

TRICKLE UP PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

AUGUST 31, 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 statement of financial position of Trickle Up Program, Inc. (a not-for-profit corporation) as of August 31, 2011, and the related statements of activities and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements and, in our report dated December 16, 2010, we express an unqualified opinion on those financial statements.

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 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 audit provides 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, 2011, 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.

Lutz + Carr, LLP

New York, New York
December 20, 2011

TRICKLE UP PROGRAM, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents (Notes 1b and 13)	\$ 468,625	\$ 684,798
Pledges receivable (Notes 1c and 3)		
Unrestricted	202,405	43,152
Restricted to future programs and periods	642,936	376,984
Other receivables	6,220	12,351
Prepaid expenses and other current assets	75,206	75,608
Investments (Notes 1d, 4 and 5)	1,400,843	1,306,975
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 6)	133,247	117,482
Security deposits	28,111	27,514
	<u>2,957,593</u>	<u>2,644,864</u>
Total Assets	<u>\$2,957,593</u>	<u>\$2,644,864</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 16,214	\$ 39,203
Salaries and accrued vacation payable	107,876	101,220
Grants payable (Note 1h)	188,953	53,198
Deferred rent (Note 1f)	23,771	43,620
Security deposit payable	4,800	4,800
Total Liabilities	<u>341,614</u>	<u>242,041</u>
Commitments and Contingency (Notes 9, 10 and 11)		
Net Assets (Note 2)		
Unrestricted		
Board designated endowment	298,665	294,993
Undesignated	592,582	661,373
Total Unrestricted	<u>891,247</u>	<u>956,366</u>
Temporarily restricted	826,342	548,067
Permanently restricted endowment	898,390	898,390
Total Net Assets	<u>2,615,979</u>	<u>2,402,823</u>
	<u>\$2,957,593</u>	<u>\$2,644,864</u>
Total Liabilities and Net Assets	<u>\$2,957,593</u>	<u>\$2,644,864</u>

See notes to financial statements.

TRICKLE UP PROGRAM, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED AUGUST 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

	2011			2010
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in Unrestricted Net Assets				
Operating Support and Revenue				
Contributions	\$ 1,359,954	\$ 796,824	\$ -	\$2,156,778
Bequests	126,382	-	-	126,382
Government grants and contracts	14,974	1,066,340	-	1,081,314
Donated services (Note 7)	75,648	-	-	75,648
Fundraising event income, net of direct expenses of \$69,387 (2011) and \$63,535 (2010)	673,559	71,783	-	745,342
Net assets released from restriction (\$1,695,838 for 2010)	1,679,020	(1,679,020)	-	-
Interest income - operating accounts	1,603	-	-	1,603
Appropriation to operations from endowment funds (Note 5)	82,937	-	-	82,937
Other income	28,557	-	-	28,557
Total Operating Support and Revenue	<u>4,042,634</u>	<u>255,927</u>	<u>-</u>	<u>4,298,561</u>
Expenses (Note 12)				
Program Services	3,214,254	-	-	3,214,254
Supporting Services				
Management and general	268,450	-	-	268,450
Fundraising	636,156	-	-	636,156
Total Supporting Services	<u>904,606</u>	<u>-</u>	<u>-</u>	<u>904,606</u>
Total Expenses	<u>4,118,860</u>	<u>-</u>	<u>-</u>	<u>4,118,860</u>
Increase (Decrease) in Net Assets from Operating Activities	<u>(76,226)</u>	<u>255,927</u>	<u>-</u>	<u>179,701</u>
Non-Operating Investment Activity				
Net investment income (Note 4)	29,652	86,740	-	116,392
Appropriation to operations (Note 5)	(18,545)	(64,392)	-	(82,937)
Total Non-Operating Investment Activity	<u>11,107</u>	<u>22,348</u>	<u>-</u>	<u>33,455</u>
Increase (decrease) in net assets	(65,119)	278,275	-	213,156
Net assets, beginning of year	<u>956,366</u>	<u>548,067</u>	<u>898,390</u>	<u>2,402,823</u>
Net Assets, End of Year	<u>\$ 891,247</u>	<u>\$ 826,342</u>	<u>\$ 898,390</u>	<u>\$2,402,823</u>

See notes to financial statements.

TRICKLE UP PROGRAM, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$213,156	\$(103,016)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	52,969	53,912
Bad debt expense	3,175	3,000
Donated securities	(230,586)	(145,373)
Net (gain) loss on sale and disposal of property and equipment	(4,796)	2,034
Net realized and unrealized gain on investments	(88,932)	(23,957)
(Increase) decrease in:		
Pledges receivable	(428,380)	313,813
Other receivables	6,131	(3,947)
Prepaid expenses and other current assets	402	(24,695)
Security deposit	(597)	(63)
Increase (decrease) in:		
Accounts payable and accrued expenses	(22,989)	13,783
Salaries and accrued vacation payable	6,656	4,876
Grants payable	135,755	53,198
Deferred rent	(19,849)	(13,444)
Net Cash Provided (Used) By Operating Activities	<u>(377,885)</u>	<u>130,121</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	248,955	401,855
Purchases of investments	(23,305)	(48,528)
Proceeds from sale of property and equipment	6,708	-
Acquisition of property and equipment	(70,646)	(34,830)
Net Cash Provided By Investing Activities	<u>161,712</u>	<u>318,497</u>
Net increase (decrease) in cash and cash equivalents	(216,173)	448,618
Cash and cash equivalents, beginning of year	<u>684,798</u>	<u>236,180</u>
Cash and Cash Equivalents, End of Year	<u><u>\$468,625</u></u>	<u><u>\$684,798</u></u>

See notes to financial statements.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 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 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.

Trickle Up believes in people and their capacity to make a difference. Trickle Up empowers the world's poorest people to develop their potential and strengthen their communities. This goal is pursued in a way that encourages innovation and leadership, maximizes resources and promotes communication and cooperation among all Trickle Up constituencies.

In addition to managing its global operations from its New York office, Trickle Up maintains branch offices in Mali, 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 at fair market value in the statement of financial position. Unrealized 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, 2011

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

d - Investments (continued)

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy that prioritizes inputs to valuation techniques is used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of Trickle Up. Unobservable inputs reflect the assumptions developed by Trickle Up based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

Trickle Up's investments in money market funds, mutual funds, certificate of deposits and preferred stocks are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values.

The values assigned to these investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such differences could be material. The ultimate realization of such amounts depends on future events and circumstances and therefore, valuation estimates may differ from the value realized upon disposition of individual positions.

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, 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 20, 2011, the date that the financial statements are considered available to be issued.

k - Prior Year information

For comparability, certain 2010 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2011.

l - 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.

Note 2 - Restrictions on Assets**a - Unrestricted Net Assets - Board Designated Endowment**

The Board of Directors has established a board designated endowment to supplement its permanently restricted endowment assets. Uses of these funds include 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 and 2010, the amount of board designated endowment funds totaled \$305,665 and \$298,913, respectively. In addition, endowment deficits of \$7,000 and \$3,920 as of August 31, 2011 and 2010, respectively, have been included in board designated net assets.

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

Note 2 - Restrictions on Assets (continued)

a - Unrestricted Net Assets - Board Designated Endowment (continued)

Subsequent to August 31, 2011, 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.

b - Temporarily Restricted Net Assets

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

	2011	2010
Grants and contributions	\$662,907	\$406,980
Accumulated investment earnings	163,435	141,087
	\$826,342	\$548,067

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:

	2011	2010
Due within one year	\$765,341	\$253,469
Due within one to five years	80,000	166,667
	\$845,341	\$420,136

Uncollectible pledges are expected to be insignificant.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 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 four year period through August 31, 2011, \$2.869 million has been recognized as revenue in Trickle Up's financial statements. The balance of \$900,000 is expected to be obligated in 2012. Amounts not obligated as of August 31, 2011 have accordingly not been recognized in the accompanying financial statements. Trickle Up also received a grant from USAID in support of its program activities in Guatemala in the amount of \$266,340 for the year ended August 31, 2011.
- c - Trickle Up has been notified that it will receive a \$1 million bequest, expected during the year ending August 31, 2012.

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>2011</u>		<u>2010</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	\$457,057	\$ 457,057	\$ 433,752	\$ 433,752
Exchange traded funds - equities	710,959	884,094	710,959	791,648
Certificate of deposit	4,921	4,921	6,595	6,595
Preferred stocks	<u>61,832</u>	<u>54,771</u>	<u>80,000</u>	<u>74,980</u>
	<u>\$1,234,769</u>	<u>\$1,400,843</u>	<u>\$1,231,306</u>	<u>\$1,306,975</u>

Net investment income consisted of the following:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 27,460	\$24,484
Net realized gain (loss) on sale of investments	(1,473)	8,341
Net unrealized gain on investments	<u>90,405</u>	<u>15,616</u>
Net Investment Income	<u>\$116,392</u>	<u>\$48,441</u>

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

Note 5 - Endowment Funds

Trickle Up's endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments, as described in Notes 2a and 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. Subsequent to August 31, 2011, the Board of Directors redesignated its Board Designated Endowment as a Board Designated 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:

	<u>2011</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (7,000)	\$163,435	\$898,390	\$1,054,825
Board-designated endowment funds	<u>305,665</u>	<u>-</u>	<u>-</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, 2011

Note 5 - Endowment Funds (continued)

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ (3,920)	\$141,087	\$898,390	\$1,035,557
Board-designated endowment funds	<u>298,913</u>	-	-	<u>298,913</u>
Total Endowment Funds	<u>\$294,993</u>	<u>\$141,087</u>	<u>\$898,390</u>	<u>\$1,334,470</u>

Changes in Trickle Up's endowment funds for the years ended August 31, 2011 and 2010 are summarized as follows:

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
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 investments	<u>17,032</u>	<u>66,576</u>	-	<u>83,608</u>
Total Investment Return	<u>22,217</u>	<u>86,740</u>	-	<u>108,957</u>
Appropriation and release of endowment assets for expenditure	<u>(18,545)</u>	<u>(64,392)</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>

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment funds, beginning of year	<u>\$291,965</u>	<u>\$165,755</u>	<u>\$898,390</u>	<u>\$1,356,110</u>
Investment Return:				
Investment income	8,275	12,628	-	20,903
Net realized and unrealized gains on investment	<u>9,485</u>	<u>14,472</u>	-	<u>23,957</u>
Total Investment Return	<u>17,760</u>	<u>27,100</u>	-	<u>44,860</u>
Appropriation and release of endowment assets for expenditure	<u>(14,732)</u>	<u>(51,768)</u>	-	<u>(66,500)</u>
Endowment Funds, End of Year	<u>\$294,993</u>	<u>\$141,087</u>	<u>\$898,390</u>	<u>\$1,334,470</u>

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

Note 5 - Endowment Funds (continued)

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 \$7,000 as of August 31, 2011. These deficiencies resulted from unfavorable market fluctuations.

The Organization 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 the Organization must hold in perpetuity as well as board-designated funds. 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. The Organization 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>2011</u>	<u>2010</u>
New York office - property, equipment and website	3-10 years	\$263,139	\$197,984
Field offices - property and equipment	3-10 years	<u>176,611</u>	<u>212,954</u>
		439,750	410,938
Less: Accumulated depreciation		<u>(306,503)</u>	<u>(293,456)</u>
		<u>\$133,247</u>	<u>\$117,482</u>

Depreciation expense for years ended August 31, 2011 and 2010 was \$52,969 and \$53,912, respectively.

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

Note 7 - Donated Services

The Organization received donated services in connection with its program and supporting services as follows:

	<u>2011</u>	<u>2010</u>
Legal	\$ 19,923	\$ 30,243
Advertising	<u>55,725</u>	<u>82,533</u>
	<u>\$ 75,648</u>	<u>\$112,776</u>

The Organization 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 - Gift Annuity Agreements

The Organization receives contributions under charitable gift annuity agreements, which provide for the payment of distributions to each donor over the donor's lifetime. At the end of the term of each annuity, the remaining assets are available for the Organization's general purposes or endowment as specified by each donor. The portion of the assets received under each agreement attributable to the present value of the future benefits to be received by the Organization is recorded in the statement of activities as a contribution in the period the agreement is established. The Organization's liability to each annuitant is determined by an actuarial valuation using applicable rates in accordance with Internal Revenue Service requirements. At August 31, 2011 and 2010, the Organization's liability under these agreements totaled \$229 and \$3,469, respectively, and is included in accounts payable and accrued expenses in the accompanying statements of financial position.

Note 9 - Conditional Grant Commitments

The Organization 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, 2011 and 2010, those conditional grant commitments totaled approximately \$76,554 and \$107,539, respectively.

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

Note 10 - Commitments and Contingency

a - The Organization occupies office space in New York under a lease through July 31, 2012 and also occupies office space for its branch offices. The leases provide for minimum annual rentals for the eleven months ending July 31, 2012 of \$161,958.

Rent expense for the years ended August 31, 2011 and 2010 was \$159,500 and \$160,239, respectively.

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

Note 11 - Retirement Plan

The Organization has a 403(b) retirement plan for all eligible employees. The Organization 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 \$71,056 and \$73,911 for the years ended August 31, 2011 and 2010, respectively.

Note 12 - 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.

Note 13 - Concentration and Credit Risk

Cash balances in the United States, which comprise the majority of the Organization's cash balances, are maintained in two financial institutions and are insured by the Federal Deposit Insurance Corporation. Balances commonly exceed insured limits. The Organization 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, 2011 and 2010 was approximately \$79,000 and \$58,000, respectively.

ADDITIONAL INFORMATION



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**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

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

Our report on our audit of the basic financial statements of Trickle Up Program, Inc. for 2011 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended August 31, 2011 with comparative totals for 2010 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lutz + Carr, LLP

New York, New York
December 20, 2011

TRICKLE UP PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

	Program Services				Supporting Services			2011	2010	
	Africa Program	Asia Program	Americas Program	Public Education	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Grants	\$ 424,714	\$284,456	\$115,736	\$ -	\$824,906	\$ -	\$ -	\$ -	\$ 824,906	\$ 927,472
Training and technical assistance	72,244	9,492	9,584	-	91,320	-	-	-	91,320	70,793
Partner support	130,472	97,635	41,876	-	269,983	-	-	-	269,983	205,997
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	2,022,121
Travel	91,692	30,226	21,493	263	143,674	3,026	7,303	10,329	154,003	154,526
Printing and publications	115	-	-	13,427	13,542	-	11,916	11,916	25,458	32,232
Postage and delivery	239	144	402	2,094	2,879	584	4,081	4,665	7,544	9,654
Fundraising event expenses	-	-	-	-	-	-	64,404	64,404	64,404	61,924
Professional fees	10,573	18,821	10,930	28,098	68,422	40,450	12,289	52,739	121,161	92,234
Legal	4,981	4,981	6,391	1,575	17,928	4,981	-	4,981	22,909	46,491
Occupancy	46,977	38,767	41,074	15,915	142,733	13,138	40,603	53,741	196,474	201,444
Office expenses	26,447	15,382	22,681	11,234	75,744	10,686	18,534	29,220	104,964	103,774
Public relations	6,856	-	213	57,848	64,917	-	-	-	64,917	92,211
Insurance	17,722	8,909	10,813	991	38,435	1,148	2,967	4,115	42,550	39,116
Vehicle maintenance	15,128	-	5,700	-	20,828	-	-	-	20,828	40,274
Depreciation	30,736	3,043	10,009	1,469	45,257	3,965	3,747	7,712	52,969	53,912
Other expenses	10,562	9,280	8,648	3,537	32,027	22,267	15,944	38,211	70,238	74,593
Total Expenses, 2011	<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>	
Total Expenses, 2010	<u>\$1,534,591</u>	<u>\$813,579</u>	<u>\$690,962</u>	<u>\$290,671</u>	<u>\$3,329,803</u>	<u>\$ 271,858</u>	<u>\$ 627,107</u>	<u>\$898,965</u>		<u>\$4,228,768</u>

See independent auditors' report on additional information.