

ACUMEN FUND, INC. AND SUBSIDIARIES

**CONSOLIDATING FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

DECEMBER 31, 2009

ACUMEN FUND, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Acumen Fund, Inc. and Subsidiaries

We have audited the accompanying consolidating statement of financial position of Acumen Fund, Inc. (a not-for-profit corporation) and Subsidiaries as of December 31, 2009, and the related consolidating statements of activities and cash flows for the year then ended. These consolidating financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidating financial statements based on our audit. We did not audit the financial statements of the subsidiaries, Acumen Fund Advisory Services Private Limited, Acumen Fund (a Pakistan company) and Acumen Capital Markets I, L.P. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based solely on the reports of the other auditors. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated August 25, 2009, we expressed an unqualified opinion on those financial statements.

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 consolidating financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidating 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, based on our audit and the reports of the other auditors, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of Acumen Fund, Inc. and Subsidiaries as of December 31, 2009, and the changes in their net assets and their cash flows for the year then ended are in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
June 28, 2010

ACUMEN FUND, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009 WITH COMPARATIVE TOTALS FOR 2008

	2009							2008		
	Unrestricted				Portfolio Funds	Temporarily Restricted	Consolidating and Eliminating Entries	Total	Total	
	Acumen Fund, Inc.	Acumen Fund India	Acumen Fund Pakistan	Acumen Capital Markets I, LP						Acumen Fund, Inc.
Assets										
Cash and cash equivalents (Notes 1c and 3)	\$19,284,245	\$899,083	\$ 332,432	\$ 2,747,242	\$23,263,002	\$ -	\$ 8,091,167	\$ -	\$31,354,169	\$33,227,193
Restricted cash (Note 11)	-	-	-	3,312,361	3,312,361	-	-	-	3,312,361	-
Certificates of deposit (Notes 3 and 14c)	7,028,938	-	-	-	7,028,938	1,663,000	-	-	8,691,938	5,466,426
Investments in marketable securities (Notes 1d, 1i and 4)	1,404,831	-	-	-	1,404,831	-	-	-	1,404,831	1,384,828
Pledges receivable, net (Notes 1e and 5)	448,680	-	-	-	448,680	-	21,183,366	-	21,632,046	28,165,035
Accrued interest receivable	40,852	1,330	92,549	-	134,731	136,230	-	-	270,961	121,423
Loans to subsidiaries	-	-	-	-	-	1,368,750	-	(1,368,750)	-	-
Accounts and other receivables	2,688	-	29,700	42,215	74,603	-	-	(26,766)	47,837	22,946
Prepaid expenses and other current assets	209,221	27,411	3,358	-	239,990	-	-	(102,331)	137,659	95,460
Program related portfolio loans receivable (Notes 3 and 6)	-	-	1,127,573	-	1,127,573	5,378,799	-	-	6,506,372	6,769,221
Program related portfolio equity investments (Notes 3, 7 and 14b)	-	-	-	-	-	16,853,854	-	(110,000)	16,743,854	13,092,237
Investment in subsidiaries	500,959	-	-	-	500,959	-	-	(500,959)	-	-
Interest in charitable remainder trust (Notes 1i and 8)	-	-	-	-	-	-	293,596	-	293,596	247,984
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 9)	161,254	44,196	13,784	-	219,234	-	-	-	219,234	372,589
Security deposits	2,782	18,934	540	-	22,256	-	-	-	22,256	19,755
Total Assets	\$29,084,450	\$990,954	\$1,599,936	\$ 6,101,818	\$37,777,158	\$ 25,400,633	\$29,568,129	\$ (2,108,806)	\$90,637,114	\$88,985,097
Liabilities and Net Assets										
Liabilities										
Accounts payable and accrued expenses	\$ 326,599	\$ 69,493	\$ 29,324	\$ 50,000	\$ 475,416	\$ 47,870	\$ -	\$ (26,545)	\$ 496,741	\$ 396,731
Salaries payable and accrued vacation	254,314	3,191	-	-	257,505	-	-	-	257,505	193,216
Deferred income	-	143,875	7,488	-	151,363	-	-	(143,875)	7,488	2,090
Intercompany loan	-	-	1,373,165	-	1,373,165	-	-	(1,373,165)	-	-
Capital contributions received in advance (Note 11)	-	-	-	3,312,361	3,312,361	-	-	-	3,312,361	-
Notes payable (Note 12)	-	-	-	2,635,125	2,635,125	-	-	(50,000)	2,585,125	-
Accrued interest on notes payable	-	-	-	17,848	17,848	-	-	-	17,848	-
Total Liabilities	580,913	216,559	1,409,977	6,015,334	8,222,783	47,870	-	(1,593,585)	6,677,068	592,037
Commitments and Contingencies (Notes 1a, 13 and 14)										
Minority interest in Acumen Capital Markets I, LP	-	-	-	-	-	-	-	36,008	36,008	-
Net Assets (Note 2)										
Unrestricted										
Operating	28,503,537	-	189,959	-	28,693,496	-	-	309,650	29,003,146	30,010,883
Portfolio Funds	-	-	-	-	-	25,352,763	-	-	25,352,763	22,095,082
	28,503,537	-	189,959	-	28,693,496	25,352,763	-	309,650	54,355,909	52,105,965
Temporarily restricted										
Contributed capital	-	554,506	-	-	554,506	-	-	(554,506)	-	-
Stockholder's equity	-	219,889	-	-	219,889	-	-	(219,889)	-	-
Partners' capital	-	-	-	86,484	86,484	-	-	(86,484)	-	-
Total Net Assets	28,503,537	774,395	189,959	86,484	29,554,375	25,352,763	29,568,129	(551,229)	83,924,038	88,393,060
Total Liabilities and Net Assets	\$29,084,450	\$990,954	\$1,599,936	\$ 6,101,818	\$37,777,158	\$ 25,400,633	\$29,568,129	\$ (2,108,806)	\$90,637,114	\$88,985,097

See notes to consolidating financial statements.

ACUMEN FUND, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009 WITH COMPARATIVE TOTALS FOR 2008

	2009								2008 *	
	Unrestricted				Portfolio Funds	Temporarily Restricted	Consolidating and Eliminating Entries	Total	Total	
	Acumen Fund, Inc.	Acumen Fund India	Acumen Fund Pakistan	Acumen Capital Markets I, LP						Acumen Fund, Inc.
Changes in Unrestricted Net Assets										
Revenue, Gains and Other Support										
Contributions	\$ 4,474,167	\$ -	\$ 278,825	\$ -	\$ 4,752,992	\$ -	\$ 3,954,012	\$ (254,435)	\$ 8,452,569	\$33,971,301
Write-off of prior year contributions	-	-	-	-	-	-	-	-	-	(4,412,965)
Provision and reserve for uncollectible amounts	-	-	-	-	-	-	(2,100,000)	-	(2,100,000)	(4,000,000)
Fundraising event income	-	-	-	-	-	-	-	-	-	600,843
Less: Direct expenses	-	-	-	-	-	-	-	-	-	(217,195)
Donated services	2,208,000	-	-	-	2,208,000	-	-	-	2,208,000	2,714,314
Program fees	447,061	955,063	-	-	1,402,124	26,223	-	(1,402,124)	26,223	-
Interest income - program related portfolio loans	-	-	126,231	-	126,231	277,736	129,147	-	533,114	435,988
Loss on portfolio investment	-	-	-	-	-	(1,994,688)	-	-	(1,994,688)	(2,221,970)
Investment income (Note 4)	215,495	-	-	-	215,495	6,601	-	-	222,096	638,753
Change in value of charitable remainder trust (Note 8)	-	-	-	-	-	-	45,612	-	45,612	(92,948)
Other income	22,391	12,680	33,211	-	68,282	-	-	-	68,282	35,123
	<u>7,367,114</u>	<u>967,743</u>	<u>438,267</u>	<u>-</u>	<u>8,773,124</u>	<u>(1,684,128)</u>	<u>2,028,771</u>	<u>(1,656,559)</u>	<u>7,461,208</u>	<u>27,451,244</u>
Appropriations to portfolio funds	(3,513,097)	-	-	-	(3,513,097)	3,513,097	-	-	-	-
Satisfaction of time and program restrictions	<u>7,323,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,323,917</u>	<u>1,423,820</u>	<u>(8,747,737)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue, Gains and Other Support	<u>11,177,934</u>	<u>967,743</u>	<u>438,267</u>	<u>-</u>	<u>12,583,944</u>	<u>3,252,789</u>	<u>(6,718,966)</u>	<u>(1,656,559)</u>	<u>7,461,208</u>	<u>27,451,244</u>
Expenses										
Program Services										
Portfolio expenses	5,473,340	780,587	382,599	547,731	7,184,257	5,483	-	(1,657,369)	5,532,371	5,181,002
Metrics and Communication	3,607,248	-	-	-	3,607,248	-	-	-	3,607,248	1,466,842
Fellows	716,631	-	-	-	716,631	-	-	-	716,631	758,151
Total Program Services	<u>9,797,219</u>	<u>780,587</u>	<u>382,599</u>	<u>547,731</u>	<u>11,508,136</u>	<u>5,483</u>	<u>-</u>	<u>(1,657,369)</u>	<u>9,856,250</u>	<u>7,405,995</u>
Supporting Services										
Management and general	1,417,230	-	-	-	1,417,230	-	-	-	1,417,230	1,591,346
Fundraising	1,043,047	-	-	-	1,043,047	-	-	-	1,043,047	786,031
Total Supporting Services	<u>2,460,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,460,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,460,277</u>	<u>2,377,377</u>
Total Expenses	<u>12,257,496</u>	<u>780,587</u>	<u>382,599</u>	<u>547,731</u>	<u>13,968,413</u>	<u>5,483</u>	<u>-</u>	<u>(1,657,369)</u>	<u>12,316,527</u>	<u>9,783,372</u>
Increase (decrease) in unrestricted net assets before foreign currency exchange gain (loss)	(1,079,562)	187,156	55,668	(547,731)	(1,384,469)	3,247,306	(6,718,966)	810	(4,855,319)	17,667,872
Foreign currency exchange gain (loss)	-	(33,607)	(107,795)	-	(141,402)	10,375	-	(20,883)	(151,910)	(698,544)
Increase (decrease) in net assets	(1,079,562)	153,549	(52,127)	(547,731)	(1,525,871)	3,257,681	(6,718,966)	(20,073)	(5,007,229)	16,969,328
Minority interest in loss of Acumen Capital Markets I, LP	-	-	-	-	-	-	-	538,207	538,207	-
Net assets, beginning of year	29,583,099	620,846	242,086	-	30,446,031	22,095,082	36,287,095	(435,148)	88,393,060	71,423,732
Contributed capital	-	-	-	634,215	634,215	-	-	(634,215)	-	-
Net Assets, End of Year	<u>\$28,503,537</u>	<u>\$774,395</u>	<u>\$ 189,959</u>	<u>\$ 86,484</u>	<u>\$29,554,375</u>	<u>\$ 25,352,763</u>	<u>\$29,568,129</u>	<u>\$ (551,229)</u>	<u>\$83,924,038</u>	<u>\$88,393,060</u>

* Certain amounts have been reclassified for comparative purposes.

See notes to consolidating financial statements.

ACUMEN FUND, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009 WITH COMPARATIVE TOTALS FOR 2008

	2009					2008
	Acumen Fund, Inc.	Acumen Fund India	Acumen Fund Pakistan	Acumen Capital Markets I, LP	Consolidating Eliminating and Entries	Total
Cash Flows From Operating Activities						
Increase (decrease) in net assets	\$ (4,540,847)	\$ 153,549	\$ (52,127)	\$ (547,731)	\$ 15,935	\$ (4,971,221)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:						
Depreciation	211,027	27,854	3,037	-	-	241,918
Bad debts	-	-	-	-	-	-
Provision and reserve for uncollectible amounts	2,100,000	-	-	-	-	2,100,000
Donated securities	(41,114)	-	-	-	-	(41,114)
Gain (loss) on sale of securities	17,948	-	-	-	-	17,948
(Gain) loss on disposal of fixed asset	(770)	-	-	-	-	(770)
Unrealized (gain) loss on investments	24,062	-	-	-	-	24,062
Amortization of bond premiums	18,470	-	-	-	-	18,470
Foreign currency exchange (gain) loss	(38,997)	33,607	107,795	-	(53,665)	48,740
Program related portfolio loans made	(1,125,770)	-	(190,408)	-	-	(1,316,178)
Loans to subsidiaries for investments	-	-	-	-	(281,250)	(281,250)
Program related portfolio investments made	(4,898,503)	-	-	-	50,000	(4,848,503)
Loss on investments	1,994,688	-	-	-	-	1,994,688
Investments returned	10,678	-	-	-	-	10,678
Repayment of program related portfolio loans	813,047	-	135,708	-	-	948,755
Program related collateral certificates of deposit purchased	-	-	-	-	-	-
(Increase) decrease in:						
Pledges receivable	4,432,989	-	-	-	-	4,432,989
Accrued interest receivable	(80,479)	(1,330)	(69,840)	-	-	(151,649)
Accounts and other receivables	(2,127)	402,041	(21,135)	-	(395,062)	(16,283)
Prepaid expenses and other current assets	(120,460)	(25,503)	1,433	-	102,331	(42,199)
Interest in charitable remainder trust	(45,612)	-	-	-	-	(45,612)
Security deposits	(753)	(1,586)	(162)	-	-	(2,501)
Increase (decrease) in:						
Accounts payable and accrued expenses	(477,741)	47,550	10,385	67,848	469,816	117,858
Salaries payable and accrued vacation	79,044	(5,981)	(8,774)	-	-	64,289
Deferred income	-	143,875	5,398	-	(143,875)	5,398
Net Cash Provided (Used) By Operating Activities	<u>(1,671,220)</u>	<u>774,076</u>	<u>(78,690)</u>	<u>(479,883)</u>	<u>(235,770)</u>	<u>(1,691,487)</u>
Cash Flows From Investing Activities						
Acquisition of property and equipment	(67,243)	(14,033)	(7,287)	-	-	(88,563)
Purchase of investments in marketable securities and certificates of deposit	(11,663,521)	-	-	-	-	(11,663,521)
Sale of investments in marketable securities and certificates of deposit	8,393,422	-	-	-	-	8,393,422
Net Cash Used By Investing Activities	<u>(3,337,342)</u>	<u>(14,033)</u>	<u>(7,287)</u>	<u>-</u>	<u>-</u>	<u>(3,358,662)</u>
Cash Flows From Financing Activities						
Increase in restricted cash	-	-	-	(3,312,361)	-	(3,312,361)
Intercompany borrowings (repayments)	-	-	(285,770)	-	285,770	-
Proceeds from issuance of notes	-	-	-	2,635,125	(50,000)	2,585,125
Contributed capital received	-	-	-	3,904,361	-	3,904,361
Net Cash Provided (Used) By Financing Activities	<u>-</u>	<u>-</u>	<u>(285,770)</u>	<u>3,227,125</u>	<u>235,770</u>	<u>3,177,125</u>
Net increase (decrease) in cash and cash equivalents	(5,008,562)	760,043	(371,747)	2,747,242	-	(1,873,024)
Cash and cash equivalents, beginning of year	32,383,974	139,040	704,179	-	-	33,227,193
Cash and Cash Equivalents, End of Year	<u>\$27,375,412</u>	<u>\$ 899,083</u>	<u>\$332,432</u>	<u>\$ 2,747,242</u>	<u>\$ -</u>	<u>\$31,354,169</u>

See notes to consolidating financial statements.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Acumen Fund, Inc. and Subsidiaries (collectively "Acumen Fund") 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 manages three portfolio areas of expertise, focused on global social needs: (i) Health, (ii) Housing and Finance, (iii) Water Innovations, (iv) Energy, and (v) Agriculture. In addition, the Spectrum Fund allows donors to make a restricted contribution but allows Acumen Fund to determine to which portfolio it is to be allocated.

In addition to managing its global operations from its New York office, Acumen Fund, Inc. formed Acumen Fund Advisory Services India Private Limited ("Acumen Fund India") and Acumen Fund (a Pakistan Company, "Acumen Fund Pakistan"), subsidiaries which manage regional operations.

In December 2008, Acumen Fund formed a limited partnership with two other parties, Acumen Capital Markets I, LP ("ACM"), in which it serves as general partner and manager. ACM is to have a total capitalization of \$15.8 million, towards which Acumen Fund has made a commitment of \$1.1 million. ACM will make investments consistent with and as an extension of Acumen Fund's charitable activities.

b - Principles of Consolidation

The accompanying consolidating financial statements include the accounts of Acumen Fund, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

c - Cash and Cash Equivalents

For purposes of the statement of cash flows, Acumen Fund considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

d - Investments in Marketable Securities

Acumen Fund reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

e - Contributions and Pledges Receivable

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Acumen Fund uses the allowance method to determine uncollectible promises to give. Such allowance is based on prior years' experience and management's analysis of specific pledges made.

f - Property and Equipment

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

g - Financial Statement Presentation

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

h - Grants and Appropriations

Grants and appropriations are accrued at the time authorized. For grants which are conditional on the recipient fulfilling certain obligations prior to receiving funds, grants and appropriations are accrued 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.

i - Fair Value Measurements

Acumen Fund was required to adopt new "Fair Value Measurements" standards, effective January 1, 2008. These standards clarify that fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). These standards also provide for use of a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels. An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

i - Fair Value Measurements (continued)

Investments in marketable securities are classified within Level 1 (prices in active markets for identical assets or liabilities) of the fair value hierarchy. Fair value is determined using quoted market values.

The interest in charitable remainder trust is classified within Level 3 of the fair value hierarchy because it trades infrequently (or not at all) and therefore has little or no readily available pricing. Unobservable inputs are not available.

The values assigned to investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such differences could be material. Furthermore, the ultimate realization of such amounts depends on future events and circumstances and therefore valuation estimates may differ from the value realized upon disposition of individual positions.

j - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

k - Tax Status

Acumen Fund, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

Acumen Fund Advisory Services India Private Limited and Acumen Fund (a Pakistan Company) are subject to the laws and reporting requirements of their respective countries of formation, and are responsible for all applicable income taxes.

Acumen Capital Markets I, LP is a Delaware limited partnership. Accordingly, for tax purposes, the partners will report their respective portions of income and expense on their tax returns.

l - Subsequent Events

Acumen Fund has evaluated subsequent events through June 28, 2010, the date that the financial statements are considered available to be issued.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 2 - Restrictions on Assets

a - Net Assets

Net assets at December 31 are summarized as follows:

	2009			
	Unrestricted		Temporarily Restricted	Total
	Undesignated	Portfolio Funds		
Undesignated - Operating	\$29,003,146	\$ -	\$ -	\$29,003,146
Portfolio Activities				
Health	-	-	-	-
Water	-	-	20,000	20,000
Water-Gates Foundation	-	-	1,278,936	1,278,936
Agriculture-Gates Foundation	-	-	5,769,246	5,769,246
Infant Nutrition	-	-	3,170,346	3,170,346
Energy	-	-	280,000	280,000
Portfolio Funds	-	25,352,763	-	25,352,763
	<u>-</u>	<u>25,352,763</u>	<u>10,518,528</u>	<u>35,871,291</u>
Program and Operating Activities	<u>-</u>	<u>-</u>	<u>19,049,601</u>	<u>19,049,601</u>
	<u>\$29,003,146</u>	<u>\$25,352,763</u>	<u>\$29,568,129</u>	<u>\$83,924,038</u>
	2008			
	Unrestricted		Temporarily Restricted	Total
	Undesignated	Portfolio Funds		
Undesignated - Operating	\$30,010,883	\$ -	\$ -	\$30,010,883
Portfolio Activities				
Water-Gates Foundation	-	-	3,228,566	3,228,566
Agriculture-Gates Foundation	-	-	6,739,795	6,739,795
Infant Nutrition	-	-	3,158,158	3,158,158
Spectrum Fund	-	-	26,634	26,634
Portfolio Funds	-	22,095,082	-	22,095,082
	<u>-</u>	<u>22,095,082</u>	<u>13,153,153</u>	<u>35,248,235</u>
Program and Operating Activities	<u>-</u>	<u>-</u>	<u>23,133,942</u>	<u>23,133,942</u>
	<u>\$30,010,883</u>	<u>\$22,095,082</u>	<u>\$36,287,095</u>	<u>\$88,393,060</u>

b - Portfolio Funds

Portfolio funds consist of outstanding portfolio loans and equity investments, cash balances representing earnings and repayments of such loans and investments, and other receivables arising from portfolio activities. It is Acumen Fund's intention to maintain these funds for recurring use consistent with the intent of the original donors, in order to fund future portfolio activities with these funds when temporarily restricted funds are not available.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 2 - Restrictions on Assets (continued)

c - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of grants and contributions restricted for future portfolio activities, future programs, and future periods in accordance with donor designations.

Note 3 - Concentration and Credit Risk

Acumen Fund, Inc. maintains its cash and cash equivalents at three U.S. financial institutions. The cash balances at each institution are insured by the Federal Deposit Insurance Corporation. Acumen Fund, Inc. and its subsidiaries also maintain bank accounts in India and Pakistan. There is no loss insurance on these accounts. The balance of these accounts at December 31, 2009 was \$899,083 and \$332,432, respectively.

Program related portfolio loans receivable and equity investments (see Notes 6 and 7) 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.

Note 4 - Investments in Marketable Securities

a - Investments consist of Government bonds and U.S Treasury Notes with a cost basis of \$1,389,684 and \$1,345,562 at December 31, 2009 and 2008, respectively.

Investment income on money market funds, certificates of deposit and marketable securities for the years ended December 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Interest income	\$228,210	\$601,581
Realized gains	17,948	23,392
Unrealized gains (losses)	<u>(24,062)</u>	<u>13,780</u>
	<u>\$222,096</u>	<u>\$638,753</u>

b - At December 31, 2009, Acumen Fund also holds restricted publicly traded securities, which were delivered in partial satisfaction of an outstanding pledge receivable (Note 5). Since the restrictions prevent the sale of these securities, their value (approximately \$1.7 million at December 31, 2009) has not been included in investments in the accompanying financial statements.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 5 - Pledges Receivable

Pledges receivable are due as follows:

	2009			
	<u>Unrestricted</u>	<u>Restricted for Portfolio Activity</u>	<u>Restricted for Future Programs and Operations</u>	<u>Total</u>
Due in less than one year	\$448,680	\$ 50,000	\$ 8,771,479	\$ 9,270,159
Due in one to five years	-	2,442,373	14,339,999	16,782,372
	<u>448,680</u>	<u>2,492,373</u>	<u>23,111,478</u>	<u>26,052,531</u>
Less: Discount to present value	-	-	(2,320,485)	(2,320,485)
Less: Provision and reserve for uncollectible amounts	-	-	(2,100,000)	(2,100,000)
	<u>\$448,680</u>	<u>\$2,492,373</u>	<u>\$18,690,993</u>	<u>\$21,632,046</u>

In a partial payment of a \$4 million pledge receivable restricted for future operations, a donor delivered marketable securities with a value of approximately \$1.7 million in August 2009. These securities include specific restrictions which limit the ability to realize proceeds from their sale. Therefore, Acumen Fund has not included these securities as part of investments (Note 4b) and has not reduced the amount of the pledge outstanding as of December 31, 2009.

	2008			
	<u>Unrestricted</u>	<u>Restricted for Portfolio Activity</u>	<u>Restricted for Future Programs and Operations</u>	<u>Total</u>
Due in less than one year	\$450,269	\$2,650,197	\$ 5,321,323	\$ 8,421,789
Due in one to five years	-	2,442,373	25,099,655	27,542,028
	<u>450,269</u>	<u>5,092,570</u>	<u>30,420,978</u>	<u>35,963,817</u>
Less: Discount to present value	-	-	(3,798,782)	(3,798,782)
Less: Provision and reserve for uncollectible amounts	-	-	(4,000,000)	(4,000,000)
	<u>\$450,269</u>	<u>\$5,092,570</u>	<u>\$22,622,196</u>	<u>\$28,165,035</u>

Pledges due in one to five years are discounted to present value.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 6 - Program Related Portfolio Loans Receivable

Program related portfolio loans receivable consist of loans advanced to projects located throughout the developing world related to Acumen Fund's portfolio activities. Each loan is analyzed for significant risk factors and appropriate interest rates (currently ranging from 4.5% to 11%) are charged. Repayment terms differ for each loan. One loan outstanding as of December 31, 2009 is in the form of a zero coupon convertible debenture and accordingly bears no interest, and another loan is in the form of a convertible promissory note purchase agreement which also bears no current interest.

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

<u>Year Ending December 31,</u>	
2010	\$2,282,543
2011	1,188,882
2012	1,170,991
2013	645,054
2014	538,657
2015	<u>680,245</u>
	<u>\$6,506,372</u>

Note 7 - Program Related Portfolio Equity Investments

Program related portfolio equity investments consist of funds invested for equity positions in business enterprises in connection with Acumen Fund's portfolio activities.

Investments are reflected at cost. 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 holds a significant ownership percentage in certain of its program related portfolio equity investments, however does not have controlling financial or voting majority interest in those enterprises' operations. The shareholder agreements provide for the original project developer to maintain a controlling majority of the voting rights on the board of directors and for Acumen Fund to maintain only a minority of such rights. Acumen Fund does not participate in the management or direction of ongoing operations or operating decisions. In addition, Acumen Fund's significant ownership percentage in some cases is only temporary and will be diluted at such time the enterprise receives further capitalization from other local investors.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 7 - Program Related Portfolio Equity Investments (continued)

Accordingly, in consideration of these circumstances, Acumen Fund does not present the accounts and transactions of these enterprises as part of its consolidated financial statements. Investments are reflected at cost, and the need for a valuation allowance is determined by considering various factors, including the history of cash flow from operations and other pertinent factors related to each enterprise's operations and ability to attract additional capital from other investors.

Note 8 - Charitable Remainder Trust

A donor established a charitable remainder unitrust at a financial institution, naming Acumen Fund as the remainder beneficiary. Under the terms of the trust, the donor and another beneficiary are to receive lifetime annual distributions of 4% of the value of the trust. Upon the death of the donor and the named beneficiary, Acumen Fund will receive the remaining trust assets for its unrestricted use. Based on donor and beneficiary life expectancy and the use of a 7% long-term discount rate, the present value of future benefits expected to be received by Acumen Fund were recognized in 2006 as a temporarily restricted contribution and a contribution receivable from the trust. The change in fair value of the beneficial interest for 2009 and 2008 was \$45,612 and \$(92,948), respectively, and is reflected as an increase (decrease) in temporarily restricted net assets in the statement of activities. At December 31, 2009 and 2008, the present value of the interest in the charitable remainder trust was \$293,596 and \$247,984, respectively.

Note 9 - Property and Equipment

Property and equipment at December 31 consist of the following:

	<u>Life</u>	<u>2009</u>	<u>2008</u>
Computer equipment and website development	3 years	\$ 732,574	\$ 648,517
Leasehold improvements and equipment	5 years	401,466	397,742
Furniture	5 years	<u>99,525</u>	<u>91,926</u>
		1,233,565	1,138,185
Less: Accumulated depreciation		<u>(1,014,331)</u>	<u>(765,596)</u>
		<u>\$ 219,234</u>	<u>\$ 372,589</u>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$241,918 and \$254,080, respectively.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 10 - Fair Value Measurements

Fair value of assets measured on a recurring basis at December 31 are as follows:

	2009		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
Assets			
Investments in marketable securities	\$1,404,831	\$1,404,831	\$ -
Interest in charitable remainder trust	<u>293,596</u>	<u>-</u>	<u>293,596</u>
	<u>\$1,698,427</u>	<u>\$1,404,831</u>	<u>\$293,596</u>
	2008		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
Assets			
Investments in marketable securities	\$1,384,828	\$1,384,828	\$ -
Interest in charitable remainder trust	<u>247,984</u>	<u>-</u>	<u>247,984</u>
	<u>\$1,632,812</u>	<u>\$1,384,828</u>	<u>\$247,984</u>

Fair value for investments in marketable securities is determined by reference to quoted market prices. Fair value for the interest in charitable remainder trust is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables and a 7% discount rate.

The following summarizes changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

	<u>2009</u>	<u>2008</u>
Interest in charitable remainder trust:		
Value, beginning of year	\$247,984	\$340,932
Change in value in split-interest agreement	<u>45,612</u>	<u>(92,948)</u>
Value, End of Year	<u>\$293,596</u>	<u>\$247,984</u>

The change in value of the split-interest agreement is included in the change in temporarily restricted net assets on the statement of activities.

Note 11 - Restricted Cash

A limited partner of ACM paid its capital commitment in advance. In accordance with the Partnership Agreement, these funds are maintained in a segregated interest-bearing account. The Funds in this account will be used to pay any amount that would have been owed by the limited partner as capital contribution.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 12 - Notes Payable

During the period from July 27, 2009 to November 17, 2009, ACM entered into a \$5,270,250 promissory note and security agreement (the "Notes") with unrelated parties 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 shall be 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 Notes. At December 31, 2009, the Partnership has drawn \$2,585,125 of the Note commitment. The Investment Manger shall draw down the capital commitments and the balance of the Notes on a pro-rata basis (based on relative commitments of equity and the Notes).

Note 13 - 401(K) Plan

Acumen Fund maintains a 401(k) plan covering eligible employees. The employees make voluntary contributions to the plan and Acumen Fund makes a mandatory contribution 3% of the employees' compensation. Acumen Fund may also make additional discretionary contributions to the plan. Acumen Fund made contributions to the plan totaling \$86,869 and \$64,939 for the years ended December 31, 2009 and 2008, respectively.

Note 14 - Commitments and Contingencies

a - Leases

Acumen Fund occupies its primary office location at no charge under an agreement for donated occupancy which expires in October 2012. The agreement also provides for two one-year options to extend the term. Donated occupancy recognized in the accompanying financial statements for the years ended December 31, 2009 and 2008 totaled \$270,000 and \$233,540, respectively.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 14 - Commitments and Contingencies (continued)

a - Leases (continued)

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

<u>Year Ending December 31,</u>	
2010	\$70,680
2011	69,919
2012	19,963
2013	19,956
2014	19,956

Rent expense (including donated occupancy) for the years ended December 31, 2009 and 2008 was \$353,093 and \$271,408, respectively.

b - Program Grants, Portfolio Loans and Investments

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

	<u>2009</u>	<u>2008</u>
Portfolio loans	\$1,316,178	\$4,197,636
Portfolio equity investments	4,848,503	7,464,384
Technical assistance	<u>24,303</u>	<u>37,191</u>
	<u>\$6,188,984</u>	<u>\$11,699,211</u>

At December 31, 2009, approximately \$8.3 million in program disbursements has been committed and remains contingent upon the approval of interim progress reports and statements. Subsequent disbursements are to be made upon Acumen Fund's satisfaction that recipients have demonstrated progress towards the stated objectives of the disbursements.

c - Standby Letters of Credit

At December 31, 2009 and 2008, Acumen Fund had two outstanding standby letters of credit in the total amount of \$1,663,000 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.

ACUMEN FUND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 14 - Commitments and Contingencies (continued)

d - Committed Capital

Under the terms of the Partnership Agreement, Acumen Fund admitted partners to ACM on December 28, 2008, July 27, 2009 and November 17, 2009. In aggregate, a total of \$10,570,250 in partner capital subscriptions and \$5,270,250 in promissory notes were accepted. Acumen Fund may take down partner commitments to enable ACM to make investments, to pay fees and expenses or to provide reserves. No partner is required to fund an amount in excess of its uncalled commitment. At December 31, 2009, the uncalled partner commitments of ACM amounted to \$9,936,035. The ratio of total contributed capital to total committed capital is 6%.

Note 15 - Functional Allocation of Expenses

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

ADDITIONAL INFORMATION



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**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

To the Board of Directors of
Acumen Fund, Inc. and Subsidiaries

Our report on our audit of the basic consolidating financial statements of Acumen Fund, Inc. and Subsidiaries for 2009 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic consolidating financial statements taken as a whole. The Consolidating Schedule of Functional Expenses for the year ended December 31, 2009 with comparative totals for 2008 is presented for purposes of additional analysis and is not a required part of the basic consolidating financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidating financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidating financial statements taken as a whole.

Lutz + Carr, LLP

New York, New York
June 28, 2010

ACUMEN FUND, INC. AND SUBSIDIARIES

CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2009 WITH COMPARATIVE TOTALS FOR 2008

	2009											2008 *		
	Program Services						Supporting Services					Consolidating Eliminating and Entries	Total Expenses	Total Expenses
	Portfolio Expenses			Acumen Fund, Inc.			Acumen Fund, Inc.			Total				
Acumen Fund, Inc.	Acumen Fund India	Acumen Fund Pakistan	Acumen Fund, Inc. - Country Offices	Acumen Capital Markets I, LP	Acumen Fund, Inc. Metrics and Communications	Fellows	Total	Acumen Fund, Inc. Management and General	Fundraising		Total			
Salaries	\$1,167,377	\$405,938	\$ 219,700	\$ 73,924	\$ -	\$ 813,647	\$257,100	\$ 2,937,686	\$ 573,642	\$ 499,832	\$1,073,474	\$ -	\$ 4,011,160	\$3,009,525
Payroll taxes and employee benefits	261,947	6,557	-	13,488	-	192,228	60,568	534,788	128,300	111,563	239,863	-	774,651	536,906
Professional fees	122,553	46,281	13,825	38,739	82,822	11,700	11,700	327,620	5,790	30,900	36,690	-	364,310	319,612
Consulting fees	222,946	13,434	19,449	1,075,911	447,061	2,059,083	201,046	4,038,930	82,454	131,856	214,310	(1,399,369)	2,853,871	1,248,189
Program grants	115,855	-	-	258,000	-	181,509	-	555,364	-	-	-	(258,000)	297,364	-
Portfolio technical assistance	14,303	-	-	-	-	10,000	-	24,303	-	-	-	-	24,303	37,191
Donated legal services	1,550,400	-	-	-	-	-	-	1,550,400	387,600	-	387,600	-	1,938,000	2,480,774
Technology expenses	32,896	11,383	4,338	18,701	-	14,052	8,490	89,860	10,232	19,934	30,166	-	120,026	54,685
Equipment maintenance	7,798	2,373	3,981	450	-	2,111	-	16,713	11,742	-	11,742	-	28,455	81,597
Marketing materials	1,670	7,857	8,024	32	-	11,028	-	28,611	1,622	14,426	16,048	-	44,659	134,905
Office supplies, printing and postage	25,704	6,694	6,508	4,685	-	20,729	8,204	72,524	11,306	15,472	26,778	-	99,302	92,482
Telephone	31,603	17,509	4,063	10,722	-	31,698	9,423	105,018	21,461	14,643	36,104	-	141,122	96,043
Occupancy	86,463	50,938	23,500	29,859	-	76,382	37,095	304,237	75,011	48,283	123,294	-	427,531	339,066
Travel	167,060	175,629	57,228	43,465	-	96,054	79,335	618,771	11,546	55,230	66,776	-	685,547	728,339
Meetings	16,183	3,052	2,093	4,225	-	16,327	10,546	52,426	12,356	50,354	62,710	-	115,136	93,976
Insurance	13,140	1,258	846	5,753	-	11,105	6,570	38,672	13,909	8,760	22,669	-	61,341	51,649
Investment fees and bank charges	3,740	47	244	1,007	17,848	-	-	22,886	18,597	9,766	28,363	-	51,249	44,733
Allowance for investment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	92,056
Corporate tax expense	1,880	906	13,448	-	-	-	-	16,234	-	-	-	-	16,234	60,100
Miscellaneous	3,587	2,877	2,315	-	-	8,948	1,231	18,958	1,016	374	1,390	-	20,348	27,464
Total expenses before depreciation	3,847,105	752,733	379,562	1,578,961	547,731	3,556,601	691,308	11,354,001	1,366,584	1,011,393	2,377,977	(1,657,369)	12,074,609	9,529,292
Depreciation	52,757	27,854	3,037	-	-	50,647	25,323	159,618	50,646	31,654	82,300	-	241,918	254,080
Total Expenses, 2009	<u>\$3,899,862</u>	<u>\$780,587</u>	<u>\$ 382,599</u>	<u>\$1,578,961</u>	<u>\$ 547,731</u>	<u>\$ 3,607,248</u>	<u>\$716,631</u>	<u>\$11,513,619</u>	<u>\$ 1,417,230</u>	<u>\$1,043,047</u>	<u>\$2,460,277</u>	<u>\$(1,657,369)</u>	<u>\$12,316,527</u>	
Total Expenses, 2008	<u>\$3,904,265</u>	<u>\$766,047</u>	<u>\$ 271,799</u>	<u>\$1,472,463</u>	<u>\$ -</u>	<u>\$ 1,466,842</u>	<u>\$758,151</u>	<u>\$ 8,639,567</u>	<u>\$ 1,591,346</u>	<u>\$ 786,031</u>	<u>\$2,377,377</u>	<u>\$(1,233,572)</u>		<u>\$9,783,372</u>

* Certain amounts have been reclassified for comparative purposes.

See independent auditors' report on additional information.