

TRICKLE UP PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

AUGUST 31, 2018 AND 2017

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, 2018 and 2017, 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, 2018 and 2017, 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 24, 2019

TRICKLE UP PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents (Notes 1b and 12a)	\$ 2,296,982	\$ 1,803,156
Pledges receivable (Notes 1c, 3 and 12b)		
Unrestricted	270,080	179,897
Restricted to future programs and periods	4,612,604	6,247,328
Prepaid expenses and other current assets	84,100	73,408
Investments (Notes 1d, 4 and 6)	4,069,481	3,188,783
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 7)	113,650	79,098
Security deposits	39,661	39,661
	<u> </u>	<u> </u>
Total Assets	<u><u>\$11,486,558</u></u>	<u><u>\$11,611,331</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 297,673	\$ 107,037
Salaries payable and compensation-related liabilities (Note 10)	252,048	197,432
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	<u>861,390</u>	<u>616,138</u>
Commitments and Contingencies (Notes 9, 10 and 13)		
Net Assets (Note 2)		
Unrestricted		
Board designated operating reserve	1,985,162	1,240,885
Undesignated	812,328	665,081
Total Unrestricted	<u>2,797,490</u>	<u>1,905,966</u>
Temporarily restricted	6,429,288	7,690,837
Permanently restricted endowment	1,398,390	1,398,390
Total Net Assets	<u>10,625,168</u>	<u>10,995,193</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$11,486,558</u></u>	<u><u>\$11,611,331</u></u>

See notes to financial statements.

TRICKLE UP PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2018 AND 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in Unrestricted Net Assets								
Support and Revenue								
Contributions (Notes 1b and 12b)	\$ 1,780,854	\$ 1,040,402	\$ -	\$ 2,821,256	\$ 1,131,823	\$ 6,674,870	\$ -	\$ 7,806,693
Bequests	10,000	-	-	10,000	-	-	-	-
Government grants and contracts	-	1,803,918	-	1,803,918	-	40,914	-	40,914
Technical assistance grant contract	-	-	-	-	-	130,000	-	130,000
Reduction for unexpended project funding	-	-	-	-	-	(136,523)	-	(136,523)
Donated services (Note 8)	166,752	-	-	166,752	230,991	-	-	230,991
Fundraising event income, net of direct expenses of \$122,560 (2018) and \$134,773 (2017)	777,130	-	-	777,130	673,539	-	-	673,539
Net assets released from restrictions	4,198,258	(4,198,258)	-	-	2,180,796	(2,180,796)	-	-
Interest income - operating accounts	3,309	-	-	3,309	986	-	-	986
Appropriations to operations	187,018	-	-	187,018	461,549	-	-	461,549
Transfer to board designated operating reserve	(500,000)	-	-	(500,000)	-	-	-	-
Other income	34,467	-	-	34,467	34,224	-	-	34,224
Total Support and Revenue	6,657,788	(1,353,938)	-	5,303,850	4,713,908	4,528,465	-	9,242,373
Expenses								
Program Services	5,111,761	-	-	5,111,761	3,463,824	-	-	3,463,824
Supporting Services								
Management and general	700,027	-	-	700,027	502,232	-	-	502,232
Fundraising	514,865	-	-	514,865	539,030	-	-	539,030
Total Supporting Services	1,214,892	-	-	1,214,892	1,041,262	-	-	1,041,262
Total Expenses	6,326,653	-	-	6,326,653	4,505,086	-	-	4,505,086
Increase (Decrease) in Net Assets Before Other Activity	331,135	(1,353,938)	-	(1,022,803)	208,822	4,528,465	-	4,737,287
Other Activity								
Net investment income (Note 4)	159,889	179,907	-	339,796	142,170	190,534	-	332,704
Appropriations to operations	(99,500)	(87,518)	-	(187,018)	(378,000)	(83,549)	-	(461,549)
Transfer to board designated operating reserve	500,000	-	-	500,000	-	-	-	-
Total Other Activity	560,389	92,389	-	652,778	(235,830)	106,985	-	(128,845)
Increase (decrease) in net assets	891,524	(1,261,549)	-	(370,025)	(27,008)	4,635,450	-	4,608,442
Net assets, beginning of year	1,905,966	7,690,837	1,398,390	10,995,193	1,932,974	3,055,387	1,398,390	6,386,751
Net Assets, End of Year	\$ 2,797,490	\$ 6,429,288	\$ 1,398,390	\$10,625,168	\$ 1,905,966	\$ 7,690,837	\$ 1,398,390	\$10,995,193

See notes to financial statements.

TRICKLE UP PROGRAM, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (370,025)	\$4,608,442
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	35,155	20,800
Bad debt expense	-	10,103
Net realized and unrealized gains on investments	(271,935)	(270,374)
(Increase) decrease in:		
Pledges receivable	1,544,541	(4,153,966)
Prepaid expenses and other current assets	(10,692)	17,066
Increase in:		
Accounts payable and accrued expenses	190,636	84,245
Salaries payable and compensation - related liabilities	54,616	58,760
Net Cash Provided By Operating Activities	<u>1,172,296</u>	<u>375,076</u>
 Cash Flows From Investing Activities		
Proceeds from sale of investments	537,206	196,646
Purchases of investments	(1,145,969)	(358,632)
Acquisition of property and equipment	(69,707)	(70,076)
Net Cash Used By Investing Activities	<u>(678,470)</u>	<u>(232,062)</u>
 Net increase in cash and cash equivalents	493,826	143,014
Cash and cash equivalents, beginning of year	<u>1,803,156</u>	<u>1,660,142</u>
 Cash and Cash Equivalents, End of Year	<u><u>\$2,296,982</u></u>	<u><u>\$1,803,156</u></u>

See notes to financial statements.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

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, 2018 AND 2017

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.

Alternative investments, which consist of a limited partnership interest that does not have a readily determinable fair value, are reported based upon the underlying net asset value per share or its equivalent as a practical expedient and are 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 PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

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

d - Investments and Fair Value Measurements (continued)

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.

e - Property and Equipment

Property and equipment acquired are recorded at cost and are being depreciated using the straight-line method over the estimated useful life of the asset.

f - Financial Statement Presentation

Trickle Up reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

g - Grant Expense

Unconditional grants to others are accrued at the time authorized. For grants which are conditional 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 24, 2019, the date that the financial statements are considered available to be issued.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

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

k - Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.*" The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two net asset classes now entitled "net assets without donor restrictions" and "net assets with donor restrictions;" (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Trickle Up is currently evaluating the impact of ASU 2016-14 for its year ending August 31, 2019 financial statements.

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 \$99,500 and \$378,000 were approved for use in operations for the years ended August 31, 2018 and 2017, respectively. Transfers from operations to the board designated reserve totaled \$500,000 during the year ended August 31, 2018.

In addition, the fiscal year 2017 and 2016 operating surplus of \$208,822 and \$426,685 was transferred to the reserve during the year ended August 31, 2018 and 2017, respectively. Investment income for the years ended August 31, 2018 and 2017 increased the reserve by \$134,955 and \$119,307, respectively.

b - Temporarily Restricted Net Assets

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

	<u>2018</u>	<u>2017</u>
Grants and contributions	\$6,143,938	\$7,497,876
Accumulated investment earnings	<u>285,350</u>	<u>192,961</u>
	<u>\$6,429,288</u>	<u>\$7,690,837</u>

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

Note 2 - Restrictions on Assets (continued)

c - Permanently Restricted Net Assets

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

Note 3 - Pledges Receivable

Pledges receivable are due as follows:

	<u>2018</u>	<u>2017</u>
Due within one year	\$3,033,298	\$3,222,930
Due within one to three years	<u>1,920,665</u>	<u>3,365,119</u>
	4,953,963	6,588,049
Less: Discount to present value	<u>(71,279)</u>	<u>(160,824)</u>
	<u>\$4,882,684</u>	<u>\$6,427,225</u>

Unconditional promises to give due after one year are discounted to net present value using a discount rate of 3%. Uncollectible pledges are expected to be insignificant.

Note 4 - Investments

Investments consisted of the following at August 31:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds and cash held for investments	\$ 402,225	\$ 402,225	\$ 68,688	\$ 68,688
Exchange traded funds - equities	1,294,282	2,115,708	1,485,816	2,295,254
Exchange traded funds - fixed income	1,055,782	1,024,303	825,875	824,841
Limited Partnership	<u>500,000</u>	<u>527,245</u>	<u>-</u>	<u>-</u>
	<u>\$3,252,289</u>	<u>\$4,069,481</u>	<u>\$2,380,379</u>	<u>\$3,188,783</u>

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

Note 4 - Investments (continued)

The following summarizes Trickle Up's investments by the levels within the fair value hierarchy used to measure their respective fair values at August 31, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Measured at Net Asset Value</u>
Money market funds and cash held for investments	\$ 402,225	\$ 402,225	\$ -	\$ -	\$ -
Exchange traded funds - equities	2,115,708	2,115,708	-	-	-
Exchange traded funds - fixed income	1,024,303	1,024,303	-	-	-
Alternative Investments:					
Limited Partnership	<u>527,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>527,245</u>
Total Investments	<u>\$4,069,481</u>	<u>\$3,542,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$527,245</u>

Investments at August 31, 2017 are all classified as Level 1 within the fair value hierarchy.

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 last day of each calendar quarter, with 90 days prior notice.

Net investment income consisted of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 67,861	\$ 62,330
Net realized gain on sale of investments	263,147	50,184
Net unrealized gain on investments	<u>8,788</u>	<u>220,190</u>
Net Investment Income	<u>\$339,796</u>	<u>\$332,704</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, 2018 AND 2017

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:

	2018		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$285,350</u>	<u>\$1,398,390</u>	<u>\$1,683,740</u>
	2017		
	<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>

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

Note 6 - Endowment Funds (continued)

Changes in Trickle Up's endowment funds for the years ended August 31, 2018 and 2017 are summarized as follows:

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment funds, beginning of year	\$ -	\$192,961	\$1,398,390	\$1,591,351
Investment Return:				
Investment income	-	33,988	-	33,988
Net realized and unrealized gains on investments	-	145,919	-	145,919
Total Investment Return	-	179,907	-	179,907
Appropriation and release of endowment assets for expenditure	-	(87,518)	-	(87,518)
Endowment Funds, End of Year	\$ -	\$285,350	\$1,398,390	\$1,683,740
	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
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 investment	-	158,090	-	158,090
Total Investment Return	-	190,534	-	190,534
Appropriation and release of endowment assets for expenditure	-	(83,549)	-	(83,549)
Endowment Funds, End of Year	\$ -	\$192,961	\$1,398,390	\$1,591,351

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.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

Note 6 - Endowment Funds (continued)

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>2018</u>	<u>2017</u>
New York office - property, equipment and website	3-10 years	\$200,192	\$370,666
Field offices - property and equipment	3-10 years	<u>211,648</u>	<u>145,737</u>
		411,840	516,403
Less: Accumulated depreciation		<u>(298,190)</u>	<u>(437,305)</u>
		<u>\$113,650</u>	<u>\$ 79,098</u>

Depreciation expense for years ended August 31, 2018 and 2017 was \$35,155 and \$20,800, respectively.

Note 8 - Donated Services

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

	<u>2018</u>	<u>2017</u>
Legal	\$ 36,112	\$ 64,766
Advertising	31,040	81,210
Video production	<u>99,600</u>	<u>85,015</u>
	<u>\$166,752</u>	<u>\$230,991</u>

Trickle Up also receives donated services from a variety of unpaid volunteers assisting in its operations. The accompanying financial statements do not reflect these contributed services, as they do not meet the requirements for recognition.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

Note 9 - Commitments and Contingencies

- a - Trickle Up occupies office space in New York under a lease through July 31, 2021 and also occupies office space for its branch offices. The leases provide for minimum annual rentals as follows.

<u>Year Ending August 31,</u>	
2019	\$251,657
2020	248,397
Thereafter, through July 31, 2021	220,867

Rent expense for the years ended August 31, 2018 and 2017 was \$252,492 and \$251,006, respectively.

- b - 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 reflected in the accompanying statements of financial position as refundable grant. These funds will be held until a determination has been made by USAID.
- 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 \$2,080,072 during the year ending August 31, 2019 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.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

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 \$39,361 and \$33,394 in matching contributions for the years ended August 31, 2018 and 2017, respectively. Discretionary fixed contributions totaled \$38,059 and \$33,137 for the years ended August 31, 2018 and 2017 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 \$18,597 and \$13,897 for the year ended August 31, 2018 and 2017 respectively.
- 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 \$88,892 and \$66,526 for the years ended August 31, 2018 and 2017, respectively.

Note 11 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Note 12 - 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, 2018 and 2017 was approximately \$146,596 and \$151,098, respectively.
- b - Approximately 20% of contribution revenue for the year ended August 31, 2018 was from one government agency, and approximately 62% of contribution revenue for the year ended August 31, 2017 was from one foundation. As of August 31, 2018 and 2017, amounts due from one foundation comprised approximately 78% and 84% of pledges receivable, respectively.

TRICKLE UP PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

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, 2018 and 2017, and our report thereon dated January 24, 2019, 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, 2018 and 2017 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 24, 2019

TRICKLE UP PROGRAM, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018

	Program Services					Supporting Services			Total Expenses	
	Program Implementation	Program Support	Technical Assistance	Research	Public Education	Total	Management and General	Fundraising		Total
Grants and partner support	\$ 1,055,491	\$ -	\$ -	\$ -	\$ -	\$1,055,491	\$ -	\$ -	\$ -	\$1,055,491
Training and technical assistance	133,301	-	-	922	-	134,223	-	-	-	134,223
Salaries, payroll taxes and employee benefits	720,428	319,121	1,005,462	287,398	272,029	2,604,438	372,933	385,120	758,053	3,362,491
Travel	236,648	60,182	121,781	20,314	2,223	441,148	8,415	6,722	15,137	456,285
Professional fees	93,394	15,135	66,186	3,712	2,550	180,977	213,834	14,921	228,755	409,732
Legal	10,792	9,028	9,028	9,028	-	37,876	9,028	-	9,028	46,904
Occupancy	56,878	21,812	102,032	24,652	26,006	231,380	35,182	33,422	68,604	299,984
Office expenses	92,417	20,637	40,683	9,289	16,341	179,367	25,718	22,181	47,899	227,266
Public relations	3,776	5	272	6	144,065	148,124	9	25,300	25,309	173,433
Insurance	5,499	7,187	11,500	7,455	1,293	32,934	1,706	1,755	3,461	36,395
Depreciation	11,463	2,137	9,257	2,705	2,633	28,195	3,358	3,602	6,960	35,155
Other expenses	6,201	12,067	14,044	2,366	2,930	37,608	29,844	21,842	51,686	89,294
Total Expenses	\$ 2,426,288	\$467,311	\$1,380,245	\$367,847	\$470,070	\$5,111,761	\$ 700,027	\$ 514,865	\$1,214,892	\$6,326,653

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

	<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	\$ 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
Total Expenses	\$ 1,112,006	\$461,052	\$862,538	\$460,394	\$567,834	\$3,463,824	\$ 502,232	\$ 539,030	\$1,041,262	\$4,505,086