TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2019 and 2018

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
Tennessee State Collaborative on Reforming Education
Nashville, Tennessee

We have audited the accompanying financial statements of Tennessee State Collaborative on Reforming Education (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 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 auditor's 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 Tennessee State Collaborative on Reforming Education as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12, towards the end of December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. During March and April 2020, there have been various mandates and/or requests from federal, state and local authorities resulting in closures of non-essential businesses, which could negatively impact Tennessee State Collaborative on Reforming Education's business. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction in customer's businesses caused by COVID-19 could result in uncertainties that could affect revenues, profits and other material adverse effects to the Company. Our opinion is not modified with respect to this matter.

Cherry Bekaert LLP

Nashville, Tennessee
May 29, 2020

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 13,766,289	$ 10,221,665
Contributions receivable, net	2,629,050	2,926,668
Investments	1,124,177	297,856
Property and equipment, net of accumulated depreciation of $158,951 and $127,603, respectively	44,971	76,319
Total Assets	$ 17,564,487	$ 13,522,508
LIABILITIES AND NET ASSETS		
Accounts payable	$ 863,610	$ 1,108,666
Funds held under agency agreements	3,094,430	900,910
Total Liabilities	3,958,040	2,009,576
Net Assets:		
Without donor restrictions	8,588,521	7,794,359
With donor restrictions	5,017,926	3,718,573
Total Net Assets	13,606,447	11,512,932
Total Liabilities and Net Assets	$ 17,564,487	$ 13,522,508

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:			
Grants and contributions	$ 2,437,000	$ 6,841,670	$ 9,278,670
Investment income	262,107	-	262,107
Fiscal agency fee revenue	92,073	-	92,073
Net assets released from restrictions	5,542,317	(5,542,317)	-
Total Revenue, Gains, and Other Support	8,333,497	1,299,353	9,632,850
Expenses:			
Program	7,505,439	-	7,505,439
Management and general	483,778	-	483,778
Total Expenses	7,989,217	-	7,989,217
Other Revenue:			
Contribution of net assets from Complete Tennessee	449,882	-	449,882
Change in net assets	794,162	1,299,353	2,093,515
Net assets, beginning of year	7,794,359	3,718,573	11,512,932
Net assets, end of year	$ 8,588,521	$ 5,017,926	$ 13,606,447

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

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:			
Grants and contributions	$ 886,237	$ 4,615,000	$ 5,501,237
Fiscal agency fee revenue	104,818	-	104,818
Investment income	72,163	-	72,163
Net assets released from restrictions	7,321,516	(7,321,516)	-
Total Revenue, Gains, and Other Support	8,384,734	(2,706,516)	5,678,218
Expenses:			
Program	6,606,055	-	6,606,055
Management and general	454,371	-	454,371
Total Expenses	7,060,426	-	7,060,426
Change in net assets	1,324,308	(2,706,516)	(1,382,208)
Net assets, beginning of year	6,470,051	6,425,089	12,895,140
Net assets, end of year	$ 7,794,359	$ 3,718,573	$ 11,512,932

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

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services					Supporting Services	
	Educator Networks	Advocacy	Research, Policy, and Best Practices	Technical Assistance	Total	Management and General	Total
Salary and related expenses	$ 391,395	$ 1,011,248	$ 488,067	$ 477,056	$ 2,367,766	$ 148,310	$ 2,516,076
Subgrants	2,294	-	-	2,329,939	2,332,233	-	2,332,233
Consultants	724,733	277,187	102,796	362,000	1,466,716	8,239	1,474,955
Travel and meetings	306,900	94,183	33,076	63,527	497,686	-	497,686
Strategic planning	88,212	88,213	88,213	88,213	352,851	-	352,851
10 year event	-	139,615	-	-	139,615	-	139,615
Lobbying	-	115,870	-	-	115,870	-	115,870
Accounting and legal	19,657	19,657	9,828	34,399	83,541	14,742	98,283
Search Firm expenses	-	-	-	-	-	96,974	96,974
Communications and media	36,380	16,222	41,926	-	94,528	-	94,528
Office expenses	-	-	-	-	-	61,362	61,362
Rent	-	-	-	-	-	57,768	57,768
Team development	11,172	11,172	5,586	19,551	47,481	8,379	55,860
Technology	-	-	-	-	-	44,438	44,438
Depreciation	-	-	-	-	-	31,348	31,348
Insurance	-	-	-	-	-	8,831	8,831
Supplies	3,345	-	2,646	1,161	7,152	1,331	8,483
Board meetings	-	-	-	-	-	2,056	2,056
	$ 1,584,088	$ 1,773,367	$ 772,138	$ 3,375,846	$ 7,505,439	$ 483,778	$ 7,989,217

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

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services					Supporting Services	
	Educator Networks	Advocacy	Research, Policy, and Best Practices	Technical Assistance	Total	Management and General	Total
Consultants	$ 1,174,950	$ 561,557	$ 195,219	$ 262,398	$ 2,194,124	$ 15,430	$ 2,209,554
Salary and related expenses	568,919	697,272	469,792	442,205	2,178,188	169,240	2,347,428
Subgrants	324,805	-	-	1,001,250	1,326,055	-	1,326,055
Travel and meetings	316,090	232,097	19,861	88,914	656,962	-	656,962
Accounting and legal	21,136	25,904	17,453	16,428	80,921	6,287	87,208
Office expenses	-	-	-	-	-	60,453	60,453
Rent	-	-	-	-	-	60,280	60,280
Supplies	4,451	31,606	9,999	3,077	49,133	5,955	55,088
Team development	12,973	15,900	10,713	10,084	49,670	3,859	53,529
Website redesign	-	-	-	-	-	48,478	48,478
Technology	-	-	-	-	-	38,549	38,549
Depreciation	-	-	-	-	-	34,720	34,720
Lobbying	-	33,166	-	-	33,166	-	33,166
Communications and media	5,184	20,744	3,479	-	29,407	-	29,407
Board meetings	2,149	2,634	1,671	1,775	8,229	639	8,868
Insurance	-	-	-	-	-	7,608	7,608
Other	-	-	-	200	200	2,873	3,073
	$ 2,430,657	$ 1,620,880	$ 728,187	$ 1,826,331	$ 6,606,055	$ 454,371	$ 7,060,426

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

TENNESSEE STATE COLLABORATIVE ON REFORMING EDUCATION
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 2,093,515	$ (1,382,208)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	31,348	34,720
Unrealized gains on investments	(108,278)	-
Contribution of net assets from Complete Tennessee	(449,882)	-
Changes in operating assets and liabilities:		
Contributions receivable	747,500	1,333,435
Accounts payable	(245,056)	542,744
Funds held under agency agreements	2,193,520	(2,106,922)
Net cash provided by (used in) operating activities	4,262,667	(1,578,231)
Cash flows from investing activities:		
Purchase of property and equipment	-	(47,794)
Purchase of investments	(718,043)	(297,856)
Net cash used in investing activities	(718,043)	(345,650)
Net increase (decrease) in cash and cash equivalents	3,544,624	(1,923,881)
Cash and cash equivalents, beginning of year	10,221,665	12,145,546
Cash and cash equivalents, end of year	$ 13,766,289	$ 10,221,665

Note 1—Nature of operations and summary of significant accounting policies

Tennessee State Collaborative on Reforming Education ("SCORE") drives collaboration on policy and practice to ensure student success across Tennessee. SCORE is an independent, nonprofit, and nonpartisan advocacy and research institution, founded in 2009 by Senator Bill Frist, MD, former U.S. Senate Majority Leader. SCORE works collaboratively to support K-12 public education throughout Tennessee and measures its success by the academic growth of Tennessee's students.

Financial Statement Presentation – The financial statements of SCORE have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are reported as follows:

> *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of SCORE. These net assets may be used at the discretion of SCORE's management and the board of directors.
>
> *Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by 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. Net assets with donor restrictions represent contributions receivable and amounts available for programs. None of SCORE's net assets with donor restrictions are required to be held in perpetuity by the donors at December 31, 2019 and 2018.

Adoption of New Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606),* which supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)* and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Subsequent to ASU 2014-09, FASB issued several related ASUs (collectively "ASC 606"). SCORE adopted the provisions of ASU 2014-09 and the related ASUs as of January 1, 2019 using the modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of January 1, 2019. There was no change in the timing and amount of revenue recognition as a result of the adoption of these ASUs.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The standard provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. SCORE evaluated the new standard and determined that the accounting standard did not require a change to SCORE's practices for recording contributions.

Cash and Cash Equivalents – SCORE considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions Receivable – SCORE accounts for potential losses in contributions receivable utilizing the allowance method. Management believes that contributions receivable are fully collectible at December 31, 2019 and 2018. As a result, no allowance for uncollectible accounts has been provided.

Investments – Investments are stated at fair market value. Unrealized gains and losses, as well as appreciation or depreciation in market value, are reflected in the accompanying financial statements.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Fair Value Measurement – SCORE has established a process for determining fair values. Fair values are based upon quoted market prices, where available. If listed prices or quotes are not available, fair values are based upon market-based or independently-sourced market data. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while SCORE believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair values at the reporting date. U.S. GAAP has a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SCORE has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Property and Equipment – Property and equipment are stated at acquisition cost, or estimated fair value if donated, less accumulated depreciation, which is computed by the straight-line method over an estimated useful life of five years.

Contributions – Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at the time the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition – See Note 3.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Program and Supporting Services – The following program and supporting services are included in the accompanying financial statements:

> *Educator Networks* – Expenses related to fostering, convening, and supporting strong networks of education leaders, specifically teacher leaders and district leaders.
>
> *Advocacy* – Expenses related to building awareness and support and sustaining the momentum among organizations and individuals for education reform and improving student achievement in the state of Tennessee.
>
> *Research, Policy, and Best Practice Sharing* – Expenses related to research on key policies and the development of tools and reports focused on sharing best practices across the state to advance SCORE's strategic priorities.
>
> *Technical Assistance* – Expenses related to advancing specific initiatives outlined in SCORE's strategic plan by building capacity at a state, regional, or local level.
>
> *Management and General* – Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program or activity. Includes costs associated with providing coordination and articulation of SCORE's program strategy, business management, general recordkeeping, budgeting, and related purposes.

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time and effort.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP 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.

Income Taxes – SCORE has qualified for tax exempt status under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Accounting Policies for Future Pronouncement – In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statements. This standard will be effective for the fiscal year ending December 31, 2021. SCORE is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events – SCORE evaluated subsequent events through May 29, 2020, when these financial statements were available to be issued. Other than the event described in Note 12, management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Note 2—Liquidity and availability

SCORE regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, SCORE considers all expenditures related to its ongoing activities of supporting public education in Tennessee, as well as the conduct of services undertaken to support those activities to be general expenditures. As a part of SCORE's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Financial assets available for general expenditure, that is, without donor or other restrictions limited their use, within one year of the statement of financial position date, compromise the following at December 31, 2019 and 2018:

	2019	2018
Cash and cash equivalents, less funds held under fiscal agency agreements	$ 10,671,859	$ 8,519,288
Accounts receivable	449,882	-
Current portion of contributions receivable	1,542,500	1,770,000
Investments	1,124,177	297,856
Less net assets with donor restrictions	(5,017,926)	(3,718,573)
Financial assets available to meet cash needs for general expenditure within one year	$ 8,770,492	$ 6,868,571

Note 3—Revenue

On January 1, 2019, SCORE adopted ASC 606 using the modified retrospective approach. SCORE determined that there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of January 1, 2019. Under ASC 606, revenue is recognized when SCORE transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. There were no contract assets or liabilities at December 31, 2019 and 2018.

Accounts receivable are stated at the amount SCORE expects to collect from outstanding balances. SCORE accounts for potential losses in accounts receivable through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As a result, no allowance for uncollectible accounts has been provided. However, actual write-offs could exceed the recorded allowance for doubtful accounts. SCORE does not have any accounts receivable recorded at December 31, 2019 and 2018.

Performance Obligations and Revenue Recognition – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. SCORE's revenue within the scope of ASC 606 consists of revenue from fiscal sponsorship fees, which are fees earned by SCORE for holding funds on behalf of grantors and spending the funds in accordance with grant stipulations. The contract obligation is generally satisfied over the grant period, as the services are provided.

Note 3—Revenue (continued)

Practical Expedients and Exemptions – There are several practical expedients and exemptions allowed under ASC 606 that impact timing of revenue recognition and disclosures. The one practical expedient SCORE applied in the adoption and application of ASC 606 allows SCORE to elect to treat similar contracts as part of a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

Note 4—Investments

Investments are stated at fair value determined based on active markets and consist of the following at December 31:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 1,124,177	$ -	$ -	$ 1,124,177

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 297,856	$ -	$ -	$ 297,856

Note 5—Concentrations

SCORE maintains cash and cash equivalents in excess of amounts insured by the Federal Deposit Insurance Corporation. In management's opinion, risk related to each deposit is minimal.

SCORE received approximately 84% and 86% of its contributions from three and two donors for the years ended December 31, 2019 and 2018, respectively. A significant reduction in the level of this support, if this were to occur, could have a negative impact on SCORE's programs and activities.

Note 6—Contributions receivable

Contributions receivable are scheduled to be received as follows at December 31:

	2019	2018
Amount receivable within one year	$ 1,542,500	$ 1,770,000
Amount receivable in one to five years	650,000	1,170,000
	2,192,500	2,940,000
Less discounts on contributions receivable	(13,332)	(13,332)
	$ 2,179,168	$ 2,926,668

Contributions receivable due in more than one year are reflected at the net present value of estimated future cash flows using a discount rate of approximately 3%.

Note 7—Funds held under agency agreements

SCORE is acting as a fiscal sponsor for certain organizations, receiving contributions, and making disbursements restricted for the purpose of the agreement. Expenditures are made after approval by the management of the corresponding organization. All funds are held in a bank account separate from funds of SCORE.

Note 8—Commitments

SCORE leases office space under a three-year, noncancellable agreement which initially expired December 31, 2019. The agreement was extended under current conditions with plans to renew at a later time. Rental expense under this lease agreement was $57,768 and $60,280 for the years ended December 31, 2019 and 2018, respectively.

Note 9—Net assets with donor restrictions

SCORE receives specific contributions for expenses associated with its mission. These contributions are classified as net assets with donor restrictions until the restricted purpose has been fulfilled. The following represents a summary of the activity for the years ended December 31:

Purpose	Beginning, January 1, 2019	Contributions Received in 2019	Expended and/or Released by Specific Purpose Being Fulfilled	Ending, December 31, 2019
Contributions receivable	$ 2,926,668	$ 1,405,000	$ 2,152,500	$ 2,179,168
Education (JCF)	-	5,194,800	2,366,542	2,828,258
LIFT	621,738	-	621,738	-
Strategic Initiative	85,167	-	85,167	-
Programmatic Support	75,000	-	75,000	-
Partner Support	-	201,370	201,370	-
SCORE Prize	10,000	10,000	20,000	-
Data analysis	-	20,000	20,000	-
New venture fund	-	10,500	-	10,500
	$ 3,718,573	$ 6,841,670	$ 5,542,317	$ 5,017,926

Note 9—Net assets with donor restrictions (continued)

Purpose	Beginning, January 1, 2018	Contributions Received in 2018	Expended and/or Released by Specific Purpose Being Fulfilled	Ending December 31, 2018
Contributions receivable	$ 4,260,103	$ 4,110,000	$ 5,443,435	$ 2,926,668
LIFT	2,126,890	-	1,505,152	621,738
Strategic Initiative	5,304	400,000	320,137	85,167
Programmatic Support	-	75,000	-	75,000
SCORE Prize	-	10,000	-	10,000
Data analysis	20,000	20,000	40,000	-
Leadership	10,400	-	10,400	-
Innovate to achieve	2,392	-	2,392	-
	$ 6,425,089	$ 4,615,000	$ 7,321,516	$ 3,718,573

Note 10—Retirement plan

SCORE maintains a 401(k) Plan for certain eligible employees. Employer expense for the years ended December 31, 2019 and 2018 totaled $52,028 and $51,850, respectively, and is included in salary and related expenses in the accompanying statements of functional expenses.

Note 11—Business combination

Effective December 19, 2019, SCORE completed a business combination with Complete Tennessee, a Tennessee nonprofit corporation, in which SCORE was the surviving corporation. At the date of the combination, Complete Tennessee's assets consisted solely of $449,882 in cash accounts, with no outstanding liabilities or other debts. As part of the transaction, SCORE recorded accounts receivable and revenue of $449,882, which is reflected in the statements of financial position and activities, respectively. The cash was transferred to SCORE in January 2020.

Note 12—Subsequent events

Towards the end of December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. During March and April 2020, there have been various mandates and/or requests from federal, state and local authorities resulting in closures of non-essential businesses, which could negatively impact SCORE's business. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction in donors and grantors caused by COVID-19 could result in uncertainties that could affect revenues, contributions, and other material adverse effects to SCORE. It is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact.