

MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of
Military Spouse Corporate Career Network, Inc.
St. Louis, Missouri

We have audited the accompanying financial statements of Military Spouse Corporate Career Network, Inc. (the "Organization"), a not-for-profit corporation, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities 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.

Auditors' 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 audits 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 auditors' 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 Military Spouse Corporate Career Network, Inc. as of December 31, 2018 and 2017, 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.

BWTP P.C.

BWTP P.C.
St. Louis, MO
May 29, 2019

MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

STATEMENTS OF FINANCIAL POSITION**DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 932,264	\$ 771,289
Total Assets	<u>\$ 932,264</u>	<u>\$ 771,289</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,151	\$ 2,681
Accrued expenses	<u>2,222</u>	<u>2,306</u>
Total Liabilities	6,373	4,987
NET ASSETS		
Net assets without donor restrictions	<u>925,891</u>	<u>766,302</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 932,264</u>	<u>\$ 771,289</u>

MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

STATEMENTS OF ACTIVITIES**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>
SUPPORT AND REVENUES			
Contributions	\$ 422,263		\$ 517,265
Investment income	6,709		68
Total Support and Revenues	<u>428,972</u>		<u>517,333</u>
EXPENSES			
Program Services			
Information technology	109,400		86,193
Subcontract labor	71,115		40,307
Payroll expenses	47,238		53,138
Training	22,981		-
Other expenses	506		-
Total Program Services	<u>251,240</u>	<u>93.3</u>	<u>179,638</u> <u>93.8</u>
Management and General Expense			
Professional Fee	4,496		4,060
Office expense	210		48
Payroll expenses	4,020		2,963
Subcontract labor	2,600		1,350
Total Management and General Expense	<u>11,326</u>	<u>4.2</u>	<u>8,421</u> <u>4.3</u>
Fundraising Expense			
Subcontract labor	2,100		-
Payroll expenses	4,717		3,547
Total Fundraising Expense	<u>6,817</u>	<u>2.5</u>	<u>3,547</u> <u>1.9</u>
Total Expenses	<u>269,383</u>	<u>100.0</u>	<u>191,606</u> <u>100.0</u>
CHANGE IN NET ASSETS	159,589		325,727
NET ASSETS - BEGINNING OF YEAR	<u>766,302</u>		<u>440,575</u>
NET ASSETS - END OF YEAR	\$ <u>925,891</u>		\$ <u>766,302</u>

MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

STATEMENTS OF CASH FLOWS**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 159,589	\$ 325,727
Adjustments to reconcile change in net assets to net cash from operating activities:		
Increase (decrease) in current liabilities:		
Accounts payable	1,470	1,561
Accrued expenses	(84)	(459)
Net Cash From Operating Activities	<u>160,975</u>	<u>326,829</u>
NET INCREASE IN CASH	160,975	326,829
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>771,289</u>	<u>444,460</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 932,264</u>	<u>\$ 771,289</u>

MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

Military Spouse Corporate Career Network, Inc. (“MSCCN”) is a not-for-profit entity formed in 2004. MSCCN provides no-cost employment readiness, vocational training, and one-on-one job placement services for military spouses and caregivers of war wounded. MSCCN operates with a user-friendly Internet Gateway available to job seekers and partnered employers. The Organization is supported through public grants, contributions, and investment income.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions represent those net assets whose use is not restricted by donors. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Net assets without donor restrictions were \$925,891 and \$766,302 at December 31, 2018 and 2017, respectively.

Net Assets With Donor Restrictions represents those net assets whose use has been limited by donor-imposed restrictions and must be maintained in perpetuity. The Organization had no net assets with donor restrictions at December 31, 2018 and 2017, respectively.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

Estimates and Assumptions

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Contributions and Grants

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor.

Income Taxes

MSCCN is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code, and therefore, has made no provision for income taxes in the accompanying financial statements. There was no unrelated business income for the years ended December 31, 2018 and 2017.

MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Company has evaluated subsequent events through May 29, 2019, the date on which the financial statements were available to be issued.

Note 2 – Cash and Cash Equivalents

The Organization considers short-term highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased.

	<u>2018</u>	<u>2017</u>
Bank of America – Tampa, FL		
Checking and Savings	\$ 932,264	\$ 421,769
Certificates of Deposit	-	349,520
	<u>\$ 932,264</u>	<u>\$ 771,289</u>

Note 3 – Related Parties

Military Spouse Corporate Career Network (MSCCN) shares the same corporate officers and directors as Corporate America Supports You (CASYS), both organizations have a common purpose goal. No material transactions between the two organizations occurred during the fiscal years ended December 31, 2018 and 2017.

MSCCN has the same corporate officer as DLK Consulting, LLC which provides subcontractor labor to MSCCN. For the years ended December 31, 2018 and 2017, DLK Consulting, LLC was paid nonemployee compensation amounting to \$26,000 and \$13,250 respectively

Note 4 – Concentrations

The Organization periodically maintains cash and cash equivalents in excess of federally insured limits. The Organization has not experienced any losses in such accounts. In management's opinion, risk retained to such concentrations is minimal.

Approximately 76% and 81% of MSCCN's revenue was earned through corporate contributions of two donors during the years ended December 31, 2018 and 2017, respectively.

Note 5 – Non-Cash Donations

During the years ended December 31, 2018 and 2017, MSCCN received non-cash donations of services amounting to \$109,400 and \$84,000 that have been reflected in the financial statements. IBM Technology contributed services consisting of programming and software support that allows the tracking of candidates from registration through their first year on the job.

Note 6 - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to various programs, fundraising and supporting functions of the Organization. Most expenses are functionalized based on actual expenses incurred. Payroll expenses are categorized based on

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

actual hours. Expenses are charged directly to program, management and general, fundraising categories based on specific identification.

Note 7 – Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) NO. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Organization's year ended December 31, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassification or restatements to net assets or changes in net assets.

Note 8– Liquidity

At December 31, 2018, the Organization has \$932,264 of current assets which consists of cash available to meet needs for general expenditure. None of the financial assets are subject to donor or contractual restrictions. Accordingly all such funds are available to meet the cash needs of the project in the next 12 months.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from the rents of project units. In general, the Organization maintains sufficient financial assets on hand to meet 30 days worth of normal operating expenses.