

FINANCIAL STATEMENTS



ACTION AGAINST HUNGER - USA

**FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010**

ACTION AGAINST HUNGER - USA

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Action Against Hunger – USA as of December 31, 2011 and 2010, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Action Against Hunger – USA's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Action Against Hunger – USA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012 on our consideration of Action Against Hunger – USA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Gelman Rosenberg & Freedman

June 20, 2012

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ACTION AGAINST HUNGER – USA
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011 AND 2010

ASSETS	2011	2010
CURRENT ASSETS		
Cash and cash equivalents (Note 2):		
Headquarters	\$ 5,305,056	\$ 4,528,624
Field offices	529,899	1,924,113
Total cash and cash equivalents	5,834,955	6,452,737
Grants receivable (Note 3)	23,073,043	22,686,607
Travel advances and other receivables	761,475	1,100,967
Prepaid expenses	65,609	32,627
Program advances to network (Note 4)	1,934,089	469,740
Total current assets	31,669,171	30,742,678
FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET (Note 5)	257,720	267,927
OTHER ASSETS		
Grants receivable, net of current portion (Note 3)	1,933,000	-
Deposits	61,076	60,920
Total other assets	1,994,076	60,920
TOTAL ASSETS	\$33,920,967	\$31,071,525
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,379,963	\$ 1,173,278
Provision for unanticipated losses	735,000	500,000
Due to network (Note 4)	1,852,127	185,713
Total current liabilities	3,967,090	1,858,991
NET ASSETS		
Unrestricted:		
Undesignated	3,567,415	3,510,143
Designated (Note 9)	200,000	459,983
Total unrestricted net assets	3,767,415	3,970,126
Temporarily restricted (Note 6)	26,186,462	25,242,408
Total net assets	29,953,877	29,212,534
TOTAL LIABILITIES AND NET ASSETS	\$33,920,967	\$31,071,525

See accompanying notes to financial statements.

ACTION AGAINST HUNGER – USA

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011		Total
	Unrestricted	Temporarily Restricted	
REVENUE AND SUPPORT			
Contributions	\$ 3,716,333	\$ 1,245,371	\$ 4,961,704
Grants (Notes 7 and 13):			
U.S. Government	-	4,121,814	4,121,814
Non-U.S. Government	-	45,250,393	45,250,393
In-kind contributions (Note 10)	4,886,851	-	4,886,851
Interest	1,128	-	1,128
Other	419,613	-	419,613
Net assets released from donor restrictions (Note 8)	47,334,544	(47,334,544)	-
Total revenue and support	56,358,469	3,283,034	59,641,503
EXPENSES			
Program Services:			
Democratic Republic of Congo Programs	15,373,672	-	15,373,672
Kenya Programs	3,840,077	-	3,840,077
South Sudan Programs	6,903,924	-	6,903,924
Uganda Programs	5,454,157	-	5,454,157
Pakistan Programs	12,422,554	-	12,422,554
Nigeria Programs	1,687,666	-	1,687,666
Programs Sub-contracted to Network:			
Somalia Programs	290,454	-	290,454
Swaziland Programs	208,563	-	208,563
Haiti Programs	271,697	-	271,697
Niger Programs	240,003	-	240,003
Indonesia Programs	319,296	-	319,296
Guinea Programs	168,250	-	168,250
Philippines Programs	100,018	-	100,018
Colombia Programs	89,568	-	89,568
Mali Programs	29,802	-	29,802
Other Country Programs	2,152	-	2,152
Other Field Strategic Programs	919,705	-	919,705
Total program services	48,321,558	-	48,321,558
Supporting Services:			
Program Support	2,711,249	-	2,711,249
Management and General	2,346,329	-	2,346,329
Fundraising	1,534,240	-	1,534,240
Total supporting services	6,591,818	-	6,591,818
Public Awareness Campaign (In-kind) (Note 10)	1,216,671	-	1,216,671
Total expenses	56,130,047	-	56,130,047
Changes in net assets before other items	228,422	3,283,034	3,511,456
OTHER ITEMS			
Provision for unanticipated losses	(448,723)	-	(448,723)
Exchange gain (loss)	17,590	34,485	52,075
De-obligated awards and funds returned to donors	-	(2,373,465)	(2,373,465)
CHANGES IN NET ASSETS	\$ (202,711)	\$ 944,054	\$ 741,343

See accompanying notes to financial statements.

2010		
Unrestricted	Temporarily Restricted	Total
\$ 3,752,035	\$ 1,015,464	\$ 4,767,499
-	2,608,583	2,608,583
-	41,343,701	41,343,701
2,871,865	-	2,871,865
2,731	-	2,731
154,098	-	154,098
36,232,276	(36,232,276)	-
43,013,005	8,735,472	51,748,477
17,657,133	-	17,657,133
2,335,791	-	2,335,791
5,687,321	-	5,687,321
5,229,412	-	5,229,412
3,800,427	-	3,800,427
266,271	-	266,271
-	-	-
408,919	-	408,919
270,760	-	270,760
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
38,892	-	38,892
90,325	-	90,325
35,785,251	-	35,785,251
2,494,586	-	2,494,586
2,201,188	-	2,201,188
1,230,824	-	1,230,824
5,926,598	-	5,926,598
987,536	-	987,536
42,699,385	-	42,699,385
313,620	8,735,472	9,049,092
(173,537)	-	(173,537)
(246,994)	(48,910)	(295,904)
-	(493,919)	(493,919)
\$ (106,911)	\$8,192,643	\$ 8,085,732

See accompanying notes to financial statements.

ACTION AGAINST HUNGER – USA
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Unrestricted							Total	
	Management Designated		Board Designated			Total Designated	Total Unrestricted		Temporarily Restricted
	Undesignated	Program Development	Emergency Fund	Training Center	Total Designated				
Net assets at December 31, 2009	\$3,446,629	\$245,708	\$218,000	\$ 166,700	\$ 630,408	\$4,077,037	\$17,049,765	\$21,126,802	
Changes in net assets	(106,911)	-	-	-	-	(106,911)	8,192,643	8,085,732	
Transfer	170,425	(48,725)	(18,000)	(103,700)	(170,425)	-	-	-	
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	

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	Programs Subcontracted to Network
Personnel:							
US staff	\$ 65,511	\$ (1,845)	\$ 106,401	\$ 38,815	\$ 40,868	\$ 72,673	\$ -
Other U.S. payroll	912,569	236,528	748,780	657,565	779,719	258,370	87,534
Fringe benefits (Note 12)	704,624	158,085	753,267	440,889	584,277	194,853	-
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	(1,000)
Travel	108,279	4,719	196,075	66,268	111,182	71,602	-
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	-
Meeting expenses	-	-	-	-	-	-	-
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	-
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 awareness 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	164,929
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	-
Subcontracts:							
Subcontracts to network	-	6,642	6,641	6,642	19,926	6,642	1,468,340
Other	1,396	7,050	10,000	10	-	-	-
TOTAL	\$15,373,672	\$3,840,077	\$6,903,924	\$5,454,157	\$12,422,554	\$1,687,666	\$1,719,803

Supporting Services							
Other Field Strategic Programs	Total Program Services	Program Support	Management and General	Fundraising	Total Supporting Services	Public Awareness Campaign	Total Expenses
\$ 23,650	\$ 346,073	\$1,401,230	\$ 951,209	\$ 503,797	\$ 2,856,236	\$ -	\$ 3,202,309
103,855	3,784,920	255,830	121,222	47,847	424,899	-	4,209,819
1,734	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
(850)	36,984	32,749	131,847	115,642	280,238	572,531	889,753
31,028	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
8	203,443	1,901	31,050	39,333	72,284	-	275,727
1,829	1,829	22,020	13,972	1,315	37,307	-	39,136
-	4,502	16,797	241	-	17,038	-	21,540
497	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
-	3,471,865	-	-	-	-	-	3,471,865
-	1,981,906	39,875	-	-	39,875	-	2,021,781
-	181,727	-	-	-	-	-	181,727
757,954	2,272,787	-	198,688	-	198,688	-	2,471,475
-	18,456	(360)	19,389	-	19,029	-	37,485
\$ 919,705	\$ 48,321,558	\$2,711,249	\$ 2,346,329	\$1,534,240	\$ 6,591,818	\$ 1,216,671	\$56,130,047

See accompanying notes to financial statements.

ACTION AGAINST HUNGER - USA

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Program Services						
	Democratic Republic of Congo Programs	Kenya Programs	South Sudan Programs	Uganda Programs	Pakistan Programs	Nigeria Programs	Swaziland Programs
Personnel:							
U.S. staff	\$ 105,347	\$ 48,257	\$ 104,681	\$ 125,240	\$ 70,675	\$ -	\$ -
Other U.S. payroll	990,583	312,978	501,431	733,394	304,737	82,176	-
Fringe benefits (Note 12)	812,370	223,991	629,540	377,353	146,468	40,328	-
National field staff	4,145,096	652,022	1,132,360	1,034,008	383,059	1,170	-
Office running costs and services:							
Insurance	-	-	-	-	-	-	-
Rent and utilities (Note 11)	469,377	146,669	205,029	160,576	73,527	80,789	-
Professional fees	12,954	8,324	1,310	29,947	2,705	4,298	-
Travel	173,639	3,038	182,235	40,226	60,323	31,533	-
Telecommunications	304,407	47,852	80,444	86,411	13,875	5,634	-
Postage and customs fees	3,691	855	455	-	714	165	-
Finance charges	138,955	16,224	94,387	13,274	4,725	1,001	-
Meeting expenses	-	-	-	-	-	-	-
Human resources	2,500	-	4,249	-	-	17	-
Office equipment and supplies :							
Office supplies	815,706	22,679	151,441	137,312	76,902	5,829	-
Depreciation and amortization	113,889	36,302	69,586	46,016	1,300	-	-
Equipment rental and maintenance	8,628	3,052	2,228	2,319	219	-	-
Public awareness expenses:							
Fundraising expense	-	-	-	-	-	-	-
Public information and membership dues	-	-	-	-	-	-	-
Project logistics:							
Vehicles	1,952,318	382,224	518,348	584,831	190,274	4,818	-
Radio	49,710	5,894	4,517	8,910	-	-	-
Warehouse	21,710	13,610	4,789	-	6,939	-	-
Electrical systems	92,942	3,424	32,841	13,747	4,176	-	-
Freight	1,082,009	6,477	136,218	59,354	2,704	572	-
Security	120	7,546	-	21,540	406	-	-
Logistics library	50	-	-	-	-	-	-
Project expenses:							
Food	1,116	-	157	-	-	-	-
Nutrition	1,752,740	144,102	737,456	185,821	595	-	-
Health	217,048	19,963	111,591	78,342	1,105	731	-
Food security	1,716,017	12,475	449,751	249,425	1,114,403	-	-
Non consumables	448,877	64,166	60	6,383	783,718	232	-
Water sanitation	1,056,850	51,084	398,167	434,533	526,441	-	-
Training	1,046,910	97,929	116,390	761,685	16,094	284	-
Other	95,911	4,654	10,966	23,760	955	-	-
Subcontracts:							
Subcontracts to network	25,663	-	6,694	15,005	13,388	6,694	408,919
Other	-	-	-	-	-	-	-
TOTAL	\$17,657,133	\$2,335,791	\$5,687,321	\$5,229,412	\$3,800,427	\$ 266,271	\$ 408,919

Supporting Services									
Haiti Programs	Other Country Programs	Other Field Strategic Programs	Total Program Services	Program Support	Management and General	Fundraising	Total Supporting Services	Public Awareness Campaign	Total Expenses
\$ -	\$ -	\$ -	\$ 454,200	\$1,323,163	\$ 987,991	\$ 355,044	\$ 2,666,198	\$ -	\$ 3,120,398
-	-	3,313	2,928,612	245,357	54,812	9,959	310,128	-	3,238,740
-	-	-	2,230,050	414,261	244,263	88,352	746,876	-	2,976,926
-	-	-	7,347,715	113,028	-	-	113,028	-	7,460,743
-	-	-	-	-	17,652	-	17,652	-	17,652
-	-	-	1,135,967	49,890	271,610	-	321,500	-	1,457,467
-	-	-	59,538	64,183	89,104	163,107	316,394	-	375,932
-	-	-	490,994	135,324	51,729	13,667	200,720	-	691,714
-	-	-	538,623	19,237	46,001	10	65,248	-	603,871
-	-	-	5,880	1,756	13,016	4,061	18,833	-	24,713
-	-	-	268,566	1,909	23,139	45,424	70,472	-	339,038
-	-	-	-	11,729	16,998	965	29,692	-	29,692
-	-	-	6,766	9,531	-	-	9,531	-	16,297
-	-	-	1,209,869	30,723	81,196	2,528	114,447	-	1,324,316
-	-	-	267,093	9,113	24,183	-	33,296	-	300,389
-	-	-	16,446	458	21,098	7,126	28,682	-	45,128
339	-	-	339	2,803	-	540,581	543,384	-	543,723
-	-	-	-	-	85,408	-	85,408	987,536	1,072,944
-	-	-	3,632,813	6,917	-	-	6,917	-	3,639,730
-	-	-	69,031	-	-	-	-	-	69,031
-	-	-	47,048	-	-	-	-	-	47,048
-	-	-	147,130	391	-	-	391	-	147,521
-	-	-	1,287,334	1,023	-	-	1,023	-	1,288,357
-	-	-	29,612	-	-	-	-	-	29,612
-	-	-	50	-	-	-	-	-	50
-	-	-	1,273	-	-	-	-	-	1,273
-	-	-	2,820,714	-	-	-	-	-	2,820,714
-	-	-	428,780	-	-	-	-	-	428,780
-	-	-	3,542,071	-	-	-	-	-	3,542,071
-	-	-	1,303,436	-	-	-	-	-	1,303,436
-	-	-	2,467,075	-	-	-	-	-	2,467,075
-	-	923	2,040,215	53,790	-	-	53,790	-	2,094,005
-	-	-	136,246	-	-	-	-	-	136,246
270,421	38,892	86,089	871,765	-	171,285	-	171,285	-	1,043,050
-	-	-	-	-	1,703	-	1,703	-	1,703
\$270,760	\$38,892	\$90,325	\$35,785,251	\$2,494,586	\$2,201,188	\$1,230,824	\$5,926,598	\$987,536	\$42,699,385

ACTION AGAINST HUNGER - USA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 741,343	\$ 8,085,732
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	302,562	300,389
(Increase) decrease in:		
Grants receivable	(2,319,436)	(6,524,032)
Travel advances and other receivables	339,492	(282,180)
Prepaid expenses	(32,982)	(4,513)
Program advances to network	(1,464,349)	71,506
Deposits	(156)	(933)
Increase (decrease) in:		
Accounts payable and accrued expenses	206,685	268,786
Provision for unanticipated losses	235,000	150,000
Due to network	1,666,414	(345,262)
Net cash (used) provided by operating activities	(325,427)	1,719,493
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, equipment, vehicles and leasehold improvements	(292,355)	(314,693)
Net cash used by investing activities	(292,355)	(314,693)
Net (decrease) increase in cash and cash equivalents	(617,782)	1,404,800
Cash and cash equivalents at beginning of year	6,452,737	5,047,937
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,834,955	\$ 6,452,737

ACTION AGAINST HUNGER - USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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.

Grants receivable -

Amounts to be received in the future are recorded as grants receivable in the Statement of Financial Position. All grants receivable are stated at their readily determinable value and considered to be collectible within one year unless otherwise stated by the donor.

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.

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.

ACTION AGAINST HUNGER - USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes. For the years ended December 31, 2011 and 2010, Action Against Hunger – USA has documented its consideration of FASB ASC 740-10 and 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.

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.

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

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

Foreign currency translation (continued) -

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 in other items 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 2011 and 2010 Action Against Hunger – USA received significant in-kind contribution for a public awareness campaign. All in-kind donations are recorded at their fair value on the date of donation (Note 9).

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 noninterest-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 noninterest-bearing accounts; thereby, all of these cash balances are protected by the FDIC under this Act.

At times during the year, Action Against Hunger – USA maintains cash balances at financial institutions in excess of Federal Deposit Insurance Corporation (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. The majority of these funds held in foreign countries are uninsured.

Action Against Hunger – USA had \$529,899 and \$1,924,113, respectively, of cash and cash equivalents held in foreign countries at December 31, 2011 and 2010. The majority of these funds are uninsured.

3. GRANTS RECEIVABLE

Grants receivable consisted of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
European Community Humanitarian Organization	\$ 6,246,719	\$ 5,179,292
European Union	174,696	750,792
U.S. Agency for International Development	2,784,704	2,624,026
UNDP	1,984,511	1,224,833
UNICEF	2,711,697	3,122,834
World Food Program	1,422,806	1,224,531

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

3. GRANTS RECEIVABLE (Continued)

	<u>2011</u>	<u>2010</u>
Other United Nations Agencies	\$ 614,849	\$ 628,010
FAO	1,680	19,180
DFID/Overseas Development	2,447,895	6,438,581
CIDA	136,849	-
Swiss Government	53,214	212,585
NGOs	6,579	10,443
Corporations	836,000	-
Individuals	5,000	5,000
Foundations	782,119	346,810
World Bank	611,526	899,690
Norwegian Government	4,185,199	-
TOTAL GRANTS RECEIVABLE	<u>\$ 25,006,043</u>	<u>\$ 22,686,607</u>

Following is a schedule, by year, of maturities of grants receivable at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
2012	\$ 23,073,043	\$ 22,686,607
2013	1,933,000	-
	<u>\$ 25,006,043</u>	<u>\$ 22,686,607</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. At December 31, 2011 and 2010, Action Against Hunger – USA owed the network \$1,852,127 and \$185,713, respectively.

At December 31, 2011 and 2010, Action Against Hunger – USA advanced funds to the network for sub-contracted programs in the amounts of \$1,934,089 (\$224,629 of which are USG grants) and \$469,740 (\$209,563 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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 50,817	\$ 50,817
Vehicles	1,062,102	1,009,871
Equipment	487,871	474,960
Furniture	44,861	44,861
	1,645,651	1,580,509
Less: Accumulated depreciation and amortization	(1,387,931)	(1,312,582)
FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET	<u>\$ 257,720</u>	<u>\$ 267,927</u>

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

5. FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS (Continued)

Depreciation and amortization expense totaled \$302,562 and \$300,389, for the years ended December 31, 2011 and 2010, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2011 and 2010, temporarily restricted net assets consisted of the following:

	<u>2011</u>	<u>2010</u>
Haiti Programs:		
Private ACF-US	\$ 48,013	\$ 271,697
Canada Programs:		
U.S. Agency for International Development	545,315	800,788
Guinea Programs:		
U.S. Agency for International Development/Office of Foreign Disaster Assistance	277,007	-
U.S. Department of State/Bureau of Population, Refugees and Migration	-	2,012
Mali Programs:		
U.S. Agency for International Development/Office of Foreign Disaster Assistance	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	314,866	1,069,629
DFID/Overseas Development	163,982	1,718,185
Canadian Government	742,503	-
UNICEF	1,067,305	137,411
United Nations	60,020	-
European Community Humanitarian Organization	699,127	358,310
French Government	-	43,480
World Food Program	225,967	-
Spanish Corporation (AECID)	567,856	-
Private grant	764,401	-
Various Foundations (HGBF + CW)	439,042	413,730
Uganda Programs:		
World Food Program	-	439,581
UNICEF	463,071	1,623,951
CIDA (Canadian)	-	109,536
Royal Norwegian Embassy	4,166,848	145,662
Various Foundations	100,676	264,105
Pakistan Programs:		
U.S. Agency for International Development/Concern	-	62,269
Royal Norwegian Embassy	1,386,470	-
European Community Humanitarian Organization	2,708,035	2,565,325

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

	<u>2011</u>	<u>2010</u>
Pakistan Programs (continued):		
DFID/Overseas Development	\$ -	\$ 2,335,654
United Nations	-	647,288
World Bank	737,085	1,132,778
Canadian Government	293,042	-
Private ACF-FR+ACF-UK	117,432	586,061
South Sudan Programs:		
European Community Humanitarian Organization	549,157	43,896
U.S. Agency for International Development/Office of Foreign Disaster Assistance	254,426	-
UNICEF	-	275,856
United Nations	406,270	-
South Sudan Programs:		
DFID/Overseas Development	-	661,058
Swiss Government	-	387,005
Democratic Republic of Congo Programs:		
U.S. Agency for International Development/ Office of Foreign Disaster Assistance:	424,651	262,535
European Community Humanitarian Organization	-	1,194,703
European Community DG VIII – B1 (Food Security)	-	829,267
UNICEF	1,575,560	424,997
UNDP	1,158,213	1,092,632
Canadian Government	90,884	-
DFID/Overseas Development	361,561	2,533,811
French Government	-	31,399
Spanish Government	-	822,301
Various Foundations	126,470	132,351
Nigeria Programs:		
European Community Humanitarian Organization	1,110,333	1,155,062
DFID/Overseas Development	1,139,738	-
Swaziland Programs:		
U.S. Agency for International Development	-	208,563
Somalia Programs:		
Corporations (Coppel)	412,546	-
Ethiopia Programs:		
Foundations (CW)	699,993	-
Strategic Programs:		
Corporations and Private (TYCO incl. Indonesia)	1,096,857	-
Corporations and Private	-	369,952
Colombia Programs:		
Various Foundations	-	89,568
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 26,186,462</u>	<u>\$ 25,242,408</u>

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 2011 and 2010:

	<u>2011</u>	<u>2010</u>
U.S. Government Grants:		
U.S. Agency for International Development/ Office of Foreign Disaster Assistance:		
South Sudan	\$ 1,050,000	\$ -
Democratic Republic of Congo Programs	1,000,000	1,125,000
Niger	662,547	-
Mali	508,244	-
Kenya	350,000	-
Guinea	451,023	-
Philippines	100,000	-
Canada Smart Programs	-	882,890
U.S. Agency for International Development/Pakistan	-	300,693
U.S. Agency for International Development/Swaziland	-	300,000
	<u>\$ 4,121,814</u>	<u>\$ 2,608,583</u>
Non-U.S. Government Grants:		
South Sudan Programs:		
European Community Humanitarian Organization	\$ 2,783,333	\$ 2,242,862
United Nations	1,686,000	1,585,000
UNICEF	-	429,729
DFID	114,022	802,186
French Government	659,637	586,067
OXFAM	23,304	-
Swiss Government	-	418,644
Uganda Programs:		
European Community Humanitarian Organization	556,579	1,119,668
	922,649	2,118,927
DFID	-	35,050
United Nations	-	100,000
World Food Program	2,335,063	1,010,580
Canadian Government	-	595,652
Royal Norwegian Embassy	4,961,253	1,072,116
Various Foundations	231,500	320,000
Democratic Republic of Congo Programs:		
UNICEF	2,733,289	1,960,730
UNDP	4,409,657	4,094,190
United Nations	221,616	50,000
European Community Humanitarian Organization	-	3,487,793

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

7. GRANTS (Continued)

	<u>2011</u>	<u>2010</u>
Non-U.S. Government Grants (continued):		
Democratic Republic of Congo Programs (continued):		
DFID	\$ 401,855	\$ 3,113,848
French Government	506,250	1,085,520
Spanish Government	-	1,119,215
Canadian Government	1,021,814	-
Various Foundations	-	208,000
Private grant	-	5,000
Kenya Programs:		
DFID/Overseas Development	-	1,927,018
European Community Humanitarian Organization	764,051	-
Canadian Government	1,008,955	-
Spanish Corporation (AECID)	619,066	-
UNICEF	1,251,201	154,146
World Food Program	331,811	-
United Nations	297,999	-
French Government	-	270,668
Private Donations from ACFIN	1,070,865	-
Various Foundations (HGBF +CW)	550,402	447,893
Pakistan Programs:		
European Community Humanitarian Organization	6,747,956	4,977,872
Canadian Government	1,522,280	-
Royal Norwegian Embassy	1,500,001	-
DFID/Overseas Development	154,919	2,335,654
United Nations	223,963	1,000,000
Foundations (Alavi)	450,000	-
ACFIN Grants	-	925,869
Nigeria Programs:		
European Community Humanitarian Organization	1,295,001	1,325,204
DFID/Overseas Development	1,452,859	-
Ethiopia Programs:		
Foundations (CW)	699,993	-
Strategic Programs:		
Clean Water Access Initiative with TYCO	1,300,000	-
Second Visa CALP	300,000	280,000
OXFAM (Training Center)	141,250	138,600
TOTAL GRANTS	<u>\$ 45,250,393</u>	<u>\$ 41,343,701</u>

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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>2011</u>	<u>2010</u>
Kenya Programs	\$ 4,579,369	\$ 2,573,547
Uganda Programs	5,689,002	5,263,154
Pakistan Programs	12,458,239	4,081,914
South Sudan Programs	6,493,554	5,483,775
Democratic Republic of Congo Programs	13,617,454	17,530,001
Nigeria Programs	1,749,247	174,390
Swaziland Programs	208,563	409,919
Haiti Programs	277,032	407,357
Canada Programs	255,472	82,103
Niger Programs	248,229	-
Somalia Programs	325,454	-
Guinea Programs	174,016	-
Philippines Programs	100,018	1,231
Colombia Programs	89,568	10,432
Mali Programs	30,823	-
Other Country Programs	2,152	50,197
Strategic Programs	1,036,352	164,256
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 47,334,544</u>	<u>\$ 36,232,276</u>

9. DESIGNATED NET ASSETS

At December 31, 2011 and 2010, 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, 2011 and 2010 totaled \$103,000 and \$200,000, respectively.
- During 2008, an anonymous private donation of \$250,000 was designated by the Board to serve the purpose of opening a training center in Nairobi. During 2010, a private donation of \$100,000 was received for operation of the training center in Nairobi. The balance of the Training Center Fund at December 31, 2011 and 2010 totaled \$0 and \$63,000, 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". 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, 2011 and 2010 were \$97,000 and \$196,983, respectively.

ACTION AGAINST HUNGER - USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

10. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Program supplies (food, transportation and medical supplies)	\$ 3,537,465	\$ 1,727,569
Public Awareness Campaign	1,216,671	987,536
Professional fees	-	55,347
Fundraising expenses	<u>132,715</u>	<u>101,413</u>
TOTAL IN-KIND CONTRIBUTIONS	<u>\$ 4,886,851</u>	<u>\$ 2,871,865</u>

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, 2011 and 2010 was \$248,510 and \$242,448, respectively.

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

<u>Year Ended December 31,</u>	
2012	\$ 255,510
2013	261,898
2014	268,445
2015	275,156
2016	281,867
2017	<u>130,896</u>
	<u>\$1,473,772</u>

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, 2011 and 2010, were \$107,643 and \$96,243, respectively.

ACTION AGAINST HUNGER - USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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 2011. 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, 2011 and 2010, Action Against Hunger - USA had cash, property and equipment and receivables in various countries in Africa and Asia, totaling approximately \$4,474,000 and \$4,671,000, which represents approximately 13% and 15% of Action Against Hunger - USA's total assets as of December 31, 2011 and 2010, respectively.

14. SUBSEQUENT EVENTS

In preparing these financial statements, Action Against Hunger - USA has evaluated events and transactions for potential recognition or disclosure through June 20, 2012, the date the financial statements were issued.