

ECHOING GREEN, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



LUTZ AND GARR

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Echoing Green, Inc.

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Echoing Green, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Echoing Green, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Echoing Green, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Echoing Green, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lotz + Carr, LLP

New York, New York
December 5, 2022

ECHOING GREEN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| Assets | | |
| Cash and cash equivalents (Notes 1b, 4a and 7) | | |
| Without donor restrictions | \$26,761,248 | \$14,221,799 |
| With donor restrictions | 6,603,884 | 7,773,237 |
| Unconditional promises to give (Notes 1c, 4b and 5a) | | |
| Without donor restrictions | 1,790,000 | 1,397,000 |
| With donor restrictions | 15,291,042 | 20,335,215 |
| Investments (Notes 1d and 6) | 9,768,896 | 9,824,339 |
| Prepaid expenses and other assets | 381,757 | 275,584 |
| Security deposit | 111,812 | 111,812 |
| Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 8) | <u>35,829</u> | <u>108,486</u> |
| Total Assets | <u><u>\$60,744,468</u></u> | <u><u>\$54,047,472</u></u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Fellowship grants payable (Notes 1f and 9) | \$ 2,413,000 | \$ 193,054 |
| Accounts payable and accrued expenses | 468,562 | 606,751 |
| Deferred income (Note 1g) | - | 306,710 |
| Deferred rent (Note 1h) | <u>145,519</u> | <u>198,643</u> |
| Total Liabilities | <u><u>3,027,081</u></u> | <u><u>1,305,158</u></u> |
| Commitments and Contingency (Notes 10, 11 and 13) | | |
| Net Assets | | |
| Without donor restrictions (Note 3a) | 35,822,461 | 24,633,862 |
| With donor restrictions (Note 3b) | <u>21,894,926</u> | <u>28,108,452</u> |
| Total Net Assets | <u><u>57,717,387</u></u> | <u><u>52,742,314</u></u> |
| Total Liabilities and Net Assets | <u><u>\$60,744,468</u></u> | <u><u>\$54,047,472</u></u> |

See notes to financial statements.

ECHOING GREEN, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | | | 2021 | | |
|--|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|
| | 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 sponsorships of \$750,000 (2022) and \$1,574,843 (2021) | \$ 8,602,068 | \$10,879,177 | \$19,481,245 | \$20,879,272 | \$33,958,630 | \$54,837,902 |
| Recoverable grant distributions | 101,296 | - | 101,296 | 270,000 | - | 270,000 |
| In-kind contributions and donated services (Note 12) | 124,707 | - | 124,707 | 100,972 | - | 100,972 |
| Program income | 78,710 | - | 78,710 | 128,290 | - | 128,290 |
| Net investment income (loss) (Note 6) | (14,988) | - | (14,988) | 49,032 | 113 | 49,145 |
| Other income | 9,602 | - | 9,602 | 28,579 | - | 28,579 |
| | <u>8,901,395</u> | <u>10,879,177</u> | <u>19,780,572</u> | <u>21,456,145</u> | <u>33,958,743</u> | <u>55,414,888</u> |
| Net assets released from restrictions, including amounts related to fiscal sponsorships of \$1,161,752 (2022) and \$976,446 (2021) | 17,092,703 | (17,092,703) | - | 9,541,490 | (9,541,490) | - |
| Reduction of prior year restricted funds | - | - | - | - | (6,500) | (6,500) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(6,500)</u> | <u>(6,500)</u> |
| Total Support and Revenue | <u>25,994,098</u> | <u>(6,213,526)</u> | <u>19,780,572</u> | <u>30,997,635</u> | <u>24,410,753</u> | <u>55,408,388</u> |
| Expenses | | | | | | |
| Program Services (including amounts related to fiscal sponsorships of \$1,161,752 (2022) and \$976,446 (2021)) | 11,453,552 | - | 11,453,552 | 6,882,017 | - | 6,882,017 |
| Supporting Services | | | | | | |
| Management and general | 1,450,144 | - | 1,450,144 | 1,135,502 | - | 1,135,502 |
| Fundraising | 1,901,803 | - | 1,901,803 | 1,508,250 | - | 1,508,250 |
| | <u>14,805,499</u> | <u>-</u> | <u>14,805,499</u> | <u>9,525,769</u> | <u>-</u> | <u>9,525,769</u> |
| Total Expenses | <u>14,805,499</u> | <u>-</u> | <u>14,805,499</u> | <u>9,525,769</u> | <u>-</u> | <u>9,525,769</u> |
| Increase (decrease) in net assets | 11,188,599 | (6,213,526) | 4,975,073 | 21,471,866 | 24,410,753 | 45,882,619 |
| Net assets, beginning of year | 24,633,862 | 28,108,452 | 52,742,314 | 3,161,996 | 3,697,699 | 6,859,695 |
| | <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> |
| Net Assets, End of Year | <u>\$35,822,461</u> | <u>\$21,894,926</u> | <u>\$57,717,387</u> | <u>\$24,633,862</u> | <u>\$28,108,452</u> | <u>\$52,742,314</u> |

See notes to financial statements.

ECHOING GREEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

| | Program Services | Supporting Services | | 2022 | 2021 |
|--|---------------------|---------------------------|---------------------|---------------------|--------------------|
| | | Management and General | Fundraising | Total Expenses | Total Expenses |
| Grant expense, including amounts related to fiscal sponsorships of \$1,161,752 (2022) and \$976,446 (2021) | \$ 5,697,862 | \$ - | \$ - | \$ 5,697,862 | \$2,540,558 |
| Salaries | 2,603,973 | 529,490 | 600,939 | 3,734,402 | 3,171,717 |
| Employee benefits and taxes | 742,778 | 137,565 | 161,367 | 1,041,710 | 838,301 |
| Consultants and fees | 1,430,944 | 387,087 | 906,096 | 2,724,127 | 1,693,679 |
| Accounting and legal | 35,398 | 202,968 | - | 238,366 | 148,592 |
| Office supplies and services | 281,302 | 60,082 | 74,107 | 415,491 | 261,960 |
| Telephone and communications | 36,607 | 6,904 | 9,467 | 52,978 | 49,168 |
| Postage and mailing | 17,604 | 1,237 | 474 | 19,315 | 2,412 |
| Advertising | 768 | - | - | 768 | 11,895 |
| Printing | 723 | - | - | 723 | 328 |
| Rent and utilities | 372,990 | 70,343 | 97,302 | 540,635 | 559,383 |
| Event fees and catering | 26,177 | 9,541 | 3,948 | 39,666 | 8,310 |
| Travel and accommodations | 78,422 | 8,219 | 20,913 | 107,554 | 13,951 |
| Miscellaneous | 69,122 | 25,614 | 11,829 | 106,565 | 62,185 |
| Total expenses before depreciation | 11,394,670 | 1,439,050 | 1,886,442 | 14,720,162 | 9,362,439 |
| Depreciation | 58,882 | 11,094 | 15,361 | 85,337 | 163,330 |
| Total Expenses, 2022 | <u>\$11,453,552</u> | <u>\$ 1,450,144</u> | <u>\$ 1,901,803</u> | <u>\$14,805,499</u> | |
| Total Expenses, 2021 | <u>\$ 6,882,017</u> | <u>\$ 1,135,502</u> | <u>\$ 1,508,250</u> | | <u>\$9,525,769</u> |

See notes to financial statements.

ECHOING GREEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

| | <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 \$976,446 | \$2,540,558 | \$ - | \$ - | \$2,540,558 |
| Salaries | 2,324,031 | 441,874 | 405,812 | 3,171,717 |
| Employee benefits and taxes | 639,504 | 82,683 | 116,114 | 838,301 |
| Consultants and fees | 611,377 | 288,407 | 793,895 | 1,693,679 |
| Accounting and legal | - | 148,592 | - | 148,592 |
| Office supplies and services | 200,644 | 26,707 | 34,609 | 261,960 |
| Telephone and communications | 13,664 | 32,958 | 2,546 | 49,168 |
| Postage and mailing | 762 | 1,457 | 193 | 2,412 |
| Advertising | 11,895 | - | - | 11,895 |
| Printing | - | 245 | 83 | 328 |
| Rent and utilities | 408,313 | 67,129 | 83,941 | 559,383 |
| Event fees and catering | 234 | 8,076 | - | 8,310 |
| Travel and accommodations | 9,417 | 3,905 | 629 | 13,951 |
| Miscellaneous | 2,387 | 13,869 | 45,929 | 62,185 |
| Total expenses before depreciation | 6,762,786 | 1,115,902 | 1,483,751 | 9,362,439 |
| Depreciation | 119,231 | 19,600 | 24,499 | 163,330 |
| Total Expenses | <u>\$6,882,017</u> | <u>\$ 1,135,502</u> | <u>\$ 1,508,250</u> | <u>\$9,525,769</u> |

See notes to financial statements.

ECHOING GREEN, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| Cash Flows From Operating Activities | | |
| Increase in net assets | \$ 4,975,073 | \$45,882,619 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 85,337 | 163,330 |
| Reduction of prior year restricted funds | - | 6,500 |
| Bad debt expense | - | 29,708 |
| Unrealized loss on investments | 98,208 | 19,556 |
| Forgiveness of loan payable - Paycheck Protection Program | - | (630,158) |
| (Increase) decrease in: | | |
| Unconditional promises to give | 4,651,173 | (18,754,488) |
| Prepaid expenses and other assets | (106,173) | (255,954) |
| Increase (decrease) in: | | |
| Fellowship grants payable | 2,219,946 | (1,468,963) |
| Accounts payable and accrued expenses | (138,189) | 359,422 |
| Deferred income | (306,710) | 306,710 |
| Deferred rent | (53,124) | (40,457) |
| Net Cash Provided By Operating Activities | <u>11,425,541</u> | <u>25,617,825</u> |
| Cash Flows From Investing Activities | | |
| Purchase of property and equipment | (12,680) | - |
| Purchase of investments | (42,765) | (9,843,895) |
| Net Cash Used By Investing Activities | <u>(55,445)</u> | <u>(9,843,895)</u> |
| Net increase in cash and cash equivalents | 11,370,096 | 15,773,930 |
| Cash and cash equivalents, beginning of year | <u>21,995,036</u> | <u>6,221,106</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$33,365,132</u></u> | <u><u>\$21,995,036</u></u> |

See notes to financial statements.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 an increase 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, 2022 AND 2021

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 Echoing Green 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 may conduct 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, 2022 or 2021. 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, 2022 AND 2021

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, 2022 AND 2021

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 5, 2022, the date that the financial statements are considered available to be issued.

n - Prior Year Information

For comparability, certain 2021 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2022.

o - Recent Accounting Pronouncements

For 2022, Echoing Green adopted Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

In February 2016, the FASB issued ASU 2016-02, *Leases ("Topic 842")*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than 12 months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Echoing Green is currently evaluating the impact of ASU 2016-02 on its financial statements.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 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>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Financial Assets at Year End: | | |
| Cash and cash equivalents | \$33,365,132 | \$21,995,036 |
| Unconditional promises to give | 17,081,042 | 21,732,215 |
| Recoverable grants and other receivables (included in prepaid expenses and other assets) | <u>262,893</u> | <u>205,549</u> |
| Total Financial Assets | 50,709,067 | 43,932,800 |
| 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 | (21,655,591) | (27,869,117) |
| Plus: Net assets with donor restrictions expected to be met in less than one year | 15,690,027 | 14,818,217 |
| Net assets with donor restrictions for endowment, subject to spending policy and appropriation | (239,335) | (239,335) |
| Board designated reserve fund | <u>(1,665,000)</u> | <u>-</u> |
| Financial Assets Available to Meet General Expenditures within One Year | <u>\$42,839,168</u> | <u>\$30,642,565</u> |

In addition to these financial assets available to meet general expenditures within one year, Echoing Green's board designated reserve fund could be made available at any time to meet cash need for general expenditures at the discretion of the Board.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 3 - Restrictions on Net Assets

- a - During 2022, the Board of Directors of Echoing Green established a Board Designated Reserve Fund (the "Reserve") to provide an internal source of funds for extraordinary situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. Funds held in the Reserve may be accessed by written request which must be approved by Echoing Green's Finance Committee. Replenishment of the Reserve will be determined on a case-by-case basis and documented in the written request to access the Reserve. During the year ended June 30, 2022, funds totaling \$1,665,000 were appropriated to the Reserve.
- b - Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Subject to time and purpose restrictions: | | |
| Fellowship grants | \$ 8,449,860 | \$16,990,865 |
| Restricted for future periods | 7,736,042 | 8,942,875 |
| Cheryl L. Dorsey Discretionary Fund | 51,000 | 51,000 |
| Racial Equity Philanthropic Fund | 4,362,905 | - |
| COVID-19 emergency grants | 934,409 | 1,312,500 |
| Fiscal sponsorships | <u>121,375</u> | <u>571,877</u> |
| | 21,655,591 | 27,869,117 |
| Investment in perpetuity: | | |
| Endowment | <u>239,335</u> | <u>239,335</u> |
| Total Net Assets with Donor Restrictions | <u>\$21,894,926</u> | <u>\$28,108,452</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. There were no concentrations of note in 2022.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 5 - Promises to Give

a - Unconditional Promises to Give

Unconditional promises to give are due as follows:

| | 2022 | | |
|---------------------------------|---|--|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Due within one year | \$1,790,000 | \$11,935,000 | \$13,725,000 |
| Due in one to five years | - | 3,546,000 | 3,546,000 |
| | 1,790,000 | 15,481,000 | 17,271,000 |
| Less: Discount to present value | - | (189,958) | (189,958) |
| Total | <u>\$1,790,000</u> | <u>\$15,291,042</u> | <u>\$17,081,042</u> |

| | 2021 | | |
|---------------------------------|---|--|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| 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 |
| | 1,397,000 | 20,930,840 | 22,327,840 |
| Less: Discount to present value | - | (595,625) | (595,625) |
| Total | <u>\$1,397,000</u> | <u>\$20,335,215</u> | <u>\$21,732,215</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 \$125,000 conditional portion of the grant was recognized as revenue in the accompanying financial statements during the year ended June 30, 2022.

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, 2022.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 6 - Investments

Echoing Green's investments are classified within Level 1 of the fair value hierarchy and consist of a fixed income mutual fund with a cost of \$9,886,660 and \$9,843,895 as of June 30, 2022 and 2021, respectively.

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

| | <u>2022</u> | <u>2021</u> |
|------------------------------|-------------------|------------------|
| Interest and dividends | \$ 83,220 | \$ 68,701 |
| Unrealized loss | <u>(98,208)</u> | <u>(19,556)</u> |
| Net Investment Income (Loss) | <u>\$(14,988)</u> | <u>\$ 49,145</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, 2022 and 2021.

For the year ended June 30, 2021, interest income of \$113 was considered appropriated to operations for expenditure. There were no other changes in endowment funds for 2022 and 2021.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 7 - Endowment Funds (continued)

Endowment funds at June 30, 2022 and 2021 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>2022</u> | <u>2021</u> |
|--------------------------------|---------------|--------------------|-------------------|
| Website | 3 years | \$ 318,087 | \$ 311,587 |
| Office equipment | 5 years | 258,885 | 252,705 |
| Leasehold improvements | Life of lease | 233,012 | 233,012 |
| Furniture and fixtures | 5 years | <u>303,696</u> | <u>303,696</u> |
| | | 1,113,680 | 1,101,000 |
| Less: Accumulated depreciation | | <u>(1,077,851)</u> | <u>(992,514)</u> |
| | | <u>\$ 35,829</u> | <u>\$ 108,486</u> |

Note 9 - Fellowship Grants Payable

Fellowship grants payable as of June 30, 2022 and 2021 are due to be paid within one year.

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 2022 and 2021, certain Fellows met the requirements to pay back recoverable grants totaling \$101,296 and \$270,000, respectively.

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 10 - Commitment

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

| | |
|-----------------------------------|-----------|
| Year ending June 30, 2023 | \$532,339 |
| Thereafter, through June 30, 2024 | 545,648 |

Rent expense was \$466,311 and \$466,231 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, 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 \$153,945 (2022) and \$122,789 (2021).

Note 12 - In-Kind Contributions and Donated Services

Echoing Green received in-kind contributions and donated services in connection with its program activities and supporting services that are recorded at fair value estimated based on current market rates for similar services as follows:

| | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| Legal services | \$124,707 | \$ 48,147 |
| Website maintenance | - | 6,325 |
| In-kind contribution - fellowship grant paid directly to fellow by donor | <u>-</u> | <u>46,500</u> |
| | <u>\$124,707</u> | <u>\$100,972</u> |

ECHOING GREEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 \$1,161,752 and \$976,446 for the years ended June 30, 2022 and 2021, respectively.