



VETERAN CAREER READINESS

FOUR BLOCK FOUNDATION, INC.

Financial Statements and Independent Auditors' Report Years Ended December 31, 2020 and 2019

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**FOUR BLOCK
FOUNDATION, INC.**

**Financial Statements
and Independent Auditors' Report**
Years Ended December 31, 2020 and 2019

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 of December 31, 2020 and 2019, 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

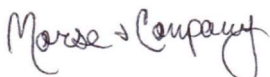
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standard generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2020, 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 9, 2021

FOUR BLOCK FOUNDATION, INC.
Statement of Financial Position

<i>December 31,</i>	2020	2019
Assets		
Cash and cash equivalents.....	\$ 1,147,463	\$ 727,771
Accounts receivable.....	960,800	420,000
Security deposits.....	3,800	-
Property and equipment, net.....	915,600	1,177,200
Total Assets		
	3,027,663	2,324,971
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses.....	104,245	7,779
Loans payable.....	310,245	-
Total Liabilities		
	414,490	7,779
Net assets:		
Without Donor Restrictions.....	1,652,373	2,317,192
With Donor Restrictions.....	960,800	
Total Net Assets		
	2,613,173	2,317,192
Total Liabilities and Net Assets		
	\$ 3,027,663	\$ 2,324,971

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	
			2020	2019
Public support and revenue:				
Contributions.....	\$ 509,029		\$ 509,029	\$ 486,589
Grants.....	378,797	1,272,000	1,650,797	429,700
Contributions In-kind.....	230,550		230,550	2,146,869
Net assets released from restriction.....	311,200	(311,200)	-	-
Total support and revenues	1,429,576	960,800	2,390,376	3,063,158
Expenses:				
Program services.....	1,837,250		\$ 1,837,250	1,945,427
Management and general.....	189,026		189,026	152,436
Fundraising.....	68,119		68,119	203,745
Total expenses	2,094,395	-	2,094,395	2,301,608
Change in net assets.....	(664,819)	960,800	295,981	761,550
Net assets, beginning of year.....	2,317,192	-	2,317,192	1,555,642
Net assets, end of year	\$ 1,652,373	\$ 960,800	\$ 2,613,173	\$ 2,317,192

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Functional Expense

	Program Services	Management and General	Fundraising	2020 Totals	2019 Totals
Payroll.....	\$ 925,522	\$ 61,701	\$ 41,134	\$ 1,028,357	\$ 593,773
Payroll tax and benefits.....	159,231	10,615	7,077	176,923	123,382
Professional fees.....	104,937	23,611	2,623	131,171	129,820
Insurance.....	-	6,927	-	6,927	16,280
Advertising.....	63,931	-	15,983	79,914	873,991
Printing.....	3,939	463	232	4,634	2,725
Dues and subscriptions.....	6,804	800	400	8,004	5,666
Travel.....	17,152	1,906	-	19,058	117,714
Information technology.....	6,476	1,619	-	8,095	2,406
Office expense.....	11,396	1,341	670	13,407	10,095
Postage and delivery.....	615	154	-	769	3,264
Interest expense.....	-	3,558	-	3,558	-
Bank charges and fees.....	-	10,931	-	10,931	5,965
Conference and events.....	-	-	-	-	39,121
Program expense.....	341,047	-	-	341,047	239,946
Depreciation.....	196,200	65,400	-	261,600	131,030
Miscellaneous.....	-	-	-	-	6,430
	<u>\$ 1,837,250</u>	<u>\$ 189,026</u>	<u>\$ 68,119</u>	<u>\$ 2,094,395</u>	<u>\$ 2,301,608</u>

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Cash Flows

<i>Year ended December 31,</i>	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 295,981	\$ 761,550
<u>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</u>		
Depreciation.....	261,600	131,030
<u>Change in assets and liabilities:</u>		
Accounts receivable.....	(540,800)	418,500
Security deposit.....	(3,800)	
Accounts payable and accrued expenses.....	96,466	(8,850)
Loans payable.....	310,245	-
Cash flows from investing activities:		
Fixed asset purchases.....	-	(1,308,000)
Net change in cash	419,692	(5,770)
<hr/>		
Cash and cash equivalents, beginning of year.....	727,771	733,541
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Cash and cash equivalents, end of year.....	1,147,463	727,771

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”).

Effective January 1, 2020, Four Block adopted the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, “Topic 606”). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Effective January 1, 2020, Four Block adopted ASU No. 2019-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“Topic 605”). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions.

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In accordance with this new standard, Four Block evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is nonreciprocal. If the transaction is determined to be an exchange transaction, Four Block applies guidance under Topic 606. If the transaction is determined to be nonreciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both standards resulted in no significant changes in the way Four Block recognizes revenue.

Basis of Presentation

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.

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.

Revenue Recognition

Four Block has adopted Topic 606 using the modified retrospective method applied to all contracts after January 1, 2020 and continues to use legacy GAAP for all contracts before January 1, 2020.

Four Block receives grants and donations that fall under Topic 606. Grants and donations are recognized as revenue in the corresponding membership period in which they are earned. Revenue received in advance of the period are treated as deferred income.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to 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 were received, they are classified as without donor restrictions. Contributions expected to be received within one year are recorded at net realizable value.

Four Block Foundation, Inc.

Notes to Financial Statements

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

Conditional contributions received are recognized as income when the conditions have been substantially met. 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, 2020. 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.

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, 2020, and 2019, management determined that no allowance for doubtful accounts is necessary.

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.

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.

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.

Four Block Foundation, Inc.

Notes to Financial Statements

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

Advertising Costs

Costs of promotion and advertising are expensed as incurred. For the years ended December 31, 2020 and 2019, advertising expense amounted to approximately \$79,914 and \$873,991, respectively.

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.

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.

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 square footage and time and effort.

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).

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, 2020, from which the summarized information was derived.

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.

NOTE 3 – FIXED ASSETS

Property and equipment consisted of the following:

<i>Year ended December 31, 2020</i>	
Equipment and Technology	\$ 1,309,378
Less: Accumulated depreciation	(393,778)
Net Property and Equipment	\$ 915,600

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

	Balance @ 12/31/19	Contributions	Released from Restriction	Balance @ 12/31/20
PWC Charitable Foundation		1,150,000	(311,200)	838,800
Other Time Restricted Donations	-	122,000	-	122,000
Total	-	1,272,000	(311,200)	960,800

Four Block Foundation, Inc.

Notes to Financial Statements

NOTE 5 – LOANS PAYABLE

The organization received a loan as part of the Paycheck Protection Program (PPP) in November 2020 in the amount of \$151,345. The organization also received two SBA loans totaling for \$158,900 in June 2020. As of December 31, 2020, these amounts remained outstanding. The full PPP loan was forgiven in January 2021 and will be recognized as revenue at that time.

NOTE 6 – COMMITMENTS & CONTINGENCIES

Four Block did not maintain any lease, commitments, or legal obligations as of December 31, 2020

NOTE 7 – AVAILABILITY AND LIQUIDITY

Four Block's financial assets available to meet cash needs for general expenditures within one year are \$1,147,463, which consist of cash and cash equivalents of \$1,143,067 and investments of \$4,396, at December 31, 2020. 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 August 9, 2021, 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.