

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION



Financial Statements And Independent Auditor's Report Years Ended September 30, 2020 and 2019

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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Independent Auditor's Report

Board of Directors
Service Corps of Retired Executives Association

Report on the Financial Statements

We have audited the accompanying financial statements of Service Corps of Retired Executives Association (nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statement of activities and cash flows for the year 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 audit. We conducted our audit 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 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 Service Corps of Retired Executives Association as of September 30, 2020, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying financial statements are those of Service Corps of Retired Executives Association only, and are not those of the primary reporting entity (see Note 1). Our opinion is not modified with respect to this matter.

Other Matters

Prior Period Financial Statements

The financial statements of the Association as of September 30, 2019, were audited by other auditors whose report dated February 25, 2020, expressed an unmodified opinion on these statements.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 17 - 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lanham, Maryland
December 24, 2020

BCA Watson Rre LLP

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,401,756	\$ 8,256,819
Grant receivable	284,100	2,682,957
Accounts receivable	9,005	91,271
Due from SCORE Foundation	18,448	24,452
Other current assets	<u>339,253</u>	<u>71,564</u>
Total current assets	<u>10,052,562</u>	<u>11,127,063</u>
TOTAL ASSETS	<u><u>\$ 10,052,562</u></u>	<u><u>\$ 11,127,063</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,220,612	\$ 1,542,358
Accrued payroll and related liabilities	50,397	41,076
Accrued vacation	146,798	106,049
Note payable, line of credit	-	1,500,000
Deferred revenue	<u>32,956</u>	<u>58,800</u>
Total current liabilities	<u>1,450,763</u>	<u>3,248,283</u>
Net assets:		
Without donor restrictions:		
Undesignated	8,261,059	7,774,254
Board designated	<u>1,900</u>	<u>1,900</u>
	8,262,959	7,776,154
With donor restrictions	<u>338,840</u>	<u>102,626</u>
Total net assets	<u>8,601,799</u>	<u>7,878,780</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 10,052,562</u></u>	<u><u>\$ 11,127,063</u></u>

See accompanying notes to financial statements

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
U.S. government grant	\$ 11,600,118	\$ -	\$ 11,600,118	\$ 11,882,049	\$ -	\$ 11,882,049
Chapter program revenue	-	1,297,680	1,297,680	-	1,885,141	1,885,141
Gifts and grants	2,126,797	-	2,126,797	2,108,921	-	2,108,921
Donated facilities, goods and services	2,156,047	-	2,156,047	2,369,315	-	2,369,315
Interest and other	834,295	-	834,295	1,260,984	-	1,260,984
Net assets released from restrictions	1,061,466	(1,061,466)	-	1,782,515	(1,782,515)	-
Total revenue and support	17,778,723	236,214	18,014,937	19,403,784	102,626	19,506,410
Expenses:						
Chapter expenses	3,527,533	-	3,527,533	5,690,039	-	5,690,039
Donated facilities, goods and services	2,156,047	-	2,156,047	2,369,315	-	2,369,315
Salaries and fringe benefits	3,740,909	-	3,740,909	3,128,740	-	3,128,740
Chapter volunteers expenses	2,885,703	-	2,885,703	2,892,046	-	2,892,046
Technology and website	1,414,018	-	1,414,018	2,071,917	-	2,071,917
Chapter clerical support	924,667	-	924,667	829,610	-	829,610
National leader conference	108,853	-	108,853	605,700	-	605,700
Professional services	897,176	-	897,176	583,774	-	583,774
Marketing	604,478	-	604,478	678,350	-	678,350
Board expenses	30,397	-	30,397	88,218	-	88,218
Office supplies	230,770	-	230,770	97,197	-	97,197
Staff travel	16,687	-	16,687	31,042	-	31,042
Other	175,192	-	175,192	317,250	-	317,250
Equipment	-	-	-	4,365	-	4,365
Volunteer services and field staff	548,100	-	548,100	522,618	-	522,618
Insurance	31,388	-	31,388	26,764	-	26,764
USDA	-	-	-	11,822	-	11,822
Total expenses	17,291,918	-	17,291,918	19,948,767	-	19,948,767
Change in net assets	486,805	236,214	723,019	(544,983)	102,626	(442,357)
Net assets, beginning of year	7,776,154	102,626	7,878,780	8,321,137	-	8,321,137
Net assets, end of year	\$ 8,262,959	\$ 338,840	\$ 8,601,799	\$ 7,776,154	\$ 102,626	\$ 7,878,780

See accompanying notes to financial statements

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 723,019	\$ (442,357)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in:		
Grant receivable	2,398,856	(2,501,871)
Accounts receivable	82,267	140,119
Prepaid expenses	(267,688)	1,575
Accounts payable and accrued expenses	(271,677)	547,967
Due from SCORE Foundation	6,004	(404)
Deferred revenue	(25,844)	58,800
Net cash from operating activities	<u>2,644,937</u>	<u>(2,196,171)</u>
Cash flows from financing activities:		
Repayment of notes payable	(1,500,000)	-
Proceeds from notes payable	-	1,500,000
Net cash from financing activities	<u>(1,500,000)</u>	<u>1,500,000</u>
 Net change in cash and cash equivalents	 1,144,937	 (696,171)
Cash and cash equivalents, beginning of year	<u>8,256,819</u>	<u>8,952,990</u>
Cash and cash equivalents, end of year	<u>\$ 9,401,756</u>	<u>\$ 8,256,819</u>

See accompanying notes to financial statements

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

Service Corps of Retired Executives Association (SCORE) was chartered by an act of the U.S. Congress in 1964 to provide technical and managerial guidance to the business community, profit and not-for-profit organizations, and prospective entrepreneurs through the use of volunteer counselors. SCORE is primarily supported by a government grant, workshop fees and contributions. SCORE receives a majority of its financial support from the U.S. Small Business Administration (SBA). If SCORE were to experience a reduction in funding from this grant, SCORE's operations could be affected significantly.

SCORE is headquartered in Herndon, Virginia and Washington, DC, with over 320 chapters which are located throughout the United States, its territories and possessions serving the small business community.

The accompanying financial statements represent the activity of SCORE only. The financial statements of SCORE have been consolidated with SCORE Foundation (Foundation), in accordance with accounting standards, and are presented in a separate report.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

SCORE is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, the financial statements report separately by class of net assets as follows:

- Net assets without donor restrictions - not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of SCORE's management and the board of directors.
- Net assets with donor restrictions - subject to stipulations imposed to donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of SCORE or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Public support and revenue

SCORE receives grant funding from a federal agency for various purposes. Grant revenues not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. SCORE defers grant

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

revenues or advances received under approved awards from grantors to the extent they exceed expenses incurred for the purposes specified under the grant restrictions.

Grants and other contributions of cash and other assets are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

In-kind contributions

The donated use of buildings or other facilities are reflected in the financial statements as revenue and expense at the fair value of facilities that SCORE would otherwise rent if the contributed facilities were not available. The estimated fair value of donated goods is recorded as revenue and expense at the time of the gift. Contributed services that create or enhance nonfinancial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded as revenue and expense at their fair values in the period received. Contributed services are received in various capacities from volunteers to help accomplish SCORE's program objectives. The estimated value of these donated, nonprofessional services are not reflected in the financial statements as the services do not meet the criteria for recognition as contributed services.

Cash and cash equivalents

SCORE considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

Accounts receivable represents amounts due primarily from costs in excess of amounts billed on federal grants. Such recoverable costs are billable when expenditures are incurred. SCORE classifies all accounts receivable as current assets, and provides an allowance for doubtful accounts based upon a review of outstanding invoices, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on credit evaluation and specific circumstances of the parties involved. At September 30, 2020 and 2019, management's assessment was that all outstanding balances were collectible.

Fixed assets

SCORE capitalizes property and equipment acquired with a value greater than \$5,000. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred.

Impairment of long-lived assets

SCORE continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. SCORE's long-lived assets include internal-use computer software. Management considers the following events or changes in circumstances to indicate that the carrying amount of its internal-use computer software may not be recoverable: a) internal-use computer software is not expected to provide substantive service potential; b) a significant change occurs in the extent or manner in which the software is used or is expected to be used; c) a significant change is made or will be made to the software program; d) costs of developing or modifying internal-use computer software significantly exceed the amount originally expected to develop or modify the software. Impaired assets are recorded at the lower of carrying cost or fair value.

Chapter funds

Certain program generated funds maintained at the chapter level are considered donor restricted by purpose for program activities in accordance with the SBA contract.

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

SCORE is exempt from federal and state income taxes on income other than unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. No provision for federal and state income taxes is required at September 30, 2020 and 2019, as SCORE had no net unrelated business income.

SCORE recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. SCORE has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2020 and 2019.

Functional expense

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program and supporting services. Personnel costs are allocated on a time and effort basis. All other expenses are directly charged to the applicable functional category.

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 the reported amounts of assets and liabilities and disclosure 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 differ from those estimates and assumptions.

New accounting pronouncement

During fiscal year 2019, the Association adopted ASU No. 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, deficiencies in information about liquidity of available resources, and the lack of consistency in the type of information provided about expenses and investment return. The fiscal year 2018 financial statements have been adjusted to reflect retrospective application of the new accounting guidance, except for the disclosures around liquidity and availability of resources and analysis of expenses by functional and natural categories. These items have been presented only for 2020 as allowed by ASU No. 2016-14. The retrospective application resulted in unrestricted net assets of \$8,321,137 being reported as net assets without donor restrictions as of September 30, 2019.

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions (Topic 958)*". Under this guidance, it provides clarification for determining whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional. The FASB issued four additional standards that amended and/or clarified certain guidance and provisions in ASU 2018-08, all of which are effective for the Association October 1, 2019. The Association adopted the standard in fiscal year 2020. Accordingly, there is no effect on net assets in connection with this adoption.

Recently issued accounting standards

Leases

In February 2016, the FASB issued ASU 2016-02, "*Leases*". Under the new standards, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For income statement purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The new standard will be effective for the Association October 1, 2021, and the Association is currently evaluating the effect this accounting standard may have on its financial statements.

Subsequent events

In preparing these financial statements, SCORE has evaluated events and transactions for potential recognition or disclosure through December 24, 2020, the date the financial statements were available to be issued.

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	2020	2019
Cash held by SCORE headquarters	\$ 9,401,756	\$ 8,234,761
Cash held by the chapters of SCORE	-	22,058
	\$ 9,401,756	\$ 8,256,819

Concentrations of credit risk

Financial instruments which potentially subject SCORE to concentrations of credit risk consist principally of cash and cash equivalents.

SCORE maintains cash in a bank deposit account, which may, at times, exceed the federally insured limit. The bank deposit account exceeded the federally insured limit of \$250,000 at September 30, 2020 and 2019, by \$9,151,656 and \$7,935,375, respectively. SCORE has not experienced any losses as a result of the concentration.

NOTE 4. RELATED PARTY TRANSACTIONS

SCORE is affiliated with the SCORE Foundation, a not-for-profit organization with which it has common officers and members of the Board of Directors. SCORE receives grants from the Foundation in support of SCORE's activities.

During fiscal year 2020 and 2019, payments received from the Foundation totaled \$187,558 and \$216,640, respectively. At September 30, 2020 and 2019, the amount due from the Foundation was \$18,448 and \$24,452, respectively.

NOTE 5. LINE OF CREDIT

SCORE has a \$2,000,000 unsecured bank line of credit with a maturity date of July 31, 2021. Amounts borrowed under this agreement bear interest at the interest rate of the BBA LIBOR Daily Floating Rate plus 2.25% (2.63% and 4.25% at September 30, 2020 and 2019, respectively). As of September 30, 2020 and 2019, \$0 and \$1,500,000 were drawn on the line of credit, respectively. The line of credit is also guaranteed by SCORE Foundation.

On April 28, 2011, SCORE Foundation agreed to lend SCORE up to \$400,000. Amounts borrowed under this agreement bear interest at *The Wall Street Journal* Prime rate plus 1.75% per annum (5.00% and 6.75% at September 2020 and 2019). As of September 30, 2020 and 2019, no amounts were drawn on this agreement.

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 6. BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions include amounts designated by the Board of Directors. The board designated net assets were comprised of \$1,900 for operating reserves at September 30, 2020 and 2019, respectively.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for fiscal year 2020 are as follows:

	Beginning of Year	Additions	Released	End of Year
Purpose restricted:				
SBA grant provisions	\$ 102,626	\$ 1,297,680	\$(1,061,466)	\$ 338,840

Net assets with donor restrictions for fiscal year 2019 are as follows:

	Beginning of Year	Additions	Released	End of Year
Purpose restricted:				
SBA grant provisions	\$ -	\$ 1,885,141	\$(1,782,515)	\$ 102,626

All chapter funds raised by program activities are considered donor restricted for purpose in accordance with the SBA Notice of Award and all other revenues have no restrictions. In 2020 and 2019, the release of temporarily restricted net assets reflects this determination.

NOTE 8. DONATED FACILITIES, GOODS AND SERVICES

SCORE operates out of space donated by the SBA and other organizations. Contributions of goods and services are received throughout the year. Fair value of in-kind contributions recognized as unrestricted support and as expenses in the statements of activities for the years ended September 30, 2020 and 2019, are as follows:

	2020	2019
Donated use of facilities	\$ 2,129,991	\$ 2,356,610
Donated services	19,356	11,020
Donated goods	6,700	1,685
	<u>\$ 2,156,047</u>	<u>\$ 2,369,315</u>

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 9. FUNCTIONAL EXPENSES

The costs of the Association have been summarized on a natural classification basis. For functional expense purposes, costs have been allocated among the program and supporting services as follows for the year ended September 30, 2020.

Element of Cost	<u>Year Ended September 30, 2020</u>		
	<u>Program</u>	<u>t and</u>	<u>Total</u>
	<u>Services</u>	<u>General</u>	
Chapter expenses	\$ 3,527,533	\$ -	\$ 3,527,533
Donated facilities, goods and services	2,019,463	136,584	2,156,047
Salaries and fringe benefits	2,917,911	822,998	3,740,909
Chapter volunteer expenses	2,885,703	-	2,885,703
Technology and website	1,244,336	169,682	1,414,018
Chapter clerical support	-	924,667	924,667
National leader conference	-	108,853	108,853
Professional services	897,176	-	897,176
Marketing	604,478	-	604,478
Board expenses	-	30,397	30,397
Office supplies	203,078	27,692	230,770
Staff travel	16,687	-	16,687
Other	175,192	-	175,192
Equipment	-	-	-
Volunteer services and field staff	548,100	-	548,100
Insurance	-	31,388	31,388
Total	<u>\$ 15,039,656</u>	<u>\$ 2,252,262</u>	<u>\$ 17,291,918</u>

SCORE's functional expenses for the purpose of reporting gross program and supporting services for the year ended September 30, 2019, were allocated as follows:

	<u>2019</u>
Program services	\$ 19,138,964
Management and general	809,803
	<u>\$ 19,948,767</u>

NOTE 10. CONCENTRATION OF REVENUE

For fiscal years 2020 and 2019, 59% of SCORE's revenue was derived from an SBA grant.

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 11. CONTINGENCIES

SCORE receives federal funding, which is subject to periodic audit by the SBA, its cognizant agency. As such, there exists a contingent liability for potential questioned costs that may result from such an audit. During fiscal 2019, the SBA's Office of Inspector General (SBA-OIG) performed a review of the SBA's oversight of SCORE and provided a report with findings regarding the administration of the grant. As a result of the SBA-OIG report, SCORE agreed to refund to the SBA \$118,000 which is recorded as a liability as of September 30, 2019. Management is awaiting a final report from the SBA examiner.

NOTE 12. RETIREMENT PLAN

SCORE maintains a tax-deferred annuity plan (Plan) under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the Plan and to contribute any percentage of their annual compensation to the maximum permitted by law. SCORE matches 100% of each employee's contribution, up to 3% of the employee's gross salary. SCORE also makes a discretionary contribution of 3% of each employee's salary regardless of the employee's contribution. Employer contributions vest at 20% per year over a five-year period. Contributions to the Plan for 2020 and 2019 were \$135,497 and \$117,821, respectively.

NOTE 13. LEASES

Some Chapters operate under month-to-month facility leases. Chapter rent expense for fiscal years 2020 and 2019 was \$378,178 and \$304,687, respectively.

NOTE 14. COMMITMENTS

The Foundation and SCORE were liable for the payment of a retention bonus agreement which was entered into in 2012, and for which the commitment ended in 2019. Payments of \$13,627 were made during each fiscal year 2020 and 2019. There was no liability under this agreement as of September 30, 2020 and 2019. These amounts have been reflected on the Foundation's financial statements.

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 15. FISCAL AGENT

SCORE acts as the fiscal agent for the Small Business Administration's National Small Business Week. As such, SCORE maintains a checking account with sponsorship funds used for this program. The balance of the checking accounts was \$112,926 and \$24,483 as of September 30, 2020, and 2019, respectively. These activities and balances have not been included the financial statements of SCORE.

NOTE 16. LIQUIDITY AND AVAILABILITY

The following represents the SCORE Association's financial assets at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 9,401,756	\$ 8,256,819
Accounts receivable, net	<u>293,105</u>	<u>2,774,228</u>
Total financial assets	<u>\$ 9,694,861</u>	<u>\$ 11,031,047</u>
Financial assets available to meet general expenditures		
over the next twelve months	<u>\$ 9,694,861</u>	<u>\$ 11,031,047</u>

The SCORE Associations goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$4,197,000). The SCORE Association has a total of \$2,400,000 in lines of credit available to meet cash flow needs, of which \$400,000 is a line of credit with the SCORE Foundation. At September 30, 2020 and 2019, \$2,400,000 and \$900,000, respectively, were available on the lines of credit.

Supplementary Information

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
COMBINING SCHEDULES OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 202 AND 2019

	2020				2019			
	National	Chapters	Eliminating Adjustments	Total	National	Chapters	Eliminating Adjustments	Total
Revenue and support:								
U.S. government grant	\$ 11,600,118	\$ -	\$ -	\$11,600,118	\$11,882,049	\$ -	\$ -	\$ 11,882,049
Chapter program revenue	-	1,297,680	-	1,297,680	-	1,885,141	-	1,885,141
Chapter reimbursements	-	-	-	-	-	780,066	(780,066)	-
Gifts and grants	-	2,126,797	-	2,126,797	-	2,108,921	-	2,108,921
Donated facilities, goods and services	136,584	2,019,463	-	2,156,047	136,578	2,232,737	-	2,369,315
Interest and other	10,761	823,534	-	834,295	3,607	1,257,377	-	1,260,984
Total revenue and support	<u>11,747,463</u>	<u>6,267,474</u>	<u>-</u>	<u>18,014,937</u>	<u>12,022,234</u>	<u>8,264,242</u>	<u>(780,066)</u>	<u>19,506,410</u>
Expenses:								
Chapter expenses	-	3,527,533	-	3,527,533	-	6,470,105	(780,066)	5,690,039
Donated facilities, goods and services (rent)	136,584	2,019,463	-	2,156,047	136,578	2,232,737	-	2,369,315
Salaries and fringe benefits	3,740,909	-	-	3,740,909	3,128,740	-	-	3,128,740
Chapter volunteers expenses	2,885,703	-	-	2,885,703	2,892,046	-	-	2,892,046
Technology & website	1,414,018	-	-	1,414,018	2,071,917	-	-	2,071,917
Chapter clerical support	924,667	-	-	924,667	829,610	-	-	829,610
National leader conference	108,853	-	-	108,853	605,700	-	-	605,700
Professional services (contractual)	897,176	-	-	897,176	583,774	-	-	583,774
Marketing	604,478	-	-	604,478	678,350	-	-	678,350
Board expenses	30,397	-	-	30,397	88,218	-	-	88,218
Office supplies	230,770	-	-	230,770	97,197	-	-	97,197
Staff travel	16,687	-	-	16,687	31,042	-	-	31,042
Other	175,192	-	-	175,192	317,250	-	-	317,250
Equipment	-	-	-	-	4,365	-	-	4,365
Volunteer services and field staff	548,100	-	-	548,100	522,618	-	-	522,618
Insurance	31,388	-	-	31,388	26,764	-	-	26,764
USDA	-	-	-	-	11,822	-	-	11,822
Total expenses	<u>11,744,922</u>	<u>5,546,996</u>	<u>-</u>	<u>17,291,918</u>	<u>12,025,991</u>	<u>8,702,842</u>	<u>(780,066)</u>	<u>19,948,767</u>
Change in net assets	2,541	720,478	-	723,019	(3,757)	(438,600)	-	(442,357)
Net assets, beginning of year	67,507	7,811,273	-	7,878,780	71,264	8,249,873	-	8,321,137
Net assets, end of year	<u>\$ 70,048</u>	<u>\$ 8,531,751</u>	<u>\$ -</u>	<u>\$ 8,601,799</u>	<u>\$ 67,507</u>	<u>\$7,811,273</u>	<u>\$ -</u>	<u>\$ 7,878,780</u>

SERVICE CORPS OF RETIRED EXECUTIVES ASSOCIATION
SCHEDULES OF CHAPTER EXPENSES
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Chapter expenses*		
Clerical	\$ 1,394,945	\$ 1,765,638
Marketing	525,338	824,988
Workshop	180,945	750,963
Other	728,268	1,201,649
Volunteer training	5,821	242,547
Office supplies	214,352	329,356
Equipment	15,050	132,219
Rent	206,425	304,017
Travel	32,561	455,325
Telecommunications	127,421	259,240
Publications	42,263	138,831
Donations	4,690	22,429
Professional fees	44,872	41,180
Insurance	4,581	1,723
	<u>\$ 3,527,532</u>	<u>\$ 6,470,105</u>

*These amounts represent chapter expenses before the eliminating adjustment.