

2011 FINANCIAL OVERVIEW

Acumen Fund has a complex financial structure. We report our statement of activities as a nonprofit, reflecting contribution revenues and expenses – program and administrative – each year. Unlike most charities, however, we invest a substantial portion of our assets in entrepreneurial businesses that serve the poor. These investments, conceptually equivalent to the grants made by other nonprofits, stay on our balance sheet and are not reflected as part of our program expenses on our statement of activities.

OPERATING RESULTS

Revenues

In 2011 Acumen raised \$15.9 million in philanthropic capital, an increase of 19% over the prior year. In addition, we had non-cash revenue of \$2.3 million in donated legal services, primarily to support our investing work, as well as donated office space. We received \$1.0 million in interest from portfolio loans, and have a loss provision of \$2.2 million for portfolio investment losses, representing a conservative valuation policy. Acumen Fund carries our program investments at cost, and we lower these valuations when impairment exists. We do not mark up our equity investments to fair market value, even when our holdings increase in value in subsequent funding rounds. We only realize gains or profits when we exit an investment.

Operating Expenses & Program Investments

Operating expenses cover all the direct costs of running Acumen Fund programs as well as our management and general and fundraising costs. They do not reflect any of our program investments in our portfolio companies. Total expenses for the 2011 year were \$12.6 million – an increase of 27% over the prior year.

Program work constitutes 74% of expenses. Portfolio expenses were \$6.4 million, representing the cost of finding, diligencing and executing \$17.4 million in new investment approvals as well as managing our active portfolio of 47 companies. Outreach, Knowledge and Communications expenses were \$2.0 million, representing our work in metrics, research, and sharing our insights on patient capital investing. Our Global Fellows program, in its seventh year, had costs of \$1.0 million. Fundraising costs and Management and General expense accounted for \$3.3 million. These overhead costs continue to be funded entirely by Acumen's Board of Directors.

STATEMENT OF POSITION

Acumen Fund's total assets were \$102.6 million as of December 31, 2011, an 8% increase over the prior year. Similar to a venture capital fund that raises cash upfront for a multi-year investing period, we have a strong cash position. \$25.7 million of the cash we hold is restricted and designated for a specific use or committed to undisbursed investment tranches. \$9.5 million is held as an operating reserve leaving \$14.4 million for impact investing in future years or for programmatic spending. Multi-year pledges receivable continue to be collected on a timely basis and converted into cash while being replaced with newer commitments. Acumen grew its portfolio assets by \$6.6 million or 23% in 2011 after providing for \$2.2 million in potential impairment on older investments. Total liabilities at the end of 2011 were \$6.5 million the majority of which are notes payable by Acumen Capital Markets (ACM) to ACM investors. Net assets at the end of the year were \$96.2 million compared to \$89.6 million at the end of 2010, a 7% increase.