ECHO, INC.

Financial Statements

For the Years Ended
March 31, 2014 and 2013

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Barton,
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Independent Auditor's Report

Board of Directors
ECHO, Inc.

We have audited the accompanying financial statements of ECHO, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ECHO, Inc. as of March 31, 2014 and 2013, 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.

Barton, Gonzalez + Myers, P.A.

Barton, Gonzalez & Myers, P.A.
Largo, Florida
July 3, 2014

ECHO, INC.
STATEMENTS OF FINANCIAL POSITION

As of March 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and cash equivalents		
Unrestricted	$ 101,107	$ 521,264
Restricted - donor	1,317,373	1,396,454
	1,418,480	1,917,718
Investments		
Unrestricted	649,834	655,983
Restricted - donor	274,918	274,133
	924,752	930,116
Accounts receivable	7,240	-
Pledges receivable	5,282	-
Inventory	129,854	141,157
Other assets	13,916	23,537
Prepaid expenses	64,320	58,783
Total current assets	2,563,844	3,071,311
Property and equipment, net of accumulated depreciation of $1,729,527 and $1,565,762, respectively	2,938,901	3,031,907
TOTAL ASSETS	$ 5,502,745	$ 6,103,218
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 80,071	$ 241,521
Accrued payroll	5,981	5,482
Accrued vacation	24,036	17,320
Capital lease obligation - current	33,559	24,833
Deferred revenue - conditional grant	725,200	1,137,400
Deferred revenue - other	2,665	20,965
Gift annuities- current	85,663	93,202
Total current liabilities	957,175	1,540,723
Long-term Liabilities		
Gift annuities- long-term	446,917	537,106
Capital lease obligation - long-term	68,607	37,431
Total long-term liabilities	515,524	574,537
TOTAL LIABILITIES	1,472,699	2,115,260
Net Assets		
Unrestricted	3,162,955	3,454,771
Temporarily restricted	715,473	414,917
Permanently restricted	151,618	118,270
TOTAL NET ASSETS	4,030,046	3,987,958
TOTAL LIABILITIES AND NET ASSETS	$ 5,502,745	$ 6,103,218

See accompanying notes to financial statements.

ECHO, INC.
STATEMENTS OF ACTIVITIES

For the Years Ended March 31, 2014 and 2013

	Year Ended March 31, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Public Support				
Contributions	$ 1,590,742	$ 1,270,451	$ 31,240	$ 2,892,433
Gift annuities	94,694		-	94,694
Net assets released from restrictions	979,648	(979,648)	-	-
Revenue				
Sale of merchandise	287,403	-	-	287,403
Interest & dividend income	24,644	-	3,183	27,827
Net realized and unrealized gains	124,524	9,753	218	134,495
Loss on disposal of assets	287	-	-	287
Other Income	309,074	-	-	309,074
Total Support and Revenues	3,411,016	300,556	34,641	3,746,213
Expenses				
Program Services	3,155,390	-	-	3,155,390
General & administrative	304,690	-	1,293	305,983
Fundraising	169,330	-	-	169,330
	3,629,410	-	1,293	3,630,703
Annuity contracts expense	73,422	-	-	73,422
Total Expenses	3,702,832	-	1,293	3,704,125
Increase (Decrease) in Net Assets	(291,816)	300,556	33,348	42,088
Net Assets, Beginning of Year	3,454,771	414,917	118,270	3,987,958
Net Assets, End of Year	$ 3,162,955	$ 715,473	$ 151,618	$ 4,030,046

	Year Ended March 31, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Public Support				
Contributions	$ 1,750,881	$ 612,709	$ 66,100	$ 2,429,690
Gift annuities	60,917		-	60,917
Net assets released from restrictions	805,326	(805,326)	-	-
Revenue				
Sale of merchandise	308,254	-	-	308,254
Interest & dividend income	22,208	4,781	2,776	29,765
Net realized and unrealized gains	63,245	-	-	63,245
Loss on disposal of assets	(4,696)		-	(4,696)
Other Income	320,561	-	-	320,561
Total Support and Revenues	3,326,696	(187,836)	68,876	3,207,736
Expenses				
Program Services	3,068,643	-	-	3,068,643
General & administrative	278,107	-	606	278,713
Fundraising	187,698	-	-	187,698
	3,534,448	-	606	3,535,054
Annuity contracts expense	55,025	-	-	55,025
Total Expenses	3,589,473	-	606	3,590,079
Increase (Decrease) in Net Assets	(262,777)	(187,836)	68,270	(382,343)
Net Assets, Beginning of Year	3,717,548	602,753	50,000	4,370,301
Net Assets, End of Year	$ 3,454,771	$ 414,917	$ 118,270	$ 3,987,958

See accompanying notes to financial statements.

ECHO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended March 31, 2014 and 2013

	Year Ended March 31, 2014			
	Program Services	Management and General	Fund Raising	Total
Salaries and benefits	$ 1,697,601	$ 222,305	$ 101,048	$ 2,020,954
Merchandise	129,367	-	14,374	143,741
Insurance	63,020	7,414	3,707	74,141
Library	1,855	-	-	1,855
Missionary conferences	49,122	-	-	49,122
Office supplies	27,923	5,171	1,379	34,473
Postage	17,756	1,184	4,735	23,675
Printing & publications	32,436	-	3,604	36,040
Professional fees and contracts	228,167	12,676	12,676	253,519
Public relations	7,684	-	1,356	9,040
Repairs & maintenance	63,831	7,092	-	70,923
Telephone	19,051	1,058	1,058	21,167
Travel	192,658	10,703	10,703	214,064
Utilities	53,309	4,739	1,185	59,233
Depreciation	163,804	18,200	-	182,004
Furnishing & office equipment	46,196	2,566	2,566	51,328
Donated services	62,582	1,936	-	64,518
Laboratory expenses	102,125	-	-	102,125
Other	196,903	10,939	10,939	218,781
Total expenses	$ 3,155,390	$ 305,983	$ 169,330	$ 3,630,703

	Year Ended March 31, 2013			
	Program Services	Management and General	Fund Raising	Total
Salaries and benefits	$ 1,636,479	$ 194,819	$ 116,891	$ 1,948,189
Merchandise	111,136	-	12,348	123,484
Insurance	70,129	8,250	4,125	82,504
Library	1,654	-	-	1,654
Missionary conferences	40,275	-	-	40,275
Office supplies	34,774	6,440	1,717	42,931
Postage	28,647	1,910	7,639	38,196
Printing & publications	63,793	-	7,088	70,881
Professional fees and contracts	152,176	8,454	8,454	169,084
Public relations	6,505	-	1,148	7,653
Repairs & maintenance	62,252	6,917	-	69,169
Telephone	23,104	1,284	1,284	25,672
Travel	210,839	11,713	11,713	234,265
Utilities	57,028	5,069	1,267	63,364
Depreciation	148,829	16,537	-	165,366
Furnishing & office equipment	48,170	2,676	2,676	53,522
Donated services	79,103	3,296	-	82,399
Laboratory expenses	89,487	-	-	89,487
Other	204,263	11,348	11,348	226,959
Total expenses	$ 3,068,643	$ 278,713	$ 187,698	$ 3,535,054

See accompanying notes to financial statements

ECHO, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions	$ 2,185,675	$ 1,891,675
Other revenue	570,937	644,434
Interest and dividends	27,827	29,765
Payments to employees and suppliers	(3,367,216)	(3,113,478)
Net cash used by operating activities	(582,777)	(547,604)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net acquisition/disposal of investments	208,804	103,795
Acquisition of property and equipment	(19,380)	(143,817)
Net cash provided (used) by investing activities	189,424	(40,022)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from annuity agreements	15,000	100,000
Principal payments on capital leases	(29,429)	(20,323)
Payments on annuity agreements	(91,456)	(87,720)
Net cash used by financing activities	(105,885)	(8,043)
NET DECREASE IN CASH	(499,238)	(595,669)
CASH AT BEGINNING OF YEAR	1,917,718	2,513,387
CASH AT END OF YEAR	$ 1,418,480	$ 1,917,718
RECONCILIATION OF NET CASH USED BY OPERATING ACTIVITIES		
Change in net assets	$ 42,088	$ (382,343)
Adjustments to reconcile net assets to net cash used by operating activities:		
Depreciation	182,004	165,366
Loss on disposal of property and equipment	(287)	4,696
Non-cash stock donations	(68,945)	(81,615)
Unrealized/realized gains on securities	(134,495)	(63,245)
Gift annuity adjustments	(21,272)	(5,892)
(Increase) decrease in:		
Inventory	11,303	(23,061)
Accounts receivable	(7,240)	112
Pledges receivable	(5,282)	-
Prepaid expenses and other assets	4,084	4,927
Increase (decrease) in:		
Accounts payable and accrued expenses	(154,235)	158,542
Deferred revenue	(430,500)	(325,091)
Net cash used by operating activities	$ (582,777)	$ (547,604)
SUPPLEMENTAL CASH FLOW INFORMATION		
Non-cash investing activities:		
Equipment financed through capital leases	$ 73,580	$ 54,768

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a). General - ECHO, Inc is a Christian based 501(c)3 not for profit organization based in North Fort Myers, Florida, USA. ECHO provides technical support, training and networking opportunities for those working internationally with the poor. Technical support is provided through multilingual technical documents and quarterly publications as well as direct responses to questions. ECHO also offers seeds for various unique tropical fruits and vegetables along with germplasm for improved varieties of trees. Networking opportunities are provided through various Agricultural Networking Forums or Conferences held in Florida at the International office and at the Chiang Mai, Thailand Regional Office. Special Training opportunities are provided to various development workers and ECHO has an internship program as well. The internship program is a 12 month program offered to 8 interns each year. After the internship, most of the interns move overseas to work with small scale farmers.

ECHO provides public tours of its 50 acre farm in Ft Myers as well as special tours for a wide range of student groups, including students from the local universities. ECHO has developed strategic partnerships with various other international organizations to enhance their ability to serve the poor and ECHO offers consulting services as well.

b). Basis of Presentation - The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net Assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – includes net assets that are available for current operations and are not subject to donor imposed stipulations. Board designated net assets (if any) are amounts segregated by the Board for specific purposes.

Temporarily restricted net assets – include gifts for which donor imposed restrictions have not been met, and trust activities and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently restricted net assets – include gifts for which donor imposed restrictions and cannot be used for any purpose; only the income generated from the gift can be used.

c). Contributions, and Promises to Give - As a not-for-profit organization, the Organization is required to measure contributions received and unconditional promises to give at their fair value and report them as increases in net assets immediately, even if the donor has restricted their use and the restriction will be met in future periods. As a result, contributions are recorded immediately either as an increase in unrestricted net assets, temporarily restricted net assets, or permanently restricted net assets, depending on the nature of the donor restrictions, if any. Amounts that are contributed to the organization as an endowment are considered permanently restricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included in support until the conditions are met.

Contributed property and equipment (if any) is recorded as unrestricted support at its fair value at the date of donation as determined by the organization. If donors stipulate how long the asset is to be used, the contributions are recorded as restricted support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated supplies, materials, publications, etc. are recorded as unrestricted contributions in the period received at fair value. Only such assets with determinable fair value are recorded. Contributed services that require specialized skill (attorneys, accountants, counselors, etc.) are recorded in the Statement of Activities as unrestricted support at their fair value. The organization is the beneficiary of a significant amount of contributed goods and volunteer services.

In addition to the recorded contributed goods and specialized services, the organization was also the beneficiary of generalized volunteer services that did not meet the criteria for recording and, therefore, were not reported within the accompanying financial statements.

d). Investments – The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

e). Endowment Investment and Spending Policies - The Organization's endowment consists of an individual fund established to aid in the maintenance and improvement of the facilities and grounds. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies - The Organization has informally adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of the excess of growth over inflation, if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Spending Policy - The Organization has a policy of spending the amount of growth over the rate of inflation on the principal balance, when possible. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

f). Inventory – Inventory consists of items held for resale and is carried at the lower of cost (average cost) or market. These items include books, gift shop items and plants that have been purchased or propagated.

g). Property and Equipment - Property and equipment are carried at cost, if purchased, or at estimated fair market value at date of receipt if acquired by gift. Expenditures in excess of $2,500 with an estimated useful life in excess of one year are capitalized. Property and equipment are depreciated over their estimated useful lives (3 to 40 years) using the straight-line method. Gifts of long-lived assets (if any) are reported as unrestricted support.

h). Federal Income Taxes - The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and has been determined not to be a private foundation. However, the Organization has gift shop sales that are subject to tax on unrelated business income.

The Organization adopted the provisions of the FASB ASC 740, Income Taxes (formerly Interpretation 48 [FIN 48], "Accounting for Uncertain Tax Positions"). ASC 740 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Organization determined that during the years ended March 31, 2014 and 2013, ASC 740 did not have a material impact on its financial position, activities or cash flows.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-T, *Exempt Organization Business Income Tax Return*, are subject to examination by the IRS, generally for three years after they were filed.

i). Fair Value of Financial Instruments - The Organization's financial instruments consists of cash, money market funds, equity securities, and debt securities. All investment securities are publicly traded and are carried at fair market value.

j). Statement of Functional Expenses - The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

k). Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l). Cash Equivalents - For purposes of the statement of cash flows, Echo, Inc. considers highly liquid investments purchased, including long term certificates of deposit with a maturity of one year or less, to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m). Annuity Obligations – Annuity obligations represent the net present value of gift annuity contracts entered into with donors. The annuities guarantee the donor a specified return for their lifetime based on a stated interest rate for the amount contributed to Echo. Echo records the liability for these obligations based on the actuarial present value of the expected payments for the estimated life expectancy of the donors.

The State of Florida Department of Insurance imposes certain gift annuity asset retainage restrictions. The State of Florida requires organizations to maintain (reserve) specific types of assets in excess of the gift annuity liability. The Organization has ample assets to cover its gift annuity obligations.

NOTE 2 – INVESTMENTS

Investments are carried at fair value based on unadjusted quoted market prices within active markets (all Level 1 inputs). All assets have been valued using a market approach. Investments at March 31, 2014 and 2013 are summarized as follows:

	2014		2013	
	Cost	Fair Market Value	Cost	Fair Market Value
Mutual funds	$ 734,328	$ 900,892	$ 802,584	$ 907,410
Interest in Community Foundation	23,860	23,860	22,706	22,706
	$ 758,188	$ 924,752	$ 825,290	$ 930,116

The following schedule summarizes the investment return in the statement of activities for the years ended March 31, 2014 and 2013:

	2014	2013
Interest and dividends	$ 27,827	$ 29,765
Realized gains	64,976	11,738
Unrealized gains	69,519	51,507
	$ 162,322	$ 93,010

NOTE 3 – INVENTORY

Inventory as of March 31, 2014 and 2013 are summarized as follows:

	2014	2013
Landscape plants, seeds and tropical nursery	$ 60,657	$ 78,823
Books, videos and other merchandise	69,197	62,334
	$ 129,854	$ 141,157

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2014 and 2013 are as follows:

	2014	2013
Land and improvements	$ 991,132	$ 991,132
Buildings and improvements	3,046,944	3,047,840
Furniture and equipment	490,282	424,537
Vehicles	134,160	134,160
Construction in progress	5,910	-
	4,668,428	4,597,669
Less accumulated depreciation	(1,729,527)	(1,565,762)
	$ 2,938,901	$ 3,031,907

Depreciation expense was $182,004 and $165,366 for the years ended March 31, 2014 and 2013, respectively. Furniture and equipment at March 31, 2014 includes $63,123 of computer equipment and $71,005 for copiers for a total of $134,128 recorded under capital leases. Furniture and equipment at March 31, 2013 includes $60,551 of computer equipment and $17,201 for copiers for a total of $77,752 recorded under capital leases. The depreciation expense for the leased computer equipment and copiers at March 31, 2014 and 2013 was $30,561 and $20,078, respectively.

NOTE 5 – DEFERRED REVENUE CONDITIONAL GRANT

The Organization was awarded a grant from an unrelated foundation during the year ended March 31, 2010. The total grant of $1,039,330 provides funding over three years ($355,910 year one, $342,710 year 2, and $340,710 year 3). In addition, the grant was amended to include additional funding of $1,137,400 for the next three years ($412,200 year four, $363,600 year five, $361,600 year six). The grant funding is conditional from year to year based on the Organization's completion of certain grant requirements. During the year ending March 31, 2014 the conditions were met and the grant amount of $412,200 was recorded into income. During the year ending March 31, 2013, the Organization had to return $143,597 in unspent grant funds. As a result, only $197,113 of the amount awarded of $340,710 was recorded into income for fiscal year 2013. In addition, the Organization received the funds for the remaining years of the grant totaling $725,200 during the year ended March 31, 2012, which was included in deferred revenue at March 31, 2014 and 2013 since the conditions of the grant have not been met yet. The cash is required to be maintained in a separate bank account. Included in temporarily restricted net assets was $-0- and $11,400 of unspent funds as of March 31, 2014 and 2013, respectively.

NOTE 6 – CAPITAL LEASE OBLIGATIONS

The Organization leases computers (and related equipment) and a copier under non-cancelable leases that are classified as capital leases. The total capital lease obligation at March 31, 2014 and 2013 is $102,166 and $62,264, respectively. The current and long term portion of the capital lease obligation is $33,559 and $68,607, respectively, at March 31, 2014. The current and long term portion of the capital lease obligation is $24,833 and $37,431, respectively, at March 31, 2013. Future minimum lease payments under capital leases are as follows:

March 31,		
2015	$	36,313
2016		33,221
2017		15,438
2018		15,360
2019		7,680
Total minimum lease payments		108,012
Less amount representing interest		(5,846)
Present value of minimum lease payments	$	102,166

NOTE 7 – LINE OF CREDIT

The Organization entered into a line of credit agreement totaling $500,000 on May 14, 2013. Interest is due on the unpaid principal balance monthly at the Bank's Prime Rate Plus 0.5% (3.75% at March 31, 2014). Principal plus interest was originally due in full on March 14, 2014, but it was renewed until March 2015. The balance at March 31, 2014 was $0.

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the Paul J. Ludwig Endowment Fund, which was established during the year ended March 31, 2012 with a donor-imposed restricted contribution of $50,000. According to the agreement, the principal of $50,000 should increase annually by the rate of inflation and any excess of growth over inflation can be used to aid in the maintenance and improvement of the facilities and grounds of the Organization. At March 31, 2014 and 2013, the permanently restricted net asset balance was $151,618 and $118,270, respectively.

NOTE 9 - IN-KIND REVENUE & EXPENSE

Included as unrestricted support and expense at March 31, 2014 and 2013 are the following in-kind contributions:

		2014		2013
Donated equipment	$	12,216	$	33,291
Donated services		64,518		82,399
Total in-kind revenue and expense	$	76,734	$	115,690

As discussed in NOTE 1, contributed assets, facilities and services are recorded at their estimated fair values. The Organization's board members also contributed approximately 1,700 hours of time to the Organization during the year ended March 31, 2014 and 1,400 hours of time during the year ended March 31, 2013. The financial statements do not reflect the value of the board members' time because it does not meet the recognition criteria of Accounting Standards Codification (ASC) (958-605).

NOTE 10 - RENT EXPENSE & LEASE COMMITMENT

Rent expense in the amount of $25,489 was incurred during the year ended March 31, 2014. Rent expense in the amount of $28,644 was incurred during the year ended March 31, 2013. The Company rents equipment under operating leases. The aggregate future minimum lease payments under these operating leases for the next several years are as follows:

March 31,		
2015	$	3,777
2016		2,648
2017		1,927
2018		1,668
2019		1,668
	$	11,688

NOTE 11 – RETIREMENT PLAN

ECHO has a Retirement Annuity (RA) 403(b) plan. Employees must complete one year of service with ECHO and be at least 21 years old in order to be eligible to participate in this plan. Employer contributions are discretionary. The employer is permitted to make contributions in the amount to be determined from year to year at the discretion of the employer. Total employer contributions for the years ended March 31, 2014 and 2013 were $0.

ECHO also has a Group Supplemental Retirement Annuities (GSRA) 403(b) Plan. Employees must be 21 years of age and work a minimum of 20 hours per week in order to be eligible to participate in the plan. There is no term of service required to participate in the plan. All contributions are to be made by the employee through a salary reduction agreement with the employer (ECHO).

Effective January 1, 2013, ECHO adopted a 401(k) plan in which employees may participate once they have attained 21 years of age and have completed one year of eligible service. Employees may make elective deferral contributions to the plan. ECHO's contributions to the plan are totally discretionary and are determined each year.

During the year ended March 31, 2014 and part of the year ended March 31, 2013, ECHO used an employee leasing company for its employees. ECHO funded $27,134 and $11,001 during the years ended March 31, 2014 and 2013, respectively, to a 401(k) plan sponsored by the employee leasing company.

NOTE 12 – SUBSEQUENT EVENTS

As of July 3, 2014, subsequent borrowings on the Organization's line of credit amounted to $125,000. Subsequent events have been evaluated through the date of the report (July 3, 2014), which is also the date the financial statements were available to be issued.