

TRICKLE UP PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

AUGUST 31, 2014 AND 2013

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, 2014 and 2013, 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, 2014 and 2013, 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 15, 2015

TRICKLE UP PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents (Notes 1b and 14)	\$ 855,078	\$ 544,822
Pledges receivable (Notes 1c and 3)		
Unrestricted	38,721	31,849
Restricted to future programs and periods	498,479	564,865
Other receivables	12,386	3,855
Prepaid expenses and other current assets	63,018	48,418
Investments (Notes 1d, 4 and 7)	2,221,935	1,671,474
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 8)	55,522	87,281
Security deposits	40,095	28,336
	<u> </u>	<u> </u>
Total Assets	<u><u>\$3,785,234</u></u>	<u><u>\$2,980,900</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 47,241	\$ 26,014
Salaries and accrued vacation payable	154,285	117,140
Refundable grant (Note 5)	56,869	-
Refundable advance (Note 6)	250,000	-
Security deposits payable	4,800	4,800
Total Liabilities	<u>513,195</u>	<u>147,954</u>
Commitments and Contingencies (Notes 6, 10, 11 and 12)		
Net Assets (Note 2)		
Unrestricted		
Board designated operating reserve	786,580	654,278
Undesignated	360,473	363,181
Total Unrestricted	<u>1,147,053</u>	<u>1,017,459</u>
Temporarily restricted	1,226,596	917,097
Permanently restricted endowment	898,390	898,390
Total Net Assets	<u>3,272,039</u>	<u>2,832,946</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$3,785,234</u></u>	<u><u>\$2,980,900</u></u>

See notes to financial statements.

TRICKLE UP PROGRAM, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED AUGUST 31, 2014 AND 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in Unrestricted Net Assets								
Operating Support and Revenue								
Contributions	\$ 1,214,290	\$ 790,247	\$ -	\$2,004,537	\$ 1,123,648	\$ 925,522	\$ -	\$2,049,170
Bequests	-	-	-	-	17,590	-	-	17,590
Government grants and contracts	13,185	169,475	-	182,660	15,036	-	-	15,036
Technical assistance grant contract	-	233,309	-	233,309	-	110,766	-	110,766
Donated services (Note 9)	269,407	-	-	269,407	158,948	-	-	158,948
Fundraising event income, net of direct expenses of \$79,910 (2014) and \$82,053 (2013)	734,799	-	-	734,799	624,019	-	-	624,019
Net assets released from restrictions	1,008,206	(1,008,206)	-	-	782,435	(782,435)	-	-
Interest income - operating accounts	1,547	-	-	1,547	4,263	-	-	4,263
Appropriations to operations	64,080	-	-	64,080	714,035	-	-	714,035
Other income	31,720	-	-	31,720	30,074	-	-	30,074
Total Operating Support and Revenue	3,337,234	184,825	-	3,522,059	3,470,048	253,853	-	3,723,901
Expenses								
Program Services	2,515,197	-	-	2,515,197	2,621,501	-	-	2,621,501
Supporting Services								
Management and general	296,666	-	-	296,666	321,553	-	-	321,553
Fundraising	555,167	-	-	555,167	774,628	-	-	774,628
Total Supporting Services	851,833	-	-	851,833	1,096,181	-	-	1,096,181
Total Expenses	3,367,030	-	-	3,367,030	3,717,682	-	-	3,717,682
Increase (Decrease) in Net Assets from Operating Activities	(29,796)	184,825	-	155,029	(247,634)	253,853	-	6,219
Non-Operating Activity								
Net investment income (Note 4)	159,390	188,754	-	348,144	108,370	61,324	-	169,694
Appropriations to operations	-	(64,080)	-	(64,080)	(550,000)	(164,035)	-	(714,035)
Total Non-Operating Activity	159,390	124,674	-	284,064	(441,630)	(102,711)	-	(544,341)
Increase (decrease) in net assets	129,594	309,499	-	439,093	(689,264)	151,142	-	(538,122)
Net assets, beginning of year	1,017,459	917,097	898,390	2,832,946	1,706,723	765,955	898,390	3,371,068
Net Assets, End of Year	\$ 1,147,053	\$ 1,226,596	\$ 898,390	\$3,272,039	\$ 1,017,459	\$ 917,097	\$ 898,390	\$2,832,946

See notes to financial statements.

TRICKLE UP PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$439,093	\$ (538,122)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	42,021	39,480
Bad debt expense	9,990	100
Donated securities	(83,941)	(85,100)
Net realized and unrealized gain on investments	(304,440)	(135,386)
(Increase) decrease in:		
Pledges receivable	49,524	(153,756)
Other receivables	(8,531)	(342)
Prepaid expenses and other current assets	(14,600)	3,048
Security deposits	(11,759)	(162)
Increase (decrease) in:		
Accounts payable and accrued expenses	21,227	(271)
Salaries and accrued vacation payable	37,145	(22,058)
Grants payable	-	(188,003)
Refundable grant	56,869	-
Refundable advance	250,000	-
Net Cash Provided (Used) By Operating Activities	<u>482,598</u>	<u>(1,080,572)</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	248,875	463,290
Purchases of investments	(410,955)	(511,206)
Acquisition of property and equipment	(10,262)	(28,061)
Net Cash Used By Investing Activities	<u>(172,342)</u>	<u>(75,977)</u>
Net increase (decrease) in cash and cash equivalents	310,256	(1,156,549)
Cash and cash equivalents, beginning of year	<u>544,822</u>	<u>1,701,371</u>
Cash and Cash Equivalents, End of Year	<u>\$855,078</u>	<u>\$ 544,822</u>

See notes to financial statements.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

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

TRICKLE UP PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****AUGUST 31, 2014 AND 2013****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, 2014 AND 2013

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 15, 2015, 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 \$550,000 were approved for use in operations for the year ended August 31, 2013.

b - Temporarily Restricted Net Assets

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

	<u>2014</u>	<u>2013</u>
Grants and contributions	\$1,037,133	\$852,308
Accumulated investment earnings	<u>189,463</u>	<u>64,789</u>
	<u>\$1,226,596</u>	<u>\$917,097</u>

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

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>2014</u>	<u>2013</u>
Due within one year	\$537,200	\$368,195
Due within one to five years	<u>-</u>	<u>240,000</u>
	537,200	608,195
Less: Discount to present value	<u>-</u>	<u>(11,481)</u>
	<u>\$537,200</u>	<u>\$596,714</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>2014</u>		<u>2013</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	\$ 273,690	\$ 273,690	\$ 44,755	\$ 44,755
Exchange traded funds - equities	1,336,813	1,947,732	1,261,118	1,626,232
Certificates of deposit	<u>513</u>	<u>513</u>	<u>487</u>	<u>487</u>
	<u>\$1,611,016</u>	<u>\$2,221,935</u>	<u>\$1,306,360</u>	<u>\$1,671,474</u>

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

Note 4 - Investments (continued)

Net investment income consisted of the following:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 43,704	\$ 34,308
Net realized gain (loss) on sale of investments	58,635	(840)
Net unrealized gain on investments	<u>245,805</u>	<u>136,226</u>
Net Investment Income	<u>\$348,144</u>	<u>\$169,694</u>

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, 2014 pending repayment to USAID. Trickle Up has written 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, 2014.

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.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

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.

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:

	2014		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$189,463</u>	<u>\$898,390</u>	<u>\$1,087,853</u>
	2013		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$64,789</u>	<u>\$898,390</u>	<u>\$963,179</u>

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

Note 7 - Endowment Funds (continued)

Changes in Trickle Up's endowment funds for the years ended August 31, 2014 and 2013 are summarized as follows:

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
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 investments	-	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	\$ -	\$189,463	\$898,390	\$1,087,853
	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning of year	\$(2,736)	\$167,500	\$898,390	\$1,063,154
Investment Return:				
Investment income	2,736	13,938	-	16,674
Net realized and unrealized gains on investment	-	47,386	-	47,386
Total Investment Return	2,736	61,324	-	64,060
Appropriation and release of endowment assets for expenditure	-	(164,035)	-	(164,035)
Endowment Funds, End of Year	\$ -	\$ 64,789	\$898,390	\$ 963,179

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
AUGUST 31, 2014 AND 2013

Note 8 - Property and Equipment

Property and equipment consisted of the following at August 31:

	<u>Life</u>	<u>2014</u>	<u>2013</u>
New York office - property, equipment and website	3-10 years	\$312,570	\$302,308
Field offices - property and equipment	3-10 years	<u>104,475</u>	<u>104,475</u>
		417,045	406,783
Less: Accumulated depreciation		<u>(361,523)</u>	<u>(319,502)</u>
		<u>\$ 55,522</u>	<u>\$ 87,281</u>

Depreciation expense for years ended August 31, 2014 and 2013 was \$42,021 and \$39,480, respectively.

Note 9 - Donated Services

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

	<u>2014</u>	<u>2013</u>
Legal	\$119,781	\$ 38,385
Video production	90,906	-
Public relations	-	45,150
Advertising	<u>58,720</u>	<u>75,413</u>
	<u>\$269,407</u>	<u>\$158,948</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, 2014 AND 2013

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 \$298,930 during the year ending August 31, 2015 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>	
2015	\$219,420
2016	216,841
2017	222,792
Thereafter, through July 31, 2018	204,226

Rent expense for the years ended August 31, 2014 and 2013 was \$214,965 and \$201,079, 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 discretionary contributes up to 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 \$34,526 and \$75,445 for the years ended August 31, 2014 and 2013, respectively.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

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, 2014 and 2013 was approximately \$35,200 and \$54,000, 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, 2014 and 2013, and our report thereon dated January 15, 2015, 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, 2014 and 2013 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 15, 2015

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

	Program Services					Supporting Services			Total Expenses	
	Program Implementation	Program Support	Technical Assistance	Research	Public Education	Total	Management and General	Fundraising		Total
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
Total Expenses	\$ 970,331	\$789,396	\$291,640	\$163,625	\$300,205	\$2,515,197	\$ 296,666	\$ 555,167	\$ 851,833	\$3,367,030

See independent auditors' report on supplementary information.

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 and partner support	\$118,138	\$217,777	\$162,647	\$ -	\$ -	\$ 498,562	\$ -	\$ -	\$ -	\$ 498,562
Training and technical assistance	10,543	9,207	14,230	-	-	33,980	-	-	-	33,980
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	42,849	34,422	56,229	11,307	2,227	147,034	2,570	10,363	12,933	159,967
Professional fees	13,011	5,869	38,790	13,173	1,264	72,107	52,703	56,642	109,345	181,452
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	31,155	15,122	19,576	4,596	14,430	84,879	10,000	24,273	34,273	119,152
Public relations	-	-	683	-	125,656	126,339	-	28,231	28,231	154,570
Insurance	14,304	7,845	9,481	5,160	1,156	37,946	993	4,093	5,086	43,032
Depreciation	16,949	3,530	10,635	2,503	548	34,165	3,359	1,956	5,315	39,480
Other expenses	10,577	5,590	5,244	2,987	3,262	27,660	29,438	19,208	48,646	76,306
Total Expenses	<u>\$730,033</u>	<u>\$666,364</u>	<u>\$770,141</u>	<u>\$194,678</u>	<u>\$260,285</u>	<u>\$2,621,501</u>	<u>\$ 321,553</u>	<u>\$ 774,628</u>	<u>\$1,096,181</u>	<u>\$3,717,682</u>

* Certain amounts have been reclassified for comparative purposes.