FINANCIAL STATEMENTS

ACTION AGAINST HUNGER - USA

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

ACTION AGAINST HUNGER - USA

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Action Against Hunger - USA, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Action Against Hunger - USA as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

July 28, 2014

EXHIBIT A

ACTION AGAINST HUNGER - USA

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash and cash equivalents (Note 2):		
Headquarters	$ 4,190,942	$ 2,810,488
Field offices	998,242	1,276,043
Total cash and cash equivalents	5,189,184	4,086,531
Grants receivable (Note 3)	32,348,127	27,865,777
Travel advances and other receivables	2,012,613	1,733,949
Prepaid expenses	168,397	76,252
Program advances to network (Note 4)	75,694	1,007,844
Total current assets	39,794,015	34,770,353
FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET (Note 5)	166,753	335,238
OTHER ASSETS		
Grants receivable, net of current portion (Note 3)	23,386,021	9,887,069
Deposits	61,922	61,463
Total other assets	23,447,943	9,948,532
TOTAL ASSETS	**$63,408,711**	**$45,054,123**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 2,295,394	$ 1,655,839
Provision for unanticipated losses	400,000	647,745
Due to network (Note 4)	1,622,978	1,422,926
Total current liabilities	4,318,372	3,726,510
NET ASSETS		
Unrestricted:		
Undesignated	3,086,426	2,904,122
Designated (Note 9)	250,000	203,000
Total unrestricted net assets	3,336,426	3,107,122
Temporarily restricted (Note 6)	55,753,913	38,220,491
Total net assets	59,090,339	41,327,613
TOTAL LIABILITIES AND NET ASSETS	**$63,408,711**	**$45,054,123**

See accompanying notes to financial statements.

ACTION AGAINST HUNGER - USA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contributions	$ 4,946,440	$ 712,649	$ 5,659,089
Grants (Notes 7 and 14):			
U.S. Government	-	1,742,324	1,742,324
Non-U.S. Government	-	66,268,710	66,268,710
In-kind contributions (Note 10)	3,148,731	-	3,148,731
Interest	481	-	481
Other	565,555	5,086	570,641
Net assets released from donor restrictions (Note 8)	48,276,301	(48,276,301)	-
Total revenue and support	56,937,508	20,452,468	77,389,976
EXPENSES			
Program Services:			
Democratic Republic of Congo Programs	12,243,993	-	12,243,993
Kenya Programs	4,981,804	-	4,981,804
South Sudan Programs	7,132,135	-	7,132,135
Uganda Programs	4,494,316	-	4,494,316
Pakistan Programs	10,293,940	-	10,293,940
Nigeria Programs	4,261,770	-	4,261,770
Cambodia Programs	47,234	-	47,234
Other Field Strategic Programs	2,420,090	-	2,420,090
Programs Sub-contracted to Network:			
Somalia Programs	38,475	-	38,475
Haiti Programs	48,013	-	48,013
Niger Programs	-	-	-
Indonesia Programs	-	-	-
Guinea Programs	-	-	-
Philippines Programs	545,000	-	545,000
Mali Programs	273,868	-	273,868
Ethiopia Programs	541,581	-	541,581
Mauritania Programs	1,187,228	-	1,187,228
Liberia Programs	26,857	-	26,857
Total program services	48,536,304	-	48,536,304
Supporting Services:			
Program Support	3,425,899	-	3,425,899
Management and General	2,617,878	-	2,617,878
Fundraising	1,583,901	-	1,583,901
Total supporting services	7,627,678	-	7,627,678
Public Information Campaign	563,765	-	563,765
Total expenses	56,727,747	-	56,727,747
Changes in net assets before other items	209,761	20,452,468	20,662,229
OTHER ITEMS			
Provision for unanticipated losses	80,656	-	80,656
Exchange (loss) gain	(61,113)	467,557	406,444
De-obligated awards and funds returned to donors	-	(3,386,603)	(3,386,603)
CHANGES IN NET ASSETS	**$ 229,304**	**$17,533,422**	**$17,762,726**

See accompanying notes to financial statements.

2012		
Unrestricted	**Temporarily Restricted**	**Total**
$ 4,058,022	$ 7,933	$ 4,065,955
-	6,800,592	6,800,592
-	49,288,003	49,288,003
3,392,103	-	3,392,103
2,700	-	2,700
672,123	-	672,123
42,792,765	(42,792,765)	-
50,917,713	13,303,763	64,221,476
11,868,851	-	11,868,851
6,079,363	-	6,079,363
7,147,202	-	7,147,202
4,639,691	-	4,639,691
9,254,692	-	9,254,692
2,702,047	-	2,702,047
9,438	-	9,438
477,734	-	477,734
374,071	-	374,071
-	-	-
450,589	-	450,589
161,387	-	161,387
267,827	-	267,827
50,000	-	50,000
333,822	-	333,822
117,763	-	117,763
120,441	-	120,441
51,118	-	51,118
44,106,036	-	44,106,036
3,171,711	-	3,171,711
3,014,195	-	3,014,195
1,114,253	-	1,114,253
7,300,159	-	7,300,159
369,236	-	369,236
51,775,431	-	51,775,431
(857,718)	13,303,763	12,446,045
(16,865)	-	(16,865)
214,290	(347,562)	(133,272)
-	(922,172)	(922,172)
$ (660,293)	**$12,034,029**	**$11,373,736**

See accompanying notes to financial statements.

ACTION AGAINST HUNGER - USA

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Unrestricted						
		Management Designated (Note 9)	Board Designated (Note 9)				
	Undesignated	Program Development	Emergency Fund	Total Designated	Total Unrestricted	Temporarily Restricted	Total
Net assets at December 31, 2011	$3,567,415	$ 97,000	$103,000	$200,000	$3,767,415	$26,186,462	$29,953,877
Changes in net assets	(660,293)	-	-	-	(660,293)	12,034,029	11,373,736
Transfer	(3,000)	3,000	-	3,000	-	-	-
Net assets at December 31, 2012	2,904,122	100,000	103,000	203,000	3,107,122	38,220,491	41,327,613
Changes in net assets	229,304	-	-	-	229,304	17,533,422	17,762,726
Transfer	(47,000)	-	47,000	47,000	-	-	-
NET ASSETS AT DECEMBER 31, 2013	**$3,086,426**	**$100,000**	**$150,000**	**$250,000**	**$3,336,426**	**$55,753,913**	**$59,090,339**

See accompanying notes to financial statements.

ACTION AGAINST HUNGER - USA

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

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

See accompanying notes to financial statements.

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

See accompanying notes to financial statements.

ACTION AGAINST HUNGER - USA

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

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

See accompanying notes to financial statements.

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

See accompanying notes to financial statements.

ACTION AGAINST HUNGER - USA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 17,762,726	$ 11,373,736
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	233,249	253,471
(Increase) decrease in:		
Grants receivable	(17,981,302)	(12,746,803)
Travel advances and other receivables	(278,664)	(972,474)
Prepaid expenses	(92,145)	(10,643)
Program advances to network	932,150	926,245
Deposits	(459)	(387)
Increase (decrease) in:		
Accounts payable and accrued expenses	639,555	275,876
Provision for unanticipated losses	(247,745)	(87,255)
Due to network	200,052	(429,201)
Net cash provided (used) by operating activities	1,167,417	(1,417,435)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, equipment, vehicles and leasehold improvements	(64,764)	(330,989)
Net cash used by investing activities	(64,764)	(330,989)
Net increase (decrease) in cash and cash equivalents	1,102,653	(1,748,424)
Cash and cash equivalents at beginning of year	4,086,531	5,834,955
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 5,189,184**	**$ 4,086,531**

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

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

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

Action Against Hunger - USA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Advances and other receivables -

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

Grants receivable -

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

Furniture, equipment, vehicles and leasehold improvements -

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

Depreciation and amortization of equipment and furniture at headquarters are depreciated and amortized over three and five years, respectively. Leasehold improvements are amortized over the term of the related leases, or the life of the asset whichever is shorter, using the straight-line method.

Equipment (mainly satellite phones, telecom equipment and generators) and vehicles maintained in the field are depreciated over one and two years, respectively.

Furniture, equipment and vehicles purchased with restricted grant funds are recorded as an expense and charged against the grant which provided the funds to purchase the furniture, equipment and vehicles.

Income taxes -

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

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

Income taxes (continued) -

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

Uncertain tax positions -

For the years ended December 31, 2013 and 2012, Action Against Hunger - USA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

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

Net asset classification -

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

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

Contributions and grants -

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

Use of estimates -

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

Provision for unanticipated losses -

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

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

Foreign currency translation -

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

Current assets, current liabilities and temporarily restricted net assets denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the Statements of Financial Position.

Currency gains and losses from translation are recorded as another item in the accompanying Statements of Activities.

Donated goods and services -

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

In addition, during 2013 and 2012, Action Against Hunger - USA received significant in-kind contributions for a public awareness campaign.

All in-kind donations are recorded at their fair value on the date of donation (see Note 10).

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. CONCENTRATION OF CREDIT RISK

Action Against Hunger - USA maintains a portion of its cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, Action Against Hunger - USA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Action Against Hunger - USA also maintains cash balances at financial institutions in foreign countries. Action Against Hunger - USA had $998,242 and $1,276,043 of cash and cash equivalents held in foreign countries at December 31, 2013 and 2012, respectively. The majority of these funds are uninsured.

3. GRANTS RECEIVABLE

Grants receivable consisted of the following at December 31, 2013 and 2012:

	2013	2012
European Community Humanitarian Organization	$ 9,025,710	$ 5,547,262
European Union	10,981,546	130,371
U.S. Agency for International Development	1,877,230	4,891,837
U.S. Centers for Disease Control	-	563,965
UNDP	1,538,240	2,554,661
UNICEF	1,170,618	2,335,512
World Food Program	2,238,853	1,742,692
Other United Nations Agencies	162,734	1,292,066
DFID/Overseas Development	23,234,613	14,094,140
CIDA/DFATD	1,028,585	852,635
Swiss Government	558,919	5,263
NGOs	34,428	7,932
Corporations	500,000	459,000
Individuals	-	250,799
Foundations	1,526,242	849,997
The Swedish Cooperation	77,201	-
Catalan Development Agency	80,859	125,260
Norwegian Government	1,441,450	1,611,000
French Government	-	356,805
Other partner organizations	256,920	81,649
TOTAL GRANTS RECEIVABLE	**$55,734,148**	**$37,752,846**

Following is a schedule, by year, of maturities of grants receivable at December 31, 2013 and 2012:

	2013	2012
Less than one year	$32,348,127	$27,865,777
One to five years	24,186,907	10,182,262
Total	56,535,034	38,048,039
Less: Allowance to discount balance to present value	(800,886)	(295,193)
GRANTS RECEIVABLE	**$55,734,148**	**$37,752,846**

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.

4. ACTION AGAINST HUNGER NETWORK (Continued)

At December 31, 2013 and 2012, Action Against Hunger - USA owed the network $1,622,978 and $1,422,926, respectively.

At December 31, 2013 and 2012, Action Against Hunger - USA advanced funds to the network for sub-contracted programs in the amounts of $75,694 and $1,007,844, respectively.

5. FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS

Furniture, equipment, vehicles and leasehold improvements consisted of the following at December 31, 2013 and 2012:

	2013	2012
Furniture	$ 44,861	$ 44,861
Equipment	538,685	512,272
Vehicles	1,116,759	1,340,905
Leasehold improvements	81,317	50,817
	1,781,622	1,948,855
Less: Accumulated depreciation and amortization	(1,614,869)	(1,613,617)
FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET	**$ 166,753**	**$ 335,238**

Depreciation and amortization expense totaled $233,249 and $253,471, for the years ended December 31, 2013 and 2012, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2013 and 2012, temporarily restricted net assets consisted of the following:

	2013	2012
Haiti Programs:		
Private ACF-US	$ -	$ 48,013
Canada Programs:		
U.S. Agency for International Development	766,422	263,805
Mauritania Programs:		
U.S. Agency for International Development/Office of Foreign Disaster Assistance	-	1,262,265
Mali Programs:		
U.S. Agency for International Development/Office of Foreign Disaster Assistance	-	289,712

6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

	2013	2012
Philippines Programs:		
Corporations and Private (PENTAIR)	$ 50,000	$ -
Kenya Programs:		
U.S. Agency for International Development/Office of Foreign Disaster Assistance	-	234,215
UNICEF	790,512	1,714,702
European Community Humanitarian Organization	988,254	422,900
Private ACF – FR	-	360,908
Various Foundations (HGBF + CW)	107,421	-
Uganda Programs:		
World Food Program	583,429	571,156
UNICEF	-	1,428
European Community Humanitarian Organization	-	344,536
Royal Norwegian Embassy	1,827,839	2,586,716
Pakistan Programs:		
Royal Norwegian Embassy	1,054,272	17,266
European Community Humanitarian Organization	5,958,193	3,561,821
European Commission - B1 (FOOD SEC)	11,156,708	-
World Bank	-	152,205
UNICEF	51,541	55,088
Catalan Development Agency	-	48,933
South Sudan Programs:		
European Community Humanitarian Organization	789,553	374,486
U.S. Agency for International Development/Office of Foreign Disaster Assistance	-	369,195
UNICEF	229,364	92,849
United Nations	834,954	1,404,578
French Government	252,138	-
Swiss Government	586,336	-
Democratic Republic of Congo Programs:		
U.S. Agency for International Development/ Office of Foreign Disaster Assistance	-	870,718
U.S. Centers for Disease Control	-	347,520
European Community Humanitarian Organization	229,994	689,230
UNICEF	-	193,050
UNDP	1,556,624	1,903,905
Canadian Government	494,813	618,114
DFID/Overseas Development	10,746,297	6,913,076
French Government	-	249,010
Private ACF-US	-	235,106
Corporations and Private (PENTAIR)	250,000	644,572

6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

	2013	2012
Nigeria Programs:		
European Community Humanitarian Organization	$ 742,630	$ 1,447,456
DFID/Overseas Development	12,536,466	6,879,137
Foundations (CIFF)	2,395,721	-
Somalia Programs:		
Corporations (Coppel)	-	38,456
Ethiopia Programs:		
Foundations (CW)	-	582,230
Other Strategic Programs:		
U.S. Agency for International Development	352,992	1,278,822
UNICEF	204,261	-
Canadian Government	105,987	371,936
Corporations and Private (PENTAIR)	44,135	762,326
Corporations and Private (VISA and OXFAM)	67,057	19,050
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$55,753,913**	**$38,220,491**

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 2013 and 2012:

	2013	2012
U.S. Government Grants:		
U.S. Agency for International Development/ Office of Foreign Disaster Assistance:		
South Sudan	$ 500,000	$ 1,000,000
Democratic Republic of Congo Programs	-	1,240,000
Mali	-	150,027
Kenya	52,452	277,760
Canada Smart Programs	889,872	-
US Calp Project	300,000	1,456,561
Mauritania	-	1,384,119
U.S. Centers for Disease Control:		
Democratic Republic of Congo Programs	-	1,292,125
TOTAL U.S. GOVERNMENT GRANTS	**$ 1,742,324**	**$ 6,800,592**

7. GRANTS (Continued)

	2013	2012
Non-U.S. Government Grants:		
South Sudan Programs:		
European Community Humanitarian Organization	$ 2,707,784	$ 2,644,799
United Nations	2,516,487	2,645,000
UNICEF	306,264	587,845
French Government	332,750	-
Swiss Government	925,023	381,324
Foundations (FEWSNET)	-	14,550
Uganda Programs:		
European Community Humanitarian Organization	141,986	910,639
World Food Program	3,109,334	2,878,826
Royal Norwegian Embassy	2,065,800	-
Various Foundations (HGBF)	-	160,000
Private Hynes	-	25,000
Democratic Republic of Congo Programs:		
UNICEF	-	700,000
UNDP	3,520,321	5,732,663
United Nations	-	2,500
European Community Humanitarian Organization	821,353	1,215,795
DFID	7,257,984	7,105,027
French Government	-	350,298
Canadian Government	1,427,072	1,106,707
Various Foundations	-	1,058,357
Private grant (PENTAIR)	250,000	-
Kenya Programs:		
European Community Humanitarian Organization	1,436,757	626,300
UNICEF	1,864,000	2,417,416
Private Donations from ACFIN	-	1,079,781
Foundations (Charity Water)	800,000	135,758
Pakistan Programs:		
European Community Humanitarian Organization	8,450,916	7,308,951
European Commission – B1 (FOOD SEC)	13,407,341	-
Royal Norwegian Embassy	1,476,610	17,464
World Food Program	599,875	-
United Nations	-	58,553
UNICEF	274,492	93,026
Catalan Development Agency	-	125,260

7. GRANTS (Continued)

	2013	2012
Non-U.S. Government Grants (Continued):		
Nigeria Programs:		
Foundations (CIFF)	$ 2,973,116	$ -
European Community Humanitarian Organization	1,187,009	2,004,161
DFID/Overseas Development	7,911,852	7,148,462
Strategic Programs:		
UNICEF Rapid Response Team	334,000	-
Visa CALP	75,159	300,000
OXFAM (Training Center)	77,201	14,435
Nairobi Training/Log Center – other NGO	-	19,050
Nairobi Training/Log Center – private funding	18,224	11,380
Canadian Government (Calp Project)	-	408,676
TOTAL NON-U.S. GOVERNMENT GRANTS	**$ 66,268,710**	**$ 49,288,003**

8. NET ASSETS RELEASED FROM RESTRICTIONS

The following is a summary of net assets which were released from donor restrictions by incurring expenses, which satisfied the donor-specified restrictions at December 31, 2013 and 2012:

	2013	2012
Democratic Republic of Congo Programs	$ 12,527,883	$ 11,269,166
Kenya Programs	5,260,132	6,440,901
South Sudan Programs	6,257,369	6,084,675
Uganda Programs	4,611,624	4,748,067
Pakistan Programs	9,652,035	8,955,373
Nigeria Programs	4,509,946	2,821,366
Ethiopia Programs	541,581	117,863
Haiti Programs	48,013	-
Canada Programs	393,458	281,510
Niger Programs	-	464,318
Mauritania Programs	1,243,342	121,854
Somalia Programs	38,456	374,130
Guinea Programs	-	277,007
Indonesia Programs	-	179,857
Philippines Programs	668,640	50,000
Liberia Programs	29,841	-
Mali Programs	255,472	337,737
Other Strategic Programs	2,238,509	268,941
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**$ 48,276,301**	**$ 42,792,765**

9. DESIGNATED NET ASSETS

At December 31, 2013 and 2012, 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, 2013 and 2012 totaled $150,000 and $103,000, respectively.

Management Designated:

- The Finance Committee of the Board of Directors approved management's proposal to allocate $250,000 out of the 2008 surplus to create a "Program Development Fund" which may be replenished periodically. The purpose of the Program Development Fund was to create a funding source for exploratory missions. The balance of the Program Development Fund at December 31, 2013 and 2012 totaled $100,000.

10. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following at December 31, 2013 and 2012:

	2013	2012
Program supplies (food, transportation and medical supplies)	$2,610,292	$2,927,922
Public Information Campaign	497,833	369,236
Fundraising expenses	40,606	94,945
TOTAL IN-KIND CONTRIBUTIONS	**$3,148,731**	**$3,392,103**

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, 2013 and 2012 was $265,949 and $254,722, respectively.

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

Year Ending December 31,	
2014	$ 268,445
2015	275,156
2016	92,756
	$ 636,357

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, 2013 and 2012, were $118,883 and $0, respectively.

13. LINE OF CREDIT

On July 8 2013, Action Against Hunger - USA entered into a bank line of credit bearing interest at a per annum rate equal to two percent (2.00%) above the LIBOR Rate. Credit available under the line of credit was $2,000,000 at December 31, 2013. There was no outstanding balance on the line of credit at December 31, 2013. The line of credit is collateralized by grants receivable of Action Against Hunger that are less than 90 days agreed. The line of credit has been renewed through September 12, 2014.

14. CONTINGENCIES

U.S. Government awards –

The grants Action Against Hunger - USA receives from the United States Government are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under the U.S. Government grants is based upon the allowance of costs reported to and accepted by the U.S. Government as a result of the audits. Audits in accordance with the provisions of OMB Circular A-133 have been completed for all required fiscal years through 2013. Until such audits have been accepted by the U.S. Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Foreign operations –

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

As of December 31, 2013 and 2012, Action Against Hunger - USA had cash, property and equipment and receivables in various countries in Africa and Asia, totaling approximately $2,200,000 and $4,020,000, which represents approximately 3.5% and 9% of Action Against Hunger - USA's total assets as of December 31, 2013 and 2012, respectively.

15. SUBSEQUENT EVENTS

In preparing these financial statements, Action Against Hunger - USA has evaluated events and transactions for potential recognition or disclosure through July 28, 2014, the date the financial statements were issued.