

**ECHOING GREEN, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**



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, 2021 and 2020, 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, 2021 and 2020, 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 15 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  
December 16, 2021

**ECHOING GREEN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b, 4a and 7)		
Without donor restrictions	\$14,221,799	\$4,484,032
With donor restrictions	7,773,237	1,737,074
Unconditional promises to give (Notes 1c, 4b and 5a)		
Without donor restrictions	1,397,000	1,053,310
With donor restrictions	20,335,215	1,960,625
Investments (Notes 1d and 6)	9,824,339	-
Prepaid expenses and other assets	275,584	19,630
Security deposit	111,812	111,812
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 8)	<u>108,486</u>	<u>271,816</u>
<b>Total Assets</b>	<u><u>\$54,047,472</u></u>	<u><u>\$9,638,299</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Fellowship grants payable (Notes 1f and 9)	\$ 193,054	\$1,662,017
Accounts payable and accrued expenses	606,751	247,329
Loan payable - Paycheck Protection Program (Note 14)	-	630,158
Deferred income (Note 1g)	306,710	-
Deferred rent (Note 1h)	<u>198,643</u>	<u>239,100</u>
Total Liabilities	<u>1,305,158</u>	<u>2,778,604</u>
Commitments and Contingency (Notes 10, 11, 13 and 15)		
Net Assets		
Without donor restrictions	24,633,862	3,161,996
With donor restrictions (Note 3)	<u>28,108,452</u>	<u>3,697,699</u>
Total Net Assets	<u>52,742,314</u>	<u>6,859,695</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$54,047,472</u></u>	<u><u>\$9,638,299</u></u>

See notes to financial statements.

## ECHOING GREEN, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Changes in Net Assets</b>						
Support and Revenue (Note 4b)						
Contributions, including amounts with donor restrictions related to fiscal sponsorships of \$1,574,843 (2021) and \$836,174 (2020)	\$21,259,014	\$33,958,630	\$55,217,644	\$ 5,479,210	\$ 4,097,444	\$ 9,576,654
Recoverable grant distributions	270,000	-	270,000	-	-	-
In-kind contributions and donated services (Note 12)	100,972	-	100,972	418,874	-	418,874
Program income	128,290	-	128,290	50,000	-	50,000
Net investment income (loss)	(330,710)	113	(330,597)	13,119	3,595	16,714
Other income	28,579	-	28,579	19,824	-	19,824
	<u>21,456,145</u>	<u>33,958,743</u>	<u>55,414,888</u>	<u>5,981,027</u>	<u>4,101,039</u>	<u>10,082,066</u>
Net assets released from restrictions, including amounts related to fiscal sponsorships of \$976,446 (2021) and \$755,869 (2020)	9,541,490	(9,541,490)	-	4,547,547	(4,547,547)	-
Reduction of prior year restricted funds	-	(6,500)	(6,500)	-	(82,639)	(82,639)
	<u>30,997,635</u>	<u>24,410,753</u>	<u>55,408,388</u>	<u>10,528,574</u>	<u>(529,147)</u>	<u>9,999,427</u>
Total Support and Revenue						
Expenses						
Program Services (including amounts related to fiscal sponsorships of \$976,446 (2021) and \$755,869 (2020))	6,882,017	-	6,882,017	6,376,274	-	6,376,274
Supporting Services						
Management and general	1,135,502	-	1,135,502	1,256,452	-	1,256,452
Fundraising	1,508,250	-	1,508,250	1,174,880	-	1,174,880
	<u>9,525,769</u>	<u>-</u>	<u>9,525,769</u>	<u>8,807,606</u>	<u>-</u>	<u>8,807,606</u>
Total Expenses						
Increase (decrease) in net assets	21,471,866	24,410,753	45,882,619	1,720,968	(529,147)	1,191,821
Net assets, beginning of year	3,161,996	3,697,699	6,859,695	1,441,028	4,226,846	5,667,874
	<u>\$24,633,862</u>	<u>\$28,108,452</u>	<u>\$52,742,314</u>	<u>\$ 3,161,996</u>	<u>\$ 3,697,699</u>	<u>\$ 6,859,695</u>
<b>Net Assets, End of Year</b>						

See notes to financial statements.

## ECHOING GREEN, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2021</u>	<u>2020</u>
		<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Grant expense, including amounts related to fiscal sponsorships of \$976,446 (2021) and \$755,869 (2020)	\$2,540,558	\$ -	\$ -	\$2,540,558	\$1,760,868
Salaries	2,324,031	441,874	405,812	3,171,717	3,362,965
Employee benefits and taxes	639,504	82,683	116,114	838,301	939,115
Consultants and fees	611,377	288,407	793,895	1,693,679	706,034
Accounting and legal	-	148,592	-	148,592	100,280
Office supplies and services	200,644	26,707	34,609	261,960	217,782
Telephone and communications	13,664	32,958	2,546	49,168	55,568
Postage and mailing	762	1,457	193	2,412	1,822
Advertising	11,895	-	-	11,895	3,720
Printing	-	245	83	328	10,206
Rent and utilities	408,313	67,129	83,941	559,383	541,153
Event fees and catering	234	8,076	-	8,310	630,255
Travel and accommodations	9,417	3,905	629	13,951	254,325
Miscellaneous	2,387	13,869	45,929	62,185	77,541
Total expenses before depreciation	6,762,786	1,115,902	1,483,751	9,362,439	8,661,634
Depreciation	119,231	19,600	24,499	163,330	145,972
Total Expenses, 2021	<u>\$6,882,017</u>	<u>\$ 1,135,502</u>	<u>\$ 1,508,250</u>	<u>\$9,525,769</u>	
Total Expenses, 2020	<u>\$6,376,274</u>	<u>\$ 1,256,452</u>	<u>\$ 1,174,880</u>		<u>\$8,807,606</u>

See notes to financial statements.

## ECHOING GREEN, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Grant expense, including amounts related to fiscal sponsorships of \$755,869	\$1,760,868	\$ -	\$ -	\$1,760,868
Salaries	2,219,557	470,815	672,593	3,362,965
Employee benefits and taxes	619,816	131,476	187,823	939,115
Consultants and fees	404,410	177,956	123,668	706,034
Accounting and legal	10,101	88,495	1,684	100,280
Office supplies and services	141,187	56,447	20,148	217,782
Telephone and communications	13,272	40,087	2,209	55,568
Postage and mailing	880	789	153	1,822
Advertising	3,720	-	-	3,720
Printing	2,619	7,454	133	10,206
Rent and utilities	341,865	142,704	56,584	541,153
Event fees and catering	554,618	12,548	63,089	630,255
Travel and accommodations	184,510	52,965	16,850	254,325
Miscellaneous	26,658	36,302	14,581	77,541
Total expenses before depreciation	6,284,081	1,218,038	1,159,515	8,661,634
Depreciation	92,193	38,414	15,365	145,972
Total Expenses	<u>\$6,376,274</u>	<u>\$ 1,256,452</u>	<u>\$ 1,174,880</u>	<u>\$8,807,606</u>

See notes to financial statements.

**ECHOING GREEN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$45,882,619	\$1,191,821
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	163,330	145,972
Reduction of prior year restricted funds	6,500	82,639
Bad debt expense	29,708	15,802
Adjustment of investment to net realizable value	-	7,301
Donated securities	(10,269,538)	-
Proceeds from sales of donated securities	9,889,796	-
Unrealized loss on investments	19,556	-
Realized loss on investments	379,742	-
Forgiveness of loan payable - Paycheck Protection Program	(630,158)	-
(Increase) decrease in:		
Unconditional promises to give	(18,754,488)	1,097,589
Prepaid expenses and other assets	(255,954)	21,909
Increase (decrease) in:		
Fellowship grants payable	(1,468,963)	(1,656,360)
Accounts payable and accrued expenses	359,422	(211,971)
Deferred income	306,710	-
Deferred rent	(40,457)	(28,103)
Net Cash Provided By Operating Activities	<u>25,617,825</u>	<u>666,599</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	-	(152,462)
Purchase of investments	(9,843,895)	-
Net Cash Used By Investing Activities	<u>(9,843,895)</u>	<u>(152,462)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from loan payable - Paycheck Protection Program	-	630,158
Net increase in cash and cash equivalents	15,773,930	1,144,295
Cash and cash equivalents, beginning of year	<u>6,221,106</u>	<u>5,076,811</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$21,995,036</u></u>	<u><u>\$6,221,106</u></u>

See notes to financial statements.



**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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 - Investments and Fair Value Measurements

Echoing Green reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities. Interest, gains, and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment income restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the income is recognized.

The cost of securities sold is determined by the weighted average method. Investments in marketable securities are stated at fair value. Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date).

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

d - Investments and Fair Value Measurements (continued)

Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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. 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 - Revenue Recognition

As part of its program activities, Echoing Green conducts certain advisory services which are classified as exchange transactions under accounting principles generally accepted in the United States of America ("GAAP"). Revenue earned from these services is recognized over time as the services are provided. The timing of billings, cash collections and revenue recognition may result in contract assets and contract liabilities reported in the statements of financial position. There were no contract assets at June 30, 2021 or 2020. Contract liabilities consist of deferred income that results when Echoing Green receives advance payments from customers before revenue is recognized.

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

h - Deferred Rent

Echoing Green records rent expense on a straight-line basis over the life of the respective lease (Note 10). 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.

i - Advertising Costs

Advertising costs are expensed as incurred.

j - Financial Statement Presentation

The financial statements of Echoing Green have been prepared in accordance with 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.

k - 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.

l - 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.

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

m - 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.

n - Subsequent Events

Echoing Green has evaluated subsequent events through December 16, 2021, the date that the financial statements are considered available to be issued.

n - Prior Year Information

For comparability, certain 2020 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2021.

o - Recent Accounting Pronouncement

During 2021, Echoing Green adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance requires an entity to recognize 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 these goods and services. Adoption of this standard had no significant impact on the financial statements.

**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. These expenses include fellowship stipends, managing fellowship events, and social innovation market Thought Leadership. Additional expenses are directly related to fundraising activities and all operations undertaken to support programs and services.

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 2 - Information Regarding Liquidity and Availability (continued)**

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>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$21,995,036	\$6,221,106
Unconditional promises to give	21,732,215	3,013,935
Recoverable grants and other receivables (included in prepaid expenses and other assets)	<u>205,549</u>	<u>-</u>
Total Financial Assets	43,942,800	9,235,041
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	(27,869,117)	(3,458,364)
Plus: Net assets with donor restrictions expected to be met in less than one year	14,818,217	2,066,468
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>\$30,642,565</u>	<u>\$7,603,810</u>

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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>2021</u>	<u>2020</u>
Subject to time and purpose restrictions:		
Fellowship grants	\$16,990,865	\$ 956,979
Restricted for future periods	8,942,875	2,040,622
Cheryl L. Dorsey Discretionary Fund	51,000	51,000
Impact investing	-	250,000
COVID-19 emergency grants	1,312,500	101,634
Fiscal sponsorships	<u>571,877</u>	<u>58,129</u>
	27,869,117	3,458,364
Investment in perpetuity:		
Endowment	<u>239,335</u>	<u>239,335</u>
Total Net Assets with Donor Restrictions	<u>\$28,108,452</u>	<u>\$3,697,699</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 2021, contributions from three donors represented approximately 44% of total support and revenue. The amount due from two of those donors was approximately 48% of unconditional promises to give as of June 30, 2021. 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.

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 5 - Promises to Give**

a - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Due within one year	\$1,397,000	\$10,116,840	\$11,513,840
Due in one to five years	-	10,814,000	10,814,000
	<u>1,397,000</u>	<u>20,930,840</u>	<u>22,327,840</u>
Less: Discount to present value	<u>-</u>	<u>(595,625)</u>	<u>(595,625)</u>
Total	<u>\$1,397,000</u>	<u>\$20,335,215</u>	<u>\$21,732,215</u>
	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Due within one year	\$1,053,310	\$1,036,334	\$2,089,644
Due in one to five years	-	1,000,000	1,000,000
	<u>1,053,310</u>	<u>2,036,334</u>	<u>3,089,644</u>
Less: Discount to present value	<u>-</u>	<u>(75,709)</u>	<u>(75,709)</u>
Total	<u>\$1,053,310</u>	<u>\$1,960,625</u>	<u>\$3,013,935</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 was contingent upon meeting certain matching requirements for 2021 and 2022. During 2021, \$125,000 of the conditional amount was recognized when Echoing Green met the matching requirements. The remaining conditional portion of this grant has not been recognized as revenue in the accompanying financial statements as of June 30, 2021.

During 2021, Echoing Green was awarded a grant totaling \$10,000,000 of which \$2,000,000 was contingent upon meeting certain matching requirements through May 2025. The conditional portion of this grant has not been recognized as revenue in the accompanying financial statements as of June 30, 2021.

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 6 - Investments**

Echoing Green's investments as of June 30, 2021 are classified within Level 1 of the fair value hierarchy and consist of a fixed income mutual fund with a cost of \$9,843,895.

Net investment income (loss) as of June 30, 2021 consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 68,701	\$16,714
Realized loss	(379,742)	-
Unrealized loss	<u>(19,556)</u>	<u>-</u>
Net Investment Income (Loss)	<u>\$(330,597)</u>	<u>\$16,714</u>

**Note 7 - Endowment Funds**

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

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, 2021 and 2020.

For the years ended June 30, 2021 and 2020, interest income of \$113 and \$3,595, respectively, was considered appropriated to operations for expenditure. There were no other changes in endowment funds for 2021 and 2020.



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**Note 7 - Endowment Funds (continued)**

Endowment funds at June 30, 2021 and 2020 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 8 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2021</u>	<u>2020</u>
Website	3 years	\$ 311,587	\$ 311,587
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	1,101,000
Less: Accumulated depreciation		<u>(992,514)</u>	<u>(829,184)</u>
		<u>\$ 108,486</u>	<u>\$ 271,816</u>

**Note 9 - Fellowship Grants Payable**

Fellowship grants payable are due as follows:

	<u>2021</u>	<u>2020</u>
Due within one year	\$193,054	\$1,502,300
Due in one to five years	<u>-</u>	<u>165,001</u>
	193,054	1,667,301
Less: Discount to present value	<u>-</u>	<u>(5,284)</u>
Total	<u>\$193,054</u>	<u>\$1,662,017</u>

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

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**Note 9 - Fellowship Grants Payable (continued)**

Fellowship grants awarded by Echoing Green to for-profit organizations are structured as recoverable grants, meaning that the Fellows agree to pay back their grants if their organization meets certain financial targets. Recoverable grants may also apply to grants to non-profit organizations that transition to for-profit companies or create a related for-profit entity working toward the same mission. During 2021, certain Fellows met the requirements to pay back recoverable grants totaling \$270,000.

**Note 10 - 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>	
2022	\$519,355
2023	532,339
Thereafter, through June 30, 2024	545,648

Rent expense was \$466,231 and \$468,969 for the years ended June 30, 2021 and 2020, respectively.

**Note 11 - 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, 2021 and 2020, 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 \$122,789 (2021) and \$123,814 (2020).

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**Note 12 - 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>2021</u>	<u>2020</u>
Legal services	\$ 48,147	\$ 18,874
Website maintenance	6,325	-
In-kind contribution - fellowship grant paid directly to fellow by donor	<u>46,500</u>	<u>400,000</u>
	<u>\$100,972</u>	<u>\$418,874</u>

**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 \$976,446 and \$755,869 for the years ended June 30, 2021 and 2020, 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 bore interest at 1% per annum, is due in April 2022, and could be forgiven if Echoing Green meets certain employee retention requirements and the funds are used for eligible expenses. In May 2021, the loan was forgiven in its entirety.

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**Note 15 - 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.

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.