

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

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

**YEARS ENDED  
JUNE 30, 2019 AND 2018**

## **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, 2019 and 2018, 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, 2019 and 2018, 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.

A handwritten signature in black ink that reads "Gilbert CPAs". The signature is written in a cursive, flowing style.

**GILBERT CPAs**  
**Sacramento, California**

**January 31, 2020**

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

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018**

<b>ASSETS</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,715,463	\$ 1,491,854
Accounts and interest receivable	128,373	125,593
Grants and contributions receivable	241,330	
Prepaid expenses	478,155	527,126
Inventory	<u>5,010</u>	<u>48,212</u>
Total current assets	2,568,331	2,192,785
 <b>INVESTMENTS</b>	 4,350,016	 4,068,202
 <b>PROPERTY AND EQUIPMENT, Net</b>	 1,880,675	 1,934,200
 <b>INTANGIBLE ASSETS, Net</b>	 <u>42,284</u>	 <u>32,704</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 8,841,306</u>	 <u>\$ 8,227,891</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 459,326	\$ 161,116
Accrued expenses	99,961	98,090
Deferred revenues	<u>441,657</u>	<u>393,160</u>
Total liabilities	1,000,944	652,366
 <b>NET ASSETS:</b>		
Without donor restrictions:		
Board designated	582,406	595,843
Undesignated	<u>6,974,431</u>	<u>6,889,124</u>
Total net assets without donor restrictions	7,556,837	7,484,967
With donor restrictions	<u>283,525</u>	<u>90,558</u>
Total net assets	7,840,362	7,575,525
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$ 8,841,306</u>	 <u>\$ 8,227,891</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES:</b>		
Membership	\$ 1,460,688	\$ 1,513,793
Insurance income	887,007	871,348
Program service fees	317,931	460,380
Convention	295,513	406,259
Investment income	240,246	367,093
Royalty income	137,227	36,120
Contributions and grants	98,600	78,319
In-kind contributions	47,126	39,779
Legislative conference	25,125	21,374
Regional training	15,528	11,520
Merchandise and award certificate sales, net	9,238	133,410
Loss on sale and other disposition of assets	(2,629)	
Other income	17,820	109
Net assets released from restrictions	324,363	373,659
Total revenues	<u>3,873,783</u>	<u>4,313,163</u>
<b>EXPENSES:</b>		
Program services:		
Insurance	777,095	714,973
Parent and family engagement	674,990	707,609
Convention	631,973	615,399
Membership and training	566,663	605,536
Policy and legislative	188,761	227,036
Other programs	184,866	204,407
Total program services	<u>3,024,348</u>	<u>3,074,960</u>
Supporting services:		
General and administrative	723,552	677,122
Development	54,013	69,951
Total expenses	<u>3,801,913</u>	<u>3,822,033</u>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>71,870</u>	<u>491,130</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, 2019 AND 2018**

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	<u>2019</u>	<u>2018</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Grants and contributions	517,330	425,000
Net assets released from restrictions	<u>(324,363)</u>	<u>(373,659)</u>
<b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>192,967</u>	<u>51,341</u>
<b>INCREASE IN NET ASSETS</b>	264,837	542,471
<b>NET ASSETS, Beginning of Year</b>	<u>7,575,525</u>	<u>7,033,054</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 7,840,362</u>	<u>\$ 7,575,525</u>

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

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services			<u>Total</u>
	<u>Insurance</u>	<u>Parent and family engagement</u>	<u>Convention</u>	<u>Membership and training</u>	<u>Policy and legislative</u>	<u>Other programs</u>	<u>General and administrative</u>	<u>Development</u>	
Salaries	\$ 41,221	\$ 297,720	\$ 97,223	\$ 188,112	\$ 36,878	\$ 55,348	\$ 369,011	\$ 42,608	\$ 1,128,121
Insurance expense	707,745	3,290	1,082	2,576	206	621	10,110	285	725,915
Travel		46,802	100,130	111,152	81,554	4,612	92,431	881	437,562
Outside services	3,404	147,720	37,371	40,159	5,855	148	3,694		238,351
Convention and audio visual		3,315	219,216	3,841	4,294	457	5,319		236,442
Food and beverages		9,932	44,712	30,968	34,233	2,326	37,152	199	159,522
Grants, scholarships, and contributions			1,975	2,000		100,497			104,472
Employee benefits	2,931	23,709	8,893	22,647	2,826	5,233	29,909	2,725	98,873
Depreciation and amortization	1,878	21,301	6,649	26,235	1,263	3,816	28,790	1,750	91,682
Payroll taxes	2,810	24,058	7,593	15,216	2,730	4,675	28,570	3,016	88,668
Printing and publications	12,264	20,117	20,003	16,408	3,226	2,031	3,479	425	77,953
Utilities	987	11,846	15,959	13,011	2,605	2,299	25,329	921	72,957
Office expenses	1,004	34,008	9,401	15,402	924	516	7,739	198	69,192
Conferences and meetings		8,054	890	30,564	8,113		1,934		49,555
Postage and shipping	1,775	8,263	8,433	23,720	285	37	2,917		45,430
Space rental		1,563	34,027	6,271	1,173		299		43,333
Maintenance and repair	553	5,951	1,958	4,660	372	1,124	17,908	516	33,042
Information technology	393	4,700	1,393	5,651	265	814	16,825	367	30,408
Legal and accounting				5,610	996		22,610		29,216
Bank charges			12,919	18	604		4,901		18,442
Taxes, licenses, and filing fees	34	365	251	286	23	69	6,215	32	7,275
Small and miscellaneous equipment	96	1,689	460	1,196	336	243	2,009	90	6,119
Marketing		587		188			4,480		5,255
Equipment rental			1,435	772			1,921		4,128
<b>Total</b>	<u>\$ 777,095</u>	<u>\$ 674,990</u>	<u>\$ 631,973</u>	<u>\$ 566,663</u>	<u>\$ 188,761</u>	<u>\$ 184,866</u>	<u>\$ 723,552</u>	<u>\$ 54,013</u>	<u>\$ 3,801,913</u>

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, 2018

	Program Services					Supporting Services			<u>Total</u>
	<u>Insurance</u>	<u>Parent and family engagement</u>	<u>Convention</u>	<u>Membership and training</u>	<u>Policy and legislative</u>	<u>Other programs</u>	<u>General and administrative</u>	<u>Development</u>	
Salaries	\$ 13,871	\$ 286,712	\$ 86,314	\$ 227,418	\$ 52,410	\$ 52,117	\$ 333,608	\$ 55,177	\$ 1,107,627
Insurance expense	697,319	3,245	924	2,873	353	613	10,300	336	715,963
Travel		31,225	101,674	106,216	96,171	5,952	84,153	1,050	426,441
Outside services		174,886	20,042	23,321	6,305	18,372	932	6	243,864
Convention and audio visual		1,019	218,396	11,267	5,660	624	8,361	81	245,408
Food and beverages		7,051	13,903	24,171	32,135	1,974	29,419	293	108,946
Grants, scholarships, and contributions			2,000	2,000		103,723			107,723
Employee benefits	971	24,190	8,872	26,401	3,819	3,423	31,603	4,009	103,288
Depreciation and amortization	759	25,306	5,965	20,708	2,277	3,958	27,373	2,170	88,516
Payroll taxes	1,003	21,767	6,677	16,989	4,285	4,406	26,419	3,593	85,139
Printing and publications		45,981	17,405	26,053	2,142	244	3,972	51	95,848
Utilities	376	13,518	22,614	17,608	4,637	3,781	29,291	1,159	92,984
Office expenses	126	37,804	7,056	12,618	1,063	743	6,847	360	66,617
Conferences and meetings		5,619	1,584	16,324	7,603		278		31,408
Postage and shipping		12,188	7,621	28,195	206	280	2,338	7	50,835
Space rental			56,675	7,191	399		349		64,614
Maintenance and repair	256	7,069	2,013	6,259	769	1,336	17,753	732	36,187
Information technology	229	6,817	2,987	13,386	2,189	1,494	19,952	685	47,739
Legal and accounting				9,060	1,199		17,050		27,309
Bank charges			19,815				7,051		26,866
Taxes, licenses, and filing fees	19	526	598	466	57	99	4,867	55	6,687
Small and miscellaneous equipment	44	2,664	2,834	5,866	3,241	1,255	9,450	187	25,541
Marketing				516	40		3,611		4,167
Equipment rental		22	9,430	630	76	13	2,145		12,316
<b>Total</b>	<u>\$ 714,973</u>	<u>\$ 707,609</u>	<u>\$ 615,399</u>	<u>\$ 605,536</u>	<u>\$ 227,036</u>	<u>\$ 204,407</u>	<u>\$ 677,122</u>	<u>\$ 69,951</u>	<u>\$ 3,822,033</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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 264,837	\$ 542,471
Reconciliation to net cash provided by operating activities:		
Depreciation and amortization	91,682	88,516
Loss on sale and other disposition of assets	2,629	
Realized and unrealized gain on investments	(190,147)	(325,226)
Changes in:		
Accounts and interest receivable	(2,780)	133,430
Grants and contributions receivable	(241,330)	
Prepaid expenses	48,971	(81,993)
Inventory	43,202	(645)
Accounts payable	298,210	(135,358)
Accrued expenses	1,871	(5,511)
Deferred revenues	48,497	(6,055)
Net cash provided by operating activities	<u>365,642</u>	<u>209,629</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(29,288)	(84,988)
Purchases of intangible assets	(21,078)	(28,110)
Purchases of investments	(1,061,181)	(621,974)
Proceeds from sale of investments	<u>969,514</u>	<u>648,365</u>
Net cash used for investing activities	<u>(142,033)</u>	<u>(86,707)</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 223,609	 122,922
 <b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	 <u>1,491,854</u>	 <u>1,368,932</u>
 <b>CASH AND CASH EQUIVALENTS, End of Year</b>	 <u><u>\$ 1,715,463</u></u>	 <u><u>\$ 1,491,854</u></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, 2019 AND 2018

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### 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. Constituent organizations of the California State PTA include unit, council and district PTAs with each having its own Governing Board. Accordingly, separate books and records are maintained by each constituent organization 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:

- Ensuring all constituent organizations and members are protected by the best possible insurance coverage;
- Fostering parent engagement via School Smarts, an award-winning, research-based parent engagement program;
- Empowering parents and families to advocate for students to have access to learning opportunities in specific areas such as Arts and Science that will support their success;
- Planning and presenting an annual convention for all members;
- Coordinating leadership training and development for PTA officers serving more than 725,000 members;
- Holding periodic training and planning meetings with PTA officers;
- Developing and distributing printed and electronic media to support the development and organization of local PTA units;
- Maintaining a central office to better serve 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;

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

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

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- Providing scholarships and grants to improve educational opportunities for students, teachers, counselors, nurses, and volunteers from PTA schools; and
- Increasing awareness of issues affecting all children through its website at: [www.capta.org](http://www.capta.org).

### 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 two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

**Revenue recognition** – Membership dues are recognized as support without donor restrictions 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 net assets with donor restrictions. Net assets with donor restrictions 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. The California State PTA has no net assets with donor restrictions that are perpetual in nature.

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. Cash balances in excess of the federally insured limits at June 30, 2019 and 2018 were \$1,400,698 and \$1,115,000, respectively.

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

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

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**Accounts receivable** are stated at the amount management expects to collect from outstanding balances and collectible within one year. 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.

**Grants and contributions receivable** – Unconditional grants and contributions that are expected to be collected within one year are recorded at net realizable value.

**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.

**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 but is subject to income taxes from activities unrelated to its tax-exempt purpose. Net income generated by advertising income is taxable as unrelated business income, however, the California State PTA has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements.

**Functional allocation of expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, which are allocated based on estimated time and effort; employee benefits and payroll taxes, which are allocated based on salaries; general office and occupancy expenses including building and equipment insurance, maintenance and repair, property taxes, depreciation and amortization, information technology, and office supplies, which are allocated based on the number of full-time equivalent employees in each function; board, commission, and committee expenses including audio visual, food and beverages, information technology, meeting supplies, postage and shipping, printing and publications, travel, and utilities, which are allocated based on the portion of estimated time dedicated to each function during Board of Managers meetings.

**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.

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

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

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**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.  |

**Recent accounting pronouncements** – In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and consistency in the type of information provided about expenses and investment return. The California State PTA has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Future accounting pronouncements** – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The new accounting standard develops a common standard that will remove inconsistencies in revenue requirements, improve comparability of revenue recognition practices, provide more useful information to users of financial statements and simplify the preparation of financial statements. Application of this statement is effective for the year ending June 30, 2020. The California State PTA is currently evaluating the impact this pronouncement will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new accounting standard clarifies and improves the guidance for (1) evaluating whether transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. Application of this statement is effective for transactions in which the entity serves as the resource recipient for the year ending June 30, 2020. For transactions in which the entity serves as the resource provider, the statement is effective for the year ending June 30, 2021. The California State PTA is currently evaluating the impact this pronouncement will have on the financial statements.

**Reclassification** – Certain 2018 amounts have been reclassified to conform to the 2019 financial statement presentation.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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**Subsequent events** have been reviewed through January 31, 2020, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2019 that require recognition or disclosure in the financial statements.

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

The California State PTA's financial assets available within one year of the statement of financial position date for general expenditure are as follows, as of June 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,715,463	\$ 1,491,854
Investments	4,350,016	4,068,202
Accounts and interest receivable	128,373	125,593
Grants and contributions receivable	<u>241,330</u>	<u>                    </u>
Total financial assets available	6,435,182	5,685,649
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Board designated funds	(582,406)	(595,843)
Restricted by donors for time or purpose	<u>(283,525)</u>	<u>(90,558)</u>
Total financial assets available for general expenditure within one year	<u>\$ 5,569,251</u>	<u>\$ 4,999,248</u>

Management's goal is to maintain cash and cash equivalents sufficient to cover at least 30 days of operations in its operating accounts. A board-designated operating reserve fund is maintained in cash and cash equivalents sufficient to cover approximately 45 days of operations to temporarily fill cash flow funding gaps resulting from timing differences between inflow and outflow or sudden unanticipated increases in expenses or decreases in revenue upon approval by the Board of Directors. Financial assets available for general expenditure are sufficient to cover at least one year of operations if necessary. Although available for general expenditure, certain amounts, such as funds held in investment accounts and proceeds from the sale of residential property, would require approval by the Board of Directors to use for general expenditures.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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**4. 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>2019</u>	<u>2018</u>
Royalties and sales of inventory receivable	\$ 74,045	\$ 79,983
Program service fees receivable	23,400	19,250
Membership dues receivable	9,673	
Interest receivable	5,997	4,989
Convention receivables	5,000	5,000
Other receivables	<u>10,258</u>	<u>16,371</u>
Total	<u>\$ 128,373</u>	<u>\$ 125,593</u>

**5. PREPAID EXPENSES**

Prepaid expenses consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Prepaid insurance	\$ 362,547	\$ 372,321
School Smarts prepaid expenses	65,773	79,472
Convention deposits	10,200	17,825
Other prepaid expenses	<u>39,635</u>	<u>57,508</u>
Total	<u>\$ 478,155</u>	<u>\$ 527,126</u>

**6. CONDITIONAL PROMISES TO GIVE**

In 2018, 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 2019 the California State PTA received and recognized \$275,000, as conditions had been met. The remaining \$550,000 has not been recognized in the financial statements as of June 30, 2019.

**CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND  
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**NOTES TO FINANCIAL STATEMENTS  
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**7. INVESTMENTS**

Investment income consists of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 94,957	\$ 84,924
Unrealized and realized gains	190,147	325,226
Management fees	(40,428)	(38,503)
Internal administrative expenses	<u>(4,430)</u>	<u>(4,554)</u>
Total	<u>\$ 240,246</u>	<u>\$ 367,093</u>

Investments are classified as follows as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds:			
Fixed income funds	\$ 549,631		\$ 549,631
Exchange-traded and closed-end funds:			
Index funds	1,256,570		1,256,570
Corporate bonds:			
AAA credit rating		\$ 36,265	36,265
AA credit rating		34,916	34,916
AA- credit rating		65,850	65,850
A+ credit rating		35,982	35,982
A credit rating		81,139	81,139
A- credit rating		40,262	40,262
Government securities:			
Treasury securities		591,767	591,767
Federal agency securities		19,801	19,801
Common stocks:			
Information technology	345,704		345,704
Health care	269,158		269,158
Industrials	223,875		223,875
Consumer discretionary	202,580		202,580
Financials	196,406		196,406
Communication services	141,445		141,445
Consumer staples	85,758		85,758
Energy	80,962		80,962
Materials	36,973		36,973
Real estate	29,634		29,634
Utilities	<u>25,338</u>		<u>25,338</u>
Total	<u>\$ 3,444,034</u>	<u>\$ 905,982</u>	<u>\$ 4,350,016</u>



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

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

The California State PTA’s mutual funds, exchange-traded and closed-end funds, and common stocks 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, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds:			
Fixed income funds	\$ 464,576		\$ 464,576
Exchange-traded and closed-end funds:			
Index funds	1,258,188		1,258,188
Corporate bonds:			
AAA credit rating		\$ 34,265	34,265
AA credit rating		34,480	34,480
AA- credit rating		23,811	23,811
A+ credit rating		89,869	89,869
A credit rating		102,187	102,187
A- credit rating		39,661	39,661
Government securities:			
Treasury securities		480,886	480,886
Federal agency securities		49,004	49,004
Common stocks:			
Information technology	310,058		310,058
Health care	216,476		216,476
Industrials	213,689		213,689
Consumer discretionary	181,326		181,326
Financials	184,895		184,895
Communication services	133,271		133,271
Consumer staples	74,358		74,358
Energy	93,894		93,894
Materials	37,563		37,563
Real estate	28,806		28,806
Utilities	16,939		16,939
	\$ 3,214,039	\$ 854,163	\$ 4,068,202
Total	\$ 3,214,039	\$ 854,163	\$ 4,068,202

**CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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**8. PROPERTY AND EQUIPMENT**

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

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 2,124,160	\$ 2,113,336
Land	490,000	490,000
Equipment	226,755	225,348
Furniture and fixtures	92,935	92,935
Land improvements	<u>65,415</u>	<u>65,415</u>
Total	2,999,265	2,987,034
Less accumulated depreciation	<u>(1,118,590)</u>	<u>(1,052,834)</u>
Property and equipment, net	<u>\$ 1,880,675</u>	<u>\$ 1,934,200</u>

**9. INTANGIBLE ASSETS**

Intangible assets consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Database development	\$ 308,244	\$ 297,694
Website	48,900	48,900
Trademarks	<u>18,353</u>	<u>7,825</u>
Total	375,497	354,419
Less accumulated amortization	<u>(333,213)</u>	<u>(321,715)</u>
Intangible assets, net	<u>\$ 42,284</u>	<u>\$ 32,704</u>

Amortization totaled \$11,498 and \$17,284 in 2019 and 2018, respectively.

**10. NET ASSETS**

Net assets without donor restrictions are designated by the board for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Operating reserves	\$ 451,265	\$ 451,129
Honorary service award	<u>131,141</u>	<u>144,714</u>
Total	<u>\$ 582,406</u>	<u>\$ 595,843</u>

**CALIFORNIA CONGRESS OF PARENTS, TEACHERS, AND  
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**NOTES TO FINANCIAL STATEMENTS  
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Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Next generation science standards	\$ 239,330	\$ 90,558
Arts education	<u>44,195</u>	<u>          </u>
Total	<u>\$ 283,525</u>	<u>\$ 90,558</u>

**11. IN-KIND CONTRIBUTIONS**

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

	<u>2019</u>	<u>2018</u>
Professional services	\$ 39,075	\$ 27,975
Unreimbursed expenses of board and staff	5,372	3,920
Tangible goods	<u>2,679</u>	<u>7,884</u>
Total	<u>\$ 47,126</u>	<u>\$ 39,779</u>

**12. 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 \$12,674 and \$14,722 in 2019 and 2018, respectively.

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

The California State PTA has a 403(b) retirement plan. No employer contributions were made to the plan in 2019 or 2018.