

**TRICKLE UP PROGRAM, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**AUGUST 31, 2017 AND 2016**

**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, 2017 and 2016, 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, 2017 and 2016, 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 18, 2018

**TRICKLE UP PROGRAM, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 12a)	\$ 1,803,156	\$1,660,142
Pledges receivable (Notes 1c, 3 and 12b)		
Unrestricted	179,897	44,075
Restricted to future programs and periods	6,247,328	2,239,287
Prepaid expenses and other current assets	73,408	90,474
Investments (Notes 1d, 4 and 6)	3,188,783	2,756,423
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 7)	79,098	29,822
Security deposits	39,661	39,661
<b>Total Assets</b>	<b>\$11,611,331</b>	<b>\$6,859,884</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 107,037	\$ 22,792
Salaries payable and compensation-related liabilities (Note 10)	197,432	138,672
Refundable grant (Note 9b)	56,869	56,869
Refundable advance (Note 5)	250,000	250,000
Security deposits payable	4,800	4,800
Total Liabilities	616,138	473,133
Commitments and Contingencies (Notes 5, 6, 9 and 10)		
Net Assets (Note 2)		
Unrestricted		
Board designated operating reserve	1,240,885	1,072,893
Undesignated	665,081	860,081
Total Unrestricted	1,905,966	1,932,974
Temporarily restricted	7,690,837	3,055,387
Permanently restricted endowment	1,398,390	1,398,390
Total Net Assets	10,995,193	6,386,751
<b>Total Liabilities and Net Assets</b>	<b>\$11,611,331</b>	<b>\$6,859,884</b>

See notes to financial statements.

**TRICKLE UP PROGRAM, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED AUGUST 31, 2017 AND 2016**

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Changes in Unrestricted Net Assets</b>								
Support and Revenue								
Contributions (Notes 1b and 12b)	\$ 1,131,823	\$ 6,674,870	\$ -	\$ 7,806,693	\$ 1,392,354	\$ 2,713,457	\$ -	\$4,105,811
Bequests	-	-	-	-	128,348	-	125,000	253,348
Government grants and contracts	-	40,914	-	40,914	-	499,737	-	499,737
Technical assistance grant contract	-	130,000	-	130,000	-	296,769	-	296,769
Reduction for unexpended project funding	-	(136,523)	-	(136,523)	-	(88,321)	-	(88,321)
Donated services (Note 8)	230,991	-	-	230,991	269,415	-	-	269,415
Fundraising event income, net of direct expenses of \$134,773 (2017) and \$103,873 (2016)	673,539	-	-	673,539	668,902	-	-	668,902
Net assets released from restrictions	2,180,796	(2,180,796)	-	-	1,324,565	(1,324,565)	-	-
Interest income - operating accounts	986	-	-	986	787	-	-	787
Appropriations to operations	461,549	-	-	461,549	257,994	-	-	257,994
Transfer to board designated operating reserve	-	-	-	-	(96,144)	-	-	(96,144)
Other income	34,224	-	-	34,224	33,312	-	-	33,312
<b>Total Support and Revenue</b>	<b>4,713,908</b>	<b>4,528,465</b>	<b>-</b>	<b>9,242,373</b>	<b>3,979,533</b>	<b>2,097,077</b>	<b>125,000</b>	<b>6,201,610</b>
Expenses								
Program Services	3,463,824	-	-	3,463,824	2,624,912	-	-	2,624,912
Supporting Services								
Management and general	502,232	-	-	502,232	364,704	-	-	364,704
Fundraising	539,030	-	-	539,030	563,232	-	-	563,232
Total Supporting Services	1,041,262	-	-	1,041,262	927,936	-	-	927,936
<b>Total Expenses</b>	<b>4,505,086</b>	<b>-</b>	<b>-</b>	<b>4,505,086</b>	<b>3,552,848</b>	<b>-</b>	<b>-</b>	<b>3,552,848</b>
<b>Increase in Net Assets Before Other Activity</b>	<b>208,822</b>	<b>4,528,465</b>	<b>-</b>	<b>4,737,287</b>	<b>426,685</b>	<b>2,097,077</b>	<b>125,000</b>	<b>2,648,762</b>
Other Activity								
Net investment income (Note 4)	142,170	190,534	-	332,704	110,990	115,071	-	226,061
Appropriations to operations	(378,000)	(83,549)	-	(461,549)	(172,000)	(85,994)	-	(257,994)
Transfer to board designated operating reserve	-	-	-	-	96,144	-	-	96,144
<b>Total Other Activity</b>	<b>(235,830)</b>	<b>106,985</b>	<b>-</b>	<b>(128,845)</b>	<b>35,134</b>	<b>29,077</b>	<b>-</b>	<b>64,211</b>
<b>Increase (decrease) in net assets</b>	<b>(27,008)</b>	<b>4,635,450</b>	<b>-</b>	<b>4,608,442</b>	<b>461,819</b>	<b>2,126,154</b>	<b>125,000</b>	<b>2,712,973</b>
Net assets, beginning 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
<b>Net Assets, End of Year</b>	<b>\$ 1,905,966</b>	<b>\$ 7,690,837</b>	<b>\$ 1,398,390</b>	<b>\$10,995,193</b>	<b>\$ 1,932,974</b>	<b>\$ 3,055,387</b>	<b>\$ 1,398,390</b>	<b>\$6,386,751</b>

See notes to financial statements.

## TRICKLE UP PROGRAM, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$4,608,442	\$2,712,973
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	20,800	25,063
Bad debt expense	10,103	5,000
Net realized and unrealized gain on investments	(270,374)	(169,501)
(Increase) decrease in:		
Pledges receivable	(4,153,966)	(1,821,233)
Prepaid expenses and other current assets	17,066	(42,565)
Security deposits	-	(111)
Increase (decrease) in:		
Accounts payable and accrued expenses	84,245	(3,325)
Salaries payable and compensation - related liabilities	58,760	3,948
Net Cash Provided By Operating Activities	<u>375,076</u>	<u>710,249</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	196,646	90,828
Purchases of investments	(358,632)	(290,148)
Acquisition of property and equipment	(70,076)	(16,701)
Net Cash Used By Investing Activities	<u>(232,062)</u>	<u>(216,021)</u>
Net increase in cash and cash equivalents	143,014	494,228
Cash and cash equivalents, beginning of year	<u>1,660,142</u>	<u>1,165,914</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$1,803,156</u></u>	<u><u>\$1,660,142</u></u>

See notes to financial statements.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**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, 2017 AND 2016**

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

d - Investments and Fair Value Measurements

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 is limited to specific uses by donor-imposed restrictions is reported as an increase 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, 2017 AND 2016**

**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 upon the recipient fulfilling certain obligations prior to receiving funds, the 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 - 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.

j - Subsequent Events

Trickle Up has evaluated subsequent events through January 18, 2018, 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 \$378,000 and \$172,000 were approved for use in operations for the years ended August 31, 2017 and 2016, 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, the fiscal year 2016 spending surplus of \$426,685 was transferred to the reserve during the year ended August 31, 2017, and \$324,102 of the fiscal year 2015 operating surplus was transferred to the reserve during the year ended August 31, 2016. Investment income for the years ended August 31, 2017 and 2016 increased the reserve by \$119,307 and \$85,714, respectively.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

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

b - Temporarily Restricted Net Assets

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

	<b>2017</b>	<b>2016</b>
Grants and contributions	\$7,497,876	\$2,969,411
Accumulated investment earnings	192,961	85,976
	<b>\$7,690,837</b>	<b>\$3,055,387</b>

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:

	<b>2017</b>	<b>2016</b>
Due within one year	\$3,222,930	\$1,592,705
Due within one to three years	3,365,119	740,000
	6,588,049	2,332,705
Less: Discount to present value	(160,824)	(49,343)
	<b>\$6,427,225</b>	<b>\$2,283,362</b>

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, 2017 AND 2016**

**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:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Money market funds and cash held for investments	\$ 68,688	\$ 68,688	\$ 50,825	\$ 50,825
Exchange traded funds - equities	1,485,816	2,295,254	1,564,145	2,140,834
Exchange traded funds - fixed income	<u>825,875</u>	<u>824,841</u>	<u>553,239</u>	<u>564,764</u>
	<u>\$2,380,379</u>	<u>\$3,188,783</u>	<u>\$2,168,209</u>	<u>\$2,756,423</u>

Net investment income consisted of the following:

	2017	2016
Interest and dividends	\$ 62,330	\$ 56,560
Net realized gain on sale of investments	50,184	23,709
Net unrealized gain on investments	<u>220,190</u>	<u>145,792</u>
Net Investment Income	<u>\$332,704</u>	<u>\$226,061</u>

**Note 5 - 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.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**Note 6 - 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:

	<u>2017</u>		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$192,961</u>	<u>\$1,398,390</u>	<u>\$1,591,351</u>
	<u>2016</u>		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$85,976</u>	<u>\$1,398,390</u>	<u>\$1,484,366</u>

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**Note 6 - Endowment Funds (continued)**

Changes in Trickle Up's endowment funds for the years ended August 31, 2017 and 2016 are summarized as follows:

	<b>2017</b>			<b>Total</b>
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	
Endowment funds, beginning of year	\$ -	\$ 85,976	\$1,398,390	\$1,484,366
Investment Return:				
Investment income	-	32,444	-	32,444
Net realized and unrealized gains on investments	<u>-</u>	<u>158,090</u>	<u>-</u>	<u>158,090</u>
Total Investment Return	<u>-</u>	<u>190,534</u>	<u>-</u>	<u>190,534</u>
Appropriation and release of endowment assets for expenditure	<u>-</u>	<u>(83,549)</u>	<u>-</u>	<u>(83,549)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$192,961</u>	<u>\$1,398,390</u>	<u>\$1,591,351</u>
	<b>2016</b>			<b>Total</b>
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Total</u></b>
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 investment	<u>-</u>	<u>84,049</u>	<u>-</u>	<u>84,049</u>
Total Investment Return	<u>-</u>	<u>115,071</u>	<u>-</u>	<u>115,071</u>
Contribution	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>125,000</u>
Appropriation and release of endowment assets for expenditure	<u>-</u>	<u>(85,994)</u>	<u>-</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**  
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**Note 6 - Endowment Funds (continued)**

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 7 - Property and Equipment**

Property and equipment consisted of the following at August 31:

	<u>Life</u>	<u>2017</u>	<u>2016</u>
New York office - property, equipment and website	3-10 years	\$370,666	\$341,852
Field offices - property and equipment	3-10 years	<u>145,737</u>	<u>104,475</u>
		516,403	446,327
Less: Accumulated depreciation		<u>(437,305)</u>	<u>(416,505)</u>
		<u>\$ 79,098</u>	<u>\$ 29,822</u>

Depreciation expense for years ended August 31, 2017 and 2016 was \$20,800 and \$25,063, respectively.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 8 - Donated Services**

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

	<u>2017</u>	<u>2016</u>
Legal	\$ 64,766	\$ 86,751
Video production	85,015	73,388
Translation	-	29,194
Advertising	<u>81,210</u>	<u>80,082</u>
	<u>\$230,991</u>	<u>\$269,415</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 9 - 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 through July 31, 2018 of \$219,089.

Rent expense for the years ended August 31, 2017 and 2016 was \$251,006 and \$235,953, respectively.

b - Trickle Up was the recipient of a cooperative agreement from the United States Agency for International Development (USAID) for work in Mali from September 2007 to August 2012. In March 2012, a military coup interrupted program operations. This event subsequently led USAID to inform Trickle Up the agreement would not be extended beyond August 31, 2012 despite substantial grant funds remaining. Trickle Up completed close-out activities and filed a final report as per requirements in 2013. In 2014, USAID informed Trickle Up that a portion of the final expenses was being disallowed, and requested reimbursement of \$78,865. These denied expenses related to grant funds paid to local partners for distribution to participants as seed grant payments. These partner payments had been made just prior to the 2012 coup. As part of the close out of the grant, Trickle Up requested local partners return distributed funds and received back only a portion of what was distributed, totaling \$31,708. Subsequently, Trickle Up submitted an appeal to USAID, proposing the return of \$56,869. In November 2015, Trickle Up received correspondence that USAID was still reviewing this appeal. Accordingly, \$56,869 is reflected in the accompanying statements of financial position as refundable grant. These funds will be held until notification of final appeal is received by USAID.



**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**Note 9 - Commitments and Contingencies (continued)**

- c - 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 activity. Payments are due to partners based on a schedule related to program implementation, with each payment subject to the partner satisfying certain conditions, programmatic and reporting requirements. Trickle Up expects to provide funding of approximately \$349,330 during the year ending August 31, 2018 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.
- d - Government supported programs are subject to audit by the applicable granting agencies.

**Note 10 - Retirement Plan and Deferred Compensation**

- a - Trickle Up has a 403(b) retirement plan for all eligible U.S. employees. Trickle Up may contribute a one-to-one match of employee contributions up to 4% of the employee's salary, and may make additional discretionary fixed contributions up to 3% of employees' salary. Pension expense under this plan amounted to \$33,394 and \$39,564 in matching contributions for the years ended August 31, 2017 and 2016, respectively. Discretionary fixed contributions totaled \$33,137 and \$22,000 for the years ended August 31, 2017 and 2016 respectively.
- b - Trickle Up has a retirement plan for all eligible India employees. Trickle Up contributes a match of 12% of the employee's salary to Public Provident Fund for each employee who contributes at least 5% of their salary. Pension expense under this plan amounted to \$13,897 for the year ended August 31, 2017.
- c - In compliance with local labor laws, Trickle Up is required to provide compensation to qualified regional office employees in Burkina Faso, India and Guatemala upon termination of employment. The balance of the deferred compensation liability is \$66,526 and \$43,925 for the years ended August 31, 2017 and 2016, respectively.

**TRICKLE UP PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**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 - 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, 2017 and 2016 was approximately \$151,098 and \$98,738, respectively.
- b - Approximately 62% and 25% of contribution revenue for the years ended August 31, 2017 and 2016, respectively, was from one foundation. As of August 31, 2017, amounts due from one donor comprised approximately 84% of pledges receivable. As of August 31, 2016, amounts due from three donors comprised approximately 75% of pledges receivable.

**Note 13 - 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 8 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, 2017 and 2016, and our report thereon dated January 18, 2018, 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, 2017 and 2016 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 18, 2018

**TRICKLE UP PROGRAM, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2017**

	<b>Program Services</b>					<b>Supporting Services</b>			<b>Total Expenses</b>	
	<b>Program Implementation</b>	<b>Program Support</b>	<b>Technical Assistance</b>	<b>Research</b>	<b>Public Education</b>	<b>Total</b>	<b>Management and General</b>	<b>Fundraising</b>		<b>Total</b>
Grants and partner support	\$ 288,422	\$ -	\$ -	\$ 43,186	\$ -	\$ 331,608	\$ -	\$ -	\$ -	\$ 331,608
Training and technical assistance	59,033	-	3,057	21,690	-	83,780	-	-	-	83,780
Salaries, payroll taxes and employee benefits	483,785	320,720	507,636	229,512	261,496	1,803,149	284,549	387,432	671,981	2,475,130
Travel	112,128	32,653	86,110	24,056	1,659	256,606	2,268	5,644	7,912	264,518
Professional fees	36,070	16,173	97,038	74,779	55,782	279,842	114,314	25,558	139,872	419,714
Legal	2,425	16,192	16,192	16,192	-	51,001	16,190	-	16,190	67,191
Occupancy	46,981	29,873	87,762	25,590	31,853	222,059	35,041	46,198	81,239	303,298
Office expenses	54,023	10,978	32,296	12,483	18,619	128,399	20,584	29,385	49,969	178,368
Public relations	3,677	-	11,363	734	191,670	207,444	2,865	12,426	15,291	222,735
Insurance	4,818	7,484	10,097	7,451	1,563	31,413	1,654	2,165	3,819	35,232
Depreciation	5,502	1,814	5,260	1,302	1,970	15,848	2,153	2,799	4,952	20,800
Other expenses	15,142	25,165	5,727	3,419	3,222	52,675	22,614	27,423	50,037	102,712
<b>Total Expenses</b>	<b>\$ 1,112,006</b>	<b>\$461,052</b>	<b>\$ 862,538</b>	<b>\$460,394</b>	<b>\$567,834</b>	<b>\$3,463,824</b>	<b>\$ 502,232</b>	<b>\$ 539,030</b>	<b>\$1,041,262</b>	<b>\$4,505,086</b>

See independent auditors' report on supplementary information.

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

	<b>Program Services</b>					<b>Supporting Services</b>			<b>Total Expenses</b>	
	<b>Program Implementation</b>	<b>Program Support</b>	<b>Technical Assistance</b>	<b>Research</b>	<b>Public Education</b>	<b>Total</b>	<b>Management and General</b>	<b>Fundraising</b>		<b>Total</b>
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
<b>Total Expenses</b>	<b>\$ 700,083</b>	<b>\$540,791</b>	<b>\$ 447,943</b>	<b>\$510,066</b>	<b>\$426,029</b>	<b>\$2,624,912</b>	<b>\$ 364,704</b>	<b>\$ 563,232</b>	<b>\$927,936</b>	<b>\$3,552,848</b>

See independent auditors' report on supplementary information.