

Ed Block Courage Award Foundation, Inc.

Financial Statements together with Independent Auditor's Report

As of and For the Years Ended May 31, 2019 and 2018



C.E.A. SCHOLTES & ASSOCIATES
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ed Block Courage Award Foundation, Inc.

We have audited the accompanying financial statements of Ed Block Courage Award Foundation, Inc. (the Foundation), a nonprofit organization, which comprise the statements of financial position as of May 31, 2019 and 2018, and the related statements of activities 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 audits. We conducted our audits in accordance with auditing standards 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 judgment, including the assessment of the risks of material misstatement of the financial statements, 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 Ed Block Courage Award Foundation, Inc. as of May 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of banquet revenue and expenses on page 24 is presented for purposes of additional analysis

and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Foundation adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities* as of and for the year ended May 31, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to the matter.

C. E. A. Scholtes & Associates

Baltimore, Maryland
March 8, 2020

ED BLOCK COURAGE AWARD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
As of May 31, 2019 and 2018

ASSETS		
	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and Cash Equivalents	\$ 52,724	\$ 32,405
Investments, at fair value	467,447	465,463
Accounts Receivable	28,129	9,090
Prepaid Expenses	3,987	4,188
Total Current Assets	552,287	511,146
Property and Equipment, net	1,567	2,767
Other Assets		
Security Deposit	1,200	1,200
Total Other Assets	1,200	1,200
Total Assets	\$ 555,054	\$ 515,113

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 126,348	\$ 33,410
Deferred Revenue	700	3,100
Total Liabilities	127,048	36,510
Net Assets		
Without Donor Retrictions	(42,197)	9,771
With Donor Restrictions		
Temporarily Restricted	2,372	4,072
Permanently Restricted	467,831	464,760
Total Net Assets With Donor Restrictions	470,203	468,832
Total Net Assets	428,006	478,603
Total Liabilities and Net Assets	\$ 555,054	\$ 515,113

See accompanying notes and independent auditor's report.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
STATEMENTS OF ACTIVITIES

For the Year Ended May 31, 2019 (with Comparative Totals for the Year Ended May 31, 2018)

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, Gains and Other Support				
Contributions				
Cash Gifts	\$ 15,718	\$ 3,736	\$ 19,454	\$ 14,799
In-Kind Contributions	4,000	-	4,000	2,000
Banquet				
Sponsorships	135,420	-	135,420	130,858
In-Kind Sponsorships	173,000	-	173,000	178,245
Legacy of Courage	124,250	-	124,250	115,446
Auctions	37,505	-	37,505	48,762
Tickets and Tables	26,025	-	26,025	23,810
In-Kind Tickets and Tables	3,500	-	3,500	5,450
NFL Advertising	23,850	-	23,850	19,200
Raffle	1,180	-	1,180	4,060
Total Banquet Revenues	<u>524,730</u>	<u>-</u>	<u>524,730</u>	<u>525,831</u>
Direct Banquet Expenses	<u>287,479</u>	<u>-</u>	<u>287,479</u>	<u>309,238</u>
Banquet, net	237,251	-	237,251	216,593
Other Special Events, net of \$0 and \$345 of direct expenses, respectively	10,020	-	10,020	21,843
Merchandise Income	130	-	130	810
Investment Income, net of fees	-	26,984	26,984	4,377
Other Income	7,470	-	7,470	6,555
	<u>274,589</u>	<u>30,720</u>	<u>305,309</u>	<u>266,977</u>
Satisfaction of Purpose and Time Restrictions	29,349	(29,349)	-	-
Total Revenues, Gains and Other Support	<u>303,938</u>	<u>1,371</u>	<u>305,309</u>	<u>266,977</u>
Expenses				
Program Services	241,304	-	241,304	241,295
Supporting Services				
Management and General	31,324	-	31,324	32,534
Fundraising	83,278	-	83,278	89,092
Total Supporting Services	<u>114,602</u>	<u>-</u>	<u>114,602</u>	<u>121,626</u>
Total Expenses	<u>355,906</u>	<u>-</u>	<u>355,906</u>	<u>362,921</u>
Change in Net Assets	(51,968)	1,371	(50,597)	(95,944)
Net Assets, Beginning of Year	<u>9,771</u>	<u>468,832</u>	<u>478,603</u>	<u>574,547</u>
Net Assets, End of Year	<u>\$ (42,197)</u>	<u>\$ 470,203</u>	<u>\$ 428,006</u>	<u>\$ 478,603</u>

See accompanying notes and independent auditor's report.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions			
Cash Gifts	\$ 14,299	\$ 500	\$ 14,799
In-Kind Contributions	2,000	-	2,000
Banquet			
Sponsorships	130,858	-	130,858
In-Kind Sponsorships	178,245	-	178,245
Legacy of Courage	115,446	-	115,446
Auctions	48,762	-	48,762
Tickets and Tables	23,810	-	23,810
In-Kind Tickets and Tables	5,450	-	5,450
NFL Advertising	19,200	-	19,200
Raffle	4,060	-	4,060
Total Banquet Revenues	<u>525,831</u>	<u>-</u>	<u>525,831</u>
Direct Banquet Expenses	<u>309,238</u>	<u>-</u>	<u>309,238</u>
Banquet, net	216,593	-	216,593
Other Special Events, net of \$345 of direct expenses	21,843	-	21,843
Merchandise Income	810	-	810
Investment Income, net of fees	-	4,377	4,377
Other Income	6,555	-	6,555
	<u>262,100</u>	<u>4,877</u>	<u>266,977</u>
Satisfaction of Purpose and Time Restrictions	62,388	(62,388)	-
Total Revenues, Gains and Other Support	<u>324,488</u>	<u>(57,511)</u>	<u>266,977</u>
Expenses			
Program Services	241,295	-	241,295
Supporting Services			
Management and General	32,534	-	32,534
Fundraising	89,092	-	89,092
Total Supporting Services	<u>121,626</u>	<u>-</u>	<u>121,626</u>
Total Expenses	<u>362,921</u>	<u>-</u>	<u>362,921</u>
Change in Net Assets	(38,433)	(57,511)	(95,944)
Net Assets, Beginning of Year	<u>48,204</u>	<u>526,343</u>	<u>574,547</u>
Net Assets, End of Year	<u>\$ 9,771</u>	<u>\$ 468,832</u>	<u>\$ 478,603</u>

See accompanying notes and independent auditor's report.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2019 (with Comparative Totals for the Year Ended May 31, 2018)

	2019			2018		
		Supporting Expenses				
	Program Services	Management and General	Fundraising	Total	Total	Total
Advertising	\$ 10,611	\$ -	\$ 811	\$ 811	\$ 11,422	\$ 11,793
Bad Debt Expense	-	-	-	-	-	2,500
Bank Service Charges and Fees	-	3,770	-	3,770	3,770	1,861
Banquet - Indirect	-	-	73,254	73,254	73,254	78,409
Courage House Donations	36,950	-	-	-	36,950	38,797
Courage House Network	844	-	-	-	844	1,141
Credit Card and Web Payment Fees	3,986	-	-	-	3,986	2,896
Depreciation	1,008	96	96	192	1,200	1,301
Donations	-	-	-	-	-	150
Fundraising - Other	-	-	494	494	494	420
Insurance	-	2,798	-	2,798	2,798	2,892
Licenses and Permits	-	-	311	311	311	300
Meals and Entertainment	985	-	-	-	985	678
Merchandise	929	-	-	-	929	809
Miscellaneous	275	273	-	273	548	200
NFL Tickets	6,657	-	-	-	6,657	5,419
Office	3,942	492	492	984	4,926	4,624
Outreach - Banquet	48,153	-	-	-	48,153	43,071
Parking, Tolls and Mileage	148	-	-	-	148	362
Payroll and Payroll Related Expenses	83,306	4,827	4,827	9,654	92,960	95,847
Payroll Fees	-	1,110	-	1,110	1,110	1,135
Payroll Taxes	6,418	372	372	744	7,162	7,383
Postage and Delivery	1,965	109	109	218	2,183	3,590
Printing	-	-	-	-	-	96
Professional Fees	17,426	15,265	300	15,565	32,991	31,719
Rent	12,696	1,587	1,587	3,174	15,870	18,591
Telephone	3,658	457	457	914	4,572	4,625
Utilities	1,347	168	168	336	1,683	2,312
Total Expenses	<u>\$ 241,304</u>	<u>\$ 31,324</u>	<u>\$ 83,278</u>	<u>\$ 114,602</u>	<u>\$ 355,906</u>	<u>\$ 362,921</u>

See accompanying notes and independent auditor's report.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2018

	Program Services	Supporting Expenses			Total
		Management and General	Fundraising	Total	
Advertising	\$ 11,614	\$ -	\$ 179	\$ 179	\$ 11,793
Bad Debt Expense	-	2,500	-	2,500	2,500
Bank Service Charges and Fees	113	1,748	-	1,748	1,861
Banquet - Indirect	-	-	78,409	78,409	78,409
Courage House Donations	38,797	-	-	-	38,797
Courage House Network	1,141	-	-	-	1,141
Credit Card and Web Payment Fees	2,896	-	-	-	2,896
Depreciation	1,093	104	104	208	1,301
Donations	150	-	-	-	150
Fundraising - Other	-	-	420	420	420
Insurance	-	2,892	-	2,892	2,892
Licenses and Permits	-	-	300	300	300
Meals and Entertainment	28	304	346	650	678
Merchandise	809	-	-	-	809
Miscellaneous	200	-	-	-	200
NFL Tickets	5,419	-	-	-	5,419
Office	3,570	527	527	1,054	4,624
Outreach - Banquet	43,071	-	-	-	43,071
Parking, Tolls and Mileage	-	-	362	362	362
Payroll and Payroll Related Expenses	85,749	5,049	5,049	10,098	95,847
Payroll Fees	-	1,135	-	1,135	1,135
Payroll Taxes	6,613	385	385	770	7,383
Postage and Delivery	3,232	179	179	358	3,590
Printing	96	-	-	-	96
Professional Fees	16,280	15,159	280	15,439	31,719
Rent	14,873	1,859	1,859	3,718	18,591
Telephone	3,701	462	462	924	4,625
Utilities	1,850	231	231	462	2,312
Total Expenses	<u>\$ 241,295</u>	<u>\$ 32,534</u>	<u>\$ 89,092</u>	<u>\$ 121,626</u>	<u>\$ 362,921</u>

See accompanying notes and independent auditor's report.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (50,597)	\$ (95,944)
Adjustments to Reconcile Changes in Net Assets to Net Cash and Cash Equivalents Used in Operating Activities:		
Depreciation	1,200	1,301
Realized (Gain) Loss	(402)	111
Unrealized Loss	2,868	17,625
Reinvested Interest and Dividends	(29,450)	(22,113)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(19,039)	4,978
Decrease in Prepaid Expenses	201	4,294
Increase in Accounts Payable and Accrued Expenses	92,938	3,548
(Decrease) Increase in Deferred Revenue	(2,400)	1,900
Net Cash and Cash Equivalents Used in Operating Activities	(4,681)	(84,300)
 Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	25,000	75,000
Purchase of Investments	-	(208)
Net Cash and Cash Equivalents Provided by Investing Activities	25,000	74,792
 Net Increase (Decrease) in Cash and Cash Equivalents	20,319	(9,508)
 Cash and Cash Equivalents, Beginning of Year	32,405	41,913
 Cash and Cash Equivalents, End of Year	\$ 52,724	\$ 32,405

See accompanying notes and independent auditor's report.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

1. Nature of Organization and Summary of Significant Accounting Policies

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

Nature of Organization

The Foundation promotes the prevention of child abuse through awareness, building partnerships and providing for the care and treatment of abused children. Efforts of the Foundation are supported by the National Football League (NFL) and the Professional Football Athletic Trainers Society (PFATS). The Foundation has evolved from a local Baltimore, Maryland charity, to a national organization, with a presence throughout the country. The primary awareness and fundraising vehicle utilized by the Foundation is the annual Ed Block Courage Awards gala (characterized as “Banquet” in the accompanying statements of activities and functional expenses), in which one player from each NFL team is honored for his commitment to the principles of sportsmanship, courage and community involvement.

Fundraising initiatives primarily benefit the Foundation’s Courage House National Support Network for Kids (NSNK). Named after the NFL team in that respective city, a courage house is a facility that provides support and quality care for abused children and their families in that community. Upon its establishment, a new courage house receives substantial dedication funding from the Foundation and annual financial support thereafter. The Foundation provides technical assistance to courage houses on the development of fundraising programs, primarily through the utilization of the facility’s partnership with its respective NFL club, to enhance its objectives and raise significant funds for their cause. The model is designed to provide financial assistance, create community awareness of the issues of child abuse, strengthen communities and nurture a close humanitarian relationship between the courage houses and their respective NFL team, as to build sustainable programs for the most vulnerable members of society. As of May 31, 2019, there were 25 courage houses in NSNK, and the Foundation’s goal is to establish a courage house in each city in which an NFL team is located.

Basis of Accounting

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

**1. Nature of Organization and Summary of Significant Accounting Policies –
(continued)**

Basis of Presentation and Net Assets

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958, Not-for-Profit Entities. Under ASC No. 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are the net assets that are not restricted by donor imposed stipulations.

Net assets with donor restrictions result from contributions whose use by the Foundation is limited by donor imposed stipulations, that either expire by the passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations (temporary restrictions) or contributions, whose use by the Foundation is limited by donor imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise be removed by actions of the Foundation (permanent restrictions). Net assets may be restricted for various purposes; such as use in future periods or use for specified purposes or restricted in perpetuity. The Foundation had net assets with donor restrictions totaling \$470,203 and \$468,832 as of May 31, 2019 and 2018, respectively.

Risks and Uncertainties

The Foundation is dependent upon maintaining its contributions and surpluses from special events and donations to achieve its mission. To the extent that this level of funding is inadequate to generate surpluses, the Foundation may need to reconsider its strategic plan in order to continue to remain properly capitalized. The Foundation has the ability to withdraw funds up to \$90,000 per year from its endowment for operating expenses above and beyond its annual 5% apportionment (see Note 8). The Foundation has elected not to take such a supplemental draw in fiscal year 2019.

Donated Services

The Foundation recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

**1. Nature of Organization and Summary of Significant Accounting Policies –
(continued)**

Investments

Investments are stated at fair market value.

Accounts Receivable

Accounts receivable consist of amounts due for special event advertisements. Account balances over ninety days are considered delinquent. The Foundation uses the direct write off method to expense uncollectible accounts receivable which approximates the allowance method; therefore, an allowance for doubtful accounts has not been provided. Direct charge offs for the years ended May 31, 2019 and 2018 totaled \$0 and \$2,500, respectively.

Liquidity

The following reflects the Foundation's financial assets as of May 31, 2019, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the statement of financial position date.

Cash and Cash Equivalents	\$ 52,724
Investments, at fair value	467,447
Accounts Receivable	<u>28,129</u>
	548,300
Less Those Unavailable for General Expenditures Within One Year, Due To:	
Net Assets With Donor Restrictions	<u>(470,203)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 78,097</u></u>

The Foundation has \$78,097 of financial assets available within one year of May 31, 2019. Additionally, the Foundation also has access to a \$90,000 annual draw from its endowment fund for operations to the extent the portfolio balance can continue to service such an annual draw. The Foundation has elected not to take this draw in fiscal year 2019. The Foundation has a goal to maintain financial assets on hand to meet three months of normal operating expenses, which is expected to approximate \$90,000. As a part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

**1. Nature of Organization and Summary of Significant Accounting Policies –
(continued)**

Property and Equipment

The Foundation capitalizes substantial expenditures of \$500 or more for property and equipment having a useful life of two or more years. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the useful lives of five years for computers and equipment.

Depreciation totaled \$1,200 and \$1,301 for the years ended May 31, 2019 and 2018, respectively.

Valuation of Long-Lived Assets

The Foundation accounts for the valuation of long-lived assets under FASB ASC No. 360, *Property, Plant and Equipment*. ASC No. 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. The Foundation's management believes that there are no impaired long-lived assets as of May 31, 2019 and 2018 and, therefore, no impairment loss has been recorded during the years ended May 31, 2019 and 2018.

Revenue Recognition

Contributions are recognized when received from the donor or when pledged as an unconditional promise to give, if pledged. Contributions are recorded as support without donor restrictions or with donor restrictions depending on the existence and/or the nature of any donor imposed restrictions.

Advertising Costs

The Foundation expenses advertising costs when incurred. Advertising costs for the years ended May 31, 2019 and 2018 totaled \$11,422 and \$11,793, respectively.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

**1. Nature of Organization and Summary of Significant Accounting Policies –
(continued)**

Functional Allocation of Expenses

Direct expenses are charged directly to program services, management and general and fundraising based on specific identification. Payroll and payroll related expenses are allocated according to specific job duties per employee/contractor. Indirect expenses are allocated based on the percentages of direct costs for each category of expense to total direct costs.

Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Foundation is also a registered 501(h) organization.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the positions. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended May 31, 2019 and 2018. The Foundation files federal and state information returns. The Organization's Federal Forms 990 remain open for three years for federal and state examination.

Use of Estimates in Financial Statements

The preparation 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

For the year ended May 31, 2019, the Foundation adopted FASB ASU No. 2016-14 – *Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided by expenses and investment return between not-for-profit entities. The changes required by the update have been applied

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Adoption of New Accounting Pronouncement – (continued)

retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions, and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Accounting Pronouncements Pending

In February 2015, the FASB issued Accounting Standards Update (ASU) No. 2017-02, *Leases (Topic 842)*. The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. By definition, a short term lease is one in which: (a) the lease term is 12 months or less and (b) there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which right-of-use assets and lease liabilities are not recognized and lease payments are generally recognized as expense over the lease term on a straight-line basis. This change will result in lessees recognizing right-of-use assets and lease liabilities from most leases currently accounted for as operating leases under the existing lease accounting guidance. This ASU will be effective for fiscal years beginning after December 15, 2020. Management does not anticipate a material impact of this standard on the Foundation's financial statements.

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides guidance to determine whether a transaction should be accounted for as a contribution or an exchange transaction. This ASU is effective for fiscal years beginning after December 15, 2018, with an option for early adoption.

Subsequent Events

The Foundation evaluated the accompanying financial statements for subsequent events and transactions through March 8, 2020, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

2. Fair Value of Financial Instruments

FASB ASC No. 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC No. 820 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation techniques used by the Foundation to measure fair value during the years ended May 31, 2019 and 2018 maximized the use of observable inputs and minimized the use of unobservable inputs. There have been no changes in the methodologies used as of May 31, 2019.

When an active market for an identical asset is not available, alternative pricing sources and models utilizing market observable inputs are used. The Foundation determines whether the market for a financial instrument is active or inactive based on the security's daily volume and other market trading statistics. Inactivity of the market is evidenced by factors including

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NOTES TO FINANCIAL STATEMENTS
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2. Fair Value of Financial Instruments - (continued)

decreased trade volumes, stale transaction prices and transaction prices that varied significantly either over time or among markets.

Changes in fair value are recognized in the period in which the change occurs in the statement of activities.

The following is a description of the valuation methodologies used for assets measured at fair value as of May 31, 2019 and 2018:

Mutual Funds: Valued at the closing price reported on the active market on which the fund is traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of May 31, 2019:

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Market For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$ 35	\$ 35	\$ -	\$ -
Mutual Funds	467,412	467,412	-	-
Total	\$467,447	\$467,447	\$ -	\$ -

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NOTES TO FINANCIAL STATEMENTS
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2. Fair Value of Financial Instruments - (continued)

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of May 31, 2018:

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Market For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$ 32	\$ 32	\$ -	\$ -
Mutual Funds	465,431	465,431	-	-
Total	\$465,463	\$465,463	\$ -	\$ -

3. Investments

Investments are stated at fair market value. The market value of the Foundation's investments as of May 31, 2019 and 2018 is as follows:

Fund	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	\$ 35	\$ 35	\$ 32	\$ 32
Mutual Funds	467,412	487,905	465,431	483,056
Total	\$467,447	\$487,940	\$465,463	\$483,088

4. Accounts Receivable

Accounts receivable consisted of amounts due for special event advertisements and totaled \$28,129 and \$9,090 as of May 31, 2019 and 2018, respectively.

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NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

5. Property and Equipment

Property and equipment consisted of the following as of May 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Computers and Equipment	\$ 12,764	\$ 12,764
less: accumulated depreciation	<u>(11,197)</u>	<u>(9,997)</u>
Property and Equipment, net	<u>\$ 1,567</u>	<u>\$ 2,767</u>

6. Satisfaction of Purpose and Time Restrictions

Net assets released from purpose and time restrictions for the years ended May 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
<u>Temporarily Restricted Releases</u>		
Time Restrictions:		
In-Kind Depreciation	\$ 1,200	\$ 1,200
Purpose Restriction:		
Paws For Courage	<u>4,236</u>	<u>-</u>
	5,436	1,200
<u>Permanently Restricted Releases</u>		
Time Restriction:		
5% Allowable Apportionment of Endowed Funds for Expenditure	<u>23,913</u>	<u>61,188</u>
Total Releases from Restriction	<u>\$29,349</u>	<u>\$62,388</u>

7. Net Assets With Donor Restrictions – Temporarily Restricted

The Foundation had net assets with donor restrictions - temporarily restricted of \$2,372 and \$4,072 as of May 31, 2019 and 2018, respectively, restricted as to time and purpose.

	<u>2019</u>	<u>2018</u>
Purpose Restrictions:		
Lenny Moore Statue	\$ 805	\$ 805
Paws for Courage	-	500
Time Restrictions:		
In-Kind Computers and Equipment	<u>1,567</u>	<u>2,767</u>
Total Temporarily Restricted Net Assets	<u>\$2,372</u>	<u>\$4,072</u>

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

8. Net Assets With Donor Restrictions - Permanently Restricted Net Assets

Henry and Jeanette Weinberg Endowment Fund

Permanently restricted net assets consist solely of the Henry and Jeanette Weinberg Endowment Fund (the Fund) originally to be preserved in perpetuity. The Fund was established with a donor's pledge to donate up to \$1,000,000 in matching funds for the monies received by the Foundation from other donors through December 31, 2005. The donor had subsequently amended the deadline through December 31, 2011. Under the terms of this pledge, the donor has agreed to match \$1 for every \$1 received by the Foundation specifically for the Fund. The Foundation had earned \$570,000 through December 31, 2011 under this pledge. The Foundation had received, from the Fund, \$500,000 through May 31, 2012 with the remaining \$70,000 received by May 31, 2013.

In November 2014, the Weinberg Foundation Board gave written approval for the Foundation to withdraw from the Fund, up to \$90,000 a year of the funds, to be used for the Foundation's strategic plan and five year goals. An initial \$30,000 was to be withdrawn immediately and the remainder may be withdrawn after submitting a list of specific expenditures paid with those funds along with a progress report on the implementation of the Foundation's strategic plan. In April 2017, the Weinberg Foundation Board gave written approval for the Foundation to withdraw from the Fund an additional \$75,000 for 2017 only.

Regular annual distributions from the Fund are limited to five percent of the average fund principal during the preceding fiscal year. The following shall be retained and added to the principal in hopes of preserving and/or enhancing the purchasing power of future distributable amounts: (a) earnings of the fund in excess of the distributable amounts and (b) portions of the distributable amounts that were not actually distributed during the fiscal year and were not placed in a segregated account or accounts, or by segregated accounting in the existing account, for accumulation and carry forward. The funds are to be used to support counseling, maintenance and operation of shelters of abused and neglected children. Permanently restricted net assets as of May 31, 2019 and 2018 are \$467,831 and \$464,760, respectively.

Total permanently restricted net asset releases for the years ended May 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Allowable Apportionment of Funds		
November 2017 - May 2018	\$ -	\$35,000
	-	35,000
5% of Allowable Apportionment of Funds	23,913	26,188
	<u>\$ 23,913</u>	<u>\$61,188</u>

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

9. Endowment Net Assets

Interpretation of Relevant Law

ASC No. 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*, established a framework of the net assets classification of donor-restricted endowment funds for any nonprofit organization that is subject to a state enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC No. 958-205, which is effective for fiscal years ending after December 15, 2008, also required expanded disclosures for all endowment funds.

In the event the Foundation receives donor-restricted endowment funds, determination of the net asset classification for the corpus and return on investments is based on the donor's intentions. In the event the Foundation's Board determines certain non-donor funds as board-designated, those respective funds are classified as unrestricted and the return on those funds are used to support the general program expenses of the annual budget.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment net assets that attempt to provide a predictable stream of funding to the programs supported by the endowments while assuming a low level of investment risk.

Endowment Spending Policy

The Foundation has a policy of allowing for the appropriation of 5% of the value of the fund on an annual basis for the use as stipulated by the fund's restricted purpose. The annual decision to appropriate such expenditures is approved by the Board based on recommendations by management. In establishing the policy, the Foundation considers the long-term expected returns on its endowment investments.

Changes in endowment net assets are as follows for the year ended May 31, 2019:

	<u>Unrestricted</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowed Net Assets, June 1, 2018	\$ -	\$ -	\$ 464,760	\$ 464,760
Interest and Dividends	-	-	29,450	29,450
Net Realized and Unrealized Loss	-	-	(2,466)	(2,466)
5% Allowable Apportionment of Funds	-	23,913	(23,913)	-
Release of Award	23,913	(23,913)	-	-
Disbursement of Award	(23,913)	-	-	(23,913)
Endowed Net Assets, May 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,831</u>	<u>\$ 467,831</u>

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

9. Endowment Net Assets – (continued)

Changes in endowment net assets are as follows for the year ended May 31, 2018:

	<u>Unrestricted</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowed Net Assets, June 1, 2017	\$ -	\$ -	\$ 521,571	\$ 521,571
Interest and Dividends	-	-	22,113	22,113
Net Realized and Unrealized Loss	-	-	(17,736)	(17,736)
Allowable Apportionment of Funds	-	35,000	(35,000)	-
5% Allowable Apportionment of Funds	-	26,188	(26,188)	-
Release of Award	61,188	(61,188)	-	-
Disbursement of Award	(61,188)	-	-	(61,188)
Endowed Net Assets, May 31, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,760</u>	<u>\$ 464,760</u>

Total net assets composition was as follows as of May 31, 2019:

	<u>Unrestricted</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment Funds	\$ -	\$ -	\$467,831	\$467,831
Non-Endowment Funds	(42,197)	2,372	-	(39,825)
Total Net Assets	<u>\$(42,197)</u>	<u>\$ 2,372</u>	<u>\$467,831</u>	<u>\$ 428,006</u>

Total net assets composition was as follows as of May 31, 2018:

	<u>Unrestricted</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment Funds	\$ -	\$ -	\$464,760	\$ 464,760
Non-Endowment Funds	9,771	4,072	-	13,843
Total Net Assets	<u>\$ 9,771</u>	<u>\$ 4,072</u>	<u>\$464,760</u>	<u>\$ 478,603</u>

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

10. Concentrations

The Ed Block Courage Awards gala (characterized as “banquet” in the accompanying statements of activities and functional expenses) accounted for 78% and 81% of total revenues, gains and other support for the years ended May 31, 2019 and 2018, respectively.

11. Commitments

Office Space Lease

Effective August 2018, the Foundation executed a lease of office space in Cockeysville, Maryland. The lease has a term of 24 months expiring on July 31, 2020 and includes a monthly payment of \$1,351 for year one and \$1,392 for year two. The lease includes a \$1,200 refundable security deposit. Future minimum scheduled lease payments as of May 31, 2019 are as follows:

For the Years	
Ending	
<u>May 31,</u>	
2020	\$ 16,622
2021	<u>2,784</u>
Total	<u>\$ 19,406</u>

12. Donated Items

The Foundation receives donated professional services for accounting services and professional services in exchange for sponsorship recognition.

The Foundation received the following non-cash contributions meeting the criteria for recognition during the years ended May 31, 2019 and 2018:

<u>Purpose</u>	<u>2019</u>	<u>2018</u>
Sponsorships	\$ 173,000	\$ 178,245
Tickets and Table Sales	3,500	5,450
Silent Auction	<u>4,000</u>	<u>2,000</u>
Total	<u>\$ 180,500</u>	<u>\$ 185,695</u>

ED BLOCK COURAGE AWARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2019 and 2018

13. Related Party Transactions

The CEO of VPC, Inc. (the Company) is a board member of the Foundation. The Company provides event production for the Foundation's annual banquet. Services provided for the years ended May 31, 2019 and 2018 totaled \$64,700.

SUPPLEMENTAL INFORMATION

ED BLOCK COURAGE AWARD FOUNDATION, INC.
SUPPLEMENTAL SCHEDULE OF BANQUET REVENUE AND EXPENSES
For the Years Ended May 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Banquet Revenue		
Sponsorships	\$ 135,420	\$ 130,858
In-Kind Sponsorships	173,000	178,245
Legacy of Courage	124,250	115,446
Auctions	37,505	48,762
Tickets and Tables	26,025	23,810
In-Kind Tickets and Tables	3,500	5,450
NFL Advertising	23,850	19,200
Raffle	1,180	4,060
	<u>524,730</u>	<u>525,831</u>
Direct Banquet Expenses		
Food and Beverage	110,045	100,815
Media and Production	134,949	134,320
Transportation and Travel	41,527	39,890
Venue and Other	958	34,213
	<u>287,479</u>	<u>309,238</u>
Net Banquet Activity Reportable in the Statements of Activities	237,251	216,593
Outreach Banquet Expenses	48,153	43,071
Indirect Banquet Expenses		
Auction	14,610	19,247
Program Books	8,370	7,689
Trophies and Awards	22,441	46,738
Venue and Other	27,833	4,735
	<u>73,254</u>	<u>78,409</u>
Total Banquet Expenses	<u>408,886</u>	<u>430,718</u>
Net Banquet Income	<u>\$ 115,844</u>	<u>\$ 95,113</u>

See accompanying notes and independent auditor's report.