



VETERAN CAREER READINESS

FOUR BLOCK FOUNDATION, INC.

Financial Statements and Independent Auditors' Report Years Ended December 31, 2021 and 2020

Morse & Company CPAs, LLP
Certified Public Accountants
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**FOUR BLOCK
FOUNDATION, INC.**

**Financial Statements
and Independent Auditors' Report**
Years Ended December 31, 2021 and 2020

Four Block Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Four Block Foundation, Inc. ("Four Block" a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows, and supplemental schedules for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Four Block as of December 31, 2021 and 2020, and the results of their activities and their cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Four Block and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

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 Four Block's ability to continue as a going concern for a reasonable period of time.

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 GAAS 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 GAAS, 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 the Organization'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 Organization'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.



Morse & Company CPAs, LLP.
New York, N.Y.
September 5, 2022

FOUR BLOCK FOUNDATION, INC.
Statement of Financial Position

<i>December 31,</i>	2021	2020
Assets		
Cash and cash equivalents.....	\$ 1,308,180	\$ 1,147,463
Accounts receivable.....	689,250	960,800
Prepaid expenses.....	11,290	-
Security deposits.....	3,800	3,800
Property and equipment, net.....	656,855	915,600
Total Assets		
	2,669,375	3,027,663
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses.....	153,616	104,245
Loans payable.....	358,800	310,245
Total Liabilities		
	512,416	414,490
Net assets:		
Without Donor Restrictions.....	1,407,209	1,652,373
With Donor Restrictions.....	749,750	960,800
Total Net Assets		
	2,156,959	2,613,173
Total Liabilities and Net Assets		
	\$ 2,669,375	\$ 3,027,663

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Activities

<i>Year ended December 31,</i>	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
Public support and revenue:				
Contributions.....	\$ 331,131	\$ -	\$ 331,131	\$ 509,029
Grants.....	787,825	357,086	1,144,911	1,650,797
Contributions In-kind.....	1,069,750	-	1,069,750	230,550
Other revenue.....	4,847	-	4,847	-
Net assets released from restriction.....	568,136	(568,136)	-	-
Total support and revenues	2,761,689	(211,050)	2,550,639	2,390,376
Expenses:				
Program services.....	2,439,039	-	\$ 2,439,039	1,837,250
Management and general.....	349,547	-	349,547	189,026
Fundraising.....	218,267	-	218,267	68,119
Total expenses	3,006,853	-	3,006,853	2,094,395
Change in net assets.....	(245,164)	(211,050)	(456,214)	295,981
Net assets, beginning of year.....	1,652,373	960,800	2,613,173	2,317,192
Net assets, end of year	\$ 1,407,209	\$ 749,750	\$ 2,156,959	\$ 2,613,173

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Functional Expense

	Program Services	Management and General	Fundraising	2021 Totals	2020 Totals
Payroll.....	\$ 721,655	\$ 177,404	\$ 169,182	\$ 1,068,241	\$ 1,028,357
Payroll tax and benefits.....	134,665	33,105	31,570	199,340	176,923
Professional fees.....	19,795	106,479	4,610	130,884	131,171
Insurance.....	5,568	763	1,297	7,628	6,927
Advertising.....	882,890	1,894	3,219	888,003	79,914
Dues and subscriptions.....	10,795	6,199	1,752	18,746	8,004
Travel.....	7,021	980	1,052	9,053	19,058
Information technology.....	4,599	2,641	746	7,986	8,095
Office expense.....	13,410	7,701	2,176	23,287	18,041
Postage and delivery.....	7,498	4,306	1,217	13,021	769
Interest expense.....	3,284	1,886	533	5,703	3,558
Bank charges and fees.....	5,541	3,180	899	9,620	10,931
Program expense.....	360,573	3,000	-	363,573	341,047
Depreciation.....	261,745	9	14	261,768	261,600
	<u>\$ 2,439,039</u>	<u>\$ 349,547</u>	<u>\$ 218,267</u>	<u>\$ 3,006,853</u>	<u>\$ 2,094,395</u>

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Cash Flows

<i>Year ended December 31,</i>	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (456,214)	\$ 295,981
<u>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</u>		
Depreciation.....	261,768	261,600
<u>Change in assets and liabilities:</u>		
Accounts receivable.....	271,550	(540,800)
Prepaid expenses.....	(11,290)	
Security deposit.....	-	(3,800)
Accounts payable and accrued expenses.....	49,371	96,466
Loans payable.....	48,555	310,245
Cash flows from investing activities:		
Fixed asset purchases.....	(3,023)	-
Net change in cash	160,717	419,692
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Cash and cash equivalents, beginning of year.....	1,147,463	727,771
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Cash and cash equivalents, end of year.....	1,308,180	1,147,463
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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”).

Basis of Presentation

The classification of 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.

These two classes are defined as follows:

Net Assets Without Donor Restrictions - represents all activity without donor-imposed restrictions as well as activity with donor-imposed restrictions that expire within the same period.

Net Assets With Donor Restrictions – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact in perpetuity.

Four Block Foundation, Inc.

Notes to Financial Statements

Revenue Recognition

Four Block follows the requirements of Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk adjusted present value techniques.

Four Block follows the requirements of FASB's ASC 606 for recognizing revenue from contracts with customers. Grants are recognized as revenue in the corresponding period in which they are earned. Unearned contracts and agreements that have not been collected at year-end are reflected as a receivable, while those received in advance of the membership period are treated as deferred income.

All receivables at December 31, 2021 are due within one year. Receivables are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of December 31, 2021. Write-offs will be made in the period the receivable is deemed to be uncollectable.

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.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Four Block's ongoing services. Non-operating activities are limited to the net gain or loss in accrued

Cash and Cash Equivalents

Four Block considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents except for cash held in the investment accounts.

Four Block Foundation, Inc.

Notes to Financial Statements

Concentration of Credit Risk

Financial instruments that potentially subject Four Block to concentration of credit risk consist of cash, money market accounts, and investment securities which are placed with financial institutions that management deems to be creditworthy. Throughout the year, balances did not exceed insurance levels.

Fixed Assets

Fixed Assets that Four Block owns and which benefit future periods are capitalized at cost or, if donated, at the estimated fair value at the time of donation. Routine maintenance that does not extend the life of fixed assets is expensed when incurred. Depreciation is recorded using the straight-line method over each asset's estimated useful life. 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.

In-Kind Contributions:

Four Block recognizes contributions for donated advertising, professional fees, and program expenses 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.

Many individuals volunteer their time and perform a variety of tasks to assist with specific assistance programs, campaign solicitation, and various committee assignments. No amounts have been reflected in the financial statements for these types of donated services because they do not meet the criteria for recognition as outlined above.

Advertising Costs

Costs of promotion and advertising are expensed as incurred. There were marketing efforts during the year end December 31, 2021.

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.

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 time and effort of individuals.

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

Four Block Foundation, Inc.

Notes to Financial Statements

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 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).

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, 2021, from which the summarized information was derived.

NOTE 3 – FIXED ASSETS

Property and equipment consisted of the following:

<i>Year ended December 31, 2021</i>	
Equipment and Technology	\$ 1,312,401
Less: Accumulated depreciation	(655,546)
<u>Net Property and Equipment</u>	<u>\$ 656,855</u>

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

	<u>Balance @ 12/31/20</u>	<u>Contributions</u>	<u>Released from Restriction</u>	<u>Balance @ 12/31/21</u>
Career Readiness Programs	-	307,086	(143,586)	163,500
PWC Charitable Foundation	838,800	-	(277,550)	561,250
Other Time Restricted Donations	122,000	50,000	(147,000)	25,000
<u>Total</u>	<u>960,800</u>	<u>357,086</u>	<u>(568,136)</u>	<u>749,750</u>

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 5 – LOANS PAYABLE

The organization received two loans as part of the Paycheck Protection Program (PPP) in November 2020 in the amount of \$151,345 and in April 2021 for \$199,900. The organization also received two SBA loans totaling \$158,900 in June 2020. As of December 31, 2021, the first PPP loan, for \$151,345, was forgiven in full. The rest remain outstanding.

NOTE 6 – COMMITMENTS & CONTINGENCIES

Four Block did not maintain any lease, commitments, or legal obligations as of December 31, 2021

NOTE 7 – AVAILABILITY AND LIQUIDITY

Four Block's financial assets available to meet cash needs for general expenditures within one year are \$1,308,180, which consist of cash and cash equivalents of \$1,296,325 and investments of \$11,855, at December 31, 2021. There are no external or internal limits imposed on these balances. As part of its liquidity management, Four Block operates its programs within a board approved budget and relies on investment income, membership dues and contributions to fund its operations and program activities.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through September 5, 2022 the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.