

ECHOING GREEN

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2010 AND 2009

ECHOING GREEN

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-10
Additional Information	
Independent Auditors' Report on Additional Information	12
Schedule of Functional Expenses	13



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Echoing Green

We have audited the accompanying statements of financial position of Echoing Green as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Echoing Green as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
September 28, 2010

ECHOING GREEN

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents (Notes 1b, 4 and 6)		
Unrestricted	\$2,210,948	\$1,627,667
Temporarily restricted	518,518	620,702
Permanently restricted	239,335	239,335
Unconditional promises to give (Notes 1c and 5)		
Unrestricted	311,785	126,135
Restricted	2,482,872	1,198,771
Prepaid expenses and other assets	30,705	47,728
Security deposit	49,023	49,018
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 7)	<u>1,357</u>	<u>3,959</u>
Total Assets	<u><u>\$5,844,543</u></u>	<u><u>\$3,913,315</u></u>
Liabilities and Net Assets		
Liabilities		
Fellowship grants payable (Notes 1e and 8)	\$1,564,979	\$1,587,024
Accounts payable and accrued expenses	<u>54,860</u>	<u>69,603</u>
Total Liabilities	<u>1,619,839</u>	<u>1,656,627</u>
Commitments (Notes 8 and 9)		
Net Assets, as restated (Note 11)		
Unrestricted	983,979	347,880
Temporarily restricted (Note 2)	3,001,390	1,669,473
Permanently restricted (Note 3)	<u>239,335</u>	<u>239,335</u>
Total Net Assets	<u>4,224,704</u>	<u>2,256,688</u>
Total Liabilities and Net Assets	<u><u>\$5,844,543</u></u>	<u><u>\$3,913,315</u></u>

See notes to financial statements.

ECHOING GREEN

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2010 AND 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support								
Support and Revenue								
Contributions	\$ 1,025,085	\$ 4,341,606	\$ -	\$5,366,691	\$ 2,352,959	\$ 1,601,891	\$ 139,335	\$4,094,185
Benefit event income	164,815	-	-	164,815	138,410	-	-	138,410
Less: Direct benefit event expenses	(19,051)	-	-	(19,051)	(17,725)	-	-	(17,725)
Donated goods and services	58,000	-	-	58,000	-	-	-	-
Interest income	3,161	-	-	3,161	22,618	-	-	22,618
Other income	28,791	-	-	28,791	23,847	-	-	23,847
	<u>1,260,801</u>	<u>4,341,606</u>	<u>-</u>	<u>5,602,407</u>	<u>2,520,109</u>	<u>1,601,891</u>	<u>139,335</u>	<u>4,261,335</u>
Net assets released from restrictions	<u>3,009,689</u>	<u>(3,009,689)</u>	<u>-</u>	<u>-</u>	<u>832,205</u>	<u>(832,205)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	<u>4,270,490</u>	<u>1,331,917</u>	<u>-</u>	<u>5,602,407</u>	<u>3,352,314</u>	<u>769,686</u>	<u>139,335</u>	<u>4,261,335</u>
Expenses								
Program Services	2,739,881	-	-	2,739,881	2,465,936	-	-	2,465,936
Supporting Services								
Management and general	280,898	-	-	280,898	321,651	-	-	321,651
Fundraising	613,612	-	-	613,612	498,747	-	-	498,747
Total Expenses	<u>3,634,391</u>	<u>-</u>	<u>-</u>	<u>3,634,391</u>	<u>3,286,334</u>	<u>-</u>	<u>-</u>	<u>3,286,334</u>
Increase in Net Assets	<u>636,099</u>	<u>1,331,917</u>	<u>-</u>	<u>1,968,016</u>	<u>65,980</u>	<u>769,686</u>	<u>139,335</u>	<u>975,001</u>
Net assets, beginning of year, as previously reported	197,880	1,819,473	239,335	2,256,688	95,877	1,085,810	100,000	1,281,687
Prior period adjustment (Note 11)	150,000	(150,000)	-	-	120,000	(120,000)	-	-
Net assets, beginning of year, as restated	<u>347,880</u>	<u>1,669,473</u>	<u>239,335</u>	<u>2,256,688</u>	<u>215,877</u>	<u>965,810</u>	<u>100,000</u>	<u>1,281,687</u>
Net Assets, End of Year	<u>\$ 983,979</u>	<u>\$ 3,001,390</u>	<u>\$ 239,335</u>	<u>\$4,224,704</u>	<u>\$ 281,857</u>	<u>\$ 1,735,496</u>	<u>\$ 239,335</u>	<u>\$2,256,688</u>

See notes to financial statements.

ECHOING GREEN

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Increase in net assets	\$1,968,016	\$ 975,001
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,602	20,120
(Increase) decrease in:		
Accounts receivable	(1,525)	-
Unconditional promises to give	(1,469,751)	(178,315)
Prepaid expenses and other assets	18,548	(104,094)
Security deposit	(5)	27,205
Increase (decrease) in:		
Fellowship grants payable	(22,045)	(529,043)
Accounts payable and accrued expenses	(14,743)	10,288
Net Cash Provided By Operating Activities	<u>481,097</u>	<u>221,162</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>-</u>	<u>(1,938)</u>
Net increase in cash and cash equivalents	481,097	219,224
Cash and cash equivalents, beginning of year	<u>2,487,704</u>	<u>2,268,480</u>
Cash and Cash Equivalents, End of Year	<u><u>\$2,968,801</u></u>	<u><u>\$2,487,704</u></u>

See notes to financial statements.

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

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 a two-year Fellowship program and is developing support resources and networks to maximize the potential social change of those entrepreneurs.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid debt instruments, purchased with a maturity of three months or less, are considered to be cash equivalents.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

d - Property and Equipment

Property and equipment acquired are recorded at cost and are being depreciated using the straight-line method over the useful lives of the assets.

e - Grants and Appropriations

Unconditional grants and appropriations are recognized at the time authorized. For grants which are conditional on the recipient fulfilling certain obligations prior to receiving funds, grants and appropriations are recognized at the time those conditions are satisfied.

f - Financial Statement Presentation

Echoing Green reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

g - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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

h - Tax Status

Echoing Green was originally designated as a private foundation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a private foundation, it was subject to an annual federal excise tax not to exceed 2% on net investment income, as defined.

During 2005, Echoing Green requested to terminate its status as a private foundation and applied for tax exempt status as a public charity. Effective July 1, 2005, Echoing Green was designated by the Internal Revenue Service as an organization which is not a private foundation under an advance ruling period ending June 30, 2010. Echoing Green has successfully terminated its private foundation status and expects to receive formal notification of a final determination from the Internal Revenue Service during the fiscal year ending June 30, 2011.

i - Subsequent Events

Echoing Green has evaluated subsequent events through September 28, 2010, the date that the financial statements are considered available to be issued.

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted to future programs and periods as follows:

	<u>2010</u>	<u>2009</u>
Leadership and Strategy	\$1,710,672	\$ 174,391
Restricted for future periods	1,114,181	1,128,977
Fellowship grants	127,500	137,500
Accelerator grants	49,037	171,500
Codifying Best Practices	-	40,000
NOLA Initiative	-	17,105
	<u>\$3,001,390</u>	<u>\$1,669,473</u>

Note 3 - Permanently Restricted Net Assets

Permanently restricted net assets consist of endowment gifts from a donor totaling \$239,335. Interest earned on these endowment funds is available for Echoing Green's general operations.

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 4 - Concentration of Credit Risk

Echoing Green maintains cash accounts in two financial institutions in New York City. Certain balances are insured by the Federal Deposit Insurance Corporation.

Note 5 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Due within one year	\$311,785	\$ 1,377,347	\$1,689,132
Due in one to five years	-	<u>1,191,442</u>	<u>1,191,442</u>
	<u>311,785</u>	<u>2,568,789</u>	<u>2,880,574</u>
Less: Discount to present value	<u>-</u>	<u>(85,917)</u>	<u>(85,917)</u>
Total	<u>\$311,785</u>	<u>\$2,482,872</u>	<u>\$2,794,657</u>
	2009		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Due within one year	\$126,135	\$ 620,000	\$ 746,135
Due in one to five years	-	<u>650,000</u>	<u>650,000</u>
	<u>126,135</u>	<u>1,270,000</u>	<u>1,396,135</u>
Less: Discount to present value	<u>-</u>	<u>(71,229)</u>	<u>(71,229)</u>
Total	<u>\$126,135</u>	<u>\$1,198,771</u>	<u>\$1,324,906</u>

Unconditional promises due in one to five years are discounted to present value using a discount rate of 5%. Uncollectible promises are expected to be insignificant.

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 6 - Endowment Funds

Echoing Green's endowment consists of permanently restricted contributions from one donor. Consistent with New York State Not-for-Profit Corporation Law, the following are classified as permanently restricted net assets: (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 in permanently restricted net assets is classified as board-designated unrestricted net assets until those amounts are appropriated for expenditure.

Endowment funds are donor-restricted endowment funds classified as permanently restricted net assets totaling \$239,335.

Changes in endowment funds for the year ended June 30 are summarized as follows:

	2010		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$239,335	\$239,335
Investment income, net of fees	1,116	-	1,116
Appropriation of endowment assets for expenditure	<u>(1,116)</u>	<u>-</u>	<u>(1,116)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$239,335</u>	<u>\$239,335</u>
	2009		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$100,000	\$100,000
Endowment funds received	-	139,335	139,335
Investment income, net of fees	3,119	-	3,119
Appropriation of endowment assets for expenditure	<u>(3,119)</u>	<u>-</u>	<u>(3,119)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$239,335</u>	<u>\$239,335</u>

Endowment funds are invested in money market funds in a manner that is intended to produce current income while assuming a minimal level of investment risk. The assets at June 30, 2010 and 2009 are held in a cash equivalent money market fund and actual earnings are considered appropriated and available for use in operations.

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 7 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2010</u>	<u>2009</u>
Office equipment	5 years	\$ 99,633	\$ 99,633
Computer equipment	3 years	48,374	48,374
Furniture and fixtures	5 years	36,857	36,857
Leasehold improvements	5 years	<u>5,342</u>	<u>5,342</u>
		190,206	190,206
Less: Accumulated depreciation		<u>(188,849)</u>	<u>(186,247)</u>
		<u>\$ 1,357</u>	<u>\$ 3,959</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$2,602 and \$20,120, respectively.

Note 8 - Fellowship Grants Payable

a - Echoing Green has fellowship grants payable as follows:

	<u>2010</u>	<u>2009</u>
Due within one year	\$1,050,000	\$1,155,000
Due within one to five years	<u>555,000</u>	<u>465,000</u>
	1,605,000	1,620,000
Less: Discount to present value	<u>(40,021)</u>	<u>(32,976)</u>
Total	<u>\$1,564,979</u>	<u>\$1,587,024</u>

Grants payable later than one year after the fiscal year have been discounted to the present value using a discount rate of 5%.

b - Certain grants awarded by Echoing Green include a condition for the recipient to raise matching funds. Since the payment of these grants is contingent on satisfying this matching condition, these grant commitments have accordingly not been recorded as a liability in the accompanying financial statements. As of June 30, 2010 and 2009, these conditional grants totaled \$49,000 and \$41,500, respectively.

ECHOING GREEN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 9 - Commitment

Echoing Green leases office space under a lease agreement which expires on June 30, 2014 and provides future minimum lease payments as follows:

<u>Year Ending June 30,</u>	
2011	\$167,033
2012	180,754
2013	187,080
2014	193,628

Rent expense was \$177,214 and \$153,476 for the years ended June 30, 2010 and 2009, respectively.

Note 10 - Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 11 - Prior Period Adjustments

Net assets as of July 1, 2008 and 2009 have been restated to reclassify amounts which had not been released from restriction. These adjustments reclassified \$150,000 and \$120,000 from temporarily restricted net assets to unrestricted net assets as of July 1, 2009 and 2008, respectively, and did not result in any change in total net assets for either year.

ADDITIONAL INFORMATION



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**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

To the Board of Directors of
Echoing Green

Our report on our audits of the basic financial statements of Echoing Green for 2010 and 2009 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 2010 with comparative totals for 2009 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lutz + Carr, LLP

New York, New York
September 28, 2010

ECHOING GREEN

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Program Services	Supporting Services		2010	2009
		Management and General	Fundraising	Total Expenses	Total Expenses
Fellowship grant expense	\$1,386,208	\$ -	\$ -	\$1,386,208	\$1,275,081
Salaries	499,704	126,442	275,171	901,317	1,003,090
Employee benefits and taxes	84,648	28,054	106,393	219,095	208,027
Consultants and fees	303,717	28,360	82,675	414,752	309,395
Accounting and legal	67,015	20,693	33,360	121,068	55,920
Office supplies and services	39,110	16,278	14,611	69,999	24,172
Telephone and communications	9,876	2,934	5,069	17,879	16,614
Postage and mailing	3,279	8,384	3,059	14,722	12,210
Printing	24,260	348	2,189	26,797	13,151
Rent and utilities	104,316	32,295	53,475	190,086	164,931
Event fees and catering	175,853	-	22,027	197,880	76,512
Travel and accommodations	27,986	7,987	8,999	44,972	97,161
Miscellaneous	12,456	8,517	6,041	27,014	9,950
Total expenses before depreciation	2,738,428	280,292	613,069	3,631,789	3,266,214
Depreciation	1,453	606	543	2,602	20,120
Total Expenses, 2010	<u>\$2,739,881</u>	<u>\$ 280,898</u>	<u>\$ 613,612</u>	<u>\$3,634,391</u>	
Total Expenses, 2009	<u>\$2,465,936</u>	<u>\$ 321,651</u>	<u>\$ 498,747</u>		<u>\$3,286,334</u>

See independent auditors' report on additional information.