

**ACTION  
AGAINST  
HUNGER**

**ACTION AGAINST HUNGER - USA**

**AUDIT REPORT**

**FINANCIAL AND FEDERAL AWARD  
COMPLIANCE EXAMINATION**

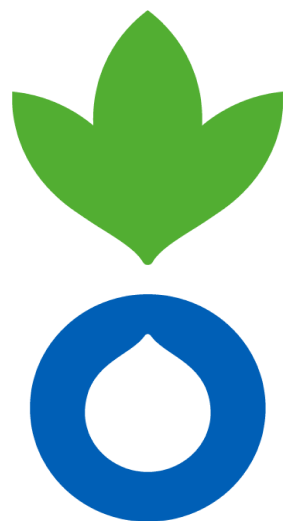
**FOR THE YEAR ENDED DECEMBER 31, 2019**

# ACTION AGAINST HUNGER - USA

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**FINANCIAL STATEMENTS**



**ACTION  
AGAINST  
HUNGER**

**ACTION AGAINST HUNGER - USA**

**FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

# ACTION AGAINST HUNGER - USA

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Action Against Hunger - USA  
New York, New York

#### Report on the Financial Statements

We have audited the accompanying financial statements of Action Against Hunger - USA, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years 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.

#### Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Action Against Hunger - USA as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • WWW.GRFCPA.COM

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### Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on pages I-(24 - 26), as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021 on our consideration of Action Against Hunger - USA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Action Against Hunger - USA's internal control over financial reporting and compliance.



May 25, 2021

**ACTION AGAINST HUNGER - USA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2019 AND 2018**

**ASSETS**

|  | <u>2019</u>                  | <u>2018</u>                  |
|--|------------------------------|------------------------------|
| Cash and cash equivalents:                                     |                              |                              |
| Headquarters   | \$ 17,423,244                | \$ 9,504,402                 |
| Field offices  | <u>4,558,844</u>             | <u>4,288,989</u>             |
| Total cash and cash equivalents                                | 21,982,088                   | 13,793,391                   |
| Grants receivable  | 71,112,558                   | 91,269,514                   |
| Travel advances and other receivables                          | 854,793                      | 3,132,837                    |
| Prepaid expenses and other assets                              | 156,461                      | 198,060                      |
| Furniture, equipment, vehicles and leasehold improvements, net | 972,283                      | 1,193,750                    |
| Right-of-use asset, net  | <u>6,918,670</u>             | <u>7,547,640</u>             |
| <b>TOTAL ASSETS</b>  | <b><u>\$ 101,996,853</u></b> | <b><u>\$ 117,135,192</u></b> |

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Line of credit                        | \$ 6,500,000      | \$ -              |
| Accounts payable and accrued expenses | 4,696,620         | 3,602,498         |
| Due to donors                         | 3,834,837         | -                 |
| Provision for unanticipated loss      | 1,500,000         | 4,383,000         |
| Due to Network                        | 5,370,527         | 3,518,475         |
| Operating lease obligation            | <u>8,409,271</u>  | <u>9,057,619</u>  |
| Total liabilities                     | <u>30,311,255</u> | <u>20,561,592</u> |

**NET ASSETS**

|   |                              |                              |
|---|------------------------------|------------------------------|
| Without donor restrictions:                 |                              |                              |
| Undesignated                                | 6,039,803                    | 2,793,561                    |
| Designated                                  | <u>760,000</u>               | <u>760,000</u>               |
| Total net assets without donor restrictions | 6,799,803                    | 3,553,561                    |
| With donor restrictions                     | <u>64,885,795</u>            | <u>93,020,039</u>            |
| Total net assets                            | <u>71,685,598</u>            | <u>96,573,600</u>            |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>     | <b><u>\$ 101,996,853</u></b> | <b><u>\$ 117,135,192</u></b> |

## ACTION AGAINST HUNGER - USA

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

|  | <b>2019</b>                               |                                    |                               |
|--|---|------------------------------------|-------------------------------|
|  | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>                  |
| <b>REVENUE</b>   |   |                                    |                               |
| Contributions  | \$ 8,543,111                              | \$ 83,915                          | \$ 8,627,026                  |
| Special events, net  | 1,491,065                                 | -                                  | 1,491,065                     |
| Grants:  |   |                                    |                               |
| U.S. Government  | -   | 29,053,513                         | 29,053,513                    |
| Non-U.S. Government  | -   | 69,153,007                         | 69,153,007                    |
| In-kind contributions  | 6,551,225                                 | -                                  | 6,551,225                     |
| Other revenue  | 22,805                                    | -                                  | 22,805                        |
| Net assets released from donor restrictions  | <u>73,260,175</u>                         | <u>(73,260,175)</u>                | <u>-</u>                      |
| Total revenue  | <u>89,868,381</u>                         | <u>25,030,260</u>                  | <u>114,898,641</u>            |
| <b>EXPENSES</b>  |   |                                    |                               |
| Program Services:  |   |                                    |                               |
| Cambodia Programs  | 1,080,032                                 | -                                  | 1,080,032                     |
| Ethiopia Programs  | 10,623,319                                | -                                  | 10,623,319                    |
| Haiti Programs   | 5,993,331                                 | -                                  | 5,993,331                     |
| Kenya Programs   | 6,372,133                                 | -                                  | 6,372,133                     |
| Nigeria Programs   | 17,249,376                                | -                                  | 17,249,376                    |
| Other Country and Strategic Programs   | 3,808,994                                 | -                                  | 3,808,994                     |
| Somalia Programs   | 13,736,157                                | -                                  | 13,736,157                    |
| South Sudan Programs   | 13,393,874                                | -                                  | 13,393,874                    |
| Tanzania Programs  | 407,788                                   | -                                  | 407,788                       |
| Uganda Programs  | <u>6,624,953</u>                          | <u>-</u>                           | <u>6,624,953</u>              |
| Total program services   | <u>79,289,957</u>                         | <u>-</u>                           | <u>79,289,957</u>             |
| Supporting Services:   |   |                                    |                               |
| Program Support  | 5,516,013                                 | -                                  | 5,516,013                     |
| Management and General   | 4,943,535                                 | -                                  | 4,943,535                     |
| Fundraising  | <u>3,231,669</u>                          | <u>-</u>                           | <u>3,231,669</u>              |
| Total supporting services  | <u>13,691,217</u>                         | <u>-</u>                           | <u>13,691,217</u>             |
| Total expenses   | <u>92,981,174</u>                         | <u>-</u>                           | <u>92,981,174</u>             |
| Changes in net assets before other items   | (3,112,793)                               | 25,030,260                         | 21,917,467                    |
| <b>OTHER ITEMS</b>   |   |                                    |                               |
| Change in net assets attributable to strategic country<br>exchange/regionalization | 6,248,670                                 | (50,920,982)                       | (44,672,312)                  |
| Closeout adjustments   | (2,193,865)                               | (1,640,972)                        | (3,834,837)                   |
| Adjustment of provision for unanticipated losses                                   | 2,765,370                                 | -                                  | 2,765,370                     |
| Exchange (loss) gain   | (461,140)                                 | 216,780                            | (244,360)                     |
| De-obligated awards and funds returned to donors                                   | <u>-</u>                                  | <u>(819,330)</u>                   | <u>(819,330)</u>              |
| <b>CHANGES IN NET ASSETS</b>   | <b><u>\$ 3,246,242</u></b>                | <b><u>\$ (28,134,244)</u></b>      | <b><u>\$ (24,888,002)</u></b> |



**ACTION AGAINST HUNGER - USA**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

|  | <b>2018</b>                               |                                    |                             |
|--|---|------------------------------------|-----------------------------|
|  | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>                |
| <b>REVENUE</b>   |   |                                    |                             |
| Contributions  | \$ 6,525,077                              | \$ 20,000                          | \$ 6,545,077                |
| Special events, net  | 1,285,797                                 | -                                  | 1,285,797                   |
| Grants:  |   |                                    |                             |
| U.S. Government  | -   | 60,157,400                         | 60,157,400                  |
| Non-U.S. Government  | -   | 70,191,315                         | 70,191,315                  |
| In-kind contributions  | 8,159,216                                 | -                                  | 8,159,216                   |
| Other revenue  | (117,435)                                 | -                                  | (117,435)                   |
| Net assets released from donor restrictions  | <u>99,851,644</u>                         | <u>(99,851,644)</u>                | <u>-</u>                    |
| Total revenue  | <u>115,704,299</u>                        | <u>30,517,071</u>                  | <u>146,221,370</u>          |
| <b>EXPENSES</b>  |   |                                    |                             |
| Program Services:  |   |                                    |                             |
| Cambodia Programs  | 1,087,274                                 | -                                  | 1,087,274                   |
| Democratic Republic of Congo Programs  | (22,423)                                  | -                                  | (22,423)                    |
| Haiti Programs   | 4,945,626                                 | -                                  | 4,945,626                   |
| Kenya Programs   | 4,243,543                                 | -                                  | 4,243,543                   |
| Nigeria Programs   | 53,325,961                                | -                                  | 53,325,961                  |
| Other Country and Strategic Programs   | 4,200,550                                 | -                                  | 4,200,550                   |
| Pakistan Programs  | 1,634,869                                 | -                                  | 1,634,869                   |
| Somalia Programs   | 14,161,914                                | -                                  | 14,161,914                  |
| South Sudan Programs   | 12,574,538                                | -                                  | 12,574,538                  |
| Tanzania Programs  | 170,629                                   | -                                  | 170,629                     |
| Uganda Programs  | <u>6,894,398</u>                          | <u>-</u>                           | <u>6,894,398</u>            |
| Total program services   | <u>103,216,879</u>                        | <u>-</u>                           | <u>103,216,879</u>          |
| Supporting Services:   |   |                                    |                             |
| Program Support  | 4,879,189                                 | -                                  | 4,879,189                   |
| Management and General   | 4,010,235                                 | -                                  | 4,010,235                   |
| Fundraising  | <u>2,426,647</u>                          | <u>-</u>                           | <u>2,426,647</u>            |
| Total supporting services  | <u>11,316,071</u>                         | <u>-</u>                           | <u>11,316,071</u>           |
| Total expenses   | <u>114,532,950</u>                        | <u>-</u>                           | <u>114,532,950</u>          |
| Changes in net assets before other items   | 1,171,349                                 | 30,517,071                         | 31,688,420                  |
| <b>OTHER ITEMS</b>   |   |                                    |                             |
| Change in net assets attributable to strategic country<br>exchange/regionalization | (3,901,731)                               | (1,832,177)                        | (5,733,908)                 |
| Provision for unanticipated losses   | (3,499,900)                               | -                                  | (3,499,900)                 |
| Provision for uncollectable grants   | -   | (1,825,390)                        | (1,825,390)                 |
| Exchange loss  | (327,296)                                 | (2,061,169)                        | (2,388,465)                 |
| De-obligated awards and funds returned to donors                                   | <u>-</u>                                  | <u>(546,650)</u>                   | <u>(546,650)</u>            |
| <b>CHANGES IN NET ASSETS</b>   | <b><u>\$ (6,557,578)</u></b>              | <b><u>\$ 24,251,685</u></b>        | <b><u>\$ 17,694,107</u></b> |

**ACTION AGAINST HUNGER - USA**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

|  | <u>Without Donor Restrictions</u> |                            |                          |                          |   |                             | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|-----------------------------------|----------------------------|--------------------------|--------------------------|---|-----------------------------|--------------------------------|--------------|
|  | <u>Management Designated</u>      |                            | <u>Board Designated</u>  |                          | <u>Total Without Donor Restrictions</u> |                             |                                |              |
|  | <u>Undesignated</u>               | <u>Program Development</u> | <u>Emergency Fund</u>    | <u>Total Designated</u>  |   |                             |                                |              |
| Net assets at December 31, 2017        | \$ 9,351,139                      | \$ 310,000                 | \$ 450,000               | \$ 760,000               | \$ 10,111,139                           | \$ 68,768,354               | \$ 78,879,493                  |              |
| Changes in net assets                  | <u>(6,557,578)</u>                | <u>-</u>                   | <u>-</u>                 | <u>-</u>                 | <u>(6,557,578)</u>                      | <u>24,251,685</u>           | <u>17,694,107</u>              |              |
| Net assets at December 31, 2018        | 2,793,561                         | 310,000                    | 450,000                  | 760,000                  | 3,553,561                               | 93,020,039                  | 96,573,600                     |              |
| Changes in net assets                  | <u>3,246,242</u>                  | <u>-</u>                   | <u>-</u>                 | <u>-</u>                 | <u>3,246,242</u>                        | <u>(28,134,244)</u>         | <u>(24,888,002)</u>            |              |
| <b>NET ASSETS AT DECEMBER 31, 2019</b> | <b><u>\$ 6,039,803</u></b>        | <b><u>\$ 310,000</u></b>   | <b><u>\$ 450,000</u></b> | <b><u>\$ 760,000</u></b> | <b><u>\$ 6,799,803</u></b>              | <b><u>\$ 64,885,795</u></b> | <b><u>\$ 71,685,598</u></b>    |              |

See accompanying notes to financial statements.

## ACTION AGAINST HUNGER - USA

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

|                                    | Program Services     |                      |                     |                     |                      |  |                      |
|------------------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|--|----------------------|
|                                    | Cambodia<br>Programs | Ethiopia<br>Programs | Haiti<br>Programs   | Kenya<br>Programs   | Nigeria<br>Programs  | Other<br>Country and<br>Strategy<br>Programs | Somalia<br>Programs  |
| Personnel:                         |                      |                      |                     |                     |                      |  |                      |
| US staff                           | \$ 67,579            | \$ -                 | \$ -                | \$ -                | \$ 30,852            | \$ 335,936                                   | \$ -                 |
| Other U.S. payroll                 | 18,539               | 380,174              | 203,053             | 58,995              | -                    | 179,219                                      | 281,297              |
| Fringe benefits                    | 75,815               | 316,428              | 319,495             | 12,719              | 4,327                | 72,394                                       | 216,309              |
| National field staff               | 446,706              | 4,614,199            | 1,479,655           | 1,674,388           | -                    | -  | 4,497,546            |
| Office running costs and services: |                      |                      |                     |                     |                      |  |                      |
| Insurance                          | 315                  | 20,830               | -                   | -                   | -                    | -  | 1,391                |
| Rent and utilities                 | 39,616               | 223,943              | 133,621             | 69,548              | -                    | 16,341                                       | 458,530              |
| Professional fees                  | 1,100                | 33,513               | 19,667              | 5,820               | -                    | (14,414)                                     | 22,482               |
| Travel                             | 817                  | -                    | 3,851               | 15,679              | 543                  | 97,214                                       | 334,938              |
| Telecommunications                 | 7,048                | 87,375               | 55,722              | 26,059              | -                    | 1,188  | 119,096              |
| Postage and custom fees            | 343                  | 395                  | -                   | 1,641               | -                    | 77   | 3,585                |
| Finance charges                    | 4,565                | 21,887               | 54,937              | 13,151              | -                    | -  | 196,409              |
| Meeting expenses                   | 774                  | 4,964                | 2,437               | -                   | -                    | 19,706                                       | 774                  |
| Human resources                    | -                    | -                    | -                   | -                   | -                    | 75   | -                    |
| Office equipment and supplies:     |                      |                      |                     |                     |                      |  |                      |
| Office supplies                    | 9,053                | 181,736              | 42,476              | 31,325              | -                    | 9,003  | 160,600              |
| Depreciation and amortization      | -                    | 16,114               | 73,628              | -                   | -                    | -  | 10,767               |
| Equipment rental and maintenance   | 25                   | 13,366               | 679                 | 3,328               | -                    | -  | 1,945                |
| Public awareness expenses:         |                      |                      |                     |                     |                      |  |                      |
| External relations                 | -                    | -                    | -                   | -                   | -                    | -  | -                    |
| Project Logistics:                 |                      |                      |                     |                     |                      |  |                      |
| Vehicles                           | 11,818               | 1,364,307            | 588,471             | 325,934             | -                    | -  | 760,816              |
| Radios                             | -                    | 7,641                | -                   | -                   | -                    | -  | 239                  |
| Warehouse                          | -                    | 362,188              | 19,501              | 29,705              | -                    | -  | 7,250                |
| Electrical systems                 | 72                   | 63,420               | 13,896              | 1,031               | -                    | -  | 9,242                |
| Freight                            | -                    | 101,967              | 5,768               | 56,189              | -                    | -  | 252,621              |
| Security                           | -                    | -                    | -                   | -                   | -                    | -  | -                    |
| Logistics library                  | -                    | 5                    | -                   | -                   | -                    | -  | -                    |
| Project expenses:                  |                      |                      |                     |                     |                      |  |                      |
| Food                               | -                    | 907,283              | -                   | -                   | -                    | -  | 98,739               |
| Nutrition                          | 15,120               | 119,835              | -                   | 2,145,393           | -                    | -  | 639,712              |
| Health                             | -                    | 56,968               | -                   | 745,890             | -                    | -  | 1,337,876            |
| Food security                      | 2,800                | 29,830               | -                   | -                   | -                    | -  | 1,911,228            |
| Non consumables                    | -                    | 746,967              | 954,684             | 20,141              | -                    | -  | 964,131              |
| Watsan                             | 17,139               | 355,497              | 123,504             | 73,767              | -                    | -  | 756,357              |
| Training                           | 335,476              | 352,584              | 57,439              | 456,129             | -                    | -  | 631,152              |
| Other                              | 25,212               | 121,612              | (8,458)             | 8,311               | -                    | (4,075)                                      | 37,016               |
| Subcontracts:                      |                      |                      |                     |                     |                      |  |                      |
| Subcontracts to partners           | -                    | 115,035              | 1,849,305           | 596,806             | 17,213,654           | 3,075,652                                    | -                    |
| Network support costs              | -                    | -                    | -                   | -                   | -                    | -  | -                    |
| Others:                            |                      |                      |                     |                     |                      |  |                      |
| Exceptional expenses               | 100                  | 3,256                | -                   | 184                 | -                    | 20,678                                       | 24,109               |
| <b>TOTAL</b>                       | <b>\$ 1,080,032</b>  | <b>\$ 10,623,319</b> | <b>\$ 5,993,331</b> | <b>\$ 6,372,133</b> | <b>\$ 17,249,376</b> | <b>\$ 3,808,994</b>                          | <b>\$ 13,736,157</b> |

| Supporting Services  |                   |                     |                        |                     |                        |                     |                           |                      |
|----------------------|-------------------|---------------------|------------------------|---------------------|------------------------|---------------------|---------------------------|----------------------|
| South Sudan Programs | Tanzania Programs | Uganda Programs     | Total Program Services | Program Support     | Management and General | Fundraising         | Total Supporting Services | Total Expenses       |
| \$ -                 | \$ -              | \$ -                | \$ 434,367             | \$ 2,551,114        | \$ 1,365,628           | \$ 1,130,506        | \$ 5,047,248              | \$ 5,481,615         |
| 838,219              | 267               | 240,756             | 2,200,519              | 1,319,743           | 779,259                | 847,578             | 2,946,580                 | 5,147,099            |
| 870,934              | 58,163            | 179,192             | 2,125,776              | 735,827             | 393,126                | 325,441             | 1,454,394                 | 3,580,170            |
| 5,211,477            | 131,495           | 1,536,789           | 19,592,255             | -                   | -                      | -                   | -                         | 19,592,255           |
| -                    | -                 | -                   | 22,536                 | -                   | 72,098                 | -                   | 72,098                    | 94,634               |
| 579,667              | 22,849            | 132,895             | 1,677,010              | 53,260              | 615,409                | (20)                | 668,649                   | 2,345,659            |
| 23,688               | 1,120             | 46,417              | 139,393                | 132,900             | 224,417                | 43,338              | 400,655                   | 540,048              |
| 310,650              | 11,734            | 17,406              | 792,832                | 420,048             | 76,733                 | 51,139              | 547,920                   | 1,340,752            |
| 224,649              | 1,397             | 71,231              | 593,765                | 19,252              | 56,005                 | 838                 | 76,095                    | 669,860              |
| -                    | 2                 | 524                 | 6,567                  | 887                 | 2,719                  | 3,026               | 6,632                     | 13,199               |
| 99,322               | 2,449             | 6,342               | 399,062                | 2,756               | 403,668                | 30,773              | 437,197                   | 836,259              |
| -                    | -                 | 110                 | 28,765                 | 82,244              | 20,610                 | 21,278              | 124,132                   | 152,897              |
| -                    | -                 | -                   | 75                     | 17,155              | 127                    | 343                 | 17,625                    | 17,700               |
| 120,617              | 10,315            | 57,427              | 622,552                | 110,499             | 114,211                | 16,629              | 241,339                   | 863,891              |
| -                    | -                 | -                   | 100,509                | 3,637               | 135,881                | -                   | 139,518                   | 240,027              |
| 3,365                | 1,287             | 836                 | 24,831                 | 12,577              | -                      | -                   | 12,577                    | 37,408               |
| -                    | -                 | -                   | -                      | 3,866               | 110,953                | 760,800             | 875,619                   | 875,619              |
| 490,076              | 45,194            | 501,246             | 4,087,862              | 343                 | -                      | -                   | 343                       | 4,088,205            |
| 19,771               | -                 | -                   | 27,651                 | -                   | -                      | -                   | -                         | 27,651               |
| 116,243              | 2,760             | 44,470              | 582,117                | -                   | -                      | -                   | -                         | 582,117              |
| 180,429              | 130               | 3,670               | 271,890                | 597                 | -                      | -                   | 597                       | 272,487              |
| 865,208              | -                 | 9,012               | 1,290,765              | 46,299              | -                      | -                   | 46,299                    | 1,337,064            |
| 150                  | -                 | -                   | 150                    | -                   | -                      | -                   | -                         | 150                  |
| -                    | -                 | -                   | 5                      | -                   | -                      | -                   | -                         | 5                    |
| 25,237               | 165               | 897,948             | 1,929,372              | -                   | -                      | -                   | -                         | 1,929,372            |
| 2,326,885            | 13,086            | 2,527               | 5,262,558              | -                   | -                      | -                   | -                         | 5,262,558            |
| 60,211               | 35,383            | 4,604               | 2,240,932              | -                   | -                      | -                   | -                         | 2,240,932            |
| 35,816               | -                 | 115,470             | 2,095,144              | -                   | -                      | -                   | -                         | 2,095,144            |
| 409,578              | 391               | 69,993              | 3,165,885              | -                   | -                      | -                   | -                         | 3,165,885            |
| 228,768              | 52                | 396,392             | 1,951,476              | -                   | -                      | -                   | -                         | 1,951,476            |
| 248,294              | 63,463            | 544,335             | 2,688,872              | -                   | -                      | -                   | -                         | 2,688,872            |
| 43,759               | 6,086             | 80,751              | 310,214                | 2,809               | 30                     | -                   | 2,839                     | 313,053              |
| -                    | -                 | 1,664,497           | 24,514,949             | -                   | -                      | -                   | -                         | 24,514,949           |
| -                    | -                 | -                   | -                      | -                   | 410,739                | -                   | 410,739                   | 410,739              |
| 60,861               | -                 | 113                 | 109,301                | 200                 | 161,922                | -                   | 162,122                   | 271,423              |
| <b>\$ 13,393,874</b> | <b>\$ 407,788</b> | <b>\$ 6,624,953</b> | <b>\$ 79,289,957</b>   | <b>\$ 5,516,013</b> | <b>\$ 4,943,535</b>    | <b>\$ 3,231,669</b> | <b>\$ 13,691,217</b>      | <b>\$ 92,981,174</b> |

**ACTION AGAINST HUNGER - USA**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|  | Program Services     |  |                     |                     |                     |  |                      |
|--|----------------------|--|---------------------|---------------------|---------------------|--|----------------------|
|  | Cambodia<br>Programs | Democratic<br>Republic of<br>Congo<br>Programs | Haiti<br>Programs   | Kenya<br>Programs   | Nigeria<br>Programs | Other<br>Country and<br>Strategy<br>Programs | Pakistan<br>Programs |
| Personnel:                             |                      |  |                     |                     |                     |  |                      |
| US staff                               | \$ 88,672            | \$ -   | \$ -                | \$ -                | \$ 31,142           | \$ 508,044                                   | \$ -                 |
| Other U.S. payroll                     | (1,659)              | (25,942)                                       | 246,372             | 25,105              | 1,673,106           | 9,403  | 33,631               |
| Fringe benefits                        | 102,006              | -  | 173,006             | 12,977              | 1,757,799           | 120,595                                      | 35,370               |
| National field staff                   | 401,973              | -  | 1,830,087           | 2,099,881           | 7,348,459           | (1,102)                                      | 881,556              |
| Office running costs and services:     |                      |  |                     |                     |                     |  |                      |
| Insurance                              | 130                  | -  | -                   | (909)               | -                   | -  | -                    |
| Rent and utilities                     | 27,300               | -  | 189,461             | 143,316             | 480,899             | 19,098                                       | 82,614               |
| Professional fees                      | 568                  | -  | 17,631              | 11,189              | 390,938             | 29,169                                       | -                    |
| Travel                                 | 7,091                | -  | 18,549              | 5,025               | 161,669             | 107,645                                      | 14,363               |
| Telecommunications                     | 7,051                | -  | 54,160              | 34,022              | 232,495             | 762  | 10,155               |
| Postage and custom fees                | 199                  | -  | -                   | 1,295               | 31,616              | 2,718  | 2,386                |
| Finance charges                        | 2,505                | -  | 25,433              | 9,068               | 841,759             | 231  | 8,742                |
| Meeting expenses                       | -                    | -  | 2,023               | 1,462               | -                   | 15,304                                       | 10,097               |
| Human resources                        | -                    | -  | -                   | -                   | -                   | -  | -                    |
| Office equipment and supplies:         |                      |  |                     |                     |                     |  |                      |
| Office supplies                        | 21,956               | -  | 52,808              | 60,130              | 659,389             | 21,712                                       | 5,689                |
| Depreciation and amortization          | -                    | -  | 107,871             | -                   | -                   | -  | -                    |
| Equipment rental and maintenance       | 403                  | -  | 1,644               | 710                 | 29,011              | -  | 1,283                |
| Public awareness and information:      |                      |  |                     |                     |                     |  |                      |
| External relations                     | -                    | -  | -                   | -                   | -                   | -  | -                    |
| Project logistics:                     |                      |  |                     |                     |                     |  |                      |
| Vehicles                               | 36,817               | -  | 655,792             | 401,977             | 1,959,902           | -  | 132,221              |
| Radios                                 | -                    | -  | 350                 | -                   | 21,223              | -  | -                    |
| Warehouse                              | -                    | -  | 22,587              | 170                 | 67,360              | -  | 22,543               |
| Electrical systems                     | -                    | -  | 16,580              | 289                 | 296,644             | -  | 5,490                |
| Freight                                | -                    | -  | 13,751              | 9,864               | 235,512             | -  | 21,601               |
| Security                               | -                    | -  | 178                 | -                   | -                   | -  | -                    |
| Project expenses:                      |                      |  |                     |                     |                     |  |                      |
| Food                                   | -                    | -  | 11,470              | 851                 | 9,148,492           | (112,416)                                    | 72                   |
| Nutrition                              | 213                  | -  | 1,233               | -                   | 52,142              | 10,825                                       | 98,349               |
| Health                                 | -                    | -  | -                   | 9,636               | 219,875             | (183)  | 988                  |
| Food security                          | 820                  | -  | 4,963               | -                   | 20,178,435          | (16,221)                                     | 11,125               |
| Non consumables                        | 24                   | -  | 473,793             | 208,779             | 1,014,035           | -  | 54,626               |
| Watsan                                 | 10,743               | -  | 113,752             | 180,930             | 1,501,071           | (1,260)                                      | 24,641               |
| Training                               | 165,766              | -  | 65,945              | 678,167             | 2,150,796           | 88,610                                       | 61,618               |
| Donated goods and services             | 214,547              | -  | 310,010             | 40,940              | 2,812,603           | 544  | 78,383               |
| Subcontracts:                          |                      |  |                     |                     |                     |  |                      |
| Subawards and subcontracts to partners | -                    | -  | (173,941)           | 308,703             | (13,795)            | 3,356,973                                    | -                    |
| Other expenses:                        |                      |  |                     |                     |                     |  |                      |
| Exceptional expenses                   | 149                  | 3,519  | 710,118             | (34)                | 43,384              | 40,099                                       | 37,326               |
| <b>TOTAL</b>                           | <b>\$ 1,087,274</b>  | <b>\$ (22,423)</b>                             | <b>\$ 4,945,626</b> | <b>\$ 4,243,543</b> | <b>\$53,325,961</b> | <b>\$ 4,200,550</b>                          | <b>\$ 1,634,869</b>  |

| Supporting Services  |                      |                   |                     |                        |                     |                        |                     |                           |                       |
|----------------------|----------------------|-------------------|---------------------|------------------------|---------------------|------------------------|---------------------|---------------------------|-----------------------|
| Somalia Programs     | South Sudan Programs | Tanzania Programs | Uganda Programs     | Total Program Services | Program Support     | Management and General | Fundraising         | Total Supporting Services | Total Expenses        |
| \$ -                 | \$ -                 | \$ -              | \$ -                | \$ 627,858             | \$ 2,692,546        | \$ 1,226,645           | \$ 939,615          | \$ 4,858,806              | \$ 5,486,664          |
| 176,985              | 1,000,468            | 826               | 261,622             | 3,399,917              | 329,447             | 530,701                | 401,161             | 1,261,309                 | 4,661,226             |
| 188,466              | 997,281              | 62,067            | 380,909             | 3,830,476              | 842,823             | 204,795                | 255,304             | 1,302,922                 | 5,133,398             |
| 3,588,737            | 3,908,314            | 14,790            | 1,545,034           | 21,617,729             | 311,155             | 119,795                | -                   | 430,950                   | 22,048,679            |
| 561                  | -                    | -                 | -                   | (218)                  | -                   | 70,083                 | -                   | 70,083                    | 69,865                |
| 431,408              | 648,110              | 3,962             | 135,633             | 2,161,801              | 64,423              | 672,151                | -                   | 736,574                   | 2,898,375             |
| 22,052               | 56,775               | 813               | 42,971              | 572,106                | 60,571              | (161,828)              | 45,705              | (55,552)                  | 516,554               |
| 312,746              | 376,984              | 6,819             | 19,145              | 1,030,036              | 358,797             | 151,786                | 30,362              | 540,945                   | 1,570,981             |
| 110,043              | 199,988              | 534               | 75,934              | 725,144                | 14,318              | 55,728                 | 637                 | 70,683                    | 795,827               |
| 268                  | 920                  | 122               | 8                   | 39,532                 | 990                 | 3,735                  | 9,504               | 14,229                    | 53,761                |
| 205,041              | 95,069               | 821               | 8,351               | 1,197,020              | 2,205               | 295,341                | 41,213              | 338,759                   | 1,535,779             |
| 4,998                | -                    | -                 | 5,080               | 38,964                 | 61,630              | 24,860                 | 24,518              | 111,008                   | 149,972               |
| -                    | -                    | -                 | -                   | -                      | 10,516              | 14                     | -                   | 10,530                    | 10,530                |
| 173,915              | 157,213              | 1,436             | 111,459             | 1,265,707              | 75,700              | 123,229                | 37,735              | 236,664                   | 1,502,371             |
| 16,848               | -                    | -                 | -                   | 124,719                | 24,884              | 173,300                | -                   | 198,184                   | 322,903               |
| 2,321                | 2,862                | 33                | 3,872               | 42,139                 | 1,497               | 1,497                  | -                   | 2,994                     | 45,133                |
| -                    | -                    | -                 | -                   | -                      | 1,905               | 87,633                 | 640,893             | 730,431                   | 730,431               |
| 646,897              | 712,185              | 37,410            | 430,110             | 5,013,311              | 3,380               | 22,101                 | -                   | 25,481                    | 5,038,792             |
| 4,176                | 45,418               | -                 | -                   | 71,167                 | -                   | -                      | -                   | -                         | 71,167                |
| 17,444               | 98,478               | 36                | 4,647               | 233,265                | -                   | -                      | -                   | -                         | 233,265               |
| 36,735               | 144,113              | -                 | 27,732              | 527,583                | 272                 | 22                     | -                   | 294                       | 527,877               |
| 502,670              | 841,431              | 7                 | 27,350              | 1,652,186              | -                   | -                      | -                   | -                         | 1,652,186             |
| -                    | 4,174                | -                 | -                   | 4,352                  | -                   | -                      | -                   | -                         | 4,352                 |
| 376,465              | 27,243               | 1,505             | 11,880              | 9,465,562              | -                   | -                      | -                   | -                         | 9,465,562             |
| 299,741              | 25,968               | -                 | 5,099               | 493,570                | -                   | -                      | -                   | -                         | 493,570               |
| 398,851              | 169,420              | -                 | 4,739               | 803,326                | -                   | -                      | -                   | -                         | 803,326               |
| 487,989              | 20,633               | -                 | 150,533             | 20,838,277             | -                   | -                      | -                   | -                         | 20,838,277            |
| 3,174,668            | 178,025              | -                 | 138,413             | 5,242,363              | -                   | -                      | -                   | -                         | 5,242,363             |
| 1,073,284            | 339,000              | -                 | 1,153,896           | 4,396,057              | -                   | -                      | -                   | -                         | 4,396,057             |
| 782,094              | 129,558              | 20,998            | 861,133             | 5,004,685              | 7,798               | -                      | -                   | 7,798                     | 5,012,483             |
| 1,147,284            | 2,242,799            | 17,519            | 1,463,879           | 8,328,508              | 749                 | -                      | -                   | 749                       | 8,329,257             |
| -                    | 13,672               | -                 | 2,990               | 3,494,602              | -                   | 403,017                | -                   | 403,017                   | 3,897,619             |
| (20,773)             | 138,437              | 931               | 21,979              | 975,135                | 13,583              | 5,630                  | -                   | 19,213                    | 994,348               |
| <b>\$ 14,161,914</b> | <b>\$ 12,574,538</b> | <b>\$ 170,629</b> | <b>\$ 6,894,398</b> | <b>\$ 103,216,879</b>  | <b>\$ 4,879,189</b> | <b>\$ 4,010,235</b>    | <b>\$ 2,426,647</b> | <b>\$ 11,316,071</b>      | <b>\$ 114,532,950</b> |

**ACTION AGAINST HUNGER - USA**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

|   | <u>2019</u>                 | <u>2018</u>                 |
|---|-----------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                             |                             |
| Changes in net assets   | \$ (24,888,002)             | \$ 17,694,107               |
| Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities: |                             |                             |
| Depreciation and amortization   | 240,027                     | 322,903                     |
| Amortization of right-of-use asset  | 628,970                     | 628,970                     |
| Increase in net fixed assets attributable to strategic country exchange                             | (18,560)                    | -                           |
| Decrease (increase) in:   |                             |                             |
| Grants receivable   | 20,156,956                  | (17,624,621)                |
| Travel advances and other receivables   | 2,278,044                   | (3,286)                     |
| Prepaid expenses and other assets   | 41,599                      | (28,570)                    |
| Increase (decrease) in:   |                             |                             |
| Accounts payable and accrued expenses   | 1,094,122                   | (1,017,078)                 |
| Due to donors   | 3,834,837                   | -                           |
| Provision for unanticipated loss  | (2,883,000)                 | 3,499,900                   |
| Due to Network  | 1,852,052                   | (5,437,645)                 |
| Operating lease obligation  | <u>(648,348)</u>            | <u>(574,297)</u>            |
| Net cash provided (used) by operating activities  | <u>1,688,697</u>            | <u>(2,539,617)</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                             |                             |
| Purchase of furniture, equipment, vehicles and leasehold improvements                               | <u>-</u>                    | <u>(128,602)</u>            |
| Net cash used by investing activities   | <u>-</u>                    | <u>(128,602)</u>            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                             |                             |
| Proceeds from line of credit  | 6,500,000                   | 9,000,000                   |
| Payments on line of credit  | <u>-</u>                    | <u>(9,000,000)</u>          |
| Net cash provided by financing activities   | <u>6,500,000</u>            | <u>-</u>                    |
| Net increase (decrease) in cash and cash equivalents  | 8,188,697                   | (2,668,219)                 |
| Cash and cash equivalents at beginning of year  | <u>13,793,391</u>           | <u>16,461,610</u>           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>   | <b><u>\$ 21,982,088</u></b> | <b><u>\$ 13,793,391</u></b> |
| <b>SUPPLEMENTAL INFORMATION:</b>  |                             |                             |
| Interest Paid   | <b><u>\$ 246,981</u></b>    | <b><u>\$ 88,672</u></b>     |

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

Action Against Hunger - USA is a non-profit, non-governmental, non-religious organization incorporated on April 11, 1985, under the laws of the State of New York. Action Against Hunger - USA's mission is to fight hunger by providing relief and facilitating autonomy in five areas: nutrition, food security, water and sanitation, health programs and disaster preparedness.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

##### New accounting pronouncements adopted -

During 2019, Action Against Hunger - USA adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way Action Against Hunger - USA recognized revenue; however, the presentation and disclosures of revenue have been enhanced. Action Against Hunger - USA has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Also during 2019, Action Against Hunger - USA adopted ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. Action Against Hunger - USA adopted the ASU using a modified prospective basis.



## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Cash and cash equivalents -

Action Against Hunger - USA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year Action Against Hunger - USA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Action Against Hunger - USA had \$4,558,844 and \$4,288,989 of cash and cash equivalents held in foreign countries at December 31, 2019 and 2018. The majority of funds held in foreign countries are uninsured.

##### Grants receivable -

Grants receivable are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants revenue. Conditional promises to give are not included as support until the conditions are substantially met. All receivables are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

##### Travel advances and other receivables -

Travel advances and other receivables approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

##### Furniture, equipment, vehicles and leasehold improvements -

Furniture, equipment, vehicles and leasehold improvements with costs in excess of \$5,000 are capitalized and stated at cost.

Depreciation and amortization of equipment and furniture at headquarters are depreciated and amortized over three to five years.

Leasehold improvements are amortized over the term of the related leases, or the life of the asset whichever is shorter, using the straight-line method.

Equipment (mainly satellite phones, telecom equipment and generators) and vehicles maintained in the field are depreciated over one and two years, respectively. Furniture, equipment and vehicles purchased with restricted grant funds are recorded as an expense and charged against the grant which provided the funds to purchase the furniture, equipment and vehicles. Management reviews asset carrying amounts of these assets whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statements of Activities, to its current fair value.

##### Right-of-use asset -

In accordance with ASC 842, the right-of-use asset and related lease obligation is amortized over the lease term on a straight-line basis.

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Right-of-use asset (continued) -

As stated in Note 9, amortization of the right-of-use asset is included in rent and utilities expense in the accompanying Statements of Functional Expenses.

##### Income taxes -

Action Against Hunger - USA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

In addition, Action Against Hunger - USA has been classified by the Internal Revenue Service as a public charity of the type described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code and is not a private foundation.

##### Uncertain tax positions -

For the years ended December 31, 2019 and 2018, Action Against Hunger - USA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

##### Revenue recognition-

##### Grants and contributions -

The majority of Action Against Hunger - USA's revenue is received through grants and contributions from U.S. and foreign governments, international organizations and other entities.

Action Against Hunger - USA performs an analysis of the individual grants and contributions to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed nonreciprocal or reciprocal.

Grants and contributions are recognized in the appropriate category of net assets in the period received. Grants and contributions that are deemed to be nonreciprocal in nature that have donor restrictions are recorded as "with donor restrictions" revenue until such actual expenses have been incurred or through the passage of time that satisfies the donor-imposed restrictions.

Upon the satisfaction of donor-imposed restrictions, net assets are reclassified from "with donor restrictions" revenue to "without donor restrictions" revenue. Funds received from donor restricted grants and contributions in excess of expenses incurred for for which the time restriction has not passed are shown as net assets with donor restrictions in the accompanying financial statements.

##### Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## **ACTION AGAINST HUNGER - USA**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)**

##### Provision for unanticipated losses -

Action Against Hunger - USA has established a provision for unanticipated losses. The provision is to cover expenses that result from programs which Action Against Hunger - USA may maintain for which there is no donor funding as well as potential losses as a result of donor audits, supplier tax liabilities, severance liabilities, bad debt and frozen assets.

As of December 31, 2019, management has estimated the provision to be \$1,500,000. The provision was reduced by approximately \$2.8 million during 2019 due to the effects of the strategic country exchange discussed in Note 3, which resulted in a significant decrease in the volume of programmatic activities during 2019.

##### Foreign currency translation -

The U.S. Dollar ("Dollars") is the functional currency for Action Against Hunger - USA's operations worldwide. Transactions in currencies other than U.S. Dollars are translated into dollars at the rates of exchange in effect during the month of the transaction.

Current assets, current liabilities and net assets with donor restrictions denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the Statements of Financial Position. Currency gains and losses from translation are recorded as an other item in the accompanying Statements of Activities.

##### Donated goods and services -

Action Against Hunger - USA receives significant in-kind donations of food, transportation and medical supplies in support of its programs. Donations are received from the World Food Program (WFP), UNICEF and various other international organizations.

##### Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Action Against Hunger - USA are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

##### Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen. The overall potential impact Action Against Hunger - USA's operations is unknown at this time.

#### **2. GRANTS RECEIVABLE**

As of December 31, 2019 and 2018, contributors to Action Against Hunger - USA have made unconditional written promises to give, of which \$71,742,636 and \$92,038,940, respectively, remained due and outstanding.

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 2. GRANTS RECEIVABLE (Continued)

Amounts due beyond one year of the Statements of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 3%.

Following is a schedule of amounts due, by year, as of December 31, 2019 and 2018:

|  | <u>2019</u>                 | <u>2018</u>                 |
|--|-----------------------------|-----------------------------|
| Less than one year                                   | \$ 51,222,626               | \$ 76,155,516               |
| One to five years                                    | <u>20,520,010</u>           | <u>15,883,424</u>           |
| Total  | 71,742,636                  | 92,038,940                  |
| Less: Allowance to discount balance to present value | <u>(630,078)</u>            | <u>(769,426)</u>            |
| <b>NET RECEIVABLES</b>                               | <b><u>\$ 71,112,558</u></b> | <b><u>\$ 91,269,514</u></b> |

#### 3. ACTION AGAINST HUNGER NETWORK

Action Against Hunger - USA is a member of a network that includes four other international non-governmental organizations headquartered in Paris, Madrid, London and Toronto. The network collaborates to accomplish a worldwide shared mission. Action Against Hunger - USA and the four other members of the network provide inter-organizational program, human resources and logistic support on behalf of their related overseas programs.

At December 31, 2019 and 2018, Action Against Hunger - USA has recorded a net balance due to the network of \$5,370,527 and \$3,518,475, respectively.

During 2017, management of Action Against Hunger - USA and the French network member, Action Contre la Faim (ACF-France) implemented a process by which the two organizations exchanged the management and administration, oversight, and financial reporting responsibilities for several field locations in the various countries throughout the world where the Against Against Hunger Network implements programs. These exchanges were a part of the Action Against Hunger Network's global strategy designed to align global operations based on regions. Following is a description of the transactions associated with these exchanges reflected with the Action Against Hunger - USA' financial statements for the years ended December 31, 2019 and 2018.

Effective January 1, 2019 ACF-France relinquished control over operations in the country of Ethiopia to Action Against Hunger - USA. As a result of this transfer, Action Against Hunger - USA recorded an increase in net assets with donor restrictions of \$2,832,023, representing the net unexpended value of Ethiopia grant awards as of January 1, 2019. As of the transfer date, Action Against Hunger - USA assumed the value of all assets and liabilities of the Ethiopia field office, which resulted in a net increase in net assets without donor restrictions of \$498,902.

Effective January 1, 2019, Action Against Hunger - USA relinquished control over operations in the country of Nigeria to ACF-France. As a result of this transfer, Action Against Hunger - USA recorded a decrease in net assets with donor restrictions of \$53,753,005, representing the net unexpended value of Nigeria grant awards as of January 1, 2019. As of the transfer date, Action Against Hunger - USA was relieved of the value of all assets and liabilities of the Nigeria field office, which resulted in a net decrease in net assets without donor restrictions of \$288,392.

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 3. ACTION AGAINST HUNGER NETWORK (Continued)

In addition to the transactions noted above, as part of the strategic country exchanges, Action Against Hunger - USA and ACF-France resolved to equitably share the recoverable indirect costs of the programs operating in the exchanged countries over a three year period.

While the ultimate amounts to be settled between Action Against Hunger - USA and ACF-France under this agreement will be determined at a future date, during 2019 and 2018, Action Against Hunger - USA recorded an increase in net assets without donor restrictions of \$6,038,160, and a decrease in net assets without donor restrictions of \$2,845,708, respectively, associated with the indirect cost sharing component of the country exchanges.

During 2018, Action Against Hunger - USA recorded a decrease in net assets with donor restrictions of \$1,832,177 associated with the Haiti country exchange, in connection with the settlement of various intercompany balances between Action Against Hunger - USA and ACF-France.

During 2018, Action Against Hunger - USA recorded a decrease in net assets without donor restrictions of \$89,116 associated with the Democratic Republic of the Congo country exchange, in connection with the settlement of various intercompany balances between Action Against Hunger - USA and ACF-France.

In 2018, Action Against Hunger - USA recorded a decrease in net assets without donor restrictions of \$966,907 in connection with unsettled intercompany balances between Action Against Hunger - USA and ACF-France pertaining to the country exchanges.

The total changes in net assets resulting from the transactions described above have been recorded as "Change in net assets attributable to strategic country exchange/regionalization" in the accompanying Statements of Activities for the years ended December 31, 2019 and 2018.

#### 4. FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS

Furniture, equipment, vehicles and leasehold improvements consisted of the following at December 31, 2019 and 2018:

|   | <u>2019</u>              | <u>2018</u>                |
|---|--------------------------|----------------------------|
| Furniture   | \$ 281,440               | \$ 281,440                 |
| Equipment   | 709,615                  | 740,834                    |
| Vehicles  | 1,268,065                | 1,421,322                  |
| Leasehold improvements  | 292,481                  | 292,481                    |
| Landlord construction   | <u>1,050,330</u>         | <u>1,050,330</u>           |
|   | 3,601,931                | 3,786,407                  |
| Less: Accumulated depreciation and amortization                           | <u>(2,629,648)</u>       | <u>(2,592,657)</u>         |
| <b>FURNITURE, EQUIPMENT, VEHICLES AND<br/>LEASEHOLD IMPROVEMENTS, NET</b> | <b><u>\$ 972,283</u></b> | <b><u>\$ 1,193,750</u></b> |

Depreciation and amortization expense totaled \$240,027 and \$322,903, for the years ended December 31, 2019 and 2018, respectively.

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2019 and 2018:

|   | <u>2019</u>                 | <u>2018</u>                 |
|---|-----------------------------|-----------------------------|
| Subject to expenditure for specified purpose:   |                             |                             |
| Cambodia Programs                               | \$ 297,896                  | \$ 1,263,064                |
| Ethiopia Programs                               | 5,905,101                   | -                           |
| Haiti Programs                                  | 17,232,401                  | 7,994,763                   |
| Kenya Programs                                  | 1,652,052                   | 3,372,557                   |
| Nigeria Programs                                | -                           | 55,050,937                  |
| Other Country and Strategic Programs            | 6,631,668                   | 9,407,472                   |
| Somalia Programs                                | 13,815,385                  | 8,368,268                   |
| South Sudan Programs                            | 5,256,822                   | 4,151,423                   |
| Tanzania Programs                               | 934,325                     | 26,770                      |
| Uganda Programs                                 | <u>13,160,145</u>           | <u>3,384,785</u>            |
| <b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b> | <b>\$ <u>64,885,795</u></b> | <b>\$ <u>93,020,039</u></b> |

The following is a summary of net assets which were released from donor restrictions by incurring expenses (or through other adjustments), which satisfied the donor-specified restrictions at December 31, 2019 and 2018:

|  | <u>2019</u>                 | <u>2018</u>                 |
|--|-----------------------------|-----------------------------|
| Purpose restrictions accomplished:                     |                             |                             |
| Cambodia Programs                                      | \$ 880,087                  | \$ 765,085                  |
| Ethiopia Programs                                      | 9,782,671                   | -                           |
| Haiti Programs   | 9,347,867                   | 3,661,437                   |
| Kenya Programs   | 3,434,910                   | 4,192,504                   |
| Nigeria Programs                                       | 17,222,573                  | 55,819,211                  |
| Other Country and Strategic Programs                   | 4,027,975                   | 4,503,481                   |
| Pakistan Programs                                      | -                           | 1,437,499                   |
| Somalia Programs                                       | 12,371,771                  | 13,573,659                  |
| South Sudan Programs                                   | 10,037,540                  | 10,085,737                  |
| Tanzania Programs                                      | 271,832                     | -                           |
| Uganda Programs  | <u>5,882,949</u>            | <u>5,813,031</u>            |
| <b>TOTAL NET ASSETS RELEASED FROM<br/>RESTRICTIONS</b> | <b>\$ <u>73,260,175</u></b> | <b>\$ <u>99,851,644</u></b> |

**6. DESIGNATED NET ASSETS**

At December 31, 2019 and 2018, Action Against Hunger - USA had the following designated net assets:

Board-Designated:

- An Emergency Fund was established by resolution of the Board of Directors on March 13, 2007. This fund is to be used by Action Against Hunger - USA for a range of purposes, including funds for emergency relief operations, unexpected and urgently needed field expenses, some forms of bridge funding, and disaster preparedness. The balance of the Emergency Fund at December 31, 2019 and 2018 totaled \$450,000 and \$450,000, respectively.

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**6. DESIGNATED NET ASSETS (Continued)**

Management Designated:

- The Finance Committee of the Board of Directors approved management's proposal to allocate \$250,000 out of the 2008 surplus to create a "Program Development Fund" which may be replenished periodically. The purpose of the Program Development Fund was to create a funding source for exploratory missions. The balance of the Program Development Fund at December 31, 2019 and 2018 totaled \$310,000 and \$310,000, respectively.

**7. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

|   | <b>2019</b>          | <b>2018</b>          |
|---|----------------------|----------------------|
| Cash and cash equivalents   | \$ 21,982,088        | \$ 13,793,391        |
| Grants receivable   | 71,112,558           | 91,269,514           |
| Travel advances and other receivables   | 854,793              | 3,132,837            |
| Subtotal financial assets available within one year   | 93,949,439           | 108,195,742          |
| Less: Donor restricted funds  | (64,885,795)         | (93,020,039)         |
| Less: Board designated funds  | (760,000)            | (760,000)            |
| <b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS<br/>FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b> | <b>\$ 28,303,644</b> | <b>\$ 14,415,703</b> |

Action Against Hunger - USA has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2019 and 2018 Action Against Hunger - USA had financial assets equal to approximately four and two months of operating expenses, respectively (including programmatic expenses). In addition, Action Against Hunger - USA has a line of credit agreement (as further discussed in Note 11) which allows for additional available borrowings up to \$7,000,000.

**8. IN-KIND CONTRIBUTIONS**

In-kind contributions consisted of the following at December 31, 2019 and 2018.

|   | <b>2019</b>         | <b>2018</b>         |
|---|---------------------|---------------------|
| Project expenses (food, transportation and medical supplies): |                     |                     |
| Cambodia Programs   | \$ -                | \$ 208,875          |
| Haiti Programs  | -                   | 303,593             |
| Ethiopia Programs   | 966,742             | -                   |
| Nigeria Programs  | -                   | 2,723,096           |
| Pakistan Programs   | -                   | 53,301              |
| Somalia Programs  | 1,699,008           | 1,118,195           |
| South Sudan Programs  | 2,647,160           | 2,201,711           |
| Tanzania Programs   | 1,301               | 17,519              |
| Uganda Programs   | 898,635             | 1,315,615           |
|   | 6,212,846           | 7,941,905           |
| Public information and education, including fundraising       | 338,379             | 217,311             |
| <b>TOTAL IN-KIND CONTRIBUTIONS</b>                            | <b>\$ 6,551,225</b> | <b>\$ 8,159,216</b> |

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**9. LEASE COMMITMENTS**

On February 12, 2015, Action Against Hunger - USA entered into a new lease for office space in Manhattan, N.Y., expiring on December 31, 2030.

Upon execution of the new lease, Action Against Hunger - USA elected an early adoption of *Accounting Standards Codification*® ASC 842, *Leases*, which was issued with the goal of increasing comparability among organizations by requiring the recognition of lease assets and lease liabilities on the Statements of Financial Position and disclosure of key information about leasing arrangements for operating leases that are greater than one year in duration. The ASU specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Statements of Financial Position and recognize a single lease cost, calculated so the cost of the lease is allocated over the lease term on a straight line basis. As a result, in 2015, Action Against Hunger - USA recorded a right-of-use asset and an operating lease liability in the amount of \$10,746,950 by calculating the net present value of the future rental payments using a discount rate of 3.00%.

The right-of-use asset and the operating lease liability are being amortized over the life of the lease agreement. As of December 31, 2019 and 2018, the unamortized right-of-use asset was \$6,918,670 and \$7,547,640, respectively and the unamortized operating lease liability was \$8,409,271 and \$9,057,619, respectively. The lease cost, including imputed interest and amortization of the right-of-use asset for the years ended December 31, 2019 and 2018 was \$629,444 and \$665,869, respectively.

The right-of-use asset at December 31, 2019 and 2018 is lower than the corresponding liability because the right-of-use asset was amortized for several months during 2015; however no lease payments were made during 2015.

Under the terms of the operating lease, the landlord incurred certain initial construction costs on behalf of Action Against Hunger - USA that amounted to \$1,050,330. These costs are included in leasehold improvements, net of related amortization in Note 4 and are included in Furniture, equipment, vehicles and leasehold improvements, net, in the accompanying Statements of Financial Position. The construction costs are being amortized over the life of the lease agreement.

Future minimum payments required under the lease agreement are as follows:

| <u>Year Ending December 31,</u> |                            |
|---------------------------------|----------------------------|
| 2020                            | \$ 660,063                 |
| 2021                            | 672,535                    |
| 2022                            | 685,985                    |
| 2023                            | 699,705                    |
| 2024                            | 713,699                    |
| Thereafter                      | <u>4,977,284</u>           |
|                                 | <b><u>\$ 8,409,271</u></b> |

Action Against Hunger - USA also leases office space in numerous foreign countries under short-term lease agreements.

**10. RETIREMENT PLAN**

During 2007, Action Against Hunger - USA established a defined contribution 403(b) retirement plan for all full-time employees. Full-time employees are eligible immediately upon entry date to make 403(b) contributions.



## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 10. RETIREMENT PLAN (Continued)

Action Against Hunger - USA may elect to make employer contributions to the participant accounts in an amount equal to a discretionary percentage of the participant's W-2 wage compensation. In order to qualify for the employer contribution, the employee must have completed 1,000 hours of service within 12 consecutive months of employment. Participants are completely vested after three years of service. For the years ended December 31, 2019 and 2018, total contributions to the plan were \$133,090 and \$152,545, respectively.

#### 11. LINE OF CREDIT AND STANDBY LETTER OF CREDIT

Action Against Hunger - USA has access to a \$7,000,000 bank line of credit bearing interest at a per annum rate equal to two percent (2.00%) above the LIBOR Rate.

The outstanding balance on the line of credit was \$6,500,000 as of December 31, 2019. There was no outstanding balance on the line of credit at December 31, 2018. The line of credit is collateralized by substantially all property of Action Against Hunger - USA, including its bank accounts, receivables and equipment. The line of credit has been renewed through October 31, 2021.

On August 15, 2015, Action Against Hunger - USA entered into a standby letter of credit with a local bank in the sum of \$228,098 as a security deposit to the landlord.

#### 12. SPECIAL EVENTS

Revenue and expenses related to special events are recognized upon occurrence of the respective event and are presented net of the cost of direct donor benefits. The associated value of such benefits provided to donors amounted to \$147,709 and \$93,763 for the years ended December 31, 2019 and 2018, respectively.

#### 13. CONTINGENCIES

U.S. Government awards -

Action Against Hunger - USA receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2019. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Foreign Government, International Organization and Other Grantor awards -

Action Against Hunger - USA receives grants and contracts from foreign governments, international organizations and other grantors. Such grants and contracts are subject to audit under the provisions stated in each grant agreement or contract.

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**13. CONTINGENCIES (Continued)**

Foreign Government, International Organization and Other Grantor awards (continued) -

The ultimate determination of amounts received under these grants and contracts is based upon the allowance of costs reported to and accepted by the foreign governments, international organizations and other grantors as a result of such audits. Until such audits have been accepted by these donors, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Foreign operations -

Action Against Hunger - USA provides nutrition, food security, water and sanitation, health programs and disaster preparedness through its field offices in foreign countries. The future results of those programs could be adversely affected by a number of potential factors, such as currency devaluations and changes in the political climate.

As of December 31, 2019 and 2018, Action Against Hunger - USA had cash, property, and equipment and receivables in various countries in Africa and Asia, totaling approximately \$5,100,000 and \$7,000,000, which represents approximately 4.97% and 5.83% of Action Against Hunger - USA's total assets as of December 31, 2019 and 2018, respectively.

**14. SUBSEQUENT EVENTS**

In preparing these financial statements, Action Against Hunger - USA has evaluated events and transactions for potential recognition or disclosure through May 25, 2021, the date the financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

## ACTION AGAINST HUNGER - USA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

| Federal Granting Agency and Program Title  | Federal CFDA<br>Number | Award Number / Pass-<br>Through Entity<br>Identifying Number | Pass-Through to<br>Subrecipients | Total Federal<br>Expenditures |
|--|------------------------|--|----------------------------------|-------------------------------|
| <b>United States Agency for International Development:</b>   |                        |  |                                  |                               |
| Improving Globally the Technical Response Capacity of Nutrition Partners in SMART with a Focus on the Middle East and North Africa                   | 98.001                 | 720FDA18GR00315  | \$ 373,696                       | \$ 408,380                    |
| Integrate Life-Saving Emergency Response to Conflict Affected IDPs and Host Communities in Oromia Region and Dire Dawa Administrative City, Ethiopia | 98.001                 | 720FDA19GR00103  | -                                | 496,762                       |
| Strengthen and Expand Activities to Improve Hygiene Programming in Humanitarian Emergencies  | 98.001                 | 720FDA18GR00255  | -                                | 28,632                        |
| Emergency Targeted Supplementary Feeding Support for Drought and Flood Prone Woredas in Somali Region, Ethiopia                                      | 98.001                 | 72DFFP18CA00001  | -                                | 105,706                       |
| Integrated Emergency and Recovery Response to Support Vulnerable Communities Affected by Drought in Mendera and West Pokot Counties                  | 98.001                 | 720FDA19GR00134  | -                                | 347,165                       |
| Multi-Sectoral Humanitarian Response in Borno and Yobe States, Nigeria   | 98.001                 | 720FDA18GR00182  | 4,954,624                        | 4,954,624                     |
| Enhancing Food Security in Yobe State, North-Eastern Nigeria   | 98.001                 | 72DFFP18GR00022  | 1,651,494                        | 1,665,000                     |
| Improving Food and Nutrition Security in Borno State, North-Eastern Nigeria  | 98.001                 | 72DFFP18GR00051  | 10,607,536                       | 10,636,055                    |
| Identify Prevalence of and Risk Factors for Relapse After Recovery from Severe Acute Malnutrition Globally   | 98.001                 | 720FDA19GR00278  | -                                | 16,689                        |
| Surveillance and Evaluation Team and Multi-Sectoral Emergency Team: An Integrated Emergency Response in South Sudan                                  | 98.001                 | 720FDA18GR00142  | -                                | 3,180,911                     |
| Surveillance and Evaluation Team (SET) and Multi-Sectoral Emergency Team (MET & SURGE): An Integrated Emergency Response in South Sudan              | 98.001                 | 720FDA19GR00111  | -                                | 1,195,541                     |
| Humanitarian Nutrition Professional Development Initiative: Building a New Generation of Humanitarians   | 98.001                 | AID-OFDA-G-15-00217  | 116,397                          | 116,397                       |
| Developing Next Generation of Humanitarian Leaders   | 98.001                 | AID-OFDA-G-17-00032  | 438,661                          | 459,257                       |
| Technical Rapid Response Team (Tech RRT)   | 98.001                 | 720FDA18FR00010  | -                                | 24,025                        |
| Supporting Humanitarian Actors to Increase Scale and Quality of Cash Transfer Programming in West Africa   | 98.001                 | 720FDA18GR00234  | 531,746                          | 571,666                       |
| Identifying Prevalence of and Risk Factors for Relapse After Recovery from Severe Acute Malnutrition Globally  | 98.001                 | 720FDA19GR00278  | -                                | 1,126                         |

ACTION AGAINST HUNGER - USA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

| Federal Granting Agency and Program Title   | Federal CFDA Number | Award Number / Pass-Through Entity Identifying Number | Pass-Through to Subrecipients | Total Federal Expenditures |
|---|---------------------|---|-------------------------------|----------------------------|
| <b>United States Agency for International Development (Continued):</b>  |                     |   |                               |                            |
| CaLP 2017-2019 and CaLP Americas Support for Action Against Hunger Global Award   | 98.001              | AID-FFP-G-17-00060                                    | \$ 268,495                    | \$ 790,308                 |
| <b>Total CFDA #98.001 USAID Foreign Assistance for Programs Overseas</b>  |                     |   | <u>18,942,649</u>             | <u>24,998,244</u>          |
| <b>Total United States Agency for International Development</b>   |                     |   | <u>18,942,649</u>             | <u>24,998,244</u>          |
| <b>United States Department of State:</b>   |                     |   |                               |                            |
| Contribute to the Reduction of the Risk of Morbidity, Mortality Amongst South Sudanese Refugees and Host Community Population in Gambella     | 19.517              | SPRMCO18CA0128  | -                             | 845,488                    |
| Integrated Emergency Nutrition, IYCF, FSL and Psychosocial Support to South Sudanese Refugees and Host Community in Gambella Region, Ethiopia | 19.517              | SPRMCO19CA0092  | -                             | <u>131,631</u>             |
| <b>Total CFDA #19.517 USDOS Overseas Refugee Assistance Programs for Africa</b>   |                     |   | <u>-</u>                      | <u>977,119</u>             |
| To Enhance Accountability of Humanitarian Nutrition Organizations Towards GBV and Gender Equality   | 19.522              | SPRMCO18CA0099  | <u>653,561</u>                | <u>797,900</u>             |
| <b>Total CFDA #19.522 Overseas Refugee Assistance Programs for Strategic Global Priorities</b>  |                     |   | <u>653,561</u>                | <u>797,900</u>             |
| <b>Total United States Department of State</b>  |                     |   | <u>653,561</u>                | <u>1,775,019</u>           |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>   |                     |   | <u>\$ 19,596,210</u>          | <u>\$ 26,773,263</u>       |

ACTION AGAINST HUNGER - USA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of Action Against Hunger - USA under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Action Against Hunger - USA, it is not intended to and does not present the financial position, changes in net assets or cash flows of Action Against Hunger - USA.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Action Against Hunger - USA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**ACTION AGAINST HUNGER - USA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section I - Summary of Auditor's Results**

**Financial Statements**

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting: **Unmodified**

2). Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

3). Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

4). Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

5). Type of auditor's report issued on compliance for major federal programs: **Unmodified**

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

7). Identification of major federal programs:

| <u>CFDA Number</u> | <u>Name of Federal Program</u>                                       |
|--------------------|--|
| 98.001             | USAID - Foreign Assistance for Programs Overseas                     |
| 19.517             | Overseas Refugee Assistance Programs for Africa                      |
| 19.522             | Overseas Refugee Assistance Programs for Strategic Global Priorities |

8). Dollar threshold used to distinguish between Type A and Type B programs: **\$803,198**

9). Auditee qualified as a low-risk auditee?  Yes  No

ACTION AGAINST HUNGER - USA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Section II - Financial Statement Findings**

Please refer to Federal Award Finding 2019-001 and Prior Year Finding 2018-001.

**Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))**

**Finding 2019-001: Field Office Accounting and Reconciliations**

**Information on the Federal Programs:** CFDA 98.001, CFDA 19.517 and CFDA 19.522

**Condition:** During the 2019 audit, it was noted that various significant adjustments to the preliminary trial balance were necessary for a number of field cash, advance, and liability accounts in order to properly state their balances as of December 31, 2019. Given that the audit work for 2019 was not performed until January, 2021, the need for significant adjustments of these accounts during the course of the audit indicates that there is a substantial lapse in the accounting functions within the field offices of Action Against Hunger – USA with regards to account reconciliations and monthly and annual closeout procedures.

**Criteria or Specific Requirement:** Title 2 CFR 200 Section 200.303 “Internal Controls” requires recipients of federal funds to establish internal controls that should be in compliance with guidance in the “Integrated Control Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**Cause:** As noted in the prior year finding 2018-001, Action Against Hunger – USA has experienced a transitional period over the past several years, including significant turnover within the HQ accounting department as well as restructuring of global operations. The combined stresses created by this situation resulted in weakened oversight of field office accounting.

**Effect or Potential Effect:** Failure to routinely reconcile field office accounts, particularly cash, increases the risk of inadvertent losses of financial assets, misappropriation, unallowable or questioned costs, and damage to organizational reputation and donor relationships.

**Questioned Costs:** None

**Context:** While adjustments were posted to field office balance sheet accounts for several countries during the audit, the most significant issues pertained to unreconciled cash accounts in Ethiopia and stale unreconciled advance balances in Haiti.

**Identification as a Repeat Finding:** N/A

**Recommendation:** As Action Against Hunger – USA has successfully reorganized its HQ accounting department and made significant strides towards overhauling operations and internal controls at the HQ level, we recommend that, as a next step, increased focus be placed on revisiting policies and procedures at the field office level. We also suggest that field office staffing be evaluated to determine whether the current field staff have the appropriate training, experience and competence to perform their duties. Furthermore, we believe that the HQ finance department could be further strengthened with the addition of a strong field finance manager who could serve as a focal point for communication and oversight of field office accounting.

**Views of Responsible Officials:** In February 2021, Action Against Hunger – USA hired a Director of Finance and Administration in the Kenya regional field office.



ACTION AGAINST HUNGER - USA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a)) (Continued)

**Finding 2019-001: Field Office Accounting and Reconciliations (continued)**

**Views of Responsible Officials (continued):** The initial responsibilities of this director will be to thoroughly review existing field operations, policies and procedures and internal controls to determine areas needing improvement. In addition, this director will be visiting each field office location to perform an in-depth evaluation of staff competencies and capabilities. This position will also act as the focal point of communication with the HQ office on all field-related finance and logistics issues.

Section IV - Prior Year Findings and Questioned Costs With Current Year Status

**Finding 2018-001: Staffing and Management of the Finance/Accounting Department**

**Information on the Federal Programs:** CFDA 98.001 and CFDA 19.522

**Condition:** During the 2018 audit, we encountered significant difficulties in obtaining basic supporting documentation, primarily concerning the grant awards AAH has received from its various donors (such as records of amounts obligated and spent, and collections of funds on existing awards). We also observed an extreme lack of organization and coordination within the finance and accounting department of Action Against Hunger – USA, both with regards to the audit process and with regards to basic daily operations. We noted a variety of significant issues, including wide-spread inaccuracies within the financial reporting process, poor or absent communication between management and staff, and a fundamental lack of adequate oversight of the accounting and financial reporting functions.

**Recommendation:** Given the unfortunate circumstances described above, we recommend the following actions be taken, and believe that the immediate implementation of such actions is of paramount importance.

- Action Against Hunger – USA must undertake to hire a new Chief Financial Officer who has extensive experience in grant accounting and the international NGO/humanitarian aid agency environment. Adequate resources must be designated to this individual such that they may be able to hire a team of equally qualified supporting staff who have the ability and willingness to perform detailed financial analysis, interpret data and act with sound judgment.
- It is our belief that Action Against Hunger - USA's continued use of separate accounting systems for its headquarters and its field operations is no longer sustainable and therefore steps must be taken to implement a global accounting software solution as soon as possible.
- Action Against Hunger – USA must immediately commence a detailed historical analysis of its donor financial reporting and ensure that such reporting is properly reconciled to its accounting system. Such a project should involve coordination between the finance/accounting department, programs department, and development department, and should be given the utmost priority and dedication in terms of internal resources.
- The HQ finance/accounting department should perform a complete and thorough overhaul of its current accounting policies and procedures and develop and implement a new regime of internal controls in accordance with the COSO Internal Control Integrated Framework. The new policies and procedures should be designed to ensure both timely and accurate financial reporting, as well as compliance with the requirements associated with Action Against Hunger - USA's donor awards.
- Consideration should be given to areas including but not limited to the documentation and allocation of expenditures, financial and programmatic reporting, the management of cash and timing of drawdowns on open awards, the administration, monitoring and reporting of subgrants, adherence to procurement and vendor screening requirements, and the maintenance of equipment records.

ACTION AGAINST HUNGER - USA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Section IV - Prior Year Findings and Questioned Costs With Current Year Status (Continued)**

**Finding 2019-001: Staffing and Management of the Finance/Accounting Department (continued)**

**December 31, 2019 Status:** Upon the conclusion of the 2018 audit in early 2020, management of Action Against Hunger - USA took immediate steps to address the conditions identified in the finding. The organization hired a new CFO in January, 2020 as well as a Controller and other supporting finance and accounting staff shortly thereafter. The new finance team then commenced the process of overhauling the accounting policies and procedures and performing detailed and comprehensive reconciliations of its accounts, investing significant time and resources into this endeavor. Additionally, a plan of action to implement a cloud-based version of the global accounting system to its field offices has been developed and these efforts are expected to begin during fiscal year 2021. Accordingly, we believe that management has acknowledged the severity of the prior year finding and made significant strides towards remedying the situation. However, as the corrective action was not able to take place until 2020, it must be noted that the conditions identified during the 2018 audit continued to exist throughout fiscal year 2019 and represented a material weakness. It should also be noted that, while the conditions identified in the 2018 finding directly led to a significant delay in the commencement of the 2019 audit, the 2019 audit process was vastly improved and there was substantial improvement in the accuracy of financial reporting, organizational communication and oversight. We do recommend that management continue to focus on reconciliations of donor reporting to the accounting system, maintenance of accurate restricted net asset schedules and preparation of the schedule of expenditures of federal awards.

**Views of Responsible Officials:** The HQ finance team, in coordination with members of our grant management and compliance and risk management teams, has begun the process of converting each of our field offices to a global cloud-based ERP platform. This involves a series of intense interactive sessions with our ERP consultants to entirely rebuild our financial operating and reporting system. While we anticipate this will significantly enhance our financial reporting and analysis capabilities, we are also looking to maximize the grants management and customer relationship management components of the platform. The new ERP platform will allow a seamless consolidation of organizational operations and allow more robust reporting across a wider spectrum of transactional dimensions. We anticipate beginning training and implementation in our field offices during Q4 2021.



## CPAs & ADVISORS

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

#### Independent Auditor's Report

To the Board of Directors  
Action Against Hunger - USA  
New York, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Action Against Hunger - USA as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Action Against Hunger - USA's basic financial statements, and have issued our report thereon dated May 25, 2021.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Action Against Hunger - USA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Action Against Hunger - USA's internal control. Accordingly, we do not express an opinion on the effectiveness of Action Against Hunger - USA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as Finding 2018-001 in the accompanying Schedule of Finding and Questioned Costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2019-001 to be a significant deficiency.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Action Against Hunger - USA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2018-001 and 2019-001.

### **Action Against Hunger's Response to Finding**

Action Against Hunger - USA's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Action Against Hunger - USA's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

May 25, 2021



## CPAs & ADVISORS

# REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

## Independent Auditor's Report

To the Board of Directors  
Action Against Hunger - USA  
New York, New York

### **Report on Compliance for Each Major Federal Program**

We have audited Action Against Hunger - USA's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Action Against Hunger - USA's major federal programs for the year ended December 31, 2019. Action Against Hunger - USA's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Action Against Hunger - USA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Action Against Hunger - USA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Action Against Hunger - USA's compliance.

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## Opinion on Each Major Federal Program

In our opinion, Action Against Hunger - USA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Findings 2018-001 and 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

Action Against Hunger - USA's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Action Against Hunger - USA's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### Report on Internal Control Over Compliance

Management of Action Against Hunger - USA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Action Against Hunger - USA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Action Against Hunger - USA's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2018-001 to be a material weakness.

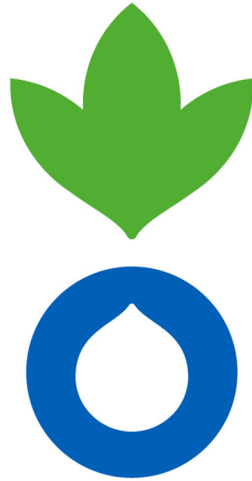
*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2019-001 to be a significant deficiency.

Action Against Hunger - USA's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Action Against Hunger - USA's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Gelman Rosenberg & Freedman*

May 25, 2021



**ACTION  
AGAINST  
HUNGER**

# **ACTION AGAINST HUNGER - USA**

**INDIRECT RATE CALCULATION**

**FOR THE YEAR ENDED DECEMBER 31, 2019**



**ACTION AGAINST HUNGER - USA**

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Action Against Hunger - USA  
New York, New York

### **Report on Statement of Indirect Rate Calculation**

We have audited the accompanying statement of indirect rate calculation of Action Against Hunger–USA for the year ended December 31, 2019.

#### **Management's Responsibility**

Management is responsible for the preparation and fair presentation of the statement of indirect rate calculation 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 a statement of indirect rate calculation that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the statement of indirect rate calculation based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of indirect rate calculation is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of indirect rate calculation. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of indirect rate calculation, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Action Against Hunger - USA's preparation and fair presentation of the statement of indirect rate calculation 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 Action Against Hunger - USA'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 statement of indirect rate calculation. 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 statement of indirect rate calculation referred to above presents fairly, in all material respects, the indirect rate of Action Against Hunger - USA as of December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

May 25, 2021

## ACTION AGAINST HUNGER - USA

STATEMENT OF INDIRECT RATE CALCULATION  
FOR THE YEAR ENDED DECEMBER 31, 2019

| EXPENSES PER AUDITED FINANCIAL STATEMENTS | Indirect            |                        | Total                |
|---|---------------------|------------------------|----------------------|
|   | Program Support     | Management and General |                      |
| Personnel:                                |                     |                        |                      |
| US staff                                  | \$ 2,551,114        | \$ 1,365,628           | \$ 3,916,742         |
| Other U.S. payroll                        | 1,319,743           | 779,259                | 2,099,002            |
| Fringe benefits                           | 735,827             | 393,126                | 1,128,953            |
| Office running costs and services:        |                     |                        |                      |
| Insurance                                 | -                   | 72,098                 | 72,098               |
| Rent and utilities                        | 53,260              | 615,409                | 668,669              |
| Professional fees                         | 132,900             | 224,417                | 357,317              |
| Travel                                    | 420,048             | 76,733                 | 496,781              |
| Telecommunications                        | 19,252              | 56,005                 | 75,257               |
| Postage and custom fees                   | 887                 | 2,719                  | 3,606                |
| Finance charges                           | 2,756               | 403,668                | 406,424              |
| Meeting expenses                          | 82,244              | 20,610                 | 102,854              |
| Human resources                           | 17,155              | 127                    | 17,282               |
| Office equipment and supplies:            |                     |                        |                      |
| Office supplies                           | 110,499             | 114,211                | 224,710              |
| Depreciation and amortization             | 3,637               | 135,881                | 139,518              |
| Equipment rental and maintenance          | 12,577              | -                      | 12,577               |
| Public awareness expenses:                |                     |                        |                      |
| External relations                        | 3,866               | 110,953                | 114,819              |
| Project logistics:                        |                     |                        |                      |
| Vehicles                                  | 343                 | -                      | 343                  |
| Electrical systems                        | 597                 | -                      | 597                  |
| Freight                                   | 46,299              | -                      | 46,299               |
| Project expenses:                         |                     |                        |                      |
| Other                                     | 2,809               | 30                     | 2,839                |
| Subcontracts:                             |                     |                        |                      |
| Network support costs                     | -                   | 410,739                | 410,739              |
| Other expenses:                           |                     |                        |                      |
| Exceptional expenses                      | 200                 | 161,922                | 162,122              |
| Subtotal                                  | <b>\$ 5,516,013</b> | <b>\$ 4,943,535</b>    | <b>\$ 10,459,548</b> |
| Adjustments and reclassifications:        |                     |                        |                      |
| Project logistics                         |                     |                        | (47,239)             |
| Other project expenses                    |                     |                        | (2,839)              |
| Network support costs                     |                     |                        | (410,739)            |
| Exceptional expenses                      |                     |                        | (162,122)            |
| <b>TOTAL ALLOWABLE INDIRECT EXPENSES</b>  |                     |                        | <b>\$ 9,836,609</b>  |

ACTION AGAINST HUNGER - USA

STATEMENT OF INDIRECT RATE CALCULATION  
FOR THE YEAR ENDED DECEMBER 31, 2019

**DIRECT EXPENSES PER AUDITED FINANCIAL STATEMENTS**

|  |  |                             |
|--|--|-----------------------------|
| Program Services:                      |  |                             |
| Cambodia Programs                      |  | \$ 1,080,032                |
| Ethiopia Programs                      |  | 10,623,319                  |
| Haiti Programs                         |  | 5,993,331                   |
| Kenya Programs                         |  | 6,372,133                   |
| Nigeria Programs                       |  | 17,249,376                  |
| Other Country and Strategic Programs   |  | 3,808,994                   |
| Somalia Programs                       |  | 13,736,157                  |
| South Sudan Programs                   |  | 13,393,874                  |
| Tanzania Programs                      |  | 407,788                     |
| Uganda Programs                        |  | <u>6,624,953</u>            |
|  |  | 79,289,957                  |
| Supporting Services:                   |  |                             |
| Fundraising                            |  | <u>3,231,669</u>            |
|  |  | 82,521,626                  |
| Subtotal                               |  |                             |
|  |  | 82,521,626                  |
| Adjustments and reclassifications:     |  |                             |
| Project logistics                      |  | 47,239                      |
| Other project expenses                 |  | (53,627)                    |
| Pass-through grants                    |  | (24,514,949)                |
| Grants managed in the field            |  | (785,511)                   |
| In-kind expenses                       |  | (6,551,225)                 |
| Exceptional program expenses           |  | <u>(109,301)</u>            |
|  |  |                             |
| <b>TOTAL ALLOWABLE DIRECT EXPENSES</b> |  | <b><u>\$ 50,554,252</u></b> |

**INDIRECT RATE CALCULATION**

$$\frac{\text{Total Allowable Indirect Expenses}}{\text{Total Allowable Direct Expenses}} = \frac{\$ 9,836,609}{\$ 50,554,252} \times 100 = \underline{\underline{19.46\%}}$$

## **ACTION AGAINST HUNGER - USA**

### **NOTES TO STATEMENT OF INDIRECT RATE CALCULATION DECEMBER 31, 2019**

#### **1. BASIS OF PRESENTATION**

The accompanying Statement of Indirect Rate Calculation has been prepared in accordance with accounting principles generally accepted in the United States of America, and the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

#### **2. PASS-THROUGH GRANTS**

During 2019, Action Against Hunger - USA received restricted awards for programs in various countries which were sub-granted and managed by other organizations or other headquarters offices of the Action Against-Hunger Network. Accordingly, the costs associated with the aforementioned awards have been excluded from the accompanying Statement of Indirect Rate Calculation.

#### **3. GRANTS MANAGED IN THE FIELD**

During 2019, Action Against Hunger - USA received several grant awards directly in the field. The grant awards provided no indirect funding and were not managed by the headquarters office in New York. Accordingly, the costs associated with the aforementioned grant awards have been excluded from the accompanying Statement of Indirect Rate Calculation.