

EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
MOUNT PLEASANT, SOUTH CAROLINA

CONSOLIDATED AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
TABLE OF CONTENTS
JUNE 30, 2024 AND 2023**

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4 - 5
Consolidated Statements of Functional Expenses	6 - 7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 19

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, 2024 and 2023, 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, 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. 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 16, 2024

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	2024	2023
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 476,050	\$ 676,837
Grants and other receivables	144,176	19,582
Prepaid expenses	63,039	46,945
Unconditional promises to give, current	550,027	621,342
Total Current Assets	1,233,292	1,364,706
<u>Non-Current Assets</u>		
Cash and cash equivalents, restricted for capital campaign	3,495,258	3,072,379
Investments	1,714,593	1,512,993
Unconditional promises to give, net, net of current	499,113	1,230,855
Operating lease right-of-use asset	-	42,161
Property and equipment, net	1,866,584	1,267,613
Total Non-Current Assets	7,575,548	7,126,001
Total Assets	\$ 8,808,840	\$ 8,490,707
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 21,552	\$ 18,798
Accrued payroll and related liabilities	11,558	9,909
Construction payables	196,313	-
Deferred revenue	6,250	-
Current portion of operating lease liabilities	-	46,344
Total Current Liabilities	235,673	75,051
Total Liabilities	235,673	75,051
<u>Net Assets</u>		
Without donor restriction		
Undesignated	2,649,864	2,084,751
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	4,138,737	3,573,624
With donor restriction	4,434,430	4,842,032
Total Net Assets	8,573,167	8,415,656
Total Liabilities and Net Assets	\$ 8,808,840	\$ 8,490,707

See accompanying notes to the consolidated financial statements.

EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 1,750,766	\$ -	\$ 1,750,766
Contributed nonfinancial assets - food	1,856,011	-	1,856,011
Contributed nonfinancial services	123,661	-	123,661
Special events, (net of direct costs of \$98,078)	254,488	-	254,488
Grants	324,366	-	324,366
Miscellaneous	19,605	-	19,605
Loss on disposal of fixed assets	(14,759)	-	(14,759)
Investment income, net	259,748	-	259,748
Total support and revenue	<u>4,573,886</u>	<u>-</u>	<u>4,573,886</u>
Net assets released from restriction	<u>407,602</u>	<u>(407,602)</u>	<u>-</u>
Total support and revenue and net assets released from restriction	<u>4,981,488</u>	<u>(407,602)</u>	<u>4,573,886</u>
Expenses			
Program services:			
Community outreach and empowerment	3,414,508	-	3,414,508
Dental and medical services	469,807	-	469,807
Total program services	<u>3,884,315</u>	<u>-</u>	<u>3,884,315</u>
Supporting services:			
Management and general	312,753	-	312,753
Fundraising	219,307	-	219,307
Total supporting services	<u>532,060</u>	<u>-</u>	<u>532,060</u>
Total expenses	<u>4,416,375</u>	<u>-</u>	<u>4,416,375</u>
Increase (decrease) in net assets	565,113	(407,602)	157,511
Net Assets at Beginning of Year	<u>3,573,624</u>	<u>4,842,032</u>	<u>8,415,656</u>
Net Assets at End of Year	<u>\$ 4,138,737</u>	<u>\$ 4,434,430</u>	<u>\$ 8,573,167</u>

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**

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue			
Contributions	\$ 1,680,608	\$ 806,953	\$ 2,487,561
Contributed nonfinancial assets - food	1,554,970	-	1,554,970
Contributed nonfinancial 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
Total support and revenue	4,118,728	806,953	4,925,681
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
Expenses			
Program services:			
Community outreach and empowerment	3,180,188	-	3,180,188
Dental and medical services	451,117	-	451,117
Total program services	3,631,305	-	3,631,305
Supporting services:			
Management and general	273,773	-	273,773
Fundraising	244,994	-	244,994
Total supporting services	518,767	-	518,767
Total expenses	4,150,072	-	4,150,072
(Decrease) increase in net assets	(20,282)	795,891	775,609
Net Assets at Beginning of Year	3,593,906	4,046,141	7,640,047
Net Assets at End of Year	\$ 3,573,624	\$ 4,842,032	\$ 8,415,656

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, 2024**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Outreach and Empowerment</u>	<u>Dental and Medical</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
<u>Personnel</u>						
Salaries	\$ 570,630	\$ 149,139	\$ 719,769	\$ 183,494	\$ 140,702	\$ 1,043,965
Employee benefits	65,713	17,175	82,888	21,131	16,203	120,222
Payroll taxes	43,322	11,323	54,645	13,931	10,682	79,258
Total personnel	<u>679,665</u>	<u>177,637</u>	<u>857,302</u>	<u>218,556</u>	<u>167,587</u>	<u>1,243,445</u>
<u>Other functional expenses</u>						
Food and clothing assistance	1,888,419	-	1,888,419	-	-	1,888,419
Financial assistance	449,780	10,786	460,566	1,210	-	461,776
Out of poverty education	15,126	-	15,126	-	-	15,126
Donated dental and other services	27,861	87,587	115,448	8,212	-	123,660
Other programs	8,989	16,645	25,634	-	-	25,634
Janitorial	8,386	3,354	11,740	1,161	-	12,901
Rent and common area charges	75,477	-	75,477	-	-	75,477
Repairs and maintenance	19,345	6,799	26,144	13,310	-	39,454
Small equipment and software	20,790	-	20,790	4,784	10,464	36,038
Volunteer development	10,477	-	10,477	-	4,068	14,545
Office supplies and printing	9,661	5,538	15,199	1,917	904	18,020
Insurance	41,100	19,175	60,275	5,691	-	65,966
Professional and consulting services	25,543	71,716	97,259	3,537	25,006	125,802
Postage	4,232	1,693	5,925	586	-	6,511
Marketing and public relations	5,583	2,233	7,816	773	-	8,589
Seminars and workshops	16,424	6,570	22,994	2,274	-	25,268
Dues and subscriptions	4,838	1,935	6,773	670	112	7,555
Utilities	36,260	12,240	48,500	13,345	-	61,845
Bank fees	5,656	2,262	7,918	783	11,166	19,867
Moving costs	-	-	-	23,053	-	23,053
Depreciation and amortization	60,200	43,359	103,559	8,335	-	111,894
Bad debts	-	-	-	4,460	-	4,460
Miscellaneous	696	278	974	96	-	1,070
Total other functional expenses	<u>2,734,843</u>	<u>292,170</u>	<u>3,027,013</u>	<u>94,197</u>	<u>51,720</u>	<u>3,172,930</u>
Total expenses	<u>\$ 3,414,508</u>	<u>\$ 469,807</u>	<u>\$ 3,884,315</u>	<u>\$ 312,753</u>	<u>\$ 219,307</u>	<u>\$ 4,416,375</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	
<u>Personnel</u>						
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	668,079	159,013	827,092	218,471	181,992	1,227,555
<u>Other functional expenses</u>						
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 costs	-	-	-	-	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	2,512,109	292,104	2,804,213	55,302	63,002	2,922,517
Total expenses	\$ 3,180,188	\$ 451,117	\$ 3,631,305	\$ 273,773	\$ 244,994	\$ 4,150,072

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, 2024 AND 2023**

	2024	2023
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 157,511	\$ 775,609
Adjustments to reconcile change in Net Assets to net cash used for operating activities:		
Depreciation and amortization	111,894	122,665
Loss on disposal of property and equipment	14,759	5,434
Amortization of discount on unconditional promises to give	(18,541)	(9,004)
Net realized and unrealized gain on investments	(141,692)	(101,615)
Contributions received for long-term purpose	(308,144)	(910,397)
(Increase) Decrease in assets:		
Grants and other receivables	(124,594)	42,964
Prepaid expense	(16,094)	(39,857)
Operating lease right-of-use assets	42,161	64,138
Increase (Decrease) in liabilities:		
Accounts and construction payable	199,067	(2,234)
Deferred revenue	6,250	-
Accrued payroll and related liabilities	1,649	(2,123)
Operating lease liabilities	(46,344)	(59,955)
Net Cash Used for Operating Activities	(122,118)	(114,375)
<u>Cash Flows from Investing Activities:</u>		
Proceeds from sale of securities	240,105	644,192
Purchase of securities	(300,013)	(616,493)
Purchase of property and equipment	(725,624)	(63,222)
Net Cash Used for Investing Activities	(785,532)	(35,523)
<u>Cash Flows from Financing Activities</u>		
Contributions collected restricted for long-term purpose	1,129,742	1,994,953
Net Provided by Financing Activities	1,129,742	1,994,953
Net Increase in Cash and Cash Equivalents	222,092	1,845,055
Cash and Cash Equivalents, Beginning of Year	3,749,216	1,904,161
Cash and Cash Equivalents, End of Year	\$ 3,971,308	\$ 3,749,216
<u>Reconciliation of Cash and Cash Equivalents</u>		
Cash and cash equivalents	\$ 476,050	\$ 676,837
Cash and cash equivalents, restricted for capital campaign	3,495,258	3,072,379
	\$ 3,971,308	\$ 3,749,216

See accompanying notes to the consolidated financial statements.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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, 2024 AND 2023

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. The Company was a wholly owned subsidiary of the ECCO until it was legally dissolved on August 7, 2023. The accompanying consolidated financial statements include the accounts of the Company until its dissolution.

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, 2021 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.

Contributed nonfinancial assets/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 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.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

ECCO receives a significant amount of donated services from unpaid volunteers who assist in the operation of ECCO programs and properties. 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, 2024 and 2023, ECCO received \$1,856,011 and \$1,554,970, 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, 2024 and 2023, ECCO received \$123,661 and \$105,772, 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. Promises to give collected over future years are discounted to their net realizable value. Discount rates ranges from 1.24% to 3.02% at June 30, 2024 and 2022. At June 30, 2024 and 2023, 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.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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, 2024 and 2023 were \$8,589 and \$11,908, 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 2023 balances have been reclassified to conform with 2024 presentation.

Recent Accounting Pronouncements

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, 2024 and 2023. At June 30, 2024, 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.

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.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

4. FAIR VALUE - CONTINUED

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, 2024 and 2023. Investments are presented in the consolidated financial statements at fair market value.

5. INVESTMENTS

Investments consist of the following at June 30:

	2024		
	Fair Value	Cost	Unrealized Gains (Losses)
Cash	\$ 174,294	\$ 174,294	\$ -
U.S. Treasury Securities	435,060	429,636	5,424
Mutual funds	211,579	213,260	(1,681)
Exchange traded funds	893,660	614,947	278,713
	<u>\$ 1,714,593</u>	<u>\$ 1,432,137</u>	<u>\$ 282,456</u>
	2023		
	Fair Value	Cost	Unrealized Gains (Losses)
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>

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

5. INVESTMENTS - CONTINUED

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

	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 126,048	\$ 52,370
Unrealized and realized (losses) gains, net	141,692	101,615
Investment fees	<u>(7,992)</u>	<u>(6,759)</u>
Investment income, net	<u>\$ 259,748</u>	<u>\$ 147,226</u>

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, 2024. The line of credit had no outstanding balance at June 30, 2024 and 2023.

8. PROPERTY AND EQUIPMENT

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

	<u>2024</u>	<u>2023</u>
Land leasehold, net of amortization	\$ 187,417	\$ 193,917
Building	1,233,108	1,233,108
Capital improvements	215,967	292,796
Equipment, furniture and fixtures	217,256	275,863
Dental equipment	251,251	293,273
Vehicles	197,710	104,816
Construction in Process	<u>699,916</u>	<u>85,947</u>
	3,002,625	2,479,720
Accumulated depreciation	<u>(1,136,041)</u>	<u>(1,212,107)</u>
Net property and equipment	<u>\$ 1,866,584</u>	<u>\$ 1,267,613</u>

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was \$111,894 and \$122,665, respectively.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

8. PROPERTY AND EQUIPMENT - CONTINUED

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:

	2024	2023
Unconditional promises to give	\$ 1,099,214	\$ 1,920,812
Less: unamortized discount	(50,074)	(68,615)
Unconditional promises to give, net	<u>\$ 1,049,140</u>	<u>\$ 1,852,197</u>

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

2025	\$ 550,593
2026	298,670
2027	247,884
2028	1,067
2029	1,000
	<u>\$ 1,099,214</u>

10. CONTRIBUTED NONFINANCIAL ASSETS/SERVICES

Contributed nonfinancial assets/services, 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, 2024 and 2023 totaled \$1,856,011 and \$1,554,970, respectively. As noted in footnote 2 to the consolidated financial statements, no value is assigned to donated clothing items.

Contributed nonfinancial services consist primarily of professional services in ECCO's dental clinic. These professional services are recognized as contributions – contributed nonfinancial services in the consolidated statements of activities. The value of donated dental during the years ended June 30, 2024 and 2023 totaled \$26,420 and \$25,163, respectively. The amount recognized is calculated using the number of patients and fee rates of \$101 per patient for the years ended June 30, 2024 and 2023, respectively. The value of donated medical professionals during the years ended June 30, 2024 and 2023 totaled \$50,621 and \$46,225, respectively. Other donated services consist of various other professional services, repair services, and rental space totaling \$46,620 and \$34,384 for the years ended June 30, 2024 and 2023, respectively.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

10. CONTRIBUTED NONFINANCIAL ASSETS/SERVICES - CONTINUED

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, 2024 and 2023, approximately a value of \$799,288 and \$659,421 was received (based on the Independent Sector's Value of nonprofessional volunteers of \$33.49 and \$31.80 per hour, respectively).

11. RETIREMENT 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, 2024 and 2023 were \$13,361 and \$14,450, respectively.

12. RELATED PARTIES

During the years ended June 30, 2024 and 2023, employees and board members made contributions of \$383,386 and \$393,416, respectively, to ECCO in support of its programs.

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, 2024 and 2023, the fund had a balance of \$57,194 and \$51,037, respectively.

14. OPERATING LEASES

ECCO entered into a lease agreement for a satellite facility in March 2021. The lease is for three years and expired March 31, 2024. The monthly rent payments under this agreement were \$6,330, increasing 3% annually. On April 1, 2023 the satellite facility lease agreement was amended to decrease the monthly rent payments to \$4,679. On June 14, 2024, the lease was amended extending the term to December 31, 2024 with a monthly base rent of \$5,361.

On November 2, 2023, ECCO signed a 4-year operating lease for a copier. Monthly payments of \$122 are due through November 2027. ECCO is not recognizing this lease under ASC 842 provisions due to its immateriality.

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.

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

14. OPERATING LEASES - CONTINUED

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.

	2024	2023
Operating lease right-of-use asset	\$ -	\$ 42,161
Current portion of operating lease liabilities	\$ -	\$ 46,344
Long-term portion of operating lease liabilities	-	-
	\$ -	\$ 46,344
Average discount rate for operating leases	3.25%	3.25%
Average remaining lease term in years	-	0.75%

Future minimum lease payments under non-cancellable leases as of June 30, 2024 were as follows:

2025	\$ 1,464
2026	1,464
2027	1,464
2028	1,342
	\$ 5,734

15. RESTRICTED NET ASSETS

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

	2024	2023
Subject to purpose restrictions:		
Beyond Our Walls - Capital Campaign	\$ 4,247,013	\$ 4,645,732
Warehouse	-	2,383
	4,247,013	4,648,115
Subject of passage of time:		
Leasehold use of land	187,417	193,917
	\$ 4,434,430	\$ 4,842,032

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

16. BEYOND OUR WALLS - CAPITAL CAMPAIGN

The following details the changes in ECCO's capital campaign net assets for the year ended June 30:

	<u>2024</u>	<u>2023</u>
Capital Campaign net assets, beginning of year	\$ 4,645,732	\$ 3,838,779
Contributions	308,144	910,397
Releases:		
Renovation costs	(613,969)	(58,660)
Transportation	(92,894)	-
Fundraising	-	(44,784)
	<u>(706,863)</u>	<u>(103,444)</u>
Capital Campaign net assets, end of year	<u>\$ 4,247,013</u>	<u>\$ 4,645,732</u>

17. 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 statements of financial position 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.

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 3,971,308	\$ 3,749,216
Grants and other receivables	144,176	19,582
Unconditional promises to give	1,049,140	1,852,197
Investments	1,714,593	1,512,993
	<u>6,879,217</u>	<u>7,133,988</u>
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions:		
Restricted by donor for time or purpose	(4,434,430)	(4,839,649)
Board designations:		
Disaster recovery	(500,000)	(500,000)
Capital reserve	(140,873)	(140,873)
	<u>(5,075,303)</u>	<u>(5,480,522)</u>
	<u>\$ 1,803,914</u>	<u>\$ 1,653,466</u>

**EAST COOPER COMMUNITY OUTREACH AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

18. SUBSEQUENT EVENTS

In accordance with ASC 855, management evaluated subsequent events at June 30, 2024 through October 16, 2024 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.