

2009 Financial Overview

Acumen Fund has a complex financial structure. To better understand the information being provided, the reader should approach the financial statements with two key pieces of information in mind. First, Acumen is like a traditional non-profit in that it receives contribution revenue and has ongoing operating expenses for both program work and administrative costs each year. Secondly, and unlike almost all other charities, Acumen invests a substantial portion of its assets in entrepreneurial organizations in developing countries. In order to fund these portfolio investments, Acumen first raises contributions and then holds temporary cash and highly liquid short-term investments until the right investment opportunities are found. Acumen then puts its resources into these investee organizations and nurtures them until they thrive, providing multiple spin-off benefits to customers served – typically the poorest populations who live on less than a few dollars per day.

Operating Results

Revenues

In 2009 Acumen continued to raise philanthropic capital for its program work, although not at the levels seen in the previous two years. However, Acumen's solid financial position enabled it to continue its investing activities, as planned, to meet its commitments to donors while fulfilling its goals and mission.

Revenue for 2009 was \$7.2 million before non-cash adjustments. Net philanthropic contributions represented 88% of 2009 revenues, with the remaining 12% coming from interest and dividend income from cash holdings and portfolio investments. Non-cash revenue of donated legal services and office space added another \$2.2million, offset by a \$2 million provision for portfolio investments losses.

Operating Expenses and Program Investments

Operating expenses for the year were \$10.1 million in cash expenditures plus \$2.2 million for donated legal services and office space, totaling \$12.3 million in total expenses – a growth of 26% over the prior year. Program work constitutes 80% of expenses. Portfolio expenses are \$3.9 million and comprise the primary program work of Acumen. A global fellows program along with knowledge dissemination and outreach are the other significant program activities and combine to another \$4.2 million. Fundraising costs and Management and General expense accounted for \$2.5 million (20% of total expenses) – these overhead costs continue to be funded entirely by Acumen's Board of Directors. In addition to the operating expenses, Acumen Fund made debt, equity and other investments in portfolio investees as the primary part of its program work and mission. These activities are shown on the Organization's Statement of Financial Position discussed below.

Statement of Position

Acumen Fund's total assets were \$90.6 million as at December 31, 2009. Total cash and short-term investments held by the fund were \$43.1million, portfolio investments in the form of equity, debt and loan guarantees were \$25 million, pledges receivable of \$21.6 million and other assets of \$0.9 million. Cash balances initially appear to be quite high, but the assets include \$6 million cash held by Acumen Capital Markets, a limited partnership entity for which Acumen is the general partner, plus another \$8.1 million of restricted cash balances. The remaining cash on hand awaits investing opportunities or disbursement of remaining tranches of committed investments. A portion also constitutes operating reserves. Acumen made \$6.4 million in portfolio investments in 2009 and received back capital and investment returns of \$1 million and incurred an unrealized portfolio loss of \$2 million.

Total liabilities at the end of 2009 were \$6.7 million. The majority of the liabilities, \$5.9 million or 88%, were capital contributions received in advance and notes payable by the Acumen Capital Markets. Net assets at the end of the year were \$84 million compared to \$88.4 million at the end of 2008, a 5% decrease.