

**ECHOING GREEN**

**FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**JUNE 30, 2009**

# ECHOING GREEN

## TABLE OF CONTENTS

	<b>Page</b>
Independent Auditors' Report .....	1
Financial Statements	
Statement of Financial Position .....	2
Statement of Activities .....	3
Statement of Cash Flows .....	4
Notes to Financial Statements .....	5-9
Additional Information	
Independent Auditors' Report on Additional Information .....	11
Schedule of Functional Expenses .....	12



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Echoing Green

We have audited the accompanying statement of financial position of Echoing Green as of June 30, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Echoing Green as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Lutz + Carr, LLP*

New York, New York  
January 31, 2010

## ECHOING GREEN

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

**Assets**

Cash and cash equivalents (Notes 1b, 4 and 6)	
Unrestricted	\$1,627,667
Temporarily restricted	620,702
Permanently restricted	239,335
Unconditional promises to give (Notes 1c and 5)	
Unrestricted	126,135
Temporarily restricted	1,198,771
Prepaid expenses and other assets	47,728
Security deposit	49,018
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 7)	<u>3,959</u>
<b>Total Assets</b>	<b><u><u>\$3,913,315</u></u></b>

**Liabilities and Net Assets**

Liabilities	
Fellowship grants payable (Notes 1e and 8a)	\$1,587,024
Accounts payable and accrued expenses	<u>69,603</u>
Total Liabilities	<u>1,656,627</u>
Commitments (Notes 8b and 9)	
Net Assets	
Unrestricted	197,880
Temporarily restricted (Note 2)	1,819,473
Permanently restricted (Note 3)	<u>239,335</u>
Total Net Assets	<u>2,256,688</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$3,913,315</u></u></b>

See notes to financial statements.

## ECHOING GREEN

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, Gains, and Other Support				
Support and Revenue				
Contributions	\$ 2,418,982	\$1,535,868	\$ 139,335	\$4,094,185
Benefit event income	138,410	-	-	138,410
Less: Direct benefit event expenses	(17,725)	-	-	(17,725)
Interest income	22,618	-	-	22,618
Miscellaneous income	23,847	-	-	23,847
	<u>2,586,132</u>	<u>1,535,868</u>	<u>139,335</u>	<u>4,261,335</u>
Net assets released from restriction	<u>802,205</u>	<u>(802,205)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>3,388,337</u>	<u>733,663</u>	<u>139,335</u>	<u>4,261,335</u>
Expenses				
Program Services	2,465,936	-	-	2,465,936
Supporting Services				
Management and general	321,651	-	-	321,651
Fundraising	498,747	-	-	498,747
Total Expenses	<u>3,286,334</u>	<u>-</u>	<u>-</u>	<u>3,286,334</u>
Increase in Net Assets	<u>102,003</u>	<u>733,663</u>	<u>139,335</u>	<u>975,001</u>
Net assets, beginning of year, as previously reported	349,936	366,612	100,000	816,548
Prior period adjustment (Note 11)	<u>(254,059)</u>	<u>719,198</u>	<u>-</u>	<u>465,139</u>
Net assets, beginning of year, as restated	<u>95,877</u>	<u>1,085,810</u>	<u>100,000</u>	<u>1,281,687</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 197,880</u></u>	<u><u>\$1,819,473</u></u>	<u><u>\$ 239,335</u></u>	<u><u>\$2,256,688</u></u>

See notes to financial statements.

**ECHOING GREEN**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2009**

<b>Cash Flows From Operating Activities</b>	
Increase in net assets	\$ 975,001
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	20,120
(Increase) decrease in:	
Unconditional promises to give	(178,315)
Prepaid expenses and other assets	(27,871)
Security deposit	(35,224)
Increase (decrease) in:	
Fellowship grants payable	(529,043)
Accounts payable and accrued expenses	(3,506)
Net Cash Provided By Operating Activities	<u>221,162</u>
 <b>Cash Flows From Investing Activities</b>	
Purchase of property and equipment	<u>(1,938)</u>
 Net increase in cash and cash equivalents	219,224
Cash and cash equivalents, beginning of year	<u>2,268,480</u>
 <b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$2,487,704</u></u>

See notes to financial statements.

**ECHOING GREEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

Echoing Green (formerly Echoing Green Foundation) is a global social venture fund for rising social entrepreneurs, accelerating transformative social change by building a robust pipeline of change-makers with the confidence, vision and drive to solve the world's most critical problems. Echoing Green funds social entrepreneurs through a two-year Fellowship program and is developing support resources and networks to maximize the potential social change of those entrepreneurs.

b - Cash and Cash Equivalents

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

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

d - Property and Equipment

Property and equipment acquired are recorded at cost and are being depreciated using the straight-line method over the useful lives of the assets.

e - Grants and Appropriations Made

Unconditional grants and appropriations made are recognized at the time authorized. For grants which are conditional on the recipient fulfilling certain obligations prior to the disbursement of funds, grants and appropriations are recognized at the time those conditions are satisfied.

f - Financial Statement Presentation

Echoing Green reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

g - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**ECHOING GREEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

h - Tax Status

Echoing Green was originally designated as a private foundation exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. As a private foundation, it was subject to an annual federal excise tax not to exceed 2% on net investment income, as defined.

During 2005, Echoing Green requested to terminate its status as a private foundation and applied for tax exempt status as a public charity. Effective July 1, 2005, Echoing Green has been designated by the Internal Revenue Service as an organization which is not a private foundation under an advance ruling period ending June 30, 2010. During this advance ruling period, net investment income is not subject to the annual federal excise tax. However, should Echoing Green fail to qualify as a public charity at the end of its advance ruling period, it will be required to remit any federal excise tax that was not paid during the advance ruling period.

i - Subsequent Events

The Organization has evaluated subsequent events through January 31, 2010, the date that the financial statements are considered available to be issued.

**Note 2 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted to future programs and periods as follows.

Fellowship grants	\$ 287,500
Accelerator grants	171,500
Strategic planning and execution	174,391
Codifying Best Practices	40,000
NOLA Initiative	17,105
Restricted for future periods	<u>1,128,977</u>
	<u>\$1,819,473</u>

**Note 3 - Permanently Restricted Net Assets**

Permanently restricted net assets consist of endowment gifts from a donor totaling \$239,335. Interest earned on these endowment funds is available for Echoing Green's general operations.

**Note 4 - Concentration of Credit Risk**

Echoing Green maintains cash accounts in several financial institutions in New York City. Certain balances are insured by the Federal Deposit Insurance Corporation.



**ECHOING GREEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**Note 5 - Unconditional Promises to Give**

Unconditional promises to give are due as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Due within one year	\$126,135	\$ 620,000	\$ 746,135
Due in one to five years	-	650,000	650,000
	<u>126,135</u>	<u>1,270,000</u>	<u>1,396,135</u>
Less: Discount to present value	-	(71,229)	(71,229)
Total	<u>\$126,135</u>	<u>\$1,198,771</u>	<u>\$1,324,906</u>

Unconditional promises due in one year to five years are discounted to present value using a discount rate of 5%. Uncollectible promises are expected to be insignificant.

**Note 6 - Endowment Funds**

Echoing Green's endowment consists of permanently restricted contributions from one donor. Consistent with New York State Not-for-Profit Corporation Law, the following are classified as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as board-designated unrestricted net assets until those amounts are appropriated for expenditure.

Endowment funds at June 30, 2009 are donor-restricted endowment funds classified as permanently restricted net assets totaling \$239,335.

Changes in endowment funds for the year ended June 30, 2009 are summarized as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$100,000	\$100,000
Endowment funds received	-	139,335	139,335
Investment income, net of fees	3,119	-	3,119
Appropriation of endowment assets for expenditure	<u>(3,119)</u>	<u>-</u>	<u>(3,119)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$239,335</u>	<u>\$239,335</u>

**ECHOING GREEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**Note 6 - Endowment Funds (continued)**

Endowment funds are invested in money market funds in a manner that is intended to produce current income while assuming a minimal level of investment risk. The assets at June 30, 2009 are held in a cash equivalent money market fund and actual earnings are considered appropriated and available for use in operations.

**Note 7 - Property and Equipment**

Property and equipment at June 30 consists of:

	<u>Life</u>	<u>Amount</u>
Office equipment	5 years	\$ 99,633
Computer equipment	3 years	48,374
Furniture and fixtures	5 years	36,857
Leasehold improvements	Life of lease	<u>5,342</u>
		190,206
Less: Accumulated depreciation		<u>(186,247)</u>
		<u>\$ 3,959</u>

Depreciation expense for the year ended June 30, 2009 was \$20,120.

**Note 8 - Fellowship Grants Payable**

a - Echoing Green has fellowship grants payable to be paid as follows:

<u>Year Ending June 30,</u>	
2010	\$1,155,000
2011	<u>465,000</u>
	1,620,000
Less: Discount to present value	<u>(32,976)</u>
Total	<u>\$1,587,024</u>

Grants payable later than one year after the fiscal year have been discounted to present value using a discount rate of 5%.

**ECHOING GREEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**Note 8 - Fellowship Grants Payable (continued)**

b - Certain grants awarded by Echoing Green include a condition for the recipient to raise matching funds. Since the payment of these grants is contingent on satisfying this matching condition, these grant commitments have accordingly not been recorded as a liability in the accompanying financial statements. As of June 30, these conditional grants totaled \$41,500.

**Note 9 - Commitment**

Echoing Green leases office space under a lease agreement which expires on June 30, 2014 and provides future minimum lease payments as follows:

<u>Year Ending June 30,</u>	
2010	\$158,848
2011	167,033
2012	180,754
2013	187,080
2014	193,628

Rent expense was \$153,476 for the year ended June 30, 2009.

**Note 10 - Functional Allocation of Expenses**

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 11 - Prior Period Adjustment**

Net Assets as of July 1, 2008 have been restated for the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions not previously recorded	\$ -	\$430,000	\$430,000
Contributions not properly classified	(289,198)	289,198	-
Long-term grants payable not discounted	48,933	-	48,933
Expenses not accrued	(13,794)	-	(13,794)
Total	<u>\$(254,059)</u>	<u>\$719,198</u>	<u>\$465,139</u>

**ADDITIONAL INFORMATION**



**INDEPENDENT AUDITORS' REPORT ON  
ADDITIONAL INFORMATION**

To the Board of Directors of  
Echoing Green

Our report on our audit of the basic financial statements of Echoing Green for 2009 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 2009 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lutz + Carr, LLP*

New York, New York  
January 31, 2010

## ECHOING GREEN

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Fellowship grant expense	\$1,185,165	\$ -	\$ -	\$1,185,165
Fellowship grant program - conferences and selection	89,916	-	-	89,916
Salaries	526,229	173,576	303,285	1,003,090
Employee benefits and taxes	101,362	35,173	71,492	208,027
Consultants and fees	275,063	8,657	25,675	309,395
Accounting and bookkeeping	-	55,920	-	55,920
Office supplies and services	12,940	4,566	6,666	24,172
Telephone and communications	8,781	3,205	4,628	16,614
Postage and mailing	5,686	2,002	4,522	12,210
Printing	9,809	-	3,342	13,151
Rent and utilities	87,178	31,808	45,945	164,931
Event fees and catering	64,885	267	11,360	76,512
Travel and accommodations	83,178	972	13,011	97,161
Miscellaneous	5,109	1,625	3,216	9,950
Total expenses before depreciation	<u>2,455,301</u>	<u>317,771</u>	<u>493,142</u>	<u>3,266,214</u>
Depreciation	<u>10,635</u>	<u>3,880</u>	<u>5,605</u>	<u>20,120</u>
Total Expenses	<u><u>\$2,465,936</u></u>	<u><u>\$ 321,651</u></u>	<u><u>\$ 498,747</u></u>	<u><u>\$3,286,334</u></u>

See independent auditors' report on additional information.