

E C H O OF BRANDON, INC.

FINANCIAL STATEMENTS

June 30, 2020 and 2019

E C H O OF BRANDON, INC.

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AND DISCLOSURES	
Statements of Financial Position	3
Statements of Activities	4
Schedule of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	14

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
E C H O of Brandon, Inc.
Brandon, Florida

Report on the Financial Statements

We have audited the accompanying statements of financial position of E C H O of Brandon, Inc. (a nonprofit organization) as of June 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of E C H O of Brandon, Inc. as of June 30, 2020 and 2019 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.

Hamilton & Associates CPA, LLC

Brandon, Florida
December 3, 2020

E C H O OF BRANDON, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

ASSETS	2020	2019
Current assets		
Cash and cash equivalents	\$ 725,627	\$ 158,311
Restricted cash	182,655	200,555
Short term investments - CD's	-	234,743
Pledges receivable	54,498	74,756
Prepaid expenses	170	2,017
Inventory	136,877	162,896
	1,099,827	833,278
Total current assets		
Fixed assets, net	50,868	59,114
Other assets		
Long term investments - CD's	-	21,230
Deposits	630	630
	630	21,860
Total other assets		
Total assets	\$ 1,151,325	\$ 914,252
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 14,731	\$ 2,177
	14,731	2,177
Total current liabilities		
Long-term liabilities		
Payroll protection program loan	49,667	-
	49,667	-
Total long-term liabilities		
Net assets		
Without donor restrictions	849,774	636,764
With donor restrictions	237,153	275,311
	1,086,927	912,075
Total net assets		
Total liabilities and net assets	\$ 1,151,325	\$ 914,252

**E C H O OF BRANDON, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Change in net assets without donor restrictions

	2020	2019
REVENUE		
Contributions	\$ 456,287	\$ 233,411
Merchandising	110,251	99,687
Events	14,244	20,386
In-Kind donations	178,822	49,878
Total revenue	759,604	403,362
Net assets released from restrictions:		
Satisfaction of program restrictions	172,998	150,779
Total revenue without donor restrictions	932,602	554,140
EXPENSES		
<i>Program services</i>		
Operations	592,948	418,658
<i>Support services</i>		
Management and general	52,227	72,976
Fundraising and development	59,622	45,694
Total support services	111,849	118,670
Total expenses	704,797	537,328
Net increase (decrease) in net assets without donor restrictions before other revenue and expenses	227,805	16,812
OTHER REVENUE AND EXPENSES		
In kind revenue net of expense	(29,510)	44,812
SBA economic disaster grant	10,000	-
Interest income	4,714	3,991
Total other revenue and expenses	(14,796)	48,803
Net increase (decrease) in net assets without donor restrictions	213,009	65,615
<i>Change in net assets with donor restrictions</i>		
Contributions	134,841	193,819
Net assets released from restrictions	(172,998)	(150,779)
Net increase (decrease) in net assets without donor restrictions	(38,157)	43,040
TOTAL CHANGE IN NET ASSETS	174,852	108,655
NET ASSETS, beginning of year	912,075	803,420
NET ASSETS, end of year	1,086,927	\$ 912,075

See Independent Auditors' Report and accompanying notes to the financial statements.

E C H O OF BRANDON, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Support Services		Total	
	Operations	Management and General	Fundraising and Development	2020	2019
Advertising	\$ -	\$ -	\$ 26,954	\$ 26,954	\$ 12,733
Auto	2,523	-	-	2,523	7,804
Depreciation	8,068	2,689	-	10,756	13,289
Dues and subscriptions	1,141	-	-	1,141	1,886
Educational	-	1,436	-	1,436	694
Event expenses	-	-	-	-	7,702
Fundraising	-	-	5,903	5,903	-
Gift of hope	-	-	-	-	5,768
Grant program expenses	80,417	-	-	80,417	96,922
Handmade	5,867	-	-	5,867	26,221
Insurance	13,812	-	-	13,812	7,090
Legal and accounting	-	17,441	-	17,441	18,687
Meeting expense	1,288	-	-	1,288	944
Merchandising expense	10,475	-	-	10,475	9,878
Office expenses	12,025	4,008	-	16,033	15,201
Outside services	-	-	-	-	5,500
Rent	168,110	3,600	-	171,710	48,480
Repairs and maintenance	12,658	-	-	12,658	17,077
Salaries and benefits	230,214	20,678	24,814	275,706	193,911
Taxes - payroll	18,099	1,625	1,951	21,675	24,042
Taxes and licenses	-	751	-	751	659
Telephone	7,100	-	-	7,100	5,417
Uncollected pledges	9,817	-	-	9,817	3,917
Utilities	9,123	-	-	9,123	11,654
Volunteer luncheons	2,211	-	-	2,211	1,852
Total expenses	\$ 592,948	\$ 52,227	\$ 59,622	\$ 704,797	\$ 537,328

E C H O OF BRANDON, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating activities		
Change in net assets	\$ 174,852	\$ 108,655
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	10,756	13,289
Changes in assets and liabilities		
Pledges receivable	20,258	5,194
Prepaid expenses	1,847	(2,017)
Inventory	26,019	(44,831)
Accounts payable and accrued expenses	12,555	1,441
Net cash used in operating activities	<u>246,287</u>	<u>81,731</u>
Investing activities		
Purchase of equipment	(2,510)	(22,808)
Cash received (released) with (from) donor restriction	17,900	(48,233)
Purchase of certificates of deposit	-	(51,339)
Redemption of certificates of deposit	256,529	-
Earnings on certificate of deposit	(557)	(3,690)
Net cash used in operating activities	<u>271,362</u>	<u>(126,070)</u>
Financing activities		
Proceeds from long-term debt	59,667	-
Net cash used in operating activities	<u>59,667</u>	<u>-</u>
Net change in cash and cash equivalents	577,316	(44,339)
Cash and cash equivalents		
Beginning of year	<u>158,311</u>	<u>202,650</u>
End of year	<u><u>735,627</u></u>	<u><u>158,311</u></u>

SUPPLEMENTAL INFORMATION:

There were no amounts paid for interest for the years ended June 30, 2020 and 2019.

E C H O OF BRANDON, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - DESCRIPTION OF ORGANIZATION

Established in 1987, the Emergency Care Help Organization (ECHO) of Brandon, Inc. is a 501c(3) non-profit organization. ECHO is passionate about providing food for the hungry and opportunities for the hungry to provide for themselves. Immediate needs are met through the abundant provision of food and clothing, while long-term needs and goals are met through innovative workforce development programs. ECHO staffs two outreach centers and a thrift boutique.

Emergency Food and Clothing: Each family member receives seven days of food and clothing. This equates to approximately 20 pounds of fresh food and 14 articles of clothing per person. Each child receives brand new socks, underwear, and diapers.

Workforce Development: Those in need regularly report that unemployment has forced them to seek out the services provided by ECHO. Therefore, ECHO offers a comprehensive workforce development program. Classes include: Job Search 101, GED Preparation, Financial Literacy, Resource Builders, and ECHO Handmade. The majority of participants secure employment within three months of participation!

ECHO Handmade: For those with significant barriers to employment, ECHO Handmade provides hands on work experience. Potential artisans enroll in an 8 week sewing class. Those who show an aptitude and desire to further their sewing skills are hired on as artisans. Raw materials are sourced directly from ECHO's donation center and completed products are sold on the retail market. ECHO artisans gain new skills, job histories, strong references, and an immediate income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

ECHO is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for use, with an initial maturity of three months or less, to be cash equivalents.

E C H O OF BRANDON, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Cash

Restricted cash represents cash received from grants to be spent on a specific purpose. See Note 8.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at historical cost and depreciated using the straight line method over the estimated useful lives of each asset - Buildings and improvements, 20-40 years; equipment, 5-10 years; and furniture and fixtures, 5-10 years. Property, equipment and vehicles purchases over \$1,000 are capitalized.

Inventory Valuation

Donated food and clothing, when received, are reflected as contributions in the financial statements at their estimated fair market value at the date of receipt. Clothing is valued according to a chart published by the Salvation Army and food is based on an average cost per pound derived by a large food bank organization.

Concentration of Risk

Financial instruments which potentially subject an Organization to concentrations of risk consist principally of cash and cash equivalents in excess of FDIC limits. Accounts are maintained at institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any losses on its deposits and is under the FDIC limit.

Functional Allocation of Expenses

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

**E C H O OF BRANDON, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

ECHO expenses advertising costs as incurred. Advertising expense for the year ended June 30, 2020 was \$26,954. That was for the purpose of soliciting donations and is included in the accompanying Statement of Activities as a Fundraising and Development Expense - Advertising.

Pledges Receivable

Pledges receivable are unconditional promises to give and consist of five year pledges made at the Organization's annual Ask Event. Management records the revenue from these pledges at 100% of the total amount pledged. In addition, management periodically reviews the status of outstanding pledges for collectability. Each balance is assessed based on management's knowledge of and relationship with the donor and the age of the pledge. As a result of these reviews, balances deemed to be uncollectible are charged directly to uncollected pledges. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for doubtful pledges were recorded.

Reclassification

Certain amounts in the year ended June 30, 2019 have been reclassified to conform with the June 30, 2020 financial statement presentation.

Liquidity and Availability of Resources

As of June 30, 2020 financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, were as follows:

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 725,627	\$ 158,311
Contributions and grants receivable, current	17,563	27,534
Investments - CD's	-	255,973
Total financial assets	743,190	441,818
Less amounts not available to be used within one year:		
Long-term investments - CD's	-	(21,230)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 743,190	\$ 420,588

At June 30, 2020, financial assets consist of cash in the amount of \$725,625 and the current portion of contributions and grants receivable in the amount of \$17,563. These financial assets are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses which are, on average, approximately \$89,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

E C H O OF BRANDON, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - PLEDGES RECEIVABLE

Future collections on pledges receivable are as follows:

	Year ending June 30,	
	2021	17,563
	2022	15,200
	2023	11,550
	2024	7,534
	2025	2,651
	<u>\$</u>	<u>54,498</u>

NOTE 4 - FIXED ASSETS

	<u>2020</u>	<u>2019</u>
Building and building improvements	\$ 70,479	\$ 71,154
Equipment	17,259	17,259
Furniture and fixtures	39,805	39,130
Office equipment	40,972	38,462
Truck	36,375	36,375
Less accumulated depreciation	<u>(154,022)</u>	<u>(143,266)</u>
 Total fixed assets	 <u>\$ 50,868</u>	 <u>\$ 59,114</u>

NOTE 5 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to June 30, 2020 as of December 3, 2020, which is the date the financial statements were available to be issued. Subsequent events occurring after December 3, 2020 have not been evaluated by management. No material events have occurred since June 30, 2020 that require recognition or disclosure in the financial statements except as follows:

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S., accelerating during the first half of March, as federal, state and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. This situation is rapidly changing and additional impacts to the business may arise that we are not aware of currently. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The ultimate impact of the pandemic on the Company's results of operations, financial position, liquidity or capital resources cannot be reasonably estimated at this time.

E C H O OF BRANDON, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 6 - INCOME TAX STATUS

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Management is not aware of any activities that would jeopardize the Organization's tax-exempt status.

The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740. In accordance with these professional standards, the Organization recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the year ended June 30, 2020.

The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2020.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2017.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Facility License

The Organization entered into a facility license agreement for retail space located in Riverview, FL on February 7th, 2018 with Hillsborough County, a political subdivision of the State of Florida. The license has a five year term that can be renewed by the Organization for two additional five year terms provided the license is not in default. The agreement calls for a monthly occupancy fee of \$6 dollars per square foot per year, payable as a monthly fee of \$1,540. Payments for the license began June of 2018.

Facility Lease

The Organization entered into a facility lease agreement for warehouse space located in Tampa, FL with Hillsborough County, a political subdivision of the State of Florida. The lease has a term of 1.5 years with a start date of April 1, 2020. The agreement calls for an annual amount of \$15,240 along with the applicable state and local sales taxes levied.

**E C H O OF BRANDON, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 7 - COMMITMENTS AND CONTINGENCIES (continued)

Facility Lease

The Organization entered into a facility lease agreement for retail space located in Brandon, FL with Hillsborough County, a political subdivision of the State of Florida. The lease has an expiration date of April 15, 2023. The agreement calls for an annual rental amount of \$1 dollar, in addition to funding and accommodating all required repair, maintenance and operating costs for the premises occupied. Due to the nominal rent paid an adjustment in the amount of \$30,000 which is the estimated fair market value rent of the premises is shown on the financial statements as In-Kind donations and rent expense.

Facility Lease

The organization entered into a facility lease agreement for retail space located in Brandon, FL with the Julian Lee Craft Revocable Trust and The Carol B. The lease has an expiration date of February 1, 2021. The agreement calls for an annual rental amount of \$0, in addition to funding and accommodating operating costs for the premises occupied. Due to the nominal rent paid, an adjustment in the amount of \$40,000 which is the estimated fair market value rent of the premises is shown on the financial statements as In-Kind donations and rent expense.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Food	\$ 31,461
Expansion	135,168
Handmade	8,700
Back to school	586
GED classes	6,740
Pledged receivables	54,498
	<u>\$ 237,153</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Food	\$ 51,910
Expansion	51,740
Back to school	13,409
GED	20,788
Getting ahead	4,892
Payments received on pledged receivables	20,442
Bad debt on pledged receivable	9,817
Total restrictions released	<u>\$ 172,998</u>

**E C H O OF BRANDON, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 - IN KIND DONATIONS AND DISTRIBUTIONS

In kind donations and distributions for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
In kind food donations	\$ 326,867	\$ 227,795
In kind clothing donations	2,034,132	1,678,661
Total in kind donations	2,360,999	1,906,456
In kind food distributions	366,936	196,069
In kind clothing distributions	2,023,573	1,665,575
Total in kind distributions	2,390,509	1,861,644
In kind revenue net of expense	\$ (29,510)	\$ 44,812

NOTE 10 - PAYROLL PROTECTION PROGRAM LOAN

On April 16, 2020, the Company received a Payroll Protection Program ("PPP") Loan for \$49,667. Management estimates the full amount to be forgiven under the program's loan forgiveness guidelines. Any unforgiven funds will convert to a loan with a maturity of two years from the date of first disbursement and bear an interest rate of 1%.

On March 28, 2020, the Company received \$10,000 under the Economic Injury Disaster Grant program. Under the terms of the program, these funds are not required to be repaid.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT

E.C.H.O of Brandon, Inc.
Brandon, FL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of E.C.H.O of Brandon, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2020 and the related statement of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hamilton & Associates CPA, LLC

Brandon, Florida
December 3, 2020