

ACTIONAID USA

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FINANCIAL STATEMENTS

For the Years Ended  
December 31, 2020 and 2019  
and  
Report Thereon

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**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 statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

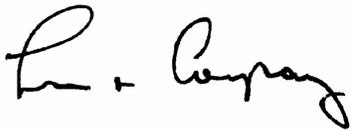
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ActionAid USA as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Washington, D.C.  
August 18, 2021

ACTIONAID USA  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,324,070	\$ 630,490
Accounts receivable	21,580	25,665
Grants receivable, net of discount	1,058,709	900,199
Prepaid expenses	28,810	18,327
Property and equipment, net	9,167	20,167
Security deposit	<u>12,635</u>	<u>12,635</u>
 Total Assets	 <u>\$ 2,454,971</u>	 <u>\$ 1,607,483</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 45,764	\$ 44,256
Passthrough grants payable	70,001	-
Affiliate payable	143,038	-
Note payable	248,183	-
Deferred rent and leasehold incentive liability	<u>131,290</u>	<u>132,184</u>
 Total Liabilities	 638,276	 176,440
 Net Assets		
Net Assets without donor restrictions	300,659	198,620
Net Assets with donor restrictions	<u>1,516,036</u>	<u>1,232,423</u>
 Total Net Assets	 <u>1,816,695</u>	 <u>1,431,043</u>
 Total Liabilities and Net Assets	 <u>\$ 2,454,971</u>	 <u>\$ 1,607,483</u>

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

ACTIONAID USA  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2020

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	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>2020</u>
Revenue and Support			
Grants	\$ 315,355	\$ 3,801,715	\$ 4,117,070
Contributions	309,282	24,177	333,459
Rental income	2,340	-	2,340
Interest income	1,755	-	1,755
Net assets released from restrictions	<u>3,542,279</u>	<u>(3,542,279)</u>	<u>-</u>
Total Revenue and Support	<u>4,171,011</u>	<u>283,613</u>	<u>4,454,624</u>
Expenses			
Program Services			
Policy and campaign	3,060,884	-	3,060,884
Media	<u>252,281</u>	<u>-</u>	<u>252,281</u>
Total Program Services	<u>3,313,165</u>	<u>-</u>	<u>3,313,165</u>
Supporting Services			
General and administrative	357,142	-	357,142
Fundraising	<u>398,665</u>	<u>-</u>	<u>398,665</u>
Total Supporting Services	<u>755,807</u>	<u>-</u>	<u>755,807</u>
Total Expenses	<u>4,068,972</u>	<u>-</u>	<u>4,068,972</u>
Change in Net Assets	<u>102,039</u>	<u>283,613</u>	<u>385,652</u>
Net Assets, Beginning of Year	<u>198,620</u>	<u>1,232,423</u>	<u>1,431,043</u>
Net Assets, End of Year	<u>\$ 300,659</u>	<u>\$ 1,516,036</u>	<u>\$ 1,816,695</u>

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

ACTIONAID USA  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2019

	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>2019</u>
Revenue and Support			
Grants	\$ 301,425	\$ 2,539,226	\$ 2,840,651
Contributions	206,701	98,685	305,386
Rental income	9,120	-	9,120
Interest income	5,718	-	5,718
Net assets released from restrictions	<u>4,212,611</u>	<u>(4,212,611)</u>	<u>-</u>
Total Revenue and Support	<u>4,735,575</u>	<u>(1,574,700)</u>	<u>3,160,875</u>
Expenses			
Program Services			
Policy and campaign	3,726,148	-	3,726,148
Media	<u>156,957</u>	<u>-</u>	<u>156,957</u>
Total Program Services	<u>3,883,105</u>	<u>-</u>	<u>3,883,105</u>
Supporting Services			
General and administrative	264,608	-	264,608
Fundraising	<u>496,229</u>	<u>-</u>	<u>496,229</u>
Total Supporting Services	<u>760,837</u>	<u>-</u>	<u>760,837</u>
Total Expenses	<u>4,643,942</u>	<u>-</u>	<u>4,643,942</u>
Change in Net Assets	<u>91,633</u>	<u>(1,574,700)</u>	<u>(1,483,067)</u>
Net Assets, Beginning of Year	<u>106,987</u>	<u>2,807,123</u>	<u>2,914,110</u>
Net Assets, End of Year	<u>\$ 198,620</u>	<u>\$ 1,232,423</u>	<u>\$ 1,431,043</u>

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

ACTIONAID USA  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2020

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	<u>Policy and</u>	<u>Media</u>	<u>Total</u>	<u>General and</u>	<u>Fundraising</u>	<u>Total</u>	<u>Totals</u>
	<u>Campaign</u>		<u>Program</u>	<u>Administrative</u>		<u>Supporting</u>	
			<u>Services</u>			<u>Services</u>	
Grant and subgrants	\$ 2,190,150	\$ -	\$ 2,190,150	\$ -	\$ -	\$ -	\$ 2,190,150
Personnel costs	748,344	116,980	865,324	225,455	279,450	504,905	1,370,229
Professional services	29,617	119,367	148,984	59,287	78,605	137,892	286,876
Occupancy	88,405	13,819	102,224	26,634	33,013	59,647	161,871
Travel and transportation	4,304	175	4,479	992	210	1,202	5,681
Materials and service	64	1,940	2,004	19,641	326	19,967	21,971
Miscellaneous	-	-	-	7,894	5,528	13,422	13,422
Equipment	-	-	-	6,239	1,533	7,772	7,772
Depreciation and amortization	-	-	-	11,000	-	11,000	11,000
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Totals	<u>\$ 3,060,884</u>	<u>\$ 252,281</u>	<u>\$ 3,313,165</u>	<u>\$ 357,142</u>	<u>\$ 398,665</u>	<u>\$ 755,807</u>	<u>\$ 4,068,972</u>

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

ACTIONAID USA  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019

	<u>Policy and Campaign</u>	<u>Media</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Totals</u>
Grant and subgrants	\$ 2,740,655	\$ -	\$ 2,740,655	\$ -	\$ -	\$ -	\$ 2,740,655
Personnel costs	755,186	71,414	826,600	118,762	378,580	497,342	1,323,942
Professional services	77,021	71,475	148,496	69,056	42,758	111,814	260,310
Occupancy	92,911	8,786	101,697	14,611	46,577	61,188	162,885
Travel and transportation	57,595	1,250	58,845	18,193	20,479	38,672	97,517
Materials and service	1,667	3,873	5,540	22,902	1,764	24,666	30,206
Miscellaneous	-	-	-	5,787	6,071	11,858	11,858
Equipment	1,113	159	1,272	4,297	-	4,297	5,569
Depreciation and amortization	-	-	-	11,000	-	11,000	11,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>	<u>11,000</u>
Totals	<u>\$ 3,726,148</u>	<u>\$ 156,957</u>	<u>\$ 3,883,105</u>	<u>\$ 264,608</u>	<u>\$ 496,229</u>	<u>\$ 760,837</u>	<u>\$ 4,643,942</u>

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

ACTIONAID USA  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 385,652	\$ (1,483,067)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	11,000	11,000
Change in assets and liabilities		
Accounts receivable	4,085	41,159
Grants receivable, net of discount	(158,510)	1,503,409
Prepaid expenses	(10,483)	12,744
Security deposit	-	12,635
Accounts payable and accrued expenses	1,508	(16,923)
Passthrough grants payable	70,001	-
Affiliate payable	143,038	-
Deferred rent and leasehold incentive liability	<u>(894)</u>	<u>3,080</u>
Net cash provided by operating activities	<u>445,397</u>	<u>84,037</u>
Cash flows provided by financing activities		
Proceeds from note payable	<u>248,183</u>	<u>-</u>
Net cash provided by financing activities	<u>248,183</u>	<u>-</u>
Net increase in cash and cash equivalents	693,580	84,037
Cash and cash equivalents, beginning of year	<u>630,490</u>	<u>546,453</u>
Cash and cash equivalents, end of year	<u>\$ 1,324,070</u>	<u>\$ 630,490</u>

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

**ACTIONAID USA**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

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1. ORGANIZATION

ActionAid USA is a publicly supported 501(c)(3) non-profit organization and is the U.S. affiliate of ActionAid International (AAI), an antipoverty agency working with poor people in 43 countries 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, savings, 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.

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**ACTIONAID USA**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Net Assets

ActionAid USA's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of ActionAid USA's operations. As of December 31, 2020, net assets without donor restrictions included \$100,000 that has been designated by the Board of Directors as an operating reserve.
- Net assets with donor restrictions 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 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, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions 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 statements of financial position.

Grants receivable that are expected to be collected within one year are recorded at their net realizable value. Grants receivable 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 statements of activities.

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**ACTIONAID USA**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

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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. ActionAid USA's cash and cash equivalents are held in checking, savings, 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 and believes these amounts are not subject to significant credit risk.

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, 2020 and 2019, 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 statements of activities. Accordingly, certain costs have been directly allocated to programs and supporting services based on the nature of the expenses and certain indirect costs have been proportionately allocated among the programs and supporting services benefited based on a percentage of personnel costs across departments.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in fiscal year 2022.

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**ACTIONAID USA**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

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3. LIQUIDITY

ActionAid USA monitors liquidity required to meet its operating needs and other contractual commitments. The organization's primary source of liquidity at its disposal consists of cash and cash equivalents and various accounts receivable.

ActionAid USA receives significant contributions and promises to give restricted by donors; these funds are re-granted to third parties in accordance with donor restrictions and are not utilized towards meeting general operating needs. Therefore, ActionAid USA does not consider these donor restricted net assets to be available to meet cash needs for general expenditures over a 12-month period.

The following table reflects ActionAid USA's financial assets as of December 31, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions.

ActionAid USA projects to receive additional contributions and commitments sufficient to fund general operating needs over the next 12 months.

Cash and cash equivalents	\$ 1,324,070
Accounts receivable	21,580
Grants receivable	<u>1,058,709</u>
 Total financial assets	 2,404,359
 Less:	
Accounts payable and accrued expenses	(45,764)
Passthrough grants payable	(70,001)
Affiliate payable	(143,038)
Net assets with donor restrictions	<u>(1,516,937)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 628,619</u>

Continued

**ACTIONAID USA**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

4. GRANTS RECEIVABLE

Grants receivable represent amounts due from individual donors and foundations. A discount rate based on a three-year treasury yield curve was used to determine the net present value. The amounts are due as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 495,610	\$ 880,622
One to five years	<u>564,000</u>	<u>20,000</u>
Grants Receivable	1,059,610	900,622
Less: discount to present value	<u>(901)</u>	<u>(423)</u>
Grants Receivable, Net	<u>\$ 1,058,709</u>	<u>\$ 900,199</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 10,897	\$ 10,897
Website and software	<u>55,000</u>	<u>55,000</u>
Property and Equipment, Gross	65,897	65,897
Less: accumulated depreciation and amortization	<u>(56,730)</u>	<u>(45,730)</u>
Property and Equipment, Net	<u>\$ 9,167</u>	<u>\$ 20,167</u>

Total depreciation and amortization expense for the years ended December 31, 2020 and 2019 was \$11,000.

Continued

**ACTIONAID USA**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

6. LINE OF CREDIT

ActionAid USA has a revolving line of credit of \$500,000 with advances available through May 2021. The interest rate on the outstanding principal balance is the greater of an indexed rate set by the lender or 4.0%. For the year ended December 31, 2020, ActionAid USA did not borrow against this line of credit. ActionAid USA has opted not to renew this line of credit during 2021.

7. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, net assets with donor restrictions were available for the following policy and campaign purposes:

	<u>2020</u>	<u>2019</u>
Food & Agriculture	\$ 296,245	\$ 1,010,950
Biofuels & Land Rights	331,928	104,777
Women's Rights	752,001	101,776
Climate & Tax	--	8,491
Education	117,500	3,360
Emergency Response	<u>18,362</u>	<u>3,069</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,516,036</u>	<u>\$ 1,232,423</u>

8. COMMITMENTS AND CONTINGENCIES

ActionAid USA leases office space under a noncancelable operating lease which expires on February 28, 2028. The lease includes provisions for fixed annual rent escalations 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, 2020, for office space are as follows:

2021	\$ 166,693
2022	170,854
2023	175,125
2024	179,507
2025	184,000
Thereafter	<u>381,923</u>
Total	<u>\$ 1,258,102</u>

Continued

**ACTIONAID USA**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

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8. COMMITMENTS AND CONTINGENCIES (continued)

Rent expense for the years ended December 31, 2020 and 2019 was \$161,871 and \$162,885, respectively.

9. 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 2028. 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 years ended December 31, 2020 and 2019, ActionAid USA made grant awards to AAI of \$2,083,398 and \$2,740,655, respectively, to support international development projects in the countries where the partner affiliates work. This amount is reported as grants and subgrants in accompanying statements 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, 2020, the net amount payable by ActionAid USA to AAI related to this agreement was \$128,878 and the amount payable to other ActionAid offices was \$14,160. These payables are aggregated as Affiliate payable on the accompanying statements of financial position. At December 31, 2019, the net amount receivable by ActionAid USA from AAI related to this agreement was \$8,871, which is included in accounts receivable in the accompanying statements of financial position.

10. 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. ActionAid USA made a 2% voluntary contribution to all employee accounts from July through December 2020. For the years ended December 31, 2020 and 2019, employer matching contributions totaling \$10,068 and \$16,759, respectively, were made.

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**ACTIONAID USA**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

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11. NOTE PAYABLE

ActionAid USA received a loan from Wells Fargo Bank in the amount of \$248,183 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Security (CARES) Act. The loan is subject to a note dated May 7, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning either a) on the date that the Small Business Administration remits ActionAid USA's forgiveness amount to Wells Fargo Bank or b) 10 months after the loan forgiveness covered period. The loan may be repaid at any time with no prepayment penalty. ActionAid USA was notified in May 2021 by the Small Business Administration that its application for forgiveness had been approved.

12. SUBSEQUENT EVENTS

In preparing these financial statements, ActionAid USA has evaluated events and transactions for potential recognition or disclosure through August 18, 2021, the date the financial statements were available for issue. The impact on ActionAid USA's fiscal year 2021 financial activities cannot be assessed as of the date of our audit report, as there exists significant uncertainty about the future impact of COVID-19 on the global economy during the ongoing pandemic.