

**FINANCIAL STATEMENTS**

# **ActionAid USA**

**FOR THE YEAR ENDED DECEMBER 31, 2004  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2003**

# ActionAid USA

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**GELMAN, ROSENBERG & FREEDMAN**  
**CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**


**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
ActionAid USA  
Washington, D.C.

We have audited the accompanying statement of financial position of ActionAid USA as of December 31, 2004, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of ActionAid USA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2003 financial statements and, in our report dated May 5, 2004, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ActionAid USA as of December 31, 2004, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



May 11, 2005

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## ActionAid USA

**STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2004  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2003**

<b>ASSETS</b>		<u>2004</u>	<u>2003</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents (Note 2)	\$	60,992	\$ 18,091
Accounts receivable		3,930	3,385
Prepaid expenses		<u>6,802</u>	<u>13,268</u>
Total current assets		<u>71,724</u>	<u>34,744</u>
<b>OTHER ASSETS</b>			
Security deposit		<u>6,048</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>77,772</u></b>	<b>\$ <u>34,744</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	17,426	\$ 5,679
Accrued vacation		<u>7,197</u>	<u>5,264</u>
Total current liabilities		<u>24,623</u>	<u>10,943</u>
<b>LONG-TERM LIABILITIES</b>			
Deposits held in escrow		<u>2,651</u>	<u>-</u>
Total liabilities		<u>27,274</u>	<u>10,943</u>
<b>NET ASSETS</b>			
Unrestricted		7,336	10,005
Temporarily restricted (Note 3)		<u>43,162</u>	<u>13,796</u>
Total net assets		<u>50,498</u>	<u>23,801</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>77,772</u></b>	<b>\$ <u>34,744</u></b>

See accompanying notes to financial statements.

## ActionAid USA

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2003**

	2004			2003
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE</b>				
Grants (Notes 6 and 7)	\$ 502,403	\$ 245,574	\$ 747,977	\$ 579,336
Contributions	3,160	700	3,860	9,944
Interest income	100	-	100	1
Contributed services and materials	16,035	-	16,035	4,500
Application and other fees	-	-	-	500
Other revenue	3,397	-	3,397	-
Net assets released from donor restrictions (Note 4)	<u>216,908</u>	<u>(216,908)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>742,003</u>	<u>29,366</u>	<u>771,369</u>	<u>594,281</u>
<b>EXPENSES</b>				
Program services:				
Food Rights	3,743	-	3,743	5,374
Policy, Research and Advocacy	197,799	-	197,799	85,558
Media	49,703	-	49,703	28,974
HIV/AIDS	7,931	-	7,931	42,877
Grants to Other AA Offices	201,745	-	201,745	80,632
Education	1,241	-	1,241	69,267
US-India	7,264	-	7,264	1,747
Health	-	-	-	468
Trade	-	-	-	4,351
Poverty Reduction Strategy	-	-	-	4,325
Total program services	<u>469,426</u>	<u>-</u>	<u>469,426</u>	<u>323,573</u>
Supporting services:				
General and Administrative	185,957	-	185,957	230,343
Fundraising	<u>89,289</u>	<u>-</u>	<u>89,289</u>	<u>62,347</u>
Total supporting services	<u>275,246</u>	<u>-</u>	<u>275,246</u>	<u>292,690</u>
Total expenses	<u>744,672</u>	<u>-</u>	<u>744,672</u>	<u>616,263</u>
Change in net assets	(2,669)	29,366	26,697	(21,982)
Net assets at beginning of year	<u>10,005</u>	<u>13,796</u>	<u>23,801</u>	<u>45,783</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 7,336</u></b>	<b><u>\$ 43,162</u></b>	<b><u>\$ 50,498</u></b>	<b><u>\$ 23,801</u></b>

See accompanying notes to financial statements.

## ActionAid USA

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2004 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2003

	Program Services					
	Food Rights	Policy Research and Advocacy	Media	HIV/AIDS	Grants to Other AA Offices	Education
Salaries and benefit (Note 8)	\$ -	128,735	\$18,124	\$ -	\$ -	\$ -
Recruitment expenses	-	-	601	-	-	-
Telephone	-	6,790	429	-	-	-
Rent (Note 5)	-	14,595	944	-	-	-
Postage and delivery	-	229	-	2,144	-	-
Supplies	-	144	80	169	-	-
Office equipment	-	3,615	3,607	-	-	-
Copying and printing	-	11,580	450	4,161	-	-
Subscriptions and dues	-	1,140	640	-	-	-
Publications	-	41	44	-	-	-
Computer fees	-	100	3,029	-	-	-
Visa permits	-	-	-	-	-	-
Per diems overseas visitors	-	-	-	-	-	-
Travel and subsistence	3,694	20,858	927	1,306	-	-
Meetings and conferences	49	1,447	21	151	-	173
Consultancy fees	-	6,262	10,525	-	-	1,068
Bank charges	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Repairs and maintenance	-	1,495	325	-	-	-
Advertising and promotion	-	-	9,917	-	-	-
Staff development training	-	768	40	-	-	-
Subgrants	-	-	-	-	201,745	-
Tariffs in Europe	-	-	-	-	-	-
Travel insurance	-	-	-	-	-	-
	<b><u>\$3,743</u></b>	<b><u>\$197,799</u></b>	<b><u>\$49,703</u></b>	<b><u>\$7,931</u></b>	<b><u>\$201,745</u></b>	<b><u>\$1,241</u></b>

See accompanying notes to financial statements.

2004					2003	
Supporting Services						
US - India	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total	Total
\$ -	\$146,859	\$124,033	\$59,499	\$183,532	\$330,391	\$217,925
-	601	50	-	50	651	245
-	7,219	3,893	3,501	7,394	14,613	10,620
-	15,539	25,820	6,088	31,908	47,447	52,157
-	2,373	1,800	386	2,186	4,559	13,960
-	393	2,161	51	2,212	2,605	6,143
-	7,222	5,405	1,380	6,785	14,007	31,615
-	16,191	3,795	3,024	6,819	23,010	12,712
-	1,780	6	1,783	1,789	3,569	1,594
-	85	-	227	227	312	3,217
-	3,129	1,638	180	1,818	4,947	2,064
-	-	-	-	-	-	5,120
-	-	-	-	-	-	1,180
-	26,785	3,908	8,806	12,714	39,499	39,181
-	1,841	1,513	117	1,630	3,471	12,868
-	17,855	7,275	3,252	10,527	28,382	95,502
-	-	408	-	408	408	910
-	-	-	-	-	-	-
-	1,820	2,458	700	3,158	4,978	2,449
-	9,917	-	-	-	9,917	7,210
-	808	1,173	295	1,468	2,276	212
7,264	209,009	-	-	-	209,009	98,632
-	-	299	-	299	299	457
-	-	322	-	322	322	290
<b>\$7,264</b>	<b>\$469,426</b>	<b>\$185,957</b>	<b>\$89,289</b>	<b>\$275,246</b>	<b>\$744,672</b>	<b>\$616,263</b>

See accompanying notes to financial statements.

## ActionAid USA

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 26,697	\$ (21,982)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of fixed assets	-	8,245
(Increase) decrease in:		
Accounts receivable	(545)	342
Grants receivable	-	27,000
Prepaid expenses	6,466	(13,268)
Security deposit	(6,049)	2,333
Increase (decrease) in:		
Accounts payable	11,747	(4,448)
Accrued vacation	1,934	5,000
Deposits held in escrow	<u>2,651</u>	<u>-</u>
Net cash provided by operating activities	<u>42,901</u>	<u>3,222</u>
Net increase in cash and cash equivalents	42,901	3,222
Cash and cash equivalents at beginning of year	<u>18,091</u>	<u>14,869</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 60,992</u></b>	<b><u>\$ 18,091</u></b>

See accompanying notes to financial statements.

# ActionAid USA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

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

#### Organization -

ActionAid USA was incorporated under the laws of the District of Columbia. The organization was formed to build a nonviolent principled solidarity with governments, movements and organizations to eradicate poverty through quality analysis and advocacy from a pro-poor perspective, building up public pressure for change, and linking US private foundations to public actions of poor people.

#### Basis of presentation -

ActionAid USA's financial statements are presented on the accrual basis of accounting, which presents financial position, activities, functional expenses and cash flows in accordance with accounting principles generally accepted in the United States of America. The presentation of the accompanying financial statements is in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

#### Cash and cash equivalents -

Cash and cash equivalents include cash on hand and cash held in local financial institutions.

#### Income taxes -

ActionAid USA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the accompanying financial statements. ActionAid USA is not a private foundation.

#### Furniture and equipment -

Furniture and equipment are recorded at cost if over USD \$8,890. Depreciation is provided on the straight-line basis over the estimated useful lives of the related assets, generally five years. Furniture and equipment are expensed if under the capitalization threshold.

#### Contributions and grants -

Contributions and grants are recognized either in the period in which they are received or in the period when they are unconditionally pledged. Restricted grants and contributions are recorded as temporarily restricted and subsequently released from restriction to the extent that expenses have been incurred for the purposes specified.

#### Functional allocation of expenses -

The costs of ActionAid USA's programs and administration have been summarized on a functional basis in the accompanying Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs.

#### Use of estimates -

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

## ActionAid USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

#### 2. CONCENTRATION OF CREDIT RISK

At times throughout the year, ActionAid USA's cash balance exceeds the Federal Deposit Insurance Corporation (FDIC) limit of \$100,000. ActionAid USA believes the risk associated with the excess balance is minimal.

#### 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2004:

Fund Transfers from UK	\$ 42,588
HIV/AIDS Project	<u>574</u>
	<b><u>\$ 43,162</u></b>

#### 4. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

Moriah Fund	\$ 37,500
Private donors	16,230
Ford Foundation	68,750
Public Welfare Foundation	50,000
Fund transfers from UK	1,241
US Indian Program	5,990
McKnight Foundation	29,265
HIV/AIDS Project	<u>7,932</u>
	<b><u>\$ 216,908</u></b>

#### 5. OPERATING LEASE

ActionAid USA entered into a non-cancelable five-year lease for office space commencing April 1, 2002 and expiring March 31, 2007. ActionAid USA also subleases part of this space to CIVICUS. Future minimal rental payments under the leases are as follows:

##### Year Ended December 31,

2005	\$ 78,722
2006	81,083
2007	<u>20,420</u>
	<b><u>\$ 180,225</u></b>

## ActionAid USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

#### 5. OPERATING LEASE (Continued)

Future minimum receipts from the sublease are as follows:

**Year Ended December 31,**

2005	\$	19,453
2006		20,036
2007		<u>4,899</u>
	\$	<u><b>44,388</b></u>

Rent expense for the year ended December 31, 2004 was \$47,447, net of sublease income in the amount of \$30,000.

#### 6. AFFILIATION WITH ACTIONAID INTERNATIONAL

ActionAid USA is affiliated with ActionAid International, a Johannesburg-based organization. ActionAid USA received grants from ActionAid International in the amount of \$546,232 for the year ended December 31, 2004.

#### 7. ECONOMIC DEPENDENCY

Approximately 71% of ActionAid USA's revenue and support for the year ended December 31, 2004 was received from ActionAid International (Note 6). The organization continues to receive funding from ActionAid International, in addition to pursuing new sources of funding within the United States of America.

#### 8. PENSION PLAN

ActionAid USA established a defined contribution plan on January 1, 2002 under Section 403(b) of the Internal Revenue Code. All employees of ActionAid USA are eligible to participate in the plan. For the year ended December 31, 2004, pension expense was \$3,196.