

Trickle Up Program, Inc.

Financial Statements
August 31, 2023 and 2022

mazars

Mazars USA LLP is an independent member firm of Mazars Group.

Trickle Up Program, Inc.

Table of Contents August 31, 2023

	Page(s)
Independent Auditors' Report.....	1-2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-17

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Trickle Up Program, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Trickle Up Program, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Trickle Up Program, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Trickle Up Program, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Trickle Up Program, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mazars USA LLP

January 23, 2024

Trickle Up Program, Inc.

Statements of Financial Position August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 3,410,855	\$ 3,120,969
Accounts receivable	417,196	7,181
Pledges receivable	532,571	1,098,142
Prepaid expenses and other	58,495	42,952
Investments	4,361,277	3,863,231
Security deposits	<u>21,711</u>	<u>58,843</u>
 Total assets	 <u>\$ 8,802,105</u>	 <u>\$ 8,191,318</u>
 Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 275,900	\$ 266,855
Salaries payable and compensation-related liabilities	190,729	246,443
Refundable grants	-	56,869
Refundable advance	250,000	250,000
Security deposit payable	<u>4,800</u>	<u>4,800</u>
Total liabilities	<u>721,429</u>	<u>824,967</u>
 Commitments and Contingencies		
 Net assets		
Without donor restrictions		
Undesignated	853,970	789,868
Board designated operating reserve	<u>2,378,658</u>	<u>2,262,019</u>
	3,232,628	3,051,887
 With donor restrictions	<u>4,848,048</u>	<u>4,314,464</u>
Total net assets	<u>8,080,676</u>	<u>7,366,351</u>
 Total liabilities and net assets	 <u>\$ 8,802,105</u>	 <u>\$ 8,191,318</u>

The accompanying notes are an integral part of these financial statements.

Trickle Up Program, Inc.

Statements of Activities and Changes in Net Assets Years Ended August 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Contributions	\$ 2,447,140	\$ 2,637,051	\$ 5,084,191	\$ 1,642,882	\$ 2,531,115	\$ 4,173,997
Bequests	-	-	-	37,673	-	37,673
Government grants and contracts	99,759	719,122	818,881	518,452	724,532	1,242,984
Donated services	267,474	-	267,474	142,380	-	142,380
Fundraising event income, net of direct expenses of \$0 and \$150,096 for 2023 and 2022, respectively	-	-	-	807,150	-	807,150
Interest income	64,502	-	64,502	8,653	-	8,653
Other income	3,407	-	3,407	24,005	-	24,005
Appropriations to operations	119,610	-	119,610	109,582	-	109,582
Net assets released from restrictions	2,778,476	(2,778,476)	-	2,542,223	(2,542,223)	-
Total revenue and support	<u>5,780,368</u>	<u>577,697</u>	<u>6,358,065</u>	<u>5,833,000</u>	<u>713,424</u>	<u>6,546,424</u>
Expenses						
Program services	3,781,877	-	3,781,877	3,460,278	-	3,460,278
Management and general	976,388	-	976,388	740,811	-	740,811
Fundraising	1,023,989	-	1,023,989	920,769	-	920,769
Total expenses	<u>5,782,254</u>	<u>-</u>	<u>5,782,254</u>	<u>5,121,858</u>	<u>-</u>	<u>5,121,858</u>
Change in net assets before nonoperating activities	<u>(1,886)</u>	<u>577,697</u>	<u>575,811</u>	<u>711,142</u>	<u>713,424</u>	<u>1,424,566</u>
Nonoperating activities						
Net investment income (Note 5)	182,627	75,497	258,124	(263,419)	(246,724)	(510,143)
Appropriations to operations	-	(119,610)	(119,610)	-	(109,582)	(109,582)
Total nonoperating activities	<u>182,627</u>	<u>(44,113)</u>	<u>138,514</u>	<u>(263,419)</u>	<u>(356,306)</u>	<u>(619,725)</u>
Change in net assets	180,741	533,584	714,325	447,723	357,118	804,841
Net assets, beginning of year	<u>3,051,887</u>	<u>4,314,464</u>	<u>7,366,351</u>	<u>2,604,164</u>	<u>3,957,346</u>	<u>6,561,510</u>
Net assets, end of year	<u>\$ 3,232,628</u>	<u>\$ 4,848,048</u>	<u>\$ 8,080,676</u>	<u>\$ 3,051,887</u>	<u>\$ 4,314,464</u>	<u>\$ 7,366,351</u>

The accompanying notes are an integral part of these financial statements.

Trickle Up Program, Inc.

Statements of Functional Expenses Year Ended August 31, 2023

	2023								Total
	Program Implementation	Program Support	Technical Assistance	Research	Public Education	Total Program Services	Management & General	Fundraising	
Grant and partner support	\$ 785,221	\$ -	\$ -	\$ -	\$ -	\$ 785,221	\$ -	\$ -	\$ 785,221
Salaries, payroll taxes and benefits	635,532	303,460	513,535	197,117	186,026	1,835,670	528,361	766,407	3,130,438
Travel	151,531	26,553	46,533	22,378	2,718	249,713	29,353	23,045	302,111
Professional fees	268,351	65,224	56,145	14,248	21,269	425,237	126,678	69,533	621,448
Legal	-	9,676	39	-	-	9,715	111,025	-	120,740
Occupancy	62,322	6,202	21,582	7,220	12,171	109,497	23,368	31,553	164,418
Office expenses	29,664	2,622	9,875	14,448	19,750	76,359	50,381	27,529	154,269
Training and technical assistance	68,393	-	-	-	-	68,393	-	-	68,393
Public relations	4,567	-	12,156	-	124,996	141,719	1,276	71,453	214,448
Insurance	2,442	3,775	4,850	2,496	1,978	15,541	6,800	6,888	29,229
Other expenses	15,926	18,220	26,129	1,309	3,228	64,812	99,146	27,581	191,539
Total expenses	\$ 2,023,949	\$ 435,732	\$ 690,844	\$ 259,216	\$ 372,136	\$ 3,781,877	\$ 976,388	\$ 1,023,989	\$ 5,782,254

The accompanying notes are an integral part of these financial statements.

Trickle Up Program, Inc.

Statements of Functional Expenses Year Ended August 31, 2022

	2022								
	Program Implementation	Program Support	Technical Assistance	Research	Public Education	Total Program Services	Management & General	Fundraising	Total
Grant and partner support	\$ 422,515	\$ -	\$ -	\$ -	\$ -	\$ 422,515	\$ -	\$ -	\$ 422,515
Salaries, payroll taxes and benefits	535,718	413,085	566,787	240,297	226,318	1,982,205	302,597	617,586	2,902,388
Travel	120,456	42,675	48,656	12,478	1,185	225,450	11,778	10,436	247,664
Professional fees	172,572	96,791	62,507	65,015	5,175	402,060	276,555	50,865	729,480
Legal	405	-	-	-	-	405	-	-	405
Occupancy	42,841	46,692	46,692	30,918	33,442	200,585	40,434	61,836	302,855
Office expenses	47,841	15,091	14,580	7,232	13,292	98,036	42,506	29,521	170,063
Training and technical assistance	31,790	-	-	-	-	31,790	14,525	-	46,315
Public relations/Annual gala	3,778	-	2,029	-	5,602	11,409	22	278,855	290,286
Insurance	1,921	9,418	9,419	8,534	1,875	31,167	1,840	3,468	36,475
Depreciation and amortization	2,751	864	864	572	619	5,670	608	1,144	7,422
Other expenses	13,468	7,428	22,547	2,669	2,874	48,986	49,946	17,154	116,086
Total expenses	1,396,056	632,044	774,081	367,715	290,382	3,460,278	740,811	1,070,865	5,271,954
Less special events	-	-	-	-	-	-	-	(150,096)	(150,096)
Net expenses reported by function on the statement of activities	\$ 1,396,056	\$ 632,044	\$ 774,081	\$ 367,715	\$ 290,382	\$ 3,460,278	\$ 740,811	\$ 920,769	\$ 5,121,858

The accompanying notes are an integral part of these financial statements.

Trickle Up Program, Inc.

Statements of Cash Flows Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 714,325	\$ 804,841
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	7,422
Net realized and unrealized (gains) losses on investments	(148,168)	579,119
Increase (decrease) in cash resulting from changes in operating assets and liabilities:		
Accounts receivable	(410,015)	36,888
Pledges receivable	565,571	(690,524)
Prepaid expenses and other	(15,543)	55,244
Accounts payable and accrued expenses	9,045	192,573
Salaries payable and compensation-related liabilities	(55,714)	2,226
Refundable grant	(56,869)	-
Security deposits	37,132	(17,284)
Net cash provided by operating activities	<u>639,764</u>	<u>970,505</u>
Cash flows from investing activities		
Proceeds from sale of investments	898,386	341,326
Purchases of investments	<u>(1,248,264)</u>	<u>(203,422)</u>
Net cash provided by investing activities	<u>(349,878)</u>	<u>137,904</u>
Net increase in cash and cash equivalents	289,886	596,964
Cash and cash equivalents, beginning of year	<u>3,120,969</u>	<u>2,524,005</u>
Cash and cash equivalents, end of year	<u>\$ 3,410,855</u>	<u>\$ 3,120,969</u>

The accompanying notes are an integral part of these financial statements.

Trickle Up Program, Inc.

Notes to Financial Statements Years Ended August 31, 2023 and 2022

1. Organization

Trickle Up Program, Inc. ("Trickle Up") was founded in 1979 and incorporated in 1981 as a not-for-profit corporation.

Trickle Up is working toward a world free from extreme poverty. Our mission is to partner with women in extreme poverty to build economic opportunity and drive inclusion. We believe that investing in women and the future they create for themselves and their families is the most effective way to address the cycle of intergenerational poverty.

Trickle Up's program activities include the following:

Program Implementation: the delivery and management of the Trickle Up core programs in Africa, Asia, Latin 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 programs.

Technical Assistance: providing assistance to other organizations and governments in applying Trickle Up expertise in extreme poverty and livelihoods in the design and management of programs.

Research: research projects conducted by Trickle Up to improve the quality and evidence base for programs serving people living in extreme poverty.

In addition to managing its global operations from its New York office, Trickle Up maintains branch offices in India, Guatemala and Mexico. Trickle Up also has a significant presence in Uganda, Kenya and Colombia.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. Trickle Up is required to report information regarding its net assets as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Trickle Up reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without the donor restrictions and reported in the statement of activities as net assets released from restrictions.

Trickle Up Program, Inc.

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 the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

Cash balances in the United States, which comprise the majority of Trickle Up's cash balances, are maintained in two financial institutions which, at times, may exceed federally-insured limits. Trickle Up has not experienced any losses in such accounts. At August 31, 2023, Trickle Up's there were no cash balance in excess of the federally-insured limits. Trickle Up also maintains bank accounts in Guatemala and India. There is no loss insurance on these accounts. The balance of these accounts at August 31, 2023 was approximately \$45,441 and \$13,104, respectively.

Government Grants

Revenue from government grants is recognized when the expenses on the projects are incurred. Advances from government grants are deferred until the revenue is earned and recorded as refundable advances in the statement of financial position.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Revenue Recognition

Consulting income is recognized over time as the services are performed.

Investments and Fair Value Measurements

Investments in marketable securities are valued at fair value. Unrealized gains and losses are included in the statement of activities.

Investment income that is limited to specific uses by donor-imposed restrictions is reported as an increase in net assets with donor restrictions, and is reclassified to net assets without donor restrictions when the restrictions are met.

Trickle Up follows the accounting standards for fair value measurement and disclosures for financial assets and liabilities which clarify the definition of fair value, prescribe methods for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and expand disclosure about the use of fair value measurements. The following table presents financial assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows:

Level 1 – Includes investments for which unadjusted quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full-term of the financial instrument.

Level 3 – Includes investments that are valued using unobservable inputs to the extent that relevant observable inputs are not available, representing the Partnership's own assumptions about the assumptions that a market participant would use in valuing the investment, and that would be based on the best information available.

Trickle Up Program, Inc.

Alternative investments consist of a limited partnership interest that does not have a readily determinable fair value. The fair value of the investments in this class has been estimated using the net asset value of Trickle Up's ownership interest in partners' capital and is not required to be categorized within the fair value hierarchy. The net asset value per share is estimated at fair value by the general partner in a manner consistent with accounting principles generally accepted in the United States for investment companies.

Trickle Up reviews and evaluates the values provided by the general partner and agrees with the valuation methods and assumptions used in determining the net asset values of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the assets. Additions are capitalized, whereas costs of maintenance and repairs are charged to expense as incurred.

Grants Payable

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.

Functional Expenses

The statement of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of Trickle Up are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across program services and fundraising based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

In-Kind Support

Trickle Up records the value of donated goods or specialized services based upon the fair market value at the date of donation. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

Additionally, Trickle Up receives a significant amount of contributed time, which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

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.

3. Pledges Receivable, Net

Pledges receivable are expected to be collected as follows at August 31:

	2023	2022
Amounts due in less than one year	\$ 532,571	\$ 1,098,142
Amounts due within one to five years	-	-
	<u>\$ 532,571</u>	<u>\$ 1,098,142</u>

Trickle Up Program, Inc.

4. Investments

Investments at August 31, 2023 and 2022 are comprised of the following:

	2023				Measured at Net Asset Value
	Total	Level 1	Level 2	Level 3	
Money Market Funds	\$ 1,010,398	\$ 1,010,398	\$ -	\$ -	\$ -
Exchange Traded Funds - Equities	2,331,313	2,331,313	-	-	-
Exchange Traded Funds - Fixed Income	911,759	911,759	-	-	-
Limited Partnership	107,807	-	-	-	107,807
	<u>\$ 4,361,277</u>	<u>\$ 4,253,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,807</u>

	2022				Measured at Net Asset Value
	Total	Level 1	Level 2	Level 3	
Money Market Funds	\$ 379,439	\$ 379,439	\$ -	\$ -	\$ -
Exchange Traded Funds - Equities	2,119,563	2,119,563	-	-	-
Exchange Traded Funds - Fixed Income	1,088,373	1,088,373	-	-	-
Limited Partnership	275,856	-	-	-	275,856
	<u>\$ 3,863,231</u>	<u>\$ 3,587,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,856</u>

Investment in marketable securities are comprised of the following at August 31:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Money Market Funds	\$ 1,010,398	\$ 1,010,398	\$ 379,438	\$ 379,439
Exchange Traded Funds - Equities	1,424,229	2,331,313	1,212,837	2,119,563
Exchange Traded Funds - Fixed Income	1,028,375	911,759	1,185,917	1,088,373
Limited Partnership	100,000	107,807	250,000	275,856
	<u>\$ 3,563,002</u>	<u>\$ 4,361,277</u>	<u>\$ 3,028,192</u>	<u>\$ 3,863,231</u>

The limited partnership's investment strategy is to provide performance with competitive, equity-like risk-adjusted return through capital appreciation and current income. The limited partnership invests primarily in a diversified portfolio of common stocks and securities that are convertible into common stock and issued by both the United States and foreign companies. These convertible securities are typically either debt securities or preferred stocks that can be exchanged for common stock. The investment is redeemable on the last day of each calendar quarter, with 90 days prior notice.

Investment income is comprised of the following:

	2023	2022
Interest and dividends	\$ 110,888	\$ 69,276
Unrealized (loss) gain	(36,764)	(779,007)
Realized gain	184,932	199,888
Investment fees	(932)	(300)
	<u>\$ 258,124</u>	<u>\$ (510,143)</u>

Trickle Up Program, Inc.

5. Endowment Funds

Trickle Up's endowment funds are donor-restricted endowment funds. 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.

The Board of Trustees of Trickle Up has interpreted Connecticut General Statutes and the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds that are classified as with donor restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, TUP classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the 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 the donor-restricted endowment is classified as with donor restrictions (purpose restriction) until those amounts are appropriated for expenditure by Trickle Up in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Trickle Up considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of TUP and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Trickle Up
- (7) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have had on Trickle Up
- (8) 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:

	Net Assets with Donor Restrictions		
	Accumulated Earnings	Endowment Corpus	Total
Balance, August 31, 2023	\$ 316,416	\$ 1,429,918	\$ 1,746,334
Balance, August 31, 2022	\$ 360,529	\$ 1,429,918	\$ 1,790,447

Trickle Up Program, Inc.

Changes in Trickle Up's endowment funds for the years ended August 31, 2023 and 2022 are summarized as follows:

	2023		
	Accumulated Earnings	Endowment Corpus	Total
Endowment funds, beginning of the year	\$ 360,529	\$ 1,429,918	\$ 1,790,447
Investment Return:			
Investment income	41,918	-	41,918
Net realized and unrealized gains	33,579	-	33,579
Total investment return	75,497	-	75,497
Appropriation and release of endowment assets for expenditures	(119,610)	-	(119,610)
Endowment funds, end of the year	\$ 316,416	\$ 1,429,918	\$ 1,746,334
	2022		
	Accumulated Earnings	Endowment Corpus	Total
Endowment funds, beginning of the year	\$ 716,835	\$ 1,429,918	\$ 2,146,753
Contributions	-	-	-
Investment Return:			
Investment income	33,001	-	33,001
Net realized and unrealized gains	(279,725)	-	(279,725)
Total investment return	(246,724)	-	(246,724)
Appropriation and release of endowment assets for expenditures	(109,582)	-	(109,582)
Endowment funds, end of the year	\$ 360,529	\$ 1,429,918	\$ 1,790,447

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.

6. Donated Goods and Services

Trickle Up receives various goods and services which are valued at their fair value at the time of donation. In-kind public relations/video production services and fundraising speaking fees/other are valued using estimates of third-party billing rates.

Such donations received have been included in donated services in the statement of activities and related expenses on the accompanying statement of functional expenses as follows for the year ended August 31:

	2023	2022
Legal	\$ 105,522	\$ -
Public relations / video production	121,952	115,580
Fundraising speaker fee and other	40,000	30,800
	<u>\$ 267,474</u>	<u>\$ 146,380</u>

7. Employee Benefit Plan and Deferred Compensation

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 \$84,942 and \$31,927 in matching contributions for the years ended August 31, 2023 and 2022, respectively. Discretionary fixed contributions totaled \$39,741 and \$25,712 for the years ended August 31, 2023 and 2022, respectively.

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 \$28,754 and \$27,954 for the year ended August 31, 2023 and 2022, respectively.

In compliance with local labor laws, Trickle Up is required to provide compensation to qualified regional office employees in India and Guatemala upon termination of employment. The balance of the deferred compensation liability is \$116,340 and \$128,608 for the years ended August 31, 2023 and 2022, respectively.

8. Refundable Advances

Trickle Up received a term endowment grant in the amount of \$250,000. The grant has a five-year term expiring on March 3, 2024. 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.

9. Note Payable

On March 2, 2021, Trickle Up secured a loan from a bank for \$518,452 under the U.S. Small Business Administration's Paycheck Protection Program with the an interest rate of .98% and Maturing in March 2023. Trickle Up expects that a portion or all of the loan may be forgiven in accordance with the provision of the Paycheck Protection Program.

Trickle Up is following the provisions of ASC 405-20-1 which states a debtor shall derecognize a liability if and only if it has been extinguished. A liability has been extinguished if either of the following conditions is met:

- The debtor pays the creditor and is relieved of its obligation for the liability.
- The debtor is legally released from being the primary obligor under the liability, either judicially or by the creditor.

Trickle Up Program, Inc.

Accordingly, Trickle Up will record forgiveness of debt for amounts forgiven under the Paycheck Protection Program when such amounts are formally forgiven.

On January 25, 2021, Trickle Up received notification of forgiveness of debt in the amount of \$437,094 in connection with the first loan. Accordingly, the amount was recorded reflected in government grants and contracts in the accompanying statement of activities for the year ended August 31, 2021. On October 22, 2021, Trickle Up received notification of forgiveness of debt in the amount of \$518,452 in connection with the second loan. Accordingly, the amount is reflected in government grants and contracts in the accompanying statement of activities for the year ended August 31, 2022.

10. Net Assets Without Donor Restrictions

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 \$120,000 and \$110,000 were approved for use in operations for the years ended August 31, 2023 and 2022, respectively.

There were no additional transfers made during the year ended August 31, 2023. Investment income for the years ended August 31, 2023 and 2022 increased/(decreased) the reserve by \$182,627 and (\$263,419) respectively.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

	August 31,	
	2023	2022
Program activities	\$ 2,405,599	\$ 1,827,902
Take Us Further campaign	696,115	696,115
Held as endowment and subject to spending policy:		
Accumulated earnings on investments	316,416	360,529
To be held in perpetuity	1,429,918	1,429,918
	<u>\$ 4,848,048</u>	<u>\$ 4,314,464</u>

12. Commitments and Contingencies

Trickle Up previously rented office space under a lease which expired in August 2022. Trickle Up currently rents office space in New York City on a month to month basis.

Rent expense charged to operations for the years ended August 31, 2023 and 2022 was \$148,483 and \$159,117, respectively.

Trickle Up was the recipient of a cooperative agreement from the United States Agency for International Development (USAID) for work in Mali. In March 2012, a military coup interrupted program operations and resulted in the cancellation of the remaining grant period. USAID informed Trickle Up that a portion of the final expenses was being disallowed, and requested reimbursement of \$78,865. Trickle Up submitted an appeal to USAID, proposing the return of \$56,869. Accordingly, \$56,869 is included in refundable grant in the accompanying statements of financial position. The liability along with accrued penalties and interest were paid in October 2022.

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

Trickle Up Program, Inc.

requirements. Trickle Up expects to provide funding of approximately \$1,357,550 during the year ending August 31, 2023 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.

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

In a letter dated August 1, 2022, Trickle Up's landlord advised Trickle Up that they are liable under the lease for a total of \$275,191 in additional rent - \$240,394 on account of real property taxes and \$34,797 on account of electricity charges. Trickle Up has engaged an attorney and is vigorously contesting these charges. In December 2023, in connection with a Motion to Dismiss and Cross Motion for Summary Judgment, the landlord agreed to reduce the total demand to approximately \$147,000. Trickle Up has accrued an amount management expects will cover any potential settlement.

13. Liquidity and Availability of Resources

Trickle Up's financial assets available within one year of the statements of financial position date for general expenditures is as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,373,723	\$ 3,120,969
Accounts receivable	417,196	7,181
Pledges receivable	532,571	1,098,142
Investments, at fair value	<u>4,361,277</u>	<u>3,863,231</u>
Total financial assets available	<u>8,684,767</u>	<u>8,089,523</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors in perpetuity	1,746,334	1,790,447
Restricted by donors with purpose restrictions	<u>3,101,714</u>	<u>2,524,017</u>
Total amounts unavailable for general expenditure within one year	<u>4,848,048</u>	<u>4,314,464</u>
Amounts unavailable to management without Board's approval:		
Board designated operating reserve	<u>2,378,658</u>	<u>2,262,019</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,458,061</u>	<u>\$ 1,513,040</u>

Liquidity Management

Trickle Up maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Trickle Up's working capital and cash flows have variations during the year attributable to the timing of its programs and cash collections.

Trickle Up Program, Inc.

14. Concentrations

Approximately 13% and 21% of Trickle Up's revenue and support for the year ended August 31, 2023 and 2022, respectively, is derived from federal government grants. The current level of the Trickle Up's operations and program services may be impacted if the funding is not renewed. Other significant support is provided in the form of contributions by foundations, corporations and individuals and was approximately 79% and 71% of Trickle Up's revenue and support for the year ended August 31, 2023 and 2022, respectively.

Approximately 25% of total revenue and support for the years ended August 31, 2023 and 2022 was from one donor. As of August 31, 2023 and 2022, amounts due from three and two donors comprised approximately 99% and 88% of pledges receivable, respectively.

15. Trickle Up Program India

Pursuant to a license agreement, Trickle Up has granted use of its logos and marks to Trickle Up Program, India, 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.

16. Subsequent Events

Trickle Up has evaluated subsequent events through January 23, 2024, the date the financial statements were available for issuance.

mazars

www.mazars.us