

This is a translation into English of the statutory auditor's report on the financial statements of the Association issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditor's report includes information required by French law, such as the verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Action Contre la Faim

Year ended December 31, 2019

Statutory auditor's report on the financial statements

ERNST & YOUNG Audit



Action Contre la Faim

Year ended December 31, 2019

Statutory auditor's report on the financial statements

To the Annual General Meeting of Action Contre la Faim,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Action Contre la Faim for the year ended December 31, 2019. These financial statements were approved by the Board of Directors, on August 24, 2020 on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Association as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the assessments that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

- ▶ As part of our assessment of the accounting principles used by your Association, we made sure that the methods used to draw up the Application-of-Funds Statement described in the Notes to the financial statements are appropriate, comply with the terms of Regulation CRC no. 2008-12 and have been correctly applied.
- ▶ As described in Notes 3 and 7 to the financial statements, your Association constitutes depreciations and provisions to cover certain risks. Our work consisted in analyzing the processes implemented to identify and evaluate risks as well as examining the information and assumptions on which the depreciations and provisions estimates are based.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Treasurer's management report, and in the other documents with respect to the financial position and the financial statements provided to the Members. Regarding the events that occurred and the elements known after the date of approval of the financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the Annual General Meeting called to decide on these financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Association or to cease operations.



The financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Association or the quality of Management of the affairs of the Association.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- ▶ Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. 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.
- ▶ Obtains 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 the internal control.
- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- ▶ Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Association to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.



- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paris-La Défense, August 27, 2020

The Statutory Auditor
French original signed by
ERNST & YOUNG Audit

May Kassis-Morin

FINANCIAL REPORT 2019



2019 Annual Financial Statements

2019 BALANCE SHEET

Balance sheet

Assets

(in US Dollars)	Rate = 1,1234	Note	31.12.2019		31.12.2018
			Gross	Depreciation	Net
Intangible assets					
Computer Software			1 432 049	- 773 007	659 041
Assets in progress			757 521	-	757 521
					653 561
					88 892
Tangible Assets					
<i>Tangible Assets "Headquarters"</i>					
Fixtures & installations			2 320 389	- 1 381 745	938 645
Computer & telephone equipment			1 374 981	- 1 024 568	350 412
Office equipment			68 898	- 49 839	19 060
Video equipment			110 685	- 87 947	22 738
Furniture			249 715	- 239 258	10 457
Technical equipment for research			47 059	- 47 059	-
					1 129 308
					360 873
					30 360
					38 560
					33 087
<i>Tangible assets "missions"</i>					
Transport equipment			3 250 434	- 2 726 717	523 717
Radio and communication equipment			1 194 333	- 1 077 907	116 426
Hardware			3 952	- 3 952	-
					704 298
					202 583
Financial assets					
Loans			5 641 586	-	5 641 586
Deposits and Guarantees			527 909	- 14 328	513 581
					4 792 056
					518 964
Fixed assets	(1)		16 979 512	- 7 426 327	9 553 184
					8 552 544
					-
Stocks	(2)		1 215 406	- 15 695	1 199 711
					1 468 921
Amounts receivable from institutional donors	(3)		75 733 877	- 204 070	75 529 807
					49 747 626
Other amounts receivable	(3)		12 391 282		12 391 282
					9 987 771
Amounts receivable - ACF international network	(3)		18 234 463		18 234 463
					22 381 644
Stock market securities	(4)		4 846 653		4 846 653
					7 093 453
Cash at bank and in hand "Missions"	(5)		17 542 506		17 542 506
					14 104 171
Cash at bank and in hand "Headquarters"	(5)		43 372 815		43 372 815
					41 846 327
Current assets			173 337 001	- 219 765	173 117 237
					146 629 914
Prepayments			2 368 519		2 368 519
					1 383 955
Conversion difference - assets			2 563 259		2 563 259
					2 398 788
Prepayments and Conversion difference			4 931 778	-	4 931 778
					3 782 743
TOTAL ASSETS			195 248 291	- 7 646 092	187 602 199
					158 965 202

Balance sheet

Liabilities

(in US Dollars)	Rate = 1,1234	Note	31.12.2019	31.12.2018
Associative funds			31 750 671	29 711 682
Reserves for the Associative Project			17 087 090	16 372 129
Applied Research			1 277 644	1 202 292
Operational Programs			9 959 781	8 304 440
International Developpement			2 876 145	3 990 966
Information Systems Development			2 973 520	2 874 431
Results of the financial year		-	5 089 566	2 753 949
Associative Funds and Reserves	(6)		43 748 195	48 837 760
Provisions for risks and charges			13 313 488	8 565 712
General risks associated with the activity			10 149 459	5 447 497
of which ineligible donors			3 527 215	-
Foreign exchange risk			3 164 028	3 118 215
Provisions for liabilities and charges	(7)		13 313 488	8 565 712
Restricted Funds	(8)		8 876 555	7 523 433
Loans and Debts with Credit Institutions			3 089 350	-
Advances from institutional donors	(9)		77 988 601	66 535 252
Trade payables & related accounts	(9)		9 948 879	9 689 829
Taxation and social security debts	(9)		7 741 339	5 904 539
Other debts			2 928 791	1 542 846
Debts related to ACF International Network	(9)		17 048 713	8 383 539
Debts			118 745 673	92 056 004
Deferred Income			-	-
Conversion Difference - Liabilities			2 918 288	1 982 291
Prepayments and Conversion Differences			2 918 288	1 982 291
TOTAL LIABILITIES			187 602 199	158 965 202

2019 INCOME STATEMENT

Income Statement

PART I			
<i>(in US Dollars)</i>	<i>Rate = 1,1234</i>	2019	2018
Operating grants		237 303 791	158 372 246
Donations		37 463 092	39 077 668
Bequests		2 776 332	2 463 332
Corporate philanthropy, sponsorship and other private contributions		2 993 239	2 170 064
Subscriptions		19 457	8 201
Income from events		5 748 747	5 344 348
Other income		3 309 164	6 462 551
Write-backs on provisions (and depreciation), transfer of charges		2 375 863	1 993 431
Operating income		291 989 685	215 891 839
Purchase of Raw Materials, Other Supplies and External Charges		122 139 243	83 685 655
Taxes, duties and similar prepayments		3 536 830	2 755 456
Personnel costs		101 337 171	82 323 079
Staff - Headquarters and Missions		45 807 153	40 397 116
Wages and salaries		26 013 899	22 049 942
Payroll taxes		8 687 231	8 547 756
Volontaires et frais annexes		11 106 023	9 799 418
Local staff		55 530 018	41 925 963
Allowances for provisions and depreciation		7 764 438	4 033 323
On fixed assets: Amortization allowance		1 193 104	1 214 389
On Fixed Assets: Depreciation Allowance		0	0
On Current Assets : Depreciation Allowance		61 954	3 473
On Liabilities and Charges: Allocations for Provisions		6 509 380	2 815 460
Grants awarded by the Organization		58 815 573	39 037 668
Other charges		1 826 010	22 152
Operating charges		295 419 265	211 857 333
I- OPERATING RESULTS		-3 429 580	4 034 506

Income Statement PART II

(in US Dollars)

Rate = 1,1234

	2019	2018
Investment income, interests and similar income	15 654	35 035
Net income on disposal of investment securities	0	0
Exchange gains	3 597 694	2 500 711
Write-backs on Provisions, Depreciation and Transfer of Charges	2 675 716	3 406 970
Financial income	6 289 063	5 942 716
Interests and Similar Income	17	0
Net charges on disposal of investment securities	0	0
Exchange losses	3 905 467	3 257 164
Allowances for depreciation and provisions	2 544 303	2 379 829
Financial charges	6 449 787	5 636 993
II. FINANCIAL RESULTS	-160 723	305 723
III. CURRENT RESULTS (I + II)	-3 590 304	4 340 229
Extraordinary income on management operations	238 694	349 639
Extraordinary income on capital operations	-400 757	164 126
Write-backs on Provisions and Depreciation	0	0
Extraordinary income	- 162 063	513 765
Extraordinary charges on management operations	130 160	597 619
Extraordinary charges on capital operations	-202 819	46 153
Write-backs on Provisions and Depreciation	56 736	0
Extraordinary charges	- 15 923	643 772
IV. EXTRAORDINARY RESULTS	-146 140	-130 007
Corporate income tax	0	104
+ Unused income from previous financial years carried forward	(8) 2 619 476	2 829 829
- Payments out of appropriated income	(8) 3 972 599	4 285 997
Total income	300 736 162	225 178 149
Total charges	305 825 728	222 424 200
EXCESS or SHORTAGE (III + IV)	-5 089 566	2 753 949
EVALUATION OF VOLUNTARY IN-KIND CONTRIBUTIONS		
Social missions	8 235 956	9 351 370
Fundraising expenditures	900 844	95 577
Operating costs and other charges	3 513	8 953
Charges	9 140 313	9 455 901
Voluntary work	9 871	8 187
In-kind bequests	8 094 405	6 676 232
In-kind donations	1 036 037	541 267
Income	9 140 313	7 225 686

Notes to the Financial Statements for the Financial Year Closed on 31 December 2019

General Accounting Principles

The annual financial statements for the 2019 financial year have been prepared and presented in accordance with:

- The general rules for the preparation and presentation of annual financial statements applicable to organisations and defined by ICRC [Comité de la Réglementation Comptable - Accounting Regulatory Committee] Regulation 99-01 and Autorité des Normes Comptables [ANC - France's national accounting standards body] Regulation No. 2014-03 of 5 June 2014, except for the recognition of subsidies. These are recorded in the income statement, as in previous years, based on the progression of the incurred expenditures. However, the choice of this method has no impact on financial result.
- Regulations relating to the recognition, measurement and impairment of assets and the entry of liabilities.
- Regulation No. 2016-07 of 4 November 2016 amending ANC Regulation No. 2014-03 on the French General Chart of Accounts. These changes concern:
 - Recognition of maintenance expenditures as a separate component in Article 210-10;
 - The definition of participating interests in Article 221-3;
 - Changes concerning the information to be mentioned in the notes to the annual financial statements.

The rules for preparing the annual financial statements comply with the accounting principles of:

- continuity of operation,
- consistency of accounting methods from one period to the next,
- matching of costs and revenues,
- conservatism.

The main accounting rules and methods used are presented in the various notes to the annual financial statements, each relating to a specific item in the balance sheet and income statement. The measurement of items entered in the accounts was carried out with reference to the historical cost method.

In accordance with Article 8 of the Order of 28 July 2005, and with effect from the financial year beginning on January 1st 2006, the Application of Funds Statement (CER) is included in the notes to the annual financial statements and, as such, is automatically certified by our Statutory Auditor. The CER was established according to the model approved by the Conseil National de la Comptabilité [France's national accounting body at that time] (Comité de la Réglementation Comptable of 7 May 2008, Order of 11 December 2008).

The Income Statement is prepared on the basis of general accounting data and in accordance with Article 511-2 of the French General Chart of Accounts. Its presentation, in application of these rules, allows a reading of a list of expenditures and revenue by type.

Highlights of the Year

Action Against Hunger France took action in 23 countries in 2019 and deployed necessary humanitarian aid to 8.4 million people a higher number than 2018. In addition, the association has expanded its activities in Libya and France.

Action Against Hunger has continued its strategic investments in information systems (Logistics, Finance, HR) but also strengthened its structure to be able to manage the operational growth experienced in 2019

Social Missions (\$265 million) increased by 41% compared with 2018 due to the increase in operating expenditures (\$226.8 million versus \$145.7 million).

This growth in Social Missions is mainly funded by a 49.6% increase in subsidies received from public and institutional donors (\$237.3 million versus \$158 million in 2018).

Private fundraising amounted to \$51.8 million. Fundraising from companies has increased but fundraising from individuals via the paper channel continues to fall in the specific employment context (national strikes) of the end of 2019.

The 2019 result is therefore in deficit, in accordance with the 2019 strategy, which committed to investments following two years of surplus.

Transfer of Country Management with Action Against Hunger United States

The expertise-building strategy and regional presence have led Action Against Hunger France and Action Against Hunger United States to begin a transfer of country management in six intervention countries. Action Against Hunger United States now oversees humanitarian operations in Haiti since January 1st 2017, in Somalia since July 1st 2017 and those in Ethiopia since January 1st 2019. Conversely, the French headquarters took over the management of operations in the Democratic Republic of Congo on July 1st 2017 and will take over the management of operations in Nigeria on January 1st 2019.

At the end of the 2019 financial year, Action Against Hunger recognised in its accounts the exchange of country management that took place within the Action Against Hunger IN [Action Against Hunger International] network, between the Action Against Hunger USA headquarters and the Action Against Hunger France headquarters. The exchange was ratified by way of a “Memorandum of Understanding” dated November 2016, which provided for the reciprocal changes in the supervision responsibilities of a certain number of country offices. This Memorandum of Understanding was amended in 2018, 2019 and 2020.

On January 1st 2019, Action Against Hunger France ceded its Ethiopia programmes to Action Against Hunger USA and received the Nigeria programme from Action Against Hunger USA.

The transactions involved are subject to the system of transfers for consideration and have been legally qualified as successor agreements.

For accounting purposes, these successor agreements involve the mutual assignment and retrocession of essential assets and liabilities relating to the above-mentioned programmes, namely tangible and financial fixed assets, the completeness of debts and receivables (relating to donor contracts and other payables and receivables) as well as liquid assets.

The amounts and operational transaction date corresponding to these asset-liability transfers are as follows:

- Nigeria programme: effective date of January 1st 2019, for a transfer from the United States to France of net assets valued at \$3.736 million, as detailed below. It should be noted that the assets and liabilities transferred were recognised on 01/01/2019 in Action Against Hunger France's accounts in the currency of the transaction and were revalued in euros at the rate of 1st January 2019. The net amount owed by Action Against Hunger United States is \$3 million.

NIGERIA ASSETS AND LIABILITIES, January 1st, 2019

<u>ACF France owes to AAH USA</u>	<u>USD</u>
Amounts receivables for institutional donors	53 651 135
Other receivables	681 239
Cash at bank	2 657 338
Total	56 989 712
<u>AAH USA owes to ACF France</u>	<u>USD</u>
Advances from institutional donors	59 931 635
Other debts	793 731
Total	60 725 366
<u>ACF France owes to AAH USA</u>	56 989 712
<u>AAH USA owes to ACF France</u>	60 725 366
Net amount owes by AAH USA	3 735 653

- Ethiopia programme: effective date of January 1st, 2019, for a transfer from France to the USA of a net asset valued at \$499k.

These transactions have no impact on the Organisation's 2019 financial result as these assets and liabilities are transferred at their net book value. The net balances mentioned will be paid out in 2020.

The positive impact of the transfer is connected to financial agreements that provide for the sharing, between the two headquarters, of administrative costs invoiced to the donors. The financial impacts associated with sharing administrative expenses are detailed in the notes on international network receivables and payables and the appendices to the Application of Funds Statement.

EVENTS AFTER THE REPORTING PERIOD

Health crisis linked to Covid-19

The health crisis linked to Covid-19 and the institution of a health state of emergency by Law no. 2020-290 of 23 March 2020 constitute an event after 31 December 2019 which did not give rise to an adjustment of the annual financial statements for the year ended 31 December 2019. The assets and liabilities, expenses and income mentioned respectively in the balance sheet and in the income statement as at 31 December 2019 have been recognised and assessed without taking into account this event and its consequences.

Information regarding the impact of the Covid-19 epidemic on the association's activity after the end of the financial year

1. Impact on fundraising

As at the association's closing date, a **20% reduction in inflows is estimated** (around \$11.2 million) and a decrease in the net fundraising margin (after allocation and cost savings) of more than \$6.1 million.

- Focus on general public fundraising
 - **Digital:** fundraising target revised downwards at the beginning of the year, pre-Covid. Since March, the channel has been dynamic and shows results in line with the revised objectives.
 - **Paper:** This is the channel with the greatest risk. With the forecast of a one-month lockdown, a risk of loss of margin equivalent to \$456k had been anticipated. This forecast must be revised upwards due to the risk of competition from the numerous fundraising efforts earmarked for hospitals and research, postal disruption and overall great uncertainty over the rest of the year given the economic situation in France, and therefore of donors.
 - **Direct debits:** to date, direct debit fundraising is in line with objectives, however the number of new donors recruited has fallen due to the suspension of street marketing operations during lockdown and we therefore expect a drop in fundraising via this channel.
- Focus on events
 - **Race against Hunger:** all the races against hunger in primary schools, secondary schools and colleges planned for spring 2020 have been cancelled, resulting in a \$3.8 million decrease in funds raised
 - **Inter-Corporate Challenge:** all the Challenges planned for the spring have been cancelled, resulting in a \$1.8 million decrease in funds raised.

2. Impact on mission activity

Since mid-March, the head office has carried out a weekly review of the operational volume. The projected volume is higher than the initial 2020 budget (\$278 million estimated in July vs. a budget of \$226 million). This is explained by stronger-than-expected activity in certain missions (mainly Nigeria) as well as new projects in response to the Covid-19 crisis.

Note that to date, \$14.6 million in 100% Covid-19 projects is currently being agreed upon in countries such as Yemen, the Democratic Republic of Congo, Madagascar and Nigeria. The main

donors are DFID, Europaid and AFD. We are including a Covid-19 response in our programmes as soon as possible.

Very few projects have been shut down due to lockdown.

3. Impact on HQ budget

- Furloughing of employees at HQ: 25 employees were furloughed in the spring of 2020, representing a payment by the State of approximately \$67,404.
- At the same time, and to offset the expected drop in fundraising, a plan to save \$4.26 million was developed at the head office, mainly relying on savings linked to the reduction in travel, the postponement of recruitment and the reduction in the operating budgets of the services.

4. Impact on outstanding loans within the Action Against Hunger-IN network

As at 31/12/2019, the loans granted to the network break down as follows:

- Action Against Hunger Italy: the loan granted amounts to \$2.14 million and its repayment has not been not impacted by Covid-19. However, in order to respond to changes in Italian legislation concerning the equity of associations, Action Against Hunger Italy must partially convert the loan into a capital contribution (see note Partial conversion of Action Against Hunger Italy loan below).
- Action Against Hunger Germany: the loan granted amounts to \$ 3.2 million. In 2019, a \$1.12 million loan agreement was signed with Action Against Hunger Germany to support the development of its activities. This provides for a payment of \$843k in May 2019 and \$280k in January 2020. The loan agreements provide for the first repayment instalments to occur in 2020. Due to the current Covid-19 situation and the impact on Action Against Hunger Germany's cash flow (mainly cancellation of events including the Race Against Hunger down 80% and down 30% street marketing), Action Against Hunger France has agreed to delay repayment by Action Against Hunger Germany by one year.
- Action Against Hunger Canada: the amount of loans granted was \$299k. The loan agreements provide for the first repayment instalments to occur in 2020. To date, and although Action Against Hunger Canada is also experiencing a drop in its fundraising (mainly due to the cancellation of its gala, the main source of unallocated funds), Action Against Hunger Canada still plans to repay the amount due in 2020.

5. Impact on cash flow

Action Against Hunger asked for the payment of social security contributions to be postponed to March, April and May, representing a postponement of \$1.5 million. Action Against Hunger also asked for the payment of taxes (employment tax) to be postponed to March, April and May, representing a postponement of \$0.78 million.

The repayment of these postponed debts has started and is spread from June 2020 to August 2020.

Furthermore, to anticipate a possible need for cash, Action Against Hunger has set up an authorised overdraft with the BNP pending the signing of a framework agreement for a Dailly sale of trade receivables. As at the date of approval of the 2019 accounts, Action Against Hunger was not encountering any cash difficulties and therefore did not have to use any of this financing.

The risk of the non-recovery of donor receivables is limited insofar as this risk is usually linked to ineligible contracts and not to any default on the part of our donors.

6. Impact on the income statement

As at the date of the approval of the 2019 accounts, Action Against Hunger forecast a 2020 loss of approximately \$5.05 million.

The association feels that its continued operation is not called into question.

Partial conversion of the loan to Action Against Hunger Italy into an endowment

By means of a free loan transferred by Action Against Hunger-Development to Action Against Hunger-France, the latter holds over the "Fondazione Azione Contro la Fame Italia ONUS" (hereinafter "Action Against Hunger Italy") a receivable in the amount of \$ 2,140,401.438– a receivable that must be repaid starting in 2023.

Italian legislation now requires, in order to be able to issue tax receipts, that Action Against Hunger Italy be able to prove at least \$33 702 in equity. Action Against Hunger Italy has requested the conversion of part of Action Against Hunger-France's loan into its endowment.

On the basis of the quantified information communicated by Action Against Hunger Italy following the meeting of its "Consiglio di Amministrazione"/Board of Directors of 25 June 2020, the directors of Action Against Hunger France, at their Board Meeting on 1 July 2020, approved the conversion of the loan into a contribution without right of recovery for an amount of \$1,123,400 under the following conditions:

- That Action Against Hunger France sits on the Board of Action Against Hunger Italy with a right of veto -
- That a Supervisory Board made up of Action Against Hunger France's executive members (CEO, CFO and Director of Fundraising) and Action Against Hunger-Italy's equivalent functions be set up and that the latter report to the former, through a monthly report and full monitoring of the decisions taken by Action Against Hunger Italy's Board of Directors.
- Furthermore, Action Against Hunger Italy undertakes to pay \$1,123,400 in the form of unallocated inflows to finance Action Against Hunger France's social missions

Notes to the Balance Sheet

Comment on the Scope

Action Against Hunger is a member of an international network, Action Against Hunger International. The accounts presented here are those of Action Against Hunger France. Indeed, since the different entities of the Action Against Hunger International network are independent from each other, the accounts are not presented in a combined way.

Note 1: Fixed Assets

The Organisation's fixed assets are entered and valued in accordance with the standards set out in the asset regulations.

Fixed assets located in France, at the Organisation's headquarters, are recognised at acquisition cost in accordance with CRC Regulation 2004-06, and are depreciated on a straight-line basis over their useful lives:

Computer software	3 years
Fixtures & installations	5 to 9 years
Computer and telephone equipment	3 years
Information systems project hardware	7 years
Office equipment	5 years
Video equipment	5 years
Furniture	5 to 10 years

Since 2016, IT and telephone equipment has been depreciated over 3 years (versus 5 years previously), and IT hardware acquired for the information systems projects (Information System) is depreciated over 7 years.

Capital goods (transport, radio and communication equipment) located on the missions, acquired with own funds and with a unit value of more than \$2,246.8 are recorded as fixed assets at their acquisition cost.

Since 2008, the depreciation period for this equipment and these vehicles has been aligned with the rebilling period to donors:

Transport equipment	2 to 3 years
Telecommunication equipment	1 to 2 years
Computer hardware and video equipment	1 year
Other major programme equipment	1 to 2 years
Other equipment	1 to 2 years

For any other equipment not included in this list, acquired from own funds and whose value is greater than \$16 851 the depreciation period is determined according to its economic life. Capital goods located on missions, the purchase of which is funded directly by donors, are recognised directly in the mission expenditure accounts. The accounting methods for fixed assets located in France and on missions remain unchanged for 2019.

The change in gross fixed assets since the previous year breaks down as follows:

<i>(in US Dollars)</i>	<i>Rate = 1,1234</i>	Total as at 31.12.2018	Increases	Decreases	Transfers between items	Total 31.12.2019
Computer software		1 248 805	183 243	-	-	1 432 049
Assets in progress		88 892	757 521	88 892	-	757 521
Intangible assets		1 337 698	940 764	88 892	-	2 189 570
Fixtures & installations		2 238 894	81 495	-	-	2 320 389
Computer & telephone equipment		1 207 212	174 763	6 995	-	1 374 981
Office equipment		68 898	-	-	-	68 898
Video equipment		109 832	853	-	-	110 685
Furniture		246 553	3 162	-	-	249 715
Technical equipment for research		47 059	-	-	-	47 059
Tangible Assets "Headquarters"		3 918 449	260 273	6 995	-	4 171 727
Transport equipment		3 333 905	262 291	345 762	-	3 250 434
Radio and communication equipment		1 148 665	51 679	6 011	-	1 194 333
Hardware		3 952	-	-	-	3 952
Tangible Assets "Missions"		4 486 522	313 970	351 772	-	4 448 720
Tangible assets		8 404 971	574 243	358 767	-	8 620 447
Loans from ACF International Network		5 077 367	842 550	278 330	-	5 641 587
Guarantee Deposit for Paris Offices Rental Leases		283 693	8 143	-	-	291 836
Deposits and Guarantees - Missions		235 270	802	-	-	236 073
Financial assets		5 596 330	851 495	278 330	-	6 169 496
TOTAL FIXED ASSETS - GROSS		15 338 999	2 366 502	725 989	-	16 979 512

Head office fixed assets:

The increase in capital assets in use (+\$757k) is linked to the logistics platform development project, LINK (+\$326k) and the finance ERP migration project (+\$431k) which began in January 2019.

The increase in computer software (+\$183k) is due to the commissioning of the LINK logistics platform based on progress in the project's development phases.

Mission fixed assets:

In 2019, the tangible fixed assets of the missions increased in value as a result of the growing logistical needs needed to carry out the humanitarian programmes.

Specifically, there were new vehicle purchases in Burma, Ivory Coast, Madagascar and Chad for a total of \$262k.

The \$346k decrease in transport equipment is related to Ethiopia as part of the exchange of the mission with Action Against Hunger United States on 01/01/2019.

The mission deposits and guarantees (\$234k) mainly relate to guarantees paid by missions in the context of rental guarantees.

Financial fixed assets:

- Following the deed of novation signed in May 2019, the loans granted to Action Against Hunger Development were transferred to Action Against Hunger Italy for a total amount of \$2.140 million and to Action Against Hunger Germany for a total amount of \$2.354 million.
In May 2019, a \$1.12 million loan was agreed with Action Against Hunger Germany to support the development of its activities. In accordance with the loan agreement signed between Action Against Hunger France and Action Against Hunger Germany, the first \$843k instalment of this loan was paid by Action Against Hunger France in May 2019 and a second payment of \$280k made in January 2020.
- Furthermore, Action Against Hunger France has granted 3 loans to Action Against Hunger Canada for a total amount of \$584K over the past few years. In June 2019, the Board of Directors of Action Against Hunger France voted to abandon two loans granted in 2011 and 2013 to Action Against Hunger Canada for a total amount of \$285k. These loans had been totally depreciated since 2014.

The change in depreciation since the previous year is as follows:

(in US Dollars)	Rate = 1,1234	Total as at 31.12.2018	Amortization	Depreciation	Transfers between items	Total 31.12.2019
Computer software		594 422	178 585	-	-	773 007
Intangible assets		594 422	178 585	-	-	773 007
Fixtures & installations		1 109 586	272 159	-	-	1 381 745
Computer & telephone equipment		846 339	184 231	6 002	-	1 024 568
Office equipment		38 538	11 300	-	-	49 839
Video equipment		71 272	16 675	-	-	87 947
Furniture		213 465	25 792	-	-	239 257
Technical equipment for research		47 059	-	-	-	47 059
Fixed Assets under Construction		-	-	-	-	-
Tangible Assets "Headquarters"		2 326 260	510 157	6 002	-	2 830 415
Transport equipment		2 629 607	425 963	328 853	-	2 726 717
Radio and communication equipment		946 081	136 429	4 603	-	1 077 907
Hardware		3 952	-	-	-	3 952
Tangible Assets "Missions"		3 579 641	562 392	333 456	-	3 808 577
Tangible Assets		5 905 901	1 072 550	339 458	-	6 638 992
TOTAL DEPRECIATION		6 500 323	1 251 134	339 458	-	7 411 999

The depreciation reductions (\$339k) mainly relate to depreciation recorded on missions following the sale of transport vehicles, particularly for Ethiopia.

Note 2: Stock

Stock consists of equipment and supplies for missions. Stock makes it possible to reduce the time needed to meet the procurement needs of missions and thus increase Action Against Hunger's effectiveness in an emergency.

Stock is valued at purchase cost, including any associated costs. Stock is managed during the year using the perpetual inventory method. The stock used is then directly attributed to the mission expenditures.

At the end of the financial year, a physical inventory of the quantities present in stock in the various warehouses is carried out.

A provision for depreciation is established based on the age of the stock and any expiry dates for perishable products therein.

Note 3: Accounts Receivable

Receivables are broken down into three items:

- Donor receivables,
- Other receivables.
- Action Against Hunger international network receivables,

The item “Donor Receivables” consists of the debit balances of the accounts relating to grants awarded by donors to finance the missions. An account relating to a grant shows a debit balance when the sums committed by Action Against Hunger under this grant and in accordance with the contractual budget exceed the advances received, as at the end of the financial year. In the event of a credit balance, i.e. when the amount of advances received exceeds the amounts committed by Action Against Hunger, this is recorded as a liability on the balance sheet under the item “Donor Advances”.

Income from donor funding is therefore recognised at the rate of eligible expenditure in the financing agreement (see Note 12). The portion of total funding still to be spent (independent of cash received) is shown under off-balance sheet commitments given and received (see Note 10).

Breakdown of the balance of Donor Receivables at 31.12.2019:

(in US Dollars)	Rate = 1,1234	Total as at 31.12.2019	Total as at 31.12.2018
European Union- ECHO		6 597 938	6 412 000
European Union- Others		6 853 936	6 668 852
United Nations		12 665 340	6 939 420
American Government		19 447 829	5 993 758
French Government		7 734 184	5 409 754
British Government (DFID)		6 862 793	5 770 227
Gouvernement suédois (SIDA)		306 460	296 818
Other Governments		4 046 853	3 154 075
Other NGOs		226 445	2 307 842
communities		7 636 634	3 745 412
Miscellaneous Institutional Donors		3 355 463	3 202 161
Provisions Amounts receivable from institutionnal donors		- 204 070	- 152 693
Total Amounts receivable from institutional donors		75 529 807	49 747 626

The \$25.7 million increase in donor receivables is mainly due to the increase in receivables from the US Government and the United Nations (+\$12 million).

- In 2019, strong growth in business volume in Nigeria following the exchange of the mission with Action Against Hunger USA in January 2019. Nigeria's programmes are mainly funded by the US government. As of 31 December 2019, "US Government" receivables related to the Nigeria programmes represented \$19.2 million.

The donor payment terms of the Food For Peace programmes currently provide for the repayment of the sums committed by Action Against Hunger. In 2020 work has begun with the donor to change these payment terms (financing via funds advance).

- It should also be noted that funding from the United Nations for our programmes in Yemen increased by \$5.4 million in 2019, mainly on Rapid Response Mechanism ("RRM") programmes.

The other significant changes concern:

- Other governments (+\$0.9 million) with the increase in contracts funded by the German government (+\$1.2 million).
- Financing from other NGOs, which decreased by \$2.02 million, particularly in Yemen and for the cholera response programmes (2018 amount: \$2.02 million)
- Other public institutions, which increased by \$3.9 million, particularly for Bangladesh, on aid programmes for refugees from Myanmar (+\$4.49 million).

The miscellaneous donor line comprises \$0.9 million in Private Funds and \$2.36 million in other receivable donor grants

The "Other receivables" item breaks down as follows:

(in US Dollars)	Rate = 1,1234	31.12.2019	31.12.2018
Suppliers debtors head office		135 533,78	171 740,46
Social and fiscal claims head office		256 482,30	232 166,69
Land partner advances		8 553 029,18	7 039 408,64
Products to receive collection		3 296 613,76	2 334 777,98
Other		149 622,73	209 675,87
Total other receivables		12 391 282	9 987 770

The "Other Receivables" item includes income accrued from fundraising yet to be received of \$3.30 million (versus \$0.33 million in 2018) and partner advances of \$8.552 million (versus \$7.039 million in 2018).

Partner advances are essentially advances made to Action Against Hunger partners in the implementation of humanitarian programmes. In 2019, advances made to our external partners decreased by \$3.93 million, as 2018 was exceptional with the Resilac and Cameroon contracts. These contracts began at the end of the year, resulting in the payment of significant partner advances.

This decrease was offset by the implementation in late 2018 and early 2019 of the two tripartite agreements with Action Against Hunger USA in Ethiopia and Pakistan, which resulted in funds transfers of \$5.39 million. As part of these tripartite agreements, the Ethiopia and Pakistan missions were considered external partners in 2019.

The item "Receivables on the International Action Against Hunger Network" reflects the receivables resulting from economic or financial operations carried out between Action Against Hunger and each of the entities of the international Action Against Hunger network: Action Against Hunger USA, Action Against Hunger UK, Action Against Hunger Spain, Action Against Hunger Canada, Action Against Hunger India, excluding sub-contracting of field missions. These transactions may be of different kinds:

- Rebilling by Action Against Hunger France, at cost of purchase, of equipment and supplies acquired by way of its purchasing department on behalf of another entity;

- Cross-billing (including chargeable to Action Against Hunger France), at cost, of expatriate personnel contracted with a network entity and made available to another entity for its missions;
- Collection of funds from private donations or public subsidies for countries whose operations are carried out by another member of the network, subject to specific monitoring of the operations concerned;
- Repayment of donor grants to Action Against Hunger International for the execution of contracts;
- Collection of funds from private donations or public subsidies made by network members for Action Against Hunger France social missions;
- Grants from Action Against Hunger France to another entity in the network to help it develop its social missions. These are reported in the income statement as the expenditures are incurred.

The breakdown of “Receivables on the International Action Against Hunger Network” is as follows:

(in US Dollars)	Rate = 1,1234	31.12.2019	31.12.2018	31.12.2017
Amounts receivable from AAH USA		9 624 254	14 698 437	11 954 681
Amounts receivable from AAH UK		213 277	441 775	345 723
Amounts receivable from ACH Spain		8 012 025	6 871 333	3 973 805
Amounts receivable from ACF Canada		268 213	275 763	134 421
Amounts receivable from ACF FHF India		67 404	67 483	1 282
Others amounts receivable from the network		49 290	26 854	94 212
Total Receivables on the International Action Against Hunger Network		18 234 463	22 381 644	16 504 124

Receivables from the Action Against Hunger network fell by \$4.2 million due mainly to the decrease in receivables with Action Against Hunger United States.

The receivables from Action Against Hunger United States basically relate to:

- Flows related to country exchanges with Action Against Hunger USA, namely the balance of the successor agreement signed with Action Against Hunger USA following the transfer from Nigeria, which includes:
 - Administrative expenses paid (Overheads) for all countries transferred for a total of \$4.345 million (\$5.424 million in 2018, i.e. a decrease of \$1.12 million).
 - Amounts linked to the exchange of assets and liabilities between Action Against Hunger France and Action Against Hunger USA.
- Flows relating to current transactions between Action Against Hunger France and Action Against Hunger USA, namely:
 - Difference between the sums paid by Action Against Hunger France for the execution of donor contracts signed by Action Against Hunger France and the expenditures actually incurred by Action Against Hunger USA as at 31/12/2019, for a total amount of \$292k (versus \$5.29 million in 2018, or a decrease of \$5.05 million). It should be noted that in 2018 the balance included a receivable on Nigerian contracts of \$4.7 million. This receivable was reclassified as lessor receivables in 2019 following the transfer of the country.
 - the re-billing of purchases and the provision of personnel (\$1.539 million)

The receivables from Action Against Hunger Spain (ACF-ES) relate in particular to:

- The repayment by Action Against Hunger Spain of grants to cover the execution of contracts for a total amount of \$6.396 million (\$5.127 million in 2018) and notably the programmes implemented under the contract signed between Action Against Hunger France and the AIDS donor including Niger for \$949k and Mali for \$988k.
- The re-billing of purchases and the provision of personnel \$1.598 million (versus \$1.719 million in 2018).

The impairment summary table is presented as follows

(in US Dollars)	Rate = 1,1234	Total as at 01.01.2019	Allocations	Write-backs		Total as at 31.12.2019
				Used provisions	Unused provisions	
Deposits and guarantees		14 327				14 327
Loans		285 311			285 311	-
Stocks		18 803		3 108		15 695
Amounts receivable from institutional donors		152 693	51 377			204 070
TOTAL PROVISION FOR DEPRECIATION		471 135	51 377	3 108	285 311	234 092
Of which	- operating	171 496	51 377	3 108	-	219 765
	- Financial	299 639	-	-	285 311	14 327
	- extraordinary					

The change in this item (-\$237K) is explained by the reversal of write-downs on loans: in June 2019, the Board of Directors voted to abandon the two loans granted to Action Against Hunger Canada in 2011 and 2013 and fully depreciated since 2014 at their total value (\$285K).

Note 4: Marketable Securities

The item "Marketable Securities" consists of liquid open-ended money-market mutual funds, term deposits with various maturities and a capitalisation contract, the maturity of which corresponds to the portfolio held in France. This portfolio is recognized at acquisition cost and valued using the first-in, first-out method.

The change in value of marketable securities over the last three years is as follows:

(in US Dollars)	Rate = 1,1234	31.12.2019	31.12.2018	31.12.2017
Marketable securities		4 846 653	7 093 453	7 425 896
Marketable securities		4 846 653	7 093 453	7 425 896

As at 31/12/2019, this item amounted to \$4.8 million and consisted of the following:

- Medium-term investments (4 and 5 years): \$4.5 million.
- Open-ended money-market mutual funds in \$: 0.34 million.

The decrease observed (-\$2.25 million) is linked to the settlement of a fix termed account that matured in 2019.

Note 5: Liquid Assets

Liquid assets are divided into two items:

- "Mission" liquid assets
- "Headquarters" liquid assets

The breakdown of liquid assets over the last three years is as follows:

(in US Dollars)	Rate = 1,1234	31.12.2019	31.12.2018	31.12.2017
Bank accounts		16 518 504	13 296 270	14 500 253
Cash Boxes		1 024 002	807 901	907 270
Cash at bank and in hand "missions"		17 542 505	14 104 171	15 407 523
Bank accounts		43 193 736	41 682 336	53 139 569
Fixed-Term Deposits		-	-	-
Cash Boxes		179 077	163 990	2 113 968
Cash at Bank and in Hand "Headquarters"		43 372 813	41 846 326	55 253 537

The "mission" liquid assets consists of the balances of the bank accounts and the banks as at 31.12.2019, held on the missions. They increased from \$14.103 million in 2018 to \$17.541 million in 2019, an increase of \$3.5 million explained by the late receipt of donor funds for missions at the end of 2019.

The "headquarters" liquid assets are comprised of the balances of the bank accounts and cash held by the headquarters as at 31.12.2019.

The increase in 2019 bank balances at the head office by \$1.46 million is mainly due to the receipt of donor funds at the end of the year.

Liquid assets in foreign currencies held in France or abroad (bank accounts and cash holdings) were valued at the official rate as at 31.12.2019.

Liquid assets in local currencies held abroad (bank accounts and cash) were valued at the official rate or at the local weighted average rate (WAR) in cases where the official rate was decorrelated from the rates applied locally.

Note 6: Own Funds

Action Against Hunger has two types of reserves:

- the Organisational Funds whose purpose is to ensure the sustainability of the organisation in the event of sudden funding difficulties;
- the Reserve Funds for Organisational Projects intended to fund operational projects or applied research programmes and to support the development of the Action Against Hunger International network or the development of information systems.

As a reminder, the General Meeting of 15 June 2019 decided to allocate the 2018 surplus of \$2,753,949 as follows:

(in US Dollars)	Rate = 1,1234	As at 31.12.2018 (before allocation of 2017 Results)	Before allocation of 2018 Results		2019 Results	As at 31.12.2019 (before allocation of 2019 Results)
			Decrease	Increase		
Associative funds		29 711 682	2 038 989			31 750 671
Reserve funds for the Associative Project		16 372 129	5 167 640	4 452 680		17 087 089
- Applied research		1 202 292	337 020	261 668		1 277 644
- Operationnal Programs		8 304 440	3 931 900	2 276 559		9 959 781
- International development		3 990 967		1 114 822		2 876 146
- Information Systems Development		2 874 431	898 720	799 632		2 973 520
Financial year results		2 753 949		2 753 949	-5 089 566	-5 089 566
TOTAL EQUITY CAPITAL		48 837 760	7 206 629	7 206 629	-5 089 566	43 748 194

Note 7: Provisions for Risks and Liabilities

The change in the "Provisions for Risks and Liabilities" since the previous year breaks down as follows:

(in US Dollars)	Rate = 1,1234	Total as at 01.01.2019	Allocations	Write-backs		Total as at 31.12.2019
				Used provisions	Unused provisions	
General Financial Risks related to the Activity		6 185 883	6 509 380	811 178	1 114 903	10 769 185
Provision for losses and charges		5 447 497	4 020 406	811 178	996 241	7 660 487
<i>of which ineligible risks</i>		3 202 602	1 881 680	632 211	924 856	3 527 215
Provisions for various risks		738 386	2 488 974		118 661	3 108 698
Risk of change		2 379 829	2 544 303	2 379 830	-	2 544 303
		2 379 830	2 544 303	2 379 830		2 544 303
TOTAL PROV* FOR RISKS AND CHARGES		8 565 712	9 053 683	3 191 008	1 114 903	13 313 488

• Provisions for General Risks Connected to our Activities

The provisions for "general risks connected to our activities" relate to disputes or events related to Action Against Hunger's activity during the financial year (allocation) or previous financial years (carry-over) and likely to generate expenses during subsequent financial years. Recognition of provisions enables the financial settlement of identified risks to be planned ahead and the settlement to be attributed to the income for the year in which the risk was generated. Provision write-backs then neutralise the subsequent charge when the provision is "used", or generate an "exceptional" income when the risk does not materialise (unused provision).

The provision for risks and charges relates to all risks linked to Action Against Hunger's activity. The 2019 allocation amounts to \$4.020 million and consists of:

- Risks following Donor audits: +\$1.79 million.
 Of which:
 Allocation on Europaïd contract in Pakistan: +\$0.67 million.
 Allocation on Audit Haiti: \$0.56 million

Ethiopia allocation:

+\$0.22 million.

- Tax risks: +\$0.45 million mainly in Iraq (+\$0.34 million) following the implementation of a new tax on expatriate salaries by the Iraqi government.
- Other risks +\$1.68 million, mainly in Chad (\$0.9 million).

The provision for miscellaneous risks mainly relates to the NICRA provision recognized in 2019 for the amount of \$2.489 million.

The NICRA is the rate used to value the structural costs charged for the contracts signed with the US government. On signing the contract, the last validated rate is used then this rate is updated each year on the basis of the structural costs/activity volume ratio of the association. There is currently a period of 2 years between the signing of a contract and the definitive validation of the rate by the US government.

The provision recognised in 2019 therefore covers the amount that Action Against Hunger France must reimburse to USAID in the event that the contractual NICRA exceeds the NICRA validated by USAID based on the 2019 data.

The sharp fall in the NICRA expected in 2019 combined with the increase in the operational volume with the US donors following the transfer of Nigeria to Action Against Hunger France, generates, for 2019, a significant financial impact for Action Against Hunger France.

- **Provisions for Foreign Exchange Risks**

A provision was made for an amount of \$2.544 million to cover the unrealised foreign exchange losses recognised on debts and receivables in foreign currencies.

The 2019 allocation is mainly due to currency exchange differentials recorded on contracts in foreign currencies (\$1.766 million).

Note 8: Dedicated Funds

Dedicated funds are recognised in accordance with the provisions of the Autorité des Normes Comptables Regulation 2014-03 of 5 June 2014 related to the French General Chart of Accounts.

The allocated resources not used at the end of the financial year are offset by an expense of the same amount in the application of Funds Statement (under the item "Remaining Resources to be Used") and in the Income Statement (under the item "Commitments to be Made on Allocated Resources"). These unused funds are then recorded as "dedicated funds" on the liabilities side of the balance sheet.

The use - during the following year - of part of these funds generates income in the Application of Funds Statement (under the item "Carry-Forward of Unutilised Resources") and in the Income Statement (under the item "Carry-Forward of Unutilised Resources from Previous Years") for the amount actually consumed during the financial year and results in a decrease in the "dedicated funds" item on the liabilities side of the balance sheet for the same value.

The change in the balance sheet of the “Dedicated Funds” since the previous financial year breaks down as follows:

follows:

(in US Dollars)	Rate = 1,1234	Total 01.01.2019	Increase	Utilization		Total 31.12.2019
				Allocation of Funds in Fiscal Year	Funds Raised during Past Fiscal Years	
RESTRICTED FUNDS France						
Restricted funds Afghanistan		5 160	393 190	90 675	0	307 675
Restricted funds Bangladesh		135 069	3 801	0	115 935	22 935
Restricted funds Burkina Faso		27 904	0	0	0	27 904
Restricted funds Myanmar		132 203	56	0	31 418	100 840
Restricted funds Central African Republic		212 636	914 905	231 760	137 202	758 578
Restricted funds Ivory Coast		35 937	185 555	161 721	0	59 771
Restricted funds The Horn of Africa		219 526	1 460	0	0	220 986
Restricted funds Djibouti		104 174	0	0	0	104 174
Restricted funds Ethiopia		773 638	1 233	0	0	774 872
Restricted funds Haiti		45 059	0	0	0	45 059
Restricted funds Indonesia		95 120	225	0	90 058	5 287
Restricted funds India		20 847	56	0	0	20 904
Restricted funds Iraq		570 208	337	0	354 294	216 250
Restricted funds Cameroon		170 550	201 894	0	43 960	328 483
Restricted funds Liberia		2 635	0	0	0	2 635
Restricted funds Madagascar		435 305	97 921	6 611	269 238	257 376
Restricted funds Mongolia		6 889	0	0	0	6 889
Restricted funds Nepal		576 153	730 547	11 885	498 527	796 289
Restricted funds West Africa		5 475	0	0	0	5 475
Restricted funds Forgotten populations		63 380	0	0	0	63 380
Restricted funds Sahel crisis		44 194	113	0	0	44 307
Restricted funds Sierra Leone		11 701	337 177	135 672	11 681	201 526
Restricted funds Somalia		73 634	0	0	0	73 634
Restricted funds Chad		163 184	919 256	0	150 854	931 586
Restricted funds Yemen		1 459 752	106 539	0	314 413	1 251 878
Restricted funds Zimbabwe		467	101	0	0	568
Restricted funds Syrian crisis		12 960	0	0	0	12 960
Restricted funds vanuatu		-	0	0	0	0
Restricted funds Jordan		256 923	174 127	112 242	18 671	300 025
Restricted funds Emergency programs		356 848	465 869	347 352	0	475 366
Restricted funds Lake Chad		163	34	0	0	197
Restricted funds Ukraine		225	0	0	0	225
Restricted funds Congo		265 042	459 444	191 572	177 173	355 742
Restricted funds Pakistan		685 043	0	0	0	685 043
Restricted funds Malawi		-	11	0	0	11
Restricted funds Mozambique		-	3 289	0	0	3 289
Restricted funds Austral africa		-	98 115	96 767	0	1 348
Restricted funds Nigeria		442 056	5 942	0	406 052	41 946
TOTAL RESTRICTED FUNDS France		7 410 057	5 101 199	1 386 256	2 619 476	8 505 524
RESTRICTED FUNDS ACF SPAIN						
Restricted funds Guatemala		163	0	0	0	163
Restricted funds Mali		871	712	0	0	1 583
Restricted funds Niger		84 255	0	0	0	84 255
Restricted funds Palestine		22	28	0	0	51
Restricted funds Philippines		674	169	0	0	843
Restricted funds Senegal		1 442	254 516	0	0	255 958
Restricted funds Syria		1 078	1 146	0	0	2 224
Restricted funds Columbia		0	949	0	0	949
Restricted fund Mauritania		0	135	0	0	135
TOTAL RESTRICTED FUNDS SPAIN		88 505	257 655	0	0	346 160
RESTRICTED FUNDS ACF UNITED STATES						
Restricted funds Uganda		1 511	0	0	0	1 511
Restricted funds South Sudan		23 472	0	0	0	23 472
TOTAL RESTRICTED FUNDS UNITED STATES		24 983	0	0	0	24 983
TOTAL RESTRICTED FUNDS		7 523 545	5 358 854	1 386 256	2 619 476	8 876 667

Allocation of Dedicated Funds

In 2019, the dedicated funds item evolved through new allocations, on the one hand, and the use of existing funds, on the other. The new allocations come from several sources:

- all donations allocated according to the donors' decision, by country,
- private partnerships allocated, by country,
- allocations relating to certain events, in particular:
 - 75% of the net donations collected during the 2019 Race Against Hunger for \$4.068 million and allocated to four funds: Chad, Afghanistan, CAR, Sierra Leone;
 - 35% of the net donations collected during the Intercompany Challenge for \$1.6 million and allocated to two funds: Nepal and Côte d'Ivoire;
- specific projects allocated at donors' discretion.

Note 9: Liabilities

The four main liability items are:

- Donor advances,
- Trade payables and related accounts,
- Tax and social security liabilities,
- Action Against Hunger international network debts.

The item "Donor Advances" consists of the credit balances of the accounts relating to grants awarded by donors to finance missions. An account relating to a grant shows a credit balance when the advances received under this grant exceed the sums committed by Action Against Hunger, in accordance with the contractual budget, on the year-end closing date. In the event of a debit balance - that is, when the sums committed by Action Against Hunger exceed the amount of the advances received - this is recorded as an asset on the balance sheet under the item "Donor Receivables".

The item "Donor Advances" breaks down as follows at 31.12.2019:

(in US Dollars)	Rate = 1,1234	Total as at 31.12.2019	Total as at 31.12.2018
European Union- ECHO		10 025 802	5 588 748
European Union- Others		21 504 672	19 139 659
United Nations		4 331 374	7 464 690
American Government		8 804	13 033
French Government		8 957 495	11 418 941
British Government (DFID)		497 368	20 496
Swedish Government (SIDA)		10 704 281	9 690 926
Other Governments		10 093 223	9 759 373
Other NGOs		261 327	123 384
Communities		6 829 663	2 372 642
Miscellaneous Institutional Donors		4 774 592	943 359
Total advances from institutional donors		77 988 601	66 535 251

In 2019, donor advances increased by \$11.45 million due to:

- The increase in advances linked to grants from the European Union (+\$6.8 million) mainly related to:
 - Financing received in Iraq (\$4.12 million) for mental health and care practice projects and in Pakistan with the nutrition programmes (+\$3.03 million),
 - Financing received in Ethiopia (+\$1.34 million) and Nigeria (+\$1.12 million) transferred to Action Against Hunger France in January 2019.
- The increase in advances from Other Public Institutions (+\$4.38 million) mainly in Bangladesh (+\$4.16 million) on financing received as part of aid programmes for refugees from Myanmar.

The item “Miscellaneous Donors” includes fundraising income from the Action Against Hunger International network for countries in which Action Against Hunger France operates, from private funds, as well as grants received that have not been allocated.

The item “Trade Payables and Related Accounts” includes payables on purchases linked to the Organisation’s current activity (social missions, fundraising and the operation of the headquarters), fixed-asset liabilities and amounts payable on invoices not yet received. As at 31/12/2019, this item consisted mainly of trade payables for \$4.38 million (versus \$3.82 million in 2018) and invoices not yet received for \$5.617 million (\$5,617 million in 2018).

In 2019, the invoices not yet received mainly consist of invoices not yet received from donors (\$4.61 million), which are slightly down compared with 2018 (-\$0.34 million)

(in US Dollars)	Rate = 1,1234	31.12.2019	31.12.2018
Trade Payables		4 338 211	3 838 531
Invoices not received		5 610 668	5 624 668
Other expenses to pay		-	226 630
Total trade payables & related accounts		9 948 879	9 689 829

The item “Tax and Social Security Liabilities” includes:

(in US Dollars)	Rate = 1,1234	31.12.2019	31.12.2018
Personnel and related accounts		317 373	270 493
Provision for paid leave		2 016 712	2 183 746
Organizations collecting payroll taxes and related accounts		5 407 255	3 450 300
Taxation and social security debts		7 741 340	5 904 539

The increase in Tax and Social Security Payables (+\$1.91 million) is mainly due to the increase in mission tax payables (+\$0.67 million) and in particular Withholding Tax in Nigeria (\$0.34 million) and Income Tax in Iraq (\$0.34 million). Furthermore, in 2019 the increase in debts is due to the abolition of the Employment Tax Credit (+\$0.34 million)

The debt item on the Action Against Hunger International network breaks down as follows over the last 3 financial years:

(in US Dollars)	Rate = 1,1234	31.12.2019	31.12.2018	31.12.2017
Dues to AAH USA		14 720 864	6 674 928	3 256 852
Dues to AAH UK		417 534	677 964	591 233
Dues to ACH Spain		1 600 866	896 226	274 229
Dues to ACF Canada		309 286	134 421	171 516
Dues to ACF FHF India		162	-	4 623
Total Dues from ACF Network		17 048 713	8 383 538	4 298 453

Liabilities on the Action Against Hunger network (United States, United Kingdom, Spain and Canada) consist of:

- Participation in operating expenses and administrative expenses for country exchanges.
- Cross-billing at cost of expatriate personnel under contract with a network entity and made available to Action Against Hunger for its missions.

The growth in network debts (+\$8.53 million) is mainly explained by the change in Action Against Hunger France's debt to Action Against Hunger USA (+\$8.2 million).

Liabilities to Action Against Hunger United States include

- The flows relating to country exchanges with Action Against Hunger USA, i.e. the balance of the successor agreement signed with Action Against Hunger USA following the transfer of all countries and the administrative costs paid (Overheads) for all countries transferred for a total of \$6.491 million (\$3.083 million in 2018, or an increase of \$3.37 million).
- Flows relating to the transfer of assets and liabilities in connection with the exchange of Ethiopia and Nigeria for \$3.356 million.

Lastly, maturities on the liabilities are as follows :

(in US Dollars)	Rate = 1,1234	Total au 31.12.2019	Timeliness < 1 Year	> 1 Year
Loans and debts with credit institutions		3 089 350	3 089 350	
Advances from institutional donors		77 988 601	77 988 601	
Trade payables & Related Accounts		9 948 879	9 948 879	
Taxation and social security debts		7 741 339	7 741 339	
Other debts		2 928 791	1 714 765	1 214 025
Debts related to ACF International Network		17 048 713	13 147 266	3 901 447
Total		118 745 673	113 630 201	

In October 2019, a current bank loan was granted to Action Against Hunger France for \$3.03 million. This bank loan was repaid in 2020.

Liabilities of more than one year on other debts relate principally to the rent due for the Clichy office, spread over nine years, from 2014 to 2023, as well as the balance of debts to Action Against Hunger USA.

Note 10: Off-Balance Sheet Commitments

Commitments Given:

Given the average age of Action Against Hunger employees as well as the high turnover, the impact of pension provisions is considered negligible and has not been calculated.

Action Against Hunger France signed the lease for its headquarters in Clichy in October 2013. The remaining commitment given as at 31/12/2019, which extends until February 2023, is for the payment of rents and rental charges amounting to \$3.057 million (\$4.022 million in 2018).

Commitments Received:

The estimated amount of bequests of securities or assets accepted by the Board of Directors and not realised at the end of the financial year amounts to \$4.26 million.

Commitments Given and Received:

The portion of funding granted not yet committed during the financial year is not recognised at the end of the financial year and therefore does not appear on the debit side of "Other Receivables" or on the credit side of the item "Deferred Income". It is measured in the off-balance sheet commitments in the notes to the financial statements.

Income from agreements signed with donors is recognised as the related projects are executed. Among the agreements in progress, the portion of funding exceeding the expenditures incurred amounted to \$248.711 million (versus \$229.080 million in 2018).

The increase observed in 2019 is explained by

- the transfer of the Nigeria mission to Action Against Hunger France. At 31/12/2019, commitments relating to the Nigeria programmes represented \$55 million of the total commitments
- Progress of our contracts in force as at 31/12/2019.

Note 11: Voluntary Contributions In Kind

Voluntary contributions in kind received by the Organisation during the financial year are not directly valued in the financial statements. They appear at the bottom of the income statement and are of several types.

Voluntary contributions relating to the field programmes mainly concern the supply of foodstuffs and relate in particular to seven countries for an amount of \$6.74 million.

The valuation has been established exclusively on products delivered in 2019 for which proof of delivery exists in the form of a dated delivery note and for which verifiable valuation is available, in the following form:

- The price is provided by the donor;
- The price is established on the basis of an Action Against Hunger procurement file relating to the same products and for the same period as that at which the donations were received. This purchase file may have been drawn up by the field mission or by the headquarters purchasing department, based on the purchasing procedures in force accepted by the donors;
- The price is established on the basis of a local or international quotation if the product is not available in the country.

When the two conditions (proof of delivery and verifiable valuation) have been met, donations in kind are valued. When one of the conditions has not been met, donations are not valued.

Voluntary contributions linked to head office operations (Race Against Hunger, Inter-Company Challenge, etc.) represent 10.7% of total contributions, i.e. \$978k.

These donations are valued on the basis of a document proving the cost price of the service or the market value of the donation in kind.

The breakdown by country (for the field) and by service (for the headquarters) of these two types of contributions is as follows:

(in US Dollars)	Rate = 1,1234	31.12.2019	31.12.2018	31.12.2017
Contributions in kind for missions		8 161 716	6 964 561	9 351 370
Afghanistan		437 125	338 182	-
Bangladesh		5 114 256	-	265 401
Myanmar		216 432	235 307	-
Burkina Faso		-	330 979	-
Cameroun		55 919	50 020	30 141
Central Africa Republic		-	810 062	935 957
Congo		581 509	-	1 816 099
Ivory Coast		-	81 870	-
Ethiopia		-	4 560 060	4 822 315
Haiti		-	-	-
Indonesia		-	38 196	-
Irak		-	-	203 772
Liberia		67 378	-	-
Madagascar		129 499	250 228	109 791
Nigeria		1 331 109	-	-
Siera Leone		-	-	-
Somalia		-	-	1 085 616
Chad		228 488	269 656	22 762
Ukraine		-	-	-
Yemen		-	-	59 516
Contributions in kind for the headquarters*		978 597	261 125	116 725
Youth service		9 047	10 306	1 749
Partnership Direction		770 842	184 922	50 508
Delegation Service		2 556	49 242	58 682
Quality Direct Marketing service		538	914	-
Sport and solidarity in enterprise		195 615	15 741	5 786
Total In-Kind Contributions		9 140 313	7 225 686	9 468 095

Contributions related to Comdev operations and valued since 2017

Voluntary contributions in kind in Bangladesh represent 55% of the contributions received in 2019 and reflect donations of rice and cereals for a total amount of \$3.6 million.

Other types of contributions in kind were not valued due to lack of supporting evidence or solid valuation methods. These include donations to non-program missions or volunteering in France. The amounts indicated therefore represent only a partial view of the contributions in kind.

Note 12: Subsidies

The Operating Subsidies include all resources arising from the fundraising from public sources (European Union, United Nations, nations and other public institutions) regardless of their purposes, as well as specific funding administered as subsidies (financing from the international Action Against Hunger network, partners, etc.).

The recognition of these revenues in the income statement is based on the progress of the subsidised projects and in accordance with the contractual commitments of the donors (dates of eligibility of expenditure, allocated budget, nature of funded expenses and method of reimbursement of costs incurred).

Progress monitoring is carried out by means of analytical accounting, which enables the precise knowledge of expenditure and commitments by project, compared to the contractual budget. To cover the risk of the repayment of part of a committed subsidy, a provision for risk is established.

The method adopted by Action Against Hunger is reflected in the presentation of the Organisation's financial statements as follows:

- In the income statement: the expenditures incurred for the missions are shown as expenses and are identical to what is shown in income, which results in no impact on the results of the financial year, since these are expenditures incurred for the missions and which are funded entirely by the donors.
- On the balance sheet: from 2016, the expenditures to be reimbursed by donors are no longer recognised in accrued income but directly in receivables. The item "Donor Advances" in liabilities mainly recognises the funds received that exceed the progression or completion of the contracts.

The portion of funding granted not yet committed during the financial year is not recognised at the end of the financial year and therefore does not appear on the debit side of "Other Receivables" or on the credit side of the item "Deferred Income". It is measured in the off-balance sheet commitments in the notes to the financial statements (see Note 10).

As at 31 December 2019, grants received amounted to \$237 million and had increased by \$79;76 million. (See Notes on the Application of Funds Statement below).

Note 13: Information on Staff Numbers and Remuneration

• Workforce, Average Age and Length of Service

The changes in the workforce and the breakdown by category are as follows:

Average staff	2019	2018
Total Employees at the French headquarters	287	277
Total Expatriates in ACF France Missions	263	224
Total Local Staff in ACF France Missions	4 447	3 894

Excluding work-study contracts, trainee conventions and volunteers

The average age and length of service in France or of the expatriates are as follows:

Average Employees Age as at December 31	2019	2018
Total Employees at the French headquarters	36,2	36,5
Expatriates in ACF France Missions	38,8	38,9

Seniority as at December 31	2019	2018
Total Employees at the French headquarters	3,7	3,8
Expatriates in ACF France Missions	2,2	2,2

• Remuneration at Headquarters

The monthly average of gross salaries at the headquarters (13th month inclusive) as at 31 December is as follows:

The average monthly gross salaries as at December 31 (including the 13th month salary) at the headquarters	2019	2018
10 highest salaries	\$7 145	\$7 280
10 lowest salaries	\$2 859	\$2 752
The highest salary	\$8 674	\$8 658
The lowest salary	\$2 625	\$2 576
Average salary	\$4 083	\$3 976

excluding work-study contracts

	2019	2018
Gross Annual Salary Paid to the three senior executives	\$302 286	\$289 750

* including annual leave payments and time savings accounts

Employees do not receive any ancillary remuneration such as staff incentives and/or profit-sharing and do not enjoy any in-kind benefits.

The members of the Executive Committee receive the highest remuneration from the Organisation. On the other hand, the Chairman and the members of the Board of Directors do not receive any remuneration from the Organisation but are entitled to the reimbursement of their expenses of representation according to the procedures in force.

The amount of professional expenses reimbursed by the Organisation to members of the Executive Committee for the 2019 financial year is \$21k (versus \$8.9k in 2018). The amount of expenses reimbursed by the Organisation to Directors for the same financial year amounts to \$10k (versus \$12k in 2018).

Note 14: Statutory Auditor's Fees

Fees were paid to the Statutory Auditor in 2019 as part of its statutory audit assignment. There was no audit of field program contracts (for institutional donors) this year. The fee amounts are as follows:

- Legal audit fees: \$119k exc. tax.

Note 15: Proposed Allocation of 2019 Income

The Board of Directors of Action Against Hunger-France asks the General Meeting of 26 September 2020 to give its opinion on the proposed allocation of the 2019 deficit of -\$5,089,566 of which \$4,687,989 in expenditures used in the reserve for organisational projects according to the table below:

(in US Dollars)	Rate = 1,1234	As at 31.12.2019 (before allocation of 2019 Results)	Allocation of 2019 Results)		As at 31.12.2019 (after allocation of 2019 Results)
			Decrease	Increase	
Associative funds		31 750 671		-4 123 451	27 627 220
Reserve funds for the Associative Project		17 087 090	4 687 990	3 721 876	16 120 975
- <i>Applied research</i>		1 277 644	121 376	121 376	1 277 644
- <i>Operational Programs</i>		9 959 781	2 787 270	2 787 270	9 959 781
- <i>International development</i>		2 876 146	966 115		1 910 031
- <i>Information Systems Development</i>		2 973 520	813 229	813 229	2 973 520
Financial year results		-5 089 566	-4 687 990	-401 575	0
TOTAL EQUITY CAPITAL		43 748 195	0	0	43 748 195

2019 Application of Funds Statement

EXPENDITURES	Expenditures in 2019 = Income Statement	Allocation by use of resources raised from the and used in 2019
1 - SOCIAL MISSIONS	265 137 274	33 656 406
1.1 - SOCIAL MISSIONS IN FRANCE	3 815 712	
Actions performed directly	3 815 712	
Payments to other bodies intervening in France	0	
1.1 - SOCIAL MISSIONS PERFORMED ABROAD	261 321 562	
Actions performed directly	247 363 453	
Operational expenses	226 805 138	
Other operational projects	2 125 066	
Operations support	16 717 680	
Expatriates from other headquarters	1 715 568	
Payments to a Central Body or Other Bodies	13 958 109	
2 – EXPENSES INCURRED FOR RAISING FUNDS	16 946 908	14 979 782
2.1 - COSTS INCURRED FOR APPEALING TO PUBLIC DONATIONS	14 527 277	
2.2 – EXPENSES INCURRED FOR OTHER PRIVATE FUNDING	1 443 566	
2.3 - CHARGES RELATING TO FINDING GRANTS AND OTHER PUBLIC CONTRIBUTIONS	976 065	
3 - OPERATING COSTS	10 596 574	0
I - TOTAL OF EXPENDITURES FOR THE FISCAL YEAR ENTERED IN THE FINANCIAL STATEMENT	292 680 756	48 636 188
II - ALLOCATIONS OF PROVISIONS	9 172 373	
III - INVESTMENT ON APPROPRIATED INCOME	3 972 599	
IV - SURPLUS OF INCOME DURING THE FISCAL YEAR	0	
V - TOTAL	305 825 728	
V - Proportion of Gross Capital Expenditures for the fiscal year financed by the funds raised from the general public		430 035
VI - Equalization of the Depreciation of Fixed Assets financed from the first enforcement of the decrees by funds raised from the general public		45 422
VII - Total Expenditures Financed by Funds Raised from the General Public		49 020 800
EVALUATION OF VOLUNTARY IN-KIND CONTRIBUTIONS		
Social missions	8 235 956	
Expenditures relating to Fundraising	900 844	
Operating costs and other expenses	3 513	
TOTAL	9 140 313	

INCOME		Income raised in 2019 = Income Statement	Monitoring of funds raised from the general public and used in 2019
<i>(in US Dollars)</i>	<i>Rate = 1,1234</i>	(2)	(4)
AMOUNT CARRIED FORWARD - INCOME RAISED FROM THE PUBLIC NOT ALLOCATED / NOT USED AT THE BEGINNING OF THE FINANCIAL YEAR			17 306 268
1 - INCOME RAISED FROM THE GENERAL PUBLIC		44 407 550	44 407 550
1.1 - DONATIONS AND BEQUESTS RAISED		38 510 892	
Non dedicated manual donations		34 784 128	
one-off donations		10 567 581	
Direct debit payment		24 216 547	
Dedicated manual donations		950 432	
Non dedicated bequests and other donations		2 776 332	
Dedicated bequests and other donations		0	
1.2 - OTHER INCOME RELATING TO APPEALING FOR PUBLIC DONATIONS		5 896 658	
Other Dedicated Income relating to Public Generosity		2 235 905	
Other Non-Dedicated Income relating to Public Generosity		3 660 753	
2 - OTHER PRIVATE FUNDS		7 351 309	
Unallocated Donation and Mentoring		2 420 800	
Allocated Donation and Mentoring		2 172 518	
Allocated private Grant		2 757 991	
3 - GRANTS AND OTHER PUBLIC CONTRIBUTIONS		234 545 800	
4 - OTHER INCOME		7 207 125	
I - TOTAL INCOME FOR THE FISCAL YEAR ENTERED IN THE INCOME STATEMENT		293 511 782	
II - WRITING-BACK OF PROVISIONS		4 604 903	
III - AMOUNT CARRIED FORWARD FOR DEDICATED INCOME AND NOT USED FROM PREVIOUS FINANCIAL YEAR		2 619 476	
IV - FLUCTUATION OF RESTRICTED FUNDS RAISED FROM THE PUBLIC (refer to the table summarizing restricted funds)			576 847
V - INCOME SHORTAGE DURING THE FISCAL YEAR		5 089 566	
VI - TOTAL		305 825 728	
VII - Total expenditures financed by funds raised from the general public			49 020 800
BALANCE OF INCOME RAISED FROM THE PUBLIC NOT ALLOCATED AND NOT USED AT THE END OF THE FINANCIAL YEAR			13 269 864
EVALUATION OF VOLUNTARY IN-KIND CONTRIBUTIONS			
Voluntary work		9 871	
In-Kind Benefits		8 094 405	
In-Kind Donations		1 036 037	
TOTAL		9 140 313	

NOTES TO THE APPLICATION OF FUNDS STATEMENT

1st PART - GENERAL

- Action Against Hunger France's Application of Funds Statement is established according to the principles dictated by Law No. 91-772 of 7 August 1991 and the Order of 30 July 1993 regarding the presentation of the accounts of the organisations
- Since Order No. 2005-856 of 28 July 2005, the Application of Funds Statement has been included in the notes to the annual financial statements. It is accompanied by information relating to its preparation.
- Following the publication in April 2008 of the opinion of the Conseil National de la Comptabilité and the approval of the Regulation of the Comité de la Réglementation Comptable no. 2008-12 by decree of 11 December 2008, a new model annual Application of Funds Statement must be drawn up by organisations that make appeals for support from the general public, with effect from 1 January 2009.
- The Application of Funds Statement is prepared in accordance with the components of the Income Statement to provide:
 - comprehensive information on all application of funds (column 1) and resources (column 2) of the financial year,
 - the allocation by application (column 3) of only the resources collected from the general public as well as the monitoring of the resources collected prior to the current financial year (column 4).
- The use of funds in the Application of Funds Statement is broken down, based on the analytical accounting of the Organisation, into three sections of application of funds, which are Social Missions, Fundraising Costs and Operating Costs.
- The vast majority of costs are allocated directly to one of the sections of the Application of Funds Statement based on analytical accounting. Direct costs are thus allocated to the relevant services and activities.
- Nevertheless, certain expenditures are linked to actions that may be connected to several sections of the Application of Funds Statement. In these particular cases, these indirect charges are then broken down between the different sections. This breakdown relates to the following expenditures:
 - The costs of monitoring, administrative management and recruitment of human resources at the headquarters are broken down into the different sections according to the number of permanent staff at the headquarters directly assigned to each type of job, as provided for in the annual budget;
 - Half of the costs associated with accounting management and the development of financial procedures and tools are attributed to operational support and half to operating expenses;
 - The costs of the Logistics, Human Resources, Administrative and Financial, Communication, and Development Departments are broken down into the different sections according to the number of permanent employees of the departments concerned and assigned to each type of job, as provided for in the annual budget;
 - Headquarters overheads (rents, utilities, maintenance, security guards, cleaning, photocopiers, postage, etc.) are broken down into the various sections according to the number of permanent headquarters employees assigned to each type of job, as provided for in the annual budget.

Furthermore, Race Against Hunger is an educational event aimed at raising young people's awareness of the problems of hunger in the world. Half the costs of organising the Race Against Hunger and the costs of running the regional delegations are attributed to expenditure on raising public awareness and half to the costs of fundraising efforts.

2nd PART - 2019 APPLICATION OF FUNDS (column 1)

The different sections of application of funds include both external expenses (purchases, fees, travel, etc.) and the salaries of the personnel assigned to these sections (see reconciliation statement from the Income Statement to the Application of Funds Statement).

2.1 – SOCIAL MISSIONS

Our social missions are defined in the Organisation's Articles of Association and explained in its organisational project. Expenditures allocated to social missions include all costs incurred for each of Action Against Hunger's social missions in accordance with its statutory mission statement.

2.1.1 – Social Missions Carried Out in France

- Actions Carried Out Directly

Actions carried out in France include the costs associated with organising events and operations to raise public awareness as well as communication and advertising expenditures if they are not associated with calls for donations. In addition, since 2019, Action Against Hunger has implemented food safety, mental health and health care projects in France.

(in US Dollars)	Rate = 1,1234	2019	2018
Mission France		131 731	0
Communication events and general events		1 315 697	1 066 525
Communication and advertising		569 760	561 106
Cost incurred for organizing information and raising-awareness campaigns		1 798 524	1 581 881
Total for Social missions performed directly in France		3 815 712	3 209 512

- Payments to Other Organisations Acting in France

Action Against Hunger does not fund any organisation in France.

2.1.2 – Social Missions Carried Out Abroad

- Actions Carried Out Directly

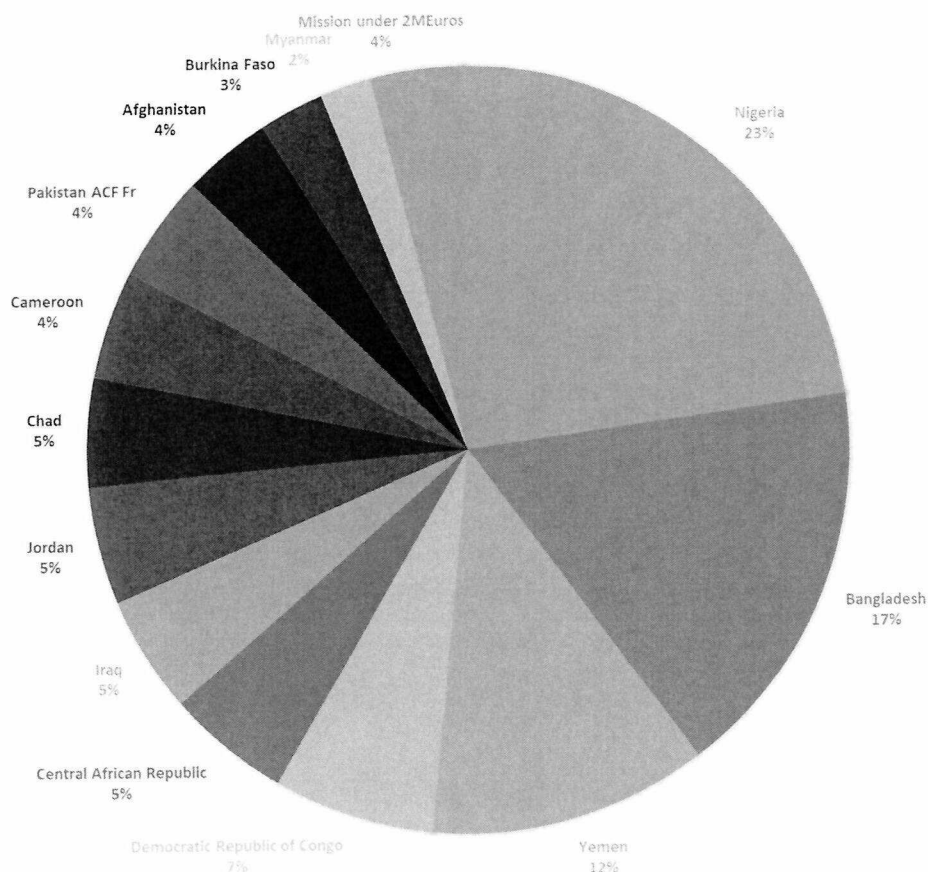
Social Missions carried out directly abroad are broken down into four items:

(in US Dollars)	Rate = 1,1234	2019	2018
Operational expenses		226 805 138	145 753 219
Other operational projects		2 125 066	2 613 874
Technical assistance to operations		16 717 680	15 213 887
Expatriate staff in missions managed by other headquarters		1 715 568	1 939 434
Total for Social Missions performed directly abroad		247 363 453	165 520 414

- **Operational Expenditures**

The item “Operational Expenditures” includes costs relating to the execution of programmes in the field - human resources present on the ground, logistical resources and purchases of equipment and supplies (nutrition, water, physical and mental health as well as food safety).

(in US Dollars)	Rate = 1,1234	2019	2018
Afghanistan		8 236 176	8 162 628
Bangladesh		37 050 217	26 513 569
Myanmar		4 774 466	3 754 548
RESILAC Project*		4 382 571	1 679 362
Middle East regional office		222 350	280 522
Burkina Faso		6 050 464	8 239 062
Cameroon		9 933 284	8 829 430
Central African Republic		11 439 418	7 973 649
Democratic Republic of Congo		14 919 910	16 372 380
Ivory Coast		888 291	1 124 221
Djibouti		32 196	471 575
Ethiopia		1 597 584	13 780 773
Indonesia		941 829	521 712
Iraq		10 815 146	7 077 638
Jordan		10 742 908	7 057 223
Liberia		953 640	1 140 816
Madagascar		2 898 209	2 327 432
Mozambique		364 469	-
Nepal		1 127 155	1 647 270
Nigeria		49 549 449	-
Pakistan ACF Fr		9 832 381	531 348
Sierra Leone		2 134 843	3 216 003
Somalia		-	38 783
Chad		10 076 868	8 124 150
Ukraine		-	77 972
Yemen		25 706 775	16 576 749
Zimbabwe		489 733	448 884
Closed missions and miscellaneous charges		1 644 805	- 214 479
Total Operational Expenses		226 805 138	145 753 219



In 2019, we see very significant growth in the volume of operational expenditures. However, this reality must not mask the changes in our activities around the world, and of course, the realities of financial volumes that are very different from one country to another. Between ongoing crises such as the Rohingya crisis and the situation in Bangladesh, or in the Middle East in Iraq and Jordan, and forgotten crises such as in Afghanistan, Action Against Hunger's strategic positioning is evolving according to the contexts and needs. In 2019, this growth is specifically linked to the reception of Nigeria. Indonesia has closed. Liberia and Sierra Leone are undergoing major strategic repositioning and an innovative donor approach. The monitoring of Zimbabwe led us to relaunch our activities following the emergency through local partners (in Zimbabwe and Mozambique) and the reinforcement of a small Action Against Hunger team. Nepal continues to see its financial volume decrease. Finally, in Yemen, programmatic activities are being implemented in a substantially deteriorated context and with operational complexity that remains very significant.

- **Other Operational Projects**

This item concerns projects not directly linked to a country on the ground and funded by dedicated funds or by partners. These include scientific and technical research or advocacy activities aimed at increasing and sharing international knowledge and improving the quality of practices implemented within field programmes.

As at 31/12/2019, the total of other operational projects amounted to \$2.125 million (\$2.614 million in 2018).

- **Operational Support**

This item includes the direct or indirect costs of the headquarters relating to the management and support of the activities of social missions carried out abroad, and in particular:

- the costs of monitoring, managing, recruiting and training human resources,
- the technical support costs for operations, in particular expertise in nutrition, food safety and water/sanitation,
- the coordinating and steering of the programmes by the operational departments,
- the advocacy and mobilisation activities,
- the logistics coordination and procurement management for missions,
- the costs related to administrative and accounting management, financial control of the missions and internal control.

(in US Dollars)	Rate = 1,1234	2019	2018
Management of Human Resources		3 892 906	3 530 819
Technical support to Operations and Scientific Research and advocacy		3 557 324	3 398 812
Coordinating and piloting of programs		6 919 825	5 886 947
Logistics coordination		1 191 709	1 063 965
Administrative and financial management, controlling and internal audit		1 155 916	1 333 344
Total Support for Operations		16 717 680	15 213 887

The growth in our support for missions is linked to the growth in our operational volume, and more specifically to the management of Nigeria.

- **Expatriate Staff on Missions from Other Headquarters**

This item includes the cost of expatriates assigned to missions managed by another headquarters in the international network (the cost is covered and is offset by income allocated to social missions).

(in US Dollars)	Rate = 1,1234	2019	2018
Salaried expats under ACF France contract made available to other HQs		1 715 568	1 939 434
Total expatriates staff in Missions for other head offices		1 715 568	1 939 434

- **Payments to a Central Body or Other Bodies**

This item includes donations, grants and financial agreements between Action Against Hunger France and the international network.

(in US Dollars)	Rate = 1,1234	2019	2018
Assistance to ACF International Network		4 585 362	3 034 147
Grants for the Funding of Other Headquarters Programs		9 372 747	16 767 703
Payments to a central body or other bodies		13 958 109	19 801 850

Support for the network is growing strongly due to the exchange of Countries between Action Against Hunger France and Action Against Hunger United States, and more specifically the sharing of management fees for Nigeria, which has been managed by Action Against Hunger France since January 2019.

The reduction in the management of grants for the other head offices is mainly linked to the reduction in volumes of the Swedish funder (see 3.3 Grants) for which Action Against Hunger France is the contact but whose funds are then transferred to the other operational head offices for the implementation of their programmes.

2.2 – FUNDRAISING COSTS

This section includes all expenditures incurred to collect donations, particularly from private sources. All costs relating to fundraising campaigns undertaken during a certain financial year are linked to said financial year.

2.2.1 – Costs for appeals for support from the general public

This item includes all costs relating to appeals for donations from the general public - direct costs of operations (direct marketing, bequests and half the cost of Race Against Hunger), costs of monitoring and managing campaigns and costs of processing donations.

(in US Dollars)	Rate = 1,1234	2019	2018
Expenses incurred for raising funds		8 316 991	8 077 812
Occasional donations		4 422 786	4 299 782
Direct transfers		3 894 206	3 778 030
Expenses Incurred for Organizing Events		146 766	141 473
Management of campaigns and donations processing		6 063 520	5 523 041
ACF Development		-	52 121
Expenses incurred for raising funds from public generosity		14 527 277	13 794 447

2.2.2 – Cost of Fundraising from Other Private Funds

This item includes expenditures incurred to raise funds from businesses.

As at 31/12/2019, research costs amounted to \$1.144 million (\$1.346 million in 2018).

2.2.3 – Expenses Related to Seeking Subsidies and other Public Aid

Since 2017, Action Against Hunger France has centralised the costs of the unit responsible for finding subsidies and relations with institutional donors. For this, Action Against Hunger France is financially supported by the entire network.

As at 31/12/2019, subsidy research costs amounted to \$976K (\$813K in 2018).

2.3 – OPERATING COSTS

This subtopic includes the costs relating to the operation of the Action Against Hunger headquarters structure and general services, information systems as well as financial expenses and exceptional charges.

(in US Dollars)	Rate = 1,1234	2019	2018
Operating costs and general services costs - Headquarters		8 117 541	7 193 630
Financial charges		2 142 033	1 206 600
Extraordinary charges		337 001	52 712
Total Operating Costs		10 596 574	8 452 942

The change in overheads and general services is linked to:

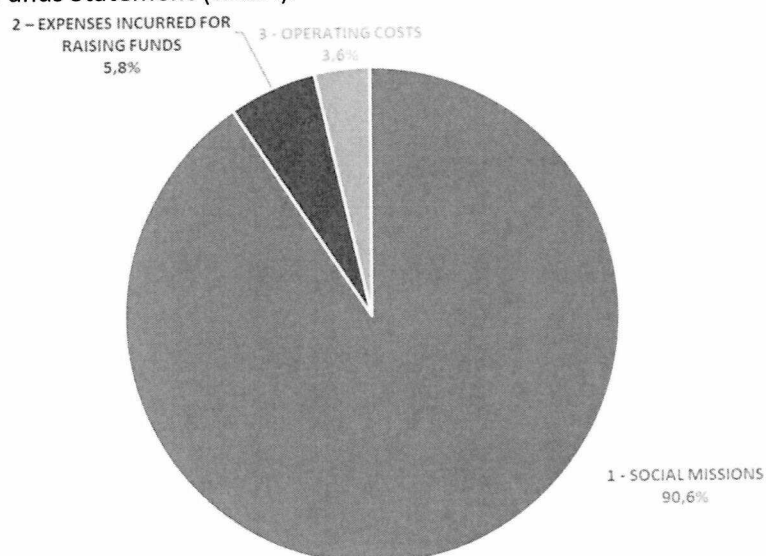
- investment in information systems
- Reinforcing the teams in line with the operational growth, thus ensuring the association's long-term future.

The change in financial expenses is due to the implementation of our currency risk management policy in 2019:

- Increase in financial expenses linked to the currency impact on foreign exchange purchases/sales initiated in 2019 (+\$1.69 million). It should be noted that these expenses must be analysed in light of the financial income generated by these same transactions (+\$1.69 million) (see 3.4), i.e. a result of zero generated.
- This increase was partially offset by a decrease in expenses associated with the revaluation of foreign currency bank accounts (-\$0.9 million) following the implementation of our new foreign exchange risk management policy.

2.4 – BREAKDOWN OF APPLICATION OF FUNDS BY PURPOSE (column 1)

This graph shows the amount of each section of application of funds relative to the total application of funds in the Application of Funds Statement (total I).



2.5 - RECONCILIATION STATEMENT FROM THE INCOME STATEMENT TO APPLICATION OF FUNDS STATEMENT

(in thousand US Dollars) Rate = 1,1234	STAFF PAYROLL	OTHER COSTS	FINANCIAL CHARGES	EXTRAORDINARY CHARGES	CORPORATE TAX	FINANCIAL COMMITMENTS ON APPROPRIATED FUNDS	TOTAL
SOCIAL MISSIONS	92 923	170 860	1 763	-410	0	0	265 137
EXPENSES INCURRED FOR RAISING FUNDS	3 561	13 386	0	0	0	0	16 947
OPERATING COSTS	4 852	3 265	2 142	337	0	0	10 597
TOTAL EXPENDITURES	101 337	187 511	3 905	-73	0	0	292 681
ALLOWANCES FOR PROVISIONS	0	6 571	2 544	57	0	0	9 172
COMMITMENT TO INVEST OUT OF ALLOCATED INCOME	0	0	0	0	0	3 973	3 973
INCOME SURPLUS FOR THE FINANCIAL YEAR	0	0	0	0	0	0	0
TOTAL	101 337	194 082	6 450	-16	0	3 973	305 826

3rd PART - 2019 RESOURCES (column 2)

3.1 – RESOURCES COLLECTED FROM THE GENERAL PUBLIC

"Resources Collected from the General Public" relates to all individual donations. Donations from individuals collected through partnerships with businesses (solidarity financial products offered by banks for example) are also presented in this section.

The item "Individual Donations" includes all donations collected through direct marketing actions. They are used, in accordance with the call for funds messages, to help fund Action Against Hunger activities. Where appropriate, dedicated funds are created to monitor the relevant allocations.

3.1.1 – Donations and Bequests Collected

(in US Dollars)	Rate = 1,1234	2019	2018
Occasional donations		10 567 581	12 570 781
Direct transfers		24 216 547	22 766 623
Non-Restricted manual donations		34 784 128	35 337 405
Restricted manual donations		950 432	2 110 616
Non-Restricted bequests		2 776 332	2 463 332
Restricted bequests		0	0
Total Donations and Bequests		38 510 892	39 911 353

Fundraising in 2019 was down. This is explained by the employment and societal situation in 2019, with an increased focus on the environment as well as the national end-of-year strikes which had a negative impact on donations (allocated or not).

3.1.2 – Other Income Linked to Appeals for Support from the General Public

This item includes all private donations collected during events (Race Against Hunger, for example) or as part of solidarity products (the “Je dej’ Je donne” operation).

(in US Dollars)	Rate = 1,1234	2019	2018
Run against Hunger and Non-Restricted Delegations		2 209 300	1 960 662
Partnerships		1 431 995	1 424 433
Other operations		19 457	8 201
Other non-Restricted income related to public generosity		3 660 753	3 393 295
(in US Dollars)	Rate = 1,1234	2019	2018
Run against Hunger and Restricted Delegations		1 986 500	1 812 972
Other events		249 405	210 951
Solidarity-based investment income		0	0
Other operations		0	0
Other Restricted income related to public generosity		2 235 905	2 023 923
Total Other income related to public generosity		5 896 658	5 417 218

3.2 – OTHER PRIVATE FUNDS

“Other Private Funds” includes donations from companies obtained through sponsorship and subsidies of private origin.

(in US Dollars)	Rate = 1,1234	2019	2018
Corporate philanthropy and sponsorships – Non-Restricted		2 420 800	2 093 494
Corporate philanthropy and sponsorships – Restricted		2 172 518	1 641 547
Private grants - Restricted		2 757 991	1 642 348
Other private funds		7 351 309	5 377 389

Investments in research costs of other private funds have enabled a sharp increase in partnerships which enables an increase in other private funds.

3.3 – SUBSIDIES AND OTHER PUBLIC AID

"Grants and other public assistance" includes all resources resulting from the search for public funds (European Union, United Nations, States and other public institutions).

Subsidies can be received by way of two channels:

- by Action Against Hunger headquarters in France,
- or directly by the missions.

(in US Dollars)	Rate = 1,1234	2019	2018
European Union - ECHO		20 571 872	28 462 088
European Union - DEVCO		30 389 082	17 783 474
United Nations - UNICEF		17 687 579	11 144 170
United Nations - Others		32 771 499	19 438 700
American Government		47 829 893	8 102 016
French Government		17 123 911	11 222 996
Swedish Government		21 664 656	27 247 151
British Government		18 931 703	9 524 539
Canadian Government		6 456 643	9 604 057
Swiss Government		3 998 226	3 494 001
German Government		7 885 702	1 209 204
Irish Government		960 374	1 640 878
Other Governments		253	1 285 737
Other Public Institutions		7 779 341	4 669 637
Miscellaneous Institutional Donors		495 066	1 901 251
Total Grants and other public aid		234 545 800	156 729 899

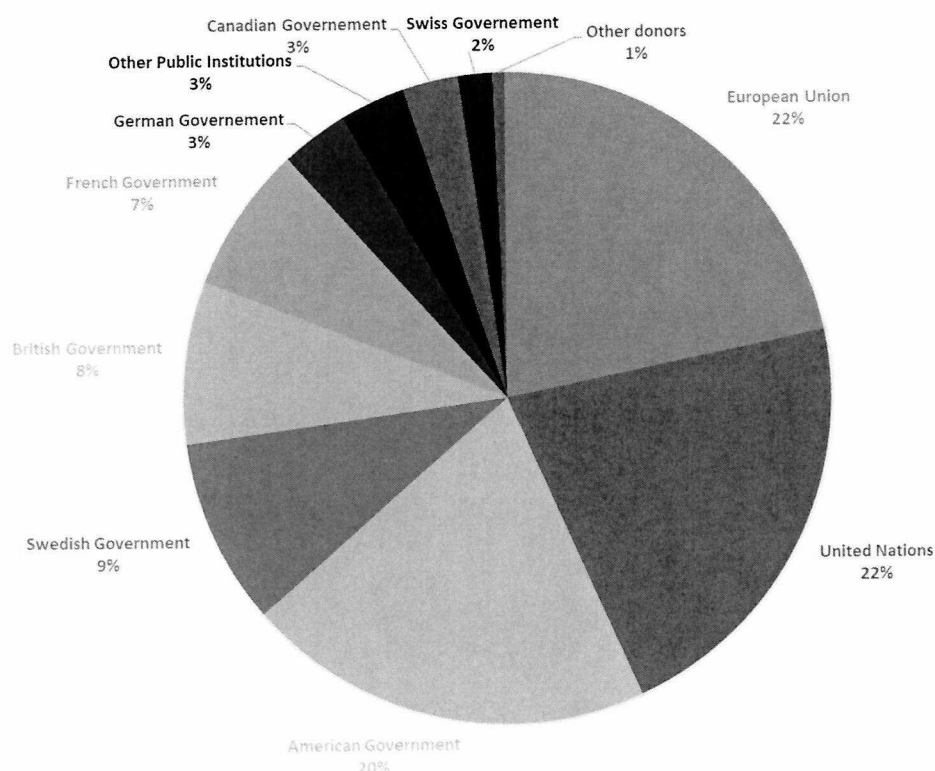
In 2019, the institutional donations received rose very significantly (+49.6%). This growth is a direct consequence of operational growth and is more specifically linked to the reception of Nigeria, which explains most of the growth in volume from the US and UK governments. The exchange of countries also has two significant impacts on our European donors because we gave up Ethiopia, which is funded by ECHO, to Action Against Hunger United States, while we now manage the DEVCO contract in Pakistan under a tripartite agreement between Action Against Hunger France, Action Against Hunger United States and Action Against Hunger Pakistan.

The growth of United Nations funds is mainly focused on the Middle East (Jordan, Iraq and Yemen) and Bangladesh.

With regard to government financing, there has been a significant increase in subsidies from the German government, mainly linked to Iraq and Jordan, while the French government doubled down on its growth from 2018 with the Resilac projects and in Jordan. Conversely, there has been a decline in Swedish government funds, the impact of which, ultimately, is greater for Action Against Hunger Spain and Action Against Hunger United States (see 2.1.2. Payments to a Central Body or Other Bodies)

As regards Action Against Hunger France, the European Union remains our top source of public subsidies, but now accounts for just 21.7% of our subsidies. The shrinking of ECHO in favour of DEVCO that began in 2018 has been confirmed. The United Nations maintains a significant share (21.5%) in a growing environment

while the US government becomes our third largest source of financing, representing just over 20% of our subsidies.



3.4 – OTHER INCOME

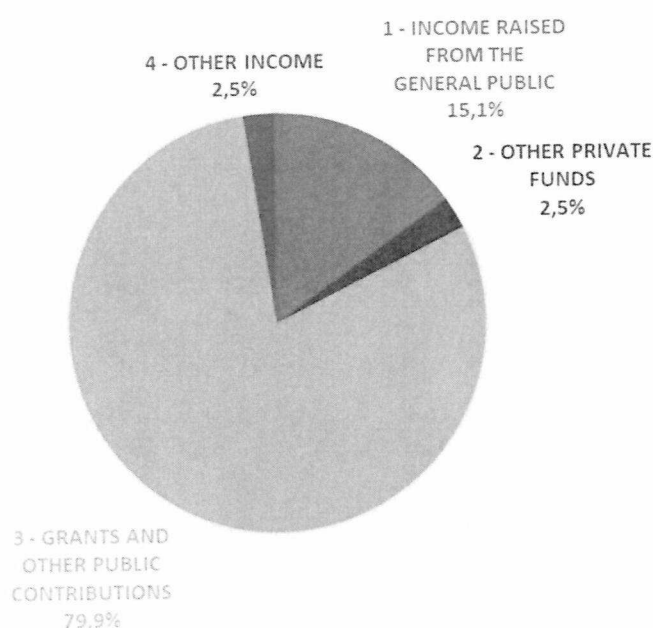
“Other Income” includes resources not connected to the raising of private or public funds. This is divided into two main items:

- Other income related to social missions - this includes foreign exchange gains and exceptional income recorded on missions, as well as the other Action Against Hunger headquarters taking responsibility for expatriates assigned to one of their missions. The decrease in 2019 is related to both volume and exchange rate effects when revaluing the cash balances and the exchange rate impacts generated by the balance of the donor contracts.
- Other unallocated income for the association: foreign exchange gains and head office financial income are increasing due to the implementation of our foreign exchange risk management policy (\$1.69 million). In addition, as in 2018 flows were related to transfers of funds from Action Against Hunger USA under the agreement on country exchanges, the decrease observed in 2019 is explained by the decrease in this flow (-\$3.14 million). Indeed, following the transfer of the management of the Nigeria office on January 1st 2019, Action Against Hunger France is responsible for repaying these funds (see 2.1.2 Payments to a central body or other bodies)

(in US Dollars)	Rate = 1,1234	2019	2018
Other income allocated to Social Missions		3 550 514	5 163 593
Miscellaneous income - Missions		1 422 052	2 908 500
Miscellaneous income - Headquarters		2 128 462	2 255 094
Other income non-allocated to Social Missions		3 656 470	4 603 850
Miscellaneous income		1 610 085	4 341 081
Investment income		2 046 385	262 769
Extraordinary Income		141	18 768
TOTAL OTHER INCOME		7 207 125	9 786 211

3.5 – DISTRIBUTION OF RESOURCES BY ORIGIN (column 2)

This diagram shows the amount of each type of resource relative to the total resources of the Application of Funds Statement (total I).



3.6 – DEDICATED FUNDS

In “commitments to be made on allocated resources” (column 1) we note the difference between the amounts allocated in 2019 and the use made of them during the same financial year.

The “deferral of unused allocated resources from previous financial years” (column 2) corresponds to the use of dedicated funds, that is, programmes carried out by Action Against Hunger France during the financial year and funded by dedicated funds.

Dedicated funds used by other network entities are recorded in the balance sheet accounts. This is why the use of these funds does not appear in the “deferral of resources not previously used”.

The notes to the balance sheet make it possible to correlate the information provided in the appendix to the balance sheet with the movements presented in the Application of Funds Statement

3.7 - RECONCILIATION STATEMENT FROM THE INCOME STATEMENT TO APPLICATION OF FUNDS STATEMENT

(in thousand US Dollars) Rate = 1,1234		Operating Income	Financial Income	Extraordinary Income	Allocated income not used during previous years and to be carried forward	TOTAL
Income Raised from the general public	44 408	-	-	-	-	44 408
Other Private funds	7 351	-	-	-	-	7 351
Grants and other public contribution	234 546	-	-	-	-	234 546
Other Income	3 756	3 613	-	162	-	7 207
Total Income	290 060	3 613	-	162	-	293 512
Writing-back of provisions	1 929	2 676	-	-	-	4 605
Allocated income not used during previous years and to be carried forward	-	-	-	-	2 619	2 619
Income shortage during the fiscal year	-	-	-	-	-	-
Total	291 990	6 289	-	162	2 619	300 736

4th PART – ALLOCATION BY APPLICATION OF FUNDS COLLECTED FROM THE PUBLIC AND APPLIED FOR 2018 (column 3)

4.1 - METHOD

The allocation of resources collected from the general public is the balance corresponding to application of funds that have funded solely by resources stemming the support provided by the general public.

4.2 – ALLOCATION GUIDELINES BY APPLICATION OF FUNDS

4.2.1 – Operating Costs

Operating costs are funded in the following order:

- by indirect costs (administrative costs) charged to the institutional donors for projects.
- beyond that, there are two possibilities:
 - o the indirect costs invoiced are higher than the operating costs, the remainder is then attributed to the social missions;
 - o the indirect costs invoiced are lower than the operating costs, the balance is funded by the other unallocated private funds (balance after financing the fundraising costs) and, if necessary, by the resources from the support provided by the general public.

4.2.2 – Social Missions

The Social Missions are funded in the following order:

- by resources allocated and used, excluding invoiced indirect costs (subsidies, other private funds and other income),
- by any remaining indirect costs invoiced (after allocation to operating costs),
- and from the support provided by the general public.

4.2.3 – Fundraising Costs

Fundraising Costs are funded in the following order:

- by the other non-allocated private funds for an amount equal to the "cost of fundraising from other private funds" line,
- by contributions from the international network to the Donor Relations Department
- and from the support provided by the general public.

4.3 – ASSETS

All assets acquired for the headquarters were funded by resources collected from the public.

5th PART – MONITORING OF RESOURCES COLLECTED FROM THE PUBLIC AND USED FOR 2018 (column 4)

A detailed and historical analysis of our dedicated funds made it possible to identify the source of the resources in the balances at the end of 2018 and the end of 2019 and therefore to precisely determine the change in the amount of the dedicated funds collected from the public.