

Military Child Education Coalition

September 30, 2025 and 2024

Financial Statements



MILITARY CHILD EDUCATION COALITION

FINANCIAL STATEMENTS

For the Years Ended September 30, 2025 and 2024

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT THEREON

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Military Child Education Coalition

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Military Child Education Coalition (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Military Child Education Coalition as of September 30, 2025, and the changes 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Military Child Education Coalition and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Military Child Education Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**INDEPENDENT AUDITOR'S REPORT
(CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:


- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Military Child Education Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Military Child Education Coalition's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**INDEPENDENT AUDITOR'S REPORT
(CONTINUED)**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2026, on our consideration of Military Child Education Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Military Child Education Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Military Child Education Coalition's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brockway Busch, Small & Nissen, P.C." The signature is written in a cursive style and is positioned above the typed text.

Temple, Texas
January 17, 2026

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FINANCIAL STATEMENTS

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MILITARY CHILD EDUCATION COALITION
STATEMENTS OF FINANCIAL POSITION
September 30, 2025 and 2024

ASSETS

| | 2025 | 2024 |
|---------------------------------------|--------------|--------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 591,118 | \$ 1,654,566 |
| Cash and cash equivalents, restricted | 844,604 | 854,213 |
| Investments | 39,054 | 35,337 |
| Accounts receivable | 125,288 | 72,841 |
| Accounts receivable, restricted | 1,907,000 | 549,000 |
| Inventory | 18,279 | 20,903 |
| Prepaid expenses | 51,076 | 26,382 |
| | 3,576,419 | 3,213,242 |
| Total Current Assets | | |
| Property and equipment, net | 1,221,478 | 1,320,899 |
| Total Assets | \$ 4,797,897 | \$ 4,534,141 |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|--------------|--------------|
| Liabilities | | |
| Accounts payable | \$ 172,177 | \$ 327,785 |
| Accrued expenses | 65,980 | 52,842 |
| Deferred revenue | 25,659 | 52,129 |
| | 263,816 | 432,756 |
| Total Liabilities | | |
| Net Assets | | |
| Without donor restrictions | 1,782,477 | 2,698,172 |
| With donor restrictions | 2,751,604 | 1,403,213 |
| | 4,534,081 | 4,101,385 |
| Total Net Assets | | |
| Total Liabilities and Net Assets | \$ 4,797,897 | \$ 4,534,141 |

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Revenues, Gains and Other Support | | | |
| Service contract revenue | \$ 545,794 | \$ - | \$ 545,794 |
| Contributions | 291,289 | 645,744 | 937,033 |
| Membership dues | 27,253 | - | 27,253 |
| Conference income | 17,464 | - | 17,464 |
| Products and services | 4,609 | - | 4,609 |
| Grants | 30,662 | 3,134,000 | 3,164,662 |
| Interest and dividends | 29,052 | - | 29,052 |
| Miscellaneous revenue | 34,080 | - | 34,080 |
| Net assets released from restrictions | <u>2,431,353</u> | <u>(2,431,353)</u> | <u>-</u> |
| Total Revenues, Gains and Other Support | 3,411,556 | 1,348,391 | 4,759,947 |
| Expenses | | | |
| Program services | | | |
| Professional development support | 389,842 | - | 389,842 |
| Student initiatives | 242,555 | - | 242,555 |
| Parent initiatives | 693,946 | - | 693,946 |
| School professionals | 278,243 | - | 278,243 |
| Strategic communications | 424,465 | - | 424,465 |
| Products and services | 73,923 | - | 73,923 |
| Research and curriculum | 292,662 | - | 292,662 |
| Website and technology resources | 112,757 | - | 112,757 |
| 360 Summit | 75,668 | - | 75,668 |
| Global Training Summit | <u>659,914</u> | <u>-</u> | <u>659,914</u> |
| Total program services | 3,243,975 | - | 3,243,975 |
| Supporting services | | | |
| Management and general | 485,585 | - | 485,585 |
| Fundraising | <u>597,691</u> | <u>-</u> | <u>597,691</u> |
| Total Expenses | <u>4,327,251</u> | <u>-</u> | <u>4,327,251</u> |
| Change in net assets | (915,695) | 1,348,391 | 432,696 |
| Net Assets | | | |
| Beginning of year | <u>2,698,172</u> | <u>1,403,213</u> | <u>4,101,385</u> |
| End of year | <u>\$ 1,782,477</u> | <u>\$ 2,751,604</u> | <u>\$ 4,534,081</u> |

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|--------------|
| Revenues, Gains and Other Support | | | |
| Service contract revenue | \$ 474,808 | \$ - | \$ 474,808 |
| Contributions | 198,954 | 535,418 | 734,372 |
| Membership dues | 37,254 | - | 37,254 |
| Conference income | 185,178 | - | 185,178 |
| Products and services | 20,144 | - | 20,144 |
| Grants | 400 | 2,101,447 | 2,101,847 |
| Fundraising events | 6,020 | - | 6,020 |
| Interest and dividends | 32,481 | - | 32,481 |
| Miscellaneous revenue | 128,235 | - | 128,235 |
| Net assets released from restrictions | 2,622,900 | (2,622,900) | - |
| Total Revenues, Gains and Other Support | 3,706,374 | 13,965 | 3,720,339 |
| Expenses | | | |
| Program services | | | |
| Professional development support | 247,289 | - | 247,289 |
| Student initiatives | 304,738 | - | 304,738 |
| Parent initiatives | 607,630 | - | 607,630 |
| School professionals | 223,530 | - | 223,530 |
| Strategic communications | 430,591 | - | 430,591 |
| Products and services | 118,521 | - | 118,521 |
| Research and curriculum | 285,437 | - | 285,437 |
| Website and technology resources | 125,130 | - | 125,130 |
| 360 Summit | 149,493 | - | 149,493 |
| Global Training Summit | 849,320 | - | 849,320 |
| Total program services | 3,341,679 | - | 3,341,679 |
| Supporting services | | | |
| Management and general | 406,880 | - | 406,880 |
| Fundraising | 567,276 | - | 567,276 |
| Total Expenses | 4,315,835 | - | 4,315,835 |
| Change in net assets | (609,461) | 13,965 | (595,496) |
| Net Assets | | | |
| Beginning of year | 3,307,633 | 1,389,248 | 4,696,881 |
| End of year | \$ 2,698,172 | \$ 1,403,213 | \$ 4,101,385 |

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2025

| | Program Services | | | |
|---------------------------------------|--|------------------------|-----------------------|-------------------------|
| | Professional Development Support | Student Initiatives | Parent Initiatives | School Professionals |
| Payroll | \$ 247,000 | \$ 95,670 | \$ 518,961 | \$ 239,658 |
| Payroll taxes | 18,858 | 7,620 | 39,256 | 18,386 |
| Other employee benefits | 15,561 | 1,020 | 19,731 | 6,131 |
| Service fees | 66,174 | 14,309 | 4,802 | 1,264 |
| Advertising | - | - | - | - |
| Office expenses | 7,000 | - | 423 | 107 |
| Information technology | - | - | - | - |
| Occupancy | 4,527 | 3,909 | 4,769 | 854 |
| Travel | 9,301 | 64,545 | 27,009 | 5,839 |
| Insurance | 3,037 | 2,622 | 3,199 | 573 |
| Other program expenses | 12,142 | 48,754 | 58,009 | 3,915 |
| Accounting and legal fees | - | - | - | - |
| Total expenses before depreciation | <u>383,600</u> | <u>238,449</u> | <u>676,159</u> | <u>276,727</u> |
| Depreciation | <u>6,242</u> | <u>4,106</u> | <u>17,787</u> | <u>1,516</u> |
| Total Expenses | <u>\$ 389,842</u> | <u>\$ 242,555</u> | <u>\$ 693,946</u> | <u>\$ 278,243</u> |

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended September 30, 2025

| | Program Services | | | |
|---------------------------------------|-----------------------------|--------------------------|-------------------------------|--|
| | Strategic Communications | Products and Services | Research and Curriculum | Website and Technology Resources |
| Payroll | \$ 282,608 | \$ 53,877 | \$ 241,501 | \$ 53,177 |
| Payroll taxes | 20,734 | 4,101 | 17,679 | 4,085 |
| Other employee benefits | 26,402 | 2,335 | 16,161 | 1,314 |
| Service fees | 23,749 | 892 | 758 | 7,253 |
| Advertising | 23,956 | - | - | - |
| Office expenses | 10,607 | 3,985 | 13,252 | - |
| Information technology | - | - | - | 40,990 |
| Occupancy | 3,297 | 254 | 1,052 | 1,052 |
| Travel | 25,688 | - | - | - |
| Insurance | 2,212 | 171 | 706 | 706 |
| Other program expenses | 832 | 7,453 | - | - |
| Accounting and legal fees | - | - | - | - |
| Total expenses before depreciation | <u>420,085</u> | <u>73,068</u> | <u>291,109</u> | <u>108,577</u> |
| Depreciation | <u>4,380</u> | <u>855</u> | <u>1,553</u> | <u>4,180</u> |
| Total Expenses | <u>\$ 424,465</u> | <u>\$ 73,923</u> | <u>\$ 292,662</u> | <u>\$ 112,757</u> |

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended September 30, 2025

| | Program Services | | |
|---------------------------------------|-------------------------|------------------------------|------------------------------|
| | 360 Summit | Global Training Summit | Total Program Services |
| Payroll | \$ 25,823 | \$ 151,008 | \$ 1,909,283 |
| Payroll taxes | 1,982 | 11,687 | 144,388 |
| Other employee benefits | 234 | 3,130 | 92,019 |
| Service fees | - | 1,888 | 121,089 |
| Advertising | - | - | 23,956 |
| Office expenses | - | 3,823 | 39,197 |
| Information technology | - | - | 40,990 |
| Occupancy | 1,708 | - | 21,422 |
| Travel | 17,247 | 163,891 | 313,520 |
| Insurance | 1,146 | 1,979 | 16,351 |
| Other program expenses | 25,734 | 319,198 | 476,037 |
| Accounting and legal fees | - | - | - |
| Total expenses before depreciation | <u>73,874</u> | <u>656,604</u> | <u>3,198,252</u> |
| Depreciation | <u>1,794</u> | <u>3,310</u> | <u>45,723</u> |
| Total Expenses | <u><u>\$ 75,668</u></u> | <u><u>\$ 659,914</u></u> | <u><u>\$ 3,243,975</u></u> |

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended September 30, 2025

| | Management and General | Fundraising | 2025 Total |
|---------------------------------------|------------------------------|--------------------------|----------------------------|
| Payroll | \$ 289,418 | \$ 413,316 | \$ 2,612,017 |
| Payroll taxes | 18,151 | 31,035 | 193,574 |
| Other employee benefits | 26,111 | 33,125 | 151,255 |
| Service fees | 35,030 | 74,323 | 230,442 |
| Advertising | - | - | 23,956 |
| Office expenses | 51,844 | 23,191 | 114,232 |
| Information technology | - | - | 40,990 |
| Occupancy | 4,814 | 2,298 | 28,534 |
| Travel | 31,308 | 14,927 | 359,755 |
| Insurance | 6,914 | 1,542 | 24,807 |
| Other program expenses | 4,449 | 910 | 481,396 |
| Accounting and legal fees | 7,674 | - | 7,674 |
| Total expenses before depreciation | <u>475,713</u> | <u>594,667</u> | <u>4,268,632</u> |
| Depreciation | <u>9,872</u> | <u>3,024</u> | <u>58,619</u> |
| Total Expenses | <u><u>\$ 485,585</u></u> | <u><u>\$ 597,691</u></u> | <u><u>\$ 4,327,251</u></u> |

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2024

| | Program Services | | | |
|---------------------------------------|--|------------------------|-----------------------|-------------------------|
| | Professional Development Support | Student Initiatives | Parent Initiatives | School Professionals |
| Payroll | \$ 165,462 | \$ 113,373 | \$ 474,630 | \$ 194,829 |
| Payroll taxes | 14,365 | 8,378 | 37,102 | 14,775 |
| Other employee benefits | 10,621 | 197 | 9,539 | 3,448 |
| Service fees | 10,683 | 43,227 | 5,008 | 791 |
| Advertising | - | - | - | - |
| Office expenses | 1,949 | - | 343 | 104 |
| Information technology | - | - | - | - |
| Occupancy | 3,733 | 2,705 | 2,600 | 55 |
| Travel | 22,428 | 78,195 | 21,473 | 5,403 |
| Insurance | 2,636 | 1,910 | 1,835 | 39 |
| Other program expenses | 9,451 | 53,529 | 39,185 | 3,577 |
| Accounting and legal fees | - | - | - | - |
| Total expenses before depreciation | <u>241,328</u> | <u>301,514</u> | <u>591,715</u> | <u>223,021</u> |
| Depreciation | <u>5,961</u> | <u>3,224</u> | <u>15,915</u> | <u>509</u> |
| Total Expenses | <u>\$ 247,289</u> | <u>\$ 304,738</u> | <u>\$ 607,630</u> | <u>\$ 223,530</u> |

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended September 30, 2024

| | Program Services | | | |
|---------------------------------------|-----------------------------|--------------------------|-------------------------------|--|
| | Strategic Communications | Products and Services | Research and Curriculum | Website and Technology Resources |
| Payroll | \$ 277,192 | \$ 78,285 | \$ 236,141 | \$ 63,271 |
| Payroll taxes | 20,558 | 6,026 | 17,832 | 5,046 |
| Other employee benefits | 20,265 | 7,593 | 15,178 | - |
| Service fees | 26,631 | 438 | 1,499 | 198 |
| Advertising | 13,513 | - | - | - |
| Office expenses | 24,140 | 5,150 | 10,508 | - |
| Information technology | - | - | - | 49,311 |
| Occupancy | 4,282 | 1,978 | 927 | 927 |
| Travel | 32,015 | - | - | - |
| Insurance | 3,023 | 1,397 | 655 | 557 |
| Other program expenses | 2,940 | 14,283 | 461 | - |
| Accounting and legal fees | - | - | - | - |
| Total expenses before depreciation | <u>424,559</u> | <u>115,150</u> | <u>283,201</u> | <u>119,310</u> |
| Depreciation | <u>6,032</u> | <u>3,371</u> | <u>2,236</u> | <u>5,820</u> |
| Total Expenses | <u>\$ 430,591</u> | <u>\$ 118,521</u> | <u>\$ 285,437</u> | <u>\$ 125,130</u> |

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended September 30, 2024

| | Program Services | | |
|---------------------------------------|-------------------|------------------------------|------------------------------|
| | 360 Summit | Global Training Summit | Total Program Services |
| Payroll | \$ 42,814 | \$ 148,751 | \$ 1,794,748 |
| Payroll taxes | 3,576 | 10,316 | 137,974 |
| Other employee benefits | 54 | 1,449 | 68,344 |
| Service fees | - | 4,597 | 93,072 |
| Advertising | - | - | 13,513 |
| Office expenses | - | 2,268 | 44,462 |
| Information technology | - | - | 49,311 |
| Occupancy | 2,189 | - | 19,396 |
| Travel | 36,512 | 271,843 | 467,869 |
| Insurance | 1,545 | 1,601 | 15,198 |
| Other program expenses | 60,195 | 405,382 | 589,003 |
| Accounting and legal fees | - | - | - |
| Total expenses before depreciation | <u>146,885</u> | <u>846,207</u> | <u>3,292,890</u> |
| Depreciation | <u>2,608</u> | <u>3,113</u> | <u>48,789</u> |
| Total Expenses | <u>\$ 149,493</u> | <u>\$ 849,320</u> | <u>\$ 3,341,679</u> |

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

MILITARY CHILD EDUCATION COALITION
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended September 30, 2024

| | Management and General | Fundraising | 2024 Total |
|---------------------------------------|------------------------------|-------------------|---------------------|
| Payroll | \$ 272,111 | \$ 437,905 | \$ 2,504,764 |
| Payroll taxes | 20,445 | 34,571 | 192,990 |
| Other employee benefits | 33,850 | 16,671 | 118,865 |
| Service fees | 316 | 31,850 | 125,238 |
| Advertising | - | - | 13,513 |
| Office expenses | 9,740 | 18,249 | 72,451 |
| Information technology | - | - | 49,311 |
| Occupancy | 4,104 | 1,983 | 25,483 |
| Travel | 91 | 10,254 | 478,214 |
| Insurance | 7,578 | 1,400 | 24,176 |
| Other program expenses | 1,625 | 10,178 | 600,806 |
| Accounting and legal fees | 48,316 | - | 48,316 |
| Total expenses before depreciation | 398,176 | 563,061 | 4,254,127 |
| Depreciation | 8,704 | 4,215 | 61,708 |
| Total Expenses | <u>\$ 406,880</u> | <u>\$ 567,276</u> | <u>\$ 4,315,835</u> |

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

MILITARY CHILD EDUCATION COALITION
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2025 and 2024

| | 2025 | 2024 |
|---|--------------|--------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 432,696 | \$ (595,496) |
| Adjustments to reconcile change in nets assets to net cash provided by operating activities: | | |
| Depreciation | 58,619 | 61,708 |
| Gain on disposal of assets | 51,866 | 545 |
| Unrealized loss on investments | (1,201) | (1,201) |
| (Increase) decrease in: | | |
| Accounts receivable | (52,447) | (3,795) |
| Employee retention receivable | - | 733,796 |
| Accounts receivable, restricted | (1,358,000) | 296,000 |
| Inventory | 2,624 | (6,628) |
| Prepaid expenses | (24,694) | 17,234 |
| Increase (decrease) in: | | |
| Accounts payable | (155,608) | 66,635 |
| Accrued liabilities | 13,138 | (26,519) |
| Deferred revenue | (26,470) | 94 |
| Net adjustment | (1,492,173) | 1,137,869 |
| Net cash provided (used) by operating activities | (1,059,477) | 542,373 |
| Cash Flows from Investing Activities | | |
| Purchase of property and equipment | (11,064) | (15,104) |
| Purchase of investments | (2,516) | (7,654) |
| Net cash used by investing activities | (13,580) | (22,758) |
| Net increase (decrease) in cash and cash equivalents | (1,073,057) | 519,615 |
| Cash and cash equivalents | | |
| Beginning of year | 2,508,779 | 1,989,164 |
| End of year | \$ 1,435,722 | \$ 2,508,779 |
| Cash and cash equivalents: | | |
| Unrestricted | \$ 591,118 | \$ 1,654,566 |
| Restricted | 844,604 | 854,213 |
| | \$ 1,435,722 | \$ 2,508,779 |

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 nonprofit military service organization who solely focuses all efforts to address the needs of military-connected children, specifically targeting the areas of academic opportunity and excellence, school transition support, and social and emotional 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 Mission:

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

Organization's Signature Programs:

Organization Initiatives - Address individual challenges military families face, as well as provide information and referrals, accomplished at the local level through Community Coordinators and across the world through the Military Student Consultant.

Parent Support - Parent workshops, webinars, events, and podcasts provide pertinent and timely information to parents and caregivers to help draw upon strengths and address academic and social and emotional challenges associated with a military family lifestyle.

Community Coordinators provide comprehensive support and resources to ensure military-connected students, parents, educators, administrators, other youth-serving professionals, and community members have the information and resources they need to support military-connected children and their families as they navigate the unique challenges associated with the military lifestyle.

Military Student Consultant is a global, personalized concierge service that responds to individual needs of military-connected students, families, and professionals anywhere – Active Duty, National Guard, Reserve, ROTC cadre, and recruiter families. This highly specialized, trained professional team serves as first responders for military-connected children and families to help them transition from one location to another and address complex academic and social emotional challenges.

MCEC 360 Summits are collaborative events for school professionals, parents, students, and community members that provide critical guidance to help schools respond to the educational and social/emotional challenges of a military lifestyle. They introduce communities to the benefits of Purple Star Readiness/designation by featuring speakers, mentors, and experts. Criteria are tailored state-by-state to identify and nurture schools to be truly "military friendly."

MILITARY CHILD EDUCATION COALITION NOTES TO FINANCIAL STATEMENTS

Professional Services - MCEC professional development helps prepare professionals across disciplines to address the unique challenges facing military-connected children. Face-to-face and virtual training informs educators and other youth-serving professionals to glean better understanding, appropriately respond, and help mitigate the unique challenges presented by the military lifestyle.

MCEC Global Training Summit, held annually since 1998, is a professional development and training opportunity with measurable and clearly defined outcomes. Each event includes an array of keynote speakers, informative distinguished lecturers, and breakout sessions, featuring relevant information focused on supporting the well-being of military-connected children.

Student Achievement – Provide opportunities through peer-to-peer mentoring programs, leadership training, student summits and enhancement trainings. *Student 2 Student*® (S2S™) campus mentoring programs at the elementary, middle, and high school levels bring military and civilian students together to welcome new students, support academic excellence, personal well-being, team building and ease transitions as students transition into or out of schools.

Frances Hesselbein Student Leadership Program, established in 2006, is an intensive leadership training program held at the United States Military Academy West Point and United States Air Force Academy designed to grow and sustain the S2S program on the local campus offering an intensive experience for selected students to enrich their leadership and team building skills. Through the week-long intensive experience, sophomores and juniors gain confidence, competence, and commitment to their leadership to build their program. Distinguished guests provide insights into overcoming challenges and building personal character.

Caregiving Youth Student Leadership Program – The Caregiving Youth Student Leadership Program (est. 2023) supports military-connected students in caregiving roles. The program serves youth from all Armed Forces branches who provide physical and emotional support to family members with visible or invisible injuries. Students identify resources, as well as increase knowledge and skills through leadership activities focused on preparing to be college-, work-, and life-ready after high school graduation.

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.

MILITARY CHILD EDUCATION COALITION NOTES TO FINANCIAL STATEMENTS

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.

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.

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

Investments

MCEC uses a fair value hierarchy established by GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are:

- Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 — Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the assets or liability.
- Level 3 — Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, the inputs are supported by little or no market activity).

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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 lower of cost or net realizable value and is expensed as used in the first-in, first-out method.

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

Fixed Assets

Equipment is stated at cost at date of acquisition or fair 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 expenses 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 September 30, 2025 and 2024, \$ 31,190 and \$ -0-, 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.

Lease Accounting Changes

ASC 2016-02, *Leases* (Topic 842) – This updated lease standard increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that were not previously presented on the statements of financial position. Topic 842 establishes a model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This standard has been adopted by MCEC in fiscal year 2022, and it does not have a material impact on MCEC's financial statements at September 30, 2025 and 2024.

3. Cash and Cash Equivalents

At September 30, 2025 and 2024, cash temporarily restricted for specific programs was \$ 1,109,604 and \$ 854,213, respectively. These amounts are reported as net assets with donor restrictions.

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

4. Investments

All of the MCEC's investments are level 1 measurements in the fair value hierarchy. At September 30, 2025 and 2024, MCEC invested in various funds as follows:

| Investment Type | 2025 | | 2024 | |
|-------------------------|------------------|------------------|------------------|------------------|
| | Historical Cost | Market Value | Historical Cost | Market Value |
| Cash and money funds | \$ 1 | \$ 1 | \$ 1 | \$ 1 |
| Mutual fund securities: | | | | |
| Equities | 22,334 | 39,053 | 22,334 | 35,336 |
| | <u>\$ 22,335</u> | <u>\$ 39,054</u> | <u>\$ 22,335</u> | <u>\$ 35,337</u> |

5. Accounts Receivable

Accounts receivable consisted of the following at September 30, 2025 and 2024:

| | 2025 | 2024 |
|-----------------------------------|---------------------|-------------------|
| Contracts | \$ 116,864 | \$ 68,047 |
| Grants and contributions | 1,907,000 | 549,000 |
| Other | 8,424 | 4,794 |
| Accounts Receivable, net | <u>\$ 2,032,288</u> | <u>\$ 621,841</u> |
| Accounts Receivable; as reported: | | |
| Unrestricted | \$ 125,288 | \$ 72,841 |
| Restricted | 1,907,000 | 549,000 |
| | <u>\$ 2,032,288</u> | <u>\$ 621,841</u> |

6. Inventory

Inventory consists of professional development materials, books, products and other resources and operating supplies totaling \$ 18,279 and \$ 20,903 at September 30, 2025 and 2024, respectively.

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

7. Property and Equipment

Property and Equipment consisted of the following at September 30, 2025 and 2024:

| | 2025 | 2024 |
|--------------------------------|--------------|--------------|
| Land | \$ 245,000 | \$ 245,000 |
| Building | 1,487,008 | 1,487,008 |
| Computers and equipment | 129,065 | 442,364 |
| Furniture and fixtures | 113,651 | 140,345 |
| | 1,974,724 | 2,314,717 |
| Less: accumulated depreciation | (753,246) | (993,818) |
| | \$ 1,221,478 | \$ 1,320,899 |

Depreciation expense for the years ended September 30, 2025 and 2024 was \$ 58,619 and \$ 61,708, respectively.

8. Deferred Revenue

Deferred revenue consists of the following at September 30, 2025 and 2024:

| | 2025 | 2024 |
|--|-----------|-----------|
| The USAA Foundation Inc. | \$ - | \$ 29,661 |
| School districts/military installation membership dues | 25,659 | 20,472 |
| Southwest Travel Points | - | 1,996 |
| | \$ 25,659 | \$ 52,129 |

9. 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. At September 30, 2025 and 2024, there were net assets without donor restrictions designated by the Board for reserves in the amount of \$ 482,593 and \$ 482,593, respectively.

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

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. At September 30, 2025 and 2024, net assets with donor restrictions consisted of the following:

| | <u>2025</u> | <u>2024</u> |
|------------------------------------|-----------------------------|-----------------------------|
| Private Benefactor | \$ 1,000,000 | \$ - |
| The USAA Foundation Inc. | 627,042 | 591,138 |
| South Carolina State Plan | 576,729 | 540,336 |
| Private Benefactor | 250,000 | - |
| Fisher House Foundation | 100,000 | - |
| Sid W. Richardson Foundation | 60,541 | 52,221 |
| Suzy Carlton Leadership Award | 39,054 | 35,337 |
| Alabama State Plan | 25,847 | 12,590 |
| HEB | 21,737 | 40,670 |
| PenFed Foundation | 20,587 | |
| Veterans United Foundation | 13,092 | 5,210 |
| Star Market Charity Golf Classic | 5,686 | - |
| Systems Planning & Analysis | 5,258 | |
| Boeing | 3,531 | 25,000 |
| American Logistics Association | 2,500 | - |
| Wounded Warrior Project | - | 65,736 |
| Donor Contributions | - | 20,050 |
| Lockheed Martin Corp | - | 14,925 |
| | <u> </u> | <u> </u> |
| Net Assets With Donor Restrictions | <u>\$ 2,751,604</u> | <u>\$ 1,403,213</u> |

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 September 30, 2025 and 2024 totaled \$ 2,431,353 and \$ 2,622,900, respectively.

At September 30, 2025 and 2024, MCEC had no net assets with donor restrictions which contain restrictions that can never be removed.

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

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 for the years ended September 30, 2025 and 2024 was \$ 61,721 and \$ 69,578, respectively.

11. 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.

12. Concentrations

MCEC receives a material amount of its funding through various state plans. For the years ended September 30, 2025 and 2024, revenue concentration is as follows:

| | 2025 | 2024 |
|-------------|------|------|
| State plans | 29% | 44% |

MCEC had receivables from state plans, which represent a significant concentration of total receivables. At September 30, 2025 and 2024, receivables concentrations are as follows:

| | 2025 | 2024 |
|-------------|------|------|
| State plans | 35% | 44% |

13. 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 MCEC’s financial assets at September 30, 2025 and 2024, reduced by amounts not available for general expenditures within one year.

| | <u>2025</u> | <u>2024</u> |
|--|------------------|---------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 1,435,722 | \$ 2,508,779 |
| Accounts receivable | 2,032,288 | 621,841 |
| Investments | <u>39,054</u> | <u>35,337</u> |
| Financial assets, at year-end | 3,507,064 | 3,165,957 |
| Less those unavailable for general expenditure within one year due to: | | |
| Donor restriction - cash and cash equivalents | 844,604 | 854,213 |
| Donor restriction - accounts receivable | 1,907,000 | 549,000 |
| 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>\$ 72,867</u> | <u>\$ 1,080,151</u> |

14. Subsequent Events

Management has reviewed and evaluated subsequent events and transactions through January 17, 2026, which is the date the financial statements were available to be issued.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of
Military Child Education Coalition

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of Military Child Education Coalition (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Military Child Education Coalition's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Military Child Education Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of Military Child Education Coalition's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Military Child Education Coalition's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)**

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Brockway Busch, Auditor in Charge, P.C." The signature is written in a cursive style with a long vertical line extending downwards from the end.

Temple, Texas
January 17, 2026