THE SPROUT FUND
Pittsburgh, Pennsylvania

Financial Statements
As of September 30, 2018 and December 31, 2017
and for the nine-month period ended September 30, 2018
and the year ended December 31, 2017

and Independent Auditors' Report Thereon

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Sprout Fund
Pittsburgh, Pennsylvania

Report on the Financial Statements
We have audited the accompanying financial statements of The Sprout Fund (Organization), which comprise the statements of financial position as of September 30, 2018 and December 31, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the nine- and twelve-month periods 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 audits 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.

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Organization as of September 30, 2018 and December 31, 2017, and the changes in its net assets and its cash flows for the nine- and twelve-month periods then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 2 to the financial statements, in the year ended September 30, 2018, The Sprout Fund adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respects to this matter.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
April 9, 2019

THE SPROUT FUND

STATEMENTS OF FINANCIAL POSITION

	September 30, 2018	December 31 2017
ASSETS		
ASSETS		
Cash and cash equivalents	$ 45,545	$ 638,234
Accounts and pledges receivable	6,013	42,950
Right of use assets	4,350	51,400
Total Assets	$ 55,908	$ 732,584
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants payable	-	$ 25,000
Accounts payable	$ 378	13,448
Accrued expenses	-	7,695
Lease Liabilities	4,350	51,400
Total Liabilities	4,728	97,543
NET ASSETS		
Without donor restrictions	51,180	503,815
With donor restrictions	-	131,226
Total Net Assets	51,180	635,041
Total Liabilities and Net Assets	$ 55,908	$ 732,584

See independent auditors' report and notes to the financal statements.

THE SPROUT FUND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Contributions	$ 21,917	$ 25,000	$ 46,917
Consulting fees	16,420	-	16,420
Other income	2,878	-	2,878
Interest income	391	-	391
	41,606	25,000	66,606
Net assets released from restrictions	156,226	(156,226)	-
Total Support and Revenue	197,832	(131,226)	66,606
EXPENSES			
Program services	458,172	-	458,172
Fundraising	7,830	-	7,830
Administration	184,465	-	184,465
	650,467	-	650,467
Decrease in Net Assets	(452,635)	(131,226)	(583,861)
NET ASSETS			
Beginning of year	503,815	131,226	635,041
End of year	$ 51,180	-	$ 51,180

See independent auditors' report and notes to the financal statements.

THE SPROUT FUND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Government grant revenue	$ 10,000	-	$ 10,000
Contributions	73,392	$ 498,150	571,542
Consulting fees	135,780	-	135,780
Other income	4	-	4
Interest income	1,055	-	1,055
	220,231	498,150	718,381
Net assets released from restrictions	748,098	(748,098)	-
Total Support and Revenue	968,329	(249,948)	718,381
EXPENSES			
Program services	1,100,447	-	1,100,447
Fundraising	117,781	-	117,781
Administration	89,361	-	89,361
	1,307,589	-	1,307,589
Decrease in Net Assets	(339,260)	(249,948)	(589,208)
NET ASSETS			
Beginning of year	843,075	381,174	1,224,249
End of year	$ 503,815	$ 131,226	$ 635,041

See independent auditors' report and notes to the financal statements.

THE SPROUT FUND

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

	Program Services	Administration and Fundraising	Total
EXPENSES			
Grants, awards and commissions	$ 111,500	-	$ 111,500
Other programmatic costs	52,018	-	52,018
Salaries	201,310	$ 164,451	365,761
Employee benefits	17,301	2,534	19,835
Employee payroll taxes	17,690	13,142	30,832
Contract services	-	1,746	1,746
Facilities and equipment	8,462	940	9,402
Rent	28,350	3,150	31,500
Operations	9,452	5,538	14,990
Travel and meetings	12,089	794	12,883
Total Expenses	$ 458,172	$ 192,295	$ 650,467

See independent auditors' report and notes to the financancal statements.

THE SPROUT FUND

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Administration and Fundraising	Total
EXPENSES			
Grants, awards and commissions	$ 323,902	-	$ 323,902
Other programmatic costs	156,505	$ 10,491	166,996
Salaries	399,221	117,515	516,736
Employee benefits	42,875	9,006	51,881
Employee payroll taxes	38,364	9,751	48,115
Contract services	9,317	32,950	42,267
Facilities and equipment	23,656	3,617	27,273
Rent	29,211	4,467	33,678
Operations	37,783	18,553	56,336
Travel and meetings	39,613	792	40,405
Total Expenses	$ 1,100,447	$ 207,142	$ 1,307,589

See independent auditors' report and notes to the financal statements.

THE SPROUT FUND

STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
AND THE YEAR ENDED DECEMBER 31, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	$ (583,861)	$ (589,208)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Changes in assets and liabilities:		
Pledges receivable	36,937	125,738
Right of use assets	47,050	(51,400)
Accounts payable and accrued expenses	(45,765)	(184,473)
Lesae liabilites	(47,050)	51,400
Net Cash Used in Operating Activities/Net Decrease in Cash and Cash Equivalents	(592,689)	(647,943)
CASH AND CASH EQUIVALENTS		
Beginning of Year	638,234	1,286,177
End of Year	$ 45,545	$ 638,234

See independent auditors' report and notes to the financal statements.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND DECEMBER 31, 2017

NOTE 1 - ORGANIZATION

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

In April 2018, after an extensive strategic review of the Organization by the board of directors and management, it was determined that The Sprout Fund would sunset and wrap up its operations during 2018. As part of the wind-down, the Organization awarded final Sprout Legacy Awards to 50 Pittsburghers "who best embody Sprout's philosophy of empowering others to work within their communities to solve issues that impact them every day." In addition, the Organization documented its best practices for others to benefit going forward and also published a "Last Will and Testament" to memorialize its history and accomplishments.

The Organization has begun discussion with the Mayor of Pittsburgh and Department of City Planning about the possibility of handing over the nonprofit entity to a new board and management team to use the corporate structure to accelerate local momentum on the ONEPGH resilience initiative. As of the date of this report, there has not been a formal agreement between The Sprout Fund and the City of Pittsburgh.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

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.

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. At times, the Organization's cash and cash equivalents might be in excess of the Federal Deposit Insurance Corporation insurance limits. The Organization does not believe that it is exposed to any significant credit risk on its cash and cash equivalents.

Revenue and Support - Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Three entities accounted for approximately 72% of the Organization's revenue and support for 2018. Four entities accounted for approximately 74% of the Organization's revenue and support in 2017.

Consulting fees represent contractual fees paid to the Organization from other not-for-profit organizations, for assistance with program development and implementation.

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. There were no conditional promises to give as of September 30, 2018 and December 31, 2017. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. At September 30, 2018 and December 31, 2017, no allowance was considered to be necessary.

One entity accounted for approximately 99% of the Organization's pledges receivable at September 30, 2018, and three entities accounted for approximately 70% of the Organization's pledges receivable at December 31, 2017.

Property and Equipment - Property and equipment are 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 $7,500 with a useful life greater than one year. All property and equipment held by the Organization were fully depreciated as of September 30, 2018 and December 31, 2017.

Income Taxes - The Organization is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3) and is not a private foundation as provided by the Internal Revenue Code. 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 September 30, 2018, 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 2014.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board (FASB) issued new accounting guidance related to revenue recognition. This new standard will replace all current accounting principles generally accepted in the United States of America guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition guidance provides a unified model to determine when and how revenue is recognized. The core principle is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued a deferral on the implementation date, and this guidance will be effective for the Organization beginning January 1, 2019 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Organization is currently evaluating the impact of adopting this new accounting guidance on its financial statements, if any.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02 Leases (Topic 842) (ASU 2016-02), which is the result of a joint project of FASB and International Accounting Standards Board to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments require a lessee to recognize a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term initially measured at the present value of the lease payments. The lessee should also include payments to be made on an optional lease extension if the company is reasonably certain that the extension will be exercised when measuring the asset and liability. Companies will be permitted to make an accounting policy election to not recognize leases with a term of 12 months or less. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019. Early application is permitted. The Organization elected to early-adopt this ASU during 2017.

During the period ended September 30, 2018, the Organization adopted ASU No. 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This guidance is intended to improve net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. The guidance also enhances disclosures for composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. As part of the adoption, the Organization reclassified unrestricted net assets to net assets without donor restrictions, and reclassified temporarily and permanently restricted net assets to net assets with donor restrictions.

In June 2018, the FASB issued ASU No. 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) to clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendments in ASU 2018-08 should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for transactions in which the entity serves as the resource recipient for annual periods beginning after December 15, 2018. For transactions in which the entity serves as the resource provider, ASU 2018-08 is effective for annual periods beginning after December 15, 2019. The Organization is currently in the process of evaluating the impact that the adoption of ASU 2018-18 will have on its financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through April 9, 2019, the day the financial statements were approved and authorized for issuance.

NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY RESERVES

At September 30, 2018, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following:

Cash and cash equivalents	$ 45,545
Grants and pledges receivable	6,013
Total financial assets available within one year	$ 51,558

As discussed in Note 1, the Organization has ceased operations and will transfer any remaining assets to another not-for-profit organization. Management does not expect any signification financial obligations subsequent to September 30, 2018.

NOTE 4 - ACCOUNTS AND PLEDGES RECEIVABLE

Accounts and pledges receivable consist of the following at September 30, 2018 and December 31, 2017:

	2018	2017
Learning Innovation Programs	-	$ 11,125
Community Innovation Programs	-	17,361
Operations	$ 6,013	14,464
	$ 6,013	$ 42,950

At September 30, 2018, all outstanding balances in accounts and pledges receivable totaling $2,924 are expected to be collected during 2019. There were no conditional promises outstanding as of September 30, 2018 and December 31, 2017.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of funds restricted for the following purposes at September 30, 2018 and December 31, 2017:

	2018	2017
Community Innovation Programs	-	$ 116,867
Learning Innovation Programs	-	14,359
	-	$ 131,226

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

	2018	2017
Community Innovation Programs	$ 116,799	$ 147,951
Learning Innovation Programs	39,427	600,147
	$ 156,226	$ 748,098

NOTE 6 - LEASE OBLIGATION

The Organization occupied facilities under a lease agreement that expired in September 2018. The premises were vacated at that time as part of the wind-down of the Organization. In addition, the Organization leased equipment under a lease agreement expiring in March 2019. There are no plans to renew this lease after expiration due to the wrapping up of the Organization. This lease is treated as a right-of-use asset within the Organization's financial statements. Total rent expense was approximately $38,000 and $42,000 for the nine-month period ended September 30, 2018 and the year ended December 31, 2017, respectively.

The Organization early-adopted ASU 2016-02 during 2017. The Organization has recorded a lease liability and a right-of-use asset on the statement of financial position for the total future lease commitments.

Future commitments under these noncancelable leases at September 30, 2018 are $4,350, which are set to expire March 2019.

NOTE 7 - FUNCTIONAL EXPENSES

Expenses are summarized and categorized based upon their functional classification as either program or supporting expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. These expenses are allocated on a reasonable basis that is consistently applied.

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