

FINANCIAL STATEMENTS



ACTION AGAINST HUNGER - USA

**FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

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, 2014 and 2013, 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. 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, 2014 and 2013, 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

June 24, 2015

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE HORWATH INTERNATIONAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

ACTION AGAINST HUNGER - USA

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

| | ASSETS | |
|------------------------------------------------------------------------------------|----------------------|----------------------|
| | <u>2014</u> | <u>2013</u> |
| CURRENT ASSETS | | |
| Cash and cash equivalents (Note 2): | | |
| Headquarters | \$ 8,426,017 | \$ 4,190,942 |
| Field offices | 817,013 | 998,242 |
| | <hr/> | <hr/> |
| Total cash and cash equivalents | 9,243,030 | 5,189,184 |
| Grants receivable (Note 3) | 38,531,767 | 32,348,127 |
| Travel advances and other receivables | 1,070,909 | 2,012,613 |
| Prepaid expenses | 157,619 | 168,397 |
| Program advances to network (Note 4) | 808,661 | 75,694 |
| | <hr/> | <hr/> |
| Total current assets | 49,811,986 | 39,794,015 |
| FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET (Note 5) | <hr/> | <hr/> |
| | 239,732 | 166,753 |
| OTHER ASSETS | | |
| Grants receivable, net of current portion (Note 3) | 16,703,364 | 23,386,021 |
| Deposits | 62,381 | 61,922 |
| | <hr/> | <hr/> |
| Total other assets | 16,765,745 | 23,447,943 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | \$ 66,817,463 | \$ 63,408,711 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 2,276,461 | \$ 2,295,394 |
| Provision for unanticipated losses | 905,906 | 400,000 |
| Due to network (Note 4) | 1,694,378 | 1,622,978 |
| | <hr/> | <hr/> |
| Total current liabilities | 4,876,745 | 4,318,372 |
| NET ASSETS | | |
| Unrestricted: | | |
| Undesignated | 4,127,392 | 3,086,426 |
| Designated (Note 9) | 935,000 | 250,000 |
| | <hr/> | <hr/> |
| Total unrestricted net assets | 5,062,392 | 3,336,426 |
| Temporarily restricted (Note 6) | 56,878,326 | 55,753,913 |
| | <hr/> | <hr/> |
| Total net assets | 61,940,718 | 59,090,339 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES AND NET ASSETS | \$ 66,817,463 | \$ 63,408,711 |

ACTION AGAINST HUNGER - USA

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

| | 2014 | | |
|------------------------------------------------------|---------------------|-----------------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total |
| REVENUE AND SUPPORT | | | |
| Contributions | \$ 8,213,956 | \$ 146,939 | \$ 8,360,895 |
| Grants (Notes 7 and 14): | | | |
| U.S. Government | - | 18,276,473 | 18,276,473 |
| Non-U.S. Government | - | 37,994,912 | 37,994,912 |
| In-kind contributions (Note 10) | 1,428,709 | - | 1,428,709 |
| Interest | 4,797 | - | 4,797 |
| Other | 335,989 | 50,291 | 386,279 |
| Net assets released from donor restrictions (Note 8) | 51,013,314 | (51,013,314) | - |
| Total revenue and support | 60,996,765 | 5,455,301 | 66,452,066 |
| EXPENSES | | | |
| Program Services: | | | |
| Democratic Republic of Congo Programs | 9,259,647 | - | 9,259,647 |
| Kenya Programs | 4,097,978 | - | 4,097,978 |
| South Sudan Programs | 10,208,057 | - | 10,208,057 |
| Uganda Programs | 3,675,918 | - | 3,675,918 |
| Pakistan Programs | 13,409,461 | - | 13,409,461 |
| Nigeria Programs | 5,230,680 | - | 5,230,680 |
| Cambodia Programs | 90,890 | - | 90,890 |
| Other Field Strategic Programs | 2,124,002 | - | 2,124,002 |
| Programs Sub-contracted to Network: | | | |
| Somalia Programs | - | - | - |
| Haiti Programs | 900 | - | 900 |
| Philippines Programs | 1,557,919 | - | 1,557,919 |
| Mali Programs | - | - | - |
| Ethiopia Programs | - | - | - |
| Mauritania Programs | 215,442 | - | 215,442 |
| Liberia Programs | 21,781 | - | 21,781 |
| Sierra Leone Programs | 209,320 | - | 209,320 |
| Total program services | 50,101,995 | - | 50,101,995 |
| Supporting Services: | | | |
| Program Support | 3,956,491 | - | 3,956,491 |
| Management and General | 2,762,641 | - | 2,762,641 |
| Fundraising | 1,352,796 | - | 1,352,796 |
| Total supporting services | 8,071,928 | - | 8,071,928 |
| Public Information Campaign | 227,192 | - | 227,192 |
| Total expenses | 58,401,115 | - | 58,401,115 |
| Changes in net assets before other items | 2,595,650 | 5,455,301 | 8,050,951 |
| OTHER ITEMS | | | |
| Provision for unanticipated losses | (505,905) | - | (505,905) |
| Exchange (loss) gain | (363,779) | (2,918,067) | (3,281,846) |
| De-obligated awards and funds returned to donors | - | (1,412,821) | (1,412,821) |
| CHANGES IN NET ASSETS | \$ 1,725,966 | \$ 1,124,413 | \$ 2,850,379 |

See accompanying notes to financial statements.

| 2013 | | |
|-------------------|---------------------------|----------------------|
| Unrestricted | Temporarily Restricted | Total |
| \$ 4,946,440 | \$ 712,649 | \$ 5,659,089 |
| - | 1,742,324 | 1,742,324 |
| - | 66,268,710 | 66,268,710 |
| 3,148,731 | - | 3,148,731 |
| 481 | - | 481 |
| 565,555 | 5,086 | 570,641 |
| 48,276,301 | (48,276,301) | - |
| 56,937,508 | 20,452,468 | 77,389,976 |
| 12,243,993 | - | 12,243,993 |
| 4,981,804 | - | 4,981,804 |
| 7,132,135 | - | 7,132,135 |
| 4,494,316 | - | 4,494,316 |
| 10,293,940 | - | 10,293,940 |
| 4,261,770 | - | 4,261,770 |
| 47,234 | - | 47,234 |
| 2,420,090 | - | 2,420,090 |
| 38,475 | - | 38,475 |
| 48,013 | - | 48,013 |
| 545,000 | - | 545,000 |
| 273,868 | - | 273,868 |
| 541,581 | - | 541,581 |
| 1,187,228 | - | 1,187,228 |
| 26,857 | - | 26,857 |
| - | - | - |
| 48,536,304 | - | 48,536,304 |
| 3,425,899 | - | 3,425,899 |
| 2,617,878 | - | 2,617,878 |
| 1,583,901 | - | 1,583,901 |
| 7,627,678 | - | 7,627,678 |
| 563,765 | - | 563,765 |
| 56,727,747 | - | 56,727,747 |
| 209,761 | 20,452,468 | 20,662,229 |
| 80,656 | - | 80,656 |
| (61,113) | 467,557 | 406,444 |
| - | (3,386,603) | (3,386,603) |
| \$ 229,304 | \$ 17,533,422 | \$ 17,762,726 |

ACTION AGAINST HUNGER - USA

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

| | Unrestricted | | | | | | Total |
|----------------------------------------|---------------------|----------------------------------------------------|------------------------------------------|-------------------|--------------------|------------------------|----------------------|
| | Undesignated | Management Designated (Note 9) Program Development | Board Designated (Note 9) Emergency Fund | Total Designated | Total Unrestricted | Temporarily Restricted | |
| Net assets at December 31, 2012 | \$ 2,904,122 | \$ 100,000 | \$ 103,000 | \$ 203,000 | \$3,107,122 | \$38,220,491 | \$ 41,327,613 |
| Changes in net assets | 229,304 | - | - | - | 229,304 | 17,533,422 | 17,762,726 |
| Transfer | (47,000) | - | 47,000 | 47,000 | - | - | - |
| Net assets at December 31, 2013 | 3,086,426 | 100,000 | 150,000 | 250,000 | 3,336,426 | 55,753,913 | 59,090,339 |
| Changes in net assets | 1,725,966 | - | - | - | 1,725,966 | 1,124,413 | 2,850,379 |
| Transfer | (685,000) | 385,000 | 300,000 | 685,000 | - | - | - |
| NET ASSETS AT DECEMBER 31, 2014 | \$ 4,127,392 | \$ 485,000 | \$ 450,000 | \$ 935,000 | \$5,062,392 | \$56,878,326 | \$ 61,940,718 |

ACTION AGAINST HUNGER - USA

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | Program Services | | | | | | |
|----------------------------------------|------------------------------------------------|--------------------|----------------------------|--------------------|----------------------|---------------------|----------------------|
| | Democratic Republic of Congo Programs | Kenya Programs | South Sudan Programs | Uganda Programs | Pakistan Programs | Nigeria Programs | Cambodia Programs |
| Personnel: | | | | | | | |
| U.S. staff | \$ - | \$ - | \$ 26,046 | \$ - | \$ 252,991 | \$ 6,944 | \$ 2,105 |
| Other U.S. payroll | 1,044,636 | 169,526 | 1,250,413 | 448,052 | 191,586 | 448,414 | 45,155 |
| Fringe benefits (Note 12) | 577,110 | 122,788 | 742,143 | 135,623 | 352,448 | 318,023 | 22,589 |
| National Field Staff | 2,932,277 | 2,081,104 | 1,851,550 | 714,748 | 3,998,743 | 1,563,155 | 5,210 |
| Office running costs and services: | | | | | | | |
| Insurance | 4,303 | - | - | - | - | - | - |
| Rent and utilities (Note 11) | 217,290 | 237,477 | 454,904 | 153,301 | 224,341 | 150,822 | 3,453 |
| Professional fees | 38,205 | 17,263 | 46,014 | 17,190 | 1,770 | 4,365 | - |
| Travel | 203,255 | 18,473 | 332,357 | 16,384 | 149,798 | 87,455 | 4,948 |
| Telecommunications | 134,622 | 50,396 | 141,725 | 63,903 | 57,700 | 80,982 | 395 |
| Postage and custom fees | 19,584 | 1,911 | 62 | 50 | 8,852 | 1,591 | 13 |
| Finance charges | 31,335 | 4,972 | 56,865 | 10,364 | 67,522 | 25,133 | 207 |
| Meeting expenses | - | (2,199) | - | - | - | - | - |
| Human resources | - | - | - | - | - | - | - |
| Office equipment and supplies: | | | | | | | |
| Office supplies | 177,103 | 50,362 | 419,529 | 37,188 | 163,959 | 84,559 | 3,399 |
| Depreciation and amortization | - | - | 91,981 | 10,451 | - | 1,906 | - |
| Equipment rental and maintenance | 2,550 | 202 | 5,547 | 3,335 | 6,744 | 3,588 | 55 |
| Public awareness expenses: | | | | | | | |
| Fundraising expense | - | - | - | - | - | - | - |
| Public information and membership dues | - | - | - | - | - | - | - |
| Project logistics: | | | | | | | |
| Vehicles | 789,884 | 523,301 | 736,884 | 230,717 | 1,289,990 | 318,142 | 3,361 |
| Radios | 59,946 | 747 | 28,599 | - | - | - | - |
| Warehouse | 33,084 | - | 109,986 | 120 | 57,695 | - | - |
| Electrical systems | 76,993 | 3,538 | 211,210 | 10,438 | 62,274 | 60,044 | - |
| Freight | 512,709 | 909 | 351,138 | 36,694 | 140,252 | 44,063 | - |
| Security | 567 | - | - | - | 12,725 | - | - |
| Project expenses: | | | | | | | |
| Food | 24 | - | 146,461 | - | 8,342 | - | - |
| Nutrition | 1,146,165 | 14,604 | 1,530,621 | 11,587 | 1,368,169 | 112,856 | - |
| Health | 75,197 | 6,817 | 181,188 | 20 | 706,830 | 37,381 | - |
| Food security | 269,516 | - | 135,159 | 123,636 | 49,798 | - | - |
| Non consumables | 93,744 | 12,924 | 110,616 | 43,313 | 2,374,128 | 88,834 | - |
| Watsan | 513,435 | 178,891 | 544,669 | 118,917 | 1,376,542 | 73,184 | - |
| Training | 249,204 | 542,076 | 636,702 | 1,487,696 | 407,615 | 857,896 | - |
| Other | 23,775 | 55,932 | 43,500 | 8,803 | 53,819 | 31,197 | - |
| Sub-contracts: | | | | | | | |
| Sub-contracts to Partners | 33,134 | 5,964 | 21,678 | (6,612) | 24,767 | 830,146 | - |
| Other | - | - | 510 | - | 61 | - | - |
| TOTAL | \$9,259,647 | \$4,097,978 | \$10,208,057 | \$3,675,918 | \$13,409,461 | \$5,230,680 | \$ 90,890 |

| | | Supporting Services | | | | | | | |
|-----------------------------------------------|------------------------------------------|------------------------------|--------------------|------------------------------|--------------------|---------------------------------|-----------------------------------|---------------------|--|
| Other Country and Strategic Programs | Programs Sub-contracted to Network | Total Program Services | Program Support | Management and General | Fundraising | Total Supporting Services | Public Information Campaign | Total Expenses | |
| \$ 174,124 | \$ - | \$ 462,210 | \$2,220,064 | \$ 1,020,358 | \$ 456,016 | \$3,696,438 | \$ - | \$ 4,158,648 | |
| 192,421 | - | 3,790,203 | 293,621 | 122,692 | 51,733 | 468,046 | - | 4,258,249 | |
| 61,541 | - | 2,332,265 | 652,005 | 275,239 | 108,484 | 1,035,728 | - | 3,367,993 | |
| 1,783 | - | 13,148,570 | 214,636 | - | - | 214,636 | - | 13,363,206 | |
| - | - | 4,303 | - | 14,851 | - | 14,851 | - | 19,154 | |
| 5,663 | - | 1,447,251 | 58,755 | 601,660 | 2,550 | 662,965 | - | 2,110,216 | |
| 1,177 | - | 125,984 | 114,233 | 132,419 | 50,498 | 297,150 | - | 423,134 | |
| 55,592 | - | 868,262 | 252,997 | 51,776 | 14,165 | 318,938 | - | 1,187,200 | |
| 176 | - | 529,899 | 19,047 | 59,087 | - | 78,134 | - | 608,033 | |
| 281 | - | 32,344 | 3,680 | 4,208 | 40,035 | 47,923 | - | 80,267 | |
| 856 | - | 197,254 | 1,057 | 44,817 | 39,151 | 85,025 | - | 282,279 | |
| 1,179 | - | (1,020) | 19,397 | 16,539 | 2,753 | 38,689 | - | 37,669 | |
| - | - | - | 11,074 | 330 | - | 11,404 | - | 11,404 | |
| 4,346 | - | 940,445 | 32,221 | 63,494 | 4,177 | 99,892 | - | 1,040,337 | |
| - | - | 104,338 | 11,983 | 25,287 | - | 37,270 | - | 141,608 | |
| - | - | 22,021 | 401 | 35,671 | - | 36,072 | - | 58,093 | |
| - | - | - | - | - | 583,234 | 583,234 | 227,192 | 810,426 | |
| - | - | - | 834 | 108,075 | - | - | - | 108,909 | |
| 1,012 | - | 3,893,291 | 7,434 | - | - | - | - | 3,900,725 | |
| - | - | 89,292 | - | - | - | - | - | 89,292 | |
| - | - | 200,885 | - | - | - | - | - | 200,885 | |
| - | - | 424,497 | 10,925 | - | - | - | - | 435,422 | |
| - | - | 1,085,765 | - | - | - | - | - | 1,085,765 | |
| - | - | 13,292 | - | - | - | - | - | 13,292 | |
| - | - | 154,827 | - | - | - | - | - | 154,827 | |
| - | - | 4,184,002 | - | - | - | - | - | 4,184,002 | |
| - | - | 1,007,433 | - | - | - | - | - | 1,007,433 | |
| - | - | 578,109 | - | - | - | - | - | 578,109 | |
| - | - | 2,723,559 | - | - | - | - | - | 2,723,559 | |
| - | - | 2,805,638 | - | - | - | - | - | 2,805,638 | |
| 9,444 | - | 4,190,633 | 31,687 | - | - | - | - | 4,222,320 | |
| - | - | 217,026 | - | - | - | - | - | 217,026 | |
| 1,614,407 | 2,005,362 | 4,528,846 | 440 | 186,969 | - | 187,409 | - | 4,716,255 | |
| - | - | 571 | - | (831) | - | (831) | - | (260) | |
| \$2,124,002 | \$2,005,362 | \$50,101,995 | \$3,956,491 | \$2,762,641 | \$1,352,796 | \$8,071,928 | \$ 227,192 | \$58,401,115 | |

ACTION AGAINST HUNGER - USA

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Program Services | | | | | | |
|----------------------------------------|------------------------------------------------|--------------------|----------------------------|--------------------|----------------------|---------------------|----------------------|
| | Democratic Republic of Congo Programs | Kenya Programs | South Sudan Programs | Uganda Programs | Pakistan Programs | Nigeria Programs | Cambodia Programs |
| Personnel: | | | | | | | |
| U.S. staff | \$ 11,551 | \$ - | \$ 112,434 | \$ (40,824) | \$ 169,449 | \$ 72,248 | \$17,595 |
| Other U.S. payroll | 912,561 | 175,876 | 212,656 | 486,659 | 171,766 | 305,371 | 5,732 |
| Fringe benefits (Note 12) | 620,966 | 117,501 | 1,073,332 | 181,376 | 465,907 | 338,378 | 12,613 |
| National Field Staff | 3,041,970 | 2,253,554 | 1,425,372 | 840,910 | 2,731,656 | 1,152,006 | 87 |
| Office running costs and services: | | | | | | | |
| Insurance | 2,233 | 3,725 | - | - | - | - | - |
| Rent and utilities (Note 11) | 285,449 | 275,935 | 242,795 | 114,620 | 196,190 | 129,070 | 1,771 |
| Professional fees | 37,221 | 500 | 8,179 | 2,993 | - | 21,769 | - |
| Travel | 175,685 | 2,317 | 250,570 | 8,223 | 62,339 | 28,068 | 8,151 |
| Telecommunications | 216,335 | 67,185 | 76,442 | 59,942 | 40,371 | 71,298 | 86 |
| Postage and custom fees | 3,619 | 1,898 | 3,976 | 1,432 | 6,956 | 802 | 195 |
| Finance charges | 62,475 | 6,592 | 65,796 | 12,623 | 42,237 | 10,798 | 247 |
| Meeting expenses | 100 | 5,133 | - | - | - | - | - |
| Human resources | - | - | - | - | - | - | - |
| Office equipment and supplies: | | | | | | | |
| Office supplies | 220,682 | 46,634 | 110,160 | 46,294 | 160,468 | 102,813 | 757 |
| Depreciation and amortization | 25,247 | 29,332 | 117,577 | 15,090 | - | 27,037 | - |
| Equipment rental and maintenance | 7,184 | 650 | 3,824 | 784 | 3,642 | 999 | - |
| Public information expenses: | | | | | | | |
| Fundraising expense | - | - | - | - | - | - | - |
| Public information and membership dues | - | - | - | - | - | - | - |
| Project logistics: | | | | | | | |
| Vehicles | 1,427,148 | 707,315 | 448,630 | 298,886 | 925,188 | 292,999 | - |
| Radios | 88,521 | 5,330 | 1,175 | 346 | - | - | - |
| Warehouse | 38,735 | - | - | 8,030 | 39,643 | - | - |
| Electrical systems | 81,747 | 3,281 | 157,300 | 13,881 | 64,152 | 56,123 | - |
| Freight | 667,026 | 518 | 92,133 | 13,818 | 60,169 | 143,212 | - |
| Security | 6,728 | - | - | 313 | 25 | - | - |
| Project expenses: | | | | | | | |
| Food | - | 17 | 45,304 | - | 115,697 | - | - |
| Nutrition | 1,478,293 | - | 1,318,995 | - | 1,634,037 | 303,582 | - |
| Health | 118,739 | - | 10,955 | - | 123,155 | 25,026 | - |
| Food security | 712,409 | 57,263 | 326,603 | 1,218,475 | 640,434 | - | - |
| Non consumables | 432,192 | 32,813 | 245,070 | 8,987 | 1,569,053 | 6,462 | - |
| Watsan | 966,572 | 207,341 | 500,102 | 63,242 | 895,878 | 167,713 | - |
| Training | 540,053 | 966,148 | 266,854 | 974,910 | 156,427 | 567,668 | - |
| Other | 43,225 | 14,946 | 11,152 | 15,253 | 6,137 | 17,110 | - |
| Sub-contracts: | | | | | | | |
| Sub-contracts to network | 22,480 | - | 6,612 | 153,036 | 12,964 | 421,218 | - |
| Other | (3,153) | - | (1,863) | (4,983) | - | - | - |
| TOTAL | \$12,243,993 | \$4,981,804 | \$7,132,135 | \$4,494,316 | \$10,293,940 | \$4,261,770 | \$47,234 |

| | | Supporting Services | | | | | | | | |
|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|-------------------|---------------------|--|--|
| Other | | | | | | | | | | |
| Country and | Programs | Total | Program | Management | | Total | Public | Total | | |
| Strategic | Sub-contracted | Program | Support | and | Fundraising | Supporting | Information | Expenses | | |
| Programs | to Network | Services | | General | | Services | Campaign | | | |
| \$ 57,828 | \$ - | \$ 400,281 | \$1,899,454 | \$1,205,943 | \$ 480,600 | \$3,585,997 | \$ - | \$ 3,986,278 | | |
| 51,259 | - | 2,321,880 | 258,547 | 55,620 | 35,274 | 349,441 | - | 2,671,321 | | |
| 37,737 | - | 2,847,810 | 613,012 | 300,758 | 122,119 | 1,035,889 | - | 3,883,699 | | |
| 1,953 | - | 11,447,508 | 151,919 | - | - | 151,919 | - | 11,599,427 | | |
| - | - | 5,958 | - | 15,127 | - | 15,127 | - | 21,085 | | |
| 3,818 | - | 1,249,648 | 55,722 | 294,210 | 1,530 | 351,462 | - | 1,601,110 | | |
| - | - | 70,662 | 33,837 | 242,239 | 34,458 | 310,534 | - | 381,196 | | |
| 25,632 | - | 560,985 | 238,413 | 59,343 | 4,296 | 302,052 | - | 863,037 | | |
| - | - | 531,659 | 19,165 | 50,081 | 255 | 69,501 | - | 601,160 | | |
| 58,401 | - | 77,279 | 5,023 | 7,077 | 126,691 | 138,791 | - | 216,070 | | |
| 159 | - | 200,927 | 750 | 26,754 | 61,772 | 89,276 | - | 290,203 | | |
| - | - | 5,233 | 34,781 | 10,950 | 430 | 46,161 | - | 51,394 | | |
| - | - | - | 4,348 | 745 | - | 5,093 | - | 5,093 | | |
| 4,939 | - | 692,747 | 57,584 | 58,257 | 53 | 115,894 | - | 808,641 | | |
| - | - | 214,283 | 4,630 | 14,336 | - | 18,966 | - | 233,249 | | |
| - | - | 17,083 | 593 | 30,573 | - | 31,166 | - | 48,249 | | |
| 191,599 | - | 191,599 | - | - | 716,423 | 716,423 | - | 908,022 | | |
| - | - | - | 43 | 50,027 | - | 50,070 | 563,765 | 613,835 | | |
| 235 | - | 4,100,401 | 7,917 | - | - | 7,917 | - | 4,108,318 | | |
| - | - | 95,372 | - | - | - | - | - | 95,372 | | |
| - | - | 86,408 | - | - | - | - | - | 86,408 | | |
| - | - | 376,484 | 355 | - | - | 355 | - | 376,839 | | |
| - | - | 976,876 | - | - | - | - | - | 976,876 | | |
| - | - | 7,066 | - | - | - | - | - | 7,066 | | |
| - | - | 161,018 | - | - | - | - | - | 161,018 | | |
| - | - | 4,734,907 | - | - | - | - | - | 4,734,907 | | |
| - | - | 277,875 | - | - | - | - | - | 277,875 | | |
| - | - | 2,955,184 | - | - | - | - | - | 2,955,184 | | |
| - | - | 2,294,577 | - | - | - | - | - | 2,294,577 | | |
| - | - | 2,800,848 | - | - | - | - | - | 2,800,848 | | |
| - | - | 3,472,060 | 12,838 | - | - | 12,838 | - | 3,484,898 | | |
| - | - | 107,823 | - | - | - | - | - | 107,823 | | |
| 1,986,530 | 2,659,988 | 5,262,828 | 26,968 | 125,308 | - | 152,276 | - | 5,415,104 | | |
| - | 1,034 | (8,965) | - | 70,530 | - | 70,530 | - | 61,565 | | |
| \$2,420,090 | \$2,661,022 | \$48,536,304 | \$3,425,899 | \$2,617,878 | \$1,583,901 | \$7,627,678 | \$ 563,765 | \$56,727,747 | | |

See accompanying notes to financial statements.

ACTION AGAINST HUNGER - USA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

| | 2014 | 2013 |
|----------------------------------------------------------------------------------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ 2,850,379 | \$ 17,762,726 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 141,608 | 233,249 |
| (Increase) decrease in: | | |
| Grants receivable | 499,017 | (17,981,302) |
| Travel advances and other receivables | 941,704 | (278,664) |
| Prepaid expenses | 10,778 | (92,145) |
| Program advances to network | (732,967) | 932,150 |
| Deposits | (459) | (459) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (18,933) | 639,555 |
| Provision for unanticipated losses | 505,906 | (247,745) |
| Due to network | 71,400 | 200,052 |
| Net cash provided by operating activities | 4,268,433 | 1,167,417 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of furniture, equipment, vehicles and leasehold improvements | (214,587) | (64,764) |
| Net cash used by investing activities | (214,587) | (64,764) |
| Net increase in cash and cash equivalents | 4,053,846 | 1,102,653 |
| Cash and cash equivalents at beginning of year | 5,189,184 | 4,086,531 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 9,243,030 | \$ 5,189,184 |

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

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.

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.

Grants receivable -

Amounts to be received in the future are recorded as grants receivable in the Statements of Financial Position. All grants receivable are stated at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year unless otherwise stated by the donor. 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 \$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.

ACTION AGAINST HUNGER - USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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

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, 2014 and 2013, 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.

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

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, severance liabilities, bad debt and frozen assets.

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 another 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 2014 and 2013, Action Against Hunger - USA received 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

Action Against Hunger - USA maintains a portion of its cash balances at financial institutions which 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 also maintains cash balances at financial institutions in foreign countries. Action Against Hunger - USA had \$817,013 and \$998,242 of cash and cash equivalents held in foreign countries at December 31, 2014 and 2013, respectively. The majority of these funds are uninsured.

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

3. GRANTS RECEIVABLE

Grants receivable consisted of the following at December 31, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|----------------------------------------------|-----------------------------|-----------------------------|
| European Community Humanitarian Organization | \$ 7,794,854 | \$ 9,025,710 |
| European Union | 5,691,157 | 10,981,546 |
| U.S. Agency for International Development | 13,203,631 | 1,877,230 |
| U.S. State Department | 83,277 | - |
| UNDP | 283,117 | 1,538,240 |
| UNICEF | 1,383,259 | 1,170,618 |
| World Food Program | 517,493 | 2,238,853 |
| Other United Nations Agencies | 392,823 | 162,734 |
| DFID/Overseas Development | 20,886,171 | 23,234,613 |
| CIDA/DFATD | 645,073 | 1,028,585 |
| Swiss Government | 127,673 | 558,919 |
| NGOs | 38,337 | 34,428 |
| Corporations | - | 500,000 |
| Foundations | 2,228,826 | 1,526,242 |
| The Swedish Cooperation | 158,266 | 77,201 |
| Catalan Development Agency | - | 80,859 |
| Norwegian Government | 1,533,029 | 1,441,450 |
| Other partner organizations | 268,145 | 256,920 |
| TOTAL GRANTS RECEIVABLE | <u>\$ 55,235,131</u> | <u>\$ 55,734,148</u> |

Following is a schedule, by year, of maturities of grants receivable at December 31, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|------------------------------------------------------|-----------------------------|-----------------------------|
| Less than one year | \$ 38,531,767 | \$ 32,348,127 |
| One to five years | 17,137,443 | 24,186,907 |
| Total | 55,669,210 | 56,535,034 |
| Less: Allowance to discount balance to present value | <u>(434,079)</u> | <u>(800,886)</u> |
| GRANTS RECEIVABLE | <u>\$ 55,235,131</u> | <u>\$ 55,734,148</u> |

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, 2014 AND 2013**

4. ACTION AGAINST HUNGER NETWORK (Continued)

At December 31, 2014 and 2013, Action Against Hunger - USA owed the network \$1,694,378 and \$1,622,978, respectively.

At December 31, 2014 and 2013, Action Against Hunger - USA advanced funds to the network for sub-contracted programs in the amounts of \$808,661 and \$75,694, respectively.

5. FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS

Furniture, equipment, vehicles and leasehold improvements consisted of the following at December 31, 2014 and 2013:

| | 2014 | 2013 |
|---------------------------------------------------------------------------|-------------------|-------------------|
| Furniture | \$ 44,861 | \$ 44,861 |
| Equipment | 577,687 | 538,685 |
| Vehicles | 918,314 | 1,116,759 |
| Leasehold improvements | 163,315 | 81,317 |
| | 1,704,177 | 1,781,622 |
| Less: Accumulated depreciation and amortization | (1,464,445) | (1,614,869) |
| FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET | \$ 239,732 | \$ 166,753 |

Depreciation and amortization expense totaled \$141,608 and \$233,249, for the years ended December 31, 2014 and 2013, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2014 and 2013, temporarily restricted net assets consisted of the following:

| | 2014 | 2013 |
|------------------------------------------------------------------------------------|--------------|-------------|
| Canada Programs: | | |
| U.S. Agency for International Development | \$ 479,678 | \$ 766,422 |
| Mauritania Programs: | | |
| U.S. Agency for International Development/Office of Foreign Disaster Assistance | 1,215,493 | - |
| Philippines Programs: | | |
| U.S. Agency for International Development Corporations and Private (PENTAIR) | 400,730 - | - 50,000 |

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

| | 2014 | 2013 |
|-------------------------------------------------------------------------------------|-------------|-------------|
| Kenya Programs: | | |
| U.S. Agency for International Development/Office of Foreign Disaster Assistance | \$ 129,086 | \$ - |
| UNICEF | 482,531 | 790,512 |
| European Community Humanitarian Organization | 19,492 | 988,254 |
| World Food Program | 175,775 | - |
| Swedish Government | 196,867 | - |
| Charity Water | 419,840 | - |
| Various Foundations (HGBF + Charity Water) | - | 107,421 |
| Uganda Programs: | | |
| World Food Program | 90,060 | 583,429 |
| U.S. State Department (BPRM) | 56,671 | - |
| Royal Norwegian Embassy | 1,221,088 | 1,827,839 |
| Pakistan Programs: | | |
| Royal Norwegian Embassy | 1,240,257 | 1,054,272 |
| European Community Humanitarian Organization | 5,587,634 | 5,958,193 |
| European Commission - B1 (FOOD SEC) | 7,243,765 | 11,156,708 |
| DFID/Overseas Development | 589,645 | - |
| World Bank | 7,071 | - |
| UNICEF | - | 51,541 |
| Swedish Government | 178,928 | - |
| Charity Water | 987,392 | - |
| South Sudan Programs: | | |
| European Community Humanitarian Organization | 147,174 | 789,553 |
| U.S. Agency for International Development/Office of Foreign Disaster Assistance | 3,978,129 | - |
| UNICEF | 331,641 | 229,364 |
| United Nations | - | 834,954 |
| French Government | - | 252,138 |
| Swiss Government | 42,997 | 586,336 |
| Democratic Republic of Congo Programs: | | |
| U.S. Agency for International Development/ Office of Foreign Disaster Assistance | 890,175 | - |
| European Community Humanitarian Organization | 162,700 | 229,994 |
| UNICEF | 144,484 | - |
| UNDP | 159,898 | 1,556,624 |
| Canadian Government | 750,362 | 494,813 |
| DFID/Overseas Development | 5,938,927 | 10,746,297 |
| Swedish Government | 226,370 | - |
| Swiss Government | 299,544 | - |
| Corporations and Private (PENTAIR) | - | 250,000 |

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

| | <u>2014</u> | <u>2013</u> |
|------------------------------------------------------------------------------------|----------------------------|----------------------------|
| Nigeria Programs: | | |
| European Community Humanitarian Organization | \$ 538,847 | \$ 742,630 |
| U.S. Agency for International Development/Office of Foreign Disaster Assistance | 1,175,751 | - |
| U.S. Agency for International Development | 2,961,226 | - |
| DFID/Overseas Development | 10,109,482 | 12,536,466 |
| Foundations (CIFF) | 446,419 | 2,395,721 |
| Sierra Leone Programs: | | |
| Foundations (Paul Allen) | 1,691,757 | - |
| Other Strategic Programs: | | |
| U.S. Agency for International Development | 1,911,866 | 352,992 |
| UNICEF | 113,088 | 204,261 |
| DFID (Refani) | 3,777,624 | - |
| Swedish Government | 47,014 | - |
| Canadian Government | - | 105,987 |
| Corporations and Private (PENTAIR) | - | 44,135 |
| Corporations and Private (VISA and OXFAM) | 310,848 | 67,057 |
| TOTAL TEMPORARILY RESTRICTED NET ASSETS | <u>\$56,878,326</u> | <u>\$55,753,913</u> |

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 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------------------------------------------------------|----------------------------|----------------------------|
| U.S. Government Grants: | | |
| U.S. Agency for International Development/ Office of Foreign Disaster Assistance: | | |
| South Sudan | \$ 5,810,804 | \$ 500,000 |
| Democratic Republic of Congo Programs | 1,200,000 | - |
| Kenya | 131,489 | 52,452 |
| Philippines | 1,865,493 | - |
| Canada Smart Programs | - | 889,872 |
| US Calp Project | 2,812,286 | 300,000 |
| Mauritania | 1,436,124 | - |
| Nigeria | 4,600,000 | - |
| U.S. State Department (BPRM): | | |
| Uganda | 420,277 | - |
| TOTAL U.S. GOVERNMENT GRANTS | <u>\$18,276,473</u> | <u>\$ 1,742,324</u> |

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

7. GRANTS (Continued)

| | 2014 | 2013 |
|----------------------------------------------|--------------|--------------|
| Non-U.S. Government Grants: | | |
| South Sudan Programs: | | |
| European Community Humanitarian Organization | \$ 3,241,082 | \$ 2,707,784 |
| United Nations | 986,729 | 2,516,487 |
| UNICEF | 2,697,944 | 306,264 |
| French Government | - | 332,750 |
| Swiss Government | 2,727 | 925,023 |
| Foundations (Start Fund) | 112,656 | - |
| Uganda Programs: | | |
| European Community Humanitarian Organization | - | 141,986 |
| World Food Program | 531,108 | 3,109,334 |
| Royal Norwegian Embassy | 1,452,309 | 2,065,800 |
| Charity Water | 100,000 | - |
| Democratic Republic of Congo Programs: | | |
| UNICEF | 200,000 | - |
| UNDP | - | 3,520,321 |
| European Community Humanitarian Organization | 930,713 | 821,353 |
| DFID/Overseas Development | (61,448) | 7,257,984 |
| Canadian Government | 1,333,923 | 1,427,072 |
| Swedish Cooperation | 1,046,527 | - |
| Swiss Government | 412,583 | - |
| Private grant (PENTAIR) | - | 250,000 |
| Kenya Programs: | | |
| European Community Humanitarian Organization | 238,823 | 1,436,757 |
| UNICEF | 1,403,598 | 1,864,000 |
| World Food Program | 241,072 | - |
| DFID/Overseas Development | 248,780 | - |
| Charity Water | 1,235,000 | - |
| Swedish Cooperation | 216,079 | - |
| Foundations (Charity Water) | - | 800,000 |
| Pakistan Programs: | | |
| European Community Humanitarian Organization | 9,284,066 | 8,450,916 |
| European Commission – B1 (FOOD SEC) | 163,267 | 13,407,341 |
| Royal Norwegian Embassy | 1,240,257 | 1,476,610 |
| World Food Program | 75,846 | 599,875 |
| DFID/Overseas Development | 645,812 | - |
| UNICEF | - | 274,492 |
| Swedish Cooperation | 436,253 | - |
| Charity Water | 1,546,483 | - |
| Nigeria Programs: | | |
| Foundations (CIFF) | (197,689) | 2,973,116 |
| European Community Humanitarian Organization | 1,366,191 | 1,187,009 |
| DFID/Overseas Development | 373,125 | 7,911,852 |

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

7. GRANTS (Continued)

| | 2014 | 2013 |
|---------------------------------------------------|---------------------|---------------------|
| Non-U.S. Government Grants (Continued): | | |
| Sierra Leone Programs: | | |
| Foundations (Paul Allen) | \$ 1,900,000 | \$ - |
| Strategic Programs: | | |
| UNICEF Rapid Response Team | 117,463 | 334,000 |
| Visa CALP | - | 75,159 |
| DFID (Refani) | 4,235,344 | - |
| Pentair | 100,000 | - |
| OXFAM (Training Center) | 61,036 | 77,201 |
| Nairobi Training/Log Center – Swedish Cooperation | 74,753 | - |
| Nairobi Training/Log Center – private funding | 2,500 | 18,224 |
| | \$37,994,912 | \$66,268,710 |

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 at December 31, 2014 and 2013:

| | 2014 | 2013 |
|----------------------------------------|----------------------|----------------------|
| Democratic Republic of Congo Programs: | \$ 9,555,565 | \$ 12,527,883 |
| Kenya Programs | 4,185,991 | 5,260,132 |
| South Sudan Programs | 9,822,792 | 6,257,369 |
| Uganda Programs | 3,524,292 | 4,611,624 |
| Pakistan Programs | 14,063,241 | 9,652,035 |
| Nigeria Programs | 5,527,822 | 4,509,946 |
| Ethiopia Programs | - | 541,581 |
| Haiti Programs | 1,000 | 48,013 |
| Canada Programs | 293,398 | 393,458 |
| Mauritania Programs | 218,179 | 1,243,342 |
| Somalia Programs | - | 38,456 |
| Philippines Programs | 1,579,739 | 668,640 |
| Sierra Leone | 212,590 | - |
| Liberia Programs | 24,201 | 29,841 |
| Mali Programs | - | 255,472 |
| Other Strategic Programs | 2,004,504 | 2,238,509 |
| | \$ 51,013,314 | \$ 48,276,301 |

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

9. DESIGNATED NET ASSETS

At December 31, 2014 and 2013, 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, 2014 and 2013 totaled \$450,000 and \$150,000, respectively.

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, 2014 and 2013 totaled \$485,000 and \$100,000, respectively.

10. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following at December 31, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------------------------------|----------------------------|----------------------------|
| Program supplies (food, transportation and medical supplies) | \$ 1,144,996 | \$ 2,610,292 |
| Public Information Campaign (online ads) | 267,192 | 497,833 |
| Fundraising expenses (professional services) | 16,521 | 40,606 |
| TOTAL IN-KIND CONTRIBUTIONS | <u>\$ 1,428,709</u> | <u>\$ 3,148,731</u> |

11. COMMITMENTS

On April 28, 2009, Action Against Hunger - USA amended its current lease agreement for office space located in Manhattan, N.Y. 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. The rental expense for the years ended December 31, 2014 and 2013 was \$272,653 and \$265,949, respectively.

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

| <u>Year Ending December 31,</u> | |
|---------------------------------|----------------------------|
| 2015 | \$ 275,157 |
| 2016 | 558,384 |
| 2017 | 569,551 |
| 2018 | 580,942 |
| 2019 | 592,561 |
| 2020 and thereafter | <u>8,095,047</u> |
| | <u>\$10,671,642</u> |

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

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

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, 2014 and 2013, were \$130,824 and \$118,883, respectively.

13. LINE OF CREDIT

On July 8, 2013, Action Against Hunger - USA entered into a bank line of credit bearing interest at a per annum rate equal to two percent (2.00%) above the LIBOR Rate. Credit available under the line of credit was \$2,000,000 at December 31, 2014 and 2013, respectively. There was no outstanding balance on the line of credit at December 31, 2014 and 2013, respectively. The line of credit is collateralized by grants receivable of Action Against Hunger that are less than 90 days agreed. The line of credit has been renewed through June 30, 2015.

14. 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 2013. 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, 2014 and 2013, Action Against Hunger - USA had cash, property and equipment and receivables in various countries in Africa and Asia, totaling approximately \$2,000,000 and \$2,200,000, which represents approximately 3% and 3.5% of Action Against Hunger - USA's total assets as of December 31, 2014 and 2013, respectively.

15. SUBSEQUENT EVENTS

In preparing these financial statements, Action Against Hunger - USA has evaluated events and transactions for potential recognition or disclosure through June 24, 2015, the date the financial statements were issued.