

**ECHOING GREEN, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**



**LUTZ AND CARR**

CERTIFIED PUBLIC ACCOUNTANTS, LLP

551 FIFTH AVENUE - SUITE 400, NEW YORK, NY 10176

212-697-2299 FAX: 212-949-1768

## **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, 2023 and 2022, 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, 2023 and 2022, 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*

**ECHOING GREEN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 4a)		
Without donor restrictions	\$ 5,675,926	\$26,761,248
With donor restrictions	10,129,942	6,603,884
Certificates of deposit (Note 1c)	9,262,065	-
Unconditional promises to give (Notes 1d, 4b and 5)		
Without donor restrictions	3,192,955	1,790,000
With donor restrictions	17,828,307	15,291,042
Recoverable grants receivable (Note 1g)	384,839	254,296
Investments (Notes 1e and 6)	26,220,275	9,768,896
Prepaid expenses and other assets	296,734	127,461
Security deposit	111,812	111,812
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 8)	31,473	35,829
Operating lease right-of-use asset (Notes 1i)	457,470	-
	<u>457,470</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$73,591,798</u></u>	<u><u>\$60,744,468</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Fellowship grants payable (Notes 1g and 9)	\$ 3,945,458	\$ 2,413,000
Accounts payable and accrued expenses	1,098,869	468,562
Deferred rent (Note 1i)	-	145,519
Operating lease liability (Notes 1i and 10)	536,884	-
Total Liabilities	<u>5,581,211</u>	<u>3,027,081</u>
Commitments and Contingency (Notes 11, 12 and 14)		
Net Assets		
Without donor restrictions (Note 3a)	40,052,338	35,822,461
With donor restrictions (Note 3b)	<u>27,958,249</u>	<u>21,894,926</u>
Total Net Assets	<u>68,010,587</u>	<u>57,717,387</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$73,591,798</u></u>	<u><u>\$60,744,468</u></u>

See notes to financial statements.

## ECHOING GREEN, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	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 \$547,570 (2023) and \$750,000 (2022)	\$ 2,352,342	\$25,366,506	\$27,718,848	\$8,602,068	\$10,879,177	\$19,481,245
Benefit event income	1,310,250	-	1,310,250	-	-	-
Less: Direct benefit event expenses	(95,411)	-	(95,411)	-	-	-
Recoverable grant distributions	98,345	-	98,345	101,296	-	101,296
In-kind contributions and donated services (Note 13)	86,413	-	86,413	124,707	-	124,707
Program income	-	-	-	78,710	-	78,710
Net investment income (loss) (Note 6)	1,006,584	8,754	1,015,338	(14,988)	-	(14,988)
Other income	15,810	-	15,810	9,602	-	9,602
	<u>4,774,333</u>	<u>25,375,260</u>	<u>30,149,593</u>	<u>8,901,395</u>	<u>10,879,177</u>	<u>19,780,572</u>
Net assets released from restrictions, including amounts related to fiscal sponsorships of \$341,785 (2023) and \$1,161,752 (2022)	<u>19,311,937</u>	<u>(19,311,937)</u>	<u>-</u>	<u>17,092,703</u>	<u>(17,092,703)</u>	<u>-</u>
Total Support and Revenue	<u>24,086,270</u>	<u>6,063,323</u>	<u>30,149,593</u>	<u>25,994,098</u>	<u>(6,213,526)</u>	<u>19,780,572</u>
Expenses						
Program Services (including amounts related to fiscal sponsorships of \$341,785 (2023) and \$1,161,752 (2022))	15,883,699	-	15,883,699	11,453,552	-	11,453,552
Supporting Services						
Management and general	1,461,960	-	1,461,960	1,450,144	-	1,450,144
Fundraising	<u>2,510,734</u>	<u>-</u>	<u>2,510,734</u>	<u>1,901,803</u>	<u>-</u>	<u>1,901,803</u>
Total Expenses	<u>19,856,393</u>	<u>-</u>	<u>19,856,393</u>	<u>14,805,499</u>	<u>-</u>	<u>14,805,499</u>
Increase (decrease) in net assets	4,229,877	6,063,323	10,293,200	11,188,599	(6,213,526)	4,975,073
Net assets, beginning 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>
<b>Net Assets, End of Year</b>	<u>\$40,052,338</u>	<u>\$27,958,249</u>	<u>\$68,010,587</u>	<u>\$35,822,461</u>	<u>\$21,894,926</u>	<u>\$57,717,387</u>

See notes to financial statements.

## ECHOING GREEN, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR 2022

	Program Services	Supporting Services		2023	2022
		Management and General	Fundraising	Total Expenses	Total Expenses
Grant expense, including amounts related to fiscal sponsorships of \$341,785 (2023) and \$1,161,752 (2022)	\$ 8,191,243	\$ -	\$ -	\$ 8,191,243	\$ 5,697,862
Salaries	2,498,043	579,755	608,274	3,686,072	3,734,402
Employee benefits and taxes	887,294	121,080	338,807	1,347,181	1,041,710
Consultants and fees	2,369,494	327,476	1,272,752	3,969,722	2,724,127
Accounting and legal	30,256	277,331	-	307,587	238,366
Office supplies and services	26,073	3,159	5,760	34,992	38,603
Information technology	323,107	42,175	66,912	432,194	459,626
Occupancy	397,935	54,512	92,670	545,117	517,561
Event fees and catering	761,997	24,543	22,283	808,823	27,272
Travel and accommodations	267,457	9,081	63,459	339,997	101,249
Depreciation	19,084	2,614	4,443	26,141	85,337
Other expenses	111,716	20,234	35,374	167,324	139,384
Total Expenses, 2023	<u>\$15,883,699</u>	<u>\$ 1,461,960</u>	<u>\$ 2,510,734</u>	<u>\$19,856,393</u>	
Total Expenses, 2022	<u>\$11,453,552</u>	<u>\$ 1,450,144</u>	<u>\$ 1,901,803</u>		<u>\$14,805,499</u>

See notes to financial statements.

## ECHOING GREEN, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Grant expense, including amounts related to fiscal sponsorships of \$1,161,752	\$ 5,697,862	\$ -	\$ -	\$ 5,697,862
Salaries	2,603,973	529,490	600,939	3,734,402
Employee benefits and taxes	742,778	137,565	161,367	1,041,710
Consultants and fees	1,430,944	387,087	906,096	2,724,127
Accounting and legal	35,398	202,968	-	238,366
Office supplies and services	30,509	4,290	3,804	38,603
Information technology	317,006	59,433	83,187	459,626
Occupancy	357,069	67,344	93,148	517,561
Event fees and catering	19,105	6,358	1,809	27,272
Travel and accommodations	72,906	8,219	20,124	101,249
Depreciation	58,882	11,094	15,361	85,337
Other expenses	87,120	36,296	15,968	139,384
Total Expenses	<u>\$11,453,552</u>	<u>\$ 1,450,144</u>	<u>\$ 1,901,803</u>	<u>\$14,805,499</u>

See notes to financial statements.

**ECHOING GREEN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$10,293,200	\$ 4,975,073
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Non-cash operating lease expense	441,835	-
Depreciation	26,141	85,337
Unrealized (gain) loss on investments	(364,131)	98,208
Realized loss on investments	58,433	-
(Increase) decrease in:		
Unconditional promises to give	(3,940,220)	4,651,173
Recoverable grants receivable	(130,543)	(74,296)
Prepaid expenses and other assets	(169,273)	(31,877)
Increase (decrease) in:		
Fellowship grants payable	1,532,458	2,219,946
Accounts payable and accrued expenses	630,307	(138,189)
Deferred income	-	(306,710)
Deferred rent	-	(53,124)
Operating lease liability	(507,940)	-
Net Cash Provided By Operating Activities	<u>7,870,267</u>	<u>11,425,541</u>
 <b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(21,785)	(12,680)
Proceeds from maturity of certificates of deposit	4,600,000	-
Purchase of certificates of deposit	(13,862,065)	-
Purchase of investments	(38,279,525)	(42,765)
Proceeds from sale of investments	22,133,844	-
Net Cash Used By Investing Activities	<u>(25,429,531)</u>	<u>(55,445)</u>
 Net increase (decrease) in cash and cash equivalents	(17,559,264)	11,370,096
Cash and cash equivalents, beginning of year	<u>33,365,132</u>	<u>21,995,036</u>
 <b>Cash and Cash Equivalents, End of Year</b>	<u>\$15,805,868</u>	<u>\$33,365,132</u>
 <b>Supplemental Disclosure of Noncash Investing Activities</b>		
Operating lease right-of-use asset obtained in exchange for operating lease liability	<u>\$ 899,305</u>	<u>\$ -</u>

See notes to financial statements.

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**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.

Echoing Green created the Signal Fund during fiscal year 2023. The Signal Fund is structured to make catalytic capital available to Echoing Green's social impact leaders who have developed their organizations over five to ten years. Echoing Green expects its capital investments to advance impact milestones for innovators and leverage significant levels of co-investment into Echoing Green alumni social enterprises.

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 - Certificates of Deposit

Certificates of deposit valued at cost basis plus accrued interest. Certificates of deposit are FDIC insured instruments, with original maturity dates greater than three months at the time of purchase, and are intended to be held to maturity. Upon maturity, the certificates of deposit are expected to be redeemed at cost plus interest earned. No realized losses are expected.

d - 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.

Echoing Green uses the allowance method to determine uncollectible contributions receivable. The allowance, if any, is based on prior years' experience and management's analysis of specific promises made.

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

e - 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).

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.

f - 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.

g - 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.

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

h - 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 or liabilities at June 30, 2023 or 2022.

i - Operating Lease Right-of-Use Asset and Operating Lease Liability

For leases with an initial term greater than twelve months, Echoing Green's operating lease liability is initially recorded at the present value of the unpaid lease payments as of July 1, 2022. Echoing Green's operating lease right-of-use asset is initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, accruals, prepayments and lease incentives, if any. Operating lease cost is recognized on a straight-line basis over the lease term.

For the year ended June 30, 2022, rent expense is recorded on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements.

j - Advertising Costs

Advertising costs are expensed as incurred.

k - 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.

## ECHOING GREEN, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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

m - 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.

n - 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.

o - Subsequent Events

Echoing Green has evaluated subsequent events through December 8, 2023, the date that the financial statements are considered available to be issued.

p - New Accounting Standard

During 2023, Echoing Green adopted ASU 2016-02, *Leases ("Topic 842")*. The core principles of ASU 2016-02 (the "ASU") change the way organizations account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. As such, results for 2023 are presented under *Topic 842*, while results for 2022 continue to be reported in accordance with historical accounting practices. The adoption of *Topic 842* did not have a significant impact on Echoing Green's net assets as of July 1, 2022.

As part of the adoption of the ASU, Echoing Green elected to apply the modified retrospective transition approach as of the date of initial application without restating comparative period financial statements, to use a risk-free rate, equal to the two-year Treasury Bill rate for the discount of the operating lease and to apply the practical expedients which allows Echoing Green to not reassess (i) whether any expired or existing contracts are leases or contain leases (ii) the lease classification for any expired or existing leases (iii) initial direct costs for any existing leases.

q - Prior Year Information

For comparability, certain 2022 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2023.

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**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. 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, certificates of deposits, and other short-term investments.

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

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$15,805,868	\$33,365,132
Certificates of deposit	9,262,065	-
Unconditional promises to give	21,021,262	17,081,042
Investments	26,220,275	9,768,896
Recoverable grants receivable	<u>384,839</u>	<u>254,296</u>
Total Financial Assets	72,694,309	60,469,366
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	(27,718,914)	(21,655,591)
Plus: Net assets with donor restrictions expected to be met in less than one year	13,517,361	15,690,027
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(239,335)	(239,335)
Board designated reserve fund	<u>(2,862,500)</u>	<u>(1,665,000)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$55,390,921</u>	<u>\$52,599,467</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, 2023 AND 2022**

**Note 3 - Net Assets**

a - Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Undesignated	\$37,189,838	\$34,157,461
Board Designated Reserve Fund	<u>2,862,500</u>	<u>1,665,000</u>
	<u>\$40,052,338</u>	<u>\$35,822,461</u>

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 years ended June 30, 2023 and 2022, funds totaling \$1,197,500 and \$1,665,000, respectively, were appropriated to the Reserve.

b - Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Subject to time and purpose restrictions:		
Fellowship grants	\$ 4,263,469	\$ 8,449,860
Restricted for future periods	3,438,478	7,736,042
Cheryl L. Dorsey Discretionary Fund	51,000	51,000
Racial Equity Philanthropic Fund	9,370,713	4,362,905
Signal Fund	10,032,594	-
COVID-19 emergency grants	-	934,409
Social Innovation Assessment	255,000	-
Fiscal sponsorships	<u>307,660</u>	<u>121,375</u>
	27,718,914	21,655,591
Investment in perpetuity:		
Endowment	<u>239,335</u>	<u>239,335</u>
Total Net Assets with Donor Restrictions	<u>\$27,958,249</u>	<u>\$21,894,926</u>

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Note 3 - Net Assets (continued)**

b - Net Assets With Donor Restrictions (continued)

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 2023, contributions from three donors represented approximately 43% of total support and revenue. The amount due from two of those donors was approximately 46% of unconditional promises to give as of June 30, 2023. There were no concentrations of contributions or unconditional promises to give in 2022.

**Note 5 - Promises to Give**

a - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Due within one year	\$3,192,955	\$8,419,830	\$11,612,785
Due in one to five years	-	10,150,000	10,150,000
	<u>3,192,955</u>	<u>18,569,830</u>	<u>21,762,785</u>
Less: Discount to present value	-	(741,523)	(741,523)
Total	<u>\$3,192,955</u>	<u>\$17,828,307</u>	<u>\$21,021,262</u>

	<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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
	<u>1,790,000</u>	<u>15,481,000</u>	<u>17,271,000</u>
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>

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Note 5 - Promises to Give (continued)**

a - Unconditional Promises to Give (continued)

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 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, 2023.

During 2023, Echoing Green was awarded a grant totaling \$10,000,000 of which \$7,000,000 was contingent upon meeting certain matching and other requirements through May 2026. The conditional portion of this grant has not been recognized as revenue in the accompanying financial statements as of June 30, 2023.

**Note 6 - Investments**

Investments, which are all classified as Level 1 in the fair value hierarchy, consist of the following at June 30:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Short term US Treasury securities	\$17,379,206	\$17,715,381	\$ -	\$ -
Fixed income US Treasury securities	8,594,702	8,504,894	-	-
Fixed income mutual funds	-	-	<u>9,886,660</u>	<u>9,768,896</u>
	<u>\$25,973,908</u>	<u>\$26,220,275</u>	<u>\$9,886,660</u>	<u>\$9,768,896</u>

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

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 723,571	\$ 83,220
Unrealized gain (loss)	364,131	(98,208)
Realized loss	(58,433)	-
Investment management fees	<u>(13,931)</u>	<u>-</u>
Net Investment Income (Loss)	<u>\$1,015,338</u>	<u>\$(14,988)</u>

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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, 2023 and 2022.

For the year ended June 30, 2023, interest income of \$8,754 was considered appropriated to operations for expenditure. There were no other changes in endowment funds for 2023 and 2022.

**Note 8 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Website	3 years	\$ 318,087	\$ 318,087
Office equipment	5 years	280,670	258,885
Leasehold improvements	Life of lease	233,012	233,012
Furniture and fixtures	5 years	<u>303,696</u>	<u>303,696</u>
		1,135,465	1,113,680
Less: Accumulated depreciation		<u>(1,103,992)</u>	<u>(1,077,851)</u>
		<u>\$ 31,473</u>	<u>\$ 35,829</u>

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 9 - Fellowship Grants Payable**

Fellowship grants payable are due as follows as of June 30, 2023:

Due within one year	\$3,493,000
Due in one to five years	<u>480,000</u>
	3,973,000
Less: Discount to present value	<u>(27,542)</u>
Total	<u>\$3,945,458</u>

Fellowship grants payable as of June 30, 2022 were due 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 2023 and 2022, certain Fellows met the requirements to pay back recoverable grants totaling \$98,345 and \$101,296, respectively.

**Note 10 - Operating Lease Liability**

Echoing Green occupies office space under a lease agreement expiring June 2024.

Operating lease cost for the year ended June 30, 2023 totaled \$466,234. There were no variable lease costs incurred. As of June 30, 2023, the remaining term of Echoing Green's operating lease is twelve months, and the discount rate is 2.84%.

Maturities of Echoing Green's lease liability as of June 30, 2023 are as follows:

Year ending June 30, 2024	\$545,648
Less: Amount attributable to interest	<u>(8,764)</u>
	<u>\$536,884</u>

**ECHOING GREEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 11 - Commitment**

During the year ended June 30, 2023, Echoing Green entered into an agreement with a consultant for strategic planning services. The total cost of this agreement is approximately \$500,000. As of June 30, 2023, minimal expenses have been incurred in relation to this contract.

**Note 12 - 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, 2023 and 2022, 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 \$138,024 (2023) and \$153,945 (2022).

**Note 13 - In-Kind Contributions and Donated Services**

During the years ended June 30, 2023 and 2022, Echoing Green received in-kind legal services in connection with its program activities and supporting services. The services are recorded at fair value estimated based on current market rates for similar services.

**Note 14 - 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 \$341,785 and \$1,161,752 for the years ended June 30, 2023 and 2022, respectively.