

TRICKLE UP PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

AUGUST 31, 2016 AND 2015

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, 2016 and 2015, 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, 2016 and 2015, 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 26, 2017

TRICKLE UP PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents (Notes 1b and 14a)	\$1,660,142	\$1,165,914
Pledges receivable (Notes 1c, 3 and 14b)		
Unrestricted	44,075	24,833
Restricted to future programs and periods	2,239,287	442,296
Prepaid expenses and other current assets	90,474	47,909
Investments (Notes 1d, 4 and 7)	2,756,423	2,387,602
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 8)	29,822	38,184
Security deposits	39,661	39,550
	<u> </u>	<u> </u>
Total Assets	<u>\$6,859,884</u>	<u>\$4,146,288</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 22,792	\$ 26,117
Salaries and accrued vacation payable	138,672	134,724
Refundable grant (Note 5)	56,869	56,869
Refundable advance (Note 6)	250,000	250,000
Security deposits payable	4,800	4,800
Total Liabilities	<u>473,133</u>	<u>472,510</u>
Commitments and Contingencies (Notes 5, 6, 10, 11 and 12)		
Net Assets (Note 2)		
Unrestricted		
Board designated operating reserve	1,072,893	738,933
Undesignated	860,081	732,222
Total Unrestricted	<u>1,932,974</u>	<u>1,471,155</u>
Temporarily restricted	3,055,387	929,233
Permanently restricted endowment	1,398,390	1,273,390
Total Net Assets	<u>6,386,751</u>	<u>3,673,778</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$6,859,884</u>	<u>\$4,146,288</u>

See notes to financial statements.

TRICKLE UP PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2016 AND 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in Unrestricted Net Assets								
Support and Revenue								
Contributions	\$ 1,392,354	\$ 2,713,457	\$ -	\$4,105,811	\$ 1,033,268	\$ 785,854	\$ -	\$1,819,122
Bequests	128,348	-	125,000	253,348	10,000	-	375,000	385,000
Government grants and contracts	-	499,737	-	499,737	-	-	-	-
Technical assistance grant contract	-	296,769	-	296,769	-	335,241	-	335,241
Reduction for unexpended project funding	-	(88,321)	-	(88,321)	-	-	-	-
Donated services (Note 9)	269,415	-	-	269,415	346,494	-	-	346,494
Fundraising event income, net of direct expenses of \$103,873 (2016) and \$123,471 (2015)	668,902	-	-	668,902	981,339	-	-	981,339
Net assets released from restrictions	1,324,565	(1,324,565)	-	-	1,285,894	(1,285,894)	-	-
Interest income - operating accounts	787	-	-	787	1,647	-	-	1,647
Appropriations to operations	257,994	-	-	257,994	77,610	-	-	77,610
Transfer to board designated operating reserve	(96,144)	-	-	(96,144)	-	-	-	-
Other income	33,312	-	-	33,312	32,921	-	-	32,921
Total Support and Revenue	3,979,533	2,097,077	125,000	6,201,610	3,769,173	(164,799)	375,000	3,979,374
Expenses								
Program Services	2,624,912	-	-	2,624,912	2,457,564	-	-	2,457,564
Supporting Services								
Management and general	364,704	-	-	364,704	348,275	-	-	348,275
Fundraising	563,232	-	-	563,232	581,020	-	-	581,020
Total Supporting Services	927,936	-	-	927,936	929,295	-	-	929,295
Total Expenses	3,552,848	-	-	3,552,848	3,386,859	-	-	3,386,859
Increase (Decrease) in Net Assets Before Other Activity	426,685	2,097,077	125,000	2,648,762	382,314	(164,799)	375,000	592,515
Other Activity								
Net investment income (loss) (Note 4)	110,990	115,071	-	226,061	(43,212)	(69,954)	-	(113,166)
Appropriations to operations	(172,000)	(85,994)	-	(257,994)	(15,000)	(62,610)	-	(77,610)
Transfer to board designated operating reserve	96,144	-	-	96,144	-	-	-	-
Total Other Activity	35,134	29,077	-	64,211	(58,212)	(132,564)	-	(190,776)
Increase (decrease) in net assets	461,819	2,126,154	125,000	2,712,973	324,102	(297,363)	375,000	401,739
Net assets, beginning of year	1,471,155	929,233	1,273,390	3,673,778	1,147,053	1,226,596	898,390	3,272,039
Net Assets, End of Year	\$ 1,932,974	\$ 3,055,387	\$ 1,398,390	\$6,386,751	\$ 1,471,155	\$ 929,233	\$ 1,273,390	\$3,673,778

See notes to financial statements.

TRICKLE UP PROGRAM, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Increase in net assets	\$2,712,973	\$401,739
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	25,063	29,919
Bad debt expense	5,000	4,617
Net realized and unrealized (gain) loss on investments	(169,501)	154,021
(Increase) decrease in:		
Pledges receivable	(1,821,233)	65,454
Prepaid expenses and other current assets	(42,565)	27,495
Security deposits	(111)	545
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,325)	(21,124)
Salaries and accrued vacation payable	3,948	(19,561)
Net Cash Provided By Operating Activities	<u>710,249</u>	<u>643,105</u>
 Cash Flows From Investing Activities		
Proceeds from sale of investments	90,828	465,659
Purchases of investments	(290,148)	(785,347)
Acquisition of property and equipment	(16,701)	(12,581)
Net Cash Used By Investing Activities	<u>(216,021)</u>	<u>(332,269)</u>
 Net increase in cash and cash equivalents	494,228	310,836
Cash and cash equivalents, beginning of year	<u>1,165,914</u>	<u>855,078</u>
 Cash and Cash Equivalents, End of Year	<u><u>\$1,660,142</u></u>	<u><u>\$1,165,914</u></u>

See notes to financial statements.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

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 a 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 - Contribution Revenue and Pledges Receivable

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

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

TRICKLE UP PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****AUGUST 31, 2016 AND 2015****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, 2016 AND 2015

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 - Prior Year Information

For comparability, certain 2015 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2016.

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.

k - Subsequent Events

Trickle Up has evaluated subsequent events through January 26, 2017, the date that the financial statements are considered available to be issued.

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 \$172,000 and \$15,000 were approved for use in operations for the years ended August 31, 2016 and 2015, respectively. Transfers from operations to the board designated reserve representing a portion of a bequest received during the year totaled \$96,144 for the year ended August 31, 2016. In addition, \$324,102 of the fiscal year 2015 operating surplus was transferred to the reserve during the year ended August 31, 2016. Investment income (loss) for the years ended August 31, 2016 and 2015 increased (decreased) the reserve by \$85,714 and (\$32,647), respectively.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

Note 2 - Restrictions on Assets (continued)

a - Unrestricted Net Assets - Board Designated Operating Reserve (continued)

Subsequent to August 31, 2016, \$378,000 of the fiscal year 2016 operating surplus has been approved to be transferred to the reserve.

b - Temporarily Restricted Net Assets

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

	<u>2016</u>	<u>2015</u>
Grants and contributions	\$2,969,411	\$872,334
Accumulated investment earnings	<u>85,976</u>	<u>56,899</u>
	<u>\$3,055,387</u>	<u>\$929,233</u>

c - Permanently Restricted Net Assets

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

Note 3 - Pledges Receivable

Pledges receivable are due as follows:

	<u>2016</u>	<u>2015</u>
Due within one year	\$1,592,705	\$467,129
Due within one to three years	<u>740,000</u>	<u>-</u>
	2,332,705	467,129
Less: Discount to present value	<u>(49,343)</u>	<u>-</u>
	<u>\$2,283,362</u>	<u>\$467,129</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.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

Note 4 - Investments

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

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Money market funds and cash held for investments	\$ 50,825	\$ 50,825	\$ 76,498	\$ 76,498
Exchange traded funds - equities	1,564,145	2,140,834	1,517,389	1,963,898
Exchange traded funds - fixed income	553,239	564,764	350,779	346,692
Certificates of deposit	-	-	514	514
	<u>\$2,168,209</u>	<u>\$2,756,423</u>	<u>\$1,945,180</u>	<u>\$2,387,602</u>

Net investment income (loss) consisted of the following:

	2016	2015
Interest and dividends	\$ 56,560	\$ 40,855
Net realized gain on sale of investments	23,709	14,476
Net unrealized gain (loss) on investments	145,792	(168,497)
Net Investment Income (Loss)	<u>\$226,061</u>	<u>\$(113,166)</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 2012, 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.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

Note 5 - Refundable Grant (continued)

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 receive funds totaling \$31,708. In April 2014, Trickle Up submitted a formal appeal to USAID proposing that \$56,869 in unallowable costs be refunded to USAID. Accordingly, this amount has been reflected in the accompanying financial statements as of August 31, 2016 and 2015, as a refundable grant pending repayment to USAID. In November 2015, Trickle Up received correspondence from USAID that the appeal was still under review.

Note 6 - Refundable Advance

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

Note 7 - Endowment Funds

Trickle Up's endowment funds are donor-restricted endowment funds and are described in Note 2c. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

Note 7 - Endowment Funds (continued)

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:

	2016		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$85,976</u>	<u>\$1,398,390</u>	<u>\$1,484,366</u>
	2015		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$56,899</u>	<u>\$1,273,390</u>	<u>\$1,330,289</u>

Changes in Trickle Up's endowment funds for the years ended August 31, 2016 and 2015 are summarized as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning of year	\$ -	\$ 56,899	\$1,273,390	\$1,330,289
Investment Return:				
Investment income	-	31,022	-	31,022
Net realized and unrealized gains on investments	-	<u>84,049</u>	-	<u>84,049</u>
Total Investment Return	-	<u>115,071</u>	-	<u>115,071</u>
Contribution	-	-	<u>125,000</u>	<u>125,000</u>
Appropriation and release of endowment assets for expenditure	-	<u>(85,994)</u>	-	<u>(85,994)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$ 85,976</u>	<u>\$1,398,390</u>	<u>\$1,484,366</u>

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

Note 7 - Endowment Funds (continued)

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

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.

Note 8 - Property and Equipment

Property and equipment consisted of the following at August 31:

	Life	2016	2015
New York office - property, equipment and website	3-10 years	\$341,852	\$325,151
Field offices - property and equipment	3-10 years	104,475	104,475
		446,327	429,626
Less: Accumulated depreciation		(416,505)	(391,442)
		<u>\$ 29,822</u>	<u>\$ 38,184</u>

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

Note 8 - Property and Equipment (continued)

Depreciation expense for years ended August 31, 2016 and 2015 was \$25,063 and \$29,919, respectively.

Note 9 - Donated Services

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

	<u>2016</u>	<u>2015</u>
Legal	\$86,751	\$ 197,822
Video production	73,388	67,700
Translation	29,194	14,802
Advertising	<u>80,082</u>	<u>66,170</u>
	<u>\$269,415</u>	<u>\$346,494</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.

Note 10 - Conditional Grant Commitments

Pursuant to the memorandums of understanding with its local implementing partner organizations, Trickle Up provides grants to some of its local partners to implement programmatic activities, including seed capital grants and training for individual participants to assist them in starting or expanding a business or income-generating activities. 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 \$164,288 during the year ending August 31, 2017 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.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

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.

Year ending August 31, 2017	\$242,740
Thereafter, through July 31, 2018	215,993

Rent expense for the years ended August 31, 2016 and 2015 was \$235,953 and \$231,533, respectively.

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

Note 12 - Retirement Plan

Trickle Up has a 403(b) retirement plan for all eligible employees. Trickle Up contributes a one-to-one match of employee contributions up to 4% of the employee's salary, and may make additional discretionary contributions up to 3% of employees' salary. Pension expense under this plan amounted to \$39,564 and \$39,486 in matching contributions for the years ended August 31, 2016 and 2015, respectively. Discretionary contributions totaled \$22,000 for the year ended August 31, 2016. There were no discretionary contributions for the year ended August 31, 2015.

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 - Concentrations

a - 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, 2016 and 2015 was approximately \$98,738 and \$66,800, respectively.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

Note 14 - Concentrations (continued)

b - Approximately 25% of contribution revenue for the year ended August 31, 2016 was from one foundation. As of August 31, 2016, amounts due from three donors comprised approximately 75% of pledges receivable.

Note 15 - Trickle Up Program, India

Pursuant to a license agreement, Trickle Up (Trickle Up Program Inc.) has granted use of its logos and marks to Trickle Up Program, an association formed by Indian citizens as a limited liability company in India pursuant to Section 25 of the Companies Act of 1956. This entity was established to promote the development of microenterprise in India, with a focus similar to Trickle Up on the extreme poor, women, and people with disabilities.

While a separate legal entity, Trickle Up works closely with Trickle Up Program, India as an extension of its own program activities, providing technical, other advising services, and assisting with publicity, fundraising and community programs and activities.

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, 2016 and 2015, and our report thereon dated January 26, 2017, 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, 2016 and 2015 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 26, 2017

TRICKLE UP PROGRAM, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total Expenses</u>	
	<u>Program Implementation</u>	<u>Program Support</u>	<u>Technical Assistance</u>	<u>Research</u>	<u>Public Education</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>		<u>Total</u>
Grants and partner support	\$ 217,004	\$ -	\$ -	\$ 55,560	\$ -	\$ 272,564	\$ -	\$ -	\$ -	\$ 272,564
Training and technical assistance	24,321	-	810	24,003	-	49,134	-	-	-	49,134
Salaries, payroll taxes and employee benefits	313,588	373,869	271,862	219,127	188,124	1,366,570	223,535	376,662	600,197	1,966,767
Travel	60,885	19,120	72,353	31,960	2,173	186,491	3,312	14,867	18,179	204,670
Professional fees	19,888	33,709	9,462	85,726	8,110	156,895	40,178	19,875	60,053	216,948
Legal	3,214	21,688	21,688	21,688	-	68,278	21,687	-	21,687	89,965
Occupancy	19,996	53,193	37,439	35,088	30,437	176,153	34,784	60,836	95,620	271,773
Office expenses	25,711	17,147	16,714	23,563	15,620	98,755	19,090	25,703	44,793	143,548
Public relations	1,052	-	-	-	172,790	173,842	-	18,835	18,835	192,677
Insurance	2,362	8,967	9,338	8,064	1,721	30,452	1,676	3,873	5,549	36,001
Depreciation	312	5,390	4,018	2,696	2,969	15,385	3,491	6,187	9,678	25,063
Other expenses	11,750	7,708	4,259	2,591	4,085	30,393	16,951	36,394	53,345	83,738
Total Expenses	<u>\$ 700,083</u>	<u>\$540,791</u>	<u>\$ 447,943</u>	<u>\$510,066</u>	<u>\$426,029</u>	<u>\$2,624,912</u>	<u>\$ 364,704</u>	<u>\$ 563,232</u>	<u>\$927,936</u>	<u>\$3,552,848</u>

See independent auditors' report on supplementary information.

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

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

See independent auditors' report on supplementary information.