

**Epiphany Community Health
Outreach Services, Inc.**

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2022 and 2021

Epiphany Community Health Outreach Services, Inc.

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Independent Auditors' Report

To the Board of Directors of
Epiphany Community Health Outreach Services, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Epiphany Community Health Outreach Services, Inc. (ECHOS), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ECHOS as of December 31, 2022 and 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 ECHOS 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ECHOS' ability to continue as a going concern for one year after the date that the 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 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 and *Government 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 and *Government 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 ECHOS' 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 ECHOS' 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.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023 on our consideration of ECHOS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ECHOS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ECHOS' internal control over financial reporting and compliance.

Blazek & Vetterling

June 16, 2023

Epiphany Community Health Outreach Services, Inc.

Statements of Financial Position as of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 560,845	\$ 1,420,941
Contributions receivable <i>(Note 8)</i>	376,898	189,372
Prepaid and other assets	10,060	17,947
Investments <i>(Note 3)</i>	1,008,319	
Property and equipment, net <i>(Note 4)</i>	<u>89,680</u>	<u>109,065</u>
TOTAL ASSETS	<u>\$ 2,045,802</u>	<u>\$ 1,737,325</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 32,001	\$ 44,259
Accrued payroll expenses	26,844	37,842
Refundable advance	<u>166,836</u>	<u> </u>
Total liabilities	<u>225,681</u>	<u>82,101</u>
Contingencies <i>(Note 7)</i>		
Net assets:		
Without donor restrictions	1,387,923	1,234,954
With donor restrictions <i>(Note 6)</i>	<u>432,198</u>	<u>420,270</u>
Total net assets	<u>1,820,121</u>	<u>1,655,224</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,045,802</u>	<u>\$ 1,737,325</u>

See accompanying notes to financial statements.

Epiphany Community Health Outreach Services, Inc.

Statement of Activities for the year ended December 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants (Note 7)		\$ 806,774	\$ 806,774
Nonfinancial government grants (Notes 5 and 7)		310,857	310,857
Other financial	\$ 451,303	664,500	1,115,803
Other nonfinancial (Note 5)	447,872		447,872
Special events	142,411		142,411
Direct donor benefits	(17,742)		(17,742)
Other income	<u>16,161</u>		<u>16,161</u>
Total revenue	1,040,005	1,782,131	2,822,136
Net assets released from restrictions:			
Program expenditures	<u>1,770,203</u>	<u>(1,770,203)</u>	
Total	<u>2,810,208</u>	<u>11,928</u>	<u>2,822,136</u>
EXPENSES:			
Program services:			
Direct client services	1,861,420		1,861,420
Benefits application assistance	370,614		370,614
Other services	<u>86,377</u>		<u>86,377</u>
Total program services	2,318,411		2,318,411
Management and general	201,905		201,905
Fundraising	<u>136,923</u>		<u>136,923</u>
Total expenses	<u>2,657,239</u>		<u>2,657,239</u>
CHANGES IN NET ASSETS	152,969	11,928	164,897
Net assets, beginning of year	<u>1,234,954</u>	<u>420,270</u>	<u>1,655,224</u>
Net assets, end of year	<u>\$ 1,387,923</u>	<u>\$ 432,198</u>	<u>\$ 1,820,121</u>

See accompanying notes to financial statements.

Epiphany Community Health Outreach Services, Inc.

Statement of Activities for the year ended December 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants <i>(Notes 5 and 7)</i>		\$ 686,312	\$ 686,312
Nonfinancial government grants <i>(Notes 5 and 7)</i>		266,727	266,727
Other financial	\$ 730,128	687,515	1,417,643
Other nonfinancial <i>(Note 5)</i>	283,147		283,147
Special events	50,558		50,558
Direct donor benefits	(5,111)		(5,111)
Other income	408		408
Total revenue	1,059,130	1,640,554	2,699,684
Net assets released from restrictions:			
Program expenditures	<u>1,654,793</u>	<u>(1,654,793)</u>	
Total	<u>2,713,923</u>	<u>(14,239)</u>	<u>2,699,684</u>
EXPENSES:			
Program services:			
Direct client services	1,576,179		1,576,179
Benefits application assistance	358,948		358,948
Other services	<u>65,671</u>		<u>65,671</u>
Total program services	2,000,798		2,000,798
Management and general	155,706		155,706
Fundraising	<u>82,834</u>		<u>82,834</u>
Total expenses	<u>2,239,338</u>		<u>2,239,338</u>
CHANGES IN NET ASSETS	474,585	(14,239)	460,346
Net assets, beginning of year	<u>760,369</u>	<u>434,509</u>	<u>1,194,878</u>
Net assets, end of year	<u>\$ 1,234,954</u>	<u>\$ 420,270</u>	<u>\$ 1,655,224</u>

See accompanying notes to financial statements.

Epiphany Community Health Outreach Services, Inc.

Statement of Functional Expenses for the year ended December 31, 2022

<u>EXPENSES</u>	<u>DIRECT CLIENT SERVICES</u>	<u>BENEFITS APPLICATION ASSISTANCE</u>	<u>OTHER SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Direct assistance:							
In-kind food distributed	\$ 703,629			\$ 703,629			\$ 703,629
Other direct assistance	<u>768,305</u>	<u>\$ 261</u>		<u>768,566</u>			<u>768,566</u>
Total direct assistance	1,471,934	261		1,472,195			1,472,195
Salaries and related benefits	314,311	203,072	\$ 42,407	559,790	\$ 80,739	\$ 75,848	716,377
Professional services	18,295	84,650	19,522	122,467	98,963	21,010	242,440
Occupancy	36,627	23,646	4,604	64,877	9,351	8,832	83,060
Equipment and software	1,027	35,682	9,852	46,561	5,421	3,887	55,869
Printing, postage and supplies	7,104	10,655	2,615	20,374	645	22,313	43,332
Depreciation	6,951	4,488	874	12,313	1,775	1,676	15,764
Telephone and internet	2,064	6,309	259	8,632	527	498	9,657
Other	<u>3,107</u>	<u>1,851</u>	<u>6,244</u>	<u>11,202</u>	<u>4,484</u>	<u>2,859</u>	<u>18,545</u>
Total expenses	<u>\$ 1,861,420</u>	<u>\$ 370,614</u>	<u>\$ 86,377</u>	<u>\$ 2,318,411</u>	<u>\$ 201,905</u>	<u>\$ 136,923</u>	2,657,239
Direct donor benefits							<u>17,742</u>
Total							<u>\$ 2,674,981</u>

See accompanying notes to financial statements.

Epiphany Community Health Outreach Services, Inc.

Statement of Functional Expenses for the year ended December 31, 2021

<u>EXPENSES</u>	<u>DIRECT CLIENT SERVICES</u>	<u>BENEFITS APPLICATION ASSISTANCE</u>	<u>OTHER SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Direct assistance:							
In-kind food distributed	\$ 478,684			\$ 478,684			\$ 478,684
Other direct assistance	<u>686,961</u>		\$ 115	<u>687,076</u>			<u>687,076</u>
Total direct assistance	1,165,645		115	1,165,760			1,165,760
Salaries and related benefits	308,458	\$ 200,103	46,022	554,583	\$ 66,010	\$ 41,085	661,678
Professional services	31,425	81,762	2,939	116,126	70,204	10,901	197,231
Occupancy	53,621	17,186	3,784	74,591	5,520	3,586	83,697
Equipment and software	6,592	36,945	7,008	50,545	3,385	4,182	58,112
Printing, postage and supplies	3,455	7,462	402	11,319	674	10,485	22,478
Depreciation	4,047	6,438	1,417	11,902	2,068	1,322	15,292
Telephone and internet	1,231	5,100	432	6,763	629	402	7,794
Other	<u>1,705</u>	<u>3,952</u>	<u>3,552</u>	<u>9,209</u>	<u>7,216</u>	<u>10,871</u>	<u>27,296</u>
Total expenses	<u>\$ 1,576,179</u>	<u>\$ 358,948</u>	<u>\$ 65,671</u>	<u>\$ 2,000,798</u>	<u>\$ 155,706</u>	<u>\$ 82,834</u>	2,239,338
Direct donor benefits							<u>5,111</u>
Total							<u>\$ 2,244,449</u>

See accompanying notes to financial statements.

Epiphany Community Health Outreach Services, Inc.

Statements of Cash Flows for the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 164,897	\$ 460,346
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	15,762	15,292
Loss on disposal of assets	14,000	
Changes in operating assets and liabilities:		
Contributions receivable	(187,526)	(146,453)
Prepaid and other assets	7,887	(11,549)
Accounts payable and accrued payroll expenses	(23,256)	65,205
Paycheck Protection Program refundable advance		(70,365)
Other refundable advance	<u>166,836</u>	<u> </u>
Net cash provided by operating activities	<u>158,600</u>	<u>312,476</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in cash held for investment	(24,995)	
Purchase of certificates of deposit	(983,324)	
Purchase of property and equipment	<u>(10,377)</u>	<u>(84,656)</u>
Net cash used by investing activities	<u>(1,018,696)</u>	<u>(84,656)</u>
NET CHANGE IN CASH	(860,096)	227,820
Cash, beginning of year	<u>1,420,941</u>	<u>1,193,121</u>
Cash, end of year	<u>\$ 560,845</u>	<u>\$ 1,420,941</u>

See accompanying notes to financial statements.

Epiphany Community Health Outreach Services, Inc.

Notes to Financial Statements for the years ended December 31, 2022 and 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Epiphany Community Health Outreach Services, Inc. (ECHOS) was formed on April 2, 2001 as a Texas nonprofit corporation and is an institution of the Episcopal Diocese of Texas. In response to the health and social service needs of the rapidly increasing population of newly arrived immigrants and refugees who were being resettled in the community surrounding the Episcopal Church of the Epiphany (the Church), the parishioners of the Church established ECHOS to help families meet their basic needs on their path to self-sufficiency, while addressing the social determinants of health. ECHOS' mission is to serve people in need by providing access to the health and social resources that can improve their lives.

ECHOS programming includes benefits application assistance, which helps families access healthcare services and benefits coverage by assisting families in submitting applications to various state and county medical and social service agencies. Direct client services include:

- Financial assistance provided to eligible clients with unmet rent and utility needs, grocery store food vouchers/gift cards, and disaster relief such as COVID-19 and Winter Storm Uri assistance.
- ECHOS' food pantry continues to provide non-perishable food to an increasing number of people who are impoverished and in need of assistance.
- ECHOS also partners directly with various healthcare providers to provide central and safe health services to its clients utilizing mobile vans for services such as dental, mammograms, vision screenings, and immunizations.

Federal income tax status – ECHOS is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a religious organization under §170(b)(i)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Cash – At times, demand deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. Contributions receivable at December 31, 2022 is expected to be collected within one year.

Investments in negotiable certificates of deposit are reported at fair value. Cash held for long-term purposes is grouped with investments and excluded from cash for purposes of cash flow. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Property and equipment is reported at cost if purchased or at fair value at the date of gift if donated. Generally, acquisitions of property and equipment in excess of \$7,500 are capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 10 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Grants and contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional grants and contributions are subject to one or more barriers that must be overcome before the organization is entitled to receive or retain funding. Conditional grants and contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions have been met is reported as grant refundable advances. A portion of ECHOS' contribution revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when ECHOS has incurred expenditures in compliance with specific contract or grant provisions.

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when an unconditional commitment is received from the donor. Direct donor benefits represent the cost of goods and services provided to attendees of the special events.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Shared overhead costs including depreciation, occupancy, telephone and internet, equipment and software, are allocated based on time allocations.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Adoption of new accounting standards – ECHOS adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2022. Adoption of the ASU expanded the presentation and disclosures related to contributions, but did not have an impact on net assets.

ECHOS also adopted ASU 2016-02, *Leases (Topic 842)*, effective January 1, 2022. Adoption of the ASU did not have an impact on net assets. The following accounting policy elections were made in connection with implementation of the new standard:

- *Short-term leases* – ECHOS has elected to not apply the new guidance to leases with terms of 12 months or less. Instead, these leases are recognized as expense on a straight-line basis over the lease term.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise of the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 560,845	\$ 1,420,941
Contributions receivable	376,898	189,372
Investments	<u>1,008,319</u>	<u> </u>
Total financial assets	1,946,062	1,610,313
Less:		
Contributions receivable not available until 2023	<u> </u>	<u>(25,000)</u>
Total financial assets available for general expenditure	<u>\$ 1,946,062</u>	<u>\$ 1,585,313</u>

For purposes of analyzing resources available to meet general expenditure over a 12-month period, ECHOS considers all expenditures related to its ongoing activities of connecting people in need with health, social, and educational resources, as well as the conduct of services undertaken to support those activities, to be general expenditures. ECHOS expects to fund the remainder of the next year’s general expenditures with future contributions and grants.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments at December 31, 2022 consist of \$24,995 cash and \$983,324 negotiable certificates of deposit.

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2022 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Certificates of deposit	<u>\$ 0</u>	<u>\$ 983,324</u>	<u>\$ 0</u>	<u>\$ 983,324</u>

Certificates of deposit are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes, to calculate fair values.

This valuation method may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while ECHOS believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 90,766	\$ 80,388
Furniture and fixtures	74,222	24,830
Leasehold improvements	<u>32,027</u>	<u>95,418</u>
Total property and equipment, at cost	197,015	200,636
Accumulated depreciation	<u>(107,335)</u>	<u>(91,571)</u>
Property and equipment, net	<u>\$ 89,680</u>	<u>\$ 109,065</u>

NOTE 5 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets are recognized as contribution revenue at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the contributed goods or facilities are used.

Contributions of services are recognized when services received a) create or enhance nonfinancial assets or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The following nonfinancial contributions and grants were recognized:

CONTRIBUTED NONFINANCIAL ASSETS	MONETIZED OR UTILIZED IN PROGRAMS/ACTIVITIES	DONOR RESTRICTIONS	VALUATION TECHNIQUES AND INPUTS	<u>2022</u>	<u>2021</u>
Food	Utilized for direct client assistance	None	Most recent Feeding America Product Valuation Survey.	\$703,629	\$490,474
Office space	Utilized for operations	None	Fair value market price for rental space.	\$55,100	\$59,400
Total contributed nonfinancial assets				<u>\$758,729</u>	<u>\$549,874</u>

A substantial portion of the in-kind contributions received by ECHOS are food through an agreement with The Houston Food Bank. ECHOS received approximately \$311,000 and \$267,000 in federally funded food commodities in 2022 and 2021, respectively, as reported in Note 7.

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recognized in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2022</u>	<u>2021</u>
Benefits application assistance	\$ 290,697	\$ 61,627
Other direct assistance	80,340	97,331
Domestic violence	25,953	15,000
Education and outreach	25,208	50,833
Capacity building	10,000	67,500
Future periods		100,000
COVID-19 direct assistance	<u> </u>	<u>27,979</u>
Total net assets with donor restrictions	<u>\$ 432,198</u>	<u>\$ 420,270</u>

NOTE 7 – GOVERNMENT GRANT CONTRIBUTIONS

ECHOS is a party to contracts with federal agencies. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Sources of government grants recognized at December 31 include the following:

	<u>2022</u>	<u>2021</u>
U. S. Department of Homeland Security	\$ 523,237	\$ 137,258
U. S. Department of Agriculture (food commodities)	310,857	184,994
U. S. Department of Treasury	221,598	
U. S. Department of Housing and Urban Development	61,939	455,788
U. S. Department of Homeland Security (food commodities)		81,733
U. S. Small Business Administration (Paycheck Protection Program)		70,365
U. S. Health and Human Services	<u> </u>	<u>22,901</u>
Total government grants	<u>\$ 1,117,631</u>	<u>\$ 953,039</u>

Grants from federal, state, and local funding sources require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by ECHOS with the terms of the contracts. Management believes such disallowances, if any, would not be material to ECHOS’ financial position or changes in net assets.

NOTE 8 – CONCENTRATIONS

Contributions receivable of approximately 80% are from one donor at December 31, 2022 and approximately 52% are from one donor at December 31, 2021.

Conditional cost-reimbursable grants of approximately \$407,000 have not been recognized at December 31, 2022, because qualifying expenditures have not been incurred and/or performance requirements have not been met. Additionally, ECHOS has received conditional contributions from a donor of \$200,000 which have not been recognized at December 31, 2022, because they are contingent upon performance by ECHOS and available resources of the donor.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 16, 2023, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
