (WA, 1979-1981)

Mary Ann Leveridge (TX, 1981-1983)

Anne Kahn (VA, 1985-1987)

Ann Lynch (NV, 1989-1991)

Pat Henry (OK, 1991-1993)

Kathryn Whitfill (TX, 1993-1995)

Joan Dykstra (SC, 1995-1997)

Lois Jean White (TN, 1997-1999)

Ginny Markell (OR, 1999-2001)

Linda Hodge (CT, 2003-2005)

Anna Weselak (IL, 2005-2007)

Jan Harp Domene (CA, 2007-2009)

National Sponsors, Member Benefits Providers and Supporters

PREMIER NATIONAL SPONSORS

Novartis
Unilever

PROUD NATIONAL SPONSORS

AXA Foundation
Jamba Juice
Promethean
Target

PROUD MEMBER BENEFITS PROVIDERS

MedicAlert
MetLife Auto & Home
Sharp Electronics
T-Mobile
Southwest Airlines Vacations

PROUD SUPPORTER OF HEALTHY LIFESTYLES PROGRAM

Aetna Foundation

PROUD SUPPORTER OF URBAN FAMILY ENGAGEMENT INITIATIVE

Verizon Foundation



National
PTA[®]

everychild.onevoice.[®]

PTA.org