

Military Child Education Coalition

December 31, 2020 and 2019

Financial Statements



MILITARY CHILD EDUCATION COALITION

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT THEREON

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Military Child Education Coalition

We have audited the accompanying financial statements of Military Child Education Coalition (a non-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to 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 audit to obtain reasonable assurance about whether the financial statements are free of 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.

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Military Child Education Coalition as of December 31, 2020 and 2019, 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, appearing to read "Brockway Busch, Matthew M. Menden, P.C.", written in a cursive style.

Temple, Texas
June 9, 2021

MILITARY CHILD EDUCATION COALITION
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 2,109,089	\$ 1,915,657
Cash and cash equivalents, restricted	1,693,330	451,519
Accounts receivable	191,027	190,994
Accounts receivable, restricted	-	350,900
Inventory	91,305	152,575
Prepaid expenses	<u>98,279</u>	<u>61,205</u>
Total Current Assets	4,183,030	3,122,850
Property and equipment, net	<u>1,468,363</u>	<u>1,531,876</u>
Total Assets	<u><u>\$ 5,651,393</u></u>	<u><u>\$ 4,654,726</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 266,797	\$ 155,660
Accrued expenses	83,849	190,465
Deferred revenue	849,240	657,290
Paycheck protection program loan	<u>439,600</u>	<u>-</u>
Total Liabilities	1,639,486	1,003,415
Net Assets		
Without donor restrictions	2,318,577	2,848,892
With donor restrictions	<u>1,693,330</u>	<u>802,419</u>
Total Net Assets	<u>4,011,907</u>	<u>3,651,311</u>
Total Liabilities and Net Assets	<u><u>\$ 5,651,393</u></u>	<u><u>\$ 4,654,726</u></u>

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Service contract revenue	\$ 1,331,626	\$ -	\$ 1,331,626
Philanthropic contract revenue	1,191,546	-	1,191,546
Contributions	274,070	1,327,290	1,601,360
Membership dues	33,321	-	33,321
Conference income	-	-	-
Products and services	181,956	-	181,956
Grants	324,841	705,999	1,030,840
Fundraising events	16,669	-	16,669
Interest and dividends	25,661	-	25,661
Miscellaneous revenue	2,431	-	2,431
Net assets released from restrictions	1,142,378	(1,142,378)	-
Total Revenues, Gains and Other Support	4,524,499	890,911	5,415,410
Expenses			
Program services			
Professional development	379,955	-	379,955
Student programs	221,583	-	221,583
Parent support programs	838,998	-	838,998
School professional programs	960,439	-	960,439
Strategic communications	565,428	-	565,428
Products and services	337,942	-	337,942
Research	413,314	-	413,314
Website and technology resources	179,768	-	179,768
Grants	88,222	-	88,222
National training seminar	143,972	-	143,972
Total program services	4,129,621	-	4,129,621
Supporting services			
Management and general	426,546	-	426,546
Fundraising	498,647	-	498,647
Total Expenses	5,054,814	-	5,054,814
Change in net assets	(530,315)	890,911	360,596
Net Assets			
Beginning of year	2,848,892	802,419	3,651,311
End of year	\$ 2,318,577	\$ 1,693,330	\$ 4,011,907

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Service contract revenue	\$ 2,318,333	\$ -	\$ 2,318,333
Philanthropic contract revenue	1,333,777	-	1,333,777
Contributions	202,801	856,604	1,059,405
Membership dues	44,852	-	44,852
Conference income	416,483	-	416,483
Products and services	62,775	-	62,775
Grants	529,009	589,000	1,118,009
Fundraising events	916	27,500	28,416
Interest and dividends	25,726	-	25,726
Miscellaneous revenue	24,805	-	24,805
Net assets released from restrictions	1,066,736	(1,066,736)	-
Total Revenues, Gains and Other Support	6,026,213	406,368	6,432,581
Expenses			
Program services			
Professional development	782,637	-	782,637
Student programs	345,981	-	345,981
Parent support programs	952,250	-	952,250
School professional programs	1,167,355	-	1,167,355
Strategic communications	556,914	-	556,914
Products and services	246,123	-	246,123
Research	189,073	-	189,073
Website and technology resources	190,088	-	190,088
Grants	128,923	-	128,923
National training seminar	932,204	-	932,204
Total program services	5,491,548	-	5,491,548
Supporting services			
Management and general	441,281	-	441,281
Fundraising	495,643	-	495,643
Total Expenses	6,428,472	-	6,428,472
Change in net assets	(402,259)	406,368	4,109
Net Assets			
Beginning of year	3,251,151	396,051	3,647,202
End of year	\$ 2,848,892	\$ 802,419	\$ 3,651,311

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services			
	Professional Development	Student Programs	Parent Support Programs	School Professional Programs
Payroll	\$ 244,635	\$ 136,696	\$ 524,251	\$ 816,234
Payroll taxes	17,214	10,426	40,078	62,148
Other employee benefits	15,732	5,220	10,147	39,300
Service fees	1,672	595	188,574	2,190
Advertising	-	-	-	-
Office expenses	44,578	40,103	60,055	32,142
Information technology	-	-	-	-
Occupancy	4,588	-	-	-
Travel	31,134	15,405	2,176	7,830
Insurance	1,622	-	-	-
Other program expenses	13,437	12,205	10,484	130
Accounting and legal fees	-	-	-	-
Total expenses before depreciation	374,612	220,650	835,765	959,974
Depreciation	5,343	933	3,233	465
Total Expenses	<u>\$ 379,955</u>	<u>\$ 221,583</u>	<u>\$ 838,998</u>	<u>\$ 960,439</u>

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

(Continued)

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended December 31, 2020

	Program Services			Website and
	Strategic	Products		Technology
	Communications	and Services	Research	Resources
Payroll	\$ 453,193	\$ 105,816	\$ 205,019	\$ 59,722
Payroll taxes	34,055	8,056	15,542	4,589
Other employee benefits	11,458	12,372	18,818	6,713
Service fees	1,454	840	7,429	158
Advertising	11,249	-	-	-
Office expenses	22,763	8,946	162,591	45
Information technology	-	-	-	50,368
Occupancy	3,441	16,631	1,147	1,147
Travel	-	-	-	-
Insurance	1,216	5,879	405	405
Other program expenses	22,414	161,227	-	-
Accounting and legal fees	-	-	-	-
Total expenses before depreciation	561,243	319,767	410,951	123,147
Depreciation	4,185	18,175	2,363	56,621
Total Expenses	<u>\$ 565,428</u>	<u>\$ 337,942</u>	<u>\$ 413,314</u>	<u>\$ 179,768</u>

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

(Continued)

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended December 31, 2020

	Program Services		
	Grants	National Training Seminar	Total Program Services
Payroll	\$ 51,759	\$ 99,374	\$ 2,696,699
Payroll taxes	3,899	7,315	203,322
Other employee benefits	596	263	120,619
Service fees	2,199	116	205,227
Advertising	-	-	11,249
Office expenses	19,609	9,052	399,884
Information technology	-	-	50,368
Occupancy	-	-	26,954
Travel	934	717	58,196
Insurance	-	-	9,527
Other program expenses	5,599	26,981	252,477
Accounting and legal fees	-	-	-
Total expenses before depreciation	84,595	143,818	4,034,522
Depreciation	3,627	154	95,099
Total Expenses	<u>\$ 88,222</u>	<u>\$ 143,972</u>	<u>\$ 4,129,621</u>

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

(Continued)

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended December 31, 2020

	Management and General	Fundraising	2020 Total
Payroll	\$ 280,042	\$ 368,649	\$ 3,345,390
Payroll taxes	21,254	28,156	252,732
Other employee benefits	26,267	21,901	168,787
Service fees	7,595	2,762	215,584
Advertising	-	-	11,249
Office expenses	20,174	60,221	480,279
Information technology	-	-	50,368
Occupancy	5,075	2,294	34,323
Travel	-	2,932	61,128
Insurance	7,192	811	17,530
Other program expenses	15,563	7,305	275,345
Accounting and legal fees	35,489	-	35,489
Total expenses before depreciation	418,651	495,031	4,948,204
Depreciation	7,895	3,616	106,610
Total Expenses	\$ 426,546	\$ 498,647	\$ 5,054,814

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services			
	Professional Development	Student Programs	Parent Support Programs	School Professional Programs
Payroll	\$ 247,678	\$ 153,164	\$ 552,701	\$ 999,306
Payroll taxes	18,492	11,288	40,879	72,999
Other employee benefits	18,786	1,840	10,232	47,685
Service fees	3,286	760	257,452	4,081
Advertising	-	-	-	-
Office expenses	174,499	38,430	60,572	19,432
Information technology	-	-	-	-
Occupancy	5,772	-	-	-
Travel	159,367	99,652	12,183	21,535
Insurance	2,380	-	-	-
Other program expenses	131,259	40,847	12,620	2,082
Accounting and legal fees	-	-	-	-
Total expenses before depreciation	761,519	345,981	946,639	1,167,120
Depreciation	21,118	-	5,611	235
Total Expenses	<u>\$ 782,637</u>	<u>\$ 345,981</u>	<u>\$ 952,250</u>	<u>\$ 1,167,355</u>

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

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MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended December 31, 2019

	Program Services			Website and
	Strategic	Products		Technology
	Communications	and Services	Research	Resources
Payroll	\$ 415,665	\$ 108,991	\$ 158,676	\$ 62,478
Payroll taxes	30,767	7,818	11,733	4,626
Other employee benefits	19,003	10,680	9,998	6,037
Service fees	2,495	1,721	1,112	205
Advertising	762	-	-	-
Office expenses	41,564	10,509	1,123	466
Information technology	-	-	-	68,681
Occupancy	4,329	20,922	1,443	1,443
Travel	1,943	-	-	-
Insurance	3,453	6,224	2,859	429
Other program expenses	29,583	60,915	-	-
Accounting and legal fees	-	-	-	-
Total expenses before depreciation	549,564	227,780	186,944	144,365
Depreciation	7,350	18,343	2,129	45,723
Total Expenses	<u>\$ 556,914</u>	<u>\$ 246,123</u>	<u>\$ 189,073</u>	<u>\$ 190,088</u>

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

(Continued)

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended December 31, 2019

	Program Services		
	Grants	National Training Seminar	Total Program Services
Payroll	\$ 102,302	\$ 125,311	\$ 2,926,272
Payroll taxes	7,538	9,297	215,437
Other employee benefits	7,925	3,294	135,480
Service fees	606	4,848	276,566
Advertising	-	-	762
Office expenses	3,122	58,836	408,553
Information technology	-	-	68,681
Occupancy	-	-	33,909
Travel	1,255	147,203	443,138
Insurance	556	1,944	17,845
Other program expenses	2,061	581,236	860,603
Accounting and legal fees	-	-	-
Total expenses before depreciation	125,365	931,969	5,387,246
Depreciation	3,558	235	104,302
Total Expenses	<u>\$ 128,923</u>	<u>\$ 932,204</u>	<u>\$ 5,491,548</u>

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

(Continued)

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended December 31, 2019

	Management and General	Fundraising	2019 Total
Payroll	\$ 303,561	\$ 387,881	\$ 3,617,714
Payroll taxes	22,988	28,922	267,347
Other employee benefits	8,721	17,742	161,943
Service fees	7,492	7,004	291,062
Advertising	-	-	762
Office expenses	12,512	27,154	448,219
Information technology	-	-	68,681
Occupancy	7,180	2,886	43,975
Travel	-	11,379	454,517
Insurance	5,309	1,963	25,117
Other program expenses	30,717	7,163	898,483
Accounting and legal fees	35,200	-	35,200
Total expenses before depreciation	433,680	492,094	6,313,020
Depreciation	7,601	3,549	115,452
Total Expenses	<u>\$ 441,281</u>	<u>\$ 495,643</u>	<u>\$ 6,428,472</u>

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

MILITARY CHILD EDUCATION COALITION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows Provided by Operating Activities		
Change in net assets	\$ 360,596	\$ 4,109
Adjustments to reconcile change in nets assets to net cash provided by operating activities:		
Depreciation	106,610	115,452
Loss on disposal of assets	(501)	(503)
(Increase) decrease in:		
Accounts receivable	(33)	213,641
Accounts receivable, restricted	350,900	(290,900)
Inventory	61,270	(8,052)
Prepaid expenses	(37,074)	41,930
Increase (decrease) in:		
LT Debt	439,600	-
Accounts payable	111,137	(3,480)
Accrued liabilities	(106,616)	4,470
Deferred revenue	<u>191,950</u>	<u>11,753</u>
Net adjustment	<u>1,117,243</u>	<u>84,311</u>
Net cash provided by operating activities	1,477,839	88,420
Cash Flows Used by Investing Activities		
Purchase of property and equipment	<u>(42,596)</u>	<u>(41,587)</u>
Net cash used by investing activities	<u>(42,596)</u>	<u>(41,587)</u>
Net increase in cash and cash equivalents	1,435,243	46,833
Cash and cash equivalents		
Beginning of year	<u>2,367,176</u>	<u>2,320,343</u>
End of year	<u><u>\$ 3,802,419</u></u>	<u><u>\$ 2,367,176</u></u>
Cash and cash equivalent:		
Unrestricted	\$ 2,109,089	\$ 1,915,657
Restricted	<u>1,693,330</u>	<u>451,519</u>
	<u><u>\$ 3,802,419</u></u>	<u><u>\$ 2,367,176</u></u>

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

MILITARY CHILD EDUCATION COALITION NOTES TO FINANCIAL STATEMENTS

1. Description of the Organization

The Military Child Education Coalition® (hereafter referred to as MCEC®), is a 501(c)(3) global, nonprofit organization focused exclusively on the well-being and needs of America's military-connected children. Since 1998, MCEC has been the only military service organization nonprofit who solely focuses all efforts to address the needs of military-connected children. MCEC specifically targets the areas of academic opportunity and excellence, school transition support, and developmental needs. Our core constituency is children and youth whose parents are serving or have served in our nation's military – to include Active Duty, Reserve, and National Guard. MCEC proudly supports the children of those who serve us all and endeavors to provide sustainable resources and on-going support to ensure all military-connected children, regardless of their location, are college-, work-, and life-ready.

MCEC supports all military-connected children by educating, advocating, and collaborating to resolve education challenges associated with military lifestyle.

Professional Development - The MCEC Professional Development delivers one-day face to face training, asynchronous online learning, as well as live virtual courses designed to enhance the current capabilities, competency, and awareness of professionals who serve and support military-connected children and youth. New this year and in response to COVID-19 induced limitations on gathering; live virtual training. All professional training opportunities are led by highly qualified, skilled instructors experienced in youth development, education, counseling, social work and other related fields.

Virtual learning opportunities are designed to engage professionals in a meaningful way with quality curriculum in the ideal learning environment – their own home or wherever helps maximize their time.

- All standard courses are 6 hours and CEU bearing.
- Six hour courses can be segmented to accommodate scheduling needs (delivered in six, one-hour training sessions or two, three hour bundles)
- One-hour training sessions (or modules) are available.
- All training is live, interactive, inclusive of digital resources, group work and guided discussion.

This program includes the following courses:

MilKid 101: Military Student Foundations - This course seeks to help professionals define and understand the complexity of military connected student lives, their families, and the implications of military service. Learn to analyze current practices for successfully supporting military-connected students and the importance of supportive schools and partnerships.

MilKid 201: Reducing the Impact of Transition - Focusing on the dynamics and implications of transition, specifically in the core areas of academics, relationships, and prosocial behavior, this course takes a closer look at the impact of transitions on a military-connected child. Learn support strategies and solutions to mitigate the impact and develop practical methods and solutions to ease the challenges associated with constant change.

MILITARY CHILD EDUCATION COALITION NOTES TO FINANCIAL STATEMENTS

MilKid 201: Pathway to a SPARC - Learn research informed practices associated with the concept of thriving and how to help students identify their sparks and interests as well as develop skills that contribute to a growth mindset. Military-connected students can not only meet but exceed personal and academic goals when guided to find their SPARC!

VetC 201: School Transition - Explore the unique academic and social-emotional challenges children often face when their parents transition from military to civilian life. Discover new resources and positive strategies to successfully support Veterans' children through these unfamiliar transitions.

SEL 201: The Military Child - Understand how social and emotional development programs positively impact academic achievement and learn unique and creative ways to integrate SEL into your professional practice. Explore the benefits of interrelated cognitive, affective, and behavioral competencies such as self-awareness, self-management, social awareness, relationship skills, and responsible decision making. See why all children can benefit from comprehensive social emotional programming – especially military connected students!

MKMH 101: Mixed Emotions of Reintegration - Explore the unique challenges and joys that military-connected children face during a time of reintegration. Learn strategies for successful adjustment and reestablishment of routines following a family member's return after a time of extended absence.

MKMH 201: The New Normal - Examine the impacts of grief and loss on a child, fostering resilience through positive psychology, coping with change, post-traumatic stress, as well as the importance of responding to challenges appropriately through the developmental lens. Learn to recognize how a family member's military service affects the child, and develop practical strategies to encourage and support resilience skills.

NGR 101: We Serve Too - Identify the social, emotional, and academic impact for children of National Guard and Reserve service members, and discover resources to help alleviate their often misunderstood and overlooked challenges. Learn to identify the unique challenges associated with their parent's service and understand the academic impact for these part-military, part-civilian children and youth.

EXMK 101: Supporting Exceptional MilKids - An individualized approach to education is critically important for all exceptional students; an even greater need for MilKids. This dynamic course takes a balanced and informative approach to enrich professionals by learning the challenges unique to exceptional MilKids, common pitfalls encountered when transitioning a student with special needs, and the power of collaborative teamwork.

MCEC offers Continuing Education Units. MCEC has been approved by the National Board of Certified Counselors (NBCC).

MILITARY CHILD EDUCATION COALITION NOTES TO FINANCIAL STATEMENTS

Student Programs

Student 2 Student® - Student 2 Student(S2S™) - is a student-led and faculty-advised program with the mission to take care of new students. An S2S program introduces the new students to campus, culture, and community. It provides fun ways for new students to get to know other students, build new peer groups, and encourage new students to perform better academically. S2S impacts the entire student body by uniting the campus to create a culture of inclusion. The results are improved academic performance and positive peer-to-peer interactions. Programs are for all three school levels: high school, middle/junior high school, and elementary school. Delivery of the S2S program may be live or virtual.

France Hesselbein Student Leadership Program™ - The mission of the Frances Hesselbein is to build leadership and team-building skills in outstanding Student 2 Student team members to help them improve their school's S2S program.

The Frances Hesselbein Student Leadership Program (FHSLP™) - offers an intensive week-long experience for sophomore and junior military and civilian students participating in the Student 2 Student program. FHSLP builds the students' leadership and team-building skills through small group activities. Confidence, competence, and commitment are gained to strengthen their schools' S2S program. Students share their program's challenges and successes with others to improve their team's performance. Distinguished guests provide insights into building personal character.

The spring session occurs at the United States Air Force Academy in Colorado Springs, Colorado, and senior cadets at the academy lead the lessons and activities.

The fall session occurs at the United States Military Academy in West Point, New York, and faculty and distinguished guests lead sessions to inspire and grow the students' leadership knowledge. FHSLP is a scholarship-based program sponsored by PAE. In spring and fall, 2020 sessions took place virtually due to Covid-19.

Parent Support Program

Parent Support - The MCEC Parent Support Program is focused on empowering parents to be their child's strongest advocate on educational, social-emotional and transition issues. A team of parents from installation areas are trained to bring the MCEC Parent Workshops to their local communities and implement effective solutions to transition challenges. Workshops are offered through the community-based teams, 1-day education seminars, and via on-line webinars and podcasts. **Parent support teams also coordinate and deliver the MCEC Tell Me A Story® program, which is an initiative created to empower our military connected children by using literature and their own stories. This early literacy program is geared toward children ages 4-12.**

MILITARY CHILD EDUCATION COALITION NOTES TO FINANCIAL STATEMENTS

School Professional Programs

Military Student Transition Consultant (MSTC) Program - The MSTC is a full time MCEC employee, embedded within the school district, able to work with students, parents and staff on a daily basis, serving as an expert navigator knowledgeable about district policies and military specific resources and supports. As **school-based first responders**, MSTCs are experts in school moves, military lifestyle, navigating the special education process, academics, college and career readiness, social-emotional issues, and conflict resolution. Their support helps to **decrease the turbulence** in family life while building resiliency in students, so that they can more **successfully cope** and **overcome** the unique challenges they face and meet their academic goals. The MSTC provides an **ongoing, continuum of care** to students and parents to help them better understand the often-confusing or stressful aspects associated with multiple transitions. MSTCs accomplish this by **addressing challenges and needs, facilitating connections to school, installation, community and national resources, and educating others on the unique needs** of military-connected students and how to provide the best support possible to them.

Military Student Transition Affiliate (MSTA) Program - The MSTA program enables districts with military-connected student populations to join a powerful network of nationwide resources to support smooth transitions. Affiliates are **employees of the local education agency**, designated by the school districts they serve, who assume **additional work responsibilities** in support of military connected students. Affiliates are part of the school district culture, on site and able to build relationships in order to problem solve at the local level. The Affiliate plays a pivotal role in **establishing collaboration** among school systems, education agencies, community groups, and resources. The **strength** of the Affiliate program is the personalized, continuum of care students, parents, and school personnel receive. Affiliates receive **ongoing MCEC training** in smooth transition support for military connected students. Throughout the lifecycle of the program, MCEC provides direct, consistent and focused support.

Military Student Consultant (MSC) Initiative - Through our new regional **Military Student Consultant** initiative, we provide personalized concierge support to students, parents and school professionals no matter where they are located in the world. As a trusted resource for transition and deployment related needs, *our NEW MCEC Military Student Consultants (MSC)* are the premiere source to address questions, concerns or education-related needs for those who support our military-connected children. Our MCEC Military Student Consultants, personally respond to every phone call or submission on our MCEC website and phone line. They are highly specialized education professionals who provide personalized concierge support directly to students, parents or professionals who serve military-connected (active-duty military, veteran, National Guard, Reserve, ROTC Cadre and Recruiter) families. *MSCs* advocate for and provide support to students and parents who experience academic or social-emotional challenges, need direct problem solving support or resources.

- Transition support (academic, developmental, or social-emotional)
- PCS relocation, deployment cycle, transitioning out of the military
- Academic credit transfers or transcript evaluation
- College, Career or Life Readiness
- Special Education Process (EFMP, IEP or 504)

MILITARY CHILD EDUCATION COALITION NOTES TO FINANCIAL STATEMENTS

We also work alongside professionals serving military families as an expert in the field, able to assist with identifying resources and supports for complex issues often associated with the military-lifestyle and support to meet Purple Star Program criteria.

MCEC Podcast - The MCEC podcast features informal and conversational episodes with military service members, professionals, parents and military kids. Our goal for these conversations is to not only provide information and resources, but also build connection through shared experiences, real life scenarios and stories. Our target audience is military-connected parents and professionals who serve military families from all branches of the military, National Guard and Reserve and veteran-connected. Our listenership reaches all 50 states but also countries all across the world. Podcasts are published every Thursday and special releases are available to our followers and subscribers.

Strategic Communications - This initiative includes trade shows and conferences, outreach, government relations, public relations, social media and marketing. The MCEC communication team also develops and publishes, in addition to our bi-annual On the Move® magazine, policy papers and reference materials.

Products and Services - Offers a variety of resources from pre-conception through high school and helping them prepare for college. We have a variety of books and Growing Learning and Understanding kits (GLU Kits) that focus on military kids facing separation, PCS moves, special needs and loss.

Research - The MCEC conducts major research and other studies to discover more about the needs and strengths of military-connected children, their parents and the support systems. The MCEC research is primarily focused on transition, unique challenges related to being part of a military-connected family, and (PK-20) educational issues.

Website and Technology Resources - This initiative includes technological maintenance and support for MCEC, and MCEC website, education resource center and software.

Grants - Various grants obtained by MCEC are used to fund a variety of programs including MSTC, professional development, student and parent initiatives, and others.

National Training Seminar - The annual seminar is a professional development and training opportunity inside of a two-day highly structured format with measurable and clearly defined outcomes. Participants have the option of earning continuing education or graduate credit. Each seminar includes an outstanding array of keynote speakers, informative distinguished lecturers and breakout sessions, featuring workshops with useable, relevant information focused on the subject of supporting military-connected children.

Other Program Services - The Pete Taylor Partnership of Excellence Awards program recognizes and promotes partnerships between installations, local education agencies and communities. The Member Services program offers benefits such as access to MCEC communications and publications, and discount on attendance fees to the National Training Seminar.

MILITARY CHILD EDUCATION COALITION NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of MCEC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. MCEC receives funds primarily from membership fees, contributions, contracts, and grants.

Basis of Presentation

MCEC reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions—These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions—These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Revenue and Cost Recognition

MCEC recognizes revenues from fixed-price contracts once trainings are completed. Costs associated with trainings are allocated to the program initiatives once they are completed. Program costs include all direct materials and labor costs and those indirect costs related to initiative performance, such as indirect labor and supplies.

Functional Allocation of Expenses

The cost of providing the programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the benefiting program and supporting services.

Recognition of Donor Restrictions

Contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

**MILITARY CHILD EDUCATION COALITION
NOTES TO FINANCIAL STATEMENTS**

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.

Cash and Cash Equivalents

Cash and cash equivalents include savings and checking with a maturity of less than one year.

Accounts Receivable

Accounts receivable consist of individual, business organization, school district, and military installation memberships, grants, and contracts.

The direct-write off policy is to remove individuals when their accounts become 90 days or more past due. Business organizations, school districts, and military installations are removed when their accounts become six months past due. All grant and contract receivables are deemed collectible.

Inventory

Inventory is recorded at the lower of cost or market and is expensed as used in the first-in, first-out method.

Fixed Assets

Equipment is stated at cost at date of acquisition or fair market value at date of donation in the case of donations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of buildings are estimated at 39-45 years and all other assets are estimated at 2-7 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. It is MCEC's policy to capitalize expenditures for these items in excess of \$ 1,000.

Income Taxes

MCEC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. For the years ended December 31, 2020 and 2019 , \$ 45,005 and \$ 13,233, respectively, of in-kind revenues were included in contributions. Expenses were recognized in the same amounts in management and general supporting services, or allocated to program services.

**MILITARY CHILD EDUCATION COALITION
NOTES TO FINANCIAL STATEMENTS**

3. Cash and Cash Equivalents

At December 31, 2020 and 2019, cash temporarily restricted for specific programs was \$ 1,693,330 and \$ 451,519, respectively. These amounts are reported as net assets with donor restrictions.

The Lockheed Martin Corporation requires grant funds from its organization to be deposited in a separate bank account. The balance of this account at December 31, 2020 and 2019 was \$ 97,073 and \$ 150,000, respectively. These funds are reported as net assets with donor restrictions.

4. Accounts Receivable

Accounts receivable consisted of the following at December 31, 2020 and 2019:

	2020	2019
Contracts	\$ 172,764	\$ 175,233
Grants and contributions	18,128	364,855
Membership dues and other	135	1,806
	<u>\$ 191,027</u>	<u>\$ 541,894</u>
Accounts Receivable, net	<u>\$ 191,027</u>	<u>\$ 541,894</u>
Accounts Receivable:		
Unrestricted	\$ 176,027	\$ 190,994
Restricted	15,000	350,900
	<u>\$ 191,027</u>	<u>\$ 541,894</u>

5. Inventory

Inventory consists of professional development materials, books, products and other resources and operating supplies totaling \$ 91,305 and \$ 152,575 at December 31, 2020 and 2019, respectively.

6. Prepaid Expenses

MCEC prepaays various expenses that are held as assets until the services are rendered or the goods are received. The balance of the prepaid expense account is \$ 98,278 and \$ 61,204 at December 31, 2020 and 2019, respectively.

MILITARY CHILD EDUCATION COALITION
NOTES TO FINANCIAL STATEMENTS

7. Property and Equipment

Property and Equipment consisted of the following at December 31, 2020 and 2019:

	2020	2019
Land	\$ 245,000	\$ 245,000
Building	1,487,008	1,487,008
Computers and equipment	373,197	373,197
Furniture and fixtures	313,736	281,312
Construction-in-progress	-	7,626
	<u>2,418,941</u>	<u>2,394,143</u>
Less: accumulated depreciation	<u>(950,578)</u>	<u>(862,267)</u>
Property and Equipment, net	<u><u>\$ 1,468,363</u></u>	<u><u>\$ 1,531,876</u></u>

Depreciation expense at December 31, 2020 and 2019 was \$ 106,610 and \$ 115,452, respectively.

8. Deferred Revenue

Deferred revenue consists of the following at December 31, 2020 and 2019:

	2020	2019
Alabama State Plan	\$ 292,115	\$ 99,705
The USAA Foundation Inc.	273,403	330,465
South Carolina State Plan	151,621	127,326
Cumberland County Schools	42,353	-
U.S. Navy	30,667	32,277
U.S. Air Force	24,170	21,211
School districts/military installation membership dues	23,073	24,467
El Paso County ISD #49 (Falcon)	7,917	-
Colleges and universities	2,458	2,208
Health Insurance Rebate	833	-
Norfolk Public Schools	630	849
Chan Zuckerberg Initiative	-	11,283
Texas State Plan	-	5,839
Armed Services YMCA	-	1,093
Corporation	-	567
Deferred Revenue	<u><u>\$ 849,240</u></u>	<u><u>\$ 657,290</u></u>

MILITARY CHILD EDUCATION COALITION
NOTES TO FINANCIAL STATEMENTS

9. Paycheck Protection Program Loan

During fiscal year 2020, MCEC obtained a loan under the Paycheck Protection Program (PPP) in the amount of \$ 439,600. Those funds were used for payroll and other costs as approved under the guidelines of use for the PPP. As of December 31, 2020, MCEC has spent all funds provided by the loan, but has not applied for or received forgiveness for the loan. The loan is expected to be forgiven in 2021. Because of the expected forgiveness, the full amount of the loan is shown as a separate line item under long term liabilities on the balance sheet. The amount forgiven will be reported as income in 2021.

10. Retirement Plan

MCEC has a SIMPLE retirement plan. MCEC matches employees' contributions on a graduating scale up to 4.0% of their compensation. MCEC's retirement plan expense at December 31, 2020 and 2019 was \$ 86,756 and \$ 88,256, respectively.

11. Net Assets

Net assets without donor restrictions represent funds received primarily from membership fees, contributions, contracts, grants, and the sale of products by MCEC without any restrictions and may be used for purposes determined by the Board of Directors. As of December 31, 2020 and 2019, there were net assets without donor restrictions designated by the Board for reserves in the amount of \$ 482,593 and \$ 482,593, respectively.

Net assets with donor restrictions represent assets that have donor-imposed restrictions that can be removed by the actions of management or the passage of time, or, under certain circumstances that can never be removed. As of December 31, 2020 and 2019, net assets with donor restrictions consisted of the following:

	2020	2019
USAA	\$ 553,859	\$ -
Wounded Warrior Project	306,603	51,065
The USAA Foundation Inc.	230,630	142,151
Lockheed Martin Corp	167,757	138,734
Lockheed Martin Foundation	95,182	-
Boeing	90,000	15,000
HEB	59,081	25,813
PAE	36,868	28,400
Donor Contributions	34,257	80,000
AT&T Foundation	25,000	-
Utley Education Foundation	22,889	8,889
Veterans United Foundation	22,570	74,367
Lockheed Martin Space	20,948	25,000
TEGNA	14,852	15,000
Micron Foundation	12,834	15,500
May & Stanley Smith Charitable Trust	-	150,000
Star Market Charity Golf Classic	-	27,500
Dominion Energy	-	5,000
Net Assets With Donor Restrictions	<u>\$ 1,693,330</u>	<u>\$ 802,419</u>

**MILITARY CHILD EDUCATION COALITION
NOTES TO FINANCIAL STATEMENTS**

Net assets released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended December 31, 2020 and 2019 were \$ 1,142,378 and \$ 1,066,736, respectively.

At December 31, 2020 and 2019, MCEC has no net assets with donor restrictions which contain restrictions that can never be removed.

12. Commitments and Contingencies

MCEC's financial records are subject to review by federal agencies. Such reviews can result in the adjustment and denial of certain contract expenditures. The federal government has the authority to request a reimbursement from MCEC for the denied expenditures. No assurances can be given regarding the future outcome, if any, of such reviews.

13. Concentrations

MCEC receives a material amount of its funding through contracts with the various military departments and through various state plans. For the years ended December 31, 2020 and 2019, revenue concentrations are as follows:

	<u>2020</u>	<u>2019</u>
Military departments	6%	14%
State plans	20%	18%

MCEC had receivables from a foundation and a school district customer which represent a significant concentration of total receivables. At December 31, 2020 and 2019, receivables concentrations are as follows:

	<u>2020</u>	<u>2019</u>
May & Stanley Smith Charitable Trust	0%	28%
School Districts	50%	27%

14. Liquidity and Reserves

MCEC has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

**MILITARY CHILD EDUCATION COALITION
NOTES TO FINANCIAL STATEMENTS**

The following table reflects MCECs financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditures within one year.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 3,802,419	\$ 2,367,176
Accounts receivable	<u>191,027</u>	<u>541,894</u>
Financial assets, at year-end	<u>3,993,446</u>	<u>2,909,070</u>
Less those unavailable for general expenditure within one year due to:		
Board-imposed three-month cash reserve	\$ (482,593)	\$ (482,593)
Board-approved building & capital reserve fund	(100,000)	(100,000)
Board-approved opportunity & reserve fund	<u>(100,000)</u>	<u>(100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 3,310,853</u>	<u>\$ 2,226,477</u>

15. Fund Development Revenue

In addition to philanthropic revenue reported within the contributions and grants classifications, MCEC's fund development team generated \$ 1,191,546 and \$ 1,333,777 in contract revenue in 2020 and 2019, respectively. These revenues are from contracts with various school districts who were awarded federal grants with the assistance of the fund development team. The school districts use those federal awards to fund MCEC's MSTC programs in these schools.

16. Subsequent Events

Management has reviewed and evaluated subsequent events and transactions through June 9, 2021, which is the date the financial statements were available to be issued. In February of 2021, MCEC applied for and received a second round of PPP funding in the amount of \$ 383,308. This note is expected to be fully applied toward payroll costs in 2021 and forgiven in the same year. There were no subsequent events requiring adjustment to or disclosure in the financial statements.