

# ECHO, INC.

## Financial Statements

For the Years Ended  
March 31, 2023 and 2022

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**Barton,  
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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, 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 ECHO, Inc. as of March 31, 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 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.

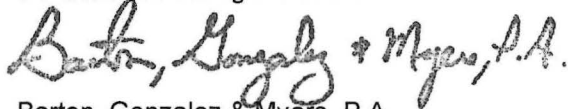
### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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, 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.

A handwritten signature in dark ink, appearing to read "Barton, Gonzalez & Myers, P.A.", is written over the printed name.

Barton, Gonzalez & Myers, P.A.  
Largo, Florida  
June 22, 2023

**ECHO, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

**As of March 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents		
Unrestricted	\$ 2,265,867	\$ 2,140,020
Unrestricted - Board designated funds	465,770	464,213
Restricted - donor	613,506	494,875
	<u>3,345,143</u>	<u>3,099,108</u>
Investments		
Unrestricted	732,801	802,917
Restricted - donor	344,718	513,381
	<u>1,077,519</u>	<u>1,316,298</u>
Accounts receivable	1,341	185,078
Inventory	126,391	127,242
Other assets	53,315	4,331
Prepaid expenses	105,328	84,029
Total current assets	<u>4,709,037</u>	<u>4,816,086</u>
Property and equipment, net of accumulated depreciation of \$3,336,344 and \$3,176,907 respectively	<u>3,661,780</u>	<u>3,128,759</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>8,370,817</u></b>	<b>\$ <u>7,944,845</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 95,008	\$ 61,026
Accrued payroll	43,953	29,904
Accrued vacation	52,234	30,210
Lease liability - current	11,000	21,018
Deferred revenue - other	1,171	1,955
Contract liability - current	88,028	-
Gift annuities- current	54,708	65,054
Total current liabilities	<u>346,102</u>	<u>209,167</u>
Long-term Liabilities		
Gift annuities- long-term	311,041	352,617
Lease liability - long-term	45,429	10,354
Contract liability - long-term	88,028	-
Total long-term liabilities	<u>444,498</u>	<u>362,971</u>
<b>TOTAL LIABILITIES</b>	<b>790,600</b>	<b>572,138</b>
Net Assets (See Note 9)		
Net assets without donor restrictions	6,621,993	6,364,451
Net assets with donor restrictions	<u>958,224</u>	<u>1,008,256</u>
<b>TOTAL NET ASSETS</b>	<b><u>7,580,217</u></b>	<b><u>7,372,707</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>8,370,817</u></b>	<b>\$ <u>7,944,845</u></b>

See accompanying notes to financial statements.

**ECHO, INC.**  
**STATEMENTS OF ACTIVITIES**

**For the Years Ended March 31, 2023 and 2022**

	<b>Year Ended March 31, 2023</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenues</b>			
Public Support			
Contributions	\$ 3,532,984	\$ 930,508	\$ 4,463,492
Gift annuities	93,933	-	93,933
Net assets released from donor restrictions	971,512	(971,512)	-
Revenue			
Sale of merchandise	423,103	-	423,103
Interest & dividend income	17,412	6,970	24,382
Net realized and unrealized gains (losses)	(49,858)	(15,998)	(65,856)
Loss on disposal of assets	(797)	-	(797)
Other Income	363,624	-	363,624
Total Support and Revenues	<u>5,351,913</u>	<u>(50,032)</u>	<u>5,301,881</u>
<b>Expenses</b>			
Program Services	4,307,279	-	4,307,279
General & administrative	438,627	-	438,627
Fundraising	<u>249,902</u>	<u>-</u>	<u>249,902</u>
	4,995,808	-	4,995,808
Annuity contracts expense	<u>98,563</u>	<u>-</u>	<u>98,563</u>
Total Expenses	<u>5,094,371</u>	<u>-</u>	<u>5,094,371</u>
Increase (Decrease) in Net Assets	257,542	(50,032)	207,510
<b>Net Assets, Beginning of Year</b>	<u>6,364,451</u>	<u>1,008,256</u>	<u>7,372,707</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,621,993</u>	<u>\$ 958,224</u>	<u>\$ 7,580,217</u>

	<b>Year Ended March 31, 2022</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenues</b>			
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	60,926	(15,600)	45,326
Gain on disposal of assets	(47,211)	-	(47,211)
Other Income	294,197	-	294,197
Total Support and Revenues	<u>5,463,678</u>	<u>252,233</u>	<u>5,715,911</u>
<b>Expenses</b>			
Program Services	3,814,714	-	3,814,714
General & administrative	387,517	-	387,517
Fundraising	<u>226,163</u>	<u>-</u>	<u>226,163</u>
	4,428,394	-	4,428,394
Annuity contracts expense	<u>95,117</u>	<u>-</u>	<u>95,117</u>
Total Expenses	<u>4,523,511</u>	<u>-</u>	<u>4,523,511</u>
Increase in Net Assets	940,167	252,233	1,192,400
<b>Net Assets, Beginning of Year</b>	<u>5,424,284</u>	<u>756,023</u>	<u>6,180,307</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,364,451</u>	<u>\$ 1,008,256</u>	<u>\$ 7,372,707</u>

See accompanying notes to financial statements.

**ECHO, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Years Ended March 31, 2023 and 2022**

<b>Year Ended March 31, 2023</b>				
	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
Salaries and benefits	\$ 2,479,441	\$ 291,699	\$ 145,849	\$ 2,916,989
Merchandise	154,366	8,125	-	162,491
Insurance	84,041	9,887	4,944	98,872
Training conferences	234,456	12,340	-	246,796
Office	87,150	12,911	7,531	107,592
Postage	18,879	3,776	15,103	37,758
Printing & publications	28,728	-	28,728	57,456
Professional fees and contracts	133,219	11,657	21,648	166,524
Information Technology	83,527	7,425	1,856	92,808
Public relations	13,275	1,106	7,744	22,125
Repairs & maintenance	173,550	15,427	3,857	192,834
Telephone	8,044	473	946	9,463
Travel	88,136	16,525	5,508	110,169
Utilities	67,951	6,040	1,510	75,501
Occupancy	79,732	7,087	1,772	88,591
Depreciation	195,945	21,772	-	217,717
Donated services	85,705	4,511	-	90,216
Interest	2,781	309	-	3,090
Fieldwork	240,687	-	-	240,687
Other	47,666	7,557	2,906	58,129
<b>Total expenses</b>	<b>\$ 4,307,279</b>	<b>\$ 438,627</b>	<b>\$ 249,902</b>	<b>\$ 4,995,808</b>

<b>Year Ended March 31, 2022</b>				
	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
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
<b>Total expenses</b>	<b>\$ 3,814,714</b>	<b>\$ 387,517</b>	<b>\$ 226,163</b>	<b>\$ 4,428,394</b>

See accompanying notes to financial statements

**ECHO, INC.**  
**STATEMENTS OF CASH FLOWS**

**For the Years Ended March 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contributions	\$ 4,542,216	\$ 4,611,406
Other revenue	785,943	703,647
Interest and dividends	24,382	19,467
Payments to employees and suppliers	(4,724,377)	(4,202,168)
Net cash provided by operating activities	<u>628,164</u>	<u>1,132,352</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net disposal/acquisition of investments	172,923	(374,193)
Acquisition of property and equipment	(525,849)	(211,425)
Net cash used by investing activities	<u>(352,926)</u>	<u>(585,618)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from annuity agreements	93,933	44,514
Principal payments on capital leases	(24,573)	(15,503)
Payments on annuity agreements	(98,563)	(95,117)
Net cash used by financing activities	<u>(29,203)</u>	<u>(66,106)</u>
<b>NET INCREASE IN CASH</b>	246,035	480,628
<b>BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	3,099,108	2,618,480
<b>ENDING CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<u>\$ 3,345,143</u>	<u>\$ 3,099,108</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Non-cash investing activities:		
Equipment financed through capital leases	\$ <u>49,630</u>	\$ <u>8,277</u>

See accompanying notes to financial statements.



**ECHO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2023 and 2022**

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**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. ECHO has partnered with Dallas International University to develop the internship into a Master's level, certificate-earning, fully-accredited program which commenced 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 middle schools, high schools and 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, 2023 and 2022**

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**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, 2023 and 2022**

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**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, seeds, 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, 2023 and 2022, 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 Controller 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, 2023 and 2022**

**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 2023 and 2022.

	2023	2022
Unrestricted cash and cash equivalents	\$ 2,265,867	\$ 2,140,020
Board designated funds	465,770	464,213
Total unrestricted cash	<u>2,731,637</u>	<u>2,604,233</u>
Donor Restricted cash and cash equivalents	613,506	494,875
Total cash, cash equivalents, and restricted cash	<u>\$ 3,345,143</u>	<u>\$ 3,099,108</u>

**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, 2023 and 2022 are summarized as follows:

	2023		2022	
	Cost	Fair Market Value	Cost	Fair Market Value
Mutual funds	\$ 730,640	\$ 734,023	\$ 787,695	\$ 860,996
Fixed income	323,919	322,968	436,678	431,555
Interest in Community Foundation	20,528	20,528	23,747	23,747
	<u>\$ 1,075,087</u>	<u>\$ 1,077,519</u>	<u>\$ 1,248,120</u>	<u>\$ 1,316,298</u>

The following schedule summarizes the investment return in the statement of activities for the years ended March 31, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 24,382	\$ 19,467
Realized gains	27,915	129,670
Unrealized (losses)/gains	(93,771)	(84,344)
	<u>\$ (41,474)</u>	<u>\$ 64,793</u>

**ECHO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2023 and 2022**

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**NOTE 4 – INVENTORY**

Inventory as of March 31, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Landscape plants, seeds and tropical nursery	\$ 65,125	\$ 60,892
Books, videos and other merchandise	61,266	66,350
	<u>\$ 126,391</u>	<u>\$ 127,242</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment at March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 1,612,159	\$ 1,572,467
Buildings and improvements	4,141,522	3,669,946
Furniture and equipment	783,191	711,818
Vehicles	344,404	291,059
Construction in progress	116,848	60,376
	<u>6,998,124</u>	<u>6,305,666</u>
Less accumulated depreciation	<u>(3,336,344)</u>	<u>(3,176,907)</u>
	<u>\$ 3,661,780</u>	<u>\$ 3,128,759</u>

Depreciation expense was \$217,717 and \$198,707 for the years ended March 31, 2023 and 2022, respectively.

Right of Use Assets (furniture and equipment recorded under finance leases) at March 31, 2023 is \$57,907 for copiers and a postage machine. Furniture and equipment (recorded under finance leases) at March 31, 2022 includes \$62,071 of computer equipment and \$58,046 for copiers for a total of \$120,117. Accumulated depreciation for the leased equipment at March 31, 2023 and 2022 was \$9,102 and \$89,631, respectively. The depreciation expense for the leased equipment at March 31, 2023 and 2022 was \$7,722 and \$22,880, respectively. See Note 7 Lease Liability.

**NOTE 6 – LIQUIDITY**

At March 31, 2023, ECHO has \$2,265,543 of cash and equivalents and \$732,801 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 – LEASE LIABILITY**

Effective April 1, 2022, ECHO adopted the Financial Accounting Standard Board's (FASB) Accounting Standards Update 842 *Leases*. Under topic 842, a lessee is required to recognize assets ("Right of Use Assets") and liabilities ("Lease Liability") for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily depends on its classification as a finance or operating lease.

**ECHO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2023 and 2022**

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**NOTE 7 – LEASE LIABILITY (Continued)**

However, unlike prior GAAP which required only capital (i.e. “finance”) leases to be recognized on the statement of financial position, the new GAAP requires both types of leases (finance and operating) to be recognized on the statement of financial position.

ECHO has evaluated its leases and determined all leases are finance leases (relating to copiers and a postage machine). See Note 5 regarding the Right of Use Assets.

The total finance lease obligation at March 31, 2023 and 2022 is \$56,429 and \$31,372, respectively. The current and long term portion of the finance lease obligation is \$11,000 and \$45,429, respectively, at March 31, 2023. The current and long term portion of the finance lease obligation is \$21,018 and \$10,354, respectively, at March 31, 2022.

The amounts were calculated using an incremental borrowing rate of 3% to determine the present value of future lease payments to record as assets and liabilities on the statement of financial position. ECHO’s leases have a remaining lease term of 5 years.

Future minimum lease payments under finance leases are as follows:

<u>March 31,</u>	
2024	\$ 12,543
2025	12,543
2026	12,543
2027	12,543
2028	10,533
Total minimum lease payments	<u>60,705</u>
Less amount representing interest	<u>(4,276)</u>
Present value of minimum lease payments	<u>\$ 56,429</u>

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

Cash paid on the leases for the years ended March 31, 2023 and 2022 was \$21,947 and \$24,854, respectively.

**NOTE 8 – CONTRACT LIABILITY**

On October 1, 2022, ECHO purchased land, building, and equipment in Thailand for \$343,917 (13,000,000 Thai baht). The purchase agreement calls for the amount to be paid over three annual installments, with the first payment for 7,000,000 baht paid (\$185,186) on the purchase date, and the final two payments, each for 3,000,000 baht to be paid on October 1, 2023 and October 1, 2024. As of March 31, 2023 the remaining amount owed is \$176,056 (when factoring in the exchange rate as of March 31, 2023), of which \$88,028 is shown as the current portion and \$88,028 is shown as long-term.

**NOTE 9 – LINE OF CREDIT**

On March, 14, 2023, the Organization renewed its line of credit agreement with a bank totaling \$500,000. 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, 2023, the Organization has not drawn on its line of credit.

**ECHO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2023 and 2022**

**NOTE 10 – 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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<b>Net assets without donor restrictions:</b>		
Undesignated	\$ 6,156,223	\$ 5,900,238
Board designated	465,770	464,213
<b>Total net assets without donor restrictions</b>	<b>\$ 6,621,993</b>	<b>\$ 6,364,451</b>
<b>Net assets with donor restrictions:</b>		
Purpose restricted	\$ 770,026	\$ 811,031
Endowment fund	188,198	197,225
<b>Total net assets with donor restrictions</b>	<b>\$ 958,224</b>	<b>\$ 1,008,256</b>
<b>Total net assets</b>	<b>\$ 7,580,217</b>	<b>\$ 7,372,707</b>

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, 2023 and 2022 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, 2023 and 2022, the permanently restricted net asset balance was \$212,104 and \$202,032, respectively. As of March 31, 2023, the required minimum balance, as adjusted for the annual CPI rate, was \$212,104. The market value on the account of \$188,198 was less than the required minimum balance of \$212,104. The deficiency was a result of an increase in the consumer price index.

**NOTE 11 - IN-KIND REVENUE & EXPENSE**

Included as unrestricted support and expense at March 31, 2023 and 2022 are the following in-kind contributions:

	<u>2023</u>	<u>2022</u>
Donated Equipment and Property	\$ 14,797	\$ 9,550
Donated services	90,216	145,706
Total in-kind revenue	105,013	155,256
Less Capitalized	(5,633)	-
Total in-kind expense	<u>\$ 99,380</u>	<u>\$ 155,256</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 1,189 hours of time to the Organization during the year ended March 31, 2023 and 1,805 hours of time during the year ended March 31, 2022. 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).

**ECHO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 12 – 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, 2023 and 2022 were \$30,397 and \$33,416, respectively.

**NOTE 13 – 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, 2023 and 2022 exceeded federally insured limits by \$733,114 and \$476,383, respectively. ECHO believes it is not exposed to any significant credit risk on its cash balances.

**NOTE 14 – SUBSEQUENT EVENTS**

ECHO has evaluated subsequent events through June 22, 2023, the date the financial statements were available to be issued and determined the following should be disclosed.

In April 2023, ECHO funded a new investment account with its operating cash in the amount of \$1,500,000. The investment account is comprised of bank deposits, CDs, and U.S. treasuries. The investment account is not restricted and is considered to be cash equivalents due to its liquidity.