

**TRICKLE UP PROGRAM, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**AUGUST 31, 2012 AND 2011**

**TRICKLE UP PROGRAM, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Trickle Up Program, Inc.

We have audited the accompanying statements of financial position of Trickle Up Program, Inc. (a not-for-profit corporation) as of August 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trickle Up Program, Inc. as of August 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Lutz + Carr, LLP*

New York, New York  
December 12, 2012

**TRICKLE UP PROGRAM, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 12)	\$1,701,371	\$ 468,625
Pledges receivable (Notes 1c and 3)		
Unrestricted	126,862	202,405
Restricted to future programs and periods	316,196	642,936
Other receivables	3,513	6,220
Prepaid expenses and other current assets	51,466	75,206
Investments (Notes 1d, 4 and 5)	1,403,072	1,400,843
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 6)	98,700	133,247
Security deposits	28,174	28,111
	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<u><u>\$3,729,354</u></u>	<u><u>\$2,957,593</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 26,285	\$ 16,214
Salaries and accrued vacation payable	139,198	107,876
Grants payable (Note 1h)	188,003	188,953
Deferred rent (Note 1f)	-	23,771
Security deposits payable	4,800	4,800
Total Liabilities	<u>358,286</u>	<u>341,614</u>
Commitments and Contingencies (Notes 8, 9 and 10)		
Net Assets (Note 2)		
Unrestricted		
Board designated endowment	-	298,665
Board designated operating reserve	1,103,294	-
Undesignated	603,429	592,582
Total Unrestricted	<u>1,706,723</u>	<u>891,247</u>
Temporarily restricted	765,955	826,342
Permanently restricted endowment	898,390	898,390
Total Net Assets	<u>3,371,068</u>	<u>2,615,979</u>
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$3,729,354</u></u>	<u><u>\$2,957,593</u></u>

See notes to financial statements.

## TRICKLE UP PROGRAM, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2012 AND 2011

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Changes in Unrestricted Net Assets</b>								
Operating Support and Revenue								
Contributions	\$ 1,081,851	\$ 945,158	\$ -	\$2,027,009	\$ 1,359,954	\$ 796,824	\$ -	\$2,156,778
Bequests	284	-	-	284	126,382	-	-	126,382
Government grants and contracts	12,037	500,000	-	512,037	14,974	1,066,340	-	1,081,314
Donated services (Note 7)	150,938	-	-	150,938	75,648	-	-	75,648
Fundraising event income, net of direct expenses of \$88,038 (2012) and \$69,387 (2011)	787,217	-	-	787,217	673,559	71,783	-	745,342
Net assets released from restrictions	1,509,610	(1,509,610)	-	-	1,679,020	(1,679,020)	-	-
Interest income - operating accounts	1,608	-	-	1,608	1,603	-	-	1,603
Appropriations to operations	272,453	-	-	272,453	82,937	-	-	82,937
Other income	27,405	-	-	27,405	28,557	-	-	28,557
<b>Total Operating Support and Revenue</b>	<b>3,843,403</b>	<b>(64,452)</b>	<b>-</b>	<b>3,778,951</b>	<b>4,042,634</b>	<b>255,927</b>	<b>-</b>	<b>4,298,561</b>
Expenses								
Program Services	2,806,200	-	-	2,806,200	3,214,254	-	-	3,214,254
Supporting Services								
Management and general	317,584	-	-	317,584	268,450	-	-	268,450
Fundraising	711,326	-	-	711,326	636,156	-	-	636,156
<b>Total Supporting Services</b>	<b>1,028,910</b>	<b>-</b>	<b>-</b>	<b>1,028,910</b>	<b>904,606</b>	<b>-</b>	<b>-</b>	<b>904,606</b>
<b>Total Expenses</b>	<b>3,835,110</b>	<b>-</b>	<b>-</b>	<b>3,835,110</b>	<b>4,118,860</b>	<b>-</b>	<b>-</b>	<b>4,118,860</b>
<b>Increase (Decrease) in Net Assets from Operating Activities</b>	<b>8,293</b>	<b>(64,452)</b>	<b>-</b>	<b>(56,159)</b>	<b>(76,226)</b>	<b>255,927</b>	<b>-</b>	<b>179,701</b>
Non-Operating Activity								
Bequest	1,000,000	-	-	1,000,000	-	-	-	-
Net investment income (Note 4)	23,904	59,797	-	83,701	29,652	86,740	-	116,392
Appropriations to operations	(216,721)	(55,732)	-	(272,453)	(18,545)	(64,392)	-	(82,937)
<b>Total Non-Operating Activity</b>	<b>807,183</b>	<b>4,065</b>	<b>-</b>	<b>811,248</b>	<b>11,107</b>	<b>22,348</b>	<b>-</b>	<b>33,455</b>
<b>Increase (decrease) in net assets</b>	<b>815,476</b>	<b>(60,387)</b>	<b>-</b>	<b>755,089</b>	<b>(65,119)</b>	<b>278,275</b>	<b>-</b>	<b>213,156</b>
Net assets, beginning of year	891,247	826,342	898,390	2,615,979	956,366	548,067	898,390	2,402,823
<b>Net Assets, End of Year</b>	<b>\$ 1,706,723</b>	<b>\$ 765,955</b>	<b>\$ 898,390</b>	<b>\$3,371,068</b>	<b>\$ 891,247</b>	<b>\$ 826,342</b>	<b>\$ 898,390</b>	<b>\$2,615,979</b>

See notes to financial statements.

**TRICKLE UP PROGRAM, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 755,089	\$ 213,156
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	45,898	52,969
Bad debt expense	1,825	3,175
Donated securities	(105,614)	(230,586)
Net gain on sale and disposal of property and equipment	-	(4,796)
Net realized and unrealized gain on investments	(56,968)	(88,932)
(Increase) decrease in:		
Pledges receivable	400,458	(428,380)
Other receivables	2,707	6,131
Prepaid expenses and other current assets	23,740	402
Security deposit	(63)	(597)
Increase (decrease) in:		
Accounts payable and accrued expenses	10,071	(22,989)
Salaries and accrued vacation payable	31,322	6,656
Grants payable	(950)	135,755
Deferred rent	(23,771)	(19,849)
Net Cash Provided (Used) By Operating Activities	<u>1,083,744</u>	<u>(377,885)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	199,570	248,955
Purchases of investments	(39,217)	(23,305)
Proceeds from sale of property and equipment	-	6,708
Acquisition of property and equipment	(11,351)	(70,646)
Net Cash Provided By Investing Activities	<u>149,002</u>	<u>161,712</u>
Net increase (decrease) in cash and cash equivalents	1,232,746	(216,173)
Cash and cash equivalents, beginning of year	<u>468,625</u>	<u>684,798</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$1,701,371</u></u>	<u><u>\$ 468,625</u></u>

See notes to financial statements.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2012 AND 2011**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

Trickle Up Program, Inc. ("Trickle Up") was founded in 1979 and incorporated in 1981 as not-for-profit corporation.

Trickle Up works to create a world in which it is unacceptable for anyone to live in ultrapovertry. We inspire and support the poorest and most vulnerable to build sustainable livelihoods and take their first transformative steps out of ultrapovertry.

Trickle Up empowers people living on less than \$1.25 a day to take the first steps out of poverty, providing them with resources to build sustainable livelihoods for a better quality of life. In partnership with local agencies, Trickle Up provides training and seed capital grants to launch or expand a microenterprise and savings support to build assets.

In addition to managing its global operations from its New York office, Trickle Up maintains branch offices in Burkina Faso, India, and Guatemala.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, Trickle Up considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, excluding those held in its investment portfolio as part of its long-term investment strategies.

c - Contributions and Pledges Receivable

Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Trickle Up uses the allowance method to determine uncollectible pledges receivable. Such allowance is based on prior years' experience and management's analysis of specific pledges made.

d - Investments

Trickle Up reflects investments in marketable securities at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2012 AND 2011**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

d - Investments (continued)

Investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in temporarily restricted net assets, and reclassified to unrestricted net assets when the restrictions are met.

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of Trickle Up. Unobservable inputs reflect Trickle Up's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances. Fair value measurements are categorized into three levels as follows:

- Level 1    Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that Trickle Up has the ability to access at the measurement date.
- Level 2    Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3    Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

e - Property and Equipment

Property and equipment acquired are recorded at cost and are being depreciated using the straight-line method over the estimated useful life of the asset.

f - Deferred Rent

The aggregate of the total minimum lease payments is amortized on the straight-line basis over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of its leases is recorded as deferred rent in the statement of financial position.



**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2012 AND 2011**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

g - Financial Statement Presentation

Trickle Up reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

h - Grant Expense

Unconditional grants to others are accrued at the time authorized. For grants which are conditional on the recipient fulfilling certain obligations prior to receiving funds, grants are accrued at the time those conditions are satisfied.

i - 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. Actual results could differ from those estimates.

j - Subsequent Events

Trickle Up has evaluated subsequent events through December 12, 2012, the date that the financial statements are considered available to be issued.

k - Tax Status

Trickle Up is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Management has evaluated all income tax positions and concluded that no disclosures relating to uncertain tax positions are required in the financial statements. Trickle Up's tax returns for years prior to 2009 are generally no longer subject to examination by taxing authorities.

**Note 2 - Restrictions on Assets**

a - Unrestricted Net Assets - Board Designated Endowment and Reserve

The Board of Directors had established a board designated endowment to supplement its permanently restricted endowment assets. Uses of these funds included annual budgeted appropriations to support operating expenses, discretionary appropriations to fund specific programs and short-term borrowings to fund operating cash flow. As of August 31, 2011, the amount of board designated endowment funds totaled \$305,665. In addition, endowment deficits of \$7,000 as of August 31, 2011 have been included in board designated net assets.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2012 AND 2011**

**Note 2 - Restrictions on Assets (continued)**

- a - Unrestricted Net Assets - Board Designated Endowment and Reserve (continued)  
 During the year ended August 31, 2012, the Board of Directors redesignated its Board Designated Endowment as a Board Designated Operating Reserve and established a policy to set forth the uses of the reserve, including borrowings for use in operations and to fund approved programmatic and operating initiatives. The Board of Directors has also designated a \$1 million bequest, received on August 29, 2012, towards this reserve.

Appropriations for use in operations for the year ended August 31, 2012 totaled \$216,721.

- b - Temporarily Restricted Net Assets  
 Temporarily restricted net assets are restricted for future programs and periods and consist of the following:

	<u>2012</u>	<u>2011</u>
Grants and contributions	\$598,455	\$662,907
Accumulated investment earnings	<u>167,500</u>	<u>163,435</u>
	<u>\$765,955</u>	<u>\$826,342</u>

- c - Permanently Restricted Net Assets  
 Permanently restricted net assets consist of endowment contributions received from donors stipulating that the principal be retained in perpetuity and specifying that investment earnings be used for Trickle Up's general operations or specific programs as designated by the donor.

**Note 3 - Pledges Receivable**

- a - Pledges receivable are due as follows:

	<u>2012</u>	<u>2011</u>
Due within one year	\$383,058	\$765,341
Due within one to five years	<u>60,000</u>	<u>80,000</u>
	<u>\$443,058</u>	<u>\$845,341</u>

Uncollectible pledges are expected to be insignificant.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2012 AND 2011**

**Note 3 - Pledges Receivable (continued)**

b - Trickle Up has received a grant from the United States Agency for International Development ("USAID") in support of its program activities in Mali. The total estimated amount of this grant is \$3.769 million, covering a five year period. For the five-year period through August 31, 2012, \$3.369 million has been recognized as revenue in Trickle Up's financial statements. The remaining balance of \$400,000 is not expected to be obligated due to the suspension of program funding for activities in Mali by USAID (Note 9b). This amount has accordingly not been recognized in the accompanying financial statements.

**Note 4 - Investments**

Investments, all of which are Level 1 within the fair value hierarchy used to measure their respective fair values, consist of the following at August 31:

	<u>2012</u>		<u>2011</u>	
	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Cost Basis</u>	<u>Fair Value</u>
Money market funds and cash held for investments	\$ 423,783	\$ 423,783	\$ 457,057	\$ 457,057
Exchange traded funds - equities	749,932	978,820	710,959	884,094
Certificates of deposit	469	469	4,921	4,921
Preferred stocks	-	-	61,832	54,771
	<u>\$1,174,184</u>	<u>\$1,403,072</u>	<u>\$1,234,769</u>	<u>\$1,400,843</u>

Net investment income consisted of the following:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$26,733	\$27,460
Net realized loss on sale of investments	(5,847)	(1,473)
Net unrealized gain on investments	<u>62,815</u>	<u>90,405</u>
Net Investment Income	<u>\$83,701</u>	<u>\$116,392</u>

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2012 AND 2011**

**Note 5 - Endowment Funds**

Trickle Up's endowment funds are donor-restricted endowment funds and are described in Note 2c. 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. During the year ended August 31, 2012, the Board of Directors re-designated its Board Designated Endowment as a Board Designated Operating Reserve.

Consistent with Connecticut General Statutes and the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), Trickle Up 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 any 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 Trickle Up.

In accordance with UPMIFA, Trickle Up considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of Trickle Up and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of Trickle Up; and
- (vii) the investment policy of Trickle Up

Trickle Up's endowment funds composition, by type of fund and net asset classification, are summarized as follows at August 31:

	<b>2012</b>			<b>Total</b>
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	
Donor-restricted endowment funds	<u>\$(2,736)</u>	<u>\$167,500</u>	<u>\$898,390</u>	<u>\$1,063,154</u>
	<b>2011</b>			
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Total</u></b>
Donor-restricted endowment funds	\$ (7,000)	\$163,435	\$898,390	\$1,054,825
Board Designated Endowment funds	<u>305,665</u>	-	-	<u>305,665</u>
Total Endowment Funds	<u>\$298,665</u>	<u>\$163,435</u>	<u>\$898,390</u>	<u>\$1,360,490</u>

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2012 AND 2011**

**Note 5 - Endowment Funds (continued)**

Changes in Trickle Up's endowment funds for the years ended August 31, 2012 and 2011 are summarized as follows:

	<b>2012</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Endowment funds, beginning of year	<u>\$298,665</u>	<u>\$163,435</u>	<u>\$898,390</u>	<u>\$1,360,490</u>
Investment Return:				
Investment income	-	23,037	-	23,037
Net realized and unrealized gains on investments	<u>7,000</u>	<u>36,760</u>	<u>-</u>	<u>43,760</u>
Total Investment Return	<u>7,000</u>	<u>59,797</u>	<u>-</u>	<u>66,797</u>
Appropriation and release of endowment assets for expenditure	<u>(2,736)</u>	<u>(55,732)</u>	<u>-</u>	<u>(58,468)</u>
Transfer to Board Designated Reserve	<u>(305,665)</u>	<u>-</u>	<u>-</u>	<u>(305,665)</u>
Endowment Funds, End of Year	<u>\$ (2,736)</u>	<u>\$167,500</u>	<u>\$898,390</u>	<u>\$1,063,154</u>
	<b>2011</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Endowment funds, beginning of year	<u>\$294,993</u>	<u>\$141,087</u>	<u>\$898,390</u>	<u>\$1,334,470</u>
Investment Return:				
Investment income	5,185	20,164	-	25,349
Net realized and unrealized gains on investment	<u>17,032</u>	<u>66,576</u>	<u>-</u>	<u>83,608</u>
Total Investment Return	<u>22,217</u>	<u>86,740</u>	<u>-</u>	<u>108,957</u>
Appropriation and release of endowment assets for expenditure	<u>(18,545)</u>	<u>(64,392)</u>	<u>-</u>	<u>(82,937)</u>
Endowment Funds, End of Year	<u>\$298,665</u>	<u>\$163,435</u>	<u>\$898,390</u>	<u>\$1,360,490</u>

The fair value of assets associated with individual donor restricted endowment funds may fall below the level required to be retained as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$2,736 and \$7,000 as of August 31, 2012 and 2011, respectively. These deficiencies resulted from unfavorable market fluctuations.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5 - Endowment Funds (continued)**

Trickle Up has adopted investment and spending policies for endowment assets that seek to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Trickle Up must hold in perpetuity. Under this strategy, managed by the Finance Committee, assets are invested in cash, US Government obligations, exchange traded funds, mutual funds or index funds. The equity portion of the portfolio is invested in funds which endeavor to follow market indices. Any fixed income portion is invested in instruments that are either comprised of US government obligations, or are otherwise insured by the United States federal government. Trickle Up has a policy of appropriating for distribution each year 6% of the fair value of the endowment funds.

**Note 6 - Property and Equipment**

Property and equipment consisted of the following at August 31:

	<u>Life</u>	<u>2012</u>	<u>2011</u>
New York office - property, equipment and website	3-10 years	\$274,490	\$263,139
Field offices - property and equipment	3-10 years	<u>176,611</u>	<u>176,611</u>
		451,101	439,750
Less: Accumulated depreciation		<u>(352,401)</u>	<u>(306,503)</u>
		<u>\$ 98,700</u>	<u>\$133,247</u>

Depreciation expense for years ended August 31, 2012 and 2011 was \$45,898 and \$52,969, respectively.

**Note 7 - Donated Services**

Trickle Up received donated services in connection with its program and supporting services as follows:

	<u>2012</u>	<u>2011</u>
Legal	\$ 14,593	\$19,923
Public Relations	18,000	-
Advertising	<u>118,345</u>	<u>55,725</u>
	<u>\$150,938</u>	<u>\$75,648</u>

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 7 - Donated Services (continued)**

Trickle Up also receives donated services from a variety of unpaid volunteers assisting in its operations. The accompanying financial statements do not reflect these contributed services, as they do not meet the requirements for recognition.

**Note 8 - Conditional Grant Commitments**

Trickle Up provides grants to participants to assist them in starting or expanding a business or income generating activity. These grants range from roughly \$100 in Central America and Africa, to approximately \$235 in India, where the grant is disbursed over a three year period. An initial conditional grant of approximately \$80 to \$140 is provided to participants when they begin the program. Subsequent payments may be subject to certain conditions, including the receipt of a Business Report or a monitoring report on the progress of the livelihood activity. Since the disbursement of grants is contingent on the participant satisfying certain conditions, these grant commitments have accordingly not been recorded as a liability in the accompanying financial statement. As of August 31, 2012 and 2011, those conditional grant commitments totaled approximately \$129,147 and \$76,554, respectively.

**Note 9 - Commitments and Contingencies**

a - Trickle Up occupies office space in New York under a lease through July 31, 2014 and also occupies office space for its branch offices. The leases provide for minimum annual rentals as follows:

Year ending August 31, 2013	\$181,000
Thereafter, through July 31, 2014	176,000

Rent expense for the years ended August 31, 2012 and 2011 was \$163,538 and \$159,500, respectively.

b - Trickle Up's program operations in Mali were interrupted by a military coup on March 22, 2012. Just prior to the coup, USAID was processing the final \$400,000 obligation to Trickle Up anticipated under a \$3.7 million cooperative agreement that had commenced in September 2007 and was scheduled for completion on August 31, 2012. In addition, USAID had just obligated \$300,000 to Trickle Up for a new project serving people with disabilities in Mali.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2012 AND 2011**

**Note 9 - Commitments and Contingencies (continued)**

b - (continued)

Due to the events in Mali, USAID notified Trickle Up that it was suspending activity for both Trickle Up programs. As a result, Trickle Up was unable to complete program activities already underway at the time of the coup. In late August, USAID informed Trickle Up that its cooperative agreement would not be extended beyond the initial August 31 expiration date and instructed Trickle Up to complete standard USAID grant close-out procedures. Every effort was made to ensure that obligations to funders, local partners and to participants were discharged to the best of Trickle Up's ability. All funds directly expended or transferred prior to the coup to local partners for program implementation have been recognized as a program expense in the accompanying statement of activities, and a corresponding amount of revenue from USAID has been recognized accordingly.

In the financial statements for fiscal year 2012, the new disabilities grant from USAID has not been recognized as income because of uncertainty regarding Trickle Up's ability to implement the planned program.

Subsequent to the close of the fiscal year, Trickle Up closed its office in Mali and moved its West Africa base of operations to Ouagadougou, Burkina Faso.

c - Government supported programs are subject to audit by the applicable granting agencies.

**Note 10 - Retirement Plan**

Trickle Up has a 403(b) retirement plan for all eligible employees. Trickle Up contributes 4% and an additional one-to-one match of employee contributions up to 4% of the employee's salary. Pension expense under these plans amounted to \$66,862 and \$71,056 for the years ended August 31, 2012 and 2011, respectively.

**Note 11 - Functional Allocation of Expenses**

The cost of providing the various program and the supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.



**TRICKLE UP PROGRAM, INC.**  
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**AUGUST 31, 2012 AND 2011**

**Note 12 - Concentration and Credit Risk**

Cash balances in the United States, which comprise the majority of Trickle Up's cash balances, are maintained in two financial institutions and are insured by the Federal Deposit Insurance Corporation. Balances commonly exceed insured limits. Trickle Up also maintains bank accounts in Mali, India and Guatemala. There is no loss insurance on these accounts. The balance of these accounts at August 31, 2012 and 2011 was approximately \$35,000 and \$79,000, respectively.

**SUPPLEMENTARY INFORMATION**



**LUZ AND CARR**

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**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Trickle Up Program, Inc.

We have audited the financial statements of Trickle Up Program, Inc. for August 31, 2012 and 2011 and have issued our report thereon dated December 12, 2012, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses for the years ended August 31, 2012 and 2011 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lutz + Carr, LLP*

New York, New York  
December 12, 2012

## TRICKLE UP PROGRAM, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2012

	Program Services				Supporting Services			Total Expenses	
	Africa Program	Asia Program	Americas Program	Public Education	Total	Management and General	Fundraising		Total
Grants	\$ 97,583	\$216,788	\$ 92,108	\$ -	\$ 406,479	\$ -	\$ -	\$ -	\$ 406,479
Training and technical assistance	17,607	12,688	12,060	-	42,355	-	-	-	42,355
Partner support	213,146	58,971	52,030	-	324,147	-	-	-	324,147
Salaries, payroll taxes and employee benefits	425,780	383,785	371,197	110,997	1,291,759	197,380	486,423	683,803	1,975,562
Travel	97,438	31,714	42,891	266	172,309	3,120	13,168	16,288	188,597
Printing and publications	-	-	-	9,978	9,978	-	14,913	14,913	24,891
Postage and delivery	349	206	316	132	1,003	607	1,180	1,787	2,790
Fundraising event expenses	-	-	-	-	-	-	68,697	68,697	68,697
Professional fees	8,558	14,509	35,888	2,086	61,041	55,929	15,592	71,521	132,562
Legal	3,648	3,648	3,798	-	11,094	3,648	-	3,648	14,742
Occupancy	48,158	30,475	38,105	13,289	130,027	15,930	54,013	69,943	199,970
Office expenses	44,783	15,260	19,564	13,087	92,694	10,496	25,506	36,002	128,696
Public relations	769	-	146	137,422	138,337	-	-	-	138,337
Insurance	16,598	9,129	11,460	730	37,917	875	3,205	4,080	41,997
Vehicle maintenance	22,826	-	1,677	-	24,503	-	-	-	24,503
Depreciation and amortization	19,295	4,825	12,153	1,086	37,359	4,126	4,413	8,539	45,898
Other expenses	3,034	6,883	10,957	4,324	25,198	25,473	24,216	49,689	74,887
Total Expenses	<u>\$1,019,572</u>	<u>\$788,881</u>	<u>\$704,350</u>	<u>\$ 293,397</u>	<u>\$2,806,200</u>	<u>\$ 317,584</u>	<u>\$ 711,326</u>	<u>\$1,028,910</u>	<u>\$3,835,110</u>

See independent auditors' report on supplementary information.

## TRICKLE UP PROGRAM, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2011

	Program Services				Total	Supporting Services			Total Expenses
	Africa Program	Asia Program	Americas Program	Public Education		Management and General	Fundraising	Total	
Grants	\$ 424,714	\$284,456	\$115,736	\$ -	\$824,906	\$ -	\$ -	\$ -	\$ 824,906
Training and technical assistance	72,244	9,492	9,584	-	91,320	-	-	-	91,320
Partner support	130,472	97,635	41,876	-	269,983	-	-	-	269,983
Salaries, payroll taxes and employee benefits	473,447	367,746	392,023	128,443	1,361,659	168,205	454,368	622,573	1,984,232
Travel	91,692	30,226	21,493	263	143,674	3,026	7,303	10,329	154,003
Printing and publications	115	-	-	13,427	13,542	-	11,916	11,916	25,458
Postage and delivery	239	144	402	2,094	2,879	584	4,081	4,665	7,544
Fundraising event expenses	-	-	-	-	-	-	64,404	64,404	64,404
Professional fees	10,573	18,821	10,930	28,098	68,422	40,450	12,289	52,739	121,161
Legal	4,981	4,981	6,391	1,575	17,928	4,981	-	4,981	22,909
Occupancy	46,977	38,767	41,074	15,915	142,733	13,138	40,603	53,741	196,474
Office expenses	26,447	15,382	22,681	11,234	75,744	10,686	18,534	29,220	104,964
Public relations	6,856	-	213	57,848	64,917	-	-	-	64,917
Insurance	17,722	8,909	10,813	991	38,435	1,148	2,967	4,115	42,550
Vehicle maintenance	15,128	-	5,700	-	20,828	-	-	-	20,828
Depreciation	30,736	3,043	10,009	1,469	45,257	3,965	3,747	7,712	52,969
Other expenses	10,562	9,280	8,648	3,537	32,027	22,267	15,944	38,211	70,238
Total Expenses	<u>\$1,362,905</u>	<u>\$888,882</u>	<u>\$697,573</u>	<u>\$264,894</u>	<u>\$3,214,254</u>	<u>\$ 268,450</u>	<u>\$ 636,156</u>	<u>\$904,606</u>	<u>\$4,118,860</u>

See independent auditors' report on supplementary information.