

**Emergency Care Help Organization
of Brandon, Inc.**

FINANCIAL STATEMENTS

June 30, 2018 and 2017

**Emergency Care Help Organization
of Brandon, Inc.**

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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, 2018 and 2017 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, 2018 and 2017 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 & Phillips

Brandon, Florida
November 30, 2018

**E C H O OF BRANDON, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017**

ASSETS

	2018	2017
Current Assets		
Cash and Cash Equivalents	\$ 202,650	\$ 190,912
Restricted Cash	152,322	38,629
Short Term Investments - CD's	200,944	128,421
Pledges Receivable	79,950	45,770
Inventory	118,065	151,435
Total Current Assets	753,931	555,167
Fixed Assets		
Building and Building Improvements	72,200	72,200
Equipment	13,680	13,680
Furniture and Fixtures	38,321	38,321
Office Equipment	34,996	34,996
Truck	20,375	20,375
Less Accumulated Depreciation	(129,977)	(118,304)
Total Fixed Assets	49,595	61,268
Other Assets		
Long Term Investments - CD's	-	50,783
Deposits	630	630
Total Other Assets	630	51,413
Total Assets	\$ 804,156	\$ 667,848

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 736	\$ 3,406
Total Current Liabilities	736	3,406
Net Assets		
Without Donor Restrictions	571,148	580,043
With Donor Restrictions	232,272	84,399
Total Net Assets	803,420	664,442
Total Liabilities and Net Assets	\$ 804,156	\$ 667,848

Read Independent Auditors's Report.
The accompanying notes are an integral part of these financial statements.

**E C H O OF BRANDON, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

Change in Net Assets Without Donor Restrictions

	2018	2017
REVENUE		
Contributions	\$ 210,554	\$ 188,144
Merchandising	95,936	65,805
Events	29,962	13,853
Donated Rent	36,000	36,000
Total Revenue	372,452	303,802
Net Assets Released From Restrictions:		
Satisfaction of Program Restrictions	113,970	147,607
Total Revenue Without Donor Restrictions	486,422	451,409
EXPENSES		
<i>Program Services</i>		
Operations	354,601	360,433
<i>Support Services</i>		
Management and General	67,053	73,333
Fundraising and Development	41,698	39,879
Total Support Services	108,751	113,212
Total Expenses	463,352	473,645
Net Increase (Decrease) in Net Assets Without Donor Restrictions Before Other Revenue and Expenses	23,070	(22,236)
OTHER REVENUE AND EXPENSES		
Extraordinary Revenue	-	67,438
In Kind Revenue Net of Expense	(34,772)	22,465
Interest Income	2,807	1,854
Total Other Revenue and Expenses	(31,965)	91,757
Net Increase (Decrease) in Net Assets Without Donor Restrictions	(8,895)	69,521
<i>Change in Net Assets With Donor Restrictions</i>		
Contributions	261,843	128,340
Net Assets Released from Restrictions	(113,970)	(147,607)
Net Increase (Decrease) in Net Assets Without Donor Restrictions	147,873	(19,267)
TOTAL CHANGE IN NET ASSETS	138,978	50,254
NET ASSETS, beginning of year	664,442	614,188
NET ASSETS, end of year	\$ 803,420	\$ 664,442

Read Independent Auditors's Report.
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E C H O OF BRANDON, INC
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Support Services			Total Support Services	Total
	Operations	Management and General	Fundraising and Development			
Advertising	\$ 5,500	\$ -	\$ 3,703	\$ 3,703	\$ 9,203	
Auto	4,069	-	-	-	4,069	
Clothing Purchased	197	-	-	-	197	
Food Purchased	29,697	-	-	-	29,697	
Depreciation	-	11,672	-	11,672	11,672	
Dues and Subscriptions	-	686	-	686	686	
Educational	-	1,027	-	1,027	1,027	
Event Expenses	-	-	6,436	6,436	6,436	
Gift of Hope	11,867	-	-	-	11,867	
Grant Program Expenses	47,691	-	-	-	47,691	
Grant Writing	-	-	4,550	4,550	4,550	
Handmade	12,372	-	-	-	12,372	
Insurance	8,402	-	-	-	8,402	
Legal and Accounting	-	12,180	-	12,180	12,180	
Meeting Expense	653	-	-	-	653	
Merchandising Expense	13,569	-	-	-	13,569	
Office Expenses	11	6,822	1,080	7,902	7,913	
Rent	37,728	3,600	-	3,600	41,328	
Repairs and Maintenance	13,740	145	-	145	13,885	
Salaries and Benefits	138,634	23,824	24,122	47,946	186,580	
Taxes - Payroll	12,009	1,781	1,807	3,588	15,597	
Taxes and Licenses	-	2,150	-	2,150	2,150	
Telephone	3,536	-	-	-	3,536	
Uncollected Pledges	12,379	-	-	-	12,379	
Utilities	2,547	-	-	-	2,547	
Volunteer Luncheons	-	3,166	-	3,166	3,166	
Total Expenses	\$ 354,601	\$ 67,053	\$ 41,698	\$ 108,751	\$ 463,352	

Read Independent Auditors's Report.
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E C H O OF BRANDON, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
Contributions	\$ 227,302	\$ 204,375
Merchandising	95,936	65,805
Events	29,962	13,853
Grants	203,043	108,700
Other	340	69,099
Total cash received	<u>556,582</u>	<u>461,832</u>
Cash paid for:		
Salaries and taxes	202,177	204,401
Grant expense	59,558	78,958
Food and clothing purchases	29,893	37,763
General and administrative	77,839	52,598
Building and utilities	19,968	19,471
Event and merchandising expenses	20,005	13,775
Insurance	8,402	7,749
Legal and accounting	12,180	13,015
Total cash paid	<u>430,022</u>	<u>427,730</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	126,560	34,102
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(1,209)
Cash received (released) with (from) donor restriction	(113,693)	22,676
Redemption of certificates of deposit	51,338	20,611
Purchase of certificates of deposit	(50,000)	(25,070)
Earnings on certificate of deposit	(2,467)	(1,593)
NET CASH USED IN INVESTING ACTIVITIES	(114,822)	15,415
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,738	49,517
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>190,912</u>	<u>141,395</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 202,650</u>	<u>\$ 190,912</u>
SUPPLEMENTAL INFORMATION:		
Interest expense	<u>None</u>	<u>None</u>

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E C H O OF BRANDON, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A - DESCRIPTION OF ORGANIZATION

Established in 1987, the Emergency Care Help Organization (ECHO) of Brandon, Inc. is a 501(c)(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.

Emergency Food and Clothing: Each neighbor in need receives at least 20 pounds of food; including, fresh produce, meat, butter, cheese, and eggs. In addition to toiletries, 24 articles of clothing are offered to each family member, with children receiving new socks and underwear.

Workforce Development: Those in need regularly report that unemployment has forced them to seek out ECHO's emergency services. Therefore, ECHO provides comprehensive workforce development programs such as: Job Search 101, Free GED, 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 an immediate hands on work experience. Artisans are trained in the skills of sewing, leather work, jewelry making, or metal stamping. Raw materials are sourced directly from ECHO's donation center. Accessories are sold on the retail market. ECHO Artisans gain new skills, job histories, strong references, and an income.

NOTE B - 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.

Read Independent Auditors' Report.

E C H O OF BRANDON, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Cash

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

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 and equipment purchases over \$500 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.

Read Independent Auditors' Report.

E C H O OF BRANDON, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

ECHO expenses advertising costs as incurred. Advertising expense for the year ended June 30, 2018 was \$9203. 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 Receivables

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, 2017 have been reclassified to conform with the June 30, 2018 financial statement presentation.

Liquidity and Availability of Resources

The Organization has \$403,594 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The financial assets consist of cash of \$202,650 and short term investments of \$200,944. None of these financial assets are 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, which consist of cash and short term investments, on hand to meet 60 days of normal operating expenses which are, on average, approximately \$66,230. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization invests in certificates of deposit.

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E C H O OF BRANDON, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE C - 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, 2018.

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, 2018.

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, 2015.

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

NOTE D - SUBSEQUENT EVENTS

The organization has evaluated events and transactions occurring subsequent to June 30, 2018 as of November 30, 2018, which is the date the financial statements were available to be issued. Subsequent events occurring after November 30, 2018 have not been evaluated by

NOTE E - COMMITMENTS AND CONTINGENCIES

Equipment Leases

The Organization leases a copy machine under an operating lease. Minimum rental payments for the remaining lease term are the following:

2019	1,380
	<u>\$ 1,380</u>

Read Independent Auditors' Report.

E C H O OF BRANDON, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE E - COMMITMENTS AND CONTINGENCIES (continued)

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 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 \$36,000 which is the estimated fair market value rent of the premises is shown on the financial statements as donated rent and rent expense.

NOTE F - PLEDGES RECEIVABLE

Future collections on pledges receivable are as follows:

Year ending June 30,	
2019	\$ 25,455
2020	25,455
2021	16,593
2022	12,447
	<u>\$ 79,950</u>

NOTE G - INVESTMENTS - CD's

The Organization's investments at June 30, 2018 were comprised of the following:

Certificates of Deposit - Cash and Cash Equivalents	\$ 51,338
Certificates of Deposit - Short Term	200,944
Certificates of Deposit - Long Term	-
	<u>\$ 252,282</u>

The Organization reports interest earned on CD's as part of interest income on the Statement of Activities as an increase in net assets without donor restrictions.

Read Independent Auditors' Report.

E C H O OF BRANDON, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

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

Back to Work	\$ 6,839
Food	7,214
Expansion	94,795
Handmade	22,135
Back to School	10,844
Financial Literacy	2,900
GED Classes	7,595
Pledged Receivables	79,950
	<u>\$ 232,272</u>

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

Back to Work	\$ 18,161
Food	31,542
Holiday	5,000
Expansion	5,205
Handmade	7,865
Back to School	656
GED	17,671
Poverty Training	2,651
Financial Literacy	600
Payments Received on Pledged Receivables	12,240
Bad Debt on Pledged Receivable	12,379
Total restrictions released	<u>\$ 113,970</u>

NOTE I - IN KIND DONATIONS AND DISTRIBUTIONS

In kind donations and distributions for the years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
In Kind Food Donations	\$ 219,273	\$ 241,268
In Kind Clothing Donations	855,542	843,710
Total In Kind Donations	<u>1,074,815</u>	<u>1,084,978</u>
In Kind Food Distributions	230,475	218,208
In Kind Clothing Distributions	879,113	844,305
Total In Kind Distributions	<u>1,109,588</u>	<u>1,062,513</u>
In Kind Revenue Net of Expense	<u>\$ (34,772)</u>	<u>\$ 22,465</u>

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