



VETERAN CAREER READINESS

FOUR BLOCK FOUNDATION, INC.

Financial Statements and Independent Auditors' Report Year Ended December 31, 2016

Morse & Company, LLP
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**FOUR BLOCK
FOUNDATION, INC.**

**Financial Statements
and Independent Auditors' Report**
Year Ended December 31, 2016

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 statement of financial position as December 31, 2016, 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, 2016, 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
January 19, 2017

FOUR BLOCK FOUNDATION, INC.
Statement of Financial Position

| <i>December 31,</i> | 2016 | 2015 |
|---|-------------|-------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents (Note 3)..... | \$ 497,680 | \$ 377,143 |
| Accounts Receivable..... | 225,000 | - |
| Total Current Assets | | |
| Property and equipment, net (Note 2) | 1,148 | - |
| Total Assets | | |
| Liabilities and Net Assets | | |
| Commitments and contingencies (Note 4) | | |
| Net Assets | | |
| Unrestricted..... | 723,828 | 377,143 |
| Total Liabilities and Net Assets | | |
| | \$ 723,828 | \$ 377,143 |

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Activities

| <i>Year ended December 31,</i> | Totals | |
|------------------------------------|-------------------|-------------------|
| | 2016 | 2015 |
| Public support and revenue: | | |
| Contributions..... | \$ 177,424 | \$ 69,807 |
| Grants..... | 530,000 | 315,000 |
| Total support and revenues | 707,424 | 384,807 |
| Expenses: | | |
| Program services..... | 307,747 | 134,495 |
| Management and general..... | 34,408 | 12,566 |
| Fundraising..... | 18,584 | 10,820 |
| Total expenses | 360,739 | 157,881 |
| Change in net assets..... | 346,685 | 226,926 |
| Net assets, beginning of year..... | 377,143 | 150,217 |
| Net assets, end of year | \$ 723,828 | \$ 377,143 |

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Functional Expense

| | Program Services | Management and General | Fundraising | 2016 Totals | 2015 Totals |
|-----------------------------|-----------------------------|-----------------------------------|--------------------|------------------------|------------------------|
| Payroll..... | \$ 220,991 | \$ 17,188 | \$ 7,366 | \$ 245,545 | \$ - |
| Professional Fees..... | 40,495 | 11,879 | 1,620 | 53,994 | 124,381 |
| Insurance..... | - | 1,132 | - | 1,132 | 1,337 |
| Advertising..... | - | - | 8,442 | 8,442 | 1,959 |
| Travel..... | 13,666 | 1,608 | 804 | 16,078 | 4,653 |
| Office expense..... | 5,625 | 1,055 | 352 | 7,032 | 1,802 |
| Bank charges and fees..... | - | 717 | - | 717 | 527 |
| Dues and Subscriptions..... | - | 599 | - | 599 | - |
| Depreciation..... | - | 230 | - | 230 | - |
| Program Expense..... | 26,970 | - | - | 26,970 | 23,222 |
| | <u>\$ 307,747</u> | <u>\$ 34,408</u> | <u>\$ 18,584</u> | <u>\$ 360,739</u> | <u>\$ 157,881</u> |

See accompanying notes to financial statements

FOUR BLOCK FOUNDATION, INC.
Statement of Cash Flows

| <i>Year ended December 31,</i> | 2016 | 2015 |
|---|-------------|-------------|
| <hr/> | | |
| Cash flows from operating activities: | | |
| Change in net assets | \$ 346,685 | \$ 226,926 |
| | | |
| <u>Adjustments to reconcile change in net assets to net cash</u> provided by (used in) operating activities: | | |
| Depreciation..... | 230 | - |
| Fixed asset purchases..... | (1,378) | - |
| Accounts receivable..... | (225,000) | - |
| Net change in cash | 120,537 | 226,926 |
| <hr/> | | |
| Cash and cash equivalents, beginning of year..... | 377,143 | 150,217 |
| <hr/> | | |
| Cash and cash equivalents, end of year..... | 497,680 | 377,143 |
| <hr/> | | |

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:

Four Block recognizes contributions as revenue when cash is received or a promise is considered unconditional in the period in which such amounts are pledged. Contributions are recognized when the donor makes a promise to give to Four Block that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Receivables are due within one year.

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

Four Block Foundation, Inc.

Notes to Financial Statements

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

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 Institute is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Institute.
- (ii) **Temporarily Restricted** – Net assets resulting from contributions and other inflows of assets whose use by the Institute is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Institute 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.

Property and Equipment:

Property and equipment are stated at cost. Those assets by gift are carried at fair market value established at the date of acquisition. Depreciation expense is computed using the straight-line method over the equipment's estimated useful life of three years.

Four Block Foundation, Inc.

Notes to Financial Statements

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

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.

Events Occurring After Report Date:

Four Block has evaluated events and transactions that occurred between January 1, 2016 and January 19, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| <i>Year ended December 31, 2016</i> | |
|-------------------------------------|-----------------|
| Furniture and Fixtures | \$ 1,378 |
| Less: Accumulated depreciation | (230) |
| <u>Net Property and Equipment</u> | <u>\$ 1,148</u> |

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

Four Block deposits money with institutions that management deems to be credit worthy. Periodically, balances may exceed amounts covered by insurance. Management does not believe they are exposed to significant risks and have not suffered any losses due to bank failure. As of December 31, 2016, Four Block's cash balances did not exceed insured levels.

NOTE 4 – COMMITMENTS & CONTINGENCIES

Four Block did not maintain any lease, commitments, or legal obligations as of December 31, 2016