

Ed Block Courage Award Foundation, Inc.

Financial Statements together with Independent Auditor's Report

As of and For the Years Ended May 31, 2020 and 2019



**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, 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 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, 2020 and 2019, 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.

*C. E. A. Scholtes & Associates*

Baltimore, Maryland  
January 8, 2021

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of May 31, 2020 and 2019**

<b>ASSETS</b>		
	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 51,975	\$ 52,724
Investments, at fair value	467,815	467,447
Contribution Receivable	15,000	-
Accounts Receivable	-	28,129
Prepaid Expenses	65,581	3,987
Total Current Assets	600,371	552,287
Property and Equipment, net	1,393	1,567
<b>Other Assets</b>		
Security Deposit	1,200	1,200
Total Other Assets	1,200	1,200
Total Assets	\$ 602,964	\$ 555,054

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Note Payable - SBA	\$ 22,420	\$ -
Notes Payable - Related Party	17,000	-
Accounts Payable and Accrued Expenses	38,469	126,348
Courage House Donations Payable	14,000	-
Deferred Revenue	12,750	700
Total Liabilities	104,639	127,048
<b>Commitments (Note 12)</b>		
<b>Net Assets</b>		
Without Donor Restrictions	37,355	(42,197)
With Donor Restrictions		
Temporarily Restricted	16,172	2,372
Permanently Restricted	444,798	467,831
Total Net Assets With Donor Restrictions	460,970	470,203
Total Net Assets	498,325	428,006
Total Liabilities and Net Assets	\$ 602,964	\$ 555,054

**See accompanying notes and independent auditor's report.**

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**For the Year Ended May 31, 2020 (with Comparative Totals for the Year Ended May 31, 2019)**

	2020		2019	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>				
Contributions				
Cash Gifts	\$ 16,157	\$ -	\$ 16,157	\$ 19,454
In-Kind Contributions	20,500	-	20,500	4,000
Banquet				
Sponsorships	-	-	-	135,420
In-Kind Sponsorships	-	-	-	173,000
Contributions	89,262	15,000	104,262	-
In-Kind Contributions	38,000	-	38,000	-
Legacy of Courage	152,102	-	152,102	124,250
Auctions	15,097	-	15,097	37,505
Tickets and Tables	-	-	-	26,025
In-Kind Tickets and Tables	-	-	-	3,500
NFL Advertising	-	-	-	23,850
Raffle	-	-	-	1,180
Total Banquet Revenues	<u>294,461</u>	<u>15,000</u>	<u>309,461</u>	<u>524,730</u>
Less: Direct Banquet Expenses	<u>38,147</u>	<u>-</u>	<u>38,147</u>	<u>287,479</u>
Banquet, net	256,314	15,000	271,314	237,251
Other Special Events, net of \$208 and \$345 of direct expenses, respectively	721	-	721	10,020
Merchandise Income	100	-	100	130
Investment Income, net of fees	-	30,368	30,368	26,984
Other Income	7,895	-	7,895	7,470
	<u>301,687</u>	<u>45,368</u>	<u>347,055</u>	<u>305,309</u>
Satisfaction of Purpose and Time Restrictions	54,601	(54,601)	-	-
Total Revenues, Gains and Other Support	<u>356,288</u>	<u>(9,233)</u>	<u>347,055</u>	<u>305,309</u>
<b>Expenses</b>				
Program Services	175,293	-	175,293	241,304
Supporting Services				
Management and General	33,116	-	33,116	31,324
Fundraising	68,327	-	68,327	83,278
Total Supporting Services	<u>101,443</u>	<u>-</u>	<u>101,443</u>	<u>114,602</u>
Total Expenses	<u>276,736</u>	<u>-</u>	<u>276,736</u>	<u>355,906</u>
<b>Change in Net Assets</b>	79,552	(9,233)	70,319	(50,597)
Net Assets, Beginning of Year	<u>(42,197)</u>	<u>470,203</u>	<u>428,006</u>	<u>478,603</u>
Net Assets, End of Year	<u>\$ 37,355</u>	<u>\$ 460,970</u>	<u>\$ 498,325</u>	<u>\$ 428,006</u>

See accompanying notes and independent auditor's report.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended May 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>			
Contributions			
Cash Gifts	\$ 15,718	\$ 3,736	\$ 19,454
In-Kind Contributions	4,000	-	4,000
Banquet			
Sponsorships	135,420	-	135,420
In-Kind Sponsorships	173,000	-	173,000
Legacy of Courage	124,250	-	124,250
Auctions	37,505	-	37,505
Tickets and Tables	26,025	-	26,025
In-Kind Tickets and Tables	3,500	-	3,500
NFL Advertising	23,850	-	23,850
Raffle	1,180	-	1,180
Total Banquet Revenues	524,730	-	524,730
Less: Direct Banquet Expenses	287,479	-	287,479
Banquet, net	237,251	-	237,251
Other Special Events, net of \$345 of direct expenses	10,020	-	10,020
Merchandise Income	130	-	130
Investment Income, net of fees	-	26,984	26,984
Other Income	7,470	-	7,470
	274,589	30,720	305,309
Satisfaction of Purpose and Time Restrictions	29,349	(29,349)	-
Total Revenues, Gains and Other Support	303,938	1,371	305,309
<b>Expenses</b>			
Program Services	241,304	-	241,304
Supporting Services			
Management and General	31,324	-	31,324
Fundraising	83,278	-	83,278
Total Supporting Services	114,602	-	114,602
Total Expenses	355,906	-	355,906
<b>Change in Net Assets</b>	(51,968)	1,371	(50,597)
Net Assets, Beginning of Year	9,771	468,832	478,603
Net Assets, End of Year	\$ (42,197)	\$ 470,203	\$ 428,006

See accompanying notes and independent auditor's report.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended May 31, 2020 (with Comparative Totals for the Year Ended May 31, 2019)**

	2020				2019	
		Supporting Expenses				
	Program Services	Management and General	Fundraising	Total	Total	Total
Advertising	\$ 505	\$ -	\$ 505	\$ 505	\$ 1,010	\$ 11,422
Bad Debt Expense	3,000	-	-	-	3,000	-
Bank Service Charges and Fees	-	201	-	201	201	3,770
Banquet - Indirect	-	-	58,229	58,229	58,229	73,254
Courage House Donations	24,750	-	-	-	24,750	36,950
Courage House Network	121	-	-	-	121	844
Credit Card and Web Payment Fees	1,329	-	-	-	1,329	3,986
Depreciation	1,104	105	105	210	1,314	1,200
Dues and Subscriptions	-	85	-	85	85	-
Fundraising - Other	-	-	900	900	900	494
Insurance	-	2,786	-	2,786	2,786	2,798
Interest	-	4,423	-	4,423	4,423	-
Licenses and Permits	-	-	300	300	300	311
Meals and Entertainment	67	-	-	-	67	985
Merchandise	631	-	-	-	631	929
Miscellaneous	-	68	-	68	68	548
NFL Tickets	7,191	-	-	-	7,191	6,657
Office	3,861	483	483	966	4,827	4,926
Outreach - Banquet	-	-	-	-	-	48,153
Parking, Tolls and Mileage	89	-	-	-	89	148
Payroll and Payroll Related Expenses	85,914	4,773	4,773	9,546	95,460	92,960
Payroll Fees	-	1,108	-	1,108	1,108	1,110
Payroll Taxes	6,618	368	368	736	7,354	7,162
Postage and Delivery	1,408	78	78	156	1,564	2,183
Printing	4,000	-	-	-	4,000	-
Professional Fees	16,412	16,352	300	16,652	33,064	32,991
Rent	13,266	1,658	1,658	3,316	16,582	15,870
Telephone	3,642	455	455	910	4,552	4,572
Utilities	1,385	173	173	346	1,731	1,683
Total Expenses	<u>\$ 175,293</u>	<u>\$ 33,116</u>	<u>\$ 68,327</u>	<u>\$ 101,443</u>	<u>\$ 276,736</u>	<u>\$ 355,906</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, 2019**

	Program Services	Supporting Expenses			Total
		Management and General	Fundraising	Total	
Advertising	\$ 10,611	\$ -	\$ 811	\$ 811	\$ 11,422
Bank Service Charges and Fees	-	3,770	-	3,770	3,770
Banquet - Indirect	-	-	73,254	73,254	73,254
Courage House Donations	36,950	-	-	-	36,950
Courage House Network	844	-	-	-	844
Credit Card and Web Payment Fees	3,986	-	-	-	3,986
Depreciation	1,008	96	96	192	1,200
Fundraising - Other	-	-	494	494	494
Insurance	-	2,798	-	2,798	2,798
Licenses and Permits	-	-	311	311	311
Meals and Entertainment	985	-	-	-	985
Merchandise	929	-	-	-	929
Miscellaneous	275	273	-	273	548
NFL Tickets	6,657	-	-	-	6,657
Office	3,942	492	492	984	4,926
Outreach - Banquet	48,153	-	-	-	48,153
Parking, Tolls and Mileage	148	-	-	-	148
Payroll and Payroll Related Expenses	83,306	4,827	4,827	9,654	92,960
Payroll Fees	-	1,110	-	1,110	1,110
Payroll Taxes	6,418	372	372	744	7,162
Postage and Delivery	1,965	109	109	218	2,183
Professional Fees	17,426	15,265	300	15,565	32,991
Rent	12,696	1,587	1,587	3,174	15,870
Telephone	3,658	457	457	914	4,572
Utilities	1,347	168	168	336	1,683
Total Expenses	<u>\$ 241,304</u>	<u>\$ 31,324</u>	<u>\$ 83,278</u>	<u>\$ 114,602</u>	<u>\$ 355,906</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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 70,319	\$ (50,597)
Adjustments to Reconcile Changes in Net Assets to Net Cash and Cash Equivalents Used in Operating Activities:		
Depreciation	1,314	1,200
Realized Gain	(1,178)	(402)
Unrealized (Gain) Loss	(15,370)	2,868
Reinvested Interest and Dividends	(13,820)	(29,450)
Changes in Assets and Liabilities:		
Increase in Contributions Receivable	(15,000)	-
Decrease (Increase) in Accounts Receivable	28,129	(19,039)
(Increase) Decrease in Prepaid Expenses	(61,594)	201
(Decrease) Increase in Accounts Payable and Accrued Expenses	(87,879)	92,938
Increase in Courage House Donations Payable	14,000	-
Increase (Decrease) in Deferred Revenue	12,050	(2,400)
Net Cash and Cash Equivalents Used in Operating Activities	<u>(69,029)</u>	<u>(4,681)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Sale of Investments	30,000	25,000
Purchase of Property and Equipment	(1,140)	-
Net Cash and Cash Equivalents Provided by Investing Activities	<u>28,860</u>	<u>25,000</u>
<b>Cash Flows from Financing Activities:</b>		
Cash Proceeds Note Payable - SBA	22,420	-
Cash Proceeds Notes Payable - Related Party	17,000	-
Net Cash and Cash Equivalents Provided by Financing Activities	<u>39,420</u>	<u>-</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(749)	20,319
Cash and Cash Equivalents, Beginning of Year	<u>52,724</u>	<u>32,405</u>
Cash and Cash Equivalents, End of Year	<u>\$ 51,975</u>	<u>\$ 52,724</u>

See accompanying notes and independent auditor's report.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended May 31, 2020 and 2019**

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**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, 2020, there were 27 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, 2020 and 2019**

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**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 \$460,970 and \$470,203 as of May 31, 2020 and 2019, respectively.

**Adoption of New Accounting Pronouncements**

The Foundation adopted FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) for the year ended June 30, 2020. In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Foundation adopted FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as of and for the year ended June 30, 2020. This ASU clarifies and improves the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. This ASU provides guidance to determine whether a transaction should be accounted for as a contribution or an exchange transaction.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended May 31, 2020 and 2019**

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

**Risks and Uncertainties**

In March 2020, The World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a global pandemic. This contagious disease outbreak has adversely affected workforces, economies, and global financial markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19 as well as its impact on the global economy. Therefore, the Foundation is currently unable to determine the extent of the impact to its future financial condition or results of operations.

**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.

**Investments**

Investments are stated at fair market value.

**Contribution Receivable**

Contribution receivable consist of amounts due from a donor. The full balance was collected subsequent to May 31, 2020; therefore, an allowance for uncollectible contributions has not been provided. Contribution receivable totaled \$15,000 and \$0 as of May 31, 2020 and 2019, respectively.

**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, 2020 and 2019 totaled \$0. Accounts receivable totaled \$0 and \$28,129 as of May 31, 2020 and 2019, respectively.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended May 31, 2020 and 2019**

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

**Liquidity**

The following reflects the Foundation's financial assets as of May 31, 2020, 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	\$ 51,975
Investments, at fair value	467,815
Contribution Receivable	<u>15,000</u>
	534,790
Less Those Unavailable for General Expenditures Within One Year, Due To:	
Net Assets With Donor Restrictions	<u>(460,970)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 73,820</u></u>

The Foundation has \$73,820 of financial assets available within one year of May 31, 2020. 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 withdrew \$30,000 from the portfolio balance in fiscal year 2020 for operations. The Foundation has a goal to maintain financial assets on hand to meet three months of normal operating expenses, which is expected to approximate \$70,000. 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.

**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 \$1,314 and \$1,200 for the years ended May 31, 2020 and 2019, respectively.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended May 31, 2020 and 2019**

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

**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, 2020 and 2019 and, therefore, no impairment loss has been recorded during the years ended May 31, 2020 and 2019.

**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, 2020 and 2019 totaled \$1,010 and \$11,422, respectively.

**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.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended May 31, 2020 and 2019**

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

**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, 2020 and 2019. 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.

**Accounting Pronouncements Pending**

In February 2015, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *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.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended May 31, 2020 and 2019**

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

**Subsequent Events**

The Foundation evaluated the accompanying financial statements for subsequent events and transactions through January 8, 2021, 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.

**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



**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
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**2. Fair Value of Financial Instruments - (continued)**

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, 2020 and 2019 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, 2020.

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 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, 2020 and 2019:

*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.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**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, 2020:

	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	467,780	467,780	-	-
Total	\$467,815	\$467,815	\$ -	\$ -

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	\$ -	\$ -

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**3. Investments**

Investments are stated at fair market value. The market value of the Foundation's investments as of May 31, 2020 and 2019 is as follows:

<u>Fund</u>	<u>2020</u>		<u>2019</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash and Cash Equivalents	\$ 35	\$ 35	\$ 35	\$ 35
Mutual Funds	467,780	472,903	467,412	487,905
Total	<u>\$467,815</u>	<u>\$472,938</u>	<u>\$467,447</u>	<u>\$487,940</u>

**4. Property and Equipment**

Property and equipment consisted of the following as of May 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Computers and Equipment	\$ 9,208	\$ 12,764
less: accumulated depreciation	<u>(7,815)</u>	<u>(11,197)</u>
Property and Equipment, net	<u>\$ 1,393</u>	<u>\$ 1,567</u>

**5. Note Payable - SBA**

In April 2020, the Foundation received a loan of \$22,420 under the Small Business Administration's (SBA) Paycheck Protection Program. Either a portion or all of the loan may be forgiven provided the funds are used for the specific purposes outlined by the Paycheck Protection Program. Any amounts not forgiven will be required to be repaid in monthly installments, including interest at 1% beginning November 2020 through April 2022. Management anticipates that all requirements of the program will be met, and the full loan amount will be forgiven, at which time the loan forgiveness income will be recognized. The outstanding balance of the note payable – SBA totaled \$22,420 as of May 31, 2020.

**6. Notes Payable – Related Parties**

Two board of directors individually loaned the Foundation \$10,000 and \$7,000, respectively, in fiscal year 2020. The notes are noninterest bearing and payable on demand. There are no scheduled repayments of principal and the Foundation did not make any repayments in fiscal year 2020.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**7. Satisfaction of Purpose and Time Restrictions**

Net assets released from purpose and time restrictions for the years ended May 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
<u>Temporarily Restricted Releases</u>		
Time Restrictions:		
In-Kind Depreciation	\$ 1,200	\$ 1,200
Purpose Restriction:		
Paws For Courage	-	4,236
Total Temporarily Restricted Releases	1,200	5,436
 <u>Permanently Restricted Releases</u>		
Time Restrictions:		
Withdrawal for Operations	30,000	-
5% Allowable Apportionment of Endowed Funds for Expenditure	23,401	23,913
Total Permanently Restricted Releases	53,401	23,913
Total Releases from Restriction	\$54,601	\$29,349

**8. Net Assets With Donor Restrictions – Temporarily Restricted**

The Foundation had net assets with donor restrictions - temporarily restricted of \$16,172 and \$2,372 as of May 31, 2020 and 2019, respectively, restricted as to time and purpose.

	<u>2020</u>	<u>2019</u>
Purpose Restrictions:		
Lenny Moore Statue	\$ 805	\$ 805
Time Restrictions:		
Contribution Receivable	15,000	-
In-Kind Computers and Equipment	367	1,567
Total Temporarily Restricted Net Assets	\$16,172	\$2,372

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended May 31, 2020 and 2019**

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**9. 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.

Regular annual distributions from the Fund are intended to be 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. 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. 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. The Foundation withdrew \$30,000 from the portfolio balance in fiscal year 2020 for its strategic plan and five year goals.

**10. 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.

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended May 31, 2020 and 2019**

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**10. Endowment Net Assets – (continued)**

**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, 2020:

	<u>Unrestricted</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowed Net Assets, June 1, 2019	\$ -	\$ -	\$ 467,831	\$ 467,831
Interest and Dividends	-	-	13,820	13,820
Net Realized and Unrealized Loss	-	-	16,548	16,548
Withdraw for Operations	-	-	(30,000)	(30,000)
5% Allowable Apportionment of Funds	-	23,401	(23,401)	-
Release of Award	23,401	(23,401)	-	-
Disbursement of Award	(23,401)	-	-	(23,401)
Endowed Net Assets, May 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,798</u>	<u>\$ 444,798</u>

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended May 31, 2020 and 2019**

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**10. Endowment Net Assets – (continued)**

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>

**11. Concentrations**

The Ed Block Courage Awards gala (characterized as “banquet” in the accompanying statements of activities and functional expenses) accounted for 84% and 78% of total revenues, gains and other support for the years ended May 31, 2020 and 2019, respectively.

**12. 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 was renewed effective August 2020 for a two year term expiring July 31, 2022 and includes a monthly payment of \$1,392. The lease includes a \$1,200 refundable security deposit. Future minimum scheduled lease payments as of May 31, 2020 are as follows:

For the Years	
Ending	
<u>May 31,</u>	
2021	\$ 16,704
2022	<u>2,784</u>
Total	<u>\$ 19,488</u>

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. 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, 2020 and 2019:

<u>Purpose</u>	<u>2020</u>	<u>2019</u>
Trophies	\$29,000	\$ -
Professional Fees	17,500	-
Advertising	5,000	-
Printing	4,000	-
Office	3,000	-
Sponsorships	-	173,000
Tickets and Table Sales	-	3,500
Silent Auction	-	4,000
Total	<u>\$58,500</u>	<u>\$ 180,500</u>



## SUPPLEMENTAL INFORMATION

**ED BLOCK COURAGE AWARD FOUNDATION, INC.**  
**SUPPLEMENTAL SCHEDULE OF BANQUET REVENUE AND EXPENSES**  
**For the Years Ended May 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Banquet Revenue</b>		
Sponsorships	\$ -	\$ 135,420
In-Kind Sponsorships	-	173,000
Contributions	104,262	-
In-Kind Contributions	38,000	-
Legacy of Courage	152,102	124,250
Auctions	15,097	37,505
Tickets and Tables	-	26,025
In-Kind Tickets and Tables	-	3,500
NFL Advertising	-	23,850
Raffle	-	1,180
	309,461	524,730
<b>Direct Banquet Expenses</b>		
Food and Beverage	-	110,045
Media and Production	38,147	134,949
Transportation and Travel	-	41,527
Venue and Other	-	958
	38,147	287,479
Net Banquet Activity Reportable in the Statements of Activities	271,314	237,251
<b>Outreach Banquet Expenses</b>	-	48,153
<b>Indirect Banquet Expenses</b>		
Auction	4,495	14,610
Program Books	-	8,370
Trophies and Awards	51,345	22,441
Venue and Other	2,389	27,833
	58,229	73,254
Total Banquet Expenses	96,376	408,886
Net Banquet Income	\$ 213,085	\$ 115,844

See accompanying notes and independent auditor's report.