



VETERAN CAREER READINESS

FOUR BLOCK FOUNDATION, INC.

Financial Statements and Independent Auditors' Report Year Ended December 31, 2017

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

**Financial Statements
and Independent Auditors' Report**
Year Ended December 31, 2017

Four Block Foundation, Inc.

Table of Contents

Independent auditors' report	3
Financial statements:	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8-11

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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, 2017, 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, 2017, 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
April 25, 2018

FOUR BLOCK FOUNDATION, INC.
Statement of Financial Position

<i>December 31,</i>	2017	2016
Assets		
Cash and cash equivalents (Note 3).....	\$ 517,588	\$ 497,680
Accounts Receivable.....	223,000	225,000
Property and equipment, net (Note 2).....	689	1,148
Total Assets		
	741,277	723,828
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses.....	6,515	-
Total Liabilities		
	6,515	-
Net assets:		
Unrestricted.....	734,762	723,828
Total Liabilities and Net Assets		
	\$ 741,277	\$ 723,828

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Activities

<i>Year ended December 31,</i>	Totals	
	2017	2016
Public support and revenue:		
Contributions.....	\$ 363,206	\$ 177,424
Grants.....	335,000	530,000
Contributions In-kind.....	311,200	-
Total support and revenues	1,009,406	707,424
Expenses:		
Program services.....	863,381	307,747
Management and general.....	69,977	34,408
Fundraising.....	65,114	18,584
Total expenses	998,472	360,739
Change in net assets.....	10,934	346,685
Net assets, beginning of year.....	723,828	377,143
Net assets, end of year	\$ 734,762	\$ 723,828

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Functional Expense

	Program Services	Management and General	Fundraising	2017 Totals	2016 Totals
Payroll.....	\$ 399,800	\$ 31,096	\$ 13,327	\$ 444,223	\$ 245,545
Professional Fees.....	71,504	21,928	1,907	95,339	53,994
Insurance.....	-	2,941	-	2,941	1,132
Advertising.....	-	-	48,958	48,958	8,442
Printing.....	5,000	588	294	5,882	-
Dues and Subscriptions.....	4,298	506	253	5,057	599
Travel.....	27,861	6,965	-	34,826	16,078
Information Technology.....	1,769	442	-	2,211	-
Office expense.....	6,374	750	375	7,499	7,032
Postage and Delivery.....	433	108	-	541	-
Bank charges and fees.....	-	3,983	-	3,983	717
Program Expense.....	345,247	-	-	345,247	26,970
Depreciation.....	-	459	-	459	230
Miscellaneous.....	1,095	211	-	1,306	-
	<u>\$ 863,381</u>	<u>\$ 69,977</u>	<u>\$ 65,114</u>	<u>\$ 998,472</u>	<u>\$ 360,739</u>

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Cash Flows

<i>Year ended December 31,</i>	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 10,934	\$ 346,685
<u>Adjustments to reconcile change in net assets to net cash provided</u> <u>by (used in) operating activities:</u>		
Depreciation.....	459	230
<u>Change in assets and liabilities:</u>		
Accounts receivable.....	2,000	(225,000)
Accounts payable and accrued expenses.....	6,515	-
Cash flows from investing activities:		
Fixed asset purchases.....	-	(1,378)
Net change in cash	19,908	120,537
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Cash and cash equivalents, beginning of year.....	497,680	377,143
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Cash and cash equivalents, end of year.....	517,588	497,680
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See accompanying notes to financial statements

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Organization:

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.

Basis for Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Revenue Recognition:

Contributions are recognized as revenue when they are considered unconditional in nature. Contributions received with donor stipulations that limit the use of the assets are reported in the temporarily restricted class of net assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with restrictions that are satisfied in the same period they are made are recorded as unrestricted.

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.

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Statement Presentation:

The classification of a not-for-profit organization'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 three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, 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 classes are defined as follows:

- (i) **Permanently Restricted** – Net assets resulting from contributions and other inflows of assets whose use by The Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.
- (ii) **Temporarily Restricted** – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.
- (iii) **Unrestricted** – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Inventory:

Inventories are stated at the lower of cost or market determined by the first-in-first out method.

Use of Estimates:

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses and activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Four Block.

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 June 30, 2015, from which the summarized information was derived.

In-Kind Contributions:

Four Block recognizes contributions of services that create or enhance non-financial assets and require 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 that assist Four Block with specific programs, campaign solicitation, and various committee assignments. These volunteer services do not meet the criteria outlined above and have not been recognized in the financial statements.

Advertising:

Advertising costs are expenses as incurred and totaled \$48,958 for the year ended December 31, 2017.

Four Block Foundation, Inc.

Notes to Financial Statements

Accounting for Uncertainty of Income Taxes:

Four Block does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2013 and later are subject to examination by applicable taxing authorities.

Allowance for Doubtful Accounts:

Four Block reviews receivables and, when necessary, records an allowance for doubtful accounts. The review is based on historical experience and a review of activity subsequent to the balance sheet date. Currently, management does not feel that any receivables are unlikely to be collected and has not established a reserve.

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.

Concentration of Credit Risk:

Financial instruments which potentially subject Four Block to concentration of credit risk consist of cash accounts which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year-end, there were no significant uninsured balances.

Subsequent Events:

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through April 25, 2018, the date the financial statements were available to be issued. No events 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.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<i>Year ended December 31, 2017</i>	
Furniture and Fixtures	\$ 1,378
Less: Accumulated depreciation	(689)
<u>Net Property and Equipment</u>	<u>\$ 689</u>

NOTE 3 – COMMITMENTS & CONTINGENCIES

Four Block did not maintain any lease, commitments, or legal obligations as of December 31, 2017