

FINANCIAL STATEMENTS



ACTION AGAINST HUNGER - USA

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

ACTION AGAINST HUNGER - USA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Action Against Hunger - USA
Washington, D.C.

We have audited the accompanying financial statements of the Action Against Hunger - USA, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Action Against Hunger - USA as of December 31, 2017 and 2016, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

October 31, 2018

ACTION AGAINST HUNGER - USA

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents (Note 2):		
Headquarters	\$ 13,738,416	\$ 5,973,494
Field offices	<u>2,723,194</u>	<u>522,657</u>
Total cash and cash equivalents	16,461,610	6,496,151
Grants receivable (Note 3)	73,644,893	48,313,234
Travel advances and other receivables	3,129,551	1,354,015
Prepaid expenses	167,240	198,889
Program advances to network (Note 4)	835,477	775,491
Deposits	2,250	2,250
Furniture, equipment, vehicles and leasehold improvements, net (Note 5)	1,388,051	1,576,620
Right-of-use asset, net (Note 11)	<u>9,062,292</u>	<u>9,759,392</u>
TOTAL ASSETS	<u>\$ 104,691,364</u>	<u>\$ 68,476,042</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 4,619,575	\$ 1,891,881
Provision for unanticipated loss	883,100	692,579
Due to Network (Note 4)	9,791,597	1,939,662
Operating lease obligation (Note 11)	9,631,916	10,194,953
Deferred rent (landlord construction), net (Note 11)	<u>885,683</u>	<u>953,813</u>
Total liabilities	<u>25,811,871</u>	<u>15,672,888</u>

NET ASSETS

Undesignated	9,351,139	3,619,727
Designated (Note 9)	<u>760,000</u>	<u>760,000</u>
Total unrestricted net assets	10,111,139	4,379,727
Temporarily restricted (Note 6)	<u>68,768,354</u>	<u>48,423,427</u>
Total net assets	<u>78,879,493</u>	<u>52,803,154</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 104,691,364</u>	<u>\$ 68,476,042</u>

ACTION AGAINST HUNGER - USA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Contributions	\$ 8,703,165	\$ 88,355	\$ 8,791,520
Special events, net	1,013,236	-	1,013,236
Grants (Notes 7 and 15):			
U.S. Government	-	37,908,541	37,908,541
Non-U.S. Government	-	72,361,196	72,361,196
In-kind contributions (Note 10)	52,572,009	-	52,572,009
Interest income	245	-	245
Other revenue	120,014	-	120,014
Net assets released from donor restrictions (Note 8)	<u>101,484,651</u>	<u>(101,484,651)</u>	<u>-</u>
Total revenue	<u>163,893,320</u>	<u>8,873,441</u>	<u>172,766,761</u>
EXPENSES			
Program Services:			
Democratic Republic of Congo Programs	4,590,566	-	4,590,566
Kenya Programs	2,573,979	-	2,573,979
South Sudan Programs	11,003,790	-	11,003,790
Uganda Programs	5,191,124	-	5,191,124
Pakistan Programs	4,612,946	-	4,612,946
Nigeria Programs	90,242,269	-	90,242,269
Tanzania Programs	74,607	-	74,607
Cambodia Programs	855,339	-	855,339
Haiti Programs	14,016,345	-	14,016,345
Somalia Programs	9,712,155	-	9,712,155
Other Country and Strategic Programs	3,887,502	-	3,887,502
Programs Sub-contracted to Network:			
Mauritania Programs	641,545	-	641,545
Sierra Leone Programs	<u>48,972</u>	<u>-</u>	<u>48,972</u>
Total program services	<u>147,451,139</u>	<u>-</u>	<u>147,451,139</u>
Supporting Services:			
Program Support	4,396,025	-	4,396,025
Management and General	4,038,224	-	4,038,224
Fundraising	<u>1,885,004</u>	<u>-</u>	<u>1,885,004</u>
Total supporting services	<u>10,319,253</u>	<u>-</u>	<u>10,319,253</u>
Total expenses	<u>157,770,392</u>	<u>-</u>	<u>157,770,392</u>
Changes in net assets before other items	6,122,928	8,873,441	14,996,369
OTHER ITEMS			
Change in net assets attributable to country swap (Note 4)	-	10,888,333	10,888,333
Provision for indirect cost sharing (Note 4)	(601,000)	-	(601,000)
Provision for unanticipated losses	(190,521)	-	(190,521)
Exchange gain	400,005	1,482,465	1,882,470
De-obligated awards and funds returned to donors	<u>-</u>	<u>(899,312)</u>	<u>(899,312)</u>
CHANGES IN NET ASSETS	<u>\$ 5,731,412</u>	<u>\$ 20,344,927</u>	<u>\$ 26,076,339</u>

ACTION AGAINST HUNGER - USA

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2016		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Contributions	\$ 5,902,476	\$ 120,028	\$ 6,022,504
Special events, net	1,274,754	-	1,274,754
Grants (Notes 7 and 15):			
U.S. Government	-	20,713,843	20,713,843
Non-U.S. Government	-	38,043,401	38,043,401
In-kind contributions (Note 10)	3,067,299	-	3,067,299
Interest	378	-	378
Other revenue	45,859	-	45,859
Net assets released from donor restrictions (Note 8)	<u>56,499,012</u>	<u>(56,499,012)</u>	<u>-</u>
Total revenue	<u>66,789,778</u>	<u>2,378,260</u>	<u>69,168,038</u>
EXPENSES			
Program Services:			
Democratic Republic of Congo Programs	6,952,274	-	6,952,274
Kenya Programs	2,017,388	-	2,017,388
South Sudan Programs	9,525,073	-	9,525,073
Uganda Programs	3,113,565	-	3,113,565
Pakistan Programs	7,503,715	-	7,503,715
Nigeria Programs	17,073,832	-	17,073,832
Tanzania Programs	48,855	-	48,855
Cambodia Programs	666,829	-	666,829
Other Country and Strategic Programs	4,618,613	-	4,618,613
Programs Sub-contracted to Network:			
Syria Programs	517,451	-	517,451
Senegal Programs	679,483	-	679,483
Haiti Programs	45,450	-	45,450
Niger Programs	1,501,006	-	1,501,006
Nepal Programs	1,439	-	1,439
Mali Programs	964,125	-	964,125
Mauritania Programs	1,343,741	-	1,343,741
Sierra Leone Programs	343,352	-	343,352
Madagascar Programs	540	-	540
Ethiopia Programs	900	-	900
Iraq Programs	540	-	540
Yemen Programs	91	-	91
Total program services	<u>56,918,262</u>	<u>-</u>	<u>56,918,262</u>
Supporting Services:			
Program Support	3,984,091	-	3,984,091
Management and General	3,081,483	-	3,081,483
Fundraising	<u>1,705,710</u>	<u>-</u>	<u>1,705,710</u>
Total supporting services	<u>8,771,284</u>	<u>-</u>	<u>8,771,284</u>
Total expenses	<u>65,689,546</u>	<u>-</u>	<u>65,689,546</u>
Changes in net assets before other items	1,100,232	2,378,260	3,478,492
OTHER ITEMS			
Provision for unanticipated losses	86,970	-	86,970
Exchange loss	(916,981)	(2,727,737)	(3,644,718)
De-obligated awards and funds returned to donors	<u>-</u>	<u>(512,710)</u>	<u>(512,710)</u>
CHANGES IN NET ASSETS	<u>\$ 270,221</u>	<u>\$ (862,187)</u>	<u>\$ (591,966)</u>

ACTION AGAINST HUNGER - USA

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Unrestricted</u>						
	<u>Undesignated</u>	<u>Management Designated Program Development</u>	<u>Board Designated Emergency Fund</u>	<u>Total Designated</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets at December 31, 2015	\$ 3,349,506	\$ 310,000	\$ 450,000	\$ 760,000	\$ 4,109,506	\$ 49,285,614	\$ 53,395,120
Changes in net assets	<u>270,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,221</u>	<u>(862,187)</u>	<u>(591,966)</u>
Net assets at December 31, 2016	3,619,727	310,000	450,000	760,000	4,379,727	48,423,427	52,803,154
Changes in net assets	<u>5,731,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,731,412</u>	<u>20,344,927</u>	<u>26,076,339</u>
NET ASSETS AT DECEMBER 31, 2017	<u>\$ 9,351,139</u>	<u>\$ 310,000</u>	<u>\$ 450,000</u>	<u>\$ 760,000</u>	<u>\$ 10,111,139</u>	<u>\$ 68,768,354</u>	<u>\$ 78,879,493</u>

See accompanying notes to financial statements.

ACTION AGAINST HUNGER - USA

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services							
	Democratic Republic of							
	Congo	Kenya	South Sudan	Uganda	Pakistan	Nigeria	Tanzania	Cambodia
	Programs	Programs	Programs	Programs	Programs	Programs	Programs	Programs
Personnel:								
US staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,959	\$ -	\$ 64,777
Other U.S. payroll	307,354	67,760	1,068,446	301,125	115,226	1,646,992	51,065	12
Fringe benefits	196,055	17,036	868,472	153,281	74,717	1,577,533	18,224	75,542
National Field Staff	1,298,351	1,293,563	2,898,291	1,191,635	2,282,816	5,138,185	-	292,143
Office running costs and services:								
Insurance	1,448	(577)	-	-	-	-	-	242
Rent and utilities	85,116	126,582	474,295	106,066	155,151	523,043	868	20,284
Professional fees	48,540	2,080	52,074	45,803	1,427	32,700	1,112	503
Travel	80,871	5,186	276,253	36,355	47,653	223,269	3,398	10,820
Telecommunications	73,204	25,838	151,308	42,473	18,569	208,776	56	4,583
Postage and custom fees	4,162	631	7,150	43	18,186	12,741	150	78
Finance charges	47,857	7,770	133,839	21,828	18,429	666,643	17	49,114
Meeting expenses	919	-	2,017	2,937	5,625	1,048	8	813
Human resources	-	-	-	-	-	-	-	-
Office equipment and supplies:								
Office supplies	87,583	45,312	149,590	108,734	36,372	762,292	10	8,534
Depreciation and amortization	26,444	-	-	-	-	15,593	-	-
Equipment rental and maintenance	7,560	661	240	2,397	569	8,923	-	295
Public awareness expenses:								
Fundraising expense	-	-	-	-	-	-	-	-
Project logistics:								
Vehicles	470,235	283,373	739,837	327,617	480,731	2,558,438	358	25,524
Radios	5,456	-	36,633	46	-	83,299	-	-
Warehouse	23,019	77	76,698	10,331	41,583	43,868	-	2,708
Electrical systems	10,522	71	181,666	5,477	18,583	331,891	-	36
Freight	424,974	523	516,182	47,770	8,199	405,944	-	-
Security	-	26	10,350	-	482	-	-	-
Logistics library	-	-	227	-	-	-	-	4
Project expenses:								
Food	159,261	8,778	17,786	-	-	10,152,199	-	-
Nutrition	557,083	-	78,160	93,565	79,439	69,078	-	595
Health	38,187	-	26,392	47,489	8,253	383,559	-	-
Food security	-	-	26,413	233,333	6,073	11,791,926	-	13,892
Non consumables	249,160	-	91,974	285,080	-	2,612,881	-	-
Watsan	155,364	3,136	119,309	335,967	22,088	1,819,451	-	9,826
Training	215,902	665,379	179,631	635,232	196,385	3,520,966	(659)	77,585
In-kind and other	15,939	20,774	2,812,418	1,156,540	976,390	45,564,932	-	197,429
Subcontracts:								
Subcontracts to Partners	-	-	8,139	-	-	8,140	-	-
Other expenses:								
Exceptional expenses	-	-	-	-	-	-	-	-
TOTAL	\$ 4,590,566	\$ 2,573,979	\$ 11,003,790	\$5,191,124	\$ 4,612,946	\$ 90,242,269	\$ 74,607	\$ 855,339

Supporting Services									
Haiti Programs	Somalia Programs	Other Country and Strategy Programs	Programs contracted to Sub- Network	Total Program Services	Program Support	Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 1,010	\$ -	\$ 526,034	\$ -	\$ 669,780	\$ 1,989,690	\$ 1,169,133	\$ 633,494	\$ 3,792,317	\$ 4,462,097
668,903	123,020	455,328	-	4,805,231	403,795	385,396	210,958	1,000,149	5,805,380
550,171	104,529	172,883	-	3,808,443	628,710	346,112	186,902	1,161,724	4,970,167
4,435,347	1,996,127	-	-	20,826,458	376,485	-	-	376,485	21,202,943
-	1,502	-	-	2,615	-	40,547	-	40,547	43,162
269,099	181,310	-	-	1,941,814	172,315	660,450	-	832,765	2,774,579
22,964	5,236	5,411	-	217,850	192,288	198,017	18,116	408,421	626,271
91,104	13,962	199,113	-	987,984	361,618	69,188	17,177	447,983	1,435,967
114,598	63,112	3,170	-	705,687	22,761	69,694	-	92,455	798,142
637	70	985	-	44,833	1,814	2,801	76,115	80,730	125,563
129,577	118,902	137	-	1,194,113	2,708	91,639	60,435	154,782	1,348,895
20,185	2,312	44,285	-	80,149	45,289	20,312	9,379	74,980	155,129
-	-	58	-	58	11,279	50	1,796	13,125	13,183
171,536	93,247	6,063	-	1,469,273	107,608	127,073	25,728	260,409	1,729,682
81,560	11,465	-	-	135,062	24,884	207,543	-	232,427	367,489
1,548	185	-	-	22,378	6,515	392	-	6,907	29,285
-	-	2,830	-	2,830	1,834	118,236	644,904	764,974	767,804
1,363,920	411,691	-	-	6,661,724	6,743	-	-	6,743	6,668,467
-	6,263	-	-	131,697	-	286	-	286	131,983
56,510	5,021	-	-	259,815	-	-	-	-	259,815
27,924	10,145	-	-	586,315	131	-	-	131	586,446
15,478	83,891	-	-	1,502,961	-	-	-	-	1,502,961
-	-	-	-	10,858	-	-	-	-	10,858
-	-	-	-	231	-	-	-	-	231
1,120	57,000	-	-	10,396,144	-	-	-	-	10,396,144
988	74,024	2,624	-	955,556	-	-	-	-	955,556
3,188	101,690	-	-	608,758	-	-	-	-	608,758
41,155	573,999	-	-	12,686,791	-	-	-	-	12,686,791
2,267,081	2,754,749	-	-	8,260,925	-	-	-	-	8,260,925
495,191	533,898	-	-	3,494,230	-	-	-	-	3,494,230
392,026	502,801	6,066	-	6,391,314	31,010	2,115	-	33,125	6,424,439
388,409	1,865,726	34,661	-	53,033,218	8,548	64,675	-	73,223	53,106,441
2,405,116	16,278	2,427,854	690,517	5,556,044	-	268,565	-	268,565	5,824,609
-	-	-	-	-	-	196,000	-	196,000	196,000
\$14,016,345	\$ 9,712,155	\$ 3,887,502	\$ 690,517	\$ 147,451,139	\$ 4,396,025	\$ 4,038,224	\$ 1,885,004	\$ 10,319,253	\$ 157,770,392

See accompanying notes to financial statements.

ACTION AGAINST HUNGER - USA

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services						
	Democratic Republic of						
	Congo	Kenya	South Sudan	Uganda	Pakistan	Nigeria	Tanzania
	Programs	Programs	Programs	Programs	Programs	Programs	Programs
Personnel:							
US staff	\$ -	\$ -	\$ 13,991	\$ -	\$ 43,896	\$ 139,407	\$ -
Other U.S. payroll	547,398	116,216	1,042,216	344,089	111,844	1,288,373	26,496
Fringe benefits	375,210	53,032	849,551	114,977	175,315	879,470	10,511
National Field Staff	1,884,460	1,188,499	2,028,328	792,756	3,332,733	2,531,119	-
Office running costs and services:							
Insurance	4,283	3,198	-	-	-	-	-
Rent, utilities, and amortization of right-of-use asset	166,943	90,042	687,757	61,033	266,761	268,219	-
Professional fees	38,658	8,858	23,974	13,440	24,243	101,774	10,237
Travel	157,088	13,578	325,468	24,897	71,276	166,436	1,587
Telecommunications	98,889	28,111	137,643	40,211	35,826	164,151	-
Postage and custom fees	7,916	768	5,613	302	5,805	994	-
Finance charges	60,966	3,721	35,234	5,108	41,570	64,244	24
Meeting expenses	-	1,597	401	4,428	6,690	-	-
Human resources	-	-	-	-	-	-	-
Office equipment and supplies:							
Office supplies	134,111	37,239	134,498	56,728	113,109	337,403	-
Depreciation and amortization	34,413	-	-	20,903	-	15,593	-
Equipment rental and maintenance	12,875	245	149	715	2,532	20,594	-
Public awareness expenses:							
Fundraising expense	-	-	-	-	-	-	-
Public information and membership dues	-	-	-	-	-	-	-
Project logistics:							
Vehicles	570,333	240,856	772,466	231,517	527,498	879,966	-
Radios	4,732	-	18,591	-	-	69,150	-
Warehouse	29,818	-	110,853	838	40,119	13,176	-
Electrical systems	22,481	221	189,716	8,533	31,915	165,234	-
Freight	542,426	600	396,656	41,829	57,425	30,865	-
Security	-	-	-	-	3,679	103	-
Project expenses:							
Food	425	-	12,318	-	-	497,593	-
Nutrition	839,666	-	1,542,925	45,905	793,130	220,643	-
Health	79,949	-	83,261	41,646	438,958	119,119	-
Food security	-	-	57,131	168,111	39,848	5,329,966	-
Non consumables	377,960	112	177,457	417,234	767,374	1,408,753	-
Watsan	117,857	37,970	575,445	169,044	276,945	864,258	-
Training	343,059	177,210	235,348	461,293	273,952	1,426,215	-
Other	15,086	9,985	62,527	40,207	7,306	23,319	-
Subcontracts:							
Subcontracts to Partners	485,272	5,330	5,556	7,821	13,966	47,695	-
TOTAL	\$ 6,952,274	\$ 2,017,388	\$ 9,525,073	\$ 3,113,565	\$ 7,503,715	\$ 17,073,832	\$ 48,855

Supporting Services									
Cambodia Programs	Other Country and Strategy Programs	Programs		Total Program Services	Program Support	Management and General	Fundraising	Total Supporting Services	Total Expenses
		Sub- contracted to Network	Total						
\$ 68,980	\$ 694,700	\$ -	\$ 960,974	\$ 2,220,421	\$ 1,188,941	\$ 500,808	\$ 3,910,170	\$ 4,871,144	
27,764	241,858	-	3,746,254	280,950	198,601	160,681	640,232	4,386,486	
106,518	165,149	-	2,729,733	614,010	296,205	124,768	1,034,983	3,764,716	
249,759	-	-	12,007,654	266,045	-	-	266,045	12,273,699	
242	-	-	7,723	783	31,864	-	32,647	40,370	
25,948	-	-	1,566,703	52,194	645,751	-	697,945	2,264,648	
1,383	2,650	-	225,217	44,258	103,184	71,228	218,670	443,887	
15,286	166,280	-	941,896	241,773	53,862	15,835	311,470	1,253,366	
5,704	533	-	511,068	17,174	44,967	-	62,141	573,209	
36	150	-	21,584	613	3,601	106,738	110,952	132,536	
1,332	90	-	212,289	1,136	42,707	51,479	95,322	307,611	
103	54,362	-	67,581	52,597	16,849	1,284	70,730	138,311	
-	113	-	113	6,799	9,406	38	16,243	16,356	
22,460	26,143	-	861,691	102,906	75,435	8,282	186,623	1,048,314	
-	-	-	70,909	21,247	210,486	-	231,733	302,642	
296	156	-	37,562	297	-	-	297	37,859	
-	2,697	-	2,697	9,485	-	664,569	674,054	676,751	
-	-	-	-	-	160,146	-	160,146	160,146	
24,229	-	-	3,246,865	7,221	-	-	7,221	3,254,086	
-	328	-	92,801	-	-	-	-	92,801	
-	-	-	194,804	-	-	-	-	194,804	
203	-	-	418,303	961	-	-	961	419,264	
1,925	-	-	1,071,726	-	-	-	-	1,071,726	
-	-	-	3,782	-	-	-	-	3,782	
-	-	-	510,336	-	-	-	-	510,336	
6,566	-	-	3,448,835	-	-	-	-	3,448,835	
-	-	-	762,933	-	-	-	-	762,933	
26,202	-	-	5,621,258	-	-	-	-	5,621,258	
652	-	-	3,149,542	-	-	-	-	3,149,542	
4,364	-	-	2,045,883	35	-	-	35	2,045,918	
74,686	2,655	-	2,994,418	1,313	-	-	1,313	2,995,731	
2,191	-	-	160,621	-	-	-	-	160,621	
-	3,260,749	5,398,118	9,224,507	41,873	(522)	-	41,351	9,265,858	
\$ 666,829	\$ 4,618,613	\$ 5,398,118	\$ 56,918,262	\$ 3,984,091	\$ 3,081,483	\$ 1,705,710	\$ 8,771,284	\$ 65,689,546	

ACTION AGAINST HUNGER - USA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 26,076,339	\$ (591,966)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	367,489	302,642
Amortization of right-of-use asset	697,100	697,100
Amortization of deferred rent (landlord construction)	(68,130)	(68,130)
Increase in net fixed assets attributable to country swap (Note 4)	(171,354)	-
Loss on disposal of fixed assets	-	6,782
(Increase) decrease in:		
Grants receivable	(25,331,659)	(384,396)
Travel advances and other receivables	(1,775,536)	60,941
Prepaid expenses	31,649	108,000
Program advances to network	(59,986)	589,482
Deposits	-	(2,250)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,727,694	476,866
Provision for unanticipated loss	190,521	(95,969)
Due to Network	7,851,935	(847,034)
Operating lease obligation	<u>(563,037)</u>	<u>(551,997)</u>
Net cash provided (used) by operating activities	<u>9,973,025</u>	<u>(299,929)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, equipment, vehicles and leasehold improvements	<u>(7,566)</u>	<u>(221,411)</u>
Net cash used by investing activities	<u>(7,566)</u>	<u>(221,411)</u>
Net increase (decrease) in cash and cash equivalents	9,965,459	(521,340)
Cash and cash equivalents at beginning of year	<u>6,496,151</u>	<u>7,017,491</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 16,461,610</u>	<u>\$ 6,496,151</u>

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

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

Basis of presentation -

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

Cash and cash equivalents -

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

Travel advances and other receivables -

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

Grants receivable -

Amounts to be received in the future are recorded as grants receivable in the Statements of Financial Position. All grants receivable are stated at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year unless otherwise stated by the donor. Accordingly, an allowance for doubtful accounts has not been established.

Furniture, equipment, vehicles and leasehold improvements -

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

Depreciation and amortization of equipment and furniture at headquarters are depreciated and amortized over three 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.

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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

Furniture, equipment, vehicles and leasehold improvements (continued) -

When considered impaired, the carrying amount of the assets is reduced, by a charge to Statements 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 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.

Uncertain tax positions -

For the years ended December 31, 2017 and 2016, 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.

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 -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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

Contributions and grants (continued) -

Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Action Against Hunger - USA receives funding under grants and contracts from the U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs.

Accordingly, such grants are considered exchange transactions and are initially recognized as temporarily restricted income and then released to unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

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.

Foreign currency translation -

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

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

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

Donated goods and services -

Action Against Hunger - USA receives significant in-kind donations of food, transportation and medical supplies in support of its programs. Donations are received from the World Food Program (WFP), UNICEF and various other international organizations. In addition, during 2017 and 2016, Action Against Hunger - USA received in-kind contributions for a public awareness campaign. All in-kind donations are recorded at their fair value on the date of donation (see Note 10).

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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

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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

New accounting pronouncements (not yet adopted) -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statements of Activities. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of Action Against Hunger - USA's financial statements, it is not expected to alter Action Against Hunger - USA's reported financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. Action Against Hunger - USA has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

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 \$2,723,194 and \$522,657 of cash and cash equivalents held in foreign countries at December 31, 2017 and 2016, respectively. The majority of these funds are uninsured.

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

3. GRANTS RECEIVABLE

Grants receivable consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
European Community Humanitarian Organization	\$ 5,442,059	\$ 4,058,276
European Union	21,630,236	1,441,580
U.S. Agency for International Development	18,625,738	16,924,114
U.S. State Department	1,798,135	1,231,336
UNICEF	1,766,201	2,397,810
World Food Program	2,611,806	1,622,610
Other United Nations Agencies	-	229,130
FAO	131,556	320,724
French GVT / Various	439,454	-
AFD	209,535	-
MAEE/CDC (centre de crise)	-	210,746
DFID/Overseas Development	10,007,799	13,778,860
Island of Guernsey	-	22,394
CIDA/DFATD	3,859,670	2,857,504
Swiss Government	1,746,694	286,481
GIZ / German Embassies	1,465,486	635,736
The Swedish Cooperation	-	409,658
Australian Embassies	1,059,741	-
Other NGOs	117,399	77,720
Save the Children	-	92,285
Corporations Restricted	211,150	-
Private Donations Restricted	328,717	41,197
Foundations	1,584,838	1,470,959
Subrecipient advances and other	<u>608,679</u>	<u>204,114</u>
GRANTS RECEIVABLE	<u>\$ 73,644,893</u>	<u>\$ 48,313,234</u>

4. ACTION AGAINST HUNGER NETWORK

Action Against Hunger - USA is a member of a network that includes four other international non-governmental organizations headquartered in Paris, Madrid, London and Montreal. The network collaborates to accomplish a worldwide shared mission. Action Against Hunger - USA and the four other members of the network provide inter-organizational program, human resources and logistic support on behalf of their related overseas programs. At December 31, 2017 and 2016, Action Against Hunger - USA owed the network \$9,791,597 and \$1,939,662, respectively. At December 31, 2017 and 2016, Action Against Hunger - USA advanced funds to the network for sub-contracted programs in the amounts of \$835,477 and \$775,491, 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 implements programs. These exchanges or "swaps" were a part of the Action Against Hunger Network's global strategy designed to align global operations based on regions. A description of these exchanges and the resulting financial statements effects follows.

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

4. ACTION AGAINST HUNGER NETWORK (Continued)

Effective January 1, 2017, ACF-France relinquished control over operations in the country of Haiti to Action Against Hunger - USA. As a result of this transfer, Action Against Hunger - USA recorded an increase in temporarily restricted net assets of \$10,839,353, representing the net unexpended value of Haiti grant awards as of January 1, 2017. As of the transfer date, Action Against Hunger - USA assumed the value of all assets and liabilities of the Haiti field office, including assets of \$12,420,865 and liabilities of \$221,584, a net value of \$12,199,281. The difference between this figure and the increase in temporarily restricted net assets noted above was \$1,359,928, and was recorded as the balance due to ACF-France for the transfer of Haiti field office net assets.

Effective July 1, 2017, ACF-France relinquished control over operations in the country of Somalia to Action Against Hunger - USA. As a result of this transfer, Action Against Hunger - USA recorded an increase in temporarily restricted net assets of \$5,706,378, representing the net unexpended value of Somalia grant awards as of July 1, 2017. As of the transfer date, Action Against Hunger - USA assumed the value of all assets and liabilities of the Somalia field office, including assets of \$6,771,861 and liabilities of \$99,451, a net value of \$6,672,410. The difference between this figure and the increase in temporarily restricted net assets noted above was \$966,032, and was recorded as the balance due to ACF-France for the transfer of Somalia field office net assets.

Effective July 1, 2017, Action Against Hunger - USA relinquished control over operations in the country of The Democratic Republic of The Congo (DRC) to ACF-France. As a result of this transfer, Action Against Hunger - USA recorded a decrease in temporarily restricted net assets of \$5,657,398, representing the net unexpended value of DRC grant awards as of July 1, 2017. As of the transfer date, Action Against Hunger - USA was relieved of the value of all assets of the DRC field office, amounting \$6,258,900. There were no liabilities recorded at the DRC field office as of the transfer date. The difference between the value of assets relinquished and the decrease in temporarily restricted net assets noted above was \$601,502, and was recorded as the balance due from ACF-France for the transfer of the DRC field office net assets.

The total changes in temporarily restricted net assets resulting from the transactions described above have been recorded as "Change in net assets attributable to country swap" in the accompanying Statement of Activities for the year ended December 31, 2017. As a result of the transfers noted above, Action Against Hunger - USA experienced an increase in the value of its net fixed assets of \$171,354. This amount is presented as "Increase in net fixed assets attributable to country swap" in the accompanying Statement of Cash Flows for the year ended December 31, 2017.

As part of the country swap, Action Against Hunger - USA and ACF-France agreed to split equally the indirect costs for awards in the swap countries. The sharing of indirect costs is effective in the year the country swap occurred, the year prior to the swap, and the year subsequent to the swap. Action Against Hunger - USA has estimated that the net effect of the indirect cost sharing provisions will result in an amount due to ACF-France, which will be settled once all country swaps have taken place and the periods effected by the indirect cost sharing provisions have elapsed. As of December 31, 2017, Action Against Hunger - USA has estimated the settlement amount to be \$601,000. This balance is included in "Due to Network" in the accompanying statement of financial position as of December 31, 2017 and as "Provision for indirect cost sharing" in the accompanying statement of activities for the year ended December 31, 2017.

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

5. FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS

Furniture, equipment, vehicles and leasehold improvements consisted of the following at December 31, 2017 and 2016.

	2017	2016
Furniture	\$ 281,440	\$ 281,440
Equipment	691,205	751,344
Vehicles	1,295,034	910,376
Leasehold improvements - other	292,481	292,481
Landlord construction	1,050,330	1,050,330
	3,610,490	3,285,971
Less: Accumulated depreciation and amortization	(2,222,439)	(1,709,351)
FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET	\$ 1,388,051	\$ 1,576,620

Depreciation and amortization expense totaled \$367,489 and \$302,642, for the years ended December 31, 2017 and 2016, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2017 and 2016:

	2017	2016
Canada Programs:		
U.S. Department of State	\$ 786,538	\$ -
U.S. Agency for International Development (OFDA)	355,314	294,594
Haiti Programs:		
European Community Humanitarian Organization	361,206	-
European Union	128,967	-
U.S. Agency for International Development (FFP)	912,550	-
Mauritania Programs:		
U.S. Agency for International Development (OFDA)	-	658,274
Cambodia Programs:		
GIZ / German Embassy	-	86,280
World Food Program	-	7
French GVT / Various	144,639	-
AFD	303,530	-
Kenya Programs:		
UNICEF	876,834	304,784
European Community Humanitarian Organization	-	148,446
European Union	296,362	476,678
MAEE/CDC (Centre de Crise)	524,365	-
CIDA/DFATD	2,606,029	2,730,181
Foundations	309,264	573,250
Uganda Programs:		
World Food Program	485,114	261,570
U.S. Department of State	833,182	649,146
Swedish Cooperation	168,837	135,276

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

	<u>2017</u>	<u>2016</u>
Uganda Programs (continued) :		
European Community Humanitarian Organization	\$ 1,623,794	\$ -
French Embassy / Food AID (ex-CIAA)	6,907	-
MAEE/CDC (Centre de Crise)	529,846	-
Other NGOs	449,681	-
 Pakistan Programs:		
Royal Norwegian Embassy	-	-
European Community Humanitarian Organization	518,272	31,098
European Union	-	915,691
UNICEF	416,181	1,938,509
Other NGOs	-	155,979
Corporations/Restricted	-	14,897
DFID/Overseas Development	-	91,605
Swedish Cooperation	604,185	244,939
Foundations	-	88,074
 Somalia Programs:		
European Union	2,130,480	-
FAO	116,493	-
DFID/Overseas Development	657,094	-
CIDA/DFATD	3,173,310	-
Swiss Government	1,135,605	-
Australian Embassies	367,025	-
Private Donations / Restricted	329,742	-
 South Sudan Programs:		
European Community Humanitarian Organization	643,330	440,318
U.S. Agency for International Development (OFDA)	3,017,938	1,434,324
UNICEF	178,028	16,689
United Nations	-	287,784
FAO	-	216,927
GIZ / German Embassy	1,108,782	192,106
Foundations	321,460	(162,023)
World Food Program	184,363	-
CIDA/DFATD	711,852	-
The Swedish Cooperation	341,715	-
Other NGOs	937	-
Corporations Restricted	14,952	-
 Democratic Republic of Congo Programs:		
European Community Humanitarian Organization	-	3,353,587
UNICEF	-	125,977
Canadian Government	-	459,163
DFID/Overseas Development	-	2,234,485
Swedish Cooperation	-	190,979
Swiss Government	-	406,896
 Nigeria Programs:		
European Community Humanitarian Organization	2,261,356	889,011

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

	<u>2017</u>	<u>2016</u>
Nigeria Programs (continued):		
European Union	\$ 17,911,292	\$ -
U.S. Agency for International Development (OFDA)	206,902	2,685,912
U.S. Agency for International Development (FFP)	4,614,725	8,219,774
DFID/Overseas Development	5,981,699	10,230,189
CIDA/DFATD	696,494	704,255
Swiss Government	-	270,304
Foundations	-	57,420
French Embassy / Food AID (ex-CIAA)	-	22,966
MAEE / CDC (Centre de Crise)	501,580	210,746
Island of Guernsey	-	23,861
Swedish Cooperation	226,900	515,311
Private Donations / Restricted	-	41,197
UNICEF	334,492	10,366
Sierra Leone Programs:		
Foundations	-	49,668
Other Strategic Programs:		
European Community Humanitarian Organization	-	137,334
U.S. Agency for International Development (OFDA)	1,710,976	1,894,942
U.S. Agency for International Development (FFP)	2,299,323	1,595,301
DFID/Overseas Development	3,153,447	560,583
Save the Children	20,344	113,850
IRC (OFDA)	-	277,091
Corporations Restricted	235,990	50,000
Foundations Restricted	<u>938,131</u>	<u>866,856</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 68,768,354</u>	<u>\$ 48,423,427</u>

7. GRANTS

Action Against Hunger - USA receives grants from the U.S. Government and other Non-U.S. Government organizations. The following is a summary of the grants received during 2017 and 2016:

	<u>2017</u>	<u>2016</u>
U.S. Government Grants:		
U.S. Agency for International Development (OFDA/FFP):		
South Sudan	\$ 3,976,000	\$ 2,442,720
Senegal	-	315,000
Canada Programs	360,799	300,695
US Strategic Programs	2,952,338	1,969,812
Mauritania	-	885,616
Nigeria	28,421,269	13,800,000
U.S. Department of State (BPRM):		
Canada Programs	816,135	-
Uganda	<u>1,382,000</u>	<u>1,000,000</u>
TOTAL U.S. GOVERNMENT GRANTS	<u>\$ 37,908,541</u>	<u>\$ 20,713,843</u>

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

7. GRANTS (Continued)

	2017	2016
Non-U.S. Government Grants:		
Haiti Programs:		
European Community Humanitarian Organization	\$ 2,635,749	\$ -
European Union	441,454	-
UNICEF	1,704,000	-
French GVT / Various	31,629	-
Private Donations / Restricted	281,266	-
South Sudan Programs:		
European Community Humanitarian Organization	1,228,776	900,218
United Nations	-	1,204,648
UNICEF	838,364	149,973
World Food Program	1,142,646	790,764
Other United Nations Agencies	571,281	-
CIDA/DFATD	1,099,055	-
FAO	-	433,000
GIZ / German Embassy	1,600,161	533,378
The Swedish Cooperation	785,010	-
Other NGOs	4,239	-
Corporations Restricted	32,473	-
Foundations	484,880	-
Uganda Programs:		
European Community Humanitarian Organization	2,575,034	-
World Food Program	1,290,567	1,611,731
French Embassies / Food AID (ex-CIAA)	33,068	-
MAEE/CDC (centre de crise)	575,550	-
Swedish Cooperation	785,010	716,970
Other NGOs	661,228	75,161
Democratic Republic of Congo Programs:		
UNDP	500,000	-
UNICEF	396,397	221,230
European Community Humanitarian Organization	-	4,468,260
DFID/Overseas Development	-	3,264,370
Canadian Government	-	1,180,150
Swedish Cooperation	3,416,583	1,060,911
Swiss Government	50,702	618,450
Other NGOs	191,311	-
Kenya Programs:		
European Community Humanitarian Organization	520,027	496,428
European Union	4,842	18,183
UNICEF	1,033,413	(56,330)
World Food Program	141,793	63,891
MAEE / CDC (centre de crise)	590,350	-
Canadian Government	-	2,971,757
Other NGOs	338,689	71,902
Foundations	-	600,000

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

7. GRANTS (Continued)

	<u>2017</u>	<u>2016</u>
Non-U.S. Government Grants (continued):		
Pakistan Programs		
European Community Humanitarian Organization	\$ 521,903	\$ -
European Union	-	11,418
Norwegian Government	-	(58,855)
World Food Program	-	5,589
DFID/Overseas Development	-	104,875
Swedish Cooperation	894,133	589,395
UNICEF	10,086	2,310,388
Other NGOs	11,115	25,779
Nigeria Programs:		
Foundations (CIFF)	-	-
European Community Humanitarian Organization	4,630,540	2,764,163
DFID/Overseas Development	2,168,656	6,782,445
European Union	17,606,998	-
CIDA/DFATD	1,914,551	-
Canadian Government	-	1,180,150
Swiss Government	-	400,000
UNICEF	735,777	16,641
World Food Program	1,026,657	123,900
Swedish Cooperation	1,117,666	1,176,698
Foundations	-	250,000
French Embassy / Food Aid (Ex-CIAA)	-	395,885
MAEE/CDC (Centre de Crise)	531,315	220,520
Island of Guernsey	-	23,861
Private Donations/Restricted	-	41,971
Somalia Programs:		
European Union	2,021,221	-
FAO	106,080	-
DFID/Overseas Development	3,851,684	-
CIDA/DFATD	1,709,236	-
Swiss Government	1,277,578	-
Australian Embassies	500,000	-
Private Donations / Restricted	506,027	-
Sierra Leone Programs:		
Foundations	-	100,000
Cambodia Programs:		
World Food Program	120,000	19,404
French GVT / Various	159,668	-
AFD	383,148	-
GIZ / German Embassies	100,276	-
Corporations Restricted	-	142,037

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

7. GRANTS (Continued)

	2017	2016
Non-U.S. Government Grants (continued):		
Strategic Programs:		
European Community Humanitarian Organization	\$ -	\$ 1,543
Foundations	-	10,208
DFID/Overseas Development	3,550,002	10,341
Corporations Restricted	211,150	-
Foundations	710,182	-
TOTAL NON-U.S. GOVERNMENT GRANTS	\$ 72,361,196	\$ 38,043,401

8. NET ASSETS RELEASED FROM RESTRICTIONS

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, 2017 and 2016:

	2017	2016
Democratic Republic of Congo Programs	\$ 5,664,640	\$ 7,020,878
Haiti Programs	14,725,641	-
Kenya Programs	2,436,131	1,956,252
Somalia Programs	7,316,764	-
South Sudan Programs	7,815,375	7,653,336
Uganda Programs	4,314,228	3,230,436
Pakistan Programs	3,376,587	7,117,321
Nigeria Programs	49,915,625	18,427,623
Cambodia Programs	450,424	572,157
Other Strategic Programs	4,761,378	4,943,063
Programs Sub-contracted to Network:		
Syria Programs	-	532,989
Senegal Programs	-	703,244
Haiti Programs	-	50,500
Niger Programs	-	1,565,680
Nepal Programs	-	1,510
Mali Programs	-	990,389
Mauritania Programs	658,190	1,383,099
Sierra Leone Programs	49,668	348,234
Madagascar Programs	-	600
Ethiopia Programs	-	1,000
Iraq Programs	-	600
Yemen Programs	-	101
TOTAL EXPENSES	\$ 101,484,651	\$ 56,499,012

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

9. DESIGNATED NET ASSETS

At December 31, 2017 and 2016, 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, 2017 and 2016 totaled \$450,000 and \$450,000, 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, 2017 and 2016 totaled \$310,000 and \$310,000, respectively.

10. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following at December 31, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Project expenses (food, transportation and medical supplies)	\$ 52,357,108	\$ 2,745,847
Public Information Campaign (online ads)	205,777	312,477
Fundraising expenses (professional services)	<u>9,124</u>	<u>8,975</u>
TOTAL IN-KIND CONTRIBUTIONS	<u>\$ 52,572,009</u>	<u>\$ 3,067,299</u>

11. LEASE COMMITMENTS

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

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.

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

11. LEASE COMMITMENTS (Continued)

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, 2017, the unamortized right-of-use asset was \$9,062,292 and the unamortized operating lease liability was \$9,631,916. The lease cost, including imputed interest and amortization of the right-of-use asset for the years ended December 31, 2017 and 2016 was \$663,283 and \$624,648, respectively.

The right-of-use asset at December 31, 2017 and 2016 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.

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 shown as leasehold improvements in Note 5 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.

The liability related to the value of the lease incentive (landlord construction) is being amortized over the length of the lease. The lease incentive liability was reduced by amortization of \$68,130 during the years ended December 31, 2017 and 2016.

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

<u>Year Ending December 31,</u>	
2018	\$ 574,298
2019	648,348
2020	660,063
2021	672,535
2022	685,985
Thereafter	<u>6,390,687</u>
	<u>\$ 9,631,916</u>

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

12. RETIREMENT PLAN

During 2007, Action Against Hunger - USA established a defined contribution 403(b) retirement plan for all full-time employees. Full-time employees are eligible immediately upon entry date to make 403(b) contributions.

ACTION AGAINST HUNGER - USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

12. RETIREMENT PLAN (Continued)

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, 2017 and 2016, total contributions to the plan were \$140,174 and \$161,604, respectively.

13. LINES OF CREDIT

On July 8, 2013, Action Against Hunger - USA entered into a \$2,000,000 bank line of credit bearing interest at a per annum rate equal to two percent (2.00%) above the LIBOR Rate. On November 3, 2017, the balance available under the line of credit was increased to \$7,000,000.

There was no outstanding balance on the line of credit at December 31, 2017 and 2016. 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 November 29, 2018, and Action Against Hunger - USA is in the process of renewing the line for an additional year.

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 in funds available as a security deposit to the landlord. There was no outstanding balance on the line of credit at December 31, 2017 and 2016.

14. SPECIAL EVENTS

Revenue and expenses related to special events are recognized upon occurrence of the respective event and are presented net of the cost of direct donor benefits. The associated value of such benefits provided to donors amounted to \$175,585 and \$190,971 for the years ended December 31, 2017 and 2016, respectively.

15. CONTINGENCIES

U.S. Government awards -

Action Against Hunger - USA receives grants from various agencies of the United States Government. Beginning for fiscal year ended December 31, 2015, 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 2017. 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.

ACTION AGAINST HUNGER - USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

15. CONTINGENCIES (Continued)

Foreign Government, International organizations 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, 2017 and 2016, Action Against Hunger - USA had cash, property, and equipment and receivables in various countries in Africa and Asia, totaling approximately \$4,900,000 and \$3,800,000, which represents approximately 5.11% and 5.55% of Action Against Hunger - USA's total assets as of December 31, 2017 and 2016, respectively.

16. SUBSEQUENT EVENTS

In preparing these financial statements, Action Against Hunger - USA has evaluated events and transactions for potential recognition or disclosure through October 31, 2018, the date the financial statements were issued.