

ACTIONAID USA

FINANCIAL STATEMENTS

For the Years Ended
December 31, 2022 and 2021
and
Report Thereon

Independent Auditor's Report

To the Board of Directors of
ActionAid USA

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 ActionAid USA as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 ActionAid USA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 ActionAid USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

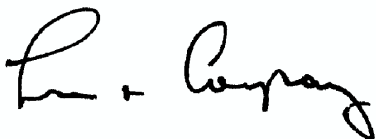
Auditor's Responsibilities for the Audit of the Financial Statements

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. 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 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, 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 ActionAid 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 ActionAid 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.



Washington, D.C.
May 1, 2023

ACTIONAID USA
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2022 and 2021

<u>ASSETS</u>		
	<u>2022</u>	<u>2021</u>
Cash	\$ 1,089,248	\$ 1,362,160
Grants and contributions receivable, net of discount	4,152,649	2,521,633
Prepaid expenses	31,337	28,660
Security deposit	12,635	12,635
Right-of-use asset - office lease	<u>779,082</u>	<u>-</u>
 Total Assets	 <u>\$ 6,064,951</u>	 <u>\$ 3,925,088</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 62,155	\$ 73,519
Affiliate payable	517,212	672,343
Deferred rent and leasehold incentive liability	-	126,341
Lease liability	<u>896,313</u>	<u>-</u>
 Total Liabilities	 1,475,680	 872,203
 Net Assets		
Net Assets without donor restrictions	254,928	124,260
Net Assets with donor restrictions	<u>4,334,343</u>	<u>2,928,625</u>
 Total Net Assets	 <u>4,589,271</u>	 <u>3,052,885</u>
 Total Liabilities and Net Assets	 <u>\$ 6,064,951</u>	 <u>\$ 3,925,088</u>

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

ACTIONAID USA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>Total</u>
Revenue and Support			
Grants	\$ 278,700	\$ 6,138,722	\$ 6,417,422
Contributions	257,301	145,793	403,094
Rental income	-	-	-
Interest income	462	-	462
Net assets released from restrictions	<u>4,878,797</u>	<u>(4,878,797)</u>	<u>-</u>
Total Revenue and Support	<u>5,415,260</u>	<u>1,405,718</u>	<u>6,820,978</u>
Expenses			
Program Services			
Policy and campaign	4,103,555	-	4,103,555
Media	<u>237,795</u>	<u>-</u>	<u>237,795</u>
Total Program Services	<u>4,341,350</u>	<u>-</u>	<u>4,341,350</u>
Supporting Services			
General and administrative	490,123	-	490,123
Fundraising	<u>453,119</u>	<u>-</u>	<u>453,119</u>
Total Supporting Services	<u>943,242</u>	<u>-</u>	<u>943,242</u>
Total Expenses	<u>5,284,592</u>	<u>-</u>	<u>5,284,592</u>
Change in Net Assets	<u>130,668</u>	<u>1,405,718</u>	<u>1,536,386</u>
Net Assets, Beginning of Year	<u>124,260</u>	<u>2,928,625</u>	<u>3,052,885</u>
Net Assets, End of Year	<u>\$ 254,928</u>	<u>\$ 4,334,343</u>	<u>\$ 4,589,271</u>

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

ACTIONAID USA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>Total</u>
Revenue and Support			
Grants	\$ 302,268	\$ 5,419,869	\$ 5,722,137
Contributions	283,695	189,912	473,607
Rental income	750	-	750
Interest income	980	-	980
Net assets released from restrictions	<u>4,197,192</u>	<u>(4,197,192)</u>	<u>-</u>
Total Revenue and Support	<u>4,784,885</u>	<u>1,412,589</u>	<u>6,197,474</u>
Expenses			
Program Services			
Policy and campaign	3,872,440	-	3,872,440
Media	<u>266,977</u>	<u>-</u>	<u>266,977</u>
Total Program Services	<u>4,139,417</u>	<u>-</u>	<u>4,139,417</u>
Supporting Services			
General and administrative	412,233	-	412,233
Fundraising	<u>409,634</u>	<u>-</u>	<u>409,634</u>
Total Supporting Services	<u>821,867</u>	<u>-</u>	<u>821,867</u>
Total Expenses	<u>4,961,284</u>	<u>-</u>	<u>4,961,284</u>
Change in Net Assets	<u>(176,399)</u>	<u>1,412,589</u>	<u>1,236,190</u>
Net Assets, Beginning of Year	<u>300,659</u>	<u>1,516,036</u>	<u>1,816,695</u>
Net Assets, End of Year	<u>\$ 124,260</u>	<u>\$ 2,928,625</u>	<u>\$ 3,052,885</u>

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

ACTIONAID USA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	<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	\$ 3,128,641	\$ -	\$ 3,128,641	\$ -	\$ -	\$ -	\$ 3,128,641
Personnel costs	668,382	111,853	780,235	342,248	350,400	692,648.00	1,472,883
Professional services	175,812	110,130	285,942	72,061	49,384	121,445.00	407,387
Occupancy	73,107	12,234	85,341	37,435	38,326	75,761.00	161,102
Travel and transportation	55,957	1,542	57,499	6,744	9,427	16,171.00	73,670
Materials and service	1,656		1,656	19,716	104	19,820.00	21,476
Miscellaneous	-	-	-	5,930	5,478	11,408.00	11,408
Equipment	-	2,036	2,036	5,989	-	5,989.00	8,025
	<u>-</u>	<u>2,036</u>	<u>2,036</u>	<u>5,989</u>	<u>-</u>	<u>5,989.00</u>	<u>8,025</u>
Totals	<u>\$ 4,103,555</u>	<u>\$ 237,795</u>	<u>\$ 4,341,350</u>	<u>\$ 490,123</u>	<u>\$ 453,119</u>	<u>\$ 943,242</u>	<u>\$ 5,284,592</u>

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

ACTIONAID USA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	<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	\$ 2,870,091	\$ -	\$ 2,870,091	\$ -	\$ -	\$ -	2,870,091
Personnel costs	765,094	106,375	871,469	279,408	280,529	559,937	1,431,406
Professional services	143,260	147,038	290,298	57,622	91,046	148,668	438,966
Occupancy	84,970	11,814	96,784	31,031	31,155	62,186	158,970
Travel and transportation	8,966	-	8,966	34	480	514	9,480
Materials and service	59	1,750	1,809	21,341	236	21,577	23,386
Equipment	-	-	-	5,948	-	5,948	5,948
Bank service charges	-	-	-	7,682	6,188	13,870	13,870
Depreciation and amortization	-	-	-	9,167	-	9,167	9,167
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 3,872,440</u>	<u>\$ 266,977</u>	<u>\$ 4,139,417</u>	<u>\$ 412,233</u>	<u>\$ 409,634</u>	<u>\$ 821,867</u>	<u>\$ 4,961,284</u>

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

ACTIONAID USA
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 1,536,386	\$ 1,236,190
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities		
Depreciation and amortization	-	9,167
Forgiveness of note payable	-	(248,183)
Change in assets and liabilities		
Grants receivable, net of discount	(1,631,016)	(1,441,344)
Prepaid expenses	(2,677)	150
Right-of-use asset - office lease	(779,082)	-
Accounts payable and accrued expenses	(11,364)	27,755
Passthrough grants payable	-	(70,001)
Affiliate payable	(155,131)	529,305
Deferred rent and leasehold incentive liability	(126,341)	(4,949)
Lease liability	<u>896,313</u>	<u>-</u>
Net cash provided by/(used in) operating activities	(272,912)	38,090
Cash and cash equivalents, beginning of year	<u>1,362,160</u>	<u>1,324,070</u>
Cash and cash equivalents, end of year	<u>\$ 1,089,248</u>	<u>\$ 1,362,160</u>
Supplemental disclosures:		
Non-cash Investing and Financing Activities:		
Additions to right-of-use assets obtained from new lease liabilities	<u>\$ 918,252</u>	<u>\$ -</u>
Donated securities:	<u>\$ 51,668</u>	<u>\$ 117,992</u>

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

ACTIONAID USA
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

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.

Continued

ACTIONAID USA
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

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, 2022, 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.

Continued

ACTIONAID USA
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

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, 2022 and 2021, 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.

Newly Adopted Accounting Pronouncements

During 2022, ActionAid USA adopted Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The new standard requires a lessee to recognize a right-of-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.

ActionAid USA elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. The new standard was adopted as of January 1, 2022.

Continued

ACTIONAID USA
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

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.

The following table reflects ActionAid USA's financial assets as of December 31, 2022 and 2021, 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 expects to receive additional contributions and commitments sufficient to fund general operating needs over the next 12 months.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,089,248	\$ 1,362,160
Grants and contributions receivable, net	<u>4,152,649</u>	<u>2,521,633</u>
Total financial assets	5,241,897	3,883,793
Less:		
Accounts payable and accrued expenses	(62,155)	(73,519)
Affiliate payable	(517,212)	(672,343)
Net assets with donor restrictions	<u>(4,334,343)</u>	<u>(2,928,625)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 328,187</u>	<u>\$ 208,306</u>

Continued

ACTIONAID USA
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable represent amounts due from individual donors and foundations. A discount rate based on the published treasury yield curve that most approximates the term of the long-term promises to give was used to determine the net present value. During 2022, the discount rates used range from 4.24% to 4.54%. During 2021, the discount rate used was 0.27%. The amounts are due as follows:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 2,058,776	\$ 2,143,209
One to five years	<u>2,260,000</u>	<u>380,000</u>
Grants Receivable	4,318,776	2,523,209
Less: discount to present value	<u>(166,127)</u>	<u>(1,576)</u>
Grants Receivable, Net	<u>\$ 4,152,649</u>	<u>\$ 2,521,633</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2022 and 2021, net assets with donor restrictions were available for the following policy and campaign purposes:

	<u>2022</u>	<u>2021</u>
Food & Agriculture	\$ 98,360	\$ 62,041
Biofuels & Land Rights	32,216	269,788
Women's Rights	3,612,733	1,747,213
Climate & Tax	94,488	164,962
Education	365,000	580,024
Emergency Response	<u>131,543</u>	<u>104,597</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,334,343</u>	<u>\$ 2,928,625</u>

Continued

ACTIONAID USA
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

6. LEASE

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. ActionAid USA has recognized both a lease liability, consisting of the present value of future cash outflows related to this lease, and a resulting right-of-use lease asset on its accompanying statements of financial position. ActionAid USA elected the practical expedient package to use the risk-free rate (2.31%) in calculating the present value of future cash outflows and the resulting lease liability. The risk-free rate is the reported interest rate on a U.S. treasury bill covering the same term as this lease. Future minimum lease payments as of December 31, 2022, for office space are as follows:

2023	\$	175,125
2024		179,507
2025		184,000
2026		188,604
2027		193,319
Thereafter		<u>32,351</u>
Total lease payments		952,906
Less: interest		<u>(56,593)</u>
Present value of lease liability		<u>\$ 896,313</u>

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 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, 2022 and 2021, ActionAid USA made grant awards to AAI of \$2,836,371 and \$2,498,276, 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.

Continued

ACTIONAID USA
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

7. AFFILIATION WITH ACTIONAID INTERNATIONAL (continued)

As of December 31, 2022 and 2021, the balance in the affiliate payable account consisted of the following:

	<u>2022</u>	<u>2021</u>
Due to ActionAid International	\$ 324,366	\$ 672,343
Due to other country-level ActionAid affiliates	<u>192,846</u>	<u>-</u>
Total affiliate payable	<u>\$ 517,212</u>	<u>\$ 672,343</u>

8. PENSION PLAN

ActionAid USA has 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 years ended December 31, 2022 and 2021, employer matching contributions totaling \$22,410 and \$21,626, respectively, were made.

9. RECLASSIFICATIONS

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. The December 31, 2021 statement of financial position reported both accounts receivable and grants receivable. These lines have been collapsed into one line (“grants and contributions receivable”) in the accompanying statement of financial position.

10. CONCENTRATIONS

For the year ended December 31, 2022, approximately 53% of ActionAid USA’s total revenue was generated from a contribution sourced from a single donor. For the year ended December 31, 2021, approximately 63% of ActionAid USA’s total revenue was generated from contributions sourced from three donors.

11. SUBSEQUENT EVENTS

In preparing these financial statements, ActionAid USA has evaluated events and transactions for potential recognition or disclosure through May 1, 2023, the date the financial statements were available for issue. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.