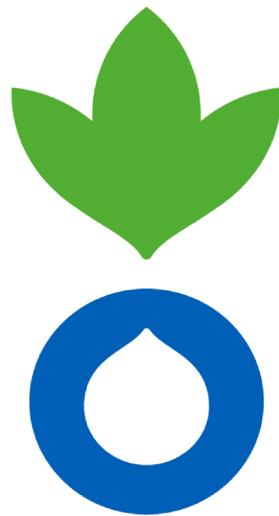


**FINANCIAL STATEMENTS**



**ACTION  
AGAINST  
HUNGER**

**ACTION AGAINST HUNGER - USA**

**AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

# ACTION AGAINST HUNGER - USA

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

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

#### **Opinion**

We have audited the accompanying financial statements of Action Against Hunger - USA, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Action Against Hunger - USA as of December 31, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

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

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

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2025 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.



February 28, 2025

**ACTION AGAINST HUNGER - USA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2023**

**ASSETS**

|                                   |           |                          |
|-----------------------------------|-----------|--------------------------|
| Cash and cash equivalents:        |           |                          |
| Headquarters                      | \$        | 24,191,901               |
| Field offices                     |           | <u>6,996,720</u>         |
| Total cash and cash equivalents   |           | 31,188,621               |
| Grants receivable                 |           | 29,492,872               |
| Sub-recipient and other advances  |           | 1,852,910                |
| Prepaid expenses and other assets |           | 367,505                  |
| Undistributed commodities         |           | 655,311                  |
| Property and equipment, net       |           | 1,333,594                |
| Right-of-use assets, net          |           | <u>4,612,874</u>         |
| <b>TOTAL ASSETS</b>               | <b>\$</b> | <b><u>69,503,687</u></b> |

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

|                                       |    |                   |
|---------------------------------------|----|-------------------|
| Line of credit                        | \$ | 1,000,000         |
| Accounts payable and accrued expenses |    | 10,933,411        |
| Refundable advances                   |    | 33,769,647        |
| Provision for unanticipated losses    |    | 2,400,000         |
| Due to Network                        |    | 817,297           |
| Operating lease obligations           |    | <u>6,118,265</u>  |
| Total liabilities                     |    | <u>55,038,620</u> |

**NET ASSETS**

|   |           |                          |
|---|-----------|--------------------------|
| Without donor restrictions:                 |           |                          |
| Undesignated                                |           | 13,049,756               |
| Designated                                  |           | <u>760,000</u>           |
| Total net assets without donor restrictions |           | 13,809,756               |
| With donor restrictions                     |           | <u>655,311</u>           |
| Total net assets                            |           | <u>14,465,067</u>        |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>     | <b>\$</b> | <b><u>69,503,687</u></b> |

## ACTION AGAINST HUNGER - USA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

|   | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>               |
|---|---|------------------------------------|----------------------------|
| <b>REVENUE</b>                              |   |                                    |                            |
| Contributions                               | \$ 13,986,927                             | \$ -                               | \$ 13,986,927              |
| Special events, net                         | 879,431                                   | -                                  | 879,431                    |
| Grants:                                     |   |                                    |                            |
| U.S. Government                             | -   | 37,570,577                         | 37,570,577                 |
| Non-U.S. Government                         | -   | 74,280,607                         | 74,280,607                 |
| Contributed nonfinancial assets             | -   | 20,733,914                         | 20,733,914                 |
| Other income                                | 1,868,118                                 | -                                  | 1,868,118                  |
| Net assets released from donor restrictions | <u>131,929,787</u>                        | <u>(131,929,787)</u>               | <u>-</u>                   |
| Total revenue                               | <u>148,664,263</u>                        | <u>655,311</u>                     | <u>149,319,574</u>         |
| <b>EXPENSES</b>                             |   |                                    |                            |
| Program Services:                           |   |                                    |                            |
| Ethiopia Programs                           | 39,211,357                                | -                                  | 39,211,357                 |
| Haiti Programs                              | 8,336,858                                 | -                                  | 8,336,858                  |
| Kenya Programs                              | 10,427,329                                | -                                  | 10,427,329                 |
| Other Country and Strategic Programs        | 8,104,247                                 | -                                  | 8,104,247                  |
| Somalia Programs                            | 23,608,533                                | -                                  | 23,608,533                 |
| South Sudan Programs                        | 33,928,679                                | -                                  | 33,928,679                 |
| Tanzania Programs                           | 723,238                                   | -                                  | 723,238                    |
| Uganda Programs                             | 7,635,667                                 | -                                  | 7,635,667                  |
| Zambia Programs                             | <u>621,403</u>                            | <u>-</u>                           | <u>621,403</u>             |
| Total program services                      | <u>132,597,311</u>                        | <u>-</u>                           | <u>132,597,311</u>         |
| Supporting Services:                        |   |                                    |                            |
| Program Support                             | 4,417,806                                 | -                                  | 4,417,806                  |
| Management and General                      | 8,357,785                                 | -                                  | 8,357,785                  |
| Fundraising                                 | <u>5,691,376</u>                          | <u>-</u>                           | <u>5,691,376</u>           |
| Total supporting services                   | <u>18,466,967</u>                         | <u>-</u>                           | <u>18,466,967</u>          |
| Total expenses                              | <u>151,064,278</u>                        | <u>-</u>                           | <u>151,064,278</u>         |
| Change in net assets before other item      | (2,400,015)                               | 655,311                            | (1,744,704)                |
| <b>OTHER ITEM</b>                           |   |                                    |                            |
| Exchange gain                               | <u>786,845</u>                            | <u>-</u>                           | <u>786,845</u>             |
| <b>CHANGES IN NET ASSETS</b>                | <b><u>\$ (1,613,170)</u></b>              | <b><u>\$ 655,311</u></b>           | <b><u>\$ (957,859)</u></b> |

**ACTION AGAINST HUNGER - USA**  
**STATEMENT OF CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

|  | <u>Without Donor Restrictions</u> |  |  |                          |   |                                |                             |
|--|-----------------------------------|--|--|--------------------------|---|--------------------------------|-----------------------------|
|  | <u>Undesignated</u>               | <u>Management Designated<br/>Program Development</u> | <u>Board Designated<br/>Emergency Fund</u> | <u>Total Designated</u>  | <u>Total Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u>                |
| Net assets at December 31, 2022, as restated | \$ 14,662,926                     | \$ 310,000   | \$ 450,000                                 | \$ 760,000               | \$ 15,422,926                           | \$ -                           | \$ 15,422,926               |
| Change in net assets                         | <u>(1,613,170)</u>                | <u>-</u>   | <u>-</u>                                   | <u>-</u>                 | <u>(1,613,170)</u>                      | <u>655,311</u>                 | <u>(957,859)</u>            |
| <b>NET ASSETS AT DECEMBER 31, 2023</b>       | <b><u>\$ 13,049,756</u></b>       | <b><u>\$ 310,000</u></b>                             | <b><u>\$ 450,000</u></b>                   | <b><u>\$ 760,000</u></b> | <b><u>\$ 13,809,756</u></b>             | <b><u>\$ 655,311</u></b>       | <b><u>\$ 14,465,067</u></b> |

See accompanying notes to financial statements.

## ACTION AGAINST HUNGER - USA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

|   | Program Services     |                     |                      |                                      |                      |                      |                   |
|---|----------------------|---------------------|----------------------|--------------------------------------|----------------------|----------------------|-------------------|
|   | Ethiopia Programs    | Haiti Programs      | Kenya Programs       | Other Country and Strategic Programs | Somalia Programs     | South Sudan Programs | Tanzania Programs |
| US staff                                | \$ -                 | \$ -                | \$ -                 | \$ 1,330,873                         | \$ -                 | \$ 461               | \$ -              |
| National field staff                    | 10,301,449           | 2,277,575           | 2,157,932            | -                                    | 5,552,929            | 11,883,438           | 312,835           |
| Fringe benefits                         | 755,684              | 226,293             | 52,940               | 276,316                              | 275,721              | 1,571,550            | 62,375            |
| Insurance                               | -                    | -                   | -                    | -                                    | 7,485                | 15                   | -                 |
| Rent                                    | 517,246              | 260,085             | 176,052              | 58,642                               | 671,354              | 978,514              | 37,508            |
| Professional fees                       | 118,137              | 142,113             | 95,785               | 249,390                              | 191,917              | 230,207              | 54,362            |
| Travel                                  | 786,520              | 65,788              | 191,239              | 44,409                               | 339,125              | 349,918              | 11,429            |
| Telecommunications                      | 131,795              | 122,297             | 31,375               | -                                    | 126,134              | 507,470              | 8,642             |
| Postage                                 | 2,176                | 969                 | 167                  | 213                                  | 3,068                | -                    | 3                 |
| Finance charges                         | 7,958                | 45,165              | 48,441               | -                                    | 246,246              | 338,291              | 2,269             |
| Meeting expenses                        | 4,676                | 1,475               | 85,493               | 2,279                                | 42,737               | 36,642               | 16,040            |
| Staff recruitment                       | 6,405                | 3,000               | -                    | -                                    | -                    | -                    | 324               |
| Office expenses                         | 744,820              | 131,067             | 188,916              | 4,840                                | 254,065              | 406,028              | 25,928            |
| Depreciation and amortization           | -                    | -                   | -                    | -                                    | -                    | -                    | -                 |
| External relations                      | -                    | -                   | -                    | 229,187                              | -                    | -                    | -                 |
| Vehicles                                | 2,745,485            | 873,207             | 1,297,248            | -                                    | 1,070,571            | 1,328,754            | 108,553           |
| Radio                                   | 68                   | -                   | 1,304                | -                                    | -                    | 19,375               | -                 |
| Warehousing                             | 265,481              | (621)               | 20,123               | -                                    | 140,024              | 61,711               | -                 |
| Electrical systems                      | 61,279               | 17,763              | 947                  | -                                    | 35,006               | 208,298              | 298               |
| Freight                                 | 519,490              | 10,918              | 28,498               | -                                    | 444,637              | 1,283,077            | 2,746             |
| Security                                | 17,980               | 25,200              | 220                  | -                                    | 48,620               | 32,272               | 7,750             |
| Food                                    | 121,833              | 25,204              | 4,150                | -                                    | 138,919              | 19,540               | -                 |
| Nutrition                               | 57,000               | 74,694              | 1,062,478            | -                                    | 382,331              | 4,276                | -                 |
| Health                                  | 715,316              | 25,598              | (112,404)            | -                                    | 1,885,805            | 305,026              | -                 |
| Food security                           | 8,877,554            | 2,157,717           | 1,602,764            | -                                    | 2,122,689            | 1,889,233            | 2,913             |
| Nonconsumables                          | 1,417,559            | 842,149             | 214,647              | -                                    | 900,000              | 387,549              | -                 |
| Water and sanitation                    | 1,724,700            | 192,368             | 448,592              | -                                    | 2,022,445            | 191,156              | 14,404            |
| Training                                | 1,455,953            | 759,275             | 2,486,425            | 11,680                               | 1,037,743            | 283,048              | 31,858            |
| Other project expenses                  | 6,987,253            | 57,559              | 89,690               | -                                    | 1,263,394            | 11,047,065           | 2,280             |
| Subawards and ACF International support | 867,540              | -                   | 254,307              | 5,896,418                            | 4,405,568            | 565,765              | 20,721            |
| <b>TOTAL PER EXHIBIT B</b>              | <b>\$ 39,211,357</b> | <b>\$ 8,336,858</b> | <b>\$ 10,427,329</b> | <b>\$ 8,104,247</b>                  | <b>\$ 23,608,533</b> | <b>\$ 33,928,679</b> | <b>\$ 723,238</b> |
| Gala expenses                           | -                    | -                   | -                    | -                                    | -                    | -                    | -                 |
| <b>TOTAL</b>                            | <b>\$ 39,211,357</b> | <b>\$ 8,336,858</b> | <b>\$ 10,427,329</b> | <b>\$ 8,104,247</b>                  | <b>\$ 23,608,533</b> | <b>\$ 33,928,679</b> | <b>\$ 723,238</b> |

ACTION AGAINST HUNGER - USA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

|   | Program Services (Continued) |                  |                        | Supporting Services |                        |                     |                           | Total Expenses        |
|---|------------------------------|------------------|------------------------|---------------------|------------------------|---------------------|---------------------------|-----------------------|
|   | Uganda Programs              | Zambia Program   | Total Program Services | Program Support     | Management and General | Fundraising         | Total Supporting Services |                       |
| US staff                                | \$ -                         | -                | \$ 1,331,334           | \$1,443,626         | \$ 3,089,057           | \$ 1,279,431        | \$ 5,812,114              | \$ 7,143,448          |
| National field staff                    | 2,956,379                    | 221,131          | 35,663,668             | 1,588,082           | -                      | -                   | 1,588,082                 | 37,251,750            |
| Fringe benefits                         | 119,410                      | 75,566           | 3,415,855              | 581,870             | 1,168,833              | 460,658             | 2,211,361                 | 5,627,216             |
| Insurance                               | 17,383                       | -                | 24,883                 | -                   | 88,893                 | -                   | 88,893                    | 113,776               |
| Rent                                    | 201,765                      | 22,545           | 2,923,711              | 75,830              | 892,806                | -                   | 968,636                   | 3,892,347             |
| Professional fees                       | 104,290                      | 10,637           | 1,196,838              | 127,987             | 1,644,209              | 2,475,675           | 4,247,871                 | 5,444,709             |
| Travel                                  | 27,299                       | 47,011           | 1,862,738              | 319,241             | 251,808                | 41,301              | 612,350                   | 2,475,088             |
| Telecommunications                      | 119,955                      | 10,218           | 1,057,886              | 27,676              | 47,320                 | 401                 | 75,397                    | 1,133,283             |
| Postage                                 | -                            | 9                | 6,605                  | 280                 | 3,930                  | 5,749               | 9,959                     | 16,564                |
| Finance charges                         | 13,060                       | 2,355            | 703,785                | 7,658               | 101,325                | 268,130             | 377,113                   | 1,080,898             |
| Meeting expenses                        | 154,001                      | 4,830            | 348,173                | 181,808             | 109,141                | 9,823               | 300,772                   | 648,945               |
| Staff recruitment                       | -                            | -                | 9,729                  | -                   | 165,683                | -                   | 165,683                   | 175,412               |
| Office expenses                         | 112,811                      | 33,887           | 1,902,362              | 62,800              | 526,558                | 28,990              | 618,348                   | 2,520,710             |
| Depreciation and amortization           | -                            | -                | -                      | -                   | 147,002                | -                   | 147,002                   | 147,002               |
| External relations                      | -                            | -                | 229,187                | 31,228              | 110,572                | 1,121,218           | 1,263,018                 | 1,492,205             |
| Vehicles                                | 397,177                      | 37,452           | 7,858,447              | 10,290              | 946                    | -                   | 11,236                    | 7,869,683             |
| Radio                                   | -                            | -                | 20,747                 | -                   | -                      | -                   | -                         | 20,747                |
| Warehousing                             | 936                          | -                | 487,654                | -                   | 4,663                  | -                   | 4,663                     | 492,317               |
| Electrical systems                      | 8,343                        | 2,717            | 334,651                | 2,454               | -                      | -                   | 2,454                     | 337,105               |
| Freight                                 | 14,284                       | -                | 2,303,650              | (44,050)            | 500                    | -                   | (43,550)                  | 2,260,100             |
| Security                                | 16,739                       | 628              | 149,409                | 406                 | 2,730                  | -                   | 3,136                     | 152,545               |
| Food                                    | -                            | -                | 309,646                | -                   | -                      | -                   | -                         | 309,646               |
| Nutrition                               | 10,207                       | -                | 1,590,986              | -                   | -                      | -                   | -                         | 1,590,986             |
| Health                                  | 731                          | -                | 2,820,072              | -                   | -                      | -                   | -                         | 2,820,072             |
| Food security                           | 336,627                      | 72,648           | 17,062,145             | -                   | -                      | -                   | -                         | 17,062,145            |
| Nonconsumables                          | 8,067                        | -                | 3,769,971              | -                   | -                      | -                   | -                         | 3,769,971             |
| Water and sanitation                    | 231,989                      | 49               | 4,825,703              | -                   | -                      | -                   | -                         | 4,825,703             |
| Training                                | 892,510                      | 39,596           | 6,998,088              | 534                 | 1,809                  | -                   | 2,343                     | 7,000,431             |
| Other project expenses                  | 1,265,691                    | 4,490            | 20,717,422             | 86                  | -                      | -                   | 86                        | 20,717,508            |
| Subawards and ACF International support | 626,013                      | 35,634           | 12,671,966             | -                   | -                      | -                   | -                         | 12,671,966            |
| <b>TOTAL PER EXHIBIT B</b>              | <b>\$7,635,667</b>           | <b>\$621,403</b> | <b>\$ 132,597,311</b>  | <b>\$ 4,417,806</b> | <b>\$ 8,357,785</b>    | <b>\$ 5,691,376</b> | <b>\$ 18,466,967</b>      | <b>\$ 151,064,278</b> |
| Gala expenses                           | -                            | -                | -                      | -                   | -                      | 203,278             | 203,278                   | 203,278               |
| <b>TOTAL</b>                            | <b>\$7,635,667</b>           | <b>\$621,403</b> | <b>\$ 132,597,311</b>  | <b>\$ 4,417,806</b> | <b>\$ 8,357,785</b>    | <b>\$ 5,894,654</b> | <b>\$ 18,670,245</b>      | <b>\$ 151,267,556</b> |

## ACTION AGAINST HUNGER - USA

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                  |
|---|------------------|
| Change in net assets  | \$ (957,859)     |
| Adjustments to reconcile change in net assets to net cash used by operating activities: |                  |
| Depreciation and amortization   | 147,002          |
| Amortization of right-of-use assets   | 634,467          |
| Change in provision for unanticipated losses  | 900,000          |
| Undistributed commodities   | (655,311)        |
| (Increase) decrease in:   |                  |
| Grants receivable   | (9,833,827)      |
| Sub-recipient and other advances  | 2,026,905        |
| Prepaid expenses and other assets   | (176,084)        |
| (Decrease) increase in:   |                  |
| Accounts payable and accrued expenses   | (3,819,846)      |
| Refundable advances   | 12,676,551       |
| Due to Network  | (410,465)        |
| Operating lease obligations   | <u>(588,199)</u> |
| Net cash used by operating activities   | <u>(56,666)</u>  |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                                       |                  |
|---------------------------------------|------------------|
| Purchase of property and equipment    | <u>(307,037)</u> |
| Net cash used by investing activities | <u>(307,037)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|   |                             |
|---|-----------------------------|
| Proceeds from line of credit                    | <u>1,000,000</u>            |
| Net cash provided by financing activities       | <u>1,000,000</u>            |
| Net increase in cash and cash equivalents       | 636,297                     |
| Cash and cash equivalents at beginning of year  | <u>30,552,324</u>           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> | <b><u>\$ 31,188,621</u></b> |

**SUPPLEMENTAL INFORMATION:**

|               |                         |
|---------------|-------------------------|
| Interest Paid | <b><u>\$ 76,573</u></b> |
|---------------|-------------------------|

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

#### 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 accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

##### Cash and cash equivalents -

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

Action Against Hunger - USA had \$6,996,720 of cash and cash equivalents held in foreign countries at December 31, 2023. These balances are subject to local deposit insurance regulations and may be uninsured.

##### Grants receivable -

Grants receivable include unconditional promises to give that are expected to be collected in future years. Grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. All grants receivable are deemed to be collectable within one year of the date of the statement of financial position. Accordingly, an allowance for doubtful accounts has not been established.

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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

##### Sub-recipient and other advances -

Sub-recipient and other advances consist of amounts provided to partners and sub-grantees to execute project objectives, as well as employee and travel advances. Such amounts are recorded as expenditures when the related activity takes place in a future period.

##### Property and equipment -

Property and equipment with unit cost in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$147,002 for the year ended December 31, 2023.

##### Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is to its current value, and a loss is reported in the Statement of Activities, to its current fair value.

##### Income taxes -

Action Against Hunger - USA is exempt from Federal income taxes under Section 501(c)(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. Action Against Hunger - USA is not a private foundation.

##### Support from grants and contributions, including Federal awards -

Action Against Hunger - USA receives grants and contributions from various donors, including awards from the U.S. Government, foreign governments and similar entities. Contributions are recognized in the appropriate category of net assets in the period received. Action Against Hunger - USA performs an analysis of the individual award agreements to determine if they should be recorded as contributions or exchange transactions depending upon whether the transaction is deemed nonreciprocal or reciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier and are recognized when conditions have been satisfied. Most Federal and other donor grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional.

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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

Support from grants and contributions, including Federal awards (continued) -

Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. Action Against Hunger - USA's refundable advances totaled \$33,769,647 as of December 31, 2023.

In addition, Action Against Hunger - USA has entered into grant agreements related to conditional contributions which will be recognized in future years. Action Against Hunger - USA's unrecognized conditional contributions totaled approximately \$120,845,000 as of December 31, 2023.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted of donations of food, transportation and medical supplies, which are valued based on values provided by the donors. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Action Against Hunger - USA. The contributed nonfinancial assets were restricted by the donors for specific programs. None of the donated goods were monetized through sale.

Revenue from contracts with customers -

Action Against Hunger - USA's special events revenue is the most significant revenue stream that is treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. Action Against Hunger - USA has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. Action Against Hunger - USA's contracts with customers generally have initial terms of one year or less. Special event revenue is related to the annual fundraising gala and is recognized at the time of the event.

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. Assets, liabilities and net assets with donor restrictions denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the Statement of Financial Position. Currency gains and losses from translation are recorded as an other item in the accompanying Statement of Activities.

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.

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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

Provision for unanticipated losses -

Action Against Hunger - USA has established a provision for unanticipated losses. The provision is to cover expenses that result from programs which Action Against Hunger - USA may maintain for which there is no donor funding as well as potential losses as a result of donor audits, supplier tax liabilities, severance liabilities, bad debt and frozen assets. As of December 31, 2023, management has estimated the provision to be \$2,400,000.

Functional allocation of expenses -

The costs of providing Action Against Hunger - USA's programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

Special event expenses -

The Statement of Functional Expenses includes special event expenses which are deducted from special event revenue in the Statement of Activities.

#### 2. ACTION AGAINST HUNGER NETWORK

Action Against Hunger - USA is a member of a network that includes seven other international non-governmental organizations headquartered in Paris, Madrid, London, Toronto, Berlin, Rome and New Delhi. The network collaborates to accomplish a worldwide shared mission. Action Against Hunger - USA and the seven other members of the network provide inter-organizational program, human resources and logistic support on behalf of their related overseas programs.

At December 31, 2023, Action Against Hunger - USA has recorded a net balance due to the network of \$817,297.

#### 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023:

|   |                            |
|---|----------------------------|
| Furniture   | \$ 434,788                 |
| Equipment   | 630,225                    |
| Vehicles  | 1,103,091                  |
| Capitalized software  | 690,211                    |
| Leasehold improvements  | <u>1,342,811</u>           |
| Subtotal  | 4,201,126                  |
| Less: Accumulated depreciation and amortization                       | <u>(2,867,532)</u>         |
| <b>FURNITURE, EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET</b> | <b><u>\$ 1,333,594</u></b> |

Depreciation and amortization expense totaled \$147,002 for the year ended December 31, 2023.

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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

Action Against Hunger - USA has access to a \$7,000,000 bank line of credit bearing interest at a per annum rate equal to two percent (2.00%) above the Prime Rate. The actual rate was 8.5% as of December 31, 2023. There was an outstanding balance of \$1,000,000 on the line of credit as of December 31, 2023. Interest expense on the line of credit totaled \$76,573 during the year ended December 31, 2023. 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 February 28, 2025.

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

#### 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2023:

Subject to expenditure for specified purpose:

|                   |    |              |
|-------------------|----|--------------|
| Ethiopia Programs | \$ | 544,249      |
| Haiti Programs    |    | 102,781      |
| Somalia Programs  |    | <u>8,281</u> |

**TOTAL NET ASSETS WITH DONOR RESTRICTIONS** **\$ 655,311**

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, 2023:

Purpose restrictions accomplished:

|                                      |    |                |
|--------------------------------------|----|----------------|
| Ethiopia Programs                    | \$ | 40,665,256     |
| Haiti Programs                       |    | 7,837,653      |
| Kenya Programs                       |    | 10,826,368     |
| Other Country and Strategic Programs |    | 8,124,889      |
| Somalia Programs                     |    | 24,319,903     |
| South Sudan Programs                 |    | 33,679,558     |
| Tanzania Programs                    |    | 33,033         |
| Uganda Programs                      |    | 6,336,256      |
| Zambia Programs                      |    | <u>106,871</u> |

**TOTAL NET ASSETS RELEASED FROM RESTRICTIONS** **\$ 131,929,787**

#### 6. DESIGNATED NET ASSETS

At December 31, 2023, Action Against Hunger - USA had the following designated net assets.

**Management Designated:** The Finance Committee of the Board of Directors approved management's proposal to create a "Program Development Fund" which may be replenished periodically. The purpose of the Program Development Fund was to create a funding source for exploratory missions. The balance of the Program Development Fund at December 31, 2023 totaled \$310,000.

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**6. DESIGNATED NET ASSETS (Continued)**

**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, 2023 totaled \$450,000.

**7. LIQUIDITY AND AVAILABILITY**

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

|   |                  |
|---|------------------|
| Cash and cash equivalents                           | \$ 31,188,621    |
| Grants receivable                                   | 29,492,872       |
| Sub-recipient and other advances                    | <u>1,852,910</u> |
| Subtotal financial assets available within one year | 62,534,403       |
| Less: Refundable advances                           | (33,769,647)     |
| Less: Donor restricted funds                        | (655,311)        |
| Less: Board designated funds                        | <u>(760,000)</u> |

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS  
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 27,349,445**

Action Against Hunger - USA has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, Action Against Hunger - USA has a line of credit agreement (as further discussed in Note 4) which allows for additional available borrowings up to \$7,000,000.

**8. CONTRIBUTED NON-FINANCIAL ASSETS**

During the year ended December 31, 2023, Action Against Hunger - USA was the beneficiary contributed nonfinancial assets (donated commodities) which allowed Action Against Hunger - USA to provide greater resources toward various programs. The donated commodities were donor restricted. Goods donated for distribution for Action Against Hunger - USA's programs are recorded at their fair market value as of the date of the gift. The fair value is estimated based on values provided by the donors. None of the donated goods were monetized through sale.

The contributed nonfinancial assets received consisted of the following for the year ended December 31, 2023:

**Food and Medical Supplies** **\$ 20,733,914**

Contributed nonfinancial assets were expended for the following programs during the year ended December 31, 2023:

|                      |                  |
|----------------------|------------------|
| Ethiopia Programs    | \$ 6,900,146     |
| Somalia Programs     | 1,196,703        |
| South Sudan Programs | 10,884,365       |
| Uganda Programs      | <u>1,097,389</u> |

**TOTAL** **\$ 20,078,603**

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

#### 9. LEASE COMMITMENTS

Action Against Hunger - USA follows FASB ASC 842 for leases. Action Against Hunger - USA has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. Action Against Hunger - USA has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

##### Short-term Leases:

Action Against Hunger - USA leases certain assets on an as-needed basis. The Organization has elected the practical expedient for these short-term leases as the lease terms are less than 12 months. Total short-term lease expense included in operating expenses for the year ended December 31, 2023 was \$380,606.

##### Operating Leases:

Action Against Hunger - USA has an operating lease for office space in Manhattan, New York that expires on December 31, 2030. The office lease includes an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease.

On March 10, 2022, Action Against Hunger - USA entered into a lease for office space in Washington DC., expiring on April 30, 2028. The office lease includes an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease.

For the year ended December 31, 2023, total lease cost was \$828,009 and total cash paid was \$781,741 for these operating leases. As of December 31, 2023, the weighted-average remaining lease term and rate for operating leases is 5.93 years and 3%, respectively.

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

| <u>Year Ending December 31,</u>         |                            |
|---|----------------------------|
| 2024                                    | \$ 929,247                 |
| 2025                                    | 1,042,518                  |
| 2026                                    | 1,063,377                  |
| 2027                                    | 1,085,206                  |
| 2028                                    | 926,030                    |
| Thereafter                              | <u>1,724,304</u>           |
|   | 6,770,682                  |
| Less: Imputed interest                  | <u>(652,417)</u>           |
| <b>TOTAL OPERATING LEASE OBLIGATION</b> | <b><u>\$ 6,118,265</u></b> |

#### 10. 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.

## ACTION AGAINST HUNGER - USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

#### 10. RETIREMENT PLAN (Continued)

In order to qualify for the employer contribution, the employee must have completed a minimum of six months of service during the year and be an employee as of year-end. Participants are completely vested after three years of service. For the year ended December 31, 2023, total contributions to the Plan were \$655,708.

#### 11. CONTINGENCIES

U.S. Government awards -

Action Against Hunger - USA receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2023. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Foreign Government, International Organization and Other Grantor awards -

Action Against Hunger - USA receives grants and contracts from foreign governments, international organizations and other grantors. Such grants and contracts are subject to audit under the provisions stated in each grant agreement or contract. The ultimate determination of amounts received under these grants and contracts is based upon the allowance of costs reported to and accepted by the foreign governments, international organizations and other grantors as a result of such audits. Until such audits have been accepted by these donors, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Foreign operations -

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

As of December 31, 2023, Action Against Hunger - USA had cash, property, and equipment and receivables in various foreign countries totaling approximately \$6,900,000 which represents approximately 10% of Action Against Hunger - USA's total assets as of December 31, 2023.

#### 12. RESTATEMENT OF OPENING NET ASSETS DUE TO CHANGE IN ACCOUNTING POLICY

During fiscal year 2023, Action Against Hunger - USA changed its interpretation FASB ASC Topic 958 pertaining to the recognition of its grant awards. As a result of this change in accounting policy, certain awards which had previously been classified as unconditional awards were reclassified as conditional awards.

**ACTION AGAINST HUNGER - USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**12. RESTATEMENT OF OPENING NET ASSETS DUE TO CHANGE IN ACCOUNTING POLICY  
(Continued)**

In connection with this change in accounting policy, the following balances were restated effective January 1, 2023:

|                                    | <u>Balance as of January 1, 2023</u> |                             |
|------------------------------------|--------------------------------------|-----------------------------|
|                                    | <u>As Restated</u>                   | <u>As Previously Stated</u> |
| Grants receivable                  | \$ 19,659,045                        | \$ 77,389,133               |
| Refundable advances                | \$ 21,093,096                        | \$ 5,369,399                |
| Net assets with donor restrictions | \$ -                                 | \$ 71,211,965               |

**13. SUBSEQUENT EVENTS**

In preparing these financial statements, Action Against Hunger - USA has evaluated events and transactions for potential recognition or disclosure through February 28, 2025, the date the financial statements were issued.

On January 27, 2025, Action Against Hunger - USA received a stop-work order applicable to its United States Government funded programs. This directive was issued as a result of the Presidential Executive Order entitled "Reevaluating and Realigning United States Foreign Aid" which was issued on January 20, 2025 and mandates a 90-day pause in United States foreign development assistance for assessment of programmatic efficiencies and consistency with United States foreign policy. Action Against Hunger - USA is currently assessing the financial and operational impact of this event. Management does not anticipate any immediate effects on other programs or funding sources, however there is inherent uncertainty regarding the long-term implications of the foreign aid freeze. These financial statements do not reflect any adjustments related to this subsequent event.