

ECHO INC.

AUDITED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2024 and 2023

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Thompson, Hughes & Trollinger



Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
ECHO, Inc.
Springfield, Virginia

Opinion

We have audited the accompanying financial statements of ECHO, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ECHO, Inc., as of June 30, 2024 and 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ECHO, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these 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 for one year after the date that the financial statements are issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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.

Thompson, Hughes & Trolinger P.L.L.C.

January 23, 2025
Alexandria, Virginia

ECHO INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash	\$ 841,330	\$1,407,870
Accounts receivable, net	45,035	44,351
Prepaid expenses	14,592	10,412
Inventory	179,701	203,644
Total current assets	1,080,658	1,666,277
Escrow deposit	105,800	105,800
Property and equipment - net of accumulated depreciation	2,208,407	1,525,024
Total assets	\$ 3,394,865	\$3,297,101
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 43,555	\$ 13,698
Refundable advances	-	3,543
Total current liabilities	43,555	17,241
Net assets		
Net assets without donor restrictions:		
Undesignated - operating reserve	882,939	923,806
Undesignated - other operating	2,146,448	2,056,350
Board designated	276,888	232,045
Total net assets without donor restrictions	3,306,275	3,212,201
Net assets with donor restrictions	45,035	67,659
Total net assets	3,351,310	3,279,860
Total liabilities and net assets	\$ 3,394,865	\$3,297,101

See notes to financial statements

ECHO INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and other revenue						
Contributions and grants	477,792	1,000	\$ 478,792	\$ 496,800	\$ 5,914	\$ 502,714
Workplace campaigns	2,954	45,035	47,989	4,573	40,924	45,497
Government services	222,022	-	222,022	157,702	-	157,702
Sale of donated items	44,843	-	44,843	46,145	-	46,145
Value of items sold	(44,843)	-	(44,843)	(46,145)	-	(46,145)
Interest	582	-	582	416	-	416
Other	3,258	-	3,258	1,864	-	1,864
Noncash contributions - services	135,292	-	135,292	97,754	-	97,754
Noncash contributions - inventory and supplies	1,079,184	-	1,079,184	1,133,029	-	1,133,029
Net assets released from restrictions	68,659	(68,659)	-	58,354	(58,354)	-
Total support and other revenue	1,989,743	(22,624)	1,967,119	1,950,492	(11,516)	1,938,976
Expenses						
Program services	1,747,540	-	1,747,540	1,675,639	-	1,675,639
Management and general	145,881	-	145,881	119,224	-	119,224
Fundraising	2,248	-	2,248	2,887	-	2,887
Supporting services	148,129	-	148,129	122,111	-	122,111
Total expenses	1,895,669	-	1,895,669	1,797,750	-	1,797,750
Change in net assets	94,074	(22,624)	71,450	152,742	(11,516)	141,226
Net assets, beginning of year	3,212,201	67,659	3,279,860	3,059,459	79,175	3,138,634
Net assets, end of year	\$ 3,306,275	\$ 45,035	\$ 3,351,310	\$ 3,212,201	\$ 67,659	\$ 3,279,860

See notes to financial statements

ECHO INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 and 2023

	2024					2023				
	Program Services	Management and General	Fundraising	Supporting Services	Total	Program Services	Management and General	Fundraising	Supporting Services	Total
Professional fees	\$ -	\$ 8,922	\$ -	\$ 8,922	\$ 8,922	\$ -	\$ 15,910	\$ -	\$ 15,910	\$ 15,910
In-kind professional fees	21,250	114,042		114,042	135,292	12,636	85,118		85,118	97,754
Office expense	10,362	15,849	31	15,880	26,242	5,745	11,462	186	11,648	17,393
Telephone	6,699	-	-	-	6,699	6,232	-	-	-	6,232
Occupancy	15,884	836	-	836	16,720	18,476	972	-	972	19,448
Repairs and maintenance	13,441	2,002	222	2,224	15,665	12,049	1,206	134	1,340	13,389
Postage	342	205	822	1,027	1,369	478	43	1,844	1,887	2,365
Publicity and newsletter	-	-	1,173	1,173	1,173	-	-	724	724	724
Insurance	8,810	-	-	-	8,810	8,801	-	-	-	8,801
Volunteer recognition	-	1,223	-	1,223	1,223	-	2,084	-	2,084	2,084
Specific assistance cash	559,231	-	-	-	559,231	486,233	-	-	-	486,233
Specific assistance - noncash	1,058,284	-	-	-	1,058,284	1,078,840	-	-	-	1,078,840
Depreciation	53,237	2,802	-	2,802	56,039	46,148	2,429	-	2,429	48,577
	<u>\$ 1,747,540</u>	<u>\$ 145,881</u>	<u>\$ 2,248</u>	<u>\$ 148,129</u>	<u>\$ 1,895,669</u>	<u>\$ 1,675,639</u>	<u>\$ 119,224</u>	<u>\$ 2,887</u>	<u>\$ 122,111</u>	<u>\$ 1,797,750</u>

See notes to financial statements

ECHO INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 71,450	\$ 141,226
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	56,039	48,577
Changes in assets and liabilities:		
Accounts receivables	(684)	(1,586)
Prepaid expenses	(4,180)	663
Inventory	23,943	(8,043)
Accounts payable	29,857	5,505
Refundable advances	(3,543)	(3,167)
Net cash provided by operating activities	<u>172,882</u>	<u>183,175</u>
 Cash flows from investing activities		
Return of escrow deposit	-	108
Purchases of property and equipment	<u>(739,422)</u>	<u>(38,596)</u>
Net cash used by investing activities	<u>(739,422)</u>	<u>(38,488)</u>
 Increase (decrease) in cash and cash equivalents	 (566,540)	 144,687
 Cash, beginning of year	 <u>1,407,870</u>	 <u>1,263,183</u>
 Cash, end of year	 <u><u>\$ 841,330</u></u>	 <u><u>\$ 1,407,870</u></u>

See notes to financial statements

ECHO INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE 1 –Organization

ECHO, Inc. (ECHO), meaning Ecumenical Community Helping Others, a nonprofit organization, was formed in 1969 (1) to provide aid in emergencies to persons in need regardless of race, color, or creed who cannot be assisted by the established governmental organizations and then only to the extent of temporary or emergency support; and (2) to act as a distributor of assistance in the Springfield, Virginia area. Significant sources of revenue include contributions, grants and in-kind donated items.

NOTE 2 – Significant Accounting Policies

Basis of Accounting

The financial statements of ECHO are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Accounts Receivable

The receivables are recorded at their net realizable value. The majority of receivables are from pledges and are regularly analyzed for collectability. When collection efforts have been exhausted, the account is written off against the allowance for doubtful accounts. The allowance for doubtful accounts as of June 30, 2024 and 2023, was \$14,462 and \$8,069, respectively.

ECHO INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE 2 –Significant Accounting Policies (continued)

Inventory

Inventory consists mainly of donated goods such as food, clothing, and household items contributed to ECHO to be provided to clients. Inventory is recorded using the average wholesale cost, similar to amounts noted on the *Valuation Guide for Goodwill Donors*, as published by Goodwill Industries, International.

Property and Equipment

Property and equipment is stated at cost and depreciated using the straight-line method over estimated lives of five to fifty years. All acquisitions greater than \$2,500 with expected lives greater than one year are capitalized. The cost of maintenance and repairs is recorded as expenses are incurred.

Net Assets

ECHO's resources are classified for accounting and reporting purposes into net asset groups based on the existence or absence of donor restrictions. Net assets without donor restrictions includes resources either available for general support of ECHO or designated by ECHO's board of directors for specific purposes. Net assets with donor restrictions are resources received by ECHO which are limited as to their use by donor-imposed stipulations that can be fulfilled by actions of ECHO pursuant to those stipulations or that expire with the passage of time. Donor-restricted contributions whose restrictions are met in the same period as received are shown as net assets without donor restriction.

Income Taxes

ECHO is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code as a Section 501(a) organization within the meaning of Section 509(a). The Internal Revenue Service has determined that ECHO is a publicly supported organization. ECHO has evaluated its tax position and determined it is more likely than not to be sustained on examination. ECHO's returns are subject to examination by governmental authorities, generally for three years after the date of filing.

ECHO INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE 2 –Significant Accounting Policies (continued)

Contributions and Grants

Contributions received are recorded as either with or without donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, either by the passage of time or the incurrence of donor-specified expenses, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give, those with a measurable performance or other barrier, and a right of return, are not recognized as contributions until the conditions on which they depend are met.

Noncash Contributions

Donations of inventory and supplies are recorded as noncash contributions at their estimated fair values at the date of donation. Contributed services are recognized, at standard industry rates, if the services create or enhance nonfinancial assets or require specialized skills and would have to be purchased if not provided. Noncash contributions are shown as unrestricted unless specifically restricted by the donor. Additionally, a substantial number of volunteers make significant contributions of time to ECHO. The value of these services are not reflected in the financial statements because it does not meet the requirements of financial reporting.

Government Contracts

Revenue from providing services to governmental entities is recognized in the year in which it is earned. Amounts received but not earned are recorded as refundable advances.

Sales of Donated Items

Sale of donated assets consists of the proceeds of a semi-annual yard sale and online sales of items not suitable for disbursement to clients. Revenue is recognized in the period the item is sold.

ECHO INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE 2 – Significant Accounting Policies (continued)

Revenue Recognition

ECHO follows the accounting standards found in the *Topic 606* revenue recognition for contracts. Contract revenue is recognized when value is transferred to a client. ECHO had no contract revenue in 2024 or 2023.

Functional Allocation of Expenses

The cost of providing ECHO's programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets, and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on management's estimates of usage.

NOTE 3 – Escrow Deposit

ECHO is currently finalizing a parking lot addition on land adjoining the current facility. During the year ended June 30, 2022, ECHO obtained a land disturbance and stormwater permit through Fairfax County in the amount of \$105,800 in conjunction with an environmental conservation plan related to the future construction. The funds have been put in an escrow account to cover potential remediation. Upon Fairfax County's approval of the final construction plan, the funds will be returned to ECHO with accrued interest. The amount paid is shown as escrow deposit on the statement of financial position.

NOTE 4 – Financial assets available and management of liquidity costs

ECHO has \$564,442 of financial assets available to meet cash needs for general expenditures within one year of the balance sheet date. Financial assets available consists entirely of cash and accounts receivable less amounts board designated or restricted. ECHO has a policy to structure its financial assets to be available for the payment of general expenditures, as they become necessary. ECHO has no long-term debt.

ECHO INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE 5 – Property and Equipment

Property and equipment consists of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 476,511	\$ 476,511
Building	2,452,689	1,532,948
Furniture and equipment	177,556	174,230
Construction in progress	-	183,645
	<u>3,106,756</u>	<u>2,367,334</u>
Less: Accumulated depreciation	<u>(898,349)</u>	<u>(842,310)</u>
	<u>\$ 2,208,407</u>	<u>\$ 1,525,024</u>

Depreciation expense is \$ 56,039 and \$ 48,577 during 2024 and 2023, respectively.

NOTE 6 – Net Assets

Board designated net assets consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Capital replacement	\$ 60,000	\$ 60,000
Designated infrastructure	<u>216,888</u>	<u>172,045</u>
Total	<u>\$276,888</u>	<u>\$ 232,045</u>

Net assets with donor restrictions consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Restricted for parking lot and building	\$ -	\$ 26,735
Time restricted	<u>45,035</u>	<u>40,924</u>
Total	<u>\$ 45,035</u>	<u>\$ 67,659</u>

ECHO INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE 7 – Noncash contributions

ECHO received noncash contributions of professional services as follows:

	<u>2024</u>	<u>2023</u>
Legal services	\$ 5,942	\$ 2,862
Accounting services	30,550	30,550
Other professional services	13,800	13,800
Executive director	85,000	50,542
Total	<u>\$ 135,292</u>	<u>\$ 97,754</u>

Noncash contributions of professional services are expensed in the year received and shown on the statements of functional expenses as in-kind professional fees.

ECHO received noncash contributions of inventory and supplies as follows:

	<u>2024</u>	<u>2023</u>
Food	\$ 476,491	\$ 485,031
Housewares	156,493	151,164
Clothing	342,533	346,853
Other contributed inventory and supplies	103,667	149,981
Total	<u>\$ 1,079,184</u>	<u>\$ 1,133,029</u>

Noncash contributions of inventory and supplies are charged to inventory and included in inventory on the statements of financial position. The contributed inventory is expensed as used and shown on the statements of functional expense as specific assistance – individuals.

NOTE 8 – Subsequent events

ECHO’s management has evaluated subsequent events and transactions for possible recognition or disclosure through January 23, 2025, the date the financial statements are available to be issued.