

**TRICKLE UP PROGRAM, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**AUGUST 31, 2013 AND 2012**

**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, 2013 and 2012, 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, 2013 and 2012, 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  
December 10, 2013

**TRICKLE UP PROGRAM, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 12)	\$ 544,822	\$1,701,371
Pledges receivable (Notes 1c and 3)		
Unrestricted	31,849	126,862
Restricted to future programs and periods	564,865	316,196
Other receivables	3,855	3,513
Prepaid expenses and other current assets	48,418	51,466
Investments (Notes 1d, 4 and 5)	1,671,474	1,403,072
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 6)	87,281	98,700
Security deposits	<u>28,336</u>	<u>28,174</u>
<b>Total Assets</b>	<u><u>\$2,980,900</u></u>	<u><u>\$3,729,354</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 26,014	\$ 26,285
Salaries and accrued vacation payable	117,140	139,198
Grants payable (Note 1g)	-	188,003
Security deposits payable	4,800	4,800
Total Liabilities	<u>147,954</u>	<u>358,286</u>
Commitments and Contingencies (Notes 8, 9 and 10)		
Net Assets (Note 2)		
Unrestricted		
Board designated operating reserve	654,278	1,103,294
Undesignated	<u>363,181</u>	<u>603,429</u>
Total Unrestricted	1,017,459	1,706,723
Temporarily restricted	917,097	765,955
Permanently restricted endowment	898,390	898,390
Total Net Assets	<u>2,832,946</u>	<u>3,371,068</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$2,980,900</u></u>	<u><u>\$3,729,354</u></u>

See notes to financial statements.

**TRICKLE UP PROGRAM, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED AUGUST 31, 2013 AND 2012**

	2013			2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Changes in Unrestricted Net Assets</b>								
Operating Support and Revenue								
Contributions	\$ 1,123,648	\$ 925,522	\$ -	\$2,049,170	\$ 1,081,851	\$ 945,158	\$ -	\$2,027,009
Bequests	17,590	-	-	17,590	284	-	-	284
Government grants and contracts	15,036	-	-	15,036	12,037	500,000	-	512,037
Technical assistance grant contract	-	110,766	-	110,766	-	-	-	-
Donated services (Note 7)	158,948	-	-	158,948	150,938	-	-	150,938
Fundraising event income, net of direct expenses of \$82,053 (2013) and \$88,038 (2012)	624,019	-	-	624,019	787,217	-	-	787,217
Net assets released from restrictions	782,435	(782,435)	-	-	1,509,610	(1,509,610)	-	-
Interest income - operating accounts	4,263	-	-	4,263	1,608	-	-	1,608
Appropriations to operations	714,035	-	-	714,035	272,453	-	-	272,453
Other income	30,074	-	-	30,074	27,405	-	-	27,405
<b>Total Operating Support and Revenue</b>	<b>3,470,048</b>	<b>253,853</b>	<b>-</b>	<b>3,723,901</b>	<b>3,843,403</b>	<b>(64,452)</b>	<b>-</b>	<b>3,778,951</b>
Expenses								
Program Services	2,621,501	-	-	2,621,501	2,806,200	-	-	2,806,200
Supporting Services								
Management and general	321,553	-	-	321,553	317,584	-	-	317,584
Fundraising	774,628	-	-	774,628	711,326	-	-	711,326
<b>Total Supporting Services</b>	<b>1,096,181</b>	<b>-</b>	<b>-</b>	<b>1,096,181</b>	<b>1,028,910</b>	<b>-</b>	<b>-</b>	<b>1,028,910</b>
<b>Total Expenses</b>	<b>3,717,682</b>	<b>-</b>	<b>-</b>	<b>3,717,682</b>	<b>3,835,110</b>	<b>-</b>	<b>-</b>	<b>3,835,110</b>
<b>Increase (Decrease) in Net Assets from Operating Activities</b>	<b>(247,634)</b>	<b>253,853</b>	<b>-</b>	<b>6,219</b>	<b>8,293</b>	<b>(64,452)</b>	<b>-</b>	<b>(56,159)</b>
Non-Operating Activity								
Bequest	-	-	-	-	1,000,000	-	-	1,000,000
Net investment income (Note 4)	108,370	61,324	-	169,694	23,904	59,797	-	83,701
Appropriations to operations	(550,000)	(164,035)	-	(714,035)	(216,721)	(55,732)	-	(272,453)
<b>Total Non-Operating Activity</b>	<b>(441,630)</b>	<b>(102,711)</b>	<b>-</b>	<b>(544,341)</b>	<b>807,183</b>	<b>4,065</b>	<b>-</b>	<b>811,248</b>
<b>Increase (decrease) in net assets</b>	<b>(689,264)</b>	<b>151,142</b>	<b>-</b>	<b>(538,122)</b>	<b>815,476</b>	<b>(60,387)</b>	<b>-</b>	<b>755,089</b>
Net assets, beginning of year	1,706,723	765,955	898,390	3,371,068	891,247	826,342	898,390	2,615,979
<b>Net Assets, End of Year</b>	<b>\$ 1,017,459</b>	<b>\$ 917,097</b>	<b>\$ 898,390</b>	<b>\$2,832,946</b>	<b>\$ 1,706,723</b>	<b>\$ 765,955</b>	<b>\$ 898,390</b>	<b>\$3,371,068</b>

See notes to financial statements.

**TRICKLE UP PROGRAM, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (538,122)	\$ 755,089
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	39,480	45,898
Bad debt expense	100	1,825
Donated securities	(85,100)	(105,614)
Net realized and unrealized gain on investments	(135,386)	(56,968)
(Increase) decrease in:		
Pledges receivable	(153,756)	400,458
Other receivables	(342)	2,707
Prepaid expenses and other current assets	3,048	23,740
Security deposits	(162)	(63)
Increase (decrease) in:		
Accounts payable and accrued expenses	(271)	10,071
Salaries and accrued vacation payable	(22,058)	31,322
Grants payable	(188,003)	(950)
Deferred rent	-	(23,771)
Net Cash Provided (Used) By Operating Activities	<u>(1,080,572)</u>	<u>1,083,744</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	463,290	199,570
Purchases of investments	(511,206)	(39,217)
Acquisition of property and equipment	(28,061)	(11,351)
Net Cash Provided (Used) By Investing Activities	<u>(75,977)</u>	<u>149,002</u>
Net increase (decrease) in cash and cash equivalents	(1,156,549)	1,232,746
Cash and cash equivalents, beginning of year	<u>1,701,371</u>	<u>468,625</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 544,822</u></u>	<u><u>\$1,701,371</u></u>

See notes to financial statements.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013 AND 2012**

**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.

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.

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.



**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013 AND 2012**

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

d - Investments (continued)

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.

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.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013 AND 2012**

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

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 December 10, 2013, 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 Reserve

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 also designated a \$1 million bequest, received on August 29, 2012, towards this reserve.

Appropriations for use in operations for the years ended August 31, 2013 and 2012 totaled \$550,000 and \$216,721, respectively.

b - Temporarily Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Grants and contributions	\$852,308	\$598,455
Accumulated investment earnings	<u>64,789</u>	<u>167,500</u>
	<u>\$917,097</u>	<u>\$765,955</u>

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013 AND 2012**

**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 as follows:

	<u>2013</u>	<u>2012</u>
Due within one year	\$368,195	\$383,058
Due within one to five years	<u>240,000</u>	<u>60,000</u>
	608,195	443,058
Less: Discount to present value	<u>(11,481)</u>	<u>-</u>
	<u>\$596,714</u>	<u>\$443,058</u>

Unconditional promises to give due after one year are discounted to net present value using a discount rate of 3%. 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, consist of the following at August 31:

	<u>2013</u>		<u>2012</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	\$ 44,755	\$ 44,755	\$ 423,783	\$ 423,783
Exchange traded funds - equities	1,261,118	1,626,232	749,932	978,820
Certificates of deposit	<u>487</u>	<u>487</u>	<u>469</u>	<u>469</u>
	<u>\$1,306,360</u>	<u>\$1,671,474</u>	<u>\$1,174,184</u>	<u>\$1,403,072</u>

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013 AND 2012**

**Note 4 - Investments (continued)**

Net investment income consisted of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 34,308	\$26,733
Net realized loss on sale of investments	(840)	(5,847)
Net unrealized gain on investments	<u>136,226</u>	<u>62,815</u>
Net Investment Income	<u>\$169,694</u>	<u>\$83,701</u>

**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 PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013 AND 2012**

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

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

	<u>2013</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$64,789</u>	<u>\$898,390</u>	<u>\$963,179</u>

	<u>2012</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Donor-restricted endowment funds	<u>\$(2,736)</u>	<u>\$167,500</u>	<u>\$898,390</u>	<u>\$1,063,154</u>

Changes in Trickle Up's endowment funds for the years ended August 31, 2013 and 2012 are summarized as follows:

	<u>2013</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning of year	<u>\$(2,736)</u>	<u>\$167,500</u>	<u>\$898,390</u>	<u>\$1,063,154</u>
Investment Return:				
Investment income	2,736	13,938	-	16,674
Net realized and unrealized gains on investments	<u>-</u>	<u>47,386</u>	<u>-</u>	<u>47,386</u>
Total Investment Return	<u>2,736</u>	<u>61,324</u>	<u>-</u>	<u>64,060</u>
Appropriation and release of endowment assets for expenditure	<u>-</u>	<u>(164,035)</u>	<u>-</u>	<u>(164,035)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$ 64,789</u>	<u>\$898,390</u>	<u>\$ 963,179</u>

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

	2012			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
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 investment	<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>

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 was \$2,736 as of August 31, 2012. These deficiencies resulted from unfavorable market fluctuations.

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.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 6 - Property and Equipment**

Property and equipment consisted of the following at August 31:

	<u>Life</u>	<u>2013</u>	<u>2012</u>
New York office - property, equipment and website	3-10 years	\$302,308	\$274,490
Field offices - property and equipment	3-10 years	<u>104,475</u>	<u>176,611</u>
		406,783	451,101
Less: Accumulated depreciation		<u>(319,502)</u>	<u>(352,401)</u>
		<u>\$ 87,281</u>	<u>\$ 98,700</u>

Depreciation expense for years ended August 31, 2013 and 2012 was \$39,480 and \$45,898, respectively.

**Note 7 - Donated Services**

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

	<u>2013</u>	<u>2012</u>
Legal	\$ 38,385	\$ 14,593
Public relations	45,150	18,000
Advertising	<u>75,413</u>	<u>118,345</u>
	<u>\$158,948</u>	<u>\$150,938</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**  
**AUGUST 31, 2013 AND 2012**

**Note 8 - 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 \$187,277 during the year ending August 31, 2014 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 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 of \$176,000 through July 31, 2014.

Rent expense for the years ended August 31, 2013 and 2012 was \$201,079 and \$163,526, respectively.

b - 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 have been recognized as a program expense for the year ended August 31, 2012, and a corresponding amount of revenue from USAID has been recognized accordingly. During the year ended August 31, 2013, Trickle Up submitted the required reporting under this USAID grant, and expects to receive formal notification that the grant is closed.

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



**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013 AND 2012**

**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 \$75,445 and \$71,056 for the years ended August 31, 2013 and 2012, respectively.

**Note 11 - 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 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 Burkina Faso, India and Guatemala. There is no loss insurance on these accounts. The balance of these accounts at August 31, 2013 and 2012 was approximately \$54,000 and \$35,000, respectively.

**SUPPLEMENTARY INFORMATION**



**LUTZ 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. as of and for the years ended August 31, 2013 and 2012, and our report thereon dated December 10, 2013, 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, 2013 and 2012 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  
December 10, 2013

**TRICKLE UP PROGRAM, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2013**

	Program Services					Supporting Services			Total Expenses	
	Africa Program	Asia Program	Americas Program	Technical Assistance	Public Education	Total	Management and General	Fundraising		Total
Grants	\$ 76,434	\$127,097	\$ 93,453	\$ -	\$ -	\$ 296,984	\$ -	\$ -	\$ -	\$ 296,984
Training and technical assistance	10,543	9,207	14,230	-	-	33,980	-	-	-	33,980
Partner support	41,704	90,680	69,194	-	-	201,578	-	-	-	201,578
Salaries, payroll taxes and employee benefits	403,918	327,721	405,242	138,141	93,942	1,368,964	195,514	566,056	761,570	2,130,534
Travel	35,906	34,422	53,354	11,307	2,227	137,216	2,570	9,078	11,648	148,864
Printing and publications	-	-	-	-	3,617	3,617	-	19,352	19,352	22,969
Postage and delivery	3,393	60	139	91	146	3,829	398	857	1,255	5,084
Fundraising event expenses	-	-	-	-	-	-	-	63,472	63,472	63,472
Professional fees	12,342	5,141	38,124	13,173	1,264	70,044	52,703	1,340	54,043	124,087
Legal	17,722	7,677	7,875	7,677	-	40,951	7,677	-	7,677	48,628
Occupancy	50,867	31,604	39,509	9,134	17,800	148,914	19,299	63,806	83,105	232,019
Office expenses	27,762	15,062	19,437	4,504	14,284	81,049	9,604	22,768	32,372	113,421
Public relations	-	-	683	-	122,039	122,722	-	-	-	122,722
Insurance	14,304	7,845	9,481	5,160	1,156	37,946	993	4,093	5,086	43,032
Vehicle maintenance	6,943	-	2,875	-	-	9,818	-	-	-	9,818
Depreciation and amortization	16,949	3,530	10,635	2,503	548	34,165	3,359	1,956	5,315	39,480
Other expenses	11,246	6,318	5,910	2,988	3,262	29,724	29,436	21,850	51,286	81,010
<b>Total Expenses</b>	<b>\$730,033</b>	<b>\$666,364</b>	<b>\$770,141</b>	<b>\$ 194,678</b>	<b>\$ 260,285</b>	<b>\$2,621,501</b>	<b>\$ 321,553</b>	<b>\$ 774,628</b>	<b>\$1,096,181</b>	<b>\$3,717,682</b>

See independent auditors' report on supplementary information.

## 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.