

EARTHECHO INTERNATIONAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

EARTHECHO INTERNATIONAL, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

CONTENTS

	PAGE
Report of Independent Auditors	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Revenues and Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



REPORT OF INDEPENDENT AUDITORS

Board of Directors
EarthEcho International, Inc.

We have audited the accompanying financial statements of EarthEcho International, Inc., which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional revenues and expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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 EarthEcho International, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Calibre CPA Group, PLLC

Bethesda, MD
August 29, 2018

EARTHECHO INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 204,678
Prepaid expenses	<u>5,051</u>
Total current assets	209,729

PROPERTY AND EQUIPMENT - AT COST,
net of accumulated depreciation of \$52,498

2,942

OTHER ASSETS

Refundable deposit	349
Website development, net of accumulated amortization of \$34,880	<u>64,321</u>

Total assets \$ 277,341

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 31,850
Accrued expenses	<u>4,291</u>
Total liabilities	<u>36,141</u>

NET ASSETS

Unrestricted	74,551
Temporarily restricted	<u>166,649</u>
Total net assets	<u>241,200</u>

Total liabilities and net assets \$ 277,341

See accompanying notes to financial statements.

EARTHECHO INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Contributions	\$ 170,795	\$ 563,765	\$ 734,560
Internet support	499	-	499
License plate support	-	20,496	20,496
Royalties	25,659	-	25,659
Other	2,173	-	2,173
Total revenues	199,126	584,261	783,387
NET ASSETS RELEASED FROM RESTRICTION	682,698	(682,698)	-
Total revenues and other support	881,824	(98,437)	783,387
EXPENSES			
Program services	659,138	-	659,138
Management and general	54,523	-	54,523
Fund raising	78,046	-	78,046
Total expenses	791,707	-	791,707
CHANGE IN NET ASSETS	90,117	(98,437)	(8,320)
NET ASSETS			
Beginning of year	(15,566)	265,086	249,520
End of year	\$ 74,551	\$ 166,649	\$ 241,200

See accompanying notes to financial statements.

EARTHECHO INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fund Raising	Total
REVENUES				
Contributions	\$ 556,522	\$ 178,038	\$ -	\$ 734,560
Internet support	-	499	-	499
License plate support	20,496	-	-	20,496
Royalties	25,000	659	-	25,659
Other	-	2,173	-	2,173
Total revenues	602,018	181,369	-	783,387
EXPENSES				
Accounting	39,089	4,599	2,299	45,987
Bank fees	-	427	-	427
Conferences, conventions and meetings	5,544	3,147	150	8,841
Consultant	14,800	(2,149)	29,556	42,207
Depreciation and amortization	1,944	4,904	114	6,962
Design fees	4,250	2,200	-	6,450
Employee benefits	18,690	8,952	1,579	29,221
Insurance - general	475	3,891	-	4,366
Interest	-	194	-	194
Legal fees	3,570	595	1,015	5,180
Licenses and fees	-	100	-	100
Media development and PSA	76,344	-	-	76,344
Occupancy	6,280	874	369	7,523
Office expense	724	1,028	37	1,789
Other expense	5,035	6,766	8,049	19,850
Payroll processing fees	3,037	570	262	3,869
Payroll taxes	22,206	2,296	1,919	26,421
Postage and shipping	4,452	413	111	4,976
Printing and copying	1,755	1,440	-	3,195
Program expenses	10,989	-	-	10,989
Program marketing	37,386	383	578	38,347
Promotion	124	824	208	1,156
Public relations	25,242	105	-	25,347
Salaries	294,434	12,984	27,522	334,940
Software	32	751	-	783
Specialty plate costs	6,905	-	-	6,905
Supplies	418	569	-	987
Telephone	2,020	366	175	2,561
Travel	52,342	3,148	2,242	57,732
Web hosting and development	21,051	(4,854)	1,861	18,058
Total expenses	659,138	54,523	78,046	791,707
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES				
	\$ (57,120)	\$ 126,846	\$ (78,046)	\$ (8,320)

See accompanying notes to financial statements.

EARTHECHO INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Contributions and grants received	\$ 739,060
Other operating receipts	48,827
Interest paid	(194)
Payments to vendors, suppliers and employees	<u>(793,303)</u>
Net cash used for operating activities	<u>(5,610)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,610)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>210,288</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 204,678</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET	
CASH USED FOR OPERATING ACTIVITIES	
Change in net assets	\$ (8,320)
Adjustments	
Depreciation and amortization	6,962
(Increase) decrease in assets	
Employee advances	4,500
Prepaid expenses	(2,503)
Increase (decrease) in liabilities	
Accounts payable	3,463
Accrued expenses	<u>(9,712)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (5,610)</u>

See accompanying notes to financial statements.

EARTHECHO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

EarthEcho International, Inc. (EEI), a California not-for-profit organization with its offices in Washington, D.C., was originally incorporated in March 2000 as the Philippe Cousteau Foundation, Inc. and changed its name to EarthEcho International, Inc. in August 2004. The organization uses the trade name “EarthEcho” in the course of its normal business operations. EEI was established for the purpose of empowering young people to become involved in learning how to protect and preserve their water planet by providing them with skills and knowledge through the educational process.

EEI’s primary activity during the past few years involved production and distribution of educational materials, training educators and students on the use of those materials, and managing the World Water Monitoring Challenge program. During the current year, EEI worked toward its mission of inspiring young people to act now for a sustainable future. To that end, it continued to focus on our Expedition program, the World Water Monitoring Challenge, and on providing education resources and professional development opportunities to educators and students. In 2017, EarthEcho’s resources continued to equip new generations of leaders and problem solvers to identify and tackle environmental challenges in their own communities and beyond. Our work is focused in three main areas:

Inspiration - EarthEcho’s *STEMExplore* highlights relatable voices and exciting life experiences to make careers in Science, Technology, Engineering and Math (STEM) come alive. *STEMExplore* kindles youth interest in solving problems and becoming critical thinkers about the world around them. The program features a series of interactive videos profiling STEM experts and thought leaders from around the world, meeting a critical need by fostering the next generation of STEM professionals.

Cultivation - EarthEcho’s *Youth Leadership Council* (YLC) is a platform for today’s emerging trailblazers and visionaries in the environmental space. Comprised of 15 diverse leaders from across the country, ages 15-22, each YLC member has demonstrated an ability to engage and mobilize their peers and their communities to change the world. Through EarthEcho’s platforms, YLC members are empowered to develop programs and conduct outreach to youth around the world.

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Activation - The *EarthEcho World Water Monitoring Challenge* is an international program that equips anyone to combat the global water crisis starting in their own communities. Through the simple acts of testing their local water, sharing the results, and taking action to restore and protect this resource, anyone can play a critical role in ensuring the overall health of the environment and our communities. In addition, *EarthEcho Expedition-inspired* Web-based video content, classroom materials, and community action guides put the tools of change at the fingertips of young environmental champions anywhere, anytime.

EEI has adopted the following significant accounting policies:

Basis of Accounting - The financial statements of EEI have been prepared on the accrual basis of accounting.

Support and Revenue - Contributions are recorded when received or when unconditionally promised and are classified as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional. EEI had no conditional promises receivable at December 31, 2017.

Functional Allocation of Expenses - The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities and the statement of functional revenues and expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Cash and Cash Equivalents - Cash consists of monies held in various demand deposit accounts. Cash equivalents include amounts held in money market accounts and all short-term investments with initial maturities of three months or less.

EEI maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000, the total of all accounts held at each separate financial institution. EEI has not experienced any losses, and believes it is not exposed to any significant credit risk on cash and cash equivalents. All bank deposits were fully-insured at December 31, 2017.

Equipment - Property and equipment are recorded at cost or fair market value at date of gift. Furniture and equipment is primarily comprised of computers and equipment for coral research and is stated at cost. Depreciation is provided on a straight-line and declining balance method over the useful lives of the assets (5 - 10 years). The cost of property retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in income.

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Web Site Development - Web site development costs have been capitalized and amortization began when it was ready for its intended use. Maintenance and minor site changes are expensed as incurred. The costs of development are being amortized on the straight-line method over a life of 15 years.

Income Taxes - EEI is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly-supported organization, and is similarly exempt from state income and franchise taxes. EEI has been classified as an organization that is not a private foundation under section 509(a)(1). EEI files federal information returns with the Internal Revenue Service. These returns are no longer subject to audit for years ending before December 31, 2014.

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. Actual results could differ from those estimates.

NOTE 2. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2017 were available to support the following programs:

Water Planet Challenge	\$ 18,352
License Plate Project	19,549
Expedition	<u>128,748</u>
	<u>\$ 166,649</u>

Net assets were released from restriction during 2017 to support the following programs.

Water Planet Challenge	\$ 391,797
Direct to Youth	47,160
License Plate Project	20,089
Expedition	221,252
Stem Explore	<u>2,400</u>
	<u>\$ 682,698</u>

NOTE 3. OPERATING LEASE

EEI leases its office space from a shared office provider in the District of Columbia. The lease calls for basic membership of \$240 per month and then EEI is charged separately for any additional services it requests. The arrangement can be terminated on 30 days notice.

NOTE 4. SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through August 29, 2018, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.