

**TRICKLE UP PROGRAM, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**AUGUST 31, 2015 AND 2014**

**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 financial statements of Trickle Up Program, Inc. (a nonprofit corporation), which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities 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.

### **Auditors' 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 of 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 auditors' 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 Trickle Up Program, Inc. as of August 31, 2015 and 2014, 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.

*Lotz + Carr, LLP*

New York, New York  
January 14, 2016

**TRICKLE UP PROGRAM, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 14)	\$1,165,914	\$ 855,078
Pledges receivable (Notes 1c and 3)		
Unrestricted	24,833	38,721
Restricted to future programs and periods	442,296	498,479
Other receivables	1,885	12,386
Prepaid expenses and other current assets	46,024	63,018
Investments (Notes 1d, 4 and 7)	2,387,602	2,221,935
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 8)	38,184	55,522
Security deposits	<u>39,550</u>	<u>40,095</u>
<b>Total Assets</b>	<u><u>\$4,146,288</u></u>	<u><u>\$3,785,234</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 26,117	\$ 47,241
Salaries and accrued vacation payable	134,724	154,285
Refundable grant (Note 5)	56,869	56,869
Refundable advance (Note 6)	250,000	250,000
Security deposits payable	<u>4,800</u>	<u>4,800</u>
Total Liabilities	<u>472,510</u>	<u>513,195</u>
Commitments and Contingencies (Notes 5, 6, 10, 11 and 12)		
Net Assets (Note 2)		
Unrestricted		
Board designated operating reserve	738,933	786,580
Undesignated	<u>732,222</u>	<u>360,473</u>
Total Unrestricted	1,471,155	1,147,053
Temporarily restricted	929,233	1,226,596
Permanently restricted endowment	<u>1,273,390</u>	<u>898,390</u>
Total Net Assets	<u>3,673,778</u>	<u>3,272,039</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$4,146,288</u></u>	<u><u>\$3,785,234</u></u>

See notes to financial statements.

**TRICKLE UP PROGRAM, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED AUGUST 31, 2015 AND 2014**

	2015			2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Changes in Unrestricted Net Assets</b>								
Operating Support and Revenue								
Contributions	\$ 1,022,030	\$ 785,854	\$ -	\$ 1,807,884	\$ 1,214,290	\$ 790,247	\$ -	\$2,004,537
Bequests	10,000	-	375,000	385,000	-	-	-	-
Government grants and contracts	11,238	-	-	11,238	13,185	169,475	-	182,660
Technical assistance grant contract	-	335,241	-	335,241	-	233,309	-	233,309
Donated services (Note 9)	346,494	-	-	346,494	269,407	-	-	269,407
Fundraising event income, net of direct expenses of \$123,471 (2015) and \$79,910 (2014)	981,339	-	-	981,339	734,799	-	-	734,799
Net assets released from restrictions	1,285,894	(1,285,894)	-	-	1,008,206	(1,008,206)	-	-
Interest income - operating accounts	1,647	-	-	1,647	1,547	-	-	1,547
Appropriations to operations	77,610	-	-	77,610	64,080	-	-	64,080
Other income	32,921	-	-	32,921	31,720	-	-	31,720
<b>Total Operating Support and Revenue</b>	<b>3,769,173</b>	<b>(164,799)</b>	<b>375,000</b>	<b>3,979,374</b>	<b>3,337,234</b>	<b>184,825</b>	<b>-</b>	<b>3,522,059</b>
Expenses								
Program Services	2,457,564	-	-	2,457,564	2,515,197	-	-	2,515,197
Supporting Services								
Management and general	348,275	-	-	348,275	296,666	-	-	296,666
Fundraising	581,020	-	-	581,020	555,167	-	-	555,167
Total Supporting Services	929,295	-	-	929,295	851,833	-	-	851,833
<b>Total Expenses</b>	<b>3,386,859</b>	<b>-</b>	<b>-</b>	<b>3,386,859</b>	<b>3,367,030</b>	<b>-</b>	<b>-</b>	<b>3,367,030</b>
Increase (Decrease) in Net Assets from Operating Activities	382,314	(164,799)	375,000	592,515	(29,796)	184,825	-	155,029
Non-Operating Activity								
Net investment income (loss) (Note 4)	(43,212)	(69,954)	-	(113,166)	159,390	188,754	-	348,144
Appropriations to operations	(15,000)	(62,610)	-	(77,610)	-	(64,080)	-	(64,080)
<b>Total Non-Operating Activity</b>	<b>(58,212)</b>	<b>(132,564)</b>	<b>-</b>	<b>(190,776)</b>	<b>159,390</b>	<b>124,674</b>	<b>-</b>	<b>284,064</b>
Increase (decrease) in net assets	324,102	(297,363)	375,000	401,739	129,594	309,499	-	439,093
Net assets, beginning of year	1,147,053	1,226,596	898,390	3,272,039	1,017,459	917,097	898,390	2,832,946
<b>Net Assets, End of Year</b>	<b>\$ 1,471,155</b>	<b>\$ 929,233</b>	<b>\$ 1,273,390</b>	<b>\$ 3,673,778</b>	<b>\$ 1,147,053</b>	<b>\$ 1,226,596</b>	<b>\$ 898,390</b>	<b>\$3,272,039</b>

See notes to financial statements.

**TRICKLE UP PROGRAM, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 401,739	\$439,093
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	29,919	42,021
Bad debt expense	4,617	9,990
Donated securities	(78,388)	(83,941)
Net realized and unrealized (gain) loss on investments	154,021	(304,440)
(Increase) decrease in:		
Pledges receivable	65,454	49,524
Other receivables	10,501	(8,531)
Prepaid expenses and other current assets	16,994	(14,600)
Security deposits	545	(11,759)
Increase (decrease) in:		
Accounts payable and accrued expenses	(21,124)	21,227
Salaries and accrued vacation payable	(19,561)	37,145
Refundable grant	-	56,869
Refundable advance	-	250,000
Net Cash Provided By Operating Activities	<u>564,717</u>	<u>482,598</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	544,047	248,875
Purchases of investments	(785,347)	(410,955)
Acquisition of property and equipment	(12,581)	(10,262)
Net Cash Used By Investing Activities	<u>(253,881)</u>	<u>(172,342)</u>
Net increase in cash and cash equivalents	310,836	310,256
Cash and cash equivalents, beginning of year	<u>855,078</u>	<u>544,822</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$1,165,914</u>	<u>\$855,078</u>

See notes to financial statements.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015 AND 2014**

**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's program activities include the following:

Program Implementation: the delivery and management of the Trickle Up core programs in West Africa, India and Central America, including training, seed capital grants, local partner support, and field office operations.

Program Support: program design, program management, monitoring and evaluation, partnership development, reporting and other expenses required for Trickle Up headquarters to support the Trickle Up core program.

Technical Assistance: providing assistance to other organizations in applying Trickle Up expertise in ultrapovertry and livelihoods in the design and management of programs.

Research: discrete research projects conducted by Trickle Up to improve the quality and evidence base for programs serving people living in ultrapovertry.

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, when necessary, is based on prior years' experience and management's analysis of specific pledges made.



**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015 AND 2014**

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

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.

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 - 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.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015 AND 2014**

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

g - 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.

h - 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.

i - Subsequent Events

Trickle Up has evaluated subsequent events through January 14, 2016, the date that the financial statements are considered available to be issued.

j - 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 are generally subject to examination by taxing authorities for a period of three years from the date of filing.

**Note 2 - Restrictions on Assets**

a - Unrestricted Net Assets - Board Designated Operating Reserve

Trickle Up maintains a Board Designated Operating Reserve, and has adopted a policy to set forth its uses, including borrowings for use in operations and to fund approved programmatic and operating initiatives.

Appropriations of \$15,000 were approved for use in operations for the year ended August 31, 2015.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for future programs and periods and consist of the following:

	<u>2015</u>	<u>2014</u>
Grants and contributions	\$872,334	\$1,037,133
Accumulated investment earnings	<u>56,899</u>	<u>189,463</u>
	<u>\$929,233</u>	<u>\$1,226,596</u>

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015 AND 2014**

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

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**

Pledges receivable are due within one year. Uncollectible pledges are expected to be insignificant.

**Note 4 - Investments**

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

	<u>2015</u>		<u>2014</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	\$ 76,498	\$ 76,498	\$ 273,690	\$ 273,690
Exchange traded funds - equities	1,517,389	1,963,898	1,336,813	1,947,732
Exchange traded funds - fixed income	350,779	346,692	-	-
Certificates of deposit	<u>514</u>	<u>514</u>	<u>513</u>	<u>513</u>
	<u>\$1,945,180</u>	<u>\$2,387,602</u>	<u>\$1,611,016</u>	<u>\$2,221,935</u>

Net investment income (loss) consisted of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 40,855	\$ 43,704
Net realized gain on sale of investments	14,476	58,635
Net unrealized gain (loss) on investments	<u>(168,497)</u>	<u>245,805</u>
Net Investment Income (Loss)	<u>\$(113,166)</u>	<u>\$348,144</u>

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015 AND 2014**

**Note 5 - Refundable Grant**

Trickle Up's program operations in Mali were interrupted by a military coup on March 22, 2012. Due to the event and subsequent political unrest in Mali, USAID notified Trickle Up that it was suspending activity for Trickle Up's program there. 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 were recognized as a program expense for the year ended August 31, 2012, and a corresponding amount of revenue from USAID was recognized accordingly. During the year ended August 31, 2013, Trickle Up submitted the required reporting under this USAID grant. During the year ended August 31, 2014, Trickle Up received notification from USAID that a portion of these expenses were being disallowed, and requesting reimbursement totaling \$78,865. Trickle Up had requested that local partners return grant funds, and have received funds totaling \$31,708, which are reflected as a refundable grant as of August 31, 2015 and 2014 pending repayment to USAID. In April 2014, Trickle Up submitted a formal appeal to USAID proposing that \$56,869 in unallowable costs be refunded to USAID. Accordingly, this amount has been accrued in the accompanying financial statements as of August 31, 2015 and 2014. In November 2015, Trickle Up received correspondence from USAID that the appeal was still under review.

**Note 6 - Refundable Advance**

Trickle Up received a term endowment grant in the amount of \$250,000. The grant has a five year term expiring on March 31, 2019. Upon the expiration of the term, the donor has the right to redesignate the endowment. Accordingly, this amount has been recognized as a refundable advance in the accompanying financial statements. During the term of the grant, Trickle Up may use any investment earnings for its general operations.

**Note 7 - 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.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015 AND 2014**

**Note 7 - Endowment Funds (continued)**

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>2015</b>		
	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Total</u></b>
Donor-restricted endowment funds	<u>\$56,899</u>	<u>\$1,273,390</u>	<u>\$1,330,289</u>
	<b>2014</b>		
	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Total</u></b>
Donor-restricted endowment funds	<u>\$189,463</u>	<u>\$898,390</u>	<u>\$1,087,853</u>

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

Changes in Trickle Up's endowment funds for the years ended August 31, 2015 and 2014 are summarized as follows:

	<b>2015</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Endowment funds, beginning of year	\$ -	\$189,463	\$ 898,390	\$1,087,853
Investment Return:				
Investment income	-	19,857	-	19,857
Net realized and unrealized losses on investments	-	(89,811)	-	(89,811)
Total Investment Return	-	( 69,954)	-	(69,954)
Contribution	-	-	375,000	375,000
Appropriation and release of endowment assets for expenditure	-	(62,610)	-	(62,610)
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$ 56,899</u>	<u>\$1,273,390</u>	<u>\$1,330,289</u>
	<b>2014</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment funds, beginning of year	\$ -	\$ 64,789	\$898,390	\$ 963,179
Investment Return:				
Investment income	-	22,672	-	22,672
Net realized and unrealized gains on investment	-	166,082	-	166,082
Total Investment Return	-	188,754	-	188,754
Appropriation and release of endowment assets for expenditure	-	(64,080)	-	(64,080)
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$189,463</u>	<u>\$898,390</u>	<u>\$1,087,853</u>

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 average fair value for the preceding twelve quarters.

**TRICKLE UP PROGRAM, INC.**  
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**Note 8 - Property and Equipment**

Property and equipment consisted of the following at August 31:

	<u>Life</u>	<u>2015</u>	<u>2014</u>
New York office - property, equipment and website	3-10 years	\$325,151	\$312,570
Field offices - property and equipment	3-10 years	<u>104,475</u>	<u>104,475</u>
		429,626	417,045
Less: Accumulated depreciation		<u>(391,442)</u>	<u>(361,523)</u>
		<u>\$ 38,184</u>	<u>\$ 55,522</u>

Depreciation expense for years ended August 31, 2015 and 2014 was \$29,919 and \$42,021, respectively.

**Note 9 - Donated Services**

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

	<u>2015</u>	<u>2014</u>
Legal	\$197,822	\$ 119,781
Video production	67,700	90,906
Translation	14,802	-
Advertising	<u>66,170</u>	<u>58,720</u>
	<u>\$346,494</u>	<u>\$269,407</u>

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.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 10 - Conditional Grant Commitments**

Pursuant to the terms of memorandums of understanding with its local implementing partner organizations, Trickle Up provides grants to its local partners to implement programmatic activities. These activities primarily consist of making grants to individual participants to assist them in starting or expanding a business or income generating activity. Trickle Up provides funding to its partners to make grants and support program implementation costs. Payments are due to partners based on a schedule related to program implementation, with each payment subject to partner satisfying certain conditions, programmatic and reporting requirements. Trickle Up expects to provide funding of approximately \$142,319 during the year ending August 31, 2016 pursuant to its existing memorandums of understanding. These amounts have not been recorded as a liability in the accompanying financial statements since they are conditional.

**Note 11 - Commitments and Contingencies**

a - Trickle Up occupies office space in New York under a lease through July 31, 2018 and also occupies office space for its branch offices. The leases provide for minimum annual rentals as follows.

<u>Year Ending August 31,</u>	
2016	\$228,625
2017	223,814
Thereafter, through July 31, 2018	204,226

Rent expense for the years ended August 31, 2015 and 2014 was \$231,533 and \$214,965, respectively.

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

**Note 12 - Retirement Plan**

Trickle Up has a 403(b) retirement plan for all eligible employees. Trickle Up contributes a one-to-one match of employee contributions up to 4% of the employee's salary, and may make additional discretionary contributions up to 4% of employees' salary. Pension expense under this plan amounted to \$39,486 and \$34,526 in matching contributions for the years ended August 31, 2015 and 2014, respectively. There were no discretionary contributions made in either year.



**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015 AND 2014**

**Note 13 - Functional Allocation of Expenses**

The cost of providing the various program and 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.

**Note 14 - 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 Burkina Faso, India and Guatemala. There is no loss insurance on these accounts. The balance of these accounts at August 31, 2015 and 2014 was approximately \$66,800 and \$35,200, respectively.

**SUPPLEMENTARY INFORMATION**



**LUTZ AND CARR**

CERTIFIED PUBLIC ACCOUNTANTS, LLP  
300 EAST 42ND ST., NEW YORK, NY 10017  
212-697-2299 Fax 212-949-1768

**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. as of and for the years ended August 31, 2015 and 2014, and our report thereon dated January 14, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted 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, 2015 and 2014 are presented for 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  
January 14, 2016

**TRICKLE UP PROGRAM, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2015**

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total Expenses</u>	
	<u>Program Implementation</u>	<u>Program Support</u>	<u>Technical Assistance</u>	<u>Research</u>	<u>Public Education</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>		<u>Total</u>
Grants and partner support	\$ 174,412	\$ -	\$ 22,500	\$ 61,537	\$ -	\$ 258,449	\$ -	\$ -	\$ -	\$ 258,449
Training and technical assistance	16,606	180	6,573	10,432	-	33,791	-	-	-	33,791
Salaries, payroll taxes and employee benefits	197,581	412,279	260,734	203,169	99,422	1,173,185	195,833	399,934	595,767	1,768,952
Travel	37,863	34,330	56,779	38,889	1,842	169,703	6,414	3,216	9,630	179,333
Professional fees	22,040	24,687	50,347	61,672	17,456	176,202	37,696	34,785	72,481	248,683
Legal	1,167	158,257	-	-	-	159,424	39,564	-	39,564	198,988
Occupancy	19,277	66,396	27,411	31,114	19,377	163,575	33,208	67,246	100,454	264,029
Office expenses	22,711	21,657	15,837	19,246	13,986	93,437	15,978	27,549	43,527	136,964
Public relations	572	-	-	-	139,406	139,978	-	11,866	11,866	151,844
Insurance	2,968	16,280	6,109	7,978	1,195	34,530	1,874	3,321	5,195	39,725
Depreciation	2,551	7,811	2,857	3,166	2,231	18,616	3,840	7,463	11,303	29,919
Other expenses	4,342	11,962	6,909	12,197	1,264	36,674	13,868	25,640	39,508	76,182
<b>Total Expenses</b>	<b>\$ 502,090</b>	<b>\$753,839</b>	<b>\$456,056</b>	<b>\$449,400</b>	<b>\$296,179</b>	<b>\$2,457,564</b>	<b>\$ 348,275</b>	<b>\$ 581,020</b>	<b>\$929,295</b>	<b>\$3,386,859</b>

**TRICKLE UP PROGRAM, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2014**

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total Expenses</u>	
	<u>Program Implementation</u>	<u>Program Support</u>	<u>Technical Assistance</u>	<u>Research</u>	<u>Public Education</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>		<u>Total</u>
Grants and partner support	\$ 427,690	\$ -	\$ -	\$ -	\$ -	\$ 427,690	\$ -	\$ -	\$ -	\$ 427,690
Training and technical assistance	31,172	2,260	343	7,108	-	40,883	-	-	-	40,883
Salaries, payroll taxes and employee benefits	286,913	500,595	159,601	91,319	102,508	1,140,936	155,640	374,946	530,586	1,671,522
Travel	43,553	29,850	45,848	14,649	155	134,055	360	2,671	3,031	137,086
Professional fees	69,635	7,369	41,045	12,345	890	131,284	54,969	41,389	96,358	227,642
Legal	1,031	107,620	-	-	-	108,651	23,956	-	23,956	132,607
Occupancy	26,763	74,521	23,609	16,010	18,840	159,743	24,037	59,936	83,973	243,716
Office expenses	26,036	28,756	8,855	9,227	15,496	88,370	13,047	26,303	39,350	127,720
Public relations	10,358	-	-	-	158,929	169,287	-	18,500	18,500	187,787
Insurance	3,430	19,085	6,137	4,418	998	34,068	1,412	3,524	4,936	39,004
Depreciation	14,039	9,083	3,077	5,452	1,638	33,289	3,639	5,093	8,732	42,021
Other expenses	29,711	10,257	3,125	3,097	751	46,941	19,606	22,805	42,411	89,352
<b>Total Expenses</b>	<b>\$ 970,331</b>	<b>\$789,396</b>	<b>\$291,640</b>	<b>\$163,625</b>	<b>\$300,205</b>	<b>\$2,515,197</b>	<b>\$ 296,666</b>	<b>\$ 555,167</b>	<b>\$851,833</b>	<b>\$3,367,030</b>