

ECHOING GREEN, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Echoing Green, Inc.

We have audited the accompanying financial statements of Echoing Green, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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.

Auditors' 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 auditors' 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 Echoing Green, Inc. as of June 30, 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.

Emphasis of Matter

As discussed in Note 16 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Echoing Green, Inc. has suspended some of its program activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to that matter.

Lotz + Carr, LLP

New York, New York
March 18, 2021

ECHOING GREEN, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents (Notes 1b, 4a and 6)		
Without donor restrictions	\$4,484,032	\$3,782,319
With donor restrictions	1,737,074	1,294,492
Unconditional promises to give (Notes 1c, 4b and 5)		
Without donor restrictions	1,053,310	1,277,611
With donor restrictions	1,960,625	2,932,354
Prepaid expenses and other assets	19,630	41,539
Investment in nonmarketable securities (Notes 1d and 12)	-	7,301
Security deposit	111,812	111,812
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 7)	<u>271,816</u>	<u>265,326</u>
Total Assets	<u><u>\$9,638,299</u></u>	<u><u>\$9,712,754</u></u>
Liabilities and Net Assets		
Liabilities		
Fellowship grants payable (Notes 1f and 8)	\$1,662,017	\$3,318,377
Accounts payable and accrued expenses	247,329	459,300
Loan payable - Paycheck Protection Program (Note 14)	630,158	-
Deferred rent (Note 1g)	239,100	267,203
Total Liabilities	<u>2,778,604</u>	<u>4,044,880</u>
Commitments and Contingency (Notes 9, 10, 13 and 16)		
Net Assets		
Without donor restrictions	3,161,996	1,441,028
With donor restrictions (Note 3)	<u>3,697,699</u>	<u>4,226,846</u>
Total Net Assets	<u>6,859,695</u>	<u>5,667,874</u>
Total Liabilities and Net Assets	<u><u>\$9,638,299</u></u>	<u><u>\$9,712,754</u></u>

See notes to financial statements.

ECHOING GREEN, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets						
Support and Revenue (Note 4b)						
Contributions, including amounts with donor restrictions related to fiscal sponsorship of \$836,174 (2020) and \$717,618 (2019)	\$ 5,479,210	\$ 4,097,444	\$ 9,576,654	\$ 2,314,303	\$ 6,931,166	\$ 9,245,469
Benefit event income	-	-	-	1,071,209	-	1,071,209
Less: Direct benefit event expenses	-	-	-	(134,039)	-	(134,039)
Adjustment of investment to net realizable value (Note 12)	(7,301)	-	(7,301)	(5,420)	-	(5,420)
In kind contributions and donated services (Note 11)	418,874	-	418,874	603,118	-	603,118
Program income	50,000	-	50,000	65,585	-	65,585
Interest income	13,119	3,595	16,714	6,493	6,122	12,615
Other income	27,125	-	27,125	29,789	-	29,789
	<u>5,981,027</u>	<u>4,101,039</u>	<u>10,082,066</u>	<u>3,951,038</u>	<u>6,937,288</u>	<u>10,888,326</u>
Net assets released from restrictions, including amounts related to fiscal sponsorship of \$755,869 (2020) and \$696,952 (2019)	4,547,547	(4,547,547)	-	5,858,706	(5,858,706)	-
Reduction of prior year restricted funds	-	(82,639)	(82,639)	-	-	-
	<u>10,528,574</u>	<u>(529,147)</u>	<u>9,999,427</u>	<u>9,809,744</u>	<u>1,078,582</u>	<u>10,888,326</u>
Total Support and Revenue						
Expenses						
Program Services (including amounts related to fiscal sponsorship of \$755,869 (2020) and \$696,952 (2019))	6,376,274	-	6,376,274	6,723,490	-	6,723,490
Supporting Services						
Management and general	1,256,452	-	1,256,452	2,770,941	-	2,770,941
Fundraising	1,174,880	-	1,174,880	1,135,010	-	1,135,010
	<u>8,807,606</u>	<u>-</u>	<u>8,807,606</u>	<u>10,629,441</u>	<u>-</u>	<u>10,629,441</u>
Total Expenses						
Increase (Decrease) in Net Assets	<u>1,720,968</u>	<u>(529,147)</u>	<u>1,191,821</u>	<u>(819,697)</u>	<u>1,078,582</u>	<u>258,885</u>
Net assets, beginning of year, as previously reported	1,532,528	4,226,846	5,759,374	2,260,725	3,148,264	5,408,989
Prior period adjustment (Note 15)	(91,500)	-	(91,500)	-	-	-
	<u>1,441,028</u>	<u>4,226,846</u>	<u>5,667,874</u>	<u>2,260,725</u>	<u>3,148,264</u>	<u>5,408,989</u>
Net assets, beginning of year, as restated						
	<u>1,441,028</u>	<u>4,226,846</u>	<u>5,667,874</u>	<u>2,260,725</u>	<u>3,148,264</u>	<u>5,408,989</u>
Net Assets, End of Year	<u>\$ 3,161,996</u>	<u>\$ 3,697,699</u>	<u>\$ 6,859,695</u>	<u>\$ 1,441,028</u>	<u>\$ 4,226,846</u>	<u>\$ 5,667,874</u>

See notes to financial statements.

ECHOING GREEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2020</u>	<u>2019</u>
		<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Grant expense, including amounts related to fiscal sponsorship of \$755,869 (2020) and \$696,952 (2019)	\$1,760,868	\$ -	\$ -	\$1,760,868	\$ 3,257,006
Salaries	2,219,557	470,815	672,593	3,362,965	3,179,639
Employee benefits and taxes	619,816	131,476	187,823	939,115	968,875
Consultants and fees	404,410	177,956	123,668	706,034	940,818
Accounting and legal	10,101	88,495	1,684	100,280	173,636
Office supplies and services	141,187	56,447	20,148	217,782	278,819
Telephone and communications	13,272	40,087	2,209	55,568	52,511
Postage and mailing	880	789	153	1,822	2,527
Advertising	3,720	-	-	3,720	2,150
Printing	2,619	7,454	133	10,206	9,180
Rent and utilities	341,865	142,704	56,584	541,153	561,070
Event fees and catering	554,618	12,548	63,089	630,255	436,274
Travel and accommodations	184,510	52,965	16,850	254,325	527,156
Miscellaneous	26,658	36,302	14,581	77,541	118,456
Total expenses before depreciation	6,284,081	1,218,038	1,159,515	8,661,634	10,508,117
Depreciation	92,193	38,414	15,365	145,972	121,324
Total Expenses, 2020	<u>\$6,376,274</u>	<u>\$ 1,256,452</u>	<u>\$ 1,174,880</u>	<u>\$8,807,606</u>	
Total Expenses, 2019	<u>\$6,723,490</u>	<u>\$ 2,770,941</u>	<u>\$ 1,135,010</u>		<u>\$10,629,441</u>

See notes to financial statements.

ECHOING GREEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Grant expense including amounts related to fiscal sponsorship of \$696,952	\$3,257,006	\$ -	\$ -	\$ 3,257,006
Salaries	1,099,331	1,421,581	658,727	3,179,639
Employee benefits and taxes	570,765	207,104	191,006	968,875
Consultants and fees	578,662	330,268	31,888	940,818
Accounting and legal	8,341	165,295	-	173,636
Office supplies and services	140,286	137,905	628	278,819
Telephone and communications	17,710	34,801	-	52,511
Postage and mailing	533	1,994	-	2,527
Advertising	370	1,780	-	2,150
Printing	1,825	3,965	3,390	9,180
Rent and utilities	245,534	206,384	109,152	561,070
Event fees and catering	353,278	9,118	73,878	436,274
Travel and accommodations	370,358	116,118	40,680	527,156
Miscellaneous	26,167	91,372	917	118,456
Total expenses before depreciation	6,670,166	2,727,685	1,110,266	10,508,117
Depreciation	53,324	43,256	24,744	121,324
Total Expenses	<u>\$6,723,490</u>	<u>\$ 2,770,941</u>	<u>\$ 1,135,010</u>	<u>\$10,629,441</u>

See notes to financial statements.

ECHOING GREEN, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase in net assets	\$1,191,821	\$ 258,885
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	145,972	121,324
Reduction of prior year restricted funds	82,639	-
Bad debt expense	15,802	50,000
Adjustment of investment to net realizable value	7,301	5,420
(Increase) decrease in:		
Unconditional promises to give	1,097,589	77,082
Prepaid expenses and other assets	21,909	(2,868)
Increase (decrease) in:		
Fellowship grants payable	(1,656,360)	(637,506)
Accounts payable and accrued expenses	(211,971)	130,718
Deferred rent	(28,103)	3,458
Net Cash Provided By Operating Activities	<u>666,599</u>	<u>6,513</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(152,462)	(94,920)
Cash Flows From Financing Activities		
Proceeds from loan payable	<u>630,158</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,144,295	(88,407)
Cash and cash equivalents, beginning of year	<u>5,076,811</u>	<u>5,165,218</u>
Cash and Cash Equivalents, End of Year	<u><u>\$6,221,106</u></u>	<u><u>\$5,076,811</u></u>

See notes to financial statements.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Echoing Green, Inc. ("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 an eighteen-month 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. Conditional promises to give - those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future - are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

d - Investment in Nonmarketable Securities

Echoing Green originally reflected its investment in nonmarketable securities, received in connection with a recoverable grant provision in one of its fellowship grants (Note 12) at its value at the time of receipt. Annually, Echoing Green performs an assessment of the fair value of this investment to assess whether any adjustment is necessary to reflect the carrying value at the lower of cost or net realizable value.

e - Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated 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.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

f - Grants and Appropriations (continued)

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 required to be returned to Echoing Green at its discretion.

g - Deferred Rent

Echoing Green records rent expense on a straight-line basis over the life of the respective lease (Note 9). The difference between the straight-line amount and the amount actually paid during the year is recorded as deferred rent in the accompanying financial statements.

h - Advertising Costs

Advertising costs are expensed as incurred.

i - Financial Statement Presentation

The financial statements of Echoing Green have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require Echoing Green to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Echoing Green. These net assets may be used at the discretion of the Echoing Green's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Echoing Green or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

j - Estimates

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

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

k - 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.

l - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of Echoing Green's expenses are directly related to program activities. The expenses that are allocated include salaries, employee benefits and taxes, and certain overhead items, which are allocated based on employee time and effort or management's estimates of resource usage.

m - Prior Year Information

For comparability, certain 2019 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2020.

n - Subsequent Events

Echoing Green has evaluated subsequent events through March 18, 2021, the date that the financial statements are considered available to be issued.

o - Recent Accounting Pronouncements

During 2020, Echoing Green adopted Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves the current guidance about whether a transfer of assets is a contribution or exchange transaction. In addition, the update requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a measurable, performance-related barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The adoption of these standards resulted in no significant changes in the way Echoing Green recognizes revenue.

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 is to clarify revenue recognition standards for contracts with customers. ASU 2014-09 is effective for fiscal years beginning after December 15, 2019. Echoing Green is currently evaluating the impact of ASU 2014-09 on its financial statements.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Information Regarding Liquidity and Availability

Echoing Green annually plans to operate with a balanced budget for the fiscal year, which is based on expected revenues to fund anticipated expenses. Annual revenue is primarily derived from philanthropic grants or charitable gifts raised during the current fiscal year. Additional revenue is provided from service revenue earned during the year. General expenditures of Echoing Green consist of all expenses related to its ongoing programs including fellowship stipends and fellowship events management as well as social innovation market Thought Leadership. Additional expenses are directly related to fundraising activities and all operations undertaken to support programs and services.

Echoing Green regularly monitors its liquidity used to meet its operating needs, commitments and other obligations, while seeking to maximize the investment of its available funds. Management prepares cash flow projections to determine liquidity needs, and maintains liquid financial assets on an ongoing basis to cover 60 days of general expenditures. Financial assets in excess of daily cash requirements may be invested in money market funds and other short-term investments.

Echoing Green's financial assets as of June 30 available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$6,221,106	\$5,076,811
Unconditional promises to give	3,013,935	4,209,965
Accounts receivable (included in prepaid expenses and other assets)	<u>-</u>	<u>17,397</u>
Total Financial Assets	9,235,041	9,304,173
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(3,458,364)	(3,987,511)
Plus: Net assets with donor restrictions expected to be met in less than one year	2,066,468	2,903,860
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	<u>(239,335)</u>	<u>(239,335)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$7,603,810</u>	<u>\$7,981,187</u>

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 3 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	<u>2020</u>	<u>2019</u>
Subject to time and purpose restrictions:		
Fellowship grants	\$ 956,979	\$1,774,700
Restricted for future periods	2,040,622	2,140,984
Cheryl L. Dorsey Discretionary Fund	51,000	51,000
Impact investing	250,000	-
COVID-19 emergency grants	101,634	-
Fiscal sponsorships	<u>58,129</u>	<u>20,827</u>
	3,458,364	3,987,511
Investment in perpetuity:		
Endowment	<u>239,335</u>	<u>239,335</u>
 Total Net Assets with Donor Restrictions	 <u>\$3,697,699</u>	 <u>\$4,226,846</u>

Echoing Green maintains an endowment that consists of gifts from a donor totaling \$239,335. Interest earned on these endowment funds is available for Echoing Green's general operations.

Note 4 - Concentrations

- a - Echoing Green maintains cash accounts in several financial institutions in New York City. Certain balances are insured by the Federal Deposit Insurance Corporation.
- b - For 2020, contributions from two donors represented approximately 28% of total support and revenue. The amount due from one of those donors was approximately 74% of unconditional promises to give as of June 30, 2020. For 2019, contributions from one donor represented approximately 15% of total support and revenue. The amount due from this donor was approximately 23% of unconditional promises to give as of June 30, 2019.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 5 - Promises to Give

a - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$1,053,310	\$1,036,334	\$2,089,644
Due in one to five years	-	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,053,310</u>	<u>2,036,334</u>	<u>3,089,644</u>
Less: Discount to present value	-	<u>(75,709)</u>	<u>(75,709)</u>
Total	<u>\$1,053,310</u>	<u>\$1,960,625</u>	<u>\$3,013,935</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$1,277,611	\$1,899,700	\$3,177,311
Due in one to five years	-	<u>1,083,334</u>	<u>1,083,334</u>
	<u>1,277,611</u>	<u>2,983,034</u>	<u>4,260,645</u>
Less: Discount to present value	-	<u>(50,680)</u>	<u>(50,680)</u>
Total	<u>\$1,277,611</u>	<u>\$2,932,354</u>	<u>\$4,209,965</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.

b - Conditional Promises to Give

During 2020, Echoing Green was awarded a grant totaling \$375,000, of which \$250,000 is contingent upon meeting certain matching requirements. The conditional portion of this grant has not been recognized as revenue in the accompanying financial statements as of June 30, 2020.

Note 6 - Endowment Funds

Echoing Green's endowment consists of contributions from one donor that are restricted in perpetuity. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 6 - Endowment Funds (continued)

Consistent with New York State Not-for-Profit Corporation Law and the New York State Prudent Management of Institutional Funds Act, Echoing Green classifies as net assets with donor restrictions (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 as for investment in perpetuity is classified as investment income above the original gift amount until those amounts are appropriated for expenditure by Echoing Green.

Endowment funds are donor-restricted endowment funds classified as for investment in perpetuity and totaled \$239,335 at June 30, 2020 and 2019.

For the years ended June 30, 2020 and 2019, interest income of \$3,595 and \$6,122, respectively, was considered appropriated to operations for expenditure. There were no other changes in endowment funds for 2020 and 2019.

Endowment funds at June 30, 2020 and 2019 are invested in money market funds in a manner that is intended to produce current income while assuming a minimal level of investment risk.

Note 7 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Website	3 years	\$ 311,587	\$159,125
Office equipment	5 years	252,705	252,705
Leasehold improvements	Life of lease	233,012	233,012
Furniture and fixtures	5 years	<u>303,696</u>	<u>303,696</u>
		1,101,000	948,538
Less: Accumulated depreciation		<u>(829,184)</u>	<u>(683,212)</u>
		<u>\$ 271,816</u>	<u>\$265,326</u>

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 8 - Fellowship Grants Payable

Fellowship grants payable are due as follows:

	<u>2020</u>	<u>2019</u>
Due within one year	\$1,502,300	\$2,323,160
Due in one to five years	<u>165,001</u>	<u>1,036,000</u>
	1,667,301	3,359,160
Less: Discount to present value	<u>(5,284)</u>	<u>(40,783)</u>
Total	<u>\$1,662,017</u>	<u>\$3,318,377</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 - Commitment

Echoing Green occupies office space under a lease agreement expiring June 2024. The lease provides future minimum lease payments as follows:

<u>Year Ending June 30,</u>	
2021	\$506,688
2022	519,355
2023	532,339
Thereafter, through June 30, 2024	545,648

Rent expense was \$468,969 and \$472,851 for the years ended June 30, 2020 and 2019, respectively.

Note 10 - Pension Plan

Echoing Green maintains a tax sheltered annuity plan (IRC Section 403(b)) for the benefit of its employees. Employees may elect to contribute to the plan within the limits prescribed by the Internal Revenue Code. Echoing Green also makes a matching contribution to the plan. For the years ended June 30, 2020 and 2019, for eligible employees who have completed one year of service, Echoing Green made a matching contribution equal to an employee's contribution, up to 7% of the employee's salary. Total expense under this plan was \$123,814 (2020) and \$151,775 (2019).

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Note 11 - In Kind Contributions and Donated Services

Echoing Green received in kind contributions and donated services in connection with its activities that are recorded at fair value as follows:

	<u>2020</u>	<u>2019</u>
Legal services	\$ 18,874	\$124,118
In kind contribution - fellowship grant paid directly to fellow by donor	<u>400,000</u>	<u>479,000</u>
	<u>\$418,874</u>	<u>\$603,118</u>

Note 12 - Investment in Nonmarketable Securities

An Echoing Green grantee had an event which triggered the recovery provision described in Note 1f. Echoing Green elected as its method of recovery to accept stock under issuance in the financial transaction, which occurred in July 2012. The total value received was \$70,000, representing less than 1% equity ownership in the grantee company. During the fiscal years ended June 30, 2020 and 2019, Echoing Green recognized valuation decreases of \$7,301 (2020) and \$5,420 (2019) in order to carry the investment at its net realizable value. As of June 30, 2020 the investment was written off.

Note 13 - Fiscal Sponsorship

Echoing Green offers a fiscal sponsorship program for its fellows following the completion of their fellowship grant period, for projects whose work furthers Echoing Green's mission and exempt purpose. Echoing Green has variance power over funds received under its fiscal sponsorship program, and retains an administrative fee, generally in an amount of up to 5% of contributions received for fiscal sponsorship projects. Grant expense and net assets released from restrictions related to grants made under fiscal sponsorship agreements and included in the accompanying statements of activities totaled \$755,869 and \$696,952 for the years ended June 30, 2020 and 2019, respectively.

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Note 13 - Fiscal Sponsorship (continued)

Funds for certain sponsored projects are received by Echoing Green in the form of recoverable grants from a foundation. Echoing Green grants these funds to the respective sponsored projects also in the form of a recoverable grant with stated terms for repayment. Upon receipt of repayment from the sponsored project, Echoing Green is obligated to make repayment to the foundation. Repayment from the sponsored project is typically dependent on the occurrence of certain events, such as revenue generation or refinancing arrangements. Echoing Green is not obligated for repayment to the foundation should a sponsored project be unable to make repayment. Recoverable grants subject to repayment totaled \$225,000 as of June 30, 2020 and 2019, respectively.

Note 14 - Loan Payable

In April 2020, Echoing Green received a loan totaling \$630,158 under the Paycheck Protection Program administered by the U.S Small Business Administration. The loan bears interest at 1% per annum, is due in April 2022, and may be forgiven if the Echoing Green meets certain employee retention requirements and the funds are used for eligible expenses. Based on currently available information and guidance, Echoing Green expects that the full amount of this loan will be forgiven.

Note 15 - Prior Period Adjustment

Net assets without donor restrictions as of July 1, 2019 were restated to reflect contribution revenue and an unconditional promise to give in the amount of \$91,500 that had not been previously recorded.

Note 16 - Risks and Uncertainties

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, and at the direction of state and local governmental authorities, Echoing Green has converted all of its programming to online formats. Echoing Green's convenings for its Fellows, which normally happen via a series of in-person events across the world, were designed and delivered via virtual events and convenings. New programming is being designed and launched assuming both virtual and in-person delivery in the future.

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Note 16 - Risks and Uncertainties (continued)

Echoing Green has also transitioned to a full-time remote work environment by expanding its investment in virtual meeting and collaboration platforms and usage of cloud data storage across Echoing Green, and adjusting and updating its policies and procedures for a largely paperless, virtual environment.

While management continues to evaluate the potential impact that the resulting economic uncertainties may have on Echoing Green's operations, it believes that its current financial assets are sufficient to support Echoing Green's operations.