

ECHO, INC.

Financial Statements

For the Years Ended
March 31, 2022 and 2021

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Independent Auditor's Report

Board of Directors
ECHO, Inc.

Opinion

We have audited the accompanying financial statements of ECHO, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 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 ECHO, Inc. as of March 31, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ECHO, 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 ECHO, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

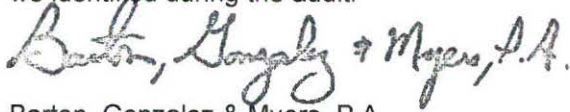
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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 ECHO, 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 Echo's Inc. 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.



Barton, Gonzalez & Myers, P.A.
Largo, Florida
June 30, 2022

ECHO, INC.
STATEMENTS OF FINANCIAL POSITION

As of March 31, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents		
Unrestricted	\$ 2,140,020	\$ 1,719,604
Unrestricted - Board designated funds	464,213	462,849
Restricted - donor	494,875	436,027
	3,099,108	2,618,480
Investments		
Unrestricted	802,917	576,783
Restricted - donor	513,381	319,996
	1,316,298	896,779
Accounts receivable	185,078	660
Inventory	127,242	134,462
Other assets	4,331	14,952
Prepaid expenses	84,029	77,560
Total current assets	4,816,086	3,742,893
Property and equipment, net of accumulated depreciation of \$3,176,907 and \$3,035,709 respectively	3,128,759	3,163,252
TOTAL ASSETS	\$ 7,944,845	\$ 6,906,145
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 61,026	\$ 115,765
Accrued payroll	29,904	96,842
Accrued vacation	30,210	32,881
Capital lease obligation - current	21,018	23,764
Deferred revenue - other	1,955	1,043
Gift annuities- current	65,054	70,253
Total current liabilities	209,167	340,548
Long-term Liabilities		
Gift annuities- long-term	352,617	362,179
Capital lease obligation - long-term	10,354	23,111
Total long-term liabilities	362,971	385,290
TOTAL LIABILITIES	572,138	725,838
Net Assets (See Note 9)		
Net assets without donor restrictions	6,364,451	5,424,284
Net assets with donor restrictions	1,008,256	756,023
TOTAL NET ASSETS	7,372,707	6,180,307
TOTAL LIABILITIES AND NET ASSETS	\$ 7,944,845	\$ 6,906,145

See accompanying notes to financial statements.

ECHO, INC.
STATEMENTS OF ACTIVITIES

For the Years Ended March 31, 2022 and 2021

	Year Ended March 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Public Support			
Contributions	\$ 3,798,569	\$ 1,152,511	\$ 4,951,080
Gift annuities	44,514	-	44,514
Net assets released from donor restrictions	891,880	(891,880)	-
Revenue			
Sale of merchandise	408,538	-	408,538
Interest & dividend income	12,265	7,202	19,467
Net realized and unrealized gains (losses)	60,926	(15,600)	45,326
Loss on disposal of assets	(47,211)	-	(47,211)
Other Income	294,197	-	294,197
Total Support and Revenues	5,463,678	252,233	5,715,911
Expenses			
Program Services	3,814,714	-	3,814,714
General & administrative	387,517	-	387,517
Fundraising	226,163	-	226,163
	4,428,394	-	4,428,394
Annuity contracts expense	95,117	-	95,117
Total Expenses	4,523,511	-	4,523,511
Increase in Net Assets	940,167	252,233	1,192,400
Net Assets, Beginning of Year	5,424,284	756,023	6,180,307
Net Assets, End of Year	\$ 6,364,451	\$ 1,008,256	\$ 7,372,707

	Year Ended March 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Public Support			
Contributions	\$ 3,914,337	\$ 793,873	\$ 4,708,210
Gift annuities	34,958	-	34,958
Net assets released from donor restrictions	708,336	(708,336)	-
Revenue			
Sale of merchandise	287,354	-	287,354
Interest & dividend income	15,839	3,744	19,583
Net realized and unrealized gains	283,236	42,282	325,518
Gain on disposal of assets	5,396	-	5,396
PPP loan forgiveness income (see Note 13)	378,660	-	378,660
Other Income	278,583	-	278,583
Total Support and Revenues	5,906,699	131,563	6,038,262
Expenses			
Program Services	3,307,254	-	3,307,254
General & administrative	357,095	-	357,095
Fundraising	217,022	-	217,022
	3,881,371	-	3,881,371
Annuity contracts expense	83,647	-	83,647
Total Expenses	3,965,018	-	3,965,018
Increase in Net Assets	1,941,681	131,563	2,073,244
Net Assets, Beginning of Year	3,482,603	624,460	4,107,063
Net Assets, End of Year	\$ 5,424,284	\$ 756,023	\$ 6,180,307

See accompanying notes to financial statements.

ECHO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended March 31, 2022 and 2021

	Year Ended March 31, 2022			
	Program Services	Management and General	Fund Raising	Total
Salaries and benefits	\$ 2,119,385	\$ 249,339	\$ 124,670	\$ 2,493,394
Merchandise	176,155	9,271	-	185,426
Insurance	71,785	8,445	4,223	84,453
Training conferences	90,590	4,768	-	95,358
Office	96,269	14,262	8,320	118,851
Postage	16,672	3,334	13,338	33,344
Printing & publications	28,361	-	28,361	56,722
Professional fees and contracts	151,420	13,249	24,606	189,275
Information Technology	83,256	7,401	1,850	92,507
Public relations	9,817	818	5,727	16,362
Repairs & maintenance	213,284	18,959	4,740	236,983
Telephone	7,261	427	854	8,542
Travel	44,920	8,422	2,807	56,149
Utilities	55,640	4,946	1,236	61,822
Occupancy	79,974	7,109	1,777	88,860
Depreciation	178,836	19,871	-	198,707
Donated services	138,421	7,285	-	145,706
Interest	985	110	-	1,095
Fieldwork	191,757	-	-	191,757
Other	59,926	9,501	3,654	73,081
	\$ 3,814,714	\$ 387,517	\$ 226,163	\$ 4,428,394

	Year Ended March 31, 2021			
	Program Services	Management and General	Fund Raising	Total
Salaries and benefits	\$ 2,057,287	\$ 215,298	\$ 119,610	\$ 2,392,195
Merchandise	126,984	6,683	-	133,667
Insurance	61,808	7,272	3,636	72,716
Library	1,619	-	-	1,619
Training conferences	37,377	-	-	37,377
Office supplies	19,691	9,845	3,282	32,818
Postage	11,727	2,345	9,382	23,454
Printing & publications	19,215	-	19,215	38,430
Professional fees and contracts	221,350	19,368	35,969	276,687
Public relations	1,911	159	1,114	3,184
Repairs & maintenance	72,742	8,083	-	80,825
Telephone	7,833	461	922	9,216
Travel	41,094	7,705	2,568	51,367
Utilities	62,859	5,588	1,397	69,844
Depreciation	196,201	21,800	-	218,001
Furnishing & office equipment	22,068	3,269	1,907	27,244
Donated services	49,080	2,367	-	51,447
Laboratory expenses	884	-	-	884
Other	295,524	46,852	18,020	360,396
	\$ 3,307,254	\$ 357,095	\$ 217,022	\$ 3,881,371

See accompanying notes to financial statements

ECHO, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions	\$ 4,611,406	\$ 4,656,763
PPP loan forgiveness	-	378,660
Other revenue	703,647	565,100
Interest and dividends	19,467	19,583
Payments to employees and suppliers	<u>(4,202,168)</u>	<u>(3,583,331)</u>
Net cash provided by operating activities	1,132,352	2,036,775
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	5,396
Net disposal/acquisition of investments	(374,193)	128,175
Acquisition of property and equipment	<u>(211,425)</u>	<u>(85,525)</u>
Net cash (used) provided by investing activities	(585,618)	48,046
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from annuity agreements	44,514	49,759
Principal payments on capital leases	(15,503)	(23,064)
Payments on annuity agreements	<u>(95,117)</u>	<u>(70,253)</u>
Net cash used by financing activities	<u>(66,106)</u>	<u>(43,558)</u>
NET INCREASE IN CASH	480,628	2,041,263
BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>2,618,480</u>	<u>577,217</u>
ENDING CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>\$ 3,099,108</u>	<u>\$ 2,618,480</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Non-cash investing activities:		
Equipment financed through capital leases	<u>\$ 8,277</u>	<u>\$ -</u>

See accompanying notes to financial statements.

ECHO, INC.
NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a). General - ECHO, Inc. is a Christian based 501(c)3 not for profit organization based in North Fort Myers, Florida, USA. ECHO provides technical support, training and networking opportunities for those working internationally with the economically poor. Technical support is provided through multilingual technical documents and quarterly publications as well as direct responses to questions. ECHO also offers seeds for various unique (or under-utilized) tropical fruits and vegetables. Networking opportunities are provided through various Agricultural Networking Forums or Conferences held in Florida and in each of the regions where it has Regional Impact Centers – i.e., Southeast Asia, East Africa and West Africa. Special training opportunities are provided to development workers around the world and ECHO has an extensive internship program as well. The internship program is a 12 month program offered to 8 interns each year. After the internship, many of the interns move overseas to work with small scale farmers. During this fiscal year, ECHO partnered with Dallas International University to develop this Internship into a Master's level, Certificate-earning, fully-accredited, Program commencing in June 2021.

ECHO provides public tours of its 57 acre farm in Ft Myers as well as special tours for a wide range of student groups, including students from the local universities. ECHO has developed strategic partnerships with various other international organizations to enhance their ability to serve the poor and ECHO offers consulting services as well. ECHO supports knowledge sharing among a worldwide network of over 18,600 members from more than 190 countries through an on-line portal (and mobile phone App) called ECHOcommunity.org.

b). Basis of Presentation - The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net Assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Amounts that are designated and non-designated by the Board of Directors that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

c). Contributions and Promises to Give - As a not-for-profit organization, the Organization is required to measure contributions received and unconditional promises to give at their fair value and report them as increases in net assets immediately, even if the donor has restricted their use and the restriction will be met in future periods. As a result, contributions are recorded immediately either as an increase in net assets without donor restrictions or net assets with donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included in support until the conditions are met.

Contributed property and equipment (if any) is recorded as unrestricted support at its fair value at the date of donation as determined by the organization. If donors stipulate how long the asset is to be used, the contributions are recorded as restricted support.

ECHO, INC.
NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated supplies, materials, publications, etc. are recorded as unrestricted contributions in the period received at fair value. Only such assets with determinable fair value are recorded. Contributed services that require specialized skill (attorneys, accountants, counselors, etc.) are recorded in the Statement of Activities as unrestricted support at their fair value. The organization is the beneficiary of a significant amount of contributed goods and volunteer services.

In addition to the recorded contributed goods and specialized services, the organization was also the beneficiary of generalized volunteer services that did not meet the criteria for recording and, therefore, were not reported within the accompanying financial statements.

d). Investments – The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values, based on quoted prices in active markets (all Level 1 measurements), in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

e). Endowment Investment and Spending Policies - The Organization's endowment consists of an individual fund established to aid in the maintenance and improvement of the facilities and grounds. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization 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 the applicable donor gift instrument at the time the accumulation is added to the fund and any amounts remaining. The remaining portion of the donor-restricted endowment fund are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies - The Organization has established formal investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of the excess of growth over inflation, if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

ECHO, INC.
NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Spending Policy - The Organization has a policy of spending the amount of growth over the rate of inflation on the principal balance, when possible. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

f). Inventory – Inventory consists of items held for resale and is carried at the lower of cost (average cost) or market. These items include books, gift shop items and plants that have been purchased or propagated.

g). Property and Equipment - Property and equipment are carried at cost, if purchased, or at estimated fair market value at date of receipt if acquired by gift. Expenditures in excess of \$2,500 with an estimated useful life in excess of one year are capitalized. Property and equipment are depreciated over their estimated useful lives (3 to 40 years) using the straight-line method. Gifts of long-lived assets (if any) are reported as unrestricted support.

h). Federal Income Taxes - The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and has been determined not to be a private foundation. However, the Organization has gift shop sales that are subject to tax on unrelated business income.

The Organization adopted the provisions of the FASB ASC 740, Income Taxes. ASC 740 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Organization determined that during the years ended March 31, 2022 and 2021, ASC 740 did not have a material impact on its financial position, activities or cash flows.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-T, *Exempt Organization Business Income Tax Return*, are subject to examination by the IRS, generally for three years after they were filed.

i). Fair Value of Financial Instruments - The Organization's financial instruments consists of cash, money market funds, equity securities, and debt securities. All investment securities are publicly traded and are carried at fair market value.

j). Statement of Functional Expenses - The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses. Accordingly, certain expenses have been allocated among the programs and supporting services benefited. Expenses are allocated using percentages established over time and are consistently applied each year. A review of new positions and/or changes in position responsibilities is performed, as needed, and an assessment of time over program/admin/fundraising is performed. The CEO and the COO review, discuss with staff, and adjust as appropriate.

k). Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l). Cash Equivalents - For purposes of the statement of cash flows, ECHO, Inc. considers highly liquid investments purchased, including long term certificates of deposit with a maturity of one year or less, to be cash equivalents.

ECHO, INC.
NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m). Annuity Obligations – Annuity obligations represent the net present value of gift annuity contracts entered into with donors. The annuities guarantee the donor a specified return for their lifetime based on a stated interest rate for the amount contributed to ECHO. ECHO records the liability for these obligations based on the actuarial present value of the expected payments for the estimated life expectancy of the donors.

The State of Florida Department of Insurance imposes certain gift annuity asset retainage restrictions. The State of Florida requires organizations to maintain (reserve) specific types of assets in excess of the gift annuity liability. The Organization has ample assets to cover its gift annuity obligations.

NOTE 2 – RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH IN THE STATEMENT OF CASH FLOWS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows for the years ended 2022 and 2021.

	2022	2021
Unrestricted cash and cash equivalents	\$ 2,140,020	\$ 1,719,604
Board designated funds	464,213	462,849
Total unrestricted cash	2,604,233	2,182,453
Donor Restricted cash and cash equivalents	494,875	436,027
Total cash, cash equivalents, and restricted cash	\$ 3,099,108	\$ 2,618,480

NOTE 3 – INVESTMENTS

Investments are carried at fair value based on unadjusted quoted market prices within active markets. All investments are Level 1 inputs which are defined as observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. All assets have been valued using a market approach. There are no Level 2 inputs (inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly) or Level 3 inputs (unobservable inputs). Investments at March 31, 2022 and 2021 are summarized as follows:

	2022		2021	
		Fair Market		Fair Market
	Cost	Value	Cost	Value
Mutual funds	\$ 787,695	\$ 860,996	\$ 688,934	\$ 872,517
Fixed income	436,678	431,555	-	-
Interest in Community Foundation	23,747	23,747	24,262	24,262
	\$ 1,248,120	\$ 1,316,298	\$ 713,196	\$ 896,779

The following schedule summarizes the investment return in the statement of activities for the years ended March 31, 2022 and 2021:

	2022	2021
Interest and dividends	\$ 19,467	\$ 19,583
Realized gains	129,670	55,290
Unrealized (losses)/gains	(84,344)	270,228
	\$ 64,793	\$ 345,101

ECHO, INC.
NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 4 – INVENTORY

Inventory as of March 31, 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Landscape plants, seeds and tropical nursery	\$ 60,892	\$ 71,982
Books, videos and other merchandise	66,350	62,480
	<u>\$ 127,242</u>	<u>\$ 134,462</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 1,572,467	\$ 1,544,067
Buildings and improvements	3,669,946	3,700,137
Furniture and equipment	711,818	691,500
Vehicles	291,059	262,705
Construction in progress	60,376	552
	<u>6,305,666</u>	<u>6,198,961</u>
Less accumulated depreciation	<u>(3,176,907)</u>	<u>(3,035,709)</u>
	<u>\$ 3,128,759</u>	<u>\$ 3,163,252</u>

Depreciation expense was \$198,707 and \$218,001 for the years ended March 31, 2022 and 2021, respectively. Furniture and equipment (recorded under capital leases) at March 31, 2022 includes \$62,071 of computer equipment and \$58,046 for copiers for a total of \$120,117. Furniture and equipment (recorded under capital leases) at March 31, 2021 includes \$62,071 of computer equipment and \$55,508 for copiers for a total of \$117,579. Accumulated depreciation for the leased computer equipment and copiers at March 31, 2022 and 2021 was \$89,631 and \$73,240, respectively. The depreciation expense for the leased computer equipment and copiers at March 31, 2022 and 2021 was \$22,880 and \$23,413, respectively.

NOTE 6 – LIQUIDITY

At March 31, 2022, ECHO has \$2,140,020 of cash and equivalents and \$802,917 of investments to meet needs for general expenditures. None of the cash and investments are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of ECHO in the next 12 months (including payment of the current gift annuities obligation). ECHO manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of ECHO are expected to be met on a monthly basis from donor contributions, merchandise sales, and other miscellaneous income. In general, ECHO maintains sufficient financial assets on hand to meet 60 days of normal operating expenses.

NOTE 7 – CAPITAL LEASE OBLIGATIONS

The Organization leases computers (and related equipment) and a copier under non-cancelable leases that are classified as capital leases. The total capital lease obligation at March 31, 2022 and 2021 is \$31,372 and \$46,875, respectively. The current and long term portion of the capital lease obligation is \$21,018 and \$10,354, respectively, at March 31, 2022. The current and long term portion of the capital lease obligation is \$23,764 and \$23,111, respectively, at March 31, 2021. Future minimum lease payments under capital leases are as follows:

ECHO, INC.
NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 7 – CAPITAL LEASE OBLIGATIONS (Continued)

<u>March 31,</u>		
2023	\$	21,638
2024		5,283
2025		1,706
2026		1,706
2027		1,706
Thereafter		428
		32,467
Total minimum lease payments		32,467
Less amount representing interest		(1,095)
Present value of minimum lease payments	\$	31,372

Amortization of assets held under capital leases is included with depreciation expense (see Note 5).

NOTE 8 – LINE OF CREDIT

The Organization entered into a line of credit agreement totaling \$500,000 on March 4, 2021. The interest is subject to change from time to time, since it is based on the changes in the lender's prime rate. As of March 31, 2022, the Organization has not drawn on its line of credit.

NOTE 9 – NET ASSETS

Accounting standards require disclosure of the classification of restrictions placed on net asset by donors. These classifications include net assets without donor restrictions, which include Board designated funds, and net assets with donor restrictions. The restrictions pertain to donor restrictions, not restrictions resulting from contractual agreements. The donor restrictions at March 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions:		
Undesignated	\$ 5,900,238	\$ 4,961,435
Board designated	464,213	462,849
Total net assets without donor restrictions	\$ 6,364,451	\$ 5,424,284
Net assets with donor restrictions:		
Purpose restricted	\$ 811,031	\$ 550,400
Endowment fund	197,225	205,623
Total net assets with donor restrictions	\$ 1,008,256	\$ 756,023
Total net assets	\$ 7,372,707	\$ 6,180,307

Net assets with donor restrictions includes the Paul J. Ludwig Endowment Fund, which was established during the year ended March 31, 2012 with a donor-imposed restricted contribution of \$50,000. Total principal donations through both March 31, 2022 and 2021 were \$161,758. According to the agreement, the principal should increase annually by the rate of inflation and any excess of growth over inflation can be used to aid in the maintenance and improvement of the facilities and grounds of the Organization. At March 31, 2022 and 2021, the permanently restricted net asset balance was \$202,032 and \$186,132, respectively. As of March 31, 2022, the required minimum balance, as adjusted for the annual CPI rate, was \$202,032. The market value on the account of \$197,225 was less than the required minimum balance of \$202,032. The deficiency was a result of an increase in the consumer price index.

ECHO, INC.
NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 10 - IN-KIND REVENUE & EXPENSE

Included as unrestricted support and expense at March 31, 2022 and 2021 are the following in-kind contributions:

	<u>2022</u>	<u>2021</u>
Donated Equipment and Property	\$ 9,550	\$ 4,102
Donated services	145,706	51,447
Total in-kind revenue	<u>155,256</u>	<u>55,549</u>
Less Capitalized	-	-
Total in-kind expense	<u>\$ 155,256</u>	<u>\$ 55,549</u>

As discussed in NOTE 1, contributed assets, facilities and services are recorded at their estimated fair values. The Organization's board members also contributed approximately 1,805 hours of time to the Organization during the year ended March 31, 2022 and 972 hours of time during the year ended March 31, 2021. The financial statements do not reflect the value of the board members' time because it does not meet the recognition criteria of Accounting Standards Codification (ASC) (958-605).

NOTE 11 – RETIREMENT PLAN

Effective January 1, 2013, ECHO adopted a 401(k) plan, which was reinstated with a new plan document effective January 1, 2015 and also July 1, 2017. Employees may participate once they have attained 21 years of age. The plan allows for the employee to make salary elective deferrals upon hire. ECHO will match the employee elective deferral (after 1 year of service) up to a maximum of 3%. Total employer contributions for the years ended March 31, 2022 and 2021 were \$33,416 and \$21,544, respectively.

NOTE 12 – CONCENTRATION OF CREDIT RISK

ECHO maintains bank accounts at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any loss in such accounts. Cash at March 31, 2022 and 2021 exceeded federally insured limits by \$476,383 and \$465,664, respectively. ECHO believes it is not exposed to any significant credit risk on its cash balances.

NOTE 13 – PPP LOAN FORGIVENESS INCOME

On April 16, 2020, the Organization received loan proceeds in the amount of \$378,660 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness is reduced if the borrower terminates employees or reduces salaries during the measurement period.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. On December 28, 2020, the Organization applied for full forgiveness. On February 4, 2021, the Organization was notified that the Small Business Administration (SBA) determined that the amount requested for forgiveness was fully approved and the loan was considered paid in full. As such, the entire amount of \$378,660 is recorded as revenue on the March 31, 2021 financial statements.

NOTE 14 – CONTINGENCIES

The outbreak of the novel strain of coronavirus (COVID-19) may continue to impact the Organization's operations. These impacts include possible disruptions or restrictions on employees' ability to work. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

ECHO, INC.
NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the report (June 30, 2022), which is also the date of the financial statements were available to be issued, and no events were identified that would require recognition or disclosure within these financial statements.