

**FINANCIAL STATEMENTS**



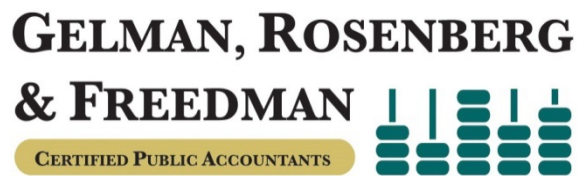
**ACTION AGAINST HUNGER - USA**

**FOR THE YEARS ENDED  
DECEMBER 31, 2012 AND 2011**

## ACTION AGAINST HUNGER - USA

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Action Against Hunger – USA, which comprise the statements of financial position as of December 31, 2012 and 2011, 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.

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • FAX: (301) 951-3570 • WWW.GRFCPA.COM

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

### 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, 2012 and 2011, 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.

*Gelman Rosenberg & Freedman*

Bethesda, Maryland  
July 24, 2013

**ACTION AGAINST HUNGER – USA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2012 AND 2011**

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2):		
Headquarters	\$ 2,810,488	\$ 5,305,056
Field offices	1,276,043	529,899
Total cash and cash equivalents	4,086,531	5,834,955
Grants receivable (Note 3)	27,865,777	23,073,043
Travel advances and other receivables	1,141,051	761,475
Prepaid expenses	76,252	65,609
Program advances to network (Note 4)	1,007,844	1,934,089
Total current assets	34,177,455	31,669,171
<b>FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET (Note 5)</b>	<b>335,238</b>	<b>257,720</b>
<b>OTHER ASSETS</b>		
Grants receivable, net of current portion (Note 3)	9,887,069	1,933,000
Deposits	61,463	61,076
Total other assets	9,948,532	1,994,076
<b>TOTAL ASSETS</b>	<b>\$44,461,225</b>	<b>\$33,920,967</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,062,941	\$ 1,379,963
Provision for unanticipated losses	647,745	735,000
Due to network (Note 4)	1,422,926	1,852,127
Total current liabilities	3,133,612	3,967,090
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	2,904,122	3,567,415
Designated (Note 9)	203,000	200,000
Total unrestricted net assets	3,107,122	3,767,415
Temporarily restricted (Note 6)	38,220,491	26,186,462
Total net assets	41,327,613	29,953,877
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$44,461,225</b>	<b>\$33,920,967</b>

**ACTION AGAINST HUNGER – USA**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 4,058,022	\$ 7,933	\$ 4,065,955
Grants (Notes 7 and 13):			
U.S. Government	-	6,800,592	6,800,592
Non-U.S. Government	-	49,288,003	49,288,003
In-kind contributions (Note 10)	3,392,103	-	3,392,103
Interest	2,700	-	2,700
Other	672,123	-	672,123
Net assets released from donor restrictions (Note 8)	42,792,765	(42,792,765)	-
Total revenue and support	50,917,713	13,303,763	64,221,476
<b>EXPENSES</b>			
Program Services:			
Democratic Republic of Congo Programs	11,868,851	-	11,868,851
Kenya Programs	6,079,363	-	6,079,363
South Sudan Programs	7,147,202	-	7,147,202
Uganda Programs	4,639,691	-	4,639,691
Pakistan Programs	9,254,692	-	9,254,692
Nigeria Programs	2,702,047	-	2,702,047
Cambodia Programs	9,438	-	9,438
Other Field Strategic Programs	477,734	-	477,734
Programs Sub-contracted to Network:			
Somalia Programs	374,071	-	374,071
Swaziland Programs	-	-	-
Haiti Programs	-	-	-
Niger Programs	450,589	-	450,589
Indonesia Programs	161,387	-	161,387
Guinea Programs	267,827	-	267,827
Philippines Programs	50,000	-	50,000
Colombia Programs	-	-	-
Mali Programs	333,822	-	333,822
Ethiopia Programs	117,763	-	117,763
Mauritania Programs	120,441	-	120,441
Other Country Programs	51,118	-	51,118
Total program services	44,106,036	-	44,106,036
Supporting Services:			
Program Support	3,171,711	-	3,171,711
Management and General	3,014,195	-	3,014,195
Fundraising	1,114,253	-	1,114,253
Total supporting services	7,300,159	-	7,300,159
Public Information Campaign (In-kind) (Note 10)	369,236	-	369,236
Total expenses	51,775,431	-	51,775,431
Changes in net assets before other items	(857,718)	13,303,763	12,446,045
<b>OTHER ITEMS</b>			
Provision for unanticipated losses	(16,865)	-	(16,865)
Exchange (loss) gain	214,290	(347,562)	(133,272)
De-obligated awards and funds returned to donors	-	(922,172)	(922,172)
<b>CHANGES IN NET ASSETS</b>	<b>\$ (660,293)</b>	<b>\$12,034,029</b>	<b>\$11,373,736</b>

See accompanying notes to financial statements.

2011		
Unrestricted	Temporarily Restricted	Total
\$ 3,716,333	\$ 1,245,371	\$ 4,961,704
-	4,121,814	4,121,814
-	45,250,393	45,250,393
4,886,851	-	4,886,851
1,128	-	1,128
419,613	-	419,613
47,334,544	(47,334,544)	-
56,358,469	3,283,034	59,641,503
15,373,672	-	15,373,672
3,840,077	-	3,840,077
6,903,924	-	6,903,924
5,454,157	-	5,454,157
12,422,554	-	12,422,554
1,687,666	-	1,687,666
-	-	-
919,705	-	919,705
290,454	-	290,454
208,563	-	208,563
271,697	-	271,697
240,003	-	240,003
319,296	-	319,296
168,250	-	168,250
100,018	-	100,018
89,568	-	89,568
29,802	-	29,802
-	-	-
-	-	-
2,152	-	2,152
48,321,558	-	48,321,558
2,711,249	-	2,711,249
2,346,329	-	2,346,329
1,534,240	-	1,534,240
6,591,818	-	6,591,818
1,216,671	-	1,216,671
56,130,047	-	56,130,047
228,422	3,283,034	3,511,456
(448,723)	-	(448,723)
17,590	34,485	52,075
-	(2,373,465)	(2,373,465)
<b>\$ (202,711)</b>	<b>\$ 944,054</b>	<b>\$ 741,343</b>

See accompanying notes to financial statements.

**ACTION AGAINST HUNGER – USA**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Unrestricted							Total
	Management Designated		Board Designated			Total Unrestricted	Temporarily Restricted	
	Undesignated	Program Development	Emergency Fund	Training Center	Total Designated			
Net assets at December 31, 2010	\$ 3,510,143	\$196,983	\$200,000	\$ 63,000	\$ 459,983	\$3,970,126	\$25,242,408	\$29,212,534
Changes in net assets	(202,711)	-	-	-	-	(202,711)	944,054	741,343
Transfer	259,983	(99,983)	(97,000)	(63,000)	(259,983)	-	-	-
Net assets at December 31, 2011	3,567,415	97,000	103,000	-	200,000	3,767,415	26,186,462	29,953,877
Changes in net assets	(660,293)	-	-	-	-	(660,293)	12,034,029	11,373,736
Transfer	(3,000)	3,000	-	-	3,000	-	-	-
<b>NET ASSETS AT DECEMBER 31, 2012</b>	<b>\$2,904,122</b>	<b>\$100,000</b>	<b>\$103,000</b>	<b>\$ -</b>	<b>\$ 203,000</b>	<b>\$3,107,122</b>	<b>\$38,220,491</b>	<b>\$41,327,613</b>



**ACTION AGAINST HUNGER - USA**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Services						
	Democratic Republic of Congo Programs	Kenya Programs	South Sudan Programs	Uganda Programs	Pakistan Programs	Nigeria Programs	Cambodia Programs
Personnel:							
U.S. staff	\$ 82,199	\$ 23,249	\$ 135,979	\$ 25,873	\$ 33,025	\$ 83,955	\$ -
Other U.S. payroll	566,048	270,229	676,137	472,180	370,060	268,554	370
Fringe benefits (Note 12)	801,479	151,887	661,841	361,705	775,069	413,151	-
National Field Staff	3,440,348	2,312,361	1,309,086	934,708	1,930,152	722,719	-
Office running costs and services:							
Insurance	4,712	-	-	512	-	480	-
Rent and utilities (Note 11)	367,298	398,703	214,987	107,266	168,927	104,605	-
Professional fees	(35,062)	2,774	16,970	5,000	145	22,083	-
Travel	67,937	18,115	215,969	34,941	43,188	23,118	9,068
Telecommunications	258,597	63,212	70,987	54,609	32,753	41,443	-
Postage and custom fees	1,543	1,714	73	42	2,257	39	-
Finance charges	70,495	8,798	102,216	3,758	46,893	9,226	-
Meeting expenses	-	-	-	-	-	-	-
Human resources	145	-	-	186	-	836	-
Office equipment and supplies:							
Office supplies	332,175	110,032	151,643	51,650	164,621	73,642	-
Depreciation and amortization	79,077	30,823	19,787	22,635	13,874	72,835	-
Equipment rental and maintenance	6,054	1,521	14,041	455	2,870	298	-
Public Information expenses:							
Fundraising expense	-	-	-	-	-	-	-
Public information and membership dues	-	-	-	-	-	-	-
Project logistics:							
Vehicles	1,402,464	912,822	750,245	488,774	785,988	94,873	-
Radios	56,143	19,678	14,864	-	-	-	-
Warehouse	33,720	888	2,877	7,721	26,679	3,139	-
Electrical systems	42,454	14,550	127,515	7,263	52,460	46,425	-
Freight	867,564	23,465	177,640	550	4,593	27,372	-
Security	3,060	-	22,655	3,648	703	3,061	-
Logistics library	-	-	-	-	-	-	-
Project expenses:							
Food	-	-	42,677	-	129,841	-	-
Nutrition	1,297,322	3,968	1,604,529	6,250	802,639	208,064	-
Health	68,852	17,080	21,695	11,479	16,807	23,402	-
Food security	552,552	84,977	330,207	1,002,992	248,135	-	-
Non consumables	397,580	51,090	8,201	20,273	2,680,352	159,079	-
Watsan	506,455	707,754	306,315	89,850	743,536	(18,988)	-
Training	543,025	826,821	133,085	904,263	162,428	311,603	-
Other	38,721	23,547	8,456	16,422	12,230	2,095	-
Sub-contracts:							
Sub-contracts to network	14,141	-	6,286	6,286	6,286	6,286	-
Other	1,753	(695)	239	(1,600)	(1,819)	(1,348)	-
<b>TOTAL</b>	<b>\$11,868,851</b>	<b>\$6,079,363</b>	<b>\$7,147,202</b>	<b>\$4,639,691</b>	<b>\$9,254,692</b>	<b>\$2,702,047</b>	<b>\$ 9,438</b>

Supporting Services								
Other Field Strategic Programs	Programs Sub-contracted to Network	Total Program Services	Program Support	Management and General	Fundraising	Total Supporting Services	Public Information Campaign	Total Expenses
\$ -	\$ -	\$ 384,280	\$1,836,107	\$1,327,782	\$ 272,007	\$3,435,896	\$ -	\$3,820,176
18,633	-	2,642,211	188,317	382,202	3,500	574,019	-	3,216,230
-	-	3,165,132	558,556	299,689	61,708	919,953	-	4,085,085
-	-	10,649,374	159,419	-	-	159,419	-	10,808,793
-	-	5,704	-	12,844	-	12,844	-	18,548
-	-	1,361,786	62,304	283,378	-	345,682	-	1,707,468
-	-	11,910	40,666	105,255	109,016	254,937	-	266,847
2,515	-	414,851	208,923	56,046	9,008	273,977	-	688,828
-	-	521,601	13,244	48,402	-	61,646	-	583,247
-	-	5,668	1,687	8,403	110,880	120,970	-	126,638
16	-	241,402	1,289	23,951	31,132	56,372	-	297,774
1,449	-	1,449	12,340	13,331	-	25,671	-	27,120
-	-	1,167	10,054	245	-	10,299	-	11,466
540	-	884,303	34,526	100,514	490	135,530	-	1,019,833
-	-	239,031	-	14,440	-	14,440	-	253,471
-	-	25,239	483	30,708	-	31,191	-	56,430
-	-	-	-	-	467,132	467,132	-	467,132
-	-	-	375	95,755	-	96,130	369,236	465,366
-	-	4,435,166	7,983	-	-	7,983	-	4,443,149
-	-	90,685	-	-	-	-	-	90,685
-	-	75,024	68	-	-	68	-	75,092
-	-	290,667	397	-	-	397	-	291,064
-	-	1,101,184	-	-	49,380	49,380	-	1,150,564
-	-	33,127	-	-	-	-	-	33,127
-	-	-	-	-	-	-	-	-
-	-	172,518	-	-	-	-	-	172,518
-	-	3,922,772	7,255	-	-	7,255	-	3,930,027
-	-	159,315	-	-	-	-	-	159,315
-	-	2,218,863	-	-	-	-	-	2,218,863
-	-	3,316,575	-	-	-	-	-	3,316,575
-	-	2,334,922	-	-	-	-	-	2,334,922
-	-	2,881,225	22,806	-	-	22,806	-	2,904,031
-	-	101,471	4,497	-	-	4,497	-	105,968
454,581	1,927,018	2,420,884	-	202,507	-	202,507	-	2,623,391
-	-	(3,470)	415	8,743	-	9,158	-	5,688
<b>\$ 477,734</b>	<b>\$1,927,018</b>	<b>\$44,106,036</b>	<b>\$3,171,711</b>	<b>\$3,014,195</b>	<b>\$1,114,253</b>	<b>\$7,300,159</b>	<b>\$369,236</b>	<b>\$51,775,431</b>

See accompanying notes to financial statements.

**ACTION AGAINST HUNGER - USA**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Services						
	Democratic Republic of Congo Programs	Kenya Programs	South Sudan Programs	Uganda Programs	Pakistan Programs	Nigeria Programs	Other Field Strategic Programs
Personnel:							
U.S. staff	\$ 65,511	\$ (1,845)	\$ 106,401	\$ 38,815	\$ 40,868	\$ 72,673	\$ 23,650
Other U.S. payroll	912,569	236,528	748,780	657,565	779,719	258,370	103,855
Fringe benefits (Note 12)	704,624	158,085	753,267	440,889	584,277	194,853	1,734
National Field Staff	3,715,247	1,143,527	1,248,111	1,206,251	1,236,298	212,358	-
Office running costs and services:							
Insurance	2,735	3,906	-	348	-	-	-
Rent and utilities (Note 11)	441,869	162,373	195,640	129,722	191,343	34,503	-
Professional fees	2,993	4,642	8,948	5,000	1,145	16,106	(850)
Travel	108,279	4,719	196,075	66,268	111,182	71,602	31,028
Telecommunications	259,071	45,106	85,184	73,148	29,311	21,099	-
Postage and custom fees	1,448	984	797	-	2,501	560	-
Finance charges	76,210	5,892	46,501	7,014	57,454	10,364	8
Meeting expenses	-	-	-	-	-	-	1,829
Human resources	-	-	2,094	2,167	-	241	-
Office equipment and supplies:							
Office supplies	363,074	128,744	118,913	98,328	116,038	65,483	497
Depreciation and amortization	135,166	2,831	36,489	18,512	17,078	66,748	-
Equipment rental and maintenance	4,339	1,569	5,979	46	2,020	682	-
Public information expenses:							
Fundraising expense	-	-	-	-	-	-	-
Public information and membership dues	-	-	-	-	-	-	-
Project logistics:							
Vehicles	1,565,469	522,156	788,822	661,351	750,207	159,782	-
Radios	56,191	12,778	38,639	-	-	1,922	-
Warehouse	338,212	3,294	18,525	14,353	44,211	3,081	-
Electrical systems	78,421	27,874	29,494	15,646	7,498	24,790	-
Freight	954,899	21,903	113,770	12,275	2,541	4,842	-
Security	-	582	190	370	3,932	-	-
Project expenses:							
Food	-	-	3,190	-	-	-	-
Nutrition	2,386,874	232,544	1,240,627	24,595	487,656	236,489	-
Health	278,100	40,951	31,538	14,443	417,779	35,203	-
Food security	1,264,678	193,239	541,747	658,236	2,756,166	-	-
Non consumables	324,390	173,642	3,281	35,976	3,186,630	118,214	-
Watsan	667,471	276,435	439,138	471,856	1,441,670	10,366	-
Training	567,954	406,099	65,955	759,949	124,206	57,743	-
Other	96,482	17,827	19,188	34,382	10,898	2,950	-
Sub-contracts:							
Sub-contracts to network	-	6,642	6,641	6,642	19,926	6,642	757,954
Other	1,396	7,050	10,000	10	-	-	-
<b>TOTAL</b>	<b>\$15,373,672</b>	<b>\$3,840,077</b>	<b>\$6,903,924</b>	<b>\$5,454,157</b>	<b>\$12,422,554</b>	<b>\$1,687,666</b>	<b>\$ 919,705</b>

Supporting Services							
Programs Sub-contracted to Network	Total Program Services	Program Support	Management and General	Fundraising	Total Supporting Services	Public Information Campaign	Total Expenses
\$ -	\$ 346,073	\$1,401,230	\$ 951,209	\$ 503,797	\$ 2,856,236	\$ -	\$ 3,202,309
87,534	3,784,920	255,830	121,222	47,847	424,899	-	4,209,819
-	2,837,729	516,043	257,072	137,028	910,143	-	3,747,872
-	8,761,792	106,623	-	-	106,623	-	8,868,415
-	6,989	265	9,055	-	9,320	-	16,309
-	1,155,450	46,802	273,895	-	320,697	-	1,476,147
(1,000)	36,984	32,749	131,847	115,642	280,238	572,531	889,753
-	589,153	199,229	51,434	15,182	265,845	-	854,998
-	512,919	12,662	44,912	66	57,640	-	570,559
-	6,290	3,075	9,948	93,233	106,256	-	112,546
-	203,443	1,901	31,050	39,333	72,284	-	275,727
-	1,829	22,020	13,972	1,315	37,307	-	39,136
-	4,502	16,797	241	-	17,038	-	21,540
-	891,077	31,850	71,567	7,692	111,109	-	1,002,186
-	276,824	7,223	18,515	-	25,738	-	302,562
-	14,635	549	24,000	-	24,549	-	39,184
-	-	-	-	573,105	573,105	-	573,105
-	-	9,655	118,313	-	127,968	644,140	772,108
-	4,447,787	5,412	-	-	5,412	-	4,453,199
-	109,530	-	-	-	-	-	109,530
-	421,676	298	-	-	298	-	421,974
-	183,723	258	-	-	258	-	183,981
-	1,110,230	1,263	-	-	1,263	-	1,111,493
-	5,074	-	-	-	-	-	5,074
-	3,190	-	-	-	-	-	3,190
-	4,608,785	-	-	-	-	-	4,608,785
-	818,014	-	-	-	-	-	818,014
-	5,414,066	-	-	-	-	-	5,414,066
-	3,842,133	-	-	-	-	-	3,842,133
164,929	3,471,865	-	-	-	-	-	3,471,865
-	1,981,906	39,875	-	-	39,875	-	2,021,781
-	181,727	-	-	-	-	-	181,727
1,468,340	2,272,787	-	198,688	-	198,688	-	2,471,475
-	18,456	(360)	19,389	-	19,029	-	37,485
<b>\$1,719,803</b>	<b>\$ 48,321,558</b>	<b>\$2,711,249</b>	<b>\$2,346,329</b>	<b>\$1,534,240</b>	<b>\$ 6,591,818</b>	<b>\$ 1,216,671</b>	<b>\$56,130,047</b>

See accompanying notes to financial statements.

**ACTION AGAINST HUNGER - USA**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 11,373,736	\$ 741,343
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	253,471	302,562
(Increase) decrease in:		
Grants receivable	(12,746,803)	(2,319,436)
Travel advances and other receivables	(379,576)	339,492
Prepaid expenses	(10,643)	(32,982)
Program advances to network	926,245	(1,464,349)
Deposits	(387)	(156)
Increase (decrease) in:		
Accounts payable and accrued expenses	(317,022)	206,685
Provision for unanticipated losses	(87,255)	235,000
Due to network	(429,201)	1,666,414
Net cash used by operating activities	(1,417,435)	(325,427)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture, equipment, vehicles and leasehold improvements	(330,989)	(292,355)
Net cash used by investing activities	(330,989)	(292,355)
Net decrease in cash and cash equivalents	(1,748,424)	(617,782)
Cash and cash equivalents at beginning of year	5,834,955	6,452,737
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 4,086,531</b>	<b>\$ 5,834,955</b>

**ACTION AGAINST HUNGER - USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**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 FASB ASC 958, *Not-for-Profit Entities*.

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.

Advances and other receivables -

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.

Grants receivable -

Amounts to be received in the future are recorded as grants receivable in the Statements of Financial Position. Grants receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. All grants receivable are considered collectible within one year, unless otherwise stated by the donor. All grants receivable are considered by management to be fully collectible.

Furniture, equipment, vehicles and leasehold improvements -

Furniture, equipment, vehicles and leasehold improvements with costs in excess of \$2,500 are capitalized and stated at cost.

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

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.

**ACTION AGAINST HUNGER - USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

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

Income taxes (continued) -

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, 2012 and 2011, 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.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of Action Against Hunger – USA and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of Action Against Hunger – USA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants received with donor-imposed restrictions are recognized as unrestricted support only to the extent of actual expenses incurred. Contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Use of estimates -

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

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, severance liabilities, bad debt and frozen assets.

## **ACTION AGAINST HUNGER - USA**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011**

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

##### 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 temporarily restricted net assets 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.

In addition, during 2012 and 2011, Action Against Hunger – USA received significant in-kind contributions for a public awareness campaign. All in-kind donations are recorded at their fair value on the date of donation (see Note 10).

##### 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.

#### **2. CONCENTRATION OF CREDIT RISK**

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provides temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) - insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). Action Against Hunger – USA maintains a portion of its cash balances at financial institutions in non-interest bearing accounts; thereby, all of these cash balances are protected by the FDIC under this Act. Beginning January 1, 2013, funds deposited in non-interest bearing accounts will no longer receive unlimited deposit insurance coverage. Bank deposit accounts at one institution will be insured by the FDIC up to a limit of \$250,000. Management believes the risk in these situations to be minimal.

Action Against Hunger – USA also maintains cash balances at financial institutions in foreign countries. Action Against Hunger – USA had \$1,276,043 and \$529,899 of cash and cash equivalents held in foreign countries at December 31, 2012 and 2011, respectively. The majority of these funds are uninsured.



**ACTION AGAINST HUNGER - USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**3. GRANTS RECEIVABLE**

Grants receivable consisted of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
European Community Humanitarian Organization	\$ 5,547,262	\$ 6,246,719
European Union	130,371	174,696
U.S. Agency for International Development	4,891,837	2,784,704
U.S. Centers for Disease Control	563,965	-
UNDP	2,554,661	1,984,511
UNICEF	2,335,512	2,711,697
World Food Program	1,742,692	1,422,806
Other United Nations Agencies	1,292,066	614,849
FAO	-	1,680
DFID/Overseas Development	14,094,140	2,447,895
CIDA	852,635	136,849
Swiss Government	5,263	53,214
NGOs	7,932	6,579
Corporations	459,000	836,000
Individuals	250,799	5,000
Foundations	849,997	782,119
Catalan Development Agency	125,260	-
World Bank	-	611,526
Norwegian Government	1,611,000	4,185,199
French Government	356,805	-
Other partner organizations	81,649	-
<b>TOTAL GRANTS RECEIVABLE</b>	<b><u>\$37,752,846</u></b>	<b><u>\$25,006,043</u></b>

Following is a schedule, by year, of maturities of grants receivable at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Less than one year	\$27,865,777	\$23,073,043
One to five years	10,182,262	1,933,000
Total	38,048,039	25,006,043
Less: Allowance to discount balance to present value	(295,193)	-
<b>GRANTS RECEIVABLE</b>	<b><u>\$37,752,846</u></b>	<b><u>\$25,006,043</u></b>

**4. 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 Montreal. 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.

**ACTION AGAINST HUNGER - USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**4. ACTION AGAINST HUNGER NETWORK (Continued)**

At December 31, 2012 and 2011, Action Against Hunger – USA owed the network \$1,422,926 and \$1,852,127, respectively.

At December 31, 2012 and 2011, Action Against Hunger – USA advanced funds to the network for sub-contracted programs in the amounts of \$1,007,844 (\$296,499 of which are USG grants) and \$1,934,089 (\$224,629 of which are USG grants), respectively.

**5. FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS**

Furniture, equipment, vehicles and leasehold improvements consisted of the following at December 31, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Leasehold improvements	\$ 50,817	\$ 50,817
Vehicles	1,340,905	1,062,102
Equipment	512,272	487,871
Furniture	44,861	44,861
	1,948,855	1,645,651
Less: Accumulated depreciation and amortization	(1,613,617)	(1,387,931)
<b>FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET</b>	<b>\$ 335,238</b>	<b>\$ 257,720</b>

Depreciation and amortization expense totaled \$253,471 and \$302,562, for the years ended December 31, 2012 and 2011, respectively.

**6. TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2012 and 2011, temporarily restricted net assets consisted of the following:

	<b>2012</b>	<b>2011</b>
Haiti Programs:		
Private ACF-US	\$ 48,013	\$ 48,013
Canada Programs:		
U.S. Agency for International Development	263,805	545,315
Guinea Programs:		
U.S. Agency for International Development/Office of Foreign Disaster Assistance	-	277,007
Mauritania Programs:		
U.S. Agency for International Development/Office of Foreign Disaster Assistance	1,262,265	-

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**6. TEMPORARILY RESTRICTED NET ASSETS (Continued)**

	<u>2012</u>	<u>2011</u>
Mali Programs:		
U.S. Agency for International Development/Office of Foreign Disaster Assistance	\$ 289,712	\$ 477,422
Niger Programs:		
U.S. Agency for International Development/Office of Foreign Disaster Assistance	-	414,318
Kenya Programs:		
U.S. Agency for International Development/Office of Foreign Disaster Assistance	234,215	314,866
DFID/Overseas Development	-	163,982
Canadian Government	-	742,503
UNICEF	1,714,702	1,067,305
United Nations	-	60,020
European Community Humanitarian Organization	422,900	699,127
Private ACF - FR	360,908	-
World Food Program	-	225,967
Spanish Corporation (AECID)	-	567,856
Private grant	-	764,401
Various Foundations (HGBF + CW)	-	439,042
Uganda Programs:		
World Food Program	571,156	-
UNICEF	1,428	463,071
European Community Humanitarian Organization	344,536	-
Royal Norwegian Embassy	2,586,716	4,166,848
Various Foundations	-	100,676
Pakistan Programs:		
Royal Norwegian Embassy	17,266	1,386,470
European Community Humanitarian Organization	3,561,821	2,708,035
DFID/Overseas Development	-	-
United Nations	-	-
World Bank	152,205	737,085
Canadian Government	-	293,042
UNICEF	55,088	-
Catalan Development Agency	48,933	-
Private ACF-FR+ACF-UK	-	117,432
South Sudan Programs:		
European Community Humanitarian Organization	374,486	549,157
U.S. Agency for International Development/Office of Foreign Disaster Assistance	369,195	254,426
UNICEF	92,849	-
United Nations	1,404,578	406,270

**ACTION AGAINST HUNGER - USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**6. TEMPORARILY RESTRICTED NET ASSETS (Continued)**

	<b>2012</b>	<b>2011</b>
Democratic Republic of Congo Programs:		
U.S. Agency for International Development/ Office of Foreign Disaster Assistance:	\$ 870,718	\$ 424,651
U.S. Centers for Disease Control	347,520	-
European Community Humanitarian Organization	689,230	-
UNICEF	193,050	1,575,560
UNDP	1,903,905	1,158,213
Canadian Government	618,114	90,884
DFID/Overseas Development	6,913,076	361,561
French Government	249,010	-
Private ACF-US	235,106	-
Various Foundations	644,572	126,470
Nigeria Programs:		
European Community Humanitarian Organization	1,447,456	1,110,333
DFID/Overseas Development	6,879,137	1,139,738
Somalia Programs:		
Corporations (Coppel)	38,456	412,546
Ethiopia Programs:		
Foundations (CW)	582,230	699,993
Strategic Programs:		
U.S. Agency for International Development	1,278,822	-
Canadian Government	371,936	-
Corporations and Private (TYCO incl. Indonesia)	762,326	1,096,857
Corporations and Private (VISA and OXFAM)	19,050	-
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$38,220,491</b>	<b>\$26,186,462</b>

**7. GRANTS**

Action Against Hunger – USA receives grants from the U.S. Government and other Non-U.S. Government organizations. The following is a summary of the grants received during 2012 and 2011:

	<b>2012</b>	<b>2011</b>
<b>U.S. Government Grants:</b>		
U.S. Agency for International Development/ Office of Foreign Disaster Assistance:		
South Sudan	\$ 1,000,000	\$ 1,050,000
Democratic Republic of Congo Programs	1,240,000	1,000,000
Niger	-	662,547

**ACTION AGAINST HUNGER - USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**7. GRANTS (Continued)**

	<b>2012</b>	<b>2011</b>
<b>U.S. Government Grants (Continued):</b>		
U.S. Agency for International Development/ Office of Foreign Disaster Assistance (Continued):		
Mali	\$ 150,027	\$ 508,244
Kenya	277,760	350,000
Guinea	-	451,023
Philippines	-	100,000
US Calp Project	1,456,561	-
Mauritania	1,384,119	-
U.S. Centers for Disease Control: Democratic Republic of Congo Programs	1,292,125	-
<b>Total U.S. Government Grants</b>	<b>\$ 6,800,592</b>	<b>\$ 4,121,814</b>
<b>Non-U.S. Government Grants:</b>		
South Sudan Programs:		
European Community Humanitarian Organization	\$ 2,644,799	\$ 2,783,333
United Nations	2,645,000	1,686,000
UNICEF	587,845	-
DFID	-	114,022
French Government	-	659,637
OXFAM	-	23,304
Swiss Government	381,324	-
Foundations (FEWSNET)	14,550	-
Uganda Programs:		
European Community Humanitarian Organization	910,639	556,579
UNICEF	-	922,649
DFID	-	-
United Nations	-	-
World Food Program	2,878,826	2,335,063
Canadian Government	-	-
Royal Norwegian Embassy	-	4,961,253
Various Foundations (HGBF)	160,000	231,500
Private Hynes	25,000	-
Democratic Republic of Congo Programs:		
UNICEF	700,000	2,733,289
UNDP	5,732,663	4,409,657
United Nations	2,500	221,616
European Community Humanitarian Organization	1,215,795	-
DFID	7,105,027	401,855
French Government	350,298	506,250

**ACTION AGAINST HUNGER - USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**7. GRANTS (Continued)**

	<b>2012</b>	<b>2011</b>
<b>Non-U.S. Government Grants (Continued):</b>		
Democratic Republic of Congo Programs (Continued):		
Canadian Government	\$ 1,106,707	\$ 1,021,814
Various Foundations	1,058,357	-
Private grant	-	-
Kenya Programs:		
European Community Humanitarian Organization	626,300	764,051
Canadian Government	-	1,008,955
Spanish Corporation (AECID)	-	619,066
UNICEF	2,417,416	1,251,201
World Food Program	-	331,811
United Nations	-	297,999
Private Donations from ACFIN	1,079,781	1,070,865
Various Foundations (HGBF +CW)	135,758	550,402
Pakistan Programs:		
European Community Humanitarian Organization	7,308,951	6,747,956
Canadian Government	-	1,522,280
Royal Norwegian Embassy	17,464	1,500,001
DFID/Overseas Development	-	154,919
United Nations	58,553	223,963
Foundations (Alavi)	-	450,000
UNICEF	93,026	-
Catalan Development Agency	125,260	-
Nigeria Programs:		
European Community Humanitarian Organization	2,004,161	1,295,001
DFID/Overseas Development	7,148,462	1,452,859
Ethiopia Programs:		
Foundations (CW)	-	699,993
Strategic Programs:		
Clean Water Access Initiative with TYCO	-	1,300,000
Visa CALP	300,000	300,000
OXFAM (Training Center)	14,435	141,250
Nairobi Training/Log Center – other NGO	19,050	-
Nairobi Training/Log Center – private funding	11,380	-
Canadian Government (Calp Project)	408,676	-
<b>Total Non-U.S. Government Grants</b>	<b>\$49,288,003</b>	<b>\$45,250,393</b>

**ACTION AGAINST HUNGER - USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**8. NET ASSETS RELEASED FROM RESTRICTIONS**

The following is a summary of net assets which were released from donor restrictions by incurring expenses, which satisfied the donor-specified restrictions:

	<u>2012</u>	<u>2011</u>
Kenya Programs	\$ 6,440,901	\$ 4,579,369
Uganda Programs	4,748,067	5,689,002
Pakistan Programs	8,955,373	12,458,239
South Sudan Programs	6,084,675	6,493,554
Democratic Republic of Congo Programs	11,269,166	13,617,454
Nigeria Programs	2,821,366	1,749,247
Ethiopia Programs	117,863	-
Swaziland Programs	-	208,563
Haiti Programs	-	277,032
Canada Programs	281,510	255,472
Niger Programs	464,318	248,229
Mauritania Programs	121,854	-
Somalia Programs	374,130	325,454
Guinea Programs	277,007	174,016
Indonesia Programs	179,857	-
Philippines Programs	50,000	100,018
Colombia Programs	-	89,568
Mali Programs	337,737	30,823
Other Country Programs	-	2,152
Strategic Programs	268,941	1,036,352
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b><u>\$42,792,765</u></b>	<b><u>\$47,334,544</u></b>

**9. DESIGNATED NET ASSETS**

At December 31, 2012 and 2011, 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, 2012 and 2011 totaled \$103,000.

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, 2012 and 2011 totaled \$100,000 and \$97,000, respectively.

**ACTION AGAINST HUNGER - USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**10. IN-KIND CONTRIBUTIONS**

In-kind contributions consisted of the following at December 31, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Program supplies (food, transportation and medical supplies)	\$2,927,922	\$3,537,465
Public Information Campaign	369,236	1,216,671
Fundraising expenses	94,945	132,715
<b>TOTAL IN-KIND CONTRIBUTIONS</b>	<b>\$3,392,103</b>	<b>\$4,886,851</b>

**11. COMMITMENTS**

On April 28, 2009, Action Against Hunger - USA amended its current lease agreement for office space located in Manhattan, N.Y. The rental expense for the years ended December 31, 2012 and 2011 was \$254,722 and \$248,510, respectively.

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

<u>Year Ending December 31,</u>	
2013	\$ 261,898
2014	268,445
2015	275,156
2016	92,756
	<b>\$ 898,255</b>

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

**12. 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 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.

Total contributions by Action Against Hunger – USA for the years ended December 31, 2012 and 2011, were \$0 and \$107,643, respectively.



**ACTION AGAINST HUNGER - USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**13. CONTINGENCIES**

U.S. Government awards –

The grants Action Against Hunger - USA receives from the United States Government are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under the U.S. Government grants is based upon the allowance of costs reported to and accepted by the U.S. Government as a result of the audits. Audits in accordance with the provisions of OMB Circular A-133 have been completed for all required fiscal years through 2012. Until such audits have been accepted by the U.S. 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 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 or changes in the political climate.

As of December 31, 2012 and 2011, Action Against Hunger - USA had cash, property and equipment and receivables in various countries in Africa and Asia, totaling approximately \$4,020,000 and \$4,474,000, which represents approximately 9% and 13% of Action Against Hunger - USA's total assets as of December 31, 2012 and 2011, respectively.

**14. SUBSEQUENT EVENTS**

In preparing these financial statements, Action Against Hunger - USA has evaluated events and transactions for potential recognition or disclosure through July 24, 2013, the date the financial statements were issued.