

THE SPROUT FUND

Financial Statements

December 31, 2007

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ALPERN ROSENTHAL
INSPIRING OPPORTUNITIES

Independent Auditors' Report

To the Board of Directors
The Sprout Fund
Pittsburgh, Pennsylvania

We have audited the accompanying statement of financial position of The Sprout Fund (a not-for-profit corporation) as of December 31, 2007, and the related statements of activities and changes in net assets, and cash flows for the period from November 1, 2007 (inception) to December 31, 2007. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Sprout Fund as of December 31, 2007, and the changes in its net assets and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Alpern Rosenthal

May 6, 2009

Certified Public Accountants and Business Advisors

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THE SPROUT FUND

Statement of Financial Position

December 31	2007
ASSETS	
Cash and cash equivalents	\$ 1,617,089
Pledges receivable - Note 2	370,951
Property and equipment - net - Note 3	<u>22,233</u>
Total Assets	<u>\$ 2,010,273</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	<u>\$ 110,558</u>
Net Assets	
Unrestricted	537,538
Temporarily restricted - Note 4	<u>1,362,177</u>
Total Net Assets	<u>1,899,715</u>
Total Liabilities and Net Assets	<u>\$ 2,010,273</u>

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

THE SPROUT FUND

Statement of Activities and Changes in Net Assets

For the Period November 1, 2007 (Inception) to December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Government grant revenue	\$ 5,950	\$ -	\$ 5,950
Contributions	688,469	1,393,318	2,081,787
Special event fundraising	46,791	-	46,791
Interest income	6,528	-	6,528
	<u>747,738</u>	<u>1,393,318</u>	<u>2,141,056</u>
Net Assets Released From Restrictions	<u>31,141</u>	<u>(31,141)</u>	<u>-</u>
Total Support and Revenue	<u>778,879</u>	<u>1,362,177</u>	<u>2,141,056</u>
Expenses			
Program services	173,723	-	173,723
Administration	61,596	-	61,596
Fundraising	6,022	-	6,022
Total Expenses	<u>241,341</u>	<u>-</u>	<u>241,341</u>
Total Increase in Net Assets -			
Net Assets - Beginning of period	<u>\$ 537,538</u>	<u>\$ 1,362,177</u>	<u>\$ 1,899,715</u>

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

THE SPROUT FUND

Statement of Cash Flows

For the Period November 1, 2007 (Inception) to December 31, 2007

Cash Provided by (Used for) Operating Activities	
Total increase in net assets	\$ 1,899,715
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	823
Contributed property	(15,173)
Changes in	
Accounts receivable	(370,951)
Accounts payable	<u>110,558</u>
Net Cash Provided by Operating Activities	1,624,972
Cash Used for Investing Activities	
Purchase of equipment	<u>(7,883)</u>
Net Increase in Cash and Cash Equivalents -	
Cash and Cash Equivalents - Beginning of period	<u><u>\$ 1,617,089</u></u>

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

THE SPROUT FUND

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

A. Organization

The Sprout Fund began operations on November 1, 2007, prior to that The Sprout Fund was operated as a program of the Tides Center.

The Sprout Fund is a private, not-for-profit organization that supports innovative ideas and grassroots community projects that are catalyzing change in Pittsburgh. Sprout is designed to facilitate community-led solutions to regional challenges and supports efforts to create a thriving, progressive, and culturally diverse region. With strong working relationships to many community organizations and regional stakeholders, The Sprout Fund is one of Southwestern Pennsylvania's leading agencies on issues related to civic engagement, talent attraction and retention, public art, and catalytic small-scale funding.

The Sprout Fund's mission is to work to positively affect the civic and philanthropic community by providing an entry point for young, creative, and civically engaged people to become involved and active in their communities and by supporting projects and initiatives that improve the image of the greater Pittsburgh region.

The Sprout Fund is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles. Support, revenue and expenses are recorded and presented in accordance with Statements of Financial Accounting Standards No. 116 (SFAS 116), *Accounting for Contributions Received and Contributions Made*, and 117 (SFAS 117), *Financial Statements of Not-for-Profit Organizations* (see Notes 1E and 1F).

C. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of less than three months as cash equivalents. Substantially all of the Organization's cash is held at one financial institution.

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Notes to the Financial Statements (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Revenue and Support

Revenue is recognized when earned.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

In 2007, approximately 45% of the Organization's contributions were from one donor.

F. Promises to Give

Unconditional promises to give (pledges receivable) are recognized as revenues or gains in the period the promise is received as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

G. Depreciation

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets. Improvements are depreciated over the lesser of the economic useful life or the remaining life of the Organization's lease.

H. Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157 (SFAS 157), *Fair Value Measurements*. SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions of SFAS 157 are effective for The Sprout Fund for its fiscal year ending December 31, 2008. The Sprout Fund is evaluating the impact of the provisions of SFAS 157 on its financial statements and does not expect it will have a material impact.

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Notes to the Financial Statements (Continued)

Note 2 - Pledges Receivable

Pledges receivable consist of amounts due for the following purposes at December 31:

	<u>2007</u>
Public Art Program	\$ 100,000
Community Connections	215,001
Operations	<u>55,950</u>
Total pledges receivable	\$ <u>370,951</u>

All pledges receivable are expected to be collected within the next fiscal year. There were no conditional promises outstanding as of December 31, 2007.

Note 3 - Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2007</u>
Leasehold improvements	\$ 23,056
Less: Accumulated depreciation	<u>823</u>
Property and equipment - net of accumulated depreciation	\$ <u>22,233</u>

Note 4 - Restrictions on Net Assets

Temporarily restricted net assets consist of funds restricted for the following purposes at December 31:

	<u>2007</u>
Community Connections	\$1,212,177
Time	50,000
Public Art	<u>100,000</u>
	\$ <u>1,362,177</u>

Note 5 - Lease Obligation

The Sprout Fund occupies facilities under a lease agreement, which expires in June 2012. The lease requires minimum annual rents of \$27,600. Total rent expense was approximately \$7,000 in 2007.