

ACTIONAID USA

FINANCIAL STATEMENTS

For the Years Ended
December 31, 2015 and 2014
and
Report Thereon

Independent Auditor's Report

To the Board of Directors of
ActionAid USA

We have audited the accompanying financial statements of ActionAid USA, an affiliate of ActionAid International, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year 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 audit. 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ActionAid USA as of December 31, 2015, and the changes 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.

Report on Summarized Comparative Information

We have previously audited ActionAid USA's 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "L. + Company". The signature is written in a cursive, flowing style.

Washington, D.C.
May 20, 2016

ACTIONAID USA
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

<u>ASSETS</u>		
	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 1,072,771	\$ 1,476,024
Accounts receivable	20,237	29,728
Grants receivable, net of discount	3,420,858	3,618,695
Prepaid expenses	26,226	37,153
Property and equipment, net	2,543	4,722
Security deposit	<u>10,371</u>	<u>10,371</u>
 Total Assets	 <u>\$ 4,553,006</u>	 <u>\$ 5,176,693</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 48,318	\$ 72,331
Affiliate payable	52,478	49,859
Deferred rent and leasehold incentive liability	<u>31,270</u>	<u>52,189</u>
 Total Liabilities	 132,066	 174,379
Net Assets		
Unrestricted		
Undesignated	4,215	432,393
Board designated	<u>100,000</u>	<u>350,000</u>
 Total Unrestricted Net Assets	 104,215	 782,393
Temporarily restricted	<u>4,316,725</u>	<u>4,219,921</u>
 Total Net Assets	 <u>4,420,940</u>	 <u>5,002,314</u>
 Total Liabilities and Net Assets	 <u>\$ 4,553,006</u>	 <u>\$ 5,176,693</u>

The accompanying notes are an integral part of these financial statements.

ACTIONAID USA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>	<u>2014 Total</u>
Revenue and Support				
Grants	\$ 230,000	\$ 4,081,320	\$ 4,311,320	\$ 5,417,914
Contributions	219,428	159,895	379,323	568,921
Interest income	808	-	808	1,622
Net assets released from restrictions	<u>4,144,411</u>	<u>(4,144,411)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>4,594,647</u>	<u>96,804</u>	<u>4,691,451</u>	<u>5,988,457</u>
Expenses				
Program services:				
Policy and campaign	3,949,666	-	3,949,666	3,569,248
Media	<u>144,420</u>	<u>-</u>	<u>144,420</u>	<u>162,566</u>
Total Program Services	<u>4,094,086</u>	<u>-</u>	<u>4,094,086</u>	<u>3,731,814</u>
Supporting Services				
General and administrative	478,684	-	478,684	476,159
Fundraising	<u>700,055</u>	<u>-</u>	<u>700,055</u>	<u>569,037</u>
Total Supporting Services	<u>1,178,739</u>	<u>-</u>	<u>1,178,739</u>	<u>1,045,196</u>
Total Expenses	<u>5,272,825</u>	<u>-</u>	<u>5,272,825</u>	<u>4,777,010</u>
Change in Net Assets	<u>(678,178)</u>	<u>96,804</u>	<u>(581,374)</u>	<u>1,211,447</u>
Net Assets, Beginning of Year	<u>782,393</u>	<u>4,219,921</u>	<u>5,002,314</u>	<u>3,790,867</u>
Net Assets, End of Year	<u>\$ 104,215</u>	<u>\$ 4,316,725</u>	<u>\$ 4,420,940</u>	<u>\$ 5,002,314</u>

The accompanying notes are an integral part of these financial statements.

ACTIONAID USA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

	Policy and Campaign	Media	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	2015 Totals	2014 Totals
Grant and subgrants	\$ 3,130,469	\$ -	\$ 3,130,469	\$ -	\$ -	\$ -	\$ 3,130,469	\$ 2,699,261
Personnel costs	585,460	121,006	706,466	292,421	384,325	676,746	1,383,212	1,235,133
Professional services	81,007	10,178	91,185	82,266	215,888	298,154	389,339	455,354
Travel and transportation	87,347	630	87,977	32,937	50,354	83,291	171,268	154,893
Occupancy	53,195	10,995	64,190	26,570	34,920	61,490	125,680	123,279
Materials and service	10,134	80	10,214	28,959	2,915	31,874	42,088	56,222
Miscellaneous	--	-	-	6,270	11,653	17,923	17,923	29,672
Equipment	2,054	1,531	3,585	7,082	--	7,082	10,667	21,017
Depreciation and amortization	-	-	-	2,179	-	2,179	2,179	2,179
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,179</u>	<u>-</u>	<u>2,179</u>	<u>2,179</u>	<u>2,179</u>
2015 Totals	<u>\$ 3,949,666</u>	<u>\$ 144,420</u>	<u>\$ 4,094,086</u>	<u>\$ 478,684</u>	<u>\$ 700,055</u>	<u>\$ 1,178,739</u>	<u>\$ 5,272,825</u>	
2014 Totals	<u>\$ 3,569,248</u>	<u>\$ 162,566</u>	<u>\$ 3,731,814</u>	<u>\$ 476,159</u>	<u>\$ 569,037</u>	<u>\$ 1,045,196</u>		<u>\$ 4,777,010</u>

The accompanying notes are an integral part of these financial statements.

ACTIONAID USA
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (581,374)	\$ 1,211,447
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	2,179	2,179
Discount on grants receivable	(8,018)	22,397
Change in assets and liabilities:		
Accounts receivable	9,491	(5,699)
Grants receivable	205,856	(1,477,823)
Prepaid expenses	10,927	(3,068)
Accounts payable and accrued expenses	(24,013)	28,346
Affiliate payable	2,619	51,976
Deferred rent and leasehold incentive liability	<u>(20,920)</u>	<u>(15,398)</u>
Net cash used in operating activities	<u>(403,253)</u>	<u>(185,643)</u>
Net decrease in cash and cash equivalents	(403,253)	(185,643)
Cash and cash equivalents, beginning of year	<u>1,476,024</u>	<u>1,661,667</u>
Cash and cash equivalents, end of year	<u>\$ 1,072,771</u>	<u>\$ 1,476,024</u>

The accompanying notes are an integral part of these financial statements.

ACTIONAID USA
Notes to Financial Statements
For the Year Ended December 31, 2015

1. ORGANIZATION

ActionAid USA is the U.S. affiliate of ActionAid International (AAI), an antipoverty agency working in 43 countries, taking sides with poor people to end poverty and injustice together. ActionAid USA raises money for international development projects in the countries where our partner affiliates work and educates the U.S. public, other nonprofit organizations and government institutions about food, health, education, emergencies, women's rights and democratic governance in developing countries. These activities are funded primarily through grants and contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in checking accounts and money market accounts.

Property and Equipment

Acquisitions of property and equipment are recorded at cost. Depreciation is recorded using the straight-line method over estimated useful lives of three to five years. It is ActionAid USA's policy to capitalize property and equipment over \$5,000. Expenditures for major repairs and improvements are capitalized and expenditures for minor repairs and maintenance costs are expensed as incurred in line with the capitalization policy.

Continued

ACTIONAID USA
Notes to Financial Statements
For the Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Net Assets

ActionAid USA's net assets are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of ActionAid USA's operations. Unrestricted net assets also include \$100,000 that has been designated by the Board of Directors as a reserve for termination of the entity.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various purposes or for use in future time periods.

Revenue Recognition

Grants and contributions are recorded as revenue and support when received or pledged, whichever occurs first. ActionAid USA reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets to one of ActionAid USA's programs or to future periods. When a donor restriction is met, that is, when a purpose restriction is accomplished or a time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Revenue recognized on grants and contributions that have been earned or committed to ActionAid USA, but have not been received, is reflected as grants receivable in the accompanying statement of financial position.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in grants revenue in the accompanying statement of activities.

Continued

ACTIONAID USA
Notes to Financial Statements
For the Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

ActionAid USA maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor per institution. Deposits in excess of federally insured limits were \$542,208 as of December 31, 2015.

ActionAid USA's cash and cash equivalents are held in demand deposit and money market accounts. Management continually monitors its positions with, and credit quality of, the financial institutions with which it places its cash and cash equivalents.

ActionAid USA has a revolving line of credit of \$500,000 with advances available until August 1, 2016. The interest rate on the outstanding principal balance is the greater of an indexed rate set by the lender or 4.0%. As of December 31, 2015, ActionAid USA has not borrowed against the line of credit.

Income Taxes

ActionAid USA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. At December 31, 2015 no provision for income taxes was made as ActionAid USA had no net unrelated business income. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition on the financial statements.

Functional Expenses

The costs of providing ActionAid USA's various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated proportionately among the programs and supporting services benefited.

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ACTIONAID USA
Notes to Financial Statements
For the Year Ended December 31, 2015

3. GRANTS RECEIVABLE

Grants receivable represent amounts due from individual donors and foundations. The amounts are due as follows:

Less than one year	\$ 2,190,300
One to five years	<u>1,250,656</u>
Grants Receivable	3,440,956
Less: Present value component	<u>(20,098)</u>
Grants Receivable, Net	<u>\$ 3,420,858</u>

A discount rate based on a three-year treasury yield curve was used to determine the net present value. All amounts are considered fully collectible.

4. PROPERTY AND EQUIPMENT

ActionAid USA held the following property and equipment as of December 31, 2015:

Furniture and equipment	\$ 206,530
Leasehold improvements	<u>10,897</u>
Property and Equipment, Gross	217,427
Less: Accumulated depreciation and amortization	<u>(214,884)</u>
Property and Equipment, Net	<u>\$ 2,543</u>

Total depreciation and amortization expense for the year ended December 31, 2015 was \$2,179.

ACTIONAID USA
Notes to Financial Statements
For the Year Ended December 31, 2015

5. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2015, temporarily restricted net assets were available for the following policy and campaign purposes:

Food & Agriculture	\$ 2,333,688
Climate & Tax	989,878
Biofuels & Land Rights	899,415
Women's Rights	86,732
Education	<u>7,012</u>
Temporarily Restricted Net Assets	<u>\$ 4,316,725</u>

6. COMMITMENTS AND CONTINGENCIES

ActionAid USA leases office space under a noncancelable operating lease for its office space which expires on February 28, 2017. This lease includes provisions for fixed annual rent escalations, a reduced rental rate for the first seven months of the lease term, and a tenant improvement allowance. Under generally accepted accounting principles, all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. Future minimum lease payments as of December 31, 2015, for office space are as follows:

2016	149,432
2017	<u>25,066</u>
Total	<u>\$ 174,498</u>

Rent expense for the year ended December 31, 2015 was \$125,680.

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ACTIONAID USA
Notes to Financial Statements
For the Year Ended December 31, 2015

7. AFFILIATION WITH ACTIONAID INTERNATIONAL

ActionAid USA has an affiliation agreement with ActionAid International (AAI), a Johannesburg-based organization. Under the terms of the agreement, ActionAid USA has the exclusive right to use AAI's name in the United States through February 3, 2018. ActionAid USA is responsible for all fundraising within the United States for international development projects in the countries where the partner affiliates work. During the year ended December 31, 2015, ActionAid USA made grant awards to AAI of \$3,130,469 to support international development projects in the countries where the partner affiliates work. This amount is included in grants and subgrants in accompanying statement of functional expenses. AAI also reimburses ActionAid USA for costs related to travel within the United States by employees of partner affiliates.

As of December 31, 2015, the net amount payable by ActionAid USA to AAI related to this agreement was \$52,478, which is reported as affiliate payable in the accompanying statement of financial position.

8. PENSION PLAN

On January 1, 2002, ActionAid USA established a defined contribution plan under Section 403(b) of the Internal Revenue Code. Substantially all of ActionAid USA's employees are eligible to participate in the plan. For the year ended December 31, 2015, pension expense totaled \$18,191 and is included in personnel costs in the accompanying statement of functional expenses.

9. SUMMARIZED FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional area. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ActionAid USA's financial statements for the year ended December 31, 2014, from which the summarized information was prepared.

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ACTIONAID USA
Notes to Financial Statements
For the Year Ended December 31, 2015

10. SUBSEQUENT EVENTS

In preparing these financial statements, ActionAid USA has evaluated events and transactions for potential recognition or disclosure through May 20, 2016, the date the financial statements were available for issue. There were no subsequent events that require recognition of, or disclosure in the financial statements.