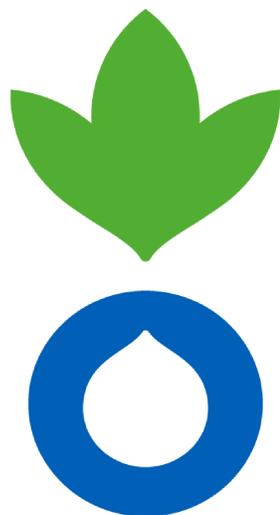


**FINANCIAL STATEMENTS**



**ACTION  
AGAINST  
HUNGER**

**ACTION AGAINST HUNGER - USA**

**AUDIT REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020**

# ACTION AGAINST HUNGER - USA

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

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

#### **Opinion**

We have audited the accompanying financial statements of Action Against Hunger - USA, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Action Against Hunger - USA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Action Against Hunger - USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Action Against Hunger - USA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Action Against Hunger - USA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of Action Against Hunger - USA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Action Against Hunger - USA's internal control over financial reporting and compliance.



September 27, 2022

## ACTION AGAINST HUNGER - USA

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021 AND 2020

## ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents:		
Headquarters	\$ 30,554,348	\$ 20,623,609
Field offices	<u>3,485,009</u>	<u>1,186,431</u>
Total cash and cash equivalents	34,039,357	21,810,040
Grants receivable	72,781,070	54,057,477
Travel advances and other receivables	1,528,942	2,863,539
Prepaid expenses and other assets	251,692	328,267
Furniture, equipment, vehicles and leasehold improvements, net	736,792	818,658
Right-of-use asset, net	<u>5,660,730</u>	<u>6,289,700</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 114,998,583</u></b>	<b><u>\$ 86,167,681</u></b>

## LIABILITIES AND NET ASSETS

## LIABILITIES

Note payable	\$ -	\$ 1,050,000
Accounts payable and accrued expenses	9,350,488	6,519,855
Due to donors	6,045,950	3,834,837
Provision for unanticipated loss	1,500,000	1,500,000
Due to Network	4,298,719	3,090,663
Operating lease obligation	<u>7,076,673</u>	<u>7,749,208</u>
Total liabilities	<u>28,271,830</u>	<u>23,744,563</u>

## NET ASSETS

Without donor restrictions:		
Undesignated	16,033,647	11,638,508
Designated	<u>760,000</u>	<u>760,000</u>
Total net assets without donor restrictions	16,793,647	12,398,508
With donor restrictions	<u>69,933,106</u>	<u>50,024,610</u>
Total net assets	<u>86,726,753</u>	<u>62,423,118</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 114,998,583</u></b>	<b><u>\$ 86,167,681</u></b>

## ACTION AGAINST HUNGER - USA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions	\$ 16,229,187	\$ -	\$ 16,229,187
Grants:			
U.S. Government	-	15,005,399	15,005,399
Non-U.S. Government	-	75,294,344	75,294,344
In-kind contributions	9,334,526	-	9,334,526
Other revenue	962,684	-	962,684
Net assets released from donor restrictions	<u>68,638,918</u>	<u>(68,638,918)</u>	<u>-</u>
Total revenue	<u>95,165,315</u>	<u>21,660,825</u>	<u>116,826,140</u>
<b>EXPENSES</b>			
Program Services:			
Ethiopia Programs	19,732,752	-	19,732,752
Haiti Programs	4,387,288	-	4,387,288
Kenya Programs	4,849,372	-	4,849,372
Other Country and Strategic Programs	4,140,492	-	4,140,492
Somalia Programs	14,650,788	-	14,650,788
South Sudan Programs	16,772,651	-	16,772,651
Tanzania Programs	741,250	-	741,250
Uganda Programs	<u>10,584,016</u>	<u>-</u>	<u>10,584,016</u>
Total program services	<u>75,858,609</u>	<u>-</u>	<u>75,858,609</u>
Supporting Services:			
Program Support	4,510,951	-	4,510,951
Management and General	4,328,705	-	4,328,705
Fundraising	<u>3,333,124</u>	<u>-</u>	<u>3,333,124</u>
Total supporting services	<u>12,172,780</u>	<u>-</u>	<u>12,172,780</u>
Total expenses	<u>88,031,389</u>	<u>-</u>	<u>88,031,389</u>
Changes in net assets before other items	7,133,926	21,660,825	28,794,751
<b>OTHER ITEMS</b>			
Closeout adjustments	(2,211,113)		(2,211,113)
Exchange loss	(1,577,674)	(844,822)	(2,422,496)
De-obligated awards and funds returned to donors	-	(907,507)	(907,507)
Forgiveness of debt	<u>1,050,000</u>	<u>-</u>	<u>1,050,000</u>
<b>CHANGES IN NET ASSETS</b>	<b><u>\$ 4,395,139</u></b>	<b><u>\$ 19,908,496</u></b>	<b><u>\$ 24,303,635</u></b>

## ACTION AGAINST HUNGER - USA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions	\$ 15,870,757	\$ 1,645,504	\$ 17,516,261
Grants:			
U.S. Government	-	15,530,290	15,530,290
Non-U.S. Government	-	34,406,631	34,406,631
In-kind contributions	10,384,873	-	10,384,873
Other revenue	134,407	-	134,407
Net assets released from donor restrictions	<u>66,694,975</u>	<u>(66,694,975)</u>	<u>-</u>
Total revenue	<u>93,085,012</u>	<u>(15,112,550)</u>	<u>77,972,462</u>
<b>EXPENSES</b>			
Program Services:			
Cambodia Programs	399,048	-	399,048
Ethiopia Programs	17,836,247	-	17,836,247
Haiti Programs	5,764,969	-	5,764,969
Kenya Programs	10,461,134	-	10,461,134
Other Country and Strategic Programs	3,547,919	-	3,547,919
Somalia Programs	15,982,183	-	15,982,183
South Sudan Programs	13,417,996	-	13,417,996
Tanzania Programs	766,340	-	766,340
Uganda Programs	<u>6,452,832</u>	<u>-</u>	<u>6,452,832</u>
Total program services	<u>74,628,668</u>	<u>-</u>	<u>74,628,668</u>
Supporting Services:			
Program Support	4,173,370	-	4,173,370
Management and General	4,840,190	-	4,840,190
Fundraising	<u>2,846,062</u>	<u>-</u>	<u>2,846,062</u>
Total supporting services	<u>11,859,622</u>	<u>-</u>	<u>11,859,622</u>
Total expenses	<u>86,488,290</u>	<u>-</u>	<u>86,488,290</u>
Changes in net assets before other items	6,596,722	(15,112,550)	(8,515,828)
<b>OTHER ITEMS</b>			
Change in net assets attributable to strategic country exchange/regionalization	(559,077)	-	(559,077)
Exchange (loss) gain	(438,940)	1,211,513	772,573
De-obligated awards and funds returned to donors	<u>-</u>	<u>(960,148)</u>	<u>(960,148)</u>
<b>CHANGES IN NET ASSETS</b>	<b><u>\$ 5,598,705</u></b>	<b><u>\$ (14,861,185)</u></b>	<b><u>\$ (9,262,480)</u></b>

## ACTION AGAINST HUNGER - USA

STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Without Donor Restrictions</u>						
	<u>Undesignated</u>	<u>Management Designated</u>	<u>Board Designated</u>	<u>Total Designated</u>	<u>Total Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
		<u>Program Development</u>	<u>Emergency Fund</u>				
Net assets at December 31, 2019	\$ 6,039,803	\$ 310,000	\$ 450,000	\$ 760,000	\$ 6,799,803	\$ 64,885,795	\$ 71,685,598
Changes in net assets	<u>5,598,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,598,705</u>	<u>(14,861,185)</u>	<u>(9,262,480)</u>
Net assets at December 31, 2020	11,638,508	310,000	450,000	760,000	12,398,508	50,024,610	62,423,118
Changes in net assets	<u>4,395,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,395,139</u>	<u>19,908,496</u>	<u>24,303,635</u>
<b>NET ASSETS AT DECEMBER 31, 2021</b>	<b><u>\$ 16,033,647</u></b>	<b><u>\$ 310,000</u></b>	<b><u>\$ 450,000</u></b>	<b><u>\$ 760,000</u></b>	<b><u>\$ 16,793,647</u></b>	<b><u>\$ 69,933,106</u></b>	<b><u>\$ 86,726,753</u></b>

See accompanying notes to financial statements.

## ACTION AGAINST HUNGER - USA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services						
	Ethiopia Programs	Haiti Programs	Kenya Programs	Other Country and Strategic Programs	Somalia Programs	South Sudan Programs	
Personnel:							
US staff	\$ 17,438	\$ -	\$ -	\$ 468,344	\$ -	\$ 1,997	\$ -
Other U.S. payroll	237,573	79,284	65,914	256,067	555,641	752,812	25,788
Fringe benefits	208,449	188,244	29,300	79,735	219,899	969,668	13,481
National field staff	6,102,541	1,867,871	2,066,780	-	4,889,018	6,432,257	345,241
Office running costs and services:							
Insurance	-	-	-	-	-	-	273
Rent and utilities	440,505	157,516	108,937	8,066	611,840	610,070	36,108
Professional fees	73,021	10,986	27,201	-	30,078	29,075	13,474
Travel	706	8,510	33,916	5,336	114,163	179,201	1,457
Telecommunications	126,804	62,199	30,479	291	122,667	401,180	5,833
Postage and custom fees	5,884	-	5,764	15,359	411	-	445
Finance charges	1,468	122,976	22,647	-	267,621	144,022	4,157
Meeting expenses	2,356	268	-	3,289	-	-	-
Human resources	-	-	-	-	-	-	-
Office equipment and supplies:							
Office supplies	329,957	45,380	79,601	5,310	121,257	189,501	3,428
Depreciation and amortization	-	-	-	-	-	-	-
Equipment rental and maintenance	3,027	942	1,364	-	830	4,429	-
Public awareness expenses:							
External relations	-	-	-	925	-	-	-
Public information and membership dues	-	-	-	-	-	-	-
Project logistics:							
Vehicles	1,866,143	395,435	634,521	-	981,287	1,372,110	45,192
Radios	13,357	-	-	-	-	8,109	31
Warehouse	101,502	9,626	51,421	-	17,496	95,076	-
Electrical systems	60,713	51,331	889	-	31,929	209,734	14,008
Freight	238,618	14,009	82,129	-	260,130	748,367	36,936
Security	22,100	3,600	-	-	-	2,533	-
Project expenses:							
Food	3,277,081	8,609	23	-	113,995	1,014,941	968
Nutrition	650,978	-	496,088	-	147,379	1,338,337	19,818
Health	660,117	-	208,800	-	976,862	372,138	15,482
Food security	589,773	13,912	64,184	-	2,051,142	479,726	40,688
Non consumables	2,484,932	1,117,320	297,928	-	906,977	691,809	1,233
Watsan	940,164	463,977	259,572	-	683,253	299,419	27,705
Training	891,421	438,642	328,028	-	732,909	198,921	75,587
Other	308,623	35,605	(249,151)	-	66,708	101,964	13,853
Subcontracts:							
Subcontracts to partners	74,562	(613,570)	204,601	3,297,770	745,802	141,741	-
Network support costs	-	-	-	-	-	-	-
Others:							
Exceptional expenses	2,939	(95,384)	(1,564)	-	1,494	(16,486)	64
<b>TOTAL</b>	<b>\$ 19,732,752</b>	<b>\$ 4,387,288</b>	<b>\$ 4,849,372</b>	<b>\$ 4,140,492</b>	<b>\$ 14,650,788</b>	<b>\$ 16,772,651</b>	<b>\$ 741,250</b>

ACTION AGAINST HUNGER - USA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services (Continued)		Supporting Services				Total Expenses
	Uganda Programs	Total Program Services	Program Support	Management and General	Fundraising	Total Supporting Services	
Personnel:							
US staff	\$ -	\$ 487,779	\$ 1,864,110	\$ 1,976,852	\$ 994,607	\$ 4,835,569	\$ 5,323,348
Other U.S. payroll	276,872	2,249,951	473,455	447,277	993,710	1,914,442	4,164,393
Fringe benefits	143,539	1,852,315	301,037	143,701	165,827	610,565	2,462,880
National field staff	1,672,217	23,375,925	1,219,517	-	-	1,219,517	24,595,442
Office running costs and services:							
Insurance	-	273	-	86,795	-	86,795	87,068
Rent and utilities	151,032	2,124,074	57,320	661,310	-	718,630	2,842,704
Professional fees	41,734	225,569	16,846	108,957	21,348	147,151	372,720
Travel	1,558	344,847	103,942	19,429	(680)	122,691	467,538
Telecommunications	80,525	829,978	21,457	48,448	-	69,905	899,883
Postage and custom fees	3	27,866	1,274	2,588	16,944	20,806	48,672
Finance charges	1,969,098	2,531,989	3,677	91,441	122,924	218,042	2,750,031
Meeting expenses	5,586	11,499	44,861	83,469	5,194	133,524	145,023
Human resources	-	-	29,641	943	23	30,607	30,607
Office equipment and supplies:							
Office supplies	95,689	870,123	53,576	269,432	55,172	378,180	1,248,303
Depreciation and amortization	-	-	-	81,866	-	81,866	81,866
Equipment rental and maintenance	294	10,886	8,049	-	-	8,049	18,935
Public awareness expenses:							
External relations	-	925	-	-	957,560	957,560	958,485
Public information and membership dues	-	-	56,787	51,013	-	107,800	107,800
Project logistics:							
Vehicles	576,292	5,870,980	2,846	-	-	2,846	5,873,826
Radios	-	21,497	-	-	-	-	21,497
Warehouse	23,459	298,580	-	-	-	-	298,580
Electrical systems	7,754	376,358	928	-	-	928	377,286
Freight	62,023	1,442,212	34,172	-	-	34,172	1,476,384
Security	7,087	35,320	-	-	-	-	35,320
Project expenses:							
Food	2,837,284	7,252,901	-	-	-	-	7,252,901
Nutrition	74,704	2,727,304	-	-	-	-	2,727,304
Health	55,752	2,289,151	-	-	-	-	2,289,151
Food security	508,028	3,747,453	-	-	-	-	3,747,453
Non consumables	236,169	5,736,368	-	-	-	-	5,736,368
Watsan	217,535	2,891,625	-	-	-	-	2,891,625
Training	1,368,259	4,033,767	-	-	-	-	4,033,767
Other	122,250	399,852	271,743	1,230	495	273,468	673,320
Subcontracts:							
Subcontracts to partners	-	3,850,906	-	-	-	-	3,850,906
Network support costs	-	-	-	306,337	-	306,337	306,337
Others:							
Exceptional expenses	49,273	(59,664)	(54,287)	(52,383)	-	(106,670)	(166,334)
<b>TOTAL</b>	<b>\$ 10,584,016</b>	<b>\$ 75,858,609</b>	<b>\$ 4,510,951</b>	<b>\$ 4,328,705</b>	<b>\$ 3,333,124</b>	<b>\$ 12,172,780</b>	<b>\$ 88,031,389</b>

## ACTION AGAINST HUNGER - USA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services							
	Cambodia Programs	Ethiopia Programs	Haiti Programs	Kenya Programs	Other Country and Strategic Programs	Somalia Programs	South Sudan Programs	Tanzania Programs
Personnel:								
US staff	\$ 22,885	\$ 3,833	\$ 249	\$ -	\$ 627,265	\$ -	\$ 11,462	\$ (79)
Other U.S. payroll	632	968,121	182,149	69,785	246,242	718,487	1,093,302	23,628
Fringe benefits	81,173	353,800	256,887	4,083	118,691	179,948	644,485	19,076
National field staff	158,500	4,721,006	2,029,950	1,473,863	-	5,139,797	5,047,621	276,777
Office running costs and services:								
Insurance	211	20,398	-	129	-	5,072	-	-
Rent and utilities	17,427	340,149	143,982	63,314	25,557	933,885	432,814	70,766
Professional fees	7,446	34,302	16,962	24,377	-	34,404	22,155	96
Travel	267	-	12,051	10,614	31,457	128,802	175,259	3,223
Telecommunications	2,847	62,751	61,896	239,942	655	177,790	333,539	2,382
Postage and custom fees	108	1,106	-	2,096	-	(2,083)	-	252
Finance charges	2,706	2,913	31,779	12,733	-	221,585	88,269	1,493
Meeting expenses	972	5,015	959	(4,143)	12,285	820	100	12,132
Human resources	-	-	-	-	-	-	-	-
Office equipment and supplies:								
Office supplies	963	202,431	74,529	10,334	4,553	160,512	105,384	13,424
Depreciation and amortization	-	2,448	36,834	-	-	3,589	-	-
Equipment rental and maintenance	20	5,892	164	2,540	-	831	817	-
Public awareness expenses:								
External relations	-	-	-	-	4,450	-	-	-
Public information and membership dues	-	-	-	-	-	-	-	-
Project logistics:								
Vehicles	7,096	1,479,384	742,571	332,836	-	1,036,735	547,233	87,582
Radios	-	9,849	-	-	-	-	3,766	-
Warehouse	-	637,605	21,000	34,175	-	21,995	78,631	176
Electrical systems	-	24,755	17,339	121	-	20,375	99,610	-
Freight	-	129,345	868	25,288	-	319,417	969,979	8,044
Security	-	-	-	-	-	-	588	-
Project expenses:								
Food	-	4,355,395	-	-	-	65,683	1,115,486	415
Nutrition	-	27,369	-	6,995,513	-	409,082	1,375,399	22,793
Health	-	142,575	-	786,189	-	1,695,441	524,955	26,441
Food security	-	415,514	8,259	-	-	1,907,013	78,832	48,846
Non consumables	7,283	2,155,488	691,145	85,251	-	1,224,160	200,801	1,659
Watsan	-	532,669	329,345	217,697	-	722,880	216,809	4,957
Training	67,328	666,889	575,810	266,959	-	658,829	175,514	137,394
Other	20,649	53,378	27,465	(191,644)	784	86,411	39,646	10,717
Subcontracts:								
Subcontracts to partners	-	463,825	945,771	-	2,475,838	110,724	31,028	-
Network support costs	-	-	-	-	-	-	-	-
Others:								
Exceptional expenses	535	18,042	(442,995)	(918)	142	(1)	4,512	(5,854)
<b>TOTAL</b>	<b>\$ 399,048</b>	<b>\$ 17,836,247</b>	<b>\$ 5,764,969</b>	<b>\$ 10,461,134</b>	<b>\$ 3,547,919</b>	<b>\$ 15,982,183</b>	<b>\$ 13,417,996</b>	<b>\$ 766,340</b>

See accompanying notes to financial statements.

ACTION AGAINST HUNGER - USA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services (Continued)		Supporting Services				Total Expenses
	Uganda Programs	Total Program Services	Program Support	Management and General	Fundraising	Total Supporting Services	
Personnel:							
US staff	\$ -	\$ 665,615	\$ 1,892,034	\$ 1,630,548	\$ 693,837	\$ 4,216,419	\$ 4,882,034
Other U.S. payroll	256,815	3,559,161	1,353,534	411,460	849,440	2,614,434	6,173,595
Fringe benefits	137,174	1,795,317	162,023	719,216	89,621	970,860	2,766,177
National field staff	2,000,486	20,848,000	543,375	-	-	543,375	21,391,375
Office running costs and services:							
Insurance	-	25,810	-	75,169	-	75,169	100,979
Rent and utilities	119,764	2,147,658	73,829	635,926	-	709,755	2,857,413
Professional fees	49,222	188,964	42,035	193,879	3,682	239,596	428,560
Travel	4,833	366,506	(340,950)	36,575	2,929	(301,446)	65,060
Telecommunications	71,998	953,800	21,274	55,286	1,156	77,716	1,031,516
Postage and custom fees	-	1,479	2,117	2,013	12,544	16,674	18,153
Finance charges	5,036	366,514	3,500	179,434	62,118	245,052	611,566
Meeting expenses	-	28,140	24,770	47,286	3,173	75,229	103,369
Human resources	-	-	16,435	56,341	-	72,776	72,776
Office equipment and supplies:							
Office supplies	95,471	667,601	96,208	141,876	46,540	284,624	952,225
Depreciation and amortization	-	42,871	-	110,754	-	110,754	153,625
Equipment rental and maintenance	347	10,611	6,952	-	-	6,952	17,563
Public awareness expenses:							
External relations	-	4,450	-	-	1,081,022	1,081,022	1,085,472
Public information and membership dues	-	-	10,763	48,784	-	59,547	59,547
Project logistics:							
Vehicles	543,393	4,776,830	3,754	-	-	3,754	4,780,584
Radios	-	13,615	-	-	-	-	13,615
Warehouse	2,658	796,240	-	-	-	-	796,240
Electrical systems	3,048	165,248	970	-	-	970	166,218
Freight	4,197	1,457,138	7,892	-	-	7,892	1,465,030
Security	171	759	-	-	-	-	759
Project expenses:							
Food	1,414,003	6,950,982	-	-	-	-	6,950,982
Nutrition	868	8,831,024	-	-	-	-	8,831,024
Health	2,493	3,178,094	-	-	-	-	3,178,094
Food security	286,812	2,745,276	-	-	-	-	2,745,276
Non consumables	92,670	4,458,457	-	-	-	-	4,458,457
Watsan	157,923	2,182,280	-	-	-	-	2,182,280
Training	1,137,745	3,686,468	-	-	-	-	3,686,468
Other	79,338	126,744	243,043	-	-	243,043	369,787
Subcontracts:							
Subcontracts to partners	-	4,027,186	-	-	-	-	4,027,186
Network support costs	-	-	-	497,914	-	497,914	497,914
Others:							
Exceptional expenses	(13,633)	(440,170)	9,812	(2,271)	-	7,541	(432,629)
<b>TOTAL</b>	<b>\$ 6,452,832</b>	<b>\$ 74,628,668</b>	<b>\$ 4,173,370</b>	<b>\$ 4,840,190</b>	<b>\$ 2,846,062</b>	<b>\$ 11,859,622</b>	<b>\$ 86,488,290</b>

**ACTION AGAINST HUNGER - USA**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 24,303,635	\$ (9,262,480)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	81,866	153,625
Amortization of right-of-use asset	628,970	628,970
Forgiveness of debt	(1,050,000)	-
(Increase) decrease in:		
Grants receivable	(18,723,593)	17,055,081
Travel advances and other receivables	1,334,597	(2,008,746)
Prepaid expenses and other assets	76,575	(171,806)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,830,633	1,823,235
Due to donors	2,211,113	-
Due to Network	1,208,056	(2,279,864)
Operating lease obligation	<u>(672,535)</u>	<u>(660,063)</u>
Net cash provided by operating activities	<u>12,229,317</u>	<u>5,277,952</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	2,500,000	3,000,000
Payments on line of credit	(2,500,000)	(9,500,000)
Proceeds from note payable	<u>-</u>	<u>1,050,000</u>
Net cash used by financing activities	<u>-</u>	<u>(5,450,000)</u>
Net increase (decrease) in cash and cash equivalents	12,229,317	(172,048)
Cash and cash equivalents at beginning of year	<u>21,810,040</u>	<u>21,982,088</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 34,039,357</u></b>	<b><u>\$ 21,810,040</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest Paid	<b><u>\$ 4,346</u></b>	<b><u>\$ 52,656</u></b>

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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

##### Organization -

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

##### Basis of presentation -

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

Descriptions of the two net asset categories are as follows:

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

##### Cash and cash equivalents -

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

Action Against Hunger - USA had \$3,485,009 and \$1,186,431 of cash and cash equivalents held in foreign countries at December 31, 2021 and 2020, respectively. The majority of funds held in foreign countries are uninsured.

##### Grants receivable -

Grants receivable are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows.

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

Grants receivable (continued) -

The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants revenue.

Conditional promises to give are not included as support until the conditions are substantially met. All receivables are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Travel advances and other receivables -

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

Furniture, equipment, vehicles and leasehold improvements -

Furniture, equipment, vehicles and leasehold improvements with costs in excess of \$5,000 are capitalized and stated at cost. Depreciation and amortization of equipment and furniture at headquarters are depreciated and amortized over three to five years.

Leasehold improvements are amortized over the term of the related leases, or the life of the asset whichever is shorter, using the straight-line method. Equipment (mainly satellite phones, telecom equipment and generators) and vehicles maintained in the field are depreciated over one and two years, respectively.

Furniture, equipment and vehicles purchased with restricted grant funds are recorded as an expense and charged against the grant which provided the funds to purchase the furniture, equipment and vehicles. Management reviews asset carrying amounts of these assets whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statement of Activities, to its current fair value.

Right-of-use asset -

In accordance with ASC 842, the right-of-use asset and related lease obligation is amortized over the lease term on a straight-line basis. As stated in Note 11, amortization of the right-of-use asset is included in rent and utilities expense in the accompanying Statements of Functional Expenses.

Income taxes -

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

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

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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

##### Uncertain tax positions -

For the years ended December 31, 2021 and 2020, Action Against Hunger - USA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

##### Revenue recognition -

###### Grants and contributions -

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

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

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

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

##### Use of estimates -

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

##### Provision for unanticipated losses -

Action Against Hunger - USA has established a provision for unanticipated losses. The provision is to cover expenses that result from programs which Action Against Hunger - USA may maintain for which there is no donor funding as well as potential losses as a result of donor audits, supplier tax liabilities, severance liabilities, bad debt and frozen assets. As of December 31, 2021 and 2020, management has estimated the provision to be \$1,500,000.

##### Foreign currency translation -

The U.S. Dollar ("Dollars") is the functional currency for Action Against Hunger - USA's operations worldwide.

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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

##### Foreign currency translation (continued) -

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

##### In-kind contributions (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, and are valued at their fair value as of the date of the gift.

##### Functional allocation of expenses -

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

##### New accounting pronouncement not yet adopted -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

Action Against Hunger - USA plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

#### 2. GRANTS RECEIVABLE

As of December 31, 2021 and 2020, contributors to Action Against Hunger - USA have made unconditional written promises to give, of which \$73,478,777 and \$54,640,490, respectively, remained due and outstanding. Amounts due beyond one year of the Statements of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 2.15%.

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**2. GRANTS RECEIVABLE (Continued)**

Following is a schedule of amounts due, by year, as of December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Less than one year	\$ 46,274,278	\$ 42,290,424
One to five years	<u>27,204,499</u>	<u>12,350,066</u>
Total	73,478,777	54,640,490
Less: Allowance to discount balance to present value	<u>(697,707)</u>	<u>(583,013)</u>
<b>NET RECEIVABLES</b>	<b><u>\$ 72,781,070</u></b>	<b><u>\$ 54,057,477</u></b>

**3. ACTION AGAINST HUNGER NETWORK**

Action Against Hunger - USA is a member of a network that includes four other international non-governmental organizations headquartered in Paris, Madrid, London and Toronto. The network collaborates to accomplish a worldwide shared mission. Action Against Hunger - USA and the four other members of the network provide inter-organizational program, human resources and logistic support on behalf of their related overseas programs. At December 31, 2021 and 2020, Action Against Hunger - USA has recorded a net balance due to the network of \$4,298,719 and \$3,090,663, respectively.

During 2017, management of Action Against Hunger - USA and the French network member, Action Contre la Faim (ACF-France) implemented a process by which the two organizations exchanged the management and administration, oversight, and financial reporting responsibilities for several field locations in the various countries throughout the world where the Against Against Hunger Network implements programs. These exchanges were a part of the Action Against Hunger Network's global strategy designed to align global operations based on regions. There were no changes in net assets attributable to these exchanges during the year ended December 31, 2021. Changes in net assets attributable to these exchanges amounted to (\$559,077) during the year ended December 31, 2020. The total changes in net assets resulting from the transactions described above have been recorded as "Change in net assets attributable to strategic country exchange/regionalization" in the accompanying Statements of Activities.

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

Furniture, equipment, vehicles and leasehold improvements consisted of the following at December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Furniture	\$ 281,440	\$ 281,440
Equipment	677,363	677,363
Vehicles	1,258,110	1,268,065
Leasehold improvements	292,481	292,481
Landlord construction	<u>1,050,330</u>	<u>1,050,330</u>
	3,559,724	3,569,679
Less: Accumulated depreciation and amortization	<u>(2,822,932)</u>	<u>(2,751,021)</u>
<b>FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET</b>	<b><u>\$ 736,792</u></b>	<b><u>\$ 818,658</u></b>

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

#### 4. FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS (Continued)

Depreciation and amortization expense totaled \$81,866 and \$153,625, for the years ended December 31, 2021 and 2020, respectively.

#### 5. NOTE PAYABLE

In April, 2020 Action Against Hunger - USA received loan proceeds in the amount of \$1,050,000 under the Paycheck Protection Program. The promissory note called for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first seven months.

Action Against Hunger - USA used the loan proceeds for purposes consistent with the Paycheck Protection Program and applied for forgiveness after completing the 24-week period stipulated by the terms of the loan.

Action Against Hunger - USA received full forgiveness from the SBA in August 2021. Accordingly, Action Against Hunger - USA has recorded revenue from forgiveness of debt in the amount of \$1,050,000 in the accompanying Statement of Activities.

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

Action Against Hunger - USA has access to a \$7,000,000 bank line of credit bearing interest at a per annum rate equal to two percent (2.00%) above the Prime Rate. There was no outstanding balance on the line of credit as of December 31, 2021 and December 31, 2020. The line of credit is collateralized by substantially all property of Action Against Hunger - USA, including its bank accounts, receivables and equipment. The line of credit has been renewed through October 31, 2022.

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

#### 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Ethiopia Programs	\$ 17,908,757	\$ 8,158,530
Haiti Programs	10,574,572	5,204,293
Kenya Programs	1,012,807	3,336,008
Other Country and Strategic Programs	6,832,941	8,295,824
Somalia Programs	7,466,792	4,893,557
South Sudan Programs	14,002,529	6,799,045
Tanzania Programs	170,534	673,817
Uganda Programs	<u>11,964,174</u>	<u>12,663,536</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 69,933,106</u></b>	<b><u>\$ 50,024,610</u></b>

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

The following is a summary of net assets which were released from donor restrictions by incurring expenses (or through other adjustments), which satisfied the donor-specified restrictions at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purpose restrictions accomplished:		
Cambodia Programs	\$ -	\$ 231,451
Ethiopia Programs	17,765,936	13,611,120
Haiti Programs	6,280,321	6,329,142
Kenya Programs	3,020,424	10,203,183
Other Country and Strategic Programs	4,330,928	4,907,590
Somalia Programs	13,942,028	15,236,251
South Sudan Programs	14,848,143	10,450,801
Tanzania Programs	633,360	456,722
Uganda Programs	<u>7,817,778</u>	<u>5,268,715</u>
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b><u>\$ 68,638,918</u></b>	<b><u>\$ 66,694,975</u></b>

**8. DESIGNATED NET ASSETS**

At December 31, 2021 and 2020, 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, 2021 and 2020 totaled \$450,000 and \$450,000, respectively.

**Management Designated:** The Finance Committee of the Board of Directors approved management's proposal 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, 2021 and 2020 totaled \$310,000 and \$310,000, respectively.

**9. LIQUIDITY AND AVAILABILITY**

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 34,039,357	\$ 21,810,040
Grants receivable	72,781,070	54,057,477
Travel advances and other receivables	<u>1,528,942</u>	<u>2,863,539</u>
Subtotal financial assets available within one year	108,349,369	78,731,056
Less: Donor restricted funds	(69,933,106)	(50,024,610)
Less: Board designated funds	<u>(760,000)</u>	<u>(760,000)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 37,656,263</u></b>	<b><u>\$ 27,946,446</u></b>

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

#### 9. LIQUIDITY AND AVAILABILITY (Continued)

Action Against Hunger - USA has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2021 and 2020 Action Against Hunger - USA had financial assets equal to approximately five and four months of operating expenses (including programmatic expenses), respectively. In addition, Action Against Hunger - USA has a line of credit agreement (as further discussed in Note 6) which allows for additional available borrowings up to \$7,000,000.

#### 10. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following at December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Project expenses (food, transportation and medical supplies):		
Ethiopia Programs	\$ 2,815,714	\$ 4,300,769
Somalia Programs	574,790	1,171,631
South Sudan Programs	2,602,081	2,884,431
Uganda Programs	<u>2,870,368</u>	<u>1,413,979</u>
Subtotal	8,862,953	9,770,810
Public information and education, including fundraising	<u>471,573</u>	<u>614,063</u>
<b>TOTAL IN-KIND CONTRIBUTIONS</b>	<b><u>\$ 9,334,526</u></b>	<b><u>\$ 10,384,873</u></b>

#### 11. LEASE COMMITMENTS

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

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

The right-of-use asset and the operating lease liability are being amortized over the life of the lease agreement. As of December 31, 2021 and 2020, the unamortized right-of-use asset was \$5,660,730 and \$6,289,700, respectively and the unamortized operating lease liability was \$7,076,673 and \$7,749,208, respectively. The lease cost, including imputed interest and amortization of the right-of-use asset for the years ended December 31, 2021 and 2020 was \$667,775 and \$651,392, respectively.

The right-of-use asset at December 31, 2021 and 2020 is lower than the corresponding liability because the right-of-use asset was amortized for several months during 2015; however no lease payments were made during 2015.

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
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**11. LEASE COMMITMENTS (Continued)**

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

Subsequent to year end, on March 10, 2022, Action Against Hunger - USA entered into a new lease for office space in Washington DC., expiring on April 30, 2028.

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

**Year Ending December 31,**

2022	\$ 754,933
2023	819,625
2024	929,247
2025	1,042,518
2026	1,063,378
Thereafter	<u>3,735,540</u>
	<b><u>\$ 8,345,241</u></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. For the years ended December 31, 2021 and 2020, total contributions to the Plan were \$140,153 and \$153,115, respectively.

**13. CONTINGENCIES**

U.S. Government awards -

Action Against Hunger - USA receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2021.

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
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**13. CONTINGENCIES (Continued)**

U.S. Government awards (continued) -

Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Foreign Government, International Organization and Other Grantor awards -

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

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

Foreign operations -

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

As of December 31, 2021 and 2020, Action Against Hunger - USA had cash, property, and equipment and receivables in various countries in Africa and Asia, totaling approximately \$4,300,000 and \$1,500,000, which represents approximately 3.77% and 1.76% of Action Against Hunger - USA's total assets as of December 31, 2021 and 2020, respectively.

**14. SUBSEQUENT EVENTS**

In preparing these financial statements, Action Against Hunger - USA has evaluated events and transactions for potential recognition or disclosure through September 27, 2022, the date the financial statements were issued.