

**CALIFORNIA CONGRESS OF
PARENTS, TEACHERS, AND
STUDENTS, INC.**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
JUNE 30, 2017 AND 2016**

INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
California Congress of Parents, Teachers, and Students, Inc.
Sacramento, California**

We have audited the accompanying financial statements of California Congress of Parents, Teachers, and Students, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Congress of Parents, Teachers, and Students, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

January 30, 2018

**CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND
STUDENTS, INC.**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,368,932	\$ 798,306
Accounts and interest receivable	259,023	267,726
Prepaid expenses	445,133	507,234
Inventory	<u>47,567</u>	<u>59,149</u>
Total current assets	2,120,655	1,632,415
INVESTMENTS	3,769,367	3,430,860
PROPERTY AND EQUIPMENT, Net	1,920,444	2,604,106
INTANGIBLE ASSETS, Net	<u>21,878</u>	<u>39,834</u>
TOTAL ASSETS	<u>\$ 7,832,344</u>	<u>\$ 7,707,215</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 296,474	\$ 331,200
Accrued expenses	103,601	119,537
Deferred revenues	<u>399,215</u>	<u>402,050</u>
Total current liabilities	<u>799,290</u>	<u>852,787</u>
NET ASSETS:		
Unrestricted:		
Board designated	636,205	334,022
Undesignated	<u>6,357,632</u>	<u>6,434,834</u>
Total unrestricted	6,993,837	6,768,856
Temporarily restricted	<u>39,217</u>	<u>85,572</u>
Total net assets	<u>7,033,054</u>	<u>6,854,428</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,832,344</u>	<u>\$ 7,707,215</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND STUDENTS, INC.

STATEMENTS OF ACTIVITIES (Page 1 of 2) YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS:		
REVENUES:		
Membership	\$ 1,529,678	\$ 1,538,476
Insurance income	854,953	859,424
Program service fees	432,700	438,149
Investment income (loss)	359,145	(43,813)
Convention	312,789	451,494
Merchandise and award certificate sales, net	132,966	140,519
Gain on sale and other disposition of assets	113,937	
Contributions and grants	73,374	156,085
In-kind contributions	47,342	87,649
Legislative conference	14,805	18,690
Regional training	9,080	
Other income	32,234	31,432
Net assets released from restrictions	<u>321,355</u>	<u>391,428</u>
Total revenues	<u>4,234,358</u>	<u>4,069,533</u>
EXPENSES:		
Program services:		
Programs	885,414	791,192
Insurance	679,367	679,124
Convention	600,681	887,975
Membership and training	454,816	382,895
Policy and legislative	127,195	154,390
Communications	<u>110,668</u>	<u>160,886</u>
Total program services	2,858,141	3,056,462
Supporting services:		
General and administrative	582,937	741,035
Board, commissions, and committees	437,778	465,286
Technology	68,038	37,033
Development	<u>62,483</u>	<u>29,087</u>
Total expenses	<u>4,009,377</u>	<u>4,328,903</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>224,981</u>	<u>(259,370)</u>

The accompanying notes are an integral part of these financial statements.

**CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND
STUDENTS, INC.**

**STATEMENTS OF ACTIVITIES (Page 2 of 2)
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Grants and contributions	275,000	375,000
Net assets released from restrictions	<u>(321,355)</u>	<u>(391,428)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(46,355)</u>	<u>(16,428)</u>
INCREASE (DECREASE) IN NET ASSETS	178,626	(275,798)
NET ASSETS, Beginning of Year - as restated	<u>6,854,428</u>	<u>7,130,226</u>
NET ASSETS, End of Year	<u>\$ 7,033,054</u>	<u>\$ 6,854,428</u>

CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND STUDENTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2017

	Program Services						Supporting Services					<u>Total</u>
	<u>Programs</u>	<u>Insurance</u>	<u>Convention</u>	<u>Membership and Training</u>	<u>Policy and Legislative</u>	<u>Communi- cations</u>	<u>General & Administrative</u>	<u>Board, Commissions, and Committees</u>	<u>Technology</u>	<u>Development</u>		
Salaries	\$ 254,870		\$ 59,866	\$ 204,913	\$ 32,838	\$ 89,703	\$ 296,050	\$ 81,838	\$ 41,359	\$ 50,792	\$ 1,112,229	
Insurance expense	3,150	\$ 679,367		1,042			14,832	668			699,059	
Travel	31,520		90,138	67,805	56,770	1,377	14,463	220,025		4,816	486,914	
Outside services	232,235		23,100	22,079	5,703		3,262	1,250			287,629	
Convention and audio visual			244,861	1,472	1,351			12,751			260,435	
Printing and publications	105,728		19,549	30,259	1,793	297	3,150	261			161,037	
Food and beverages	7,418		6,991	8,254	16,095		2,420	80,856		370	122,404	
Employee benefits	23,017		6,905	23,877	1,690	9,754	27,054	6,423	3,679	2,835	105,234	
Grants, scholarships, and contributions	102,843										102,843	
Space rental			90,076	1,632		335		5,471			97,514	
Depreciation and amortization	4,363						72,174		16,300		92,837	
Payroll taxes	20,727		4,883	14,596	2,275	6,862	23,322	6,060	3,204	3,323	85,252	
Office expenses	36,967		12,405	14,782	201		12,983	1,948			79,286	
Utilities	8,995		5,995	3,741		900	40,442	15,062	483		75,618	
Postage and shipping	19,605		6,842	27,141	108		2,062	462		47	56,267	
Conferences and meetings	16,432			14,858	7,176	50	1,496			300	40,312	
Legal and accounting	6,696			10,980	1,195		17,184				36,055	
Maintenance and repair	5,307					103	24,884	2,928			33,222	
Bank charges			14,352				6,878				21,230	
Computer	2,655			2,750			11,220		3,013		19,638	
Equipment rental	839		10,695	718			1,658	893			14,803	
Awards and recognition			3,584	3,650			471				7,705	
Taxes, licenses, and filing fees	748		439				3,523				4,710	
Small and miscellaneous equipment	912					185	2,004	882			3,983	
Marketing	387			267		1,102	1,405				3,161	
Total	\$ 885,414	\$ 679,367	\$ 600,681	\$ 454,816	\$ 127,195	\$ 110,668	\$ 582,937	\$ 437,778	\$ 68,038	\$ 62,483	\$ 4,009,377	

The accompanying notes are an integral part of these financial statements.

CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND STUDENTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2016

	Program Services					Supporting Services					<u>Total</u>
	<u>Programs</u>	<u>Insurance</u>	<u>Convention</u>	<u>Membership and Training</u>	<u>Policy and Legislative</u>	<u>Communi-cations</u>	<u>General & Administrative</u>	<u>Board, Commissions, and Committees</u>	<u>Technology</u>	<u>Development</u>	
Salaries	\$ 187,163		\$ 57,046	\$ 140,301	\$ 49,206	\$ 134,888	\$ 381,750	\$ 87,500	\$ 15,191	\$ 22,658	\$ 1,075,703
Insurance expense	3,020	\$ 679,124					13,707	3,986			699,837
Travel	45,757		214,887	65,238	60,266	1,254	9,485	187,250		2,775	586,912
Outside services	206,416		35,550	36,129	5,819		17,498	2,600			304,012
Convention and audio visual			321,494	1,385	6,445			14,396			343,720
Printing and publications	79,028		29,327	21,132	1,052		4,249	1,128			135,916
Food and beverages	5,907		97,696	11,706	16,088	381	1,384	90,973			224,135
Employee benefits	18,686		6,129	15,103	1,783	12,594	36,233	7,334	2,005	1,985	101,852
Grants, scholarships, and contributions	111,977										111,977
Depreciation and amortization	3,273						115,040		16,667		134,980
Payroll taxes	15,536		4,547	10,100	3,961	10,337	30,895	6,901	1,235	1,646	85,158
Office expenses	45,888		30,774	11,515	406	75	18,314	4,836			111,808
Utilities	12,786		21,467	3,460	36	900	39,693	26,782	887	23	106,034
Postage and shipping	16,433		21,530	17,860	123	387	1,450	653			58,436
Conferences and meetings	25,892		200	42,256	7,943		142	1,400			77,833
Legal and accounting	2,591		3,603	3,899	1,138		11,267	492			22,990
Maintenance and repair	6,298						28,582	12,232	75		47,187
Bank charges			18,480				7,728				26,208
Computer	2,196			1,500			11,989		909		16,594
Equipment rental	337		20,695				1,530	1,126			23,688
Awards and recognition	120		3,864	1,100							5,084
Taxes, licenses, and filing fees	926		432				2,204	356			3,918
Small and miscellaneous equipment	821		254	211	54		6,627	15,341	64		23,372
Marketing	141				70	70	1,268				1,549
Total	<u>\$ 791,192</u>	<u>\$ 679,124</u>	<u>\$ 887,975</u>	<u>\$ 382,895</u>	<u>\$ 154,390</u>	<u>\$ 160,886</u>	<u>\$ 741,035</u>	<u>\$ 465,286</u>	<u>\$ 37,033</u>	<u>\$ 29,087</u>	<u>\$ 4,328,903</u>

The accompanying notes are an integral part of these financial statements.

**CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND
STUDENTS, INC.**

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 178,626	\$ (275,798)
Reconciliation to net cash used by operating activities:		
Depreciation and amortization	92,837	134,980
Loss on disposal of equipment		181
Gain on sale and other disposition of assets	(113,937)	
Realized and unrealized (gain) loss on investments	(317,902)	90,927
Changes in:		
Accounts and interest receivable	8,703	(85,002)
Prepaid expenses	62,101	(80,417)
Inventory	11,582	(7,533)
Accounts payable	(34,726)	189,657
Accrued expenses	(15,936)	30,384
Deferred revenues	(2,835)	1,538
Net cash used by operating activities	<u>(131,487)</u>	<u>(1,083)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(36,497)	(17,994)
Proceeds from sale of asset	761,923	
Purchases of intangible assets	(2,708)	(15,723)
Purchases of investments	(678,559)	(861,583)
Proceeds from sale of investments	657,954	1,151,950
Net cash provided by investing activities	<u>702,113</u>	<u>256,650</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 570,626	 255,567
 CASH AND CASH EQUIVALENTS, Beginning of Year	 <u>798,306</u>	 <u>542,739</u>
 CASH AND CASH EQUIVALENTS, End of Year	 <u>\$ 1,368,932</u>	 <u>\$ 798,306</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND STUDENTS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

1. ORGANIZATION

The California Congress of Parents, Teachers, and Students, Inc. (California State PTA), was incorporated as a California nonprofit corporation on May 9, 1923. The California State PTA's mission is to positively impact the lives of all children and families. Through conferences, committees, projects, and programs, the California State PTA promotes the welfare of children and youth in home, school, community, and place of worship; raises the standards of home life; secures adequate laws for the care and protection of children and youth; brings into closer relation the home and the school, that parents and teachers may cooperate intelligently in the education of children and youth; and develops 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.

The California State PTA has both a Board of Directors and a Board of Managers, which comprise a Governing Board, as do the individual districts and councils. Accordingly, separate books and records are maintained by the individual entities and are not combined with the records of the California State PTA. The California State PTA, as a member of the National PTA, collects and remits a portion of the membership dues, as required, to the National PTA.

The California State PTA works to accomplish its mission to positively impact the lives of all children and families by:

- Planning and presenting an annual convention for all members;
- Holding periodic training and planning meetings with PTA officers;
- Coordinating leadership training and development for PTA officers serving more than 750,000 members;
- Providing programs and services to members;
- Developing and distributing printed and electronic media to support the development and organization of local PTA units;
- Maintaining one central office to better serve regional membership needs;
- Providing statewide agency and commission representation in areas of education, safety, health, and parent involvement;
- Monitoring and developing legislation on issues affecting children;
- Representing children's interests through testimony and presentations;
- Developing and maintaining alliances with other public agencies that share mutual interests regarding children's education, safety, and health;
- Facilitating community outreach to increase awareness of changing ethnic and cultural diversity in our schools and communities;
- Providing scholarships and grants to improve educational opportunities for students, teachers, counselors, nurses, and volunteers from PTA schools;
- Promoting arts education and awareness in the schools by participating in the National Reflections Art Program and by developing and distributing an arts newsletter (SMARTS); and
- Increasing awareness of issues affecting all children through its website at: www.capta.org.

CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND STUDENTS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The California State PTA reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The California State PTA has no permanently restricted net assets.

Revenue recognition – Membership dues are recognized as unrestricted support over the membership period, which is one year.

Insurance income is recognized over the insurance period. Amounts received in advance are recorded as deferred revenues until earned.

Convention, legislative conference, and program service fees are recognized when the related events or activities occur. Amounts received in advance are recorded as deferred revenues until the related events or activities occur.

Contributions and grants are recognized in full when received or unconditionally promised, in accordance with professional standards. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in temporarily restricted net assets. Temporarily restricted net assets become unrestricted, and are reported in the statement of activities as net assets released from restrictions, when the time restrictions expire or the contributions are used for the restricted purposes.

Donated materials, equipment, and professional services are recorded as in-kind contributions and recognized at the estimated fair value as of the date of donation or service. Contributed services that do not meet the criteria for recognition are not reflected in the financial statements.

Cash and cash equivalents – For financial statement purposes, the California State PTA considers all investments with an initial maturity of three months or less to be cash equivalents.

The California State PTA minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The California State PTA has not experienced any losses in such accounts and management believes the California State PTA is not exposed to any significant credit risk related to cash.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considers accounts receivable to be fully collectible due to the stability of the participants; accordingly, no allowance for doubtful accounts has been recognized. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense.

Investments are stated at fair value and held for long-term purposes.

Inventory is stated at the weighted-average cost and consists of membership envelopes, award certificates, pins, and other membership-related merchandise.

CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND STUDENTS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. The California State PTA capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 39 years.

Intangible assets are stated at cost and amortized using the straight-line method over a period of three years.

Income taxes – The California State PTA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional allocation of expenses – The costs of providing the program and supporting services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated based on employees' time incurred and management's estimate of the usage of resources.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same; to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

- | | |
|----------------|---|
| Level 1 Inputs | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. |
| Level 2 Inputs | Inputs other than quoted prices in active markets that are observable either directly or indirectly. |
| Level 3 Inputs | Unobservable inputs for the assets or liabilities. |

Subsequent events have been reviewed through January 30, 2018, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2017 that require recognition or disclosure in the financial statements.

Reclassification – Certain 2016 amounts have been reclassified to conform to the 2017 financial statement presentation.

CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND STUDENTS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

3. ACCOUNTS AND INTEREST RECEIVABLE

Accounts and interest receivable are expected to be received within one year and consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Program service fees	\$ 121,845	\$ 107,565
Merchandise and award sales receivables	73,348	77,294
Convention receivables	43,323	46,021
Interest receivable	3,937	3,844
Contributions		25,000
Other receivables	<u>16,570</u>	<u>8,002</u>
Total	<u>\$ 259,023</u>	<u>\$ 267,726</u>

4. PREPAID EXPENSES

Prepaid expenses consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Prepaid insurance	\$ 357,686	\$ 347,081
Convention deposits	23,500	22,635
Other prepaid expenses	<u>63,947</u>	<u>137,518</u>
Total	<u>\$ 445,133</u>	<u>\$ 507,234</u>

5. CONDITIONAL PROMISES TO GIVE

In 2016, the California State PTA received an \$825,000 conditional promise to give from a grantor. The California State PTA was required to meet certain requirements as a condition of this promise to give. In accordance with professional standards, during both 2017 and 2016 the California State PTA received and recognized \$275,000, as conditions had been met. The remaining \$275,000 has not been recognized in the financial statements as of June 30, 2017.

6. INVESTMENTS

Investment income (loss) consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 75,903	\$ 82,836
Unrealized and realized gains (losses)	317,902	(90,927)
Management fees	<u>(34,660)</u>	<u>(35,722)</u>
Total	<u>\$ 359,145</u>	<u>\$ (43,813)</u>

CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND STUDENTS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

The California State PTA's mutual funds, exchange-traded and closed-end funds, and stock are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets for identical assets. Government securities and corporate bonds are classified within Level 2 of the fair value hierarchy because they are valued using alternative pricing methods using observable information inputs, such as current interest rates.

Investments are classified as follows as of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds:			
Fixed income funds	\$ 462,130		\$ 462,130
Exchange-traded and closed-end funds:			
Index funds	1,135,635		1,135,635
Corporate bonds:			
A+ credit rating		\$ 126,909	126,909
A credit rating		111,243	111,243
AA- credit rating		50,706	50,706
AA credit rating		35,068	35,068
A- credit rating		15,047	15,047
Government securities:			
Treasury securities		424,892	424,892
Federal agency securities		24,162	24,162
Common stocks:			
Information technology	352,336		352,336
Health care	207,365		207,365
Consumer discretionary	184,365		184,365
Industrials	182,310		182,310
Financials	167,318		167,318
Consumer staples	89,658		89,658
Energy	76,104		76,104
Telecommunication	39,795		39,795
Materials	34,209		34,209
Real estate	32,447		32,447
Utilities	17,668		17,668
	<u>352,336</u>	<u>788,027</u>	<u>1,140,363</u>
Total	<u>\$ 2,981,340</u>	<u>\$ 788,027</u>	<u>\$ 3,769,367</u>

CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND STUDENTS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

Investments are classified as follows as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds:			
Fixed income funds	\$ 453,630		\$ 453,630
Exchange-traded and closed-end funds:			
Index funds	979,380		979,380
Corporate bonds:			
A+ credit rating		\$ 56,407	56,407
A credit rating		149,202	149,202
AA- credit rating		63,452	63,452
AA credit rating		35,732	35,732
A- credit rating		15,206	15,206
AA+ credit rating		30,330	30,330
Government securities:			
Treasury securities		317,212	317,212
Federal agency securities		100,273	100,273
Common stocks:			
Information technology	252,502		252,502
Health care	216,751		216,751
Consumer discretionary	200,220		200,220
Industrials	140,851		140,851
Financials	131,310		131,310
Consumer staples	107,429		107,429
Energy	82,349		82,349
Telecommunication	48,119		48,119
Materials	24,807		24,807
Real estate	7,759		7,759
Utilities	<u>17,939</u>		<u>17,939</u>
Total	<u>\$ 2,663,046</u>	<u>\$ 767,814</u>	<u>\$ 3,430,860</u>

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Buildings and improvements	\$ 2,094,225	\$ 2,813,373
Land	495,803	669,594
Equipment	253,754	220,527
Furniture and fixtures	<u>92,935</u>	<u>92,935</u>
Total	2,936,717	3,796,429
Less accumulated depreciation	<u>(1,016,273)</u>	<u>(1,192,323)</u>
Property and equipment, net	<u>\$ 1,920,444</u>	<u>\$ 2,604,106</u>

**CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

8. INTANGIBLE ASSETS

Intangible assets consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Database development	\$ 271,743	\$ 271,743
Website	48,900	48,900
Trademarks	<u>5,666</u>	<u>2,958</u>
Total	326,309	323,601
Less accumulated amortization	<u>(304,431)</u>	<u>(283,767)</u>
Intangible assets, net	<u>\$ 21,878</u>	<u>\$ 39,834</u>

Amortization totaled \$20,664 and \$19,939 in 2017 and 2016, respectively.

9. NET ASSETS

Unrestricted net assets are designated by the board for the following purposes as of June 30:

	<u>2017</u>	<u>2016</u>
Operating reserves	\$ 490,000	
Honorary service award	146,205	\$ 142,121
Membership marketing		106,760
Major building repairs and upgrades		68,013
Projects		16,990
Printing and publication		<u>138</u>
Total	<u>\$ 636,205</u>	<u>\$ 334,022</u>

Temporarily restricted net assets are restricted for the following purposes as of June 30:

	<u>2017</u>	<u>2016</u>
Digital Literacy	\$ 39,217	\$ 49,283
Time restricted for periods after June 30		25,000
High Quality Assessment Project		<u>11,289</u>
Total	<u>\$ 39,217</u>	<u>\$ 85,572</u>

**CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

10. IN-KIND CONTRIBUTIONS

California State PTA received the following in-kind contributions for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Professional services	\$ 30,190	\$ 42,705
Tangible goods	13,410	41,568
Unreimbursed expenses of board and staff	<u>3,742</u>	<u>3,376</u>
Total	<u>\$ 47,342</u>	<u>\$ 87,649</u>

11. EMPLOYEE BENEFITS PLAN

The California State PTA has a 401(k) retirement plan that provides a matching contribution not to exceed 3% of the contributing participant's compensation. Permanent employees are eligible for participation after twelve months of employment. Employer contributions to the plan totaled \$14,247 and \$13,055 in 2017 and 2016, respectively.

The California State PTA has a 457 retirement plan for the Executive Director. No employer contributions are made to the plan.

12. RESTATEMENT OF NET ASSETS

Net assets at June 30, 2015 have been restated to reflect the deferral of insurance revenues previously recognized as revenue but not earned. The impact of this adjustment resulted in a decrease in unrestricted net assets and an increase in deferred revenue of \$379,912 as of June 30, 2015. The impact of this correction did not have a material effect on previously reported change in net assets.