

EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
MOUNT PLEASANT, SOUTH CAROLINA

CONSOLIDATED AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
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JUNE 30, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
East Cooper Community Outreach  
Mount Pleasant, South Carolina

### Opinion

We have audited the accompanying consolidated financial statements of East Cooper Community Outreach (a nonprofit corporation) and Subsidiary which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the East Cooper Community Outreach and Subsidiary as of June 30, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East Cooper Community Outreach and Subsidiary 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 consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East Cooper Community Outreach and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 East Cooper Community Outreach and Subsidiary'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 East Cooper Community Outreach and Subsidiary'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.

*Glaser and Company, LLC*

Charleston, South Carolina  
October 27, 2023

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 676,837	\$ 768,075
Grants and other receivables	19,582	62,546
Prepaid expenses	46,945	7,088
Unconditional promises to give, current	621,342	1,418,100
Total Current Assets	1,364,706	2,255,809
<b><u>Non-Current Assets</u></b>		
Cash and cash equivalents, restricted for capital campaign	3,072,379	1,136,086
Investments	1,512,993	1,439,077
Unconditional promises to give, net, net of current	1,230,855	1,509,649
Operating lease right-of-use asset	42,161	106,299
Property and equipment, net	1,267,613	1,332,490
Total Non-Current Assets	7,126,001	5,523,601
<b>Total Assets</b>	<b>\$ 8,490,707</b>	<b>\$ 7,779,410</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 18,798	\$ 21,032
Accrued payroll and related liabilities	9,909	12,032
Current portion of operating lease liabilities	46,344	59,955
Total Current Liabilities	75,051	93,019
<b><u>Long-term Operating lease liabilities</u></b>		
	-	46,344
<b>Total Liabilities</b>	<b>75,051</b>	<b>139,363</b>
<b><u>Net Assets</u></b>		
Without donor restriction		
Undesignated	2,084,751	2,105,033
Designated for operating reserve	848,000	848,000
Designated for disaster recovery	500,000	500,000
Designated for capital improvement	140,873	140,873
Total	3,573,624	3,593,906
With donor restriction	4,842,032	4,046,141
Total Net Assets	8,415,656	7,640,047
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,490,707</b>	<b>\$ 7,779,410</b>

See accompanying notes to the consolidated financial statements.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,680,608	\$ 806,953	\$ 2,487,561
Contributions - in-kind food	1,554,970	-	1,554,970
Contributions - in-kind services	105,772	-	105,772
Special events, (net of direct costs of \$78,665)	231,449	-	231,449
Grants	372,183	-	372,183
Miscellaneous	26,520	-	26,520
Investment income, net	147,226	-	147,226
<b>Total support and revenue</b>	<b>4,118,728</b>	<b>806,953</b>	<b>4,925,681</b>
 Net assets released from restriction	 11,062	 (11,062)	 -
 Total support and revenue and net assets released from restriction	 4,129,790	 795,891	 4,925,681
<b>Expenses</b>			
Program services:			
Community outreach and empowerment	3,180,188	-	3,180,188
Dental and medical services	451,117	-	451,117
<b>Total program services</b>	<b>3,631,305</b>	<b>-</b>	<b>3,631,305</b>
Supporting services:			
Management and general	273,773	-	273,773
Fundraising	244,994	-	244,994
<b>Total supporting services</b>	<b>518,767</b>	<b>-</b>	<b>518,767</b>
 Total expenses	 4,150,072	 -	 4,150,072
 (Decrease) increase in net assets	 (20,282)	 795,891	 775,609
 <b>Net Assets at Beginning of Year</b>	 <b>3,593,906</b>	 <b>4,046,141</b>	 <b>7,640,047</b>
 <b>Net Assets at End of Year</b>	 <b>\$ 3,573,624</b>	 <b>\$ 4,842,032</b>	 <b>\$ 8,415,656</b>

See accompanying notes to the consolidated financial statements.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,755,547	\$ 3,845,724	\$ 5,601,271
Contributions - in-kind food	1,125,140	-	1,125,140
Contributions - in-kind services	165,454	-	165,454
Special events, (net of direct costs of \$68,523)	83,334	-	83,334
Grants	806,694	-	806,694
Miscellaneous	28,931	-	28,931
Investment income, net	(128,705)	-	(128,705)
<b>Total support and revenue</b>	<b>3,836,395</b>	<b>3,845,724</b>	<b>7,682,119</b>
 Net assets released from restriction	 <u>6,500</u>	 <u>(6,500)</u>	 <u>-</u>
 Total support and revenue and net assets released from restriction	 <u>3,842,895</u>	 <u>3,839,224</u>	 <u>7,682,119</u>
<b>Expenses</b>			
Program services:			
Community outreach and empowerment	2,787,163	-	2,787,163
Dental and medical services	568,178	-	568,178
<b>Total program services</b>	<b>3,355,341</b>	<b>-</b>	<b>3,355,341</b>
Supporting services:			
Management and general	240,581	-	240,581
Fundraising	349,343	-	349,343
<b>Total supporting services</b>	<b>589,924</b>	<b>-</b>	<b>589,924</b>
 Total expenses	 <u>3,945,265</u>	 <u>-</u>	 <u>3,945,265</u>
 (Decrease) increase in net assets	 (102,370)	 3,839,224	 3,736,854
 <b>Net Assets at Beginning of Year</b>	 <u>3,696,276</u>	 <u>206,917</u>	 <u>3,903,193</u>
 <b>Net Assets at End of Year</b>	 <u>\$ 3,593,906</u>	 <u>\$ 4,046,141</u>	 <u>\$ 7,640,047</u>

See accompanying notes to the consolidated financial statements.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services			Supporting Services		Total
	Outreach and Empowerment	Dental and Medical	Total Program Services	Management and General	Fundraising	
<b><u>Personnel</u></b>						
Salaries	\$ 572,653	\$ 135,169	\$ 707,822	\$ 185,711	\$ 154,702	\$ 1,048,235
Employee benefits	51,733	13,188	64,921	18,119	15,094	98,134
Payroll taxes	43,693	10,656	54,349	14,641	12,196	81,186
Total personnel	<u>668,079</u>	<u>159,013</u>	<u>827,092</u>	<u>218,471</u>	<u>181,992</u>	<u>1,227,555</u>
<b><u>Other functional expenses</u></b>						
Food and clothing assistance	1,609,656	-	1,609,656	-	-	1,609,656
Financial assistance	441,406	15,281	456,687	1,050	-	457,737
Out of poverty education	37,207	-	37,207	-	-	37,207
Donated dental and other services	-	71,387	71,387	-	-	71,387
Other programs	58,165	14,126	72,291			72,291
Janitorial	7,738	3,353	11,091	1,419	387	12,897
Rent and common area charges	78,236	-	78,236	-	-	78,236
Repairs and maintenance	40,032	10,035	50,067	3,584	978	54,629
Small equipment and software	22,176	2,654	24,830	2,175	306	27,311
Volunteer development	4,271	-	4,271	-	-	4,271
Office supplies and printing	17,149	5,469	22,618	2,314	1,535	26,467
Insurance	30,867	14,569	45,436	5,102	1,391	51,929
Professional and consulting services	29,575	83,084	112,659	6,434	-	119,093
Postage	5,305	2,298	7,603	972	265	8,840
Marketing and public relations	7,145	3,096	10,241	1,667	-	11,908
Seminars and workshops	19,848	8,366	28,214	4,505	-	32,719
Dues and subscriptions	1,680	724	2,404	6,197	84	8,685
Utilities	37,905	11,588	49,493	4,903	1,337	55,733
Bank fees	696	301	997	162	11,880	13,039
Capital campaign	-	-	-	-	44,784	44,784
Depreciation and amortization	62,882	45,699	108,581	14,084	-	122,665
Miscellaneous	170	74	244	734	55	1,033
Total other functional expenses	<u>2,512,109</u>	<u>292,104</u>	<u>2,804,213</u>	<u>55,302</u>	<u>63,002</u>	<u>2,922,517</u>
Total expenses	<u>\$ 3,180,188</u>	<u>\$ 451,117</u>	<u>\$ 3,631,305</u>	<u>\$ 273,773</u>	<u>\$ 244,994</u>	<u>\$ 4,150,072</u>

See accompanying notes to the consolidated financial statements.



**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services			Supporting Services		Total
	Outreach and Empowerment	Dental and Medical	Total Program Services	Management and General	Fundraising	
<b><u>Personnel</u></b>						
Salaries	\$ 550,915	\$ 120,974	\$ 671,889	\$ 154,713	\$ 139,671	\$ 966,273
Employee benefits	51,876	10,729	62,605	19,047	12,388	94,040
Payroll taxes	45,013	9,856	54,869	12,605	11,379	78,853
Total personnel	<u>647,804</u>	<u>141,559</u>	<u>789,363</u>	<u>186,365</u>	<u>163,438</u>	<u>1,139,166</u>
<b><u>Other functional expenses</u></b>						
Food and clothing assistance	1,165,272	-	1,165,272	-	-	1,165,272
Financial assistance	576,868	13,409	590,277	-	-	590,277
Out of poverty education	26,060	-	26,060	-	-	26,060
Donated dental and other services	6,176	158,249	164,425	1,029	-	165,454
Other programs	31,278	48,483	79,761	-	-	79,761
Janitorial	9,719	4,211	13,930	1,782	486	16,198
Rent and common area charges	72,912	-	72,912	-	-	72,912
Repairs and maintenance	15,475	6,193	21,668	2,620	715	25,003
Small equipment and software	28,410	7,889	36,299	2,449	-	38,748
Volunteer development	4,208	-	4,208	-	-	4,208
Office supplies and printing	15,840	5,200	21,040	2,200	600	23,840
Insurance	21,298	10,131	31,429	3,323	906	35,658
Professional and consulting services	19,587	102,244	121,831	14,432	-	136,263
Postage	3,086	1,195	4,281	506	138	4,925
Marketing and public relations	15,206	2,394	17,600	1,289	1,145	20,034
Seminars and workshops	17,695	7,456	25,151	4,014	-	29,165
Dues and subscriptions	3,706	1,606	5,312	865	-	6,177
Utilities	37,238	11,374	48,612	4,812	1,312	54,736
Bank fees	606	262	868	141	6,986	7,995
Capital campaign	-	-	-	-	173,617	173,617
Depreciation and amortization	68,560	46,254	114,814	14,714	-	129,528
Miscellaneous	159	69	228	40	-	268
Total other functional expenses	<u>2,139,359</u>	<u>426,619</u>	<u>2,565,978</u>	<u>54,216</u>	<u>185,905</u>	<u>2,806,099</u>
Total expenses	<u>\$ 2,787,163</u>	<u>\$ 568,178</u>	<u>\$ 3,355,341</u>	<u>\$ 240,581</u>	<u>\$ 349,343</u>	<u>\$ 3,945,265</u>

See accompanying notes to the consolidated financial statements.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b><u>Cash Flows from Operating Activities:</u></b>		
Change in Net Assets	\$ 775,609	\$ 3,736,854
Adjustments to reconcile change in Net Assets		
to net cash used for operating activities:		
Depreciation and amortization	122,665	129,528
Loss on disposal of property and equipment	5,434	-
Amortization of discount on unconditional promises to give	(9,004)	77,619
Net realized and unrealized (gain) loss on investments	(101,615)	148,799
Contributions received for long-term purpose	(910,397)	(4,168,741)
(Increase) Decrease in assets:		
Grants and other receivables	42,964	(50,735)
Prepaid expense	(39,857)	30,337
Operating lease right-of-use assets	64,138	(106,299)
Increase (Decrease) in liabilities:		
Accounts payable	(2,234)	(28,083)
Deferred revenue	-	(100,000)
Accrued payroll and related liabilities	(2,123)	1,143
Operating lease liabilities	(59,955)	106,299
Net Cash Used for Operating Activities	(114,375)	(223,279)
<b><u>Cash Flows from Investing Activities:</u></b>		
Proceeds from sale of securities	644,192	330,341
Purchase of securities	(616,493)	(569,612)
Purchase of property and equipment	(63,222)	(132,566)
Net Cash Used for Investing Activities	(35,523)	(371,837)
<b><u>Cash Flows from Financing Activities</u></b>		
Contributions collected restricted for long-term purpose	1,994,953	1,163,373
Net Provided by Financing Activities	1,994,953	1,163,373
Net Increase in Cash and Cash Equivalents	1,845,055	568,257
Cash and Cash Equivalents, Beginning of Year	1,904,161	1,335,904
Cash and Cash Equivalents, End of Year	\$ 3,749,216	\$ 1,904,161
<b><u>Reconciliation of Cash and Cash Equivalents</u></b>		
Cash and cash equivalents	\$ 676,837	\$ 768,075
Cash and cash equivalents, restricted for capital campaign	3,072,379	1,136,086
	\$ 3,749,216	\$ 1,904,161

See accompanying notes to the consolidated financial statements.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**1. NATURE OF OPERATIONS**

Nature of Activities

East Cooper Community Outreach (“ECCO”) is a community-supported organization that provides assistance, guidance, and resources to help our neighbors navigate life’s challenges. Founded over three decades ago on the principle of neighbors helping neighbors, the organization has never wavered from this foundational tenet. What began as an emergency relief effort in the aftermath of Hurricane Hugo, has developed into a permanent resource in the community providing help and hope to our neighbors in their time of need. This is done through a variety of essential services, one-on-one coaching, and an extensive referral network.

Incorporated as a 501(c)(3) organization in 1990, ECCO is uniquely positioned in the area as one of only a few agencies in the greater Charleston region that provides comprehensive wrap-around support services and programs to low-income households. All of ECCO’s essential services are available to those who live or work East of the Cooper River and meet ECCO’s income eligibility guidelines. ECCO’s income eligibility is based on 250% of the Federal Poverty Guidelines. All essential services are provided to community members at no cost and include but are not limited to food and clothing, dental and medical services, prescription assistance, financial assistance, disaster relief, and various seasonal initiatives. Further, ECCO provides guidance and resources designed to support individuals with limited financial resources who are facing a wide range of life’s challenges.

Additionally, ECCO’s health services (medical, dental, and Rx Assistance) are available to uninsured adult residents of the Tri-County and the Asset Development Program (ADP) is open to residents of the Tri-County area. Participants of these programs must also must meet ECCO’s income eligibility guidelines.

ECCO’s client-centered direct services interrupt the fear that hampers individuals' progress to well-being, focusing on empowering a new level of health and wellness, improved quality of life, and economic stability. Principal revenues for ECCO are provided by individual donations, business support, civic organizations, church tithes and foundation grants.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accounts of ECCO are maintained, and the consolidated financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

The consolidated financial statements of ECCO have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require ECCO to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ECCO. These net assets may be used at the discretion of ECCO’s management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ECCO or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

*Board designated:*

Operating reserve - The balance should be approximately 120 days of budgeted operational expenditures.

Disaster recovery - ECCO was originally established as a direct result of Hurricane Hugo. In the spirit of the founding of the organization the board intends to have available funds to aid in the recovery of future disasters.

Capital improvement - The purpose of the fund is intended for larger capital outlay expenditures. This fund should be used in coordination with a replacement reserve study.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and activities of Outreach Extension, LLC, a wholly-owned subsidiary of ECCO. All significant inter-organizational accounts and transactions have been eliminated in consolidation.

Income Taxes

ECCO is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Financial Accounting Standards Board (“FASB”) provides guidance on ECCO’s evaluation of accounting for uncertainty in income taxes. Management evaluated ECCO’s tax position and concluded that ECCO had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. Fiscal years ending on or after June 30, 2018 remain subject to examination by federal tax authorities.

Revenue Recognition

Contributions and grants, which are limited to the use of various ECCO programs or other-directed uses, received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated Assets and Services

Donated marketable securities and other such non-cash donations are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the ECCO reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ECCO reclassifies net assets with donor-imposed restrictions to net assets without donor-imposed restrictions at that time. ECCO receives a significant amount of donated services from unpaid volunteers who assist in the operation of ECCO programs and properties.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Amounts for volunteer services have not been recognized in the consolidated statements of activities because the criteria for recognition under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, have not been satisfied.

During the years ended June 30, 2023 and 2022, ECCO received \$1,554,970 and \$1,125,140, respectively, in donated food to be used by ECCO for distribution to low-income members of the communities it serves. During the years ended June 30, 2023 and 2022, ECCO received \$105,772 and \$165,454, respectively, of other professional services.

ECCO receives a significant amount of clothing for distribution to low-income families in the communities it serves. No financial recognition of these critical goods is reflected in these consolidated financial statements due to the relative limited percentage of such goods that meet the criteria for distribution under ECCO's outreach programs. Management deems any difference between this approach and the approach required by accounting principles generally accepted in the United States of America to be immaterial to the consolidated financial statements as a whole.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, ECCO considers cash and highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Grants and Unconditional Promises to Give

Grants and other receivables are stated at unpaid balances less amounts determined by management to be uncollectible. It is ECCO's policy to charge off an uncollectible receivable when management determines the receivable will not be collected based on experience, third-party contacts, and other circumstances. At June 30, 2023 and 2022, no allowance was deemed necessary. ECCO uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific commitments made.

Investments

ECCO follows ASC 958-320, *Not-for-Profit Entities, Investments – Debt and Equity Securities*. Under ASC 958-320, investments in marketable securities with readily determinable fair values are reported at fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the consolidated statements of activities.

Property and Equipment and Depreciation

ECCO capitalizes all expenditures for property and equipment in excess of \$1,500. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method based on the items' estimated useful lives ranging from 3 to 39 years. Expenditures for repairs and maintenance are charged as an expense when incurred.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged to programs and supporting services on the basis of time and expense analyses. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of ECCO.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Advertising Expenses

ECCO reports advertising costs as incurred. Advertising and marketing expenses for the years ended June 30, 2023 and 2022 were \$11,908 and \$20,034, respectively, and are reported as marketing and public relations expense in the consolidated statements of functional expenses.

Use of Estimates

The preparation of the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

ECCO's vacation policy allows for up to one week of vacation to be carried over to the following year, but must be used within 90-days of the following year (after an employee's date of hire). All carried-over vacation time must be approved by the Executive Director. Management has not made an accrual for such carry-over time and recognizes such time as incurred. Management deems this approach, versus that recommended by accounting principles generally accepted in the United States of America to be immaterial to the financial statements as a whole.

Reclassifications

Certain 2022 balances have been reclassified to conform with 2023 presentation.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases (Subtopic 842)*, which will require entities to recognize lease assets and lease liabilities on the balance sheet and disclose key information about the leasing arrangements. For non-profit organizations, this standard is effective for annual reporting periods beginning after December 15, 2021, and early adoption is permitted. ECCO has implemented this standard and it had a material impact to the financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the ECCO's net assets or changes in net assets.

**3. CONCENTRATION OF CREDIT RISK**

Cash and Cash Equivalents

The Organization maintains its cash balances at various financial institutions located in the state of South Carolina. These cash funds were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at June 30, 2023 and 2022. At June 30, 2023, ECCO has \$0 of uninsured balances.

Investments

Financial instruments that potentially subject ECCO to concentrations of credit risk consist principally of cash deposits maintained within brokerage accounts. The accounts at the brokerage firm contain cash and securities. Balances are insured up to \$500,000, with a limit of \$250,000 for cash, by the Securities Investor Protection Corporation (SIPC). SIPC insurance does not protect ECCO from market fluctuations in account value.

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**4. FAIR VALUE**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). ECCO groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

These fair value levels are as follows:

**Level 1** Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

**Level 2** Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

**Level 3** Unobservable inputs that cannot be corroborated by observable market data.

All of ECCO's investments are valued at fair value under Level 1 inputs at June 30, 2023 and 2022. Investments are presented in the consolidated financial statements at fair market value.

**5. INVESTMENTS**

Investments consist of the following at June 30:

	<b>2023</b>		
	<b>Fair Value</b>	<b>Cost</b>	<b>Unrealized Gains (Losses)</b>
Cash	\$ 272,185	\$ 272,185	\$ -
U.S. Treasury Securities	240,933	239,320	1,613
Common stock	50,332	49,466	866
Mutual funds	196,169	204,387	(8,218)
Exchange traded funds	753,374	606,547	146,827
	<u>\$ 1,512,993</u>	<u>\$ 1,371,905</u>	<u>\$ 141,088</u>

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**5. INVESTMENTS - CONTINUED**

	<b>2022</b>		
	<b>Fair Value</b>	<b>Cost</b>	<b>Unrealized Gains (Losses)</b>
Cash	\$ 335,982	\$ 335,982	\$ -
U.S. Treasury Securities	269,200	270,647	(1,447)
Mutual funds	188,154	198,916	(10,762)
Exchange traded funds	645,741	592,512	53,229
	\$ 1,439,077	\$ 1,398,057	\$ 41,020

Investment income for the years ended June 30 is as follows:

	<b>2023</b>	<b>2022</b>
Dividends and interest	\$ 52,370	\$ 27,220
Unrealized and realized (losses) gains, net	101,615	(148,799)
Investment fees	(6,759)	(7,126)
	\$ 147,226	\$ (128,705)

**6. USE OF FACILITIES**

ECCO provides the use of its facilities to certain other non-profit organizations at no cost to support programs and initiatives that benefit ECCO's clients. Memorandums of Understanding are established with such groups outlining expectations and shared responsibilities for both parties. Similar agreements will be established with any entities seeking to use or establish space at the ECCO facility.

**7. REVOLVING LINE OF CREDIT**

In October 2020, ECCO obtained an unsecured revolving line of credit of \$50,000 at Finemark National Bank & Trust. Minimum monthly interest payments are computed based on average daily balance, including interest at the lender's prime rate. All outstanding principal and unpaid interest is due and payable on November 28, 2023. The line of credit had no outstanding balance at June 30, 2023 and 2022.



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**8. PROPERTY AND EQUIPMENT**

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

	<u>2023</u>	<u>2022</u>
Land leasehold, net of amortization	\$ 193,917	\$ 200,417
Building	1,233,108	1,233,108
Capital improvements	292,796	298,721
Equipment, furniture and fixtures	275,863	324,538
Dental equipment	293,273	293,273
Vehicles	104,816	104,816
Construction in Process	85,947	27,287
	<u>2,479,720</u>	<u>2,482,160</u>
Accumulated depreciation	<u>(1,212,107)</u>	<u>(1,149,670)</u>
Net property and equipment	<u>\$ 1,267,613</u>	<u>\$ 1,332,490</u>

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$122,665 and \$129,528, respectively.

In 2003, ECCO moved to their current facilities in Mount Pleasant, South Carolina. The building is owned by ECCO, and was constructed through funds obtained through a capital campaign. The land for the facility is owned by the Diocese of Charleston and provided to ECCO under an annual lease in the amount of \$1. ECCO has recognized the fair market value of this 50-year lease at inception at a value of \$325,000. The value of this lease is amortized to expense on a straight-line basis over the term of the lease.

**9. UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Unconditional promises to give	\$ 1,920,812	\$ 3,005,368
Less: unamortized discount	<u>(68,615)</u>	<u>(77,619)</u>
Unconditional promises to give, net	<u>\$ 1,852,197</u>	<u>\$ 2,927,749</u>

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**9. UNCONDITIONAL PROMISES TO GIVE - CONTINUED**

Amounts expected to be collected for the years ended June 30, are as follows:

2024	\$	621,342
2025		548,583
2026		431,170
2027		309,650
2028		10,067
		<hr/>
	\$	<u>1,920,812</u>

**10. DONATED MATERIALS AND SERVICES**

Donated materials and equipment, when received, are reflected as contributions in the accompanying consolidated financial statements at their estimated fair market values at date of receipt. Food items collected for distribution to ECCO clients are recorded at their fair market value. The value of donated food at June 30, 2023 and 2022 totaled \$1,554,970 and \$1,125,140, respectively. As noted in footnote 2 to the consolidated financial statements, no value is assigned to donated clothing items.

Donated services consist primarily of professional services in ECCO's dental clinic. These professional services are recognized as contributions – in-kind services in the consolidated statements of activities. The value of donated dental during the years ended June 30, 2023 and 2022 totaled \$25,163 and \$103,325, respectively. The amount recognized is calculated using the number of patients and fee rates of \$101 per patient for the years ended June 30, 2023 and 2022, respectively. The value of donated medical professionals during the years ended June 30, 2023 and 2022 totaled \$46,225 and \$53,013, respectively. Other donated services consist of various other professional and repair services totaling \$9,878 and \$6,550 for the years ended June 30, 2023 and 2022, respectively.

Other volunteer services are not recognized as contributions as they do not meet required standards for recognition as provided in accounting principles generally accepted in the United States of America. A substantial number of volunteers donate a significant amount of time to ECCO programs. For the years ended June 30, 2023 and 2022, approximately a value of \$659,421 and \$675,273 was received (based on the Independent Sector's Value of nonprofessional volunteers of \$31.80 and \$29.95 per hour, respectively).

**11. PENSION PLAN**

ECCO has a 403(b)-retirement plan that substantially covers all full-time employees who have achieved 90-days of employment. ECCO matches 100% of the first 3% of salary deferral elected by each eligible employee. ECCO's contributions to the 403(b) plan for the years ended June 30, 2023 and 2022 were \$14,450 and \$12,724, respectively.

**12. RELATED PARTIES**

During the years ended June 30, 2023 and 2022, employees and board members made contributions of \$393,416 and \$1,071,397, respectively, to ECCO in support of its programs.

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**13. ENDOWMENT**

In 2001, ECCO established a fund at the Coastal Community Foundation of South Carolina (CCF) for the benefit of the organization as an endowment. ECCO does not currently take any distributions from this fund. In accordance with the terms and operations agreement between ECCO and CCF, as well as ASC 958-605: Revenue Recognition, the principal is the property of the CCF and, accordingly, is not recorded by ECCO. At June 30, 2023 and 2022, the fund had a balance of \$51,037 and \$47,750, respectively.

**14. OPERATING LEASES**

ECCO entered into a lease agreement for a satellite facility in March 2021. The lease is for three years and expires March 31, 2024. The monthly rent payments under this agreement are \$6,330, increasing 3% annually. On April 1, 2022 the satellite facility lease agreement was amended to decrease the monthly rent payments to \$4,679.

In accordance with ASC 842, *Leases*, management determines an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on our consolidated statements of financial position. ECCO currently does not have any financing leases that require recognition under this standard.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As our leases does not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

The ECCO's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

	<b>2023</b>	<b>2022</b>
Operating lease right-of-use asset	\$ 42,161	\$ 106,299
Current portion of operating lease liabilities	\$ 46,344	\$ 59,955
Long-term portion of operating lease liabilities	-	46,344
	\$ 46,344	\$ 106,299
Average discount rate for operating leases	3.25%	3.25%
Average remaining lease term in years	0.75	1.75

Future minimum required payments under the lease are as follows at June 30:

2024	\$ 46,847
Total minimum lease payments	\$ 46,847

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**15. RESTRICTED NET ASSETS**

Donor imposed restrictions on net assets are comprised of the following at June 30:

	<b>2023</b>	<b>2022</b>
<b>Subject to purpose restrictions:</b>		
Beyond Our Walls - Capital Campaign	\$ 4,645,732	\$ 3,838,779
Warehouse	2,383	6,945
	4,648,115	3,845,724
<b>Subject of passage of time:</b>		
Leasehold use of land	193,917	200,417
	\$ 4,842,032	\$ 4,046,141
	\$ 4,842,032	\$ 4,046,141

**16. AVAILABILITY OF FINANCIAL RESOURCES**

The following reflects ECCO's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in board reserves and designations that could be drawn upon if the governing board approves that action.

	<b>2023</b>	<b>2022</b>
<b>Financial assets at year end:</b>		
Cash and cash equivalents	\$ 3,749,216	\$ 1,904,161
Grants and other receivables	19,582	62,546
Unconditional promises to give	1,852,197	2,927,749
Investments	1,512,993	1,439,077
	7,133,988	6,333,533
<b>Less those unavailable for general expenditures within one year due to:</b>		
Contractual or donor imposed restrictions:		
Restricted by donor for time or purpose	(4,839,649)	(4,039,196)
Board designations:		
Disaster recovery	(500,000)	(500,000)
Capital reserve	(140,873)	(140,873)
	\$ 1,653,466	\$ 1,653,464
	\$ 1,653,466	\$ 1,653,464

**17. SUBSEQUENT EVENTS**

In accordance with ASC 855, management evaluated subsequent events at June 30, 2023 through October 27, 2023 the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.