



# The Sprout Fund

## Financial Statements

December 31, 2014 and 2013

# The Sprout Fund

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## Independent Auditor's Report

To the Board of Directors  
The Sprout Fund  
Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of The Sprout Fund, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses 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.

### *Auditor's 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 from 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 auditor's 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 The Sprout Fund as of December 31, 2014 and 2013, 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.

*BDO USA, LLP*

Pittsburgh, Pennsylvania

February 5, 2016

**The Sprout Fund**  
**Statements of Financial Position**

<i>December 31,</i>	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 1,725,163	\$ 1,950,852
Pledges receivable - Note 2	1,881,283	116,522
Property and equipment - net - Note 3	1,822	6,174
<b>Total Assets</b>	<b>\$ 3,608,268</b>	<b>\$ 2,073,548</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Grants payable	\$ 146,512	\$ 243,500
Accounts payable	86,994	55,429
Accrued expenses	11,514	11,221
<b>Total Liabilities</b>	<b>245,020</b>	<b>310,150</b>
<b>Net Assets</b>		
Unrestricted	467,078	402,379
Temporarily restricted - Note 4	2,896,170	1,361,019
<b>Total Net Assets</b>	<b>3,363,248</b>	<b>1,763,398</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,608,268</b>	<b>\$ 2,073,548</b>

*See accompanying independent auditor's report  
and notes to the financial statements.*

# The Sprout Fund

## Statement of Activities and Changes in Net Assets

<i>For the Year Ended December 31, 2014</i>	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Government grant revenue	\$ 7,848	\$ -	\$ 7,848
Contributions	85,903	3,676,000	3,761,903
Other income	7,329	-	7,329
Interest income	2,091	-	2,091
<b>Total Support and Revenue</b>	<b>103,171</b>	<b>3,676,000</b>	<b>3,779,171</b>
<b>Net Assets Released From Restrictions</b>	<b>2,140,849</b>	<b>(2,140,849)</b>	<b>-</b>
<b>Total Support and Revenue</b>	<b>2,244,020</b>	<b>1,535,151</b>	<b>3,779,171</b>
<b>Expenses</b>			
Program services	1,953,134	-	1,953,134
Fundraising	122,480	-	122,480
Administration	103,707	-	103,707
<b>Total Expenses</b>	<b>2,179,321</b>	<b>-</b>	<b>2,179,321</b>
<b>Total Increase in Net Assets</b>	<b>64,699</b>	<b>1,535,151</b>	<b>1,599,850</b>
<b>Net Assets - beginning of year</b>	<b>402,379</b>	<b>1,361,019</b>	<b>1,763,398</b>
<b>Net Assets - end of year</b>	<b>\$ 467,078</b>	<b>\$ 2,896,170</b>	<b>\$ 3,363,248</b>

*See accompanying independent auditor's report  
and notes to the financial statements.*

# The Sprout Fund

## Statement of Activities and Changes in Net Assets

<i>For the Year Ended December 31, 2013</i>	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Government grant revenue	\$ 7,848	\$ 9,500	\$ 17,348
Contributions	99,221	1,295,000	1,394,221
Other income	4,469	-	4,469
Interest income	1,779	-	1,779
<b>Total Support and Revenue</b>	<b>113,317</b>	<b>1,304,500</b>	<b>1,417,817</b>
<b>Net Assets Released From Restrictions</b>	<b>1,427,952</b>	<b>(1,427,952)</b>	<b>-</b>
<b>Total Support and Revenue</b>	<b>1,541,269</b>	<b>(123,452)</b>	<b>1,417,817</b>
<b>Expenses</b>			
Program services	1,239,928	-	1,239,928
Fundraising	117,003	-	117,003
Administration	180,027	-	180,027
<b>Total Expenses</b>	<b>1,536,958</b>	<b>-</b>	<b>1,536,958</b>
<b>Total Increase (Decrease) in Net Assets</b>	<b>4,311</b>	<b>(123,452)</b>	<b>(119,141)</b>
<b>Net Assets - beginning of year</b>	<b>398,068</b>	<b>1,484,471</b>	<b>1,882,539</b>
<b>Net Assets - end of year</b>	<b>\$ 402,379</b>	<b>\$ 1,361,019</b>	<b>\$ 1,763,398</b>

*See accompanying independent auditor's report  
and notes to the financial statements.*

**The Sprout Fund**  
**Statement of Functional Expenses**

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<i>For the Year Ended December 31, 2014</i>	Program Services	Administration and Fundraising	Total
<b>Expenses</b>			
Grants, awards and commissions	\$ 611,940	\$ -	\$ 611,940
Other programmatic costs	703,077	4,197	707,274
Salaries	385,633	128,858	514,491
Employee benefits	48,413	10,350	58,763
Employer payroll taxes	31,991	10,483	42,474
Contract services	19,579	27,558	47,137
Facilities and equipment	32,785	6,900	39,685
Rent	24,903	5,242	30,145
Operations	24,075	28,539	52,614
Marketing	5,356	2,076	7,432
Insurance	6,949	1,463	8,412
Travel and meetings	58,433	521	58,954
<b>Total Expenses</b>	<b>\$ 1,953,134</b>	<b>\$ 226,187</b>	<b>\$ 2,179,321</b>

*See accompanying independent auditor's report  
and notes to the financial statements.*



# The Sprout Fund

## Statement of Functional Expenses

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<i>For the Year Ended December 31, 2013</i>	Program Services	Administration and Fundraising	Total
<b>Expenses</b>			
Grants, awards and commissions	\$ 504,435	\$ -	\$ 504,435
Other programmatic costs	199,264	13,306	212,570
Salaries	332,157	178,103	510,260
Employee benefits	41,678	14,685	56,363
Employer payroll taxes	29,448	14,926	44,374
Contract services	2,346	27,308	29,654
Facilities and equipment	21,373	7,869	29,242
Rent	23,495	8,246	31,741
Operations	16,729	28,026	44,755
Marketing	3,643	1,701	5,344
Insurance	6,008	2,108	8,116
Travel and meetings	59,352	752	60,104
<b>Total Expenses</b>	<b>\$ 1,239,928</b>	<b>\$ 297,030</b>	<b>\$ 1,536,958</b>

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**The Sprout Fund**  
**Statements of Cash Flows**

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<i>For the Years Ended December 31,</i>	<b>2014</b>	<b>2013</b>
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<b>Cash Provided by (Used for) Operating Activities</b>		
Total increase (decrease) in net assets	\$ 1,599,850	\$ (119,141)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	4,918	5,215
Changes in		
Pledges receivable	(1,764,761)	893,394
Accounts payable and accrued expenses	(65,130)	(73,652)
<hr/>		
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(225,123)</b>	<b>705,816</b>
 <b>Cash Used for Investing Activities</b>		
Purchase of equipment	(566)	(1,174)
<hr/>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(225,689)</b>	<b>704,642</b>
 <b>Cash and Cash Equivalents - beginning of year</b>	<b>1,950,852</b>	<b>1,246,210</b>
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<b>Cash and Cash Equivalents - end of year</b>	<b>\$ 1,725,163</b>	<b>\$ 1,950,852</b>
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*See accompanying independent auditor's report  
and notes to the financial statements.*

# The Sprout Fund

## Notes to the Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *Organization*

The Sprout Fund (the Organization) is a private, not-for-profit organization that supports innovative ideas and grassroots community projects that are catalyzing change in Pittsburgh. The Organization 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 Organization 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 Organization'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.

#### *Basis of Accounting*

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

#### *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. 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.

#### *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.

#### *Revenue and Support*

Governmental grant revenue is recognized when earned, which is typically at the time the costs associated with the grant are incurred.

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

# The Sprout Fund

## Notes to the Financial Statements (Continued)

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### 1. Summary of Significant Accounting Policies (Continued)

#### *Revenue and Support (Continued)*

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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions.

Two donors accounted for approximately 70% of the Organization's revenue and support in 2014. One donor accounted for approximately 50% of the Organization's revenue and support in 2013.

#### *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. Pledges receivable are reflected in Note 2. No allowance was considered to be necessary.

Three donors accounted for approximately 93% of the Organization's pledges receivable at December 31, 2014. One donor accounted for approximately 64% of the Organization's pledges receivable at December 31, 2013.

#### *Property and Equipment*

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. The Organization's policy is to capitalize property and equipment purchases greater than \$2,500 with a useful life greater than one year.

#### *Income Taxes*

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

# The Sprout Fund

## Notes to the Financial Statements (Continued)

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### 1. Summary of Significant Accounting Policies (Continued)

#### *Income Taxes (Continued)*

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken a position that is uncertain. An uncertain position is defined as one in which there is a 50% or greater likelihood that the position will not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2014, there are no uncertain tax positions taken or expected to be taken. The Organization has recognized no interest or penalties related to uncertain tax positions. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Organization is no longer subject to income tax examinations for years prior to 2011.

#### *Subsequent Events*

Management evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through February 5, 2016, the day the financial statements were approved and authorized for issue.

### 2. Pledges Receivable

Pledges receivable consist of the following at December 31:

	2014	2013
Learning Innovation Programs	\$ 1,350,000	\$ 75,000
Community Innovation Programs	500,000	-
Operations	31,283	41,522
<b>Pledges Receivable</b>	<b>\$ 1,881,283</b>	<b>\$ 116,522</b>

At December 31, 2014, outstanding balances in pledges receivable totaling \$776,283 are expected to be collected during 2015 and \$1,105,000 is expected to be collected in two to five years. There were no conditional promises outstanding as of December 31, 2014 and 2013.

# The Sprout Fund

## Notes to the Financial Statements (Continued)

### 3. Property and Equipment

Property and equipment consists of the following at December 31:

	2014	2013
Leasehold improvements	\$ 23,056	\$ 23,056
Equipment	4,689	4,783
Computers	17,144	16,483
Furniture and fixtures	2,543	2,543
	47,432	46,865
Less: Accumulated depreciation	(45,610)	(40,691)
<b>Property and Equipment - Net</b>	<b>\$ 1,822</b>	<b>\$ 6,174</b>

### 4. Restrictions on Net Assets

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

	2014	2013
Community Innovation Programs	\$ 526,240	\$ 67,406
Learning Innovation Programs	2,369,930	1,283,613
Future operations	-	10,000
<b>Restrictions on Net Assets</b>	<b>\$ 2,896,170</b>	<b>\$ 1,361,019</b>

Total assets released from donor restrictions by satisfying the restricted purposes were as follows:

	2014	2013
Community Innovation Programs	\$ 241,166	\$ 403,363
Learning Innovation Programs	1,889,683	986,296
Public Art Program	-	38,293
Future operations	10,000	-
<b>Assets Released</b>	<b>\$ 2,140,849</b>	<b>\$ 1,427,952</b>

### 5. Lease Obligation

The Organization occupies facilities under a lease agreement, which was renewed in July 2015 and expires in June 2016. The lease requires minimum annual rents of \$33,540. Total rent expense was approximately \$30,000 in 2014 and \$32,000 in 2013.