

**Acumen Fund, Inc.  
and Subsidiaries**

Consolidated Financial Statements

December 31, 2014 and 2013

## Independent Auditors' Report

### **Board of Directors Acumen Fund, Inc. and Subsidiaries**

We have audited the accompanying consolidated financial statements of Acumen Fund, Inc. and Subsidiaries ("Acumen"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of Acumen Capital Markets I, LP, which statements reflect total assets constituting 10% of consolidated total assets at December 31, 2014 and 2013, and total revenues constituting 0% of consolidated total revenues for each of the years then ended. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Acumen Capital Markets I, LP, is based solely on the report of the other auditors. 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.

O'CONNOR DAVIES, LLP

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***Opinion***

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Acumen Fund, Inc. and Subsidiaries as December 31, 2014 and 2013 and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules on pages 21-23 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*O'Connor Davies, LLP*

June 8, 2015

**Acumen Fund, Inc. and Subsidiaries**

**Consolidated Statements of Financial Position**

	December 31	
	2014	2013
<b>ASSETS</b>		
Operating Assets		
Cash and cash equivalents	\$ 45,195,810	\$ 49,248,431
Contributions and pledges receivable, net	16,536,895	13,085,600
Interest receivable	124	57,541
Accounts and other receivables	68,444	13,248
Prepaid expenses and other assets	327,564	222,337
Interest in charitable remainder trust	396,131	385,599
Property and equipment, net	183,035	234,992
Security deposits	64,100	48,584
<b>Total Operating Assets</b>	<b><u>62,772,103</u></b>	<b><u>63,296,332</u></b>
Portfolio Assets		
Certificates of deposit	294,025	294,115
Interest and dividend receivable	1,292,101	814,944
Program related equity investments, net	31,545,395	30,251,818
Program related loans receivable, net	12,261,004	12,566,635
<b>Total Portfolio Assets</b>	<b><u>45,392,525</u></b>	<b><u>43,927,512</u></b>
<b>Total Assets</b>	<b><u>\$ 108,164,628</u></b>	<b><u>\$ 107,223,844</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 516,483	\$ 468,508
Accrued salaries and related expenses	702,865	435,643
Taxes payable on foreign loan interest income	3,280	3,280
Notes payable	4,937,297	4,937,297
<b>Total Liabilities</b>	<b><u>6,159,925</u></b>	<b><u>5,844,728</u></b>
Net Assets		
Unrestricted		
Operating	26,674,588	26,793,846
Portfolio funds	45,392,525	45,794,866
Noncontrolling limited partners' interests		
in Acumen Capital Markets I, LP	4,683,089	6,051,787
<b>Total Unrestricted</b>	<b><u>76,750,202</u></b>	<b><u>78,640,499</u></b>
Temporarily restricted	25,254,501	22,738,617
<b>Total Net Assets</b>	<b><u>102,004,703</u></b>	<b><u>101,379,116</u></b>
	<b><u>\$ 108,164,628</u></b>	<b><u>\$ 107,223,844</u></b>

See notes to consolidated financial statements

## Acumen Fund, Inc. and Subsidiaries

### Consolidated Statement of Activities Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Operating Support and Revenue			
Contributions	\$ 8,185,153	\$ 10,781,410	\$ 18,966,563
Provision for uncollectible pledges	(4,135)	(22,500)	(26,635)
Donated services	1,457,032	-	1,457,032
Investment income	58,417	15,678	74,095
Change in value of charitable remainder trust	-	10,532	10,532
Other income	63,110	-	63,110
Net assets released from restrictions	<u>5,175,647</u>	<u>(5,175,647)</u>	<u>-</u>
Total Operating Support and Revenue	<u>14,935,224</u>	<u>5,609,473</u>	<u>20,544,697</u>
Portfolio Revenue (Losses)			
Interest and dividend income, program related investments	893,574	-	893,574
Realized loss on equity investments	(1,899,821)	-	(1,899,821)
Provision for losses	(3,936,686)	-	(3,936,686)
Other portfolio investment expenses	7,364	-	7,364
Net assets released from restrictions	<u>3,093,589</u>	<u>(3,093,589)</u>	<u>-</u>
Total Portfolio Revenue (Losses)	<u>(1,841,980)</u>	<u>(3,093,589)</u>	<u>(4,935,569)</u>
Total Support and Revenue	<u>13,093,244</u>	<u>2,515,884</u>	<u>15,609,128</u>
<b>EXPENSES</b>			
Program Expenses			
Portfolio management	6,160,339	-	6,160,339
Outreach, impact and communications	2,751,834	-	2,751,834
Fellows	1,661,645	-	1,661,645
Total Program Expenses	<u>10,573,818</u>	<u>-</u>	<u>10,573,818</u>
Supporting Expenses			
Management and general	2,749,819	-	2,749,819
Fundraising	2,163,677	-	2,163,677
Total Supporting Expenses	<u>4,913,496</u>	<u>-</u>	<u>4,913,496</u>
Total Expenses	<u>15,487,314</u>	<u>-</u>	<u>15,487,314</u>
Change in Net Assets Before Foreign Currency Translation Loss and Contributed Capital	(2,394,070)	2,515,884	121,814
Foreign currency translation loss	(76,315)	-	(76,315)
Contributed capital	580,088	-	580,088
Change in Net Assets	<u>(1,890,297)</u>	<u>2,515,884</u>	<u>625,587</u>
<b>NET ASSETS</b>			
Beginning of the year	<u>78,640,499</u>	<u>22,738,617</u>	<u>101,379,116</u>
End of the year	<u>\$ 76,750,202</u>	<u>\$ 25,254,501</u>	<u>\$ 102,004,703</u>

See notes to consolidated financial statements

## Acumen Fund, Inc. and Subsidiaries

### Consolidated Statement of Activities Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Operating Support and Revenue			
Contributions	\$ 6,060,003	\$ 10,287,100	\$ 16,347,103
Provision for uncollectible pledges	(3,119)	(613,971)	(617,090)
Donated services	1,113,745	-	1,113,745
Investment income	79,736	15,859	95,595
Change in value of charitable remainder trust	-	41,159	41,159
Other income	67,358	-	67,358
Net assets released from restrictions	<u>7,290,253</u>	<u>(7,290,253)</u>	<u>-</u>
Total Operating Support and Revenue	<u>14,607,976</u>	<u>2,439,894</u>	<u>17,047,870</u>
Portfolio Revenue (Losses)			
Interest and dividend income, program related investments	1,307,544	-	1,307,544
Provision for losses	(4,819,337)	-	(4,819,337)
Other investment expenses	(159,854)	-	(159,854)
Net assets released from restrictions	<u>823,129</u>	<u>(823,129)</u>	<u>-</u>
Total Portfolio Revenue (Losses)	<u>(2,848,518)</u>	<u>(823,129)</u>	<u>(3,671,647)</u>
Total Support and Revenue	<u>11,759,458</u>	<u>1,616,765</u>	<u>13,376,223</u>
<b>EXPENSES</b>			
Program Expenses			
Portfolio management	4,997,551	-	4,997,551
Outreach, impact and communications	2,191,159	-	2,191,159
Fellows	<u>1,367,660</u>	<u>-</u>	<u>1,367,660</u>
Total Program Expenses	<u>8,556,370</u>	<u>-</u>	<u>8,556,370</u>
Supporting Expenses			
Management and general	2,609,895	-	2,609,895
Fundraising	<u>1,812,466</u>	<u>-</u>	<u>1,812,466</u>
Total Supporting Expenses	<u>4,422,361</u>	<u>-</u>	<u>4,422,361</u>
Total Expenses	<u>12,978,731</u>	<u>-</u>	<u>12,978,731</u>
Change in Net Assets Before Foreign Currency Translation Loss and Contributed Capital	(1,219,273)	1,616,765	397,492
Foreign currency translation loss	(595,555)	-	(595,555)
Contributed capital	<u>5,265,125</u>	<u>-</u>	<u>5,265,125</u>
Change in Net Assets	<u>3,450,297</u>	<u>1,616,765</u>	<u>5,067,062</u>
<b>NET ASSETS</b>			
Beginning of the year	<u>75,190,202</u>	<u>21,121,852</u>	<u>96,312,054</u>
End of the year	<u>\$ 78,640,499</u>	<u>\$ 22,738,617</u>	<u>\$ 101,379,116</u>

See notes to consolidated financial statements

## Acumen Fund, Inc. and Subsidiaries

### Consolidated Statement of Cash Flows

	Year Ended December 31	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 625,587	\$ 5,067,062
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	100,921	92,562
Provision for uncollectible pledges and write-offs	26,635	617,090
Donated securities	(1,727,766)	-
Change in interest in charitable remainder trust	(10,532)	(41,159)
Foreign currency exchange (gain) loss	(69,027)	1,355
Realized loss on equity investments	1,899,821	-
Provision for portfolio losses	3,936,686	4,819,337
Change in operating assets and liabilities		
Contributions and pledges receivable, net of discount	(3,477,930)	3,047,963
Interest and dividend receivable	(419,740)	(61,395)
Accounts and other receivables	(55,196)	(7,922)
Prepaid expenses and other current assets	(105,227)	55,835
Accounts payable and accrued expenses	315,197	(628,609)
Taxes payable on foreign loan interest income	-	3,280
Net Cash from Operating Activities	<u>1,039,429</u>	<u>12,965,399</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(48,964)	(124,740)
Proceeds from maturity of certificates of deposit	90	489,071
Proceeds from sale of program related equity investments	392,142	612,800
Program related loans made	(1,421,121)	(5,008,943)
Program related equity investments made	(4,502,586)	(3,204,670)
Repayment of program related loans	503,905	2,882,608
Security (deposits) refunds	(15,516)	12,503
Net Cash from Investing Activities	<u>(5,092,050)</u>	<u>(4,341,371)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	-	(232,953)
Net Change in Cash and Cash Equivalents	<u>(4,052,621)</u>	<u>8,391,075</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>49,248,431</u>	<u>40,857,356</u>
End of year	<u>\$ 45,195,810</u>	<u>\$ 49,248,431</u>
<b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>		
Cash paid for taxes	\$ 94,134	\$ 86,139
Cash paid for interest	\$ -	\$ 439,215

See notes to consolidated financial statements

## **Acumen Fund, Inc. and Subsidiaries**

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

#### **1. Organization and Tax Status**

Acumen Fund, Inc., a not for profit organization, aims to elevate the lives of the poor by building financially sustainable and scalable organizations (non-profit and for-profit) that deliver affordable, critical goods and services. A disciplined process is adhered to in selecting and managing its philanthropic investments as well as in measuring the end result. Acumen Fund, Inc. manages six portfolio areas of expertise, focused on global social needs: (i) Health, (ii) Housing (iii) Water & Sanitation, (iv) Energy, (v) Agriculture and (vi) Education. In addition, Acumen Fund, Inc. runs a leadership program that consists of a global and three regional fellows program to identify, network and support social change leaders. Acumen Fund, Inc. also focuses on dissemination of ideas, particularly around insights for impact measurement of its work and awareness raising of its approaches to tackling poverty. Acumen Fund, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation.

In addition to managing its global operations from its New York office, Acumen Fund, Inc. formed Acumen Advisory Services India Private Limited (“Acumen India”) and Acumen (a Pakistan company) (“Acumen Pakistan”); subsidiaries which manage regional operations. Acumen India is a corporation which Acumen Fund, Inc. owns 99.9%. Acumen Pakistan is a company limited by guarantee incorporated in Pakistan under section 42 of the Companies Ordinance, 1984, which is the equivalent to a 501(c)(3) public charity in the United States. Acumen Pakistan is governed by its local Board of Directors. Acumen Fund, Inc. has the right to appoint a majority of the Board of Directors of Acumen Pakistan which comprises of two directors appointed by Acumen Fund, Inc. under the Amended Affiliation and Funding Agreement dated May 2014 and three directors elected by its members. Acumen Pakistan’s membership includes Acumen Fund, Inc. and many Acumen Fund, Inc. employees as well as some outside individuals. In 2013, Acumen Fund, Inc. formed Acumen Canada, a registered charitable organization in Canada in which Acumen Fund, Inc. is the sole executive and voting member. The Board of Directors is appointed by Acumen Fund, Inc. as executive member and includes Acumen Fund, Inc. employees and outside individuals.

In December 2008, Acumen Fund, Inc. formed a limited partnership, Acumen Capital Markets I, LP (“ACM”), in which it serves as general partner and manager. ACM makes portfolio investments consistent with and as an extension of Acumen Fund, Inc.’s charitable activities. ACM is a Delaware limited partnership. Accordingly for income tax purposes, the partners report their respective portions of ACM income and expense in their income tax returns.

In October 2014, Acumen Fund, Inc. formed two Delaware entities - Acumen Capital Partners LLC (“ACP”) and Acumen Capital Investments LLC (“ACI”). Acumen Fund, Inc. owns 100% of ACP, which was organized to be the fund manager for an early-stage growth fund that is currently being raised. ACP owns 100% of ACI, which was set up as a carry vehicle for the same fund. Both ACP and ACI did not have any financial activity in 2014.

## Acumen Fund, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

#### **1. Organization and Tax Status (continued)**

The accompanying consolidated financial statements of Acumen Fund, Inc. include the accounts of Acumen Fund, Inc., Acumen India, Acumen Pakistan, Acumen Canada and ACM (collectively Acumen).

#### **2. Summary of Significant Accounting Policies**

##### ***Principles of Consolidation***

All significant intercompany account balances and transactions have been eliminated in consolidation.

##### ***Basis of Presentation and Use of Estimates***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly actual results could differ from those estimates.

##### ***Cash and Cash Equivalents***

Acumen considers all highly liquid investments available for operations, with a maturity of three months or less at the time of purchase to be cash equivalents.

##### ***Fair Value of Financial Instruments***

Acumen follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

##### ***Contributions and Pledges Receivable***

Contributions and unconditional promises to give are recorded as support and are classified as unrestricted, temporarily restricted, or permanently restricted support.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates applicable to the years in which the promises are received and consider market and credit risk as applicable. Amortization of the discounts and changes in allowance for doubtful accounts are included in contribution support in the consolidated statements of activities.

## **Acumen Fund, Inc. and Subsidiaries**

Notes to Consolidated Financial Statements  
December 31, 2014 and 2013

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Allowance for Doubtful Accounts***

An allowance for doubtful accounts is established for contributions receivable where there exists doubt as to whether amounts will be fully collected. The determination of this allowance is an estimate based on Acumen's historical experience, review of account balances and expectations relative to collections.

#### ***Property and Equipment***

Property and equipment are stated at cost. Acumen capitalizes all purchases of property and equipment greater than \$1,000. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which are 2 to 3 years for leasehold improvements and 3 to 5 years for furniture, computer equipment and website development.

#### ***Net Asset Presentation***

Acumen reports information regarding its financial position and activities according to three classes of net assets based on donor restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the presence or absence of donor imposed restrictions.

#### ***In-Kind Contributions***

Donated services are stated in the financial statements at fair value if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and that would typically be purchased if not provided by donation.

#### ***Beneficial Interest in a Charitable Remainder Trust***

Acumen has a beneficial interest in a charitable remainder trust. Under the terms of the trust, distributions are made from the trust to designated beneficiaries for the remainder of their lives. The remainder of the assets in the trust will be transferred to Acumen. The trust is held and managed by an independent trustee. As of 2014 the value of Acumen's estimated interest in the remainder trusts was approximated using a 7% discount rate over the remaining life expectancy of the income beneficiaries.

#### ***Program Related Equity Investments***

Equity investments are reflected at cost less an allowance for impairment in value. Whether a valuation allowance is necessary due to impairment is determined based on various factors, including the enterprise's cash flow from operations and other pertinent factors related to the enterprise's operations and ability to attract additional capital from other investors.

## **Acumen Fund, Inc. and Subsidiaries**

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

## **2. Summary of Significant Accounting Policies (continued)**

### ***Program Related Loans Receivable***

Loans are carried at an amount equal to the assets transferred if the loans are at the market interest rate applicable to the borrower. If the contractual interest rate is lower than the market rate, the difference between the cash transferred to the borrower and the present value of the contractual payments for the loan at the effective interest rate is recognized as contribution expense.

Each loan is analyzed for significant risk factors and appropriate interest rates are charged (currently ranging from 2% to 19%). Determining whether a valuation allowance is necessary due to impairment is based on various factors, including the debtor's cash flow from operations and other pertinent factors related to the debtor's operations and ability to attract additional capital from other investors. Repayment terms differ for each loan.

### ***Grant Expense***

Grant expense is recognized at the time a grant is authorized. Grants which are conditional on the recipient fulfilling certain obligations prior to receiving funds are recognized at the time those conditions are satisfied. Grants payable later than one year from the end of a fiscal year are discounted to present value.

### ***Foreign Currency Translation***

The consolidated statements of activities of foreign subsidiaries whose functional currencies are other than the U.S. dollar are translated into U.S. dollars using average exchange rates for the period. The net assets of foreign subsidiaries whose functional currencies are other than the U.S. dollar are translated into U.S. dollars using exchange rates as of the consolidated statement of financial position date. The translation gains (losses) are included in the consolidated statement of activities.

### ***Allocation of Expenses***

Certain expenses are allocated to program or supporting services based on management's estimates.

### ***Reclassifications***

During 2014, Acumen determined to reclassify 2013 portfolio cash and cash equivalents to operating assets cash and cash equivalents on the consolidated statements of financial position. Net assets and changes in net assets are unchanged due to these reclassifications.

## Acumen Fund, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2014 and 2013

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Accounting for Uncertainty in Income Taxes***

Acumen recognizes the effect of income tax positions only when they are more than likely than not of being sustained. Management has determined that Acumen had no uncertain tax positions that would require financial statement recognition or disclosure. Acumen is no longer subject to audits by the United States taxing jurisdictions for periods prior to December 31, 2011.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is June 8, 2015.

### 3. Concentration of Credit Risk

Financial instruments that potentially subject Acumen to concentrations of credit risk consist principally of cash and cash equivalents and program related portfolio loans and equity investments. At times cash balances held at financial institutions may be in excess of federally insured limits. Acumen also maintains bank accounts in India and Pakistan. There is no insurance on these accounts. Acumen has not experienced any losses on its cash deposits.

Program related portfolio loans receivable and equity investments are associated with projects based in developing countries. As such, the projects and related investments are subject to various uncertainties including, but not limited to, political, commercial and currency risk.

### 4. Contributions and Pledges Receivable

Pledges receivable are shown net of a discount to present value using rates ranging from .4% to 50% on payments due in future years.

Contributions and pledges receivable are due as follows at December 31:

	2014	2013
Due within:		
Up to one year	\$ 9,697,488	\$ 9,155,402
One to five years	<u>9,395,266</u>	<u>5,268,389</u>
	19,092,754	14,423,791
Present value discount	(1,968,511)	(262,081)
Allowance for doubtful accounts	<u>(587,348)</u>	<u>(1,076,110)</u>
Contributions and pledges receivable, net	<u><u>\$16,536,895</u></u>	<u><u>\$13,085,600</u></u>

## Acumen Fund, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

#### 4. Contributions and Pledges Receivable (*continued*)

Acumen works with the Charities Aid Foundation (“CAF”), a not-for-profit organization providing a range of services to facilitate tax efficient, charitable donations in the United Kingdom. During 2014, Acumen received a total of £103,310 or \$166,968 of charitable donations (net of fees) into an account maintained with CAF. Throughout the course of the year, CAF transferred £87,459 or \$142,101 into Acumen’s operating bank account. £15,851 or \$24,867 is recorded in contributions and pledges receivable and remains in the Acumen CAF account as of December 31, 2014.

#### 5. Fair Value Measurements

Acumen’s beneficial interest in charitable remainder trusts is measured at fair value on a recurring basis. The beneficial interest in charitable remainder trusts are Level 3 inputs using the fair value hierarchy.

The following is a reconciliation of the beginning and ending balances for Level 3 assets for December 31, 2014:

Beginning balance	\$ 385,599
Change in present value of beneficial interest in remainder trust	<u>10,532</u>
Ending balance	<u><u>\$ 396,131</u></u>

#### 6. Property and Equipment

Property and equipment consist of the following at December 31:

	2014	2013
Computer equipment and website development	\$ 477,035	\$ 460,242
Leasehold improvements and equipment	375,016	356,175
Furniture	<u>156,899</u>	<u>157,129</u>
	1,008,950	973,546
Accumulated depreciation	(825,915)	(738,554)
	<u>\$ 183,035</u>	<u>\$ 234,992</u>

Depreciation expense for 2014 and 2013 was \$100,921 and \$92,563.

#### 7. Program Related Loans Receivable

Program related portfolio loans receivable consist of loans advanced to projects located throughout the developing world related to Acumen’s portfolio activities. Loans receivable are carried at a cost of \$16,922,170 and \$16,356,687 less an allowance for uncollectible amounts of \$4,485,665 and \$3,564,076 and a foreign currency loss of \$175,501 and \$225,976 at December 31, 2014 and 2013.

**Acumen Fund, Inc. and Subsidiaries**

Notes to Consolidated Financial Statements  
December 31, 2014 and 2013

**7. Program Related Loans Receivable (*continued*)**

Contractual interest rates on program related loans at December 31, 2014 and 2013 were equal to the market rates and therefore no contribution expense was recorded.

Acumen assesses the risk of their financing receivables internally as either performing or monitoring. Performing receivables are investments that meet repayment benchmarks on a timely basis. Monitoring receivables are investments that are either behind in their repayment schedules or the overall health of the investee organization is lessened based upon an assessment of the investee. The following is the recorded investment in financing receivables using Acumen's internally assigned credit quality indicators.

	2014		
	Performing	Monitoring	Total
Health	\$ 1,539,914	\$ 1,206,500	\$ 2,746,414
Agriculture	3,150,000	4,042,036	7,192,036
Energy	1,240,140	138,779	1,378,919
Housing	-	119,789	119,789
Water and Sanitation	541,662	39,930	581,592
Education	-	50,000	50,000
Technology	367,755	-	367,755
	<u>\$ 6,839,471</u>	<u>\$ 5,597,034</u>	<u>12,436,505</u>
Foreign currency adjustment			(175,501)
			<u>\$ 12,261,004</u>
	2013		
	Performing	Monitoring	Total
Health	\$ 1,610,535	\$ 2,196,492	\$ 3,807,027
Agriculture	2,514,560	4,191,827	6,706,387
Energy	962,910	-	962,910
Housing	-	202,195	202,195
Water and Sanitation	727,273	134,554	861,827
Education	50,000	-	50,000
Technology	202,265	-	202,265
	<u>\$ 6,067,543</u>	<u>\$ 6,725,068</u>	<u>12,792,611</u>
Foreign currency adjustment			(225,976)
			<u>\$ 12,566,635</u>

The following reflects the activity in the valuation allowance account for 2014 and 2013 by class of financing receivables and the recorded investment in financing receivables related to each balance in the valuation allowance account at December 31, 2014 and 2013.

**Acumen Fund, Inc. and Subsidiaries**

Notes to Consolidated Financial Statements  
December 31, 2014 and 2013

**7. Program Related Loans Receivable (*continued*)**

	2014				
	Health	Agriculture	Housing	Water and Sanitation	Total
<b>Allowance for credit losses</b>					
Beginning balance	\$ 1,364,952	\$ 823,414	\$ 1,261,583	\$ 114,127	\$ 3,564,076
Recoveries	(109,121)	-	(299,583)	-	(408,704)
Provision	<u>1,150,067</u>	<u>174,564</u>	<u>-</u>	<u>5,662</u>	<u>1,330,293</u>
Ending balance	<u><u>\$ 2,405,898</u></u>	<u><u>\$ 997,978</u></u>	<u><u>\$ 962,000</u></u>	<u><u>\$ 119,789</u></u>	<u><u>\$ 4,485,665</u></u>
Ending balance, individually evaluated for impairment	<u><u>\$ 2,405,898</u></u>	<u><u>\$ 997,978</u></u>	<u><u>\$ 962,000</u></u>	<u><u>\$ 119,789</u></u>	<u><u>\$ 4,485,665</u></u>
<b>Financing receivables</b>					
Ending balance	<u><u>\$ 3,337,399</u></u>	<u><u>\$ 1,201,078</u></u>	<u><u>\$ 962,000</u></u>	<u><u>\$ 159,719</u></u>	<u><u>\$ 5,660,196</u></u>
Ending balance, individually evaluated for impairment	<u><u>\$ 3,337,399</u></u>	<u><u>\$ 1,201,078</u></u>	<u><u>\$ 962,000</u></u>	<u><u>\$ 159,719</u></u>	<u><u>\$ 5,660,196</u></u>
	2013				
	Health	Agriculture	Housing	Water and Sanitation	Total
<b>Allowance for credit losses</b>					
Beginning balance	\$ 853,194	\$ -	\$ 231,529	\$ 123,482	\$ 1,208,205
Recoveries	(136,034)	-	-	(9,355)	(145,389)
Provision	<u>647,792</u>	<u>823,414</u>	<u>1,030,054</u>	<u>-</u>	<u>2,501,260</u>
Ending balance	<u><u>\$ 1,364,952</u></u>	<u><u>\$ 823,414</u></u>	<u><u>\$ 1,261,583</u></u>	<u><u>\$ 114,127</u></u>	<u><u>\$ 3,564,076</u></u>
Ending balance, individually evaluated for impairment	<u><u>\$ 1,364,952</u></u>	<u><u>\$ 823,414</u></u>	<u><u>\$ 1,261,583</u></u>	<u><u>\$ 114,127</u></u>	<u><u>\$ 3,564,076</u></u>
<b>Financing receivables</b>					
Ending balance	<u><u>\$ 2,372,305</u></u>	<u><u>\$ 1,176,306</u></u>	<u><u>\$ 1,389,976</u></u>	<u><u>\$ 152,169</u></u>	<u><u>\$ 5,090,756</u></u>
Ending balance, individually evaluated for impairment	<u><u>\$ 2,372,305</u></u>	<u><u>\$ 1,176,306</u></u>	<u><u>\$ 1,389,976</u></u>	<u><u>\$ 152,169</u></u>	<u><u>\$ 5,090,756</u></u>

All impaired loans at December 31, 2014 and 2013 are included in the ending balance of financing receivables.

## Acumen Fund, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

#### 7. Program Related Loans Receivable (*continued*)

The following is an analysis by class of the past due program related portfolio loans at December 31:

	2014					Total Financing Receivable
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 days	Total Past Due	Current	
	<u>30-59</u>	<u>60-89</u>	<u>Greater Than 90 days</u>	<u>Total Past Due</u>	<u>Current</u>	
Health	\$ -	\$ -	\$ 2,556,180	\$ 2,556,180	\$ 190,234	\$ 2,746,414
Housing	25,000	-	75,000	100,000	19,789	119,789
Agriculture	-	-	817,377	817,377	6,374,659	7,192,036
<b>Total</b>	<b><u>\$ 25,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,448,557</u></b>	<b><u>\$ 3,473,557</u></b>	<b><u>\$ 6,584,682</u></b>	<b><u>\$ 10,058,239</u></b>

  

	2013					Total Financing Receivable
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 days	Total Past Due	Current	
	<u>30-59</u>	<u>60-89</u>	<u>Greater Than 90 days</u>	<u>Total Past Due</u>	<u>Current</u>	
Health	\$ -	\$ -	\$ 1,956,021	\$ 1,956,021	\$ 1,851,006	\$ 3,807,027
Water	-	-	12,688	12,688	849,139	861,827
<b>Total</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,968,709</u></b>	<b><u>\$ 1,968,709</u></b>	<b><u>\$ 2,700,145</u></b>	<b><u>\$ 4,668,854</u></b>

Expected repayments (exclusive of provisions for conversion to equity positions in the project) are as follows:

2015	\$ 7,939,011
2016	1,774,504
2017	3,445,088
2018	1,158,175
2019	1,440,939
2020 and thereafter	<u>1,164,453</u>
	<b><u>\$16,922,170</u></b>

#### 8. Program Related Equity Investments

Program related equity investments consist of funds invested for equity positions in business enterprises in connection with Acumen's portfolio activities. Equity investments are carried at cost of \$40,934,815 and \$36,911,129 less a valuation allowance of \$9,389,420 and \$6,659,311 at December 31, 2014 and 2013.

## Acumen Fund, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

#### 8. Program Related Equity Investments (*continued*)

Acumen holds a significant ownership percentage in certain of its program related equity investments however it does not have controlling financial or majority voting interest in those investments. The shareholder agreements provide for the original project developer or other third party investors to maintain a controlling majority of the voting rights on the board of directors and for Acumen to maintain only a minority of such rights. Acumen does not heavily participate in the management or direction of ongoing operations or operating decisions. In addition, Acumen's significant ownership percentage in some cases is only temporary and will be diluted at such time the enterprise receives further capitalization from local investors. For these reasons, Acumen does not recognize its share of income and losses (equity method) in its accounting for these investments.

#### 9. Changes in Noncontrolling Limited Partners' Interests

The changes in noncontrolling limited partners' interests in ACM are as follows:

	<u>Noncontrolling Interest</u>
Balance January 1, 2013	\$ 1,798,388
2013 Changes:	
Capital contributions	4,785,125
Deficiency of revenue over expenses	<u>(531,726)</u>
Balance December 31, 2013	6,051,787
2014 Changes:	
Capital contributions	25,918
Deficiency of revenue over expenses	<u>(1,394,616)</u>
Balance December 31, 2014	<u>\$ 4,683,089</u>

#### 10. Notes Payable

ACM has a \$5,032,977 promissory note and security agreement (the "Notes") with certain of its limited partners and others for the purpose of providing investment capital to social entrepreneurs that seek to build viable businesses that serve the poor.

The Notes are unsecured, unguaranteed, and uninsured with a fixed rate of interest of 3% per annum. The interest is payable quarterly if, in the reasonable discretion of the Investment Manager, cash is available for payment at such time. The principal on the Notes and any unpaid interest shall be payable at the end of the term solely out of the assets of ACM. ACM shall have no obligation to pay interest and principal unless it has unencumbered assets sufficient to pay such amounts. The Investment Manager shall have no obligation to liquidate assets of ACM or make capital calls to its partners in order to make payments of interest at any time prior to maturity of the Note.

## Acumen Fund, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

#### 10. Notes Payable (*continued*)

At December 31, 2014 and 2013, ACM had drawn \$5,270,250, representing 100% of the Notes and ACM has paid down a total of \$237,273 on the Notes. \$100,000 of the commitment was from Acumen Fund, Inc. of which \$4,320 was repaid in 2013. The remaining capital commitment has been eliminated in consolidation.

#### 11. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following at December 31:

	2014	2013
+Acumen Online	\$ 14,940	\$ 122,790
Acumen America	517,016	-
Agriculture	3,559,923	1,022,779
ANDE	6,910	-
Cruit	396,131	385,599
Donor imposed	4,459,890	4,254,699
East Africa	4,505	4,390
Education	2,943,612	4,413,331
Energy	2,760,814	2,204,490
Fellows	1,745,915	1,746,662
Health	693,353	597,056
Impact	508,062	-
India	13,035	33,101
Latin America	3,040,290	3,004,429
Leadership	1,200,869	-
Other	-	996,016
Pakistan	112,392	53,210
Pioneer Fund	493,583	988,861
SAP	400,000	-
Technical assistance	393,693	706,998
Water	1,255,779	1,249,393
West Africa	733,789	954,813
	<u>\$25,254,501</u>	<u>\$22,738,617</u>

## Acumen Fund, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

#### 11. Temporarily Restricted Net Assets (*continued*)

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor or as a result of the expiration of donor imposed time restrictions as follows:

	2014	2013
+Acumen Online	\$ 477,790	\$ 277,210
Agriculture	771,793	317,168
ANDE	105,950	-
Donor imposed	2,764,806	2,920,360
East Africa	10,000	260,000
Education	456,254	688,845
Energy	542,900	689,523
Fellows	1,170,765	1,155,313
Impact	561,039	-
India	182,123	233,435
Latin America	207,065	118,534
Leadership	87,626	-
Other	250,000	-
Pakistan	30,000	91,785
Pioneer Fund	-	500,000
Technical assistance	438,097	160,833
Water	-	399,999
West Africa	213,028	300,377
	<u>\$ 8,269,236</u>	<u>\$ 8,113,382</u>

#### 12. In-Kind Contributions

In-kind contributions for the years ended December 31 are as follows:

	2014	2013
Rent	\$ 236,249	\$ -
Equipment	2,000	-
Legal services	1,218,783	1,113,745
	<u>\$ 1,457,032</u>	<u>\$ 1,113,745</u>

#### 13. Retirement Plan

Acumen Fund, Inc. maintains a 401(k) defined contribution retirement plan covering eligible employees. Acumen Fund, Inc. contributes 3% of the employees' compensation, inclusive of bonuses. Acumen Fund, Inc. plan expenses were \$111,263 and \$99,354 for 2014 and 2013.

## Acumen Fund, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

#### 14. Commitments and Contingencies

##### *Leases*

Acumen occupies its primary office location at no charge under an agreement for donated occupancy which expires in October 31, 2015. Donated occupancy recognized in the consolidated statements of activities for 2014 and 2013 totaled \$596,711 and \$569,861. The deferred portion of donated occupancy of approximately \$280,000 is included in contributions and pledges receivable in the December 31, 2014 consolidated statement of financial position.

Acumen also occupies office space in connection with its global operations under operating leases which provide for minimum annual rental payments as follows:

2015	\$207,970
2016	222,174
2017	213,188
	<u>\$643,332</u>

Rent expense (including donated occupancy) for 2014 and 2013 was \$910,502 and \$884,991.

##### *Program Grants, Loans and Investments*

The following summarizes Acumen's portfolio disbursements for the years ended December 31:

	2014	2013
Loans	\$ 1,421,121	\$ 5,008,943
Equity investments	4,502,586	3,204,670
	<u>\$ 5,923,707</u>	<u>\$ 8,213,613</u>

Since 2001, Acumen has made portfolio loan and equity disbursements in excess of \$80 million. Together with committed disbursements approved but not yet made of approximately \$16.4 million, Acumen's cumulative investments under management total over \$96.4 million.

At December 31, 2014 and 2013, approximately \$8.8 million and \$11.2 million in program disbursements have been committed and remains contingent upon the approval of interim progress reports and statements. Approximately \$7.6 million of additional program disbursements were committed in 2014. Subsequent disbursements are to be made upon Acumen's satisfaction that recipients have demonstrated progress towards the stated objectives of the disbursements. As such, these amounts have not been recorded in the consolidated financial statements.

## **Acumen Fund, Inc. and Subsidiaries**

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

#### **14. Commitments and Contingencies (*continued*)**

##### ***Standby Letters of Credit***

At December 31, 2014 and 2013, Acumen had outstanding standby letters of credit in the total amount of \$294,000, as guarantees for program related lending activities. The letters of credit were issued in lieu of direct portfolio loan disbursements and certificates of deposit were purchased as collateral for the letters of credit.

##### ***Committed Capital***

At December 31, 2014 and 2013, ACM limited partners had a commitment to make program loans or investments of \$10,570,250 and Acumen Fund, Inc. had a commitment to make program loans or investments of \$1,000,000. Acumen Fund, Inc. may draw down these commitments to enable ACM to make investments, to pay fees and expenses or to provide reserves. At December 31, 2014 and 2013, ACM's funded partner commitments amounted to \$9,926,251 and \$9,900,333. The ratio of total contributed capital to total committed capital is 94%.

\* \* \* \* \*

**Acumen Fund, Inc.  
and Subsidiaries**

**Supplementary Financial Information**

December 31, 2014 and 2013

**Acumen Fund, Inc. and Subsidiaries**  
**Consolidating Schedule of Financial Position**  
**December 31, 2014**  
**(with summarized totals at December 31, 2013)**

ASSETS	Acumen Fund, Inc.					Acumen			2014 Total	2013 Total
	Temporarily Restricted		Total	Acumen India	Acumen Pakistan	Capital Markets I, LP	Acumen Canada	Eliminating Entries		
	Unrestricted	Restricted								
Operating Assets										
Cash and cash equivalents	\$ 32,119,883	\$ 9,285,762	\$ 41,405,645	\$ 1,657,307	\$ 309,035	\$ 1,791,492	\$ 32,331	\$ -	\$ 45,195,810	\$ 49,248,431
Contributions and pledges receivable, net	964,287	15,572,608	16,536,895	-	-	-	-	-	16,536,895	13,085,600
Interest receivable	-	-	-	-	124	-	-	-	124	57,541
Investment in subsidiaries	500,959	-	500,959	-	-	-	-	(500,959)	-	-
Loans to subsidiaries	750,000	-	750,000	-	-	-	-	(750,000)	-	-
Accounts and other receivables	319,988	-	319,988	281,324	5,153	-	-	(538,021)	68,444	13,248
Prepaid expenses and other assets	155,646	-	155,646	128,795	14,123	29,000	-	-	327,564	222,337
Interest in charitable remainder trust	-	396,131	396,131	-	-	-	-	-	396,131	385,599
Property and equipment, net	116,343	-	116,343	28,564	38,128	-	-	-	183,035	234,992
Security deposits	22,710	-	22,710	40,222	1,168	-	-	-	64,100	48,584
Total Operating Assets	<u>34,949,816</u>	<u>25,254,501</u>	<u>60,204,317</u>	<u>2,136,212</u>	<u>367,731</u>	<u>1,820,492</u>	<u>32,331</u>	<u>(1,788,980)</u>	<u>62,772,103</u>	<u>63,296,332</u>
Portfolio Assets										
Certificates of deposit	294,025	-	294,025	-	-	-	-	-	294,025	294,115
Interest and dividend receivable	943,114	-	943,114	-	-	348,987	-	-	1,292,101	814,944
Program related portfolio equity investments, net	27,052,199	-	27,052,199	-	209,631	5,283,565	-	(1,000,000)	31,545,395	30,251,818
Program related portfolio loans receivable, net	8,070,280	-	8,070,280	-	932,360	3,354,044	-	(95,680)	12,261,004	12,566,635
Total Portfolio Assets	<u>36,359,618</u>	<u>-</u>	<u>36,359,618</u>	<u>-</u>	<u>1,141,991</u>	<u>8,986,596</u>	<u>-</u>	<u>(1,095,680)</u>	<u>45,392,525</u>	<u>43,927,512</u>
	<u>\$ 71,309,434</u>	<u>\$ 25,254,501</u>	<u>\$ 96,563,935</u>	<u>\$ 2,136,212</u>	<u>\$ 1,509,722</u>	<u>\$ 10,807,088</u>	<u>\$ 32,331</u>	<u>\$ (2,884,660)</u>	<u>\$ 108,164,628</u>	<u>\$ 107,223,844</u>
LIABILITIES AND NET ASSETS										
Liabilities										
Accounts payable and accrued expenses	\$ 619,498	\$ -	\$ 619,498	\$ 49,881	\$ 107,484	\$ 282,501	\$ -	\$ (542,881)	\$ 516,483	\$ 468,508
Accrued salaries and related expenses	623,759	-	623,759	56,189	22,917	-	-	-	702,865	435,643
Taxes payable on foreign loan interest income	3,280	-	3,280	-	-	-	-	-	3,280	3,280
Intercompany loan	-	-	-	-	753,174	-	-	(753,174)	-	-
Notes payable	-	-	-	-	-	5,032,977	-	(95,680)	4,937,297	4,937,297
Total Liabilities	<u>1,246,537</u>	<u>-</u>	<u>1,246,537</u>	<u>106,070</u>	<u>883,575</u>	<u>5,315,478</u>	<u>-</u>	<u>(1,391,735)</u>	<u>6,159,925</u>	<u>5,844,728</u>
Net Assets										
Unrestricted										
Operating	33,703,279	-	33,703,279	-	(515,844)	-	32,331	(6,545,178)	26,674,588	26,793,846
Portfolio funds	36,359,618	-	36,359,618	-	1,141,991	-	-	7,890,916	45,392,525	45,794,866
Noncontrolling limited partners' interests										
in Acumen Capital Markets I, LP	-	-	-	-	-	-	-	4,683,089	4,683,089	6,051,787
Total Unrestricted	<u>70,062,897</u>	<u>-</u>	<u>70,062,897</u>	<u>-</u>	<u>626,147</u>	<u>-</u>	<u>32,331</u>	<u>6,028,827</u>	<u>76,750,202</u>	<u>78,640,499</u>
Temporarily restricted	-	25,254,501	25,254,501	-	-	-	-	-	25,254,501	22,738,617
Contributed capital	-	-	-	504,559	-	-	-	(504,559)	-	-
Stockholder's equity	-	-	-	1,525,583	-	-	-	(1,525,583)	-	-
Partners' capital	-	-	-	-	5,491,610	-	-	(5,491,610)	-	-
Total Net Assets	<u>70,062,897</u>	<u>25,254,501</u>	<u>95,317,398</u>	<u>2,030,142</u>	<u>626,147</u>	<u>5,491,610</u>	<u>32,331</u>	<u>(1,492,925)</u>	<u>102,004,703</u>	<u>101,379,116</u>
	<u>\$ 71,309,434</u>	<u>\$ 25,254,501</u>	<u>\$ 96,563,935</u>	<u>\$ 2,136,212</u>	<u>\$ 1,509,722</u>	<u>\$ 10,807,088</u>	<u>\$ 32,331</u>	<u>\$ (2,884,660)</u>	<u>\$ 108,164,628</u>	<u>\$ 107,223,844</u>

See independent auditors' report

## Acumen Fund, Inc. and Subsidiaries

### Consolidating Schedule of Activities Year Ended December 31, 2014 (with summarized totals for the year ended December 31, 2013)

	Acumen Fund, Inc.			Acumen				Eliminating Entries	2014 Total	2013 Total			
	Unrestricted	Temporarily Restricted	Total	Acumen India	Acumen Pakistan	Capital Markets I, LP	Acumen Canada						
<b>SUPPORT AND REVENUE</b>													
Operating Support and Revenue													
Contributions	\$ 7,614,584	\$ 10,781,410	\$ 18,395,994	\$ 53,663	\$ 828,194	\$ -	\$ 32,739	\$ (344,027)	\$ 18,966,563	\$ 16,347,103			
Provision for uncollectible amounts	(4,135)	(22,500)	(26,635)	-	-	-	-	-	(26,635)	(617,090)			
Donated services	1,457,032	-	1,457,032	-	-	-	-	-	1,457,032	1,113,745			
Program fees	261,196	-	261,196	1,269,213	-	-	-	(1,530,409)	-	-			
Investment income	40,328	15,678	56,006	-	8,223	9,866	-	-	74,095	95,595			
Change in value of charitable remainder trust	-	10,532	10,532	-	-	-	-	-	10,532	41,159			
Other income	10,595	-	10,595	19,275	33,240	-	-	-	63,110	67,358			
Net assets released from restrictions	5,175,647	(5,175,647)	-	-	-	-	-	-	-	-			
Total Operating Support and Revenue	<u>14,555,247</u>	<u>5,609,473</u>	<u>20,164,720</u>	<u>1,342,151</u>	<u>869,657</u>	<u>9,866</u>	<u>32,739</u>	<u>(1,874,436)</u>	<u>20,544,697</u>	<u>17,047,870</u>			
Portfolio Revenue and (Losses)													
Interest and dividend income, program related investments	482,257	-	482,257	-	122,238	289,079	-	-	893,574	1,307,544			
Realized loss on equity investments	(449,483)	-	(449,483)	-	-	(1,450,338)	-	-	(1,899,821)	-			
Provision for losses	(3,596,364)	-	(3,596,364)	-	(340,322)	-	-	-	(3,936,686)	(4,819,337)			
Other portfolio investment expenses	7,364	-	7,364	-	-	-	-	-	7,364	(159,854)			
Net assets released from restriction	3,093,589	(3,093,589)	-	-	-	-	-	-	-	-			
Total Portfolio Revenue and (Losses)	<u>(462,637)</u>	<u>(3,093,589)</u>	<u>(3,556,226)</u>	<u>-</u>	<u>(218,084)</u>	<u>(1,161,259)</u>	<u>-</u>	<u>-</u>	<u>(4,935,569)</u>	<u>(3,671,647)</u>			
Total Revenues	<u>14,092,610</u>	<u>2,515,884</u>	<u>16,608,494</u>	<u>1,342,151</u>	<u>651,573</u>	<u>(1,151,393)</u>	<u>32,739</u>	<u>(1,874,436)</u>	<u>15,609,128</u>	<u>13,376,223</u>			
<b>EXPENSES</b>													
Program Services													
Portfolio management	6,607,505	-	6,607,505	841,688	414,661	360,103	-	(2,063,618)	6,160,339	4,997,551			
Outreach, impact and communication	2,689,334	-	2,689,334	42,779	19,721	-	-	-	2,751,834	2,191,159			
Fellows	1,264,642	-	1,264,642	228,883	168,120	-	-	-	1,661,645	1,367,660			
Total Program Services	<u>10,561,481</u>	<u>-</u>	<u>10,561,481</u>	<u>1,113,350</u>	<u>602,502</u>	<u>360,103</u>	<u>-</u>	<u>(2,063,618)</u>	<u>10,573,818</u>	<u>8,556,370</u>			
Supporting Services													
Management and general	2,561,720	-	2,561,720	107,677	80,014	-	408	-	2,749,819	2,609,895			
Fundraising	1,972,908	-	1,972,908	113,344	77,425	-	-	-	2,163,677	1,812,466			
Total Supporting Services	<u>4,534,628</u>	<u>-</u>	<u>4,534,628</u>	<u>221,021</u>	<u>157,439</u>	<u>-</u>	<u>408</u>	<u>-</u>	<u>4,913,496</u>	<u>4,422,361</u>			
Total Expenses	<u>15,096,109</u>	<u>-</u>	<u>15,096,109</u>	<u>1,334,371</u>	<u>759,941</u>	<u>360,103</u>	<u>408</u>	<u>(2,063,618)</u>	<u>15,487,314</u>	<u>12,978,731</u>			
Change in Net Assets Before Foreign Currency													
Translation Loss and Contributed Capital	(1,003,499)	2,515,884	1,512,385	7,780	(108,368)	(1,511,496)	32,331	189,182	121,814	397,492			
Foreign currency translation (loss)	(1,934)	-	(1,934)	(4,879)	(84,107)	(1,551)	-	16,156	(76,315)	(595,555)			
Contributed capital	-	-	-	504,559	49,611	25,918	-	-	580,088	5,265,125			
Change in Net Assets	(1,005,433)	2,515,884	1,510,451	507,460	(142,864)	(1,487,129)	32,331	205,338	625,587	5,067,062			
NET ASSETS													
Beginning of the year	<u>71,068,330</u>	<u>22,738,617</u>	<u>93,806,947</u>	<u>1,522,682</u>	<u>769,011</u>	<u>6,978,739</u>	<u>-</u>	<u>(1,698,263)</u>	<u>101,379,116</u>	<u>96,312,054</u>			
End of the year	<u>\$ 70,062,897</u>	<u>\$ 25,254,501</u>	<u>\$ 95,317,398</u>	<u>\$ 2,030,142</u>	<u>\$ 626,147</u>	<u>\$ 5,491,610</u>	<u>\$ 32,331</u>	<u>\$ (1,492,925)</u>	<u>\$ 102,004,703</u>	<u>\$ 101,379,116</u>			

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## Acumen Fund, Inc. and Subsidiaries

### Consolidating Schedule of Functional Expenses

For the Year Ended December 31, 2014

(with summarized totals for the year ended December 31, 2013)

	Program Services					Management and General	Fundraising	2014 Total	2013 Total
	Portfolio Management	Outreach, Impact and Communications			Total				
			Fellows						
Salaries	\$ 3,003,259	\$ 1,276,257	\$ 478,181	\$ 4,757,697	\$ 1,392,909	\$ 1,273,186	\$ 7,423,792	\$ 5,931,471	
Payroll taxes and employee benefits	369,969	228,488	70,181	668,638	250,389	191,935	1,110,962	937,695	
Professional fees	194,572	41,041	129,947	365,560	259,750	63,964	689,274	403,499	
Consulting fees	214,574	778,752	402,788	1,396,114	80,823	47,717	1,524,654	1,320,590	
Program grants	444,054	-	-	444,054	-	-	-	444,054	147,447
Donated legal services	914,872	-	-	914,872	303,911	-	-	1,218,783	1,099,728
Donated space	125,061	128,726	26,112	279,899	158,423	158,389	596,711	569,861	
Travel	337,399	105,732	261,375	704,506	75,770	120,778	901,054	785,667	
Meetings	25,089	50,357	181,397	256,843	37,228	131,476	425,547	368,036	
Marketing material	4,373	3,429	6,094	13,896	1,792	4,208	19,896	41,141	
Technology expenses	18,007	794	16,091	34,892	77,707	4,475	117,074	38,281	
Telephone	101,642	87,083	2,425	191,150	1,677	53,999	246,826	317,823	
Office supplies, printing and postage	30,691	12,770	24,440	67,901	19,589	16,757	104,247	131,379	
Occupancy	196,656	15,027	33,942	245,625	31,832	36,334	313,791	315,130	
Insurance	41,730	8,477	783	50,990	602	1,880	53,472	104,090	
Investment fees and bank charges	1,698	20	3,009	4,727	13,295	31,916	49,938	259,541	
Corporate tax expense	75,956	-	7,619	83,575	11,429	7,619	102,623	90,830	
Miscellaneous	18,668	2,488	12,353	33,509	7,470	2,716	43,695	23,960	
Total Expenses before depreciation	6,118,270	2,739,441	1,656,737	10,514,448	2,724,596	2,147,349	15,386,393	12,886,169	
Depreciation	42,069	12,393	4,908	59,370	25,223	16,328	100,921	92,562	
<b>Total Expenses</b>	<b>\$ 6,160,339</b>	<b>\$ 2,751,834</b>	<b>\$ 1,661,645</b>	<b>\$ 10,573,818</b>	<b>\$ 2,749,819</b>	<b>\$ 2,163,677</b>	<b>\$ 15,487,314</b>	<b>\$ 12,978,731</b>	

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