



VETERAN CAREER READINESS

FOUR BLOCK FOUNDATION, INC.

Financial Statements and Independent Auditors' Report Years Ended December 31, 2019 and 2018

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**FOUR BLOCK
FOUNDATION, INC.**

**Financial Statements
and Independent Auditors' Report**
Years Ended December 31, 2019 and 2018

Four Block Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Four Block Foundation, Inc.

We have audited the accompanying financial statements of Four Block Foundation, Inc. ("Four Block" a nonprofit organization) which comprise the statements of financial position as 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 audit. We conducted our audit in accordance with auditing standard 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 judgement, including the assessment of the risks of material misstatement of the financial statement, 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 Four Block as of December 31, 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Morse & Company CPAs, LLP
August 24, 2020

FOUR BLOCK FOUNDATION, INC.
Statement of Financial Position

<i>December 31,</i>	2019	2018
Assets		
Cash and cash equivalents.....	\$ 727,771	\$ 733,541
Accounts Receivable.....	420,000	838,500
Property and equipment, net.....	1,177,200	230
Total Assets		
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses.....	7,779	16,629
Total Liabilities		
Net assets:		
Without donor restrictions.....	2,317,192	1,555,642
Total Liabilities and Net Assets		

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Activities

<i>Year ended December 31,</i>	Totals	
	2019	2018
Public support and revenue:		
Contributions.....	\$ 486,589	\$ 800,986
Grants.....	429,700	1,134,250
Contributions In-kind.....	2,146,869	750,000
Total support and revenues	3,063,158	2,685,236
Expenses:		
Program services.....	1,945,427	1,565,827
Management and general.....	152,436	93,348
Fundraising.....	203,745	205,181
Total expenses	2,301,608	1,864,356
Change in net assets.....	761,550	820,880
Net assets, beginning of year.....	1,555,642	734,762
Net assets, end of year	\$ 2,317,192	\$ 1,555,642

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Functional Expense

	Program Services	Management and General	Fundraising	2019 Totals	2018 Totals
Payroll.....	\$ 645,439	\$ 50,201	\$ 21,515	\$ 717,155	\$ 638,025
Professional Fees.....	103,856	23,368	2,596	129,820	84,446
Insurance.....	-	16,280	-	16,280	3,401
Advertising.....	699,193	-	174,798	873,991	890,205
Printing.....	2,316	273	136	2,725	1,854
Dues and Subscriptions.....	4,816	567	283	5,666	4,826
Travel.....	105,943	11,771	-	117,714	48,525
Information Technology.....	1,925	481	-	2,406	1,478
Office expense.....	8,581	1,009	505	10,095	13,729
Postage and Delivery.....	2,611	653	-	3,264	1,594
Bank charges and fees.....	-	5,965	-	5,965	4,225
Conference and events.....	27,385	7,824	3,912	39,121	35,267
Program Expense.....	239,946	-	-	239,946	136,322
Depreciation.....	98,273	32,757	-	131,030	459
Miscellaneous.....	5,143	1,287	-	6,430	-
	<u>\$ 1,945,427</u>	<u>\$ 152,436</u>	<u>\$ 203,745</u>	<u>\$ 2,301,608</u>	<u>\$ 1,864,356</u>

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Cash Flows

<i>Year ended December 31,</i>	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 761,550	\$ 820,880
<u>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</u>		
Depreciation.....	131,030	459
<u>Change in assets and liabilities:</u>		
Accounts receivable.....	418,500	(615,500)
Accounts payable and accrued expenses.....	(8,850)	10,114
Cash flows from investing activities:		
Fixed asset purchases.....	(1,308,000)	-
Net change in cash	(5,770)	215,953
<hr/>		
Cash and cash equivalents, beginning of year.....	733,541	517,588
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Cash and cash equivalents, end of year.....	727,771	733,541
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See accompanying notes to financial statements

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 1 – ORGANIZATION

This summary of significant accounting policies of the Four Block Foundation, Inc. (hereinafter “Four Block”) is presented to assist in understanding Four Block’s financial statements. The financial statements and notes are representations of Four Block’s management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Four Block bridges the gap between capable veterans and meaningful careers. We support, educate and prepare returning enlisted service members with pursuing meaningful careers that capitalize on their interests, strengths and capabilities. We also assist and advise employers with attracting and on-boarding veterans that are a skills and cultural match at their companies. Our mantra is “the right veteran, the right career.”

Income Tax Status:

Four Block is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Four Block has not been designated as a private foundation. Four Block files an IRS form 990 and respective state and local tax returns. These returns are subject to review and examination by federal, state, and local authorities.

NOTE 2 – SUMMARY OF ACCOUNTING PRINCIPLES

Basis for Accounting:

The accompanying financial statements of Four Block have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The classification of the Four Block’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets - without donor restrictions and with donor restrictions - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

These two classes are defined as follows:

Net Assets With Donor Restrictions - Net assets resulting from contributions and other inflows of assets whose use by the Four Block is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Four Block pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as changes in net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Four Block reports the support as unrestricted. In addition, some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Four Block had no assets with donor restrictions as of December 31, 2019.

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions.

Revenue is reported as increases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

When Four Block receives an unconditional promise to give that is expected to be collected within one year, it is recorded at net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash and Cash Equivalents

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. For financial reporting purposes, Four Block considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except any cash and cash equivalents held by the investment trustees, which are deemed to be held for investing purposes.

Receivables

Receivables are recorded at net realizable value if expected to be collected in one year and, if material, multiyear receivables are recorded at the present value of their estimated future cash flow. Amortization of the discount on contributions receivable is included in contributions revenue.

Four Block's allowance for doubtful accounts is based on management's estimate of the creditworthiness of its contributors and customers, current economic conditions and historical information. As of December 31, 2019, and 2018, management determined that no allowance for doubtful accounts is necessary.

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and Equipment

Property and equipment is stated at its original cost or at its fair value on the dates of donation. Depreciation is provided when assets are placed in service using the straight-line method, applied over the estimated useful lives of the assets, which range from five to forty years.

Deferred Revenue

Four Block receives income and grants for its numerous programs occurring throughout the year. Deferred revenue is recognized for money received for programs that have not yet occurred.

Advertising Costs

Costs of promotion and advertising are expensed as incurred. For the years ended December 31, 2019 and 2018, advertising expense amounted to approximately \$873,991 and \$890,205, respectively. Included in these amounts were donated advertising of 838,869 and 750,000.

In-Kind Contributions:

Per the above, Four Block recognizes contributions for goods and services that create or enhance non-financial assets and requires specialized skills, are performed by those who possess those skills, and would have been purchased if they had not been donated.

Donated Goods and Services

Those donated goods and services that meet the requirements for recognition under GAAP are recorded as both revenue and expense in the accompanying statements of activities at amounts determined by management to be reasonable for acquiring such goods and services.

Income Taxes

Four Block follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Four Block is subject to regular audit by tax authorities. Management believes that it has appropriate support for the positions taken on its tax returns. In assessing the realizability of tax benefits, management considers whether it is more likely than not that some portion or all of any tax position will not be realized. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts filed. Management believes that its nonprofit status would be sustained upon examination.

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Four Block is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and is classified as a publicly supported organization as described in Section 509(a).

Functional Allocation of Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, expenses have been allocated among the programs and supporting services using appropriate measurement methodologies developed by management. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort.

Recently Issued Accounting Standard

Presentation of Financial Statements for Not-for-Profit Entities

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities (“ASU 2016-14”), which makes targeted improvements to the not-for-profit financial reporting model. The new ASU marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Four Block adopted ASU 2016-14 on January 1, 2019 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Use of Estimates:

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

Fixed Assets:

Fixed assets to which Four Block retains title to and capital items purchased which benefit future periods and exceed pre-determined values are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Fixed assets consist of building improvements, furniture, equipment and computers, which are carried at cost and are depreciated over their useful lives using the straight-line method.

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Comparative Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

Accordingly, such information should be read in conjunction with Four Block's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 3 – FIXED ASSETS

Property and equipment consisted of the following:

<i>Year ended December 31, 2019</i>	
Furniture and Fixtures	\$ 1,378
Equipment and Technology	1,308,000
Less: Accumulated depreciation	(132,178)
Net Property and Equipment	\$ 1,177,200

NOTE 4 – COMMITMENTS & CONTINGENCIES

Four Block did not maintain any lease, commitments, or legal obligations as of December 31, 2019

