

ECHOING GREEN

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2011 AND 2010

ECHOING GREEN

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Echoing Green

We have audited the accompanying statements of financial position of Echoing Green as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years 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 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 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 audits provide 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
November 9, 2011

ECHOING GREEN

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents (Notes 1b, 4 and 6)		
Unrestricted	\$2,196,513	\$2,210,948
Temporarily restricted	580,709	518,518
Permanently restricted	239,335	239,335
Unconditional promises to give (Notes 1c and 5)		
Unrestricted	1,122,172	311,785
Temporarily restricted	1,466,508	2,482,872
Inventory (Note 1d)	27,974	-
Prepaid expenses and other assets	101,366	30,705
Security deposit	49,023	49,023
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 7)	969	1,357
	<u>969</u>	<u>1,357</u>
Total Assets	<u><u>\$5,784,569</u></u>	<u><u>\$5,844,543</u></u>
Liabilities and Net Assets		
Liabilities		
Fellowship grants payable (Notes 1f and 8)	\$1,618,141	\$1,564,979
Accounts payable and accrued expenses	125,525	54,860
Total Liabilities	<u>1,743,666</u>	<u>1,619,839</u>
Commitments (Note 9)		
Net Assets		
Unrestricted	1,754,351	983,979
Temporarily restricted (Note 2)	2,047,217	3,001,390
Permanently restricted (Note 3)	239,335	239,335
Total Net Assets	<u>4,040,903</u>	<u>4,224,704</u>
Total Liabilities and Net Assets	<u><u>\$5,784,569</u></u>	<u><u>\$5,844,543</u></u>

See notes to financial statements.

ECHOING GREEN

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2011 AND 2010

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support								
Support and Revenue								
Contributions	\$ 1,588,380	\$ 1,551,275	\$ -	\$3,139,655	\$ 1,025,085	\$ 4,341,606	\$ -	\$5,366,691
Benefit event income	383,358	-	-	383,358	164,815	-	-	164,815
Less: Direct benefit event expenses	(20,575)	-	-	(20,575)	(19,051)	-	-	(19,051)
Donated goods and services	2,000	-	-	2,000	58,000	-	-	58,000
Book sales	21,822	-	-	21,822	-	-	-	-
Less: Cost of goods sold	(15,438)	-	-	(15,438)	-	-	-	-
Interest income	16,626	916	-	17,542	3,161	-	-	3,161
Other income	42,027	-	-	42,027	28,791	-	-	28,791
	<u>2,018,200</u>	<u>1,552,191</u>	<u>-</u>	<u>3,570,391</u>	<u>1,260,801</u>	<u>4,341,606</u>	<u>-</u>	<u>5,602,407</u>
Net assets released from restrictions	<u>2,506,364</u>	<u>(2,506,364)</u>	<u>-</u>	<u>-</u>	<u>3,009,689</u>	<u>(3,009,689)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	<u>4,524,564</u>	<u>(954,173)</u>	<u>-</u>	<u>3,570,391</u>	<u>4,270,490</u>	<u>1,331,917</u>	<u>-</u>	<u>5,602,407</u>
Expenses								
Program Services	2,937,468	-	-	2,937,468	2,739,881	-	-	2,739,881
Supporting Services								
Management and general	290,878	-	-	290,878	280,898	-	-	280,898
Fundraising	525,846	-	-	525,846	613,612	-	-	613,612
Total Expenses	<u>3,754,192</u>	<u>-</u>	<u>-</u>	<u>3,754,192</u>	<u>3,634,391</u>	<u>-</u>	<u>-</u>	<u>3,634,391</u>
Increase (decrease) in net assets	770,372	(954,173)	-	(183,801)	636,099	1,331,917	-	1,968,016
Net assets, beginning of year	<u>983,979</u>	<u>3,001,390</u>	<u>239,335</u>	<u>4,224,704</u>	<u>347,880</u>	<u>1,669,473</u>	<u>239,335</u>	<u>2,256,688</u>
Net Assets, End of Year	<u>\$ 1,754,351</u>	<u>\$2,047,217</u>	<u>\$ 239,335</u>	<u>\$4,040,903</u>	<u>\$ 983,979</u>	<u>\$ 3,001,390</u>	<u>\$ 239,335</u>	<u>\$4,224,704</u>

See notes to financial statements.

ECHOING GREEN
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (183,801)	\$1,968,016
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	388	2,602
(Increase) decrease in:		
Unconditional promises to give	205,977	(1,469,751)
Inventory	(27,974)	-
Prepaid expenses and other assets	(70,661)	17,023
Security deposit	-	(5)
Increase (decrease) in:		
Fellowship grants payable	53,162	(22,045)
Accounts payable and accrued expenses	70,665	(14,743)
Net Cash Provided By Operating Activities - Net	<u>47,756</u>	<u>481,097</u>
Increase in Cash and Cash Equivalents	47,756	481,097
Cash and cash equivalents, beginning of year	<u>2,968,801</u>	<u>2,487,704</u>
Cash and Cash Equivalents, End of Year	<u><u>\$3,016,557</u></u>	<u><u>\$2,968,801</u></u>

See notes to financial statements.

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Echoing Green 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 - Inventory

Inventory consists of books valued at the lower of cost (first-in, first-out method) or market.

e - 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.

f - Grants and Appropriations

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

g - 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.

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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

h - 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.

i - Tax Status

Echoing Green is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Management has evaluated all income tax positions and concluded that no disclosures related to uncertain tax positions are required in the financial statements.

j - Subsequent Events

Echoing Green has evaluated subsequent events through November 9, 2011, 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 the following future programs and purposes:

	<u>2011</u>	<u>2010</u>
Leadership and Strategy	\$ 980,460	\$1,710,672
Restricted for future periods	596,443	1,114,181
Fellowship grants	202,765	127,500
Fellowship programs in Africa	100,000	-
New Fellows Conference	93,984	-
Alumni program	73,565	-
Accelerator grants	-	49,037
	<u>\$2,047,217</u>	<u>\$3,001,390</u>

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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.

Note 5 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	2011		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Due within one year	\$1,122,172	\$ 1,396,500	\$2,518,672
Due in one to five years	-	75,000	75,000
	<u>1,122,172</u>	<u>1,471,500</u>	<u>2,593,672</u>
Less: Discount to present value	-	(4,992)	(4,992)
Total	<u><u>\$1,122,172</u></u>	<u><u>\$ 1,466,508</u></u>	<u><u>\$2,588,680</u></u>
	2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Due within one year	\$ 311,785	\$1,377,347	\$1,689,132
Due in one to five years	-	1,191,442	1,191,442
	<u>311,785</u>	<u>2,568,789</u>	<u>2,880,574</u>
Less: Discount to present value	-	(85,917)	(85,917)
Total	<u><u>\$ 311,785</u></u>	<u><u>\$2,482,872</u></u>	<u><u>\$2,794,657</u></u>

Unconditional promises due in one to five years are discounted to present value using a discount rate of 3%. Uncollectible promises are expected to be insignificant.

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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 and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), 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 temporarily restricted net assets until those amounts are appropriated for expenditure.

In accordance with NYPMIFA, Echoing Green considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of Echoing Green and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of Echoing Green;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on Echoing Green; and
- (viii) the investment policy of Echoing Green

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

Changes in endowment funds for the years ended June 30 are summarized as follows:

	<u>2011</u>		
	<u>Temporarily Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$ 239,335	\$239,335
Investment income, net of fees	916	-	916
Appropriation of endowment assets for expenditure	<u>(916)</u>	<u>-</u>	<u>(916)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$ 239,335</u>	<u>\$239,335</u>

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

Note 6 - Endowment Funds (continued)

	2010		
	Unrestricted	Permanently Restricted	Total
Endowment funds, beginning of year	\$ -	\$ 239,335	\$239,335
Investment income, net of fees	1,116	-	1,116
Appropriation of endowment assets for expenditure	(1,116)	-	(1,116)
Endowment Funds, End of Year	\$ -	\$ 239,335	\$239,335

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, 2011 and 2010 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 consist of the following:

	Life	2011	2010
Office equipment	5 years	\$ 99,633	\$ 99,633
Computer equipment	3 years	48,374	48,374
Furniture and fixtures	5 years	36,857	36,857
Leasehold improvements	5 years	5,342	5,342
		190,206	190,206
Less: Accumulated depreciation		(189,237)	(188,849)
		\$ 969	\$ 1,357

Depreciation expense for the years ended June 30, 2011 and 2010 was \$388 and \$2,602, respectively.

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

Note 8 - Fellowship Grants Payable

Echoing Green has fellowship grants payable as follows:

	<u>2011</u>	<u>2010</u>
Due within one year	\$1,095,000	\$1,050,000
Due within one to five years	<u>555,000</u>	<u>555,000</u>
	1,650,000	1,605,000
Less: Discount to present value	<u>(31,859)</u>	<u>(40,021)</u>
Total	<u>\$1,618,141</u>	<u>\$1,564,979</u>

Grants payable due to be paid within one to five years have been discounted to present value using a discount rate of 3%.

Note 9 - Commitments

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

<u>Year Ending June 30,</u>	
2012	\$180,754
2013	187,080
2014	193,628

Rent expense was \$191,141 and \$177,214 for the years ended June 30, 2011 and 2010, respectively.

b - Certain grants awarded by Echoing Green include a provision that if the grantee experiences specific financial events of substantial scale, the grant amount, or portion thereof, may be returned at Echoing Green's discretion. No such grant recoveries have been recorded for the years ended June 30, 2011 or 2010.

Note 10 - Functional Allocation of Expenses

The cost of providing the various program 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.

ADDITIONAL INFORMATION

**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

To the Board of Directors of
Echoing Green

Our report on our audits of the basic financial statements of Echoing Green for 2011 and 2010 appears on page 1. We conducted our audits 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, 2011 with comparative totals for 2010 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
November 9, 2011

ECHOING GREEN

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE TOTALS FOR 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2011 Total Expenses</u>	<u>2010 Total Expenses</u>
Fellowship grant expense	\$1,334,251	\$ -	\$ -	\$1,334,251	\$1,386,208
Salaries	700,757	109,548	283,665	1,093,970	901,317
Employee benefits and taxes	151,245	48,514	59,118	258,877	219,095
Consultants and fees	260,684	26,063	44,053	330,800	414,752
Accounting and legal	83,972	19,203	32,682	135,857	121,068
Office supplies and services	44,996	16,491	12,922	74,409	69,999
Telephone and communications	11,819	2,430	4,394	18,643	17,879
Postage and mailing	8,009	4,865	1,274	14,148	14,722
Advertising	-	3,788	-	3,788	-
Printing	-	786	1,380	2,166	26,797
Rent and utilities	140,894	28,471	51,220	220,585	190,086
Event fees and catering	125,545	2,114	15,756	143,415	197,880
Travel and accommodations	50,376	10,027	8,392	68,795	44,972
Miscellaneous	24,920	18,190	10,990	54,100	27,014
Total expenses before depreciation	2,937,468	290,490	525,846	3,753,804	3,631,789
Depreciation	-	388	-	388	2,602
Total Expenses, 2011	<u>\$2,937,468</u>	<u>\$ 290,878</u>	<u>\$ 525,846</u>	<u>\$3,754,192</u>	
Total Expenses, 2010	<u>\$2,739,881</u>	<u>\$ 280,898</u>	<u>\$ 613,612</u>		<u>\$3,634,391</u>

See independent auditors' report on additional information.