

**MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

## **CONTENTS**

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<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1- 2</b>
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6 - 10



Certified Public Accountants

## **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, 2019 and 2018, 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.

BWTP P.C.

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## 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, 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.

*BWTP P.C.*

BWTP P.C.  
St. Louis, MO  
May 19, 2020

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**MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.**

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**STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,038,503	\$ 932,264
Investments	288,466	-
<b>TOTAL CURRENT ASSETS</b>	<b>\$ <u>1,326,969</u></b>	<b>\$ <u>932,264</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,421	\$ 4,151
Accrued expenses	2,375	2,222
<b>Total Liabilities</b>	<b><u>10,796</u></b>	<b><u>6,373</u></b>
<b>NET ASSETS</b>		
Net assets without donor restrictions	<u>1,316,173</u>	<u>925,891</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,326,969</u></b>	<b>\$ <u>932,264</u></b>

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**MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.**

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**STATEMENTS OF ACTIVITIES****FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>		<u>2018</u>	
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 698,990		\$ 422,263	
Investment income	34,418		6,709	
Unrealized gain	14,896		-	
Other income	200		-	
<b>Total Support and Revenues</b>	<u>748,504</u>		<u>428,972</u>	
<b>EXPENSES</b>				
<b>Program Services</b>				
Information technology	168,922		109,400	
Subcontract labor	99,951		71,115	
Payroll expenses	52,156		47,238	
Training	3,900		22,981	
Travel	8,488		-	
Other expenses	3,530		506	
<b>Total Program Services</b>	<u>336,947</u>	<u>94.1</u>	<u>251,240</u>	<u>93.3</u>
<b>Management and General Expense</b>				
Professional fee	3,200		4,496	
Office expense	2,547		210	
Payroll expenses	3,472		4,020	
Subcontract labor	3,126		2,600	
Information technology	323		-	
<b>Total Management and General Expense</b>	<u>12,668</u>	<u>3.5</u>	<u>11,326</u>	<u>4.1</u>
<b>Fundraising Expense</b>				
Subcontract labor	3,628		2,100	
Payroll expenses	4,979		4,717	
<b>Total Fundraising Expense</b>	<u>8,607</u>	<u>2.4</u>	<u>6,817</u>	<u>2.5</u>
<b>Total Expenses</b>	<u>358,222</u>	<u>100.0</u>	<u>269,383</u>	<u>100.0</u>
<b>CHANGE IN NET ASSETS</b>	<b>390,282</b>		159,589	
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>925,891</u>		<u>766,302</u>	
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,316,173</u>		<u>\$ 925,891</u>	

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**MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.**

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**STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 390,282	\$ 159,589
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net unrealized gain on investments	(14,896)	-
Donation of stock	(273,570)	-
Increase (decrease) in current liabilities:		
Accounts payable	4,270	1,470
Accrued expenses	153	(84)
<b>Net Cash From Operating Activities</b>	<u>106,239</u>	<u>160,975</u>
<b>NET INCREASE IN CASH</b>	<b>106,239</b>	<b>160,975</b>
<b>CASH AND EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>932,264</u>	<u>771,289</u>
<b>CASH AND EQUIVALENTS, END OF PERIOD</b>	<u>\$ 1,038,503</u>	<u>\$ 932,264</u>

# MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

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## 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 \$1,316,173 and \$925,891 at December 31, 2019 and 2018, respectively.

***Net Assets With Donor Restrictions*** represents those net assets whose use has been limited by donor-imposed restrictions. The Organization had no net assets with donor restrictions at December 31, 2019 and 2018, 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, 2019 and 2018.

# MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

#### **Investments**

The Organization's investments include equity securities. These investments are carried at fair value and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

#### **Fair Value Measurements**

In determining the fair value, the Organization principally uses the market approach which generally utilizes market transaction data for the same or similar instruments. A hierarchy was established for inputs used in determining fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Financial assets recorded on the Statements of Financial Position at fair values as of December 31, 2019 and 2018, are categorized in the fair value hierarchy based on the observable inputs to the valuation techniques as follows:

**Level 1:** Financial assets whose values are based on unadjusted quoted prices for identical assets in an active market that the Fund can access as of the measurement date.

**Level 2:** Financial assets whose values are based on the following:

- A) Quoted prices for similar assets or liabilities in active markets;
- B) Quoted prices for identical or similar assets in non-active markets; or
- C) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset.

**Level 3:** Financial assets whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

These inputs reflect the Organization's estimates of the assumptions that market participants would use in valuing the financial assets.

#### **Subsequent Events**

The Organization has evaluated subsequent events through May 19, 2020, 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>2019</u>	<u>2018</u>
Bank of America – Tampa, FL		
Checking and Savings	\$ <u>1,038,503</u>	\$ <u>932,264</u>

# MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### **Note 3 – Related Parties**

Military Spouse Corporate Career Network (MSCCN) shares the same corporate officers and directors as Corporate America Supports You (CASY), both organizations have a common purpose goal. No material transactions between the two organizations occurred during the fiscal years ended December 31, 2019 and 2018.

MSCCN has the same corporate officer as DK Consulting, LLC and DLK Consulting, LLC which provides subcontractor labor to MSCCN. For the years ended December 31, 2019 and 2018, DLK Consulting, LLC was paid nonemployee compensation amounting to \$26,000 each year respectively. For the year ended December 31, 2019, DK Consulting, LLC was paid nonemployee compensation amounting to \$8,000.

### **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 98% and 76% of MSCCN's revenue was earned through corporate contributions of two donors during the years ended December 31, 2019 and 2018, respectively.

### **Note 5 – Non-Cash Donations**

During the years ended December 31, 2019 and 2018, MSCCN received non-cash donations of services amounting to \$168,922 and \$109,400 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. Also during the year ended December 31, 2019, MSCCN received a non-cash donation of stock with a fair market value of \$273,570 at the time of donation. As of December 31, 2019, the stock has a fair market value of \$288,466.

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

# MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### **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, 2019, the Organization has \$1,038,503 of current assets which consists of cash available to meet needs for general expenditures. 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 twelve 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 thirty days worth of normal operating expenses.

### **Note 9 – Investments**

Investments are reported on the basis of quoted market prices and consist of the following at December 31, 2019 and 2018:

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Equity Securities	\$ 288,466	\$ 273,570	\$ -	\$ -

# MILITARY SPOUSE CORPORATE CAREER NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Note 10 – Fair Value Measurements

The following tables summarize the Foundation's investments measured at fair value on a recurring basis as of December 31, 2019 and 2018.

	2019			
	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>	<u>Total</u>
Equity Securities	<u>\$ 288,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,466</u>

  

	2018			
	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>	<u>Total</u>
Equity Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### Note 11 – Subsequent Event – COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Organization's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, potential shortages of personnel, or reduction to donation revenues. Management believes the Company is taking appropriate actions to respond to the pandemic; however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available for issuance.