

Financial Disclosure

January–December 2008

Overview

Since its founding in 2001, Acumen Fund has sought to use its resources, both financial and intellectual, to build transformative businesses that can solve the problems of poverty. Our work centers on:

- + Investing philanthropic capital in social enterprises that provide critical goods and services to low-income people in East Africa, India and Pakistan.
- + Building leadership for the social enterprise sector by investing in talent within Acumen Fund and through our global Fellows program.
- + Sharing our work and spreading the idea of investing Patient Capital through targeted outreach to influential thought leaders and policy makers.

Sources and Uses of Funds

A. Revenues

2008 saw continued momentum in philanthropic fundraising in a difficult economic environment, with \$26 million in new philanthropic commitments to Acumen Fund, the majority of which were multi-year pledges from donors. We recognized these multi-year pledges as revenues, as non-profit organizations are required to do in the year the pledges are made. These philanthropic pledges represent 87% of total 2008 revenues, with the remainder coming from: \$1 million in interest and dividend income from cash and portfolio investments (4% of revenues) and \$2.7 million in donated office space and pro bono legal services (9% of revenues).

B. Expenses and Program Investments

Total cash outflows (expenses and program investments) were \$20.1 million in 2008. Program expenditures (including: investment disbursements; portfolio management and support; Fellows program; and Outreach, Knowledge

and Communications) were 90% of total cash outflows. Fundraising and Management and General Administration accounted for the remaining 10% of cash outflows.

Acumen Fund FY 2008 Financials

Percent of total outflows, Audited Financial Statements



100% of management and fundraising costs are covered by Acumen Fund's Board of Directors

Major changes in cash outflows versus 2007 were as follows:

- + \$7.2 million increase in portfolio investment disbursements, reflecting the growing size of our portfolio and the increased pace of our investing.
- + \$0.5 million increase in Outreach, Knowledge and Communications due to expenditures for the Ripple Effect project, a \$2.6 million grant from the Gates Foundation to explore innovation in water storage and transportation.
- + \$0.4 million increase in Management and General Administration to support growing program activities.
- + \$1.5 million increase in donated legal services and office space, due to increased pro-bono legal support for our higher transaction volume.

C. Investment performance

At the end of 2008, Acumen Fund had 16 equity investments and 22 loans on its balance sheet, ranging from \$22,000 to \$2.25 million.

Since inception we have invested \$39 million in equity investments, loans, loan guarantees and grants. After taking into account loan repayments, exits and losses our portfolio assets were \$33 million at the end of 2008. Of the \$33 million, \$11.5 million was in the form of cash set aside for future tranches already committed by Acumen Fund as investments to our current portfolio companies.

Over the course of 2008, the loan repayment rate on our investment portfolio was 96%. However, Acumen Fund makes most of its loans in local currencies, to match the revenue sources of our investees, and therefore the asset value of our overall portfolio decreased by 3% due to currency losses in East Africa and Pakistan.

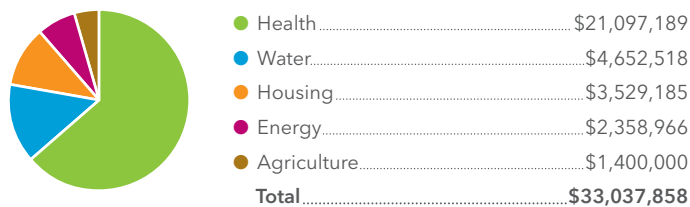
In addition, one of the companies in which we had an equity stake became insolvent and Acumen Fund wrote down the full value of our equity investment in this company, reducing our assets by \$2.2 million.

Investments

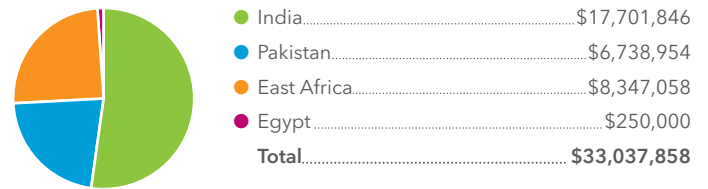
Debt investments	\$6,769,221
Equity Investments	13,092,237
Loan Guarantees	1,663,000
Investment Committed But Not Yet Disbursed	11,513,400
Total	\$33,037,858

Active Investments by Portfolio

Acumen has invested \$33 million across the five sectors as follows:



Active Investments by Geography



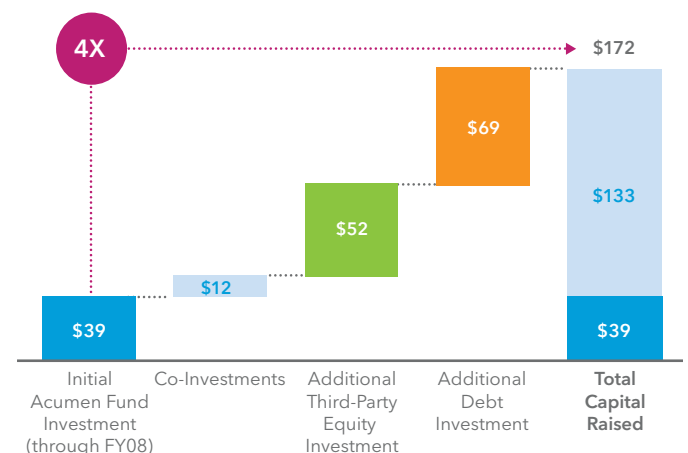
Leveraging Donations for Greater Impact

Acumen Fund is committed to using its funding in ways that drive the greatest long-term impact. By leveraging the funds that we invest, we compound our impact in three ways. For each investment we:

- + Commit significant management assistance to helping the business grow and achieve sustainability.
- + Share insights and best practices from our portfolio.
- + Help our investees attract additional capital. The \$39 million of Acumen Fund’s total investment has attracted an additional \$133 million in investment capital for the companies we support.

Acumen Fund Investments Leverage Other Capital

FY 2003-2008, \$ Millions Invested



Financial Summary

Statement of Position		
Assets	2007	2008
Cash and Investments	\$26,753,543	\$38,415,447
Pledges Receivable ¹	32,467,711	28,165,035
Other Assets	1,104,121	880,157
Program Investments		
Loans Receivable	4,148,303	6,769,221
Equity Investments ²	7,284,655	13,092,237
Loan Guarantees	294,000	1,663,000
Total Assets	\$72,052,333	\$88,985,097
Liabilities and Net Assets		
Short-Term Liabilities	\$628,601	\$592,037
Net Assets	71,423,732	88,393,060
Total Liabilities and Net Assets	\$72,052,333	\$88,985,097
Statement of Activities		
Revenues	2007	2008
Contributions and Support	\$45,520,394	\$25,941,984
Income on Available Cash	861,295	638,753
Income from Portfolio Investments ³	156,707	435,988
Change in Value of Charitable Remainder Trust	25,098	(92,948)
Donated Legal Services / Space	1,264,730	2,714,314
Other Income	22,063	35,123
Revenue before Investment Losses	\$47,850,287	\$29,673,214
Portfolio Investment Loss	(40,060)	(2,221,970)
Total Revenue after Investment Losses	\$47,810,227	\$27,451,244
Expenses		
Program Expenses		
Portfolio Expenses	\$3,044,295	\$2,939,637
Outreach, Knowledge and Communications	679,203	1,431,087
Fellows	667,881	721,345
Management and General Administration	836,508	1,227,484
Fundraising	593,192	749,505
Donated Legal Services / Space	1,264,730	2,714,314
Total Expenses	\$7,085,809	\$9,783,372
Foreign Currency Exchange Gain (Loss)	7,123	(698,544)
Change in Net Assets	\$40,731,541	\$16,969,328
Portfolio Investment Disbursements	\$5,359,665	\$13,031,020

- 1 Non-profit organizations are required to report pledges for multi-year contributions as revenue in the year the pledges were received. Cash received in subsequent years toward these pledges decreases the pledge balance in subsequent years.
- 2 Equity investments are valued at cost. While a non-performing investment is written down to its realizable market value, a performing investment is not written up to its market value above cost.
- 3 In addition to interest income on loans, Acumen Fund received \$566,514 in loan principal payments and \$271,896 return of equity.

Audited Financial Statements and Forms 990

 [2007 Audited Financial Statements](#)

 [2007 Form 990](#)

 [2008 Audited Financial Statements](#)

 [2008 Form 990](#)

Learning More

To learn more about our work, explore the Acumen Fund web site, follow the Acumen Fund blog, join our Community, and subscribe to updates. All links are available on our home page at www.acumenfund.org. We hope you'll join us as we seek to impact the lives of the world's poorest citizens for the long term by creating viable, sustainable businesses that bring them real choices.