

*This is a translation into English of the statutory auditor's report on the financial statements of the Company 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 members. 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, 2018

### **Statutory auditor's report on the financial statements**

ERNST & YOUNG Audit



## Action Contre la Faim

Year ended December 31, 2018

### Statutory auditor's report on the financial statements

To the Members 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, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2018 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, 2018 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, 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 of the Association.

## 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 Company'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 Company 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 Company or the quality of management of the affairs of the Company.

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 Company'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 Company 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, May 15, 2019

The Statutory Auditor  
*French original signed by*  
ERNST & YOUNG Audit

May Kassis-Morin



# FINANCIAL REPORT 2018



# **2018 Annual Financial Statements**

**Important: all original figures are in Euro (€). They have all been converted into US Dollars (\$) using the closing exchange rate for 2018 (1 Euro = 1.145 US Dollar).**



# 2018 BALANCE SHEET

## Balance sheet

### Assets

(in US Dollars)	Rate = 1,145	Note	31.12.2018		31.12.2017
			Gross	Depreciation	Net
<b>Intangible assets</b>					
Computer Software			1 272 816	606 689	666 127
					597 733
<b>Tangible Assets</b>					
<i>Tangible Assets "Headquarters"</i>					
Fixtures & installations			2 281 942	1 130 921	1 151 022
Computer & telephone equipment			1 230 424	862 612	367 812
Office equipment			70 223	39 279	30 944
Video equipment			111 944	72 642	39 302
Furniture			251 293	217 570	33 724
Technical equipment for research			47 964	47 964	-
Fixed assets under construction			90 602	-	90 602
					-
<i>Tangible assets "missions"</i>					
Transport equipment			3 398 007	2 680 168	717 840
Radio and communication equipment			1 170 750	964 272	206 479
Hardware			4 028	4 028	-
					-
<b>Financial assets</b>					
Loans			5 174 991	290 796	4 884 195
Deposits and Guarantees			528 942	-	528 942
					498 858
<b>Fixed assets</b>	(1)		<b>15 633 927</b>	<b>6 916 941</b>	<b>8 716 986</b>
					<b>9 099 715</b>
<b>Stocks</b>	(2)		1 516 330	19 165	1 497 165
					1 610 745
<b>Amounts receivable from institutional donors</b>	(3)		50 859 769	155 628	50 704 140
					39 792 837
<b>Other amounts receivable</b>	(3)		10 179 810	-	10 179 810
					2 791 733
<b>Amounts receivable - ACF international network</b>	(3)		22 811 984	-	22 811 984
					16 956 203
<b>Stock market securities</b>	(4)		7 229 841	-	7 229 841
					7 568 676
<b>Cash at bank and in hand "Missions"</b>	(5)		14 375 357	-	14 375 357
					15 703 769
<b>Cash at bank and in hand "Headquarters"</b>	(5)		42 650 921	-	42 650 921
					56 315 916
<b>Current assets</b>			<b>149 624 012</b>	<b>174 794</b>	<b>149 449 218</b>
					<b>140 739 879</b>
<b>Prepayments</b>			1 410 565	-	1 410 565
					1 309 828
<b>Conversion difference - assets</b>			2 444 911	-	2 444 911
					3 403 686
<b>Prepayments and Conversion difference</b>			<b>3 855 476</b>		<b>3 855 476</b>
					<b>4 713 514</b>
<b>TOTAL ASSETS</b>			<b>169 113 415</b>	<b>7 091 735</b>	<b>162 021 680</b>
					<b>154 553 108</b>

## **Balance sheet**

### **Liabilities**

<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	Note	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>Associative funds</b>			<b>30 282 959</b>	<b>28 330 164</b>
<b>Reserves for the Associative Project</b>			<b>16 686 922</b>	<b>17 070 692</b>
Applied Research			1 225 409	1 201 492
Operational Programs			8 464 113	8 241 292
International Developpement			4 067 702	4 751 668
Information Systems Development			2 929 699	2 876 240
<b>Results of the financial year</b>			<b>2 806 900</b>	<b>1 569 024</b>
<b>Associative Funds and Reserves</b>		(6)	<b>49 776 781</b>	<b>46 969 881</b>
<b>Provisions for risks and charges</b>			<b>8 730 407</b>	<b>8 525 847</b>
General risks related to the activity			5 552 238	5 053 370
Foreign exchange risk			3 178 170	3 472 477
<b>Provisions for liabilities and charges</b>		(7)	<b>8 730 407</b>	<b>8 525 847</b>
<b>Restricted Funds</b>		(8)	<b>7 668 089</b>	<b>6 184 037</b>
<b>Loans and Debts with Credit Institutions</b>			<b>-</b>	<b>-</b>
<b>Advances from institutional donors</b>		(9)	<b>67 814 548</b>	<b>68 503 642</b>
<b>Trade payables &amp; related accounts</b>		(9)	<b>9 876 139</b>	<b>8 183 096</b>
<b>Taxation and social security debts</b>		(9)	<b>6 018 067</b>	<b>6 727 578</b>
<b>Other debts</b>			<b>1 572 511</b>	<b>1 911 827</b>
<b>Debts related to ACF International Network</b>			<b>8 544 732</b>	<b>4 381 101</b>
<b>Debts</b>			<b>93 825 997</b>	<b>89 707 244</b>
<b>Deferred Income</b>			<b>-</b>	<b>5 752</b>
<b>Conversion Difference - Liabilities</b>			<b>2 020 406</b>	<b>3 160 348</b>
<b>Prepayments and Conversion Differences</b>			<b>2 020 406</b>	<b>3 166 100</b>
<b>TOTAL LIABILITIES</b>			<b>162 021 680</b>	<b>154 553 107</b>



# 2018 INCOME STATEMENT

# Income Statement

## Part I

(in US Dollars)	Rate = 1,145	2018	2017
Operating grants		161 417 324	141 638 747
Donations		39 829 027	39 866 692
Bequests		2 510 695	2 286 410
Corporate philanthropy, sponsorship and other private contributions		2 211 788	1 727 978
Subscriptions		8 359	9 366
Income from events		5 447 105	5 553 714
Other income		6 586 808	6 368 048
Write-backs on provisions (and depreciation), transfer of charges		2 031 759	2 728 422
<b>Operating income</b>		<b>220 042 866</b>	<b>200 179 378</b>
Purchase of Raw Materials, Other Supplies and External Charges		85 294 708	85 428 892
Taxes, duties and similar prepayments		2 808 436	2 837 489
Personnel costs		<b>83 905 933</b>	<b>81 627 356</b>
Staff - Headquarters and Missions		<b>41 173 846</b>	<b>41 436 088</b>
Wages and salaries		22 473 904	22 206 894
Payroll taxes		8 712 107	8 690 231
Volunteers and related costs		9 987 835	10 538 963
Local staff		<b>42 732 088</b>	40 191 268
Allowances for provisions and depreciation		<b>4 110 873</b>	<b>2 201 198</b>
On fixed assets: Amortization allowance		1 237 739	885 950
On Fixed Assets: Depreciation Allowance		0	0
On Current Assets : Depreciation Allowance		3 540	12 076
On Liabilities and Charges: Allocations for Provisions		2 869 594	1 303 172
Grants awarded by the Organization		39 788 259	22 982 417
Other charges		22 578	21 255
<b>Operating charges</b>		<b>215 930 787</b>	<b>195 098 607</b>
<b>I- OPERATING RESULTS</b>		<b>4 112 079</b>	<b>5 080 771</b>

## Income Statement

### Part II

(in US Dollars)	Rate = 1,145	2018	2017
Investment income, interests and similar income		35 709	597 936
Net income on disposal of investment securities		0	0
Exchange gains		2 548 793	1 912 065
Write-backs on Provisions, Depreciation and Transfer of Charges		3 472 477	5 046 570
<b>Financial income</b>		<b>6 056 979</b>	<b>7 556 572</b>
Interests and Similar Income		0	0
Net charges on disposal of investment securities		0	45 098
Exchange losses		3 319 791	7 465 014
Allowances for depreciation and provisions		2 425 587	3 403 686
<b>Financial charges</b>		<b>5 745 378</b>	<b>10 913 798</b>
<b>II. FINANCIAL RESULTS</b>		<b>311 601</b>	<b>-3 357 227</b>
<b>III. CURRENT RESULTS (I + II)</b>		<b>4 423 680</b>	<b>1 723 544</b>
Extraordinary income on management operations		356 362	201 677
Extraordinary income on capital operations		167 282	2 890 393
Write-backs on Provisions and Depreciation		0	0
<b>Extraordinary income</b>		<b>523 643</b>	<b>3 092 070</b>
Extraordinary charges on management operations		609 109	146 078
Extraordinary charges on capital operations		47 040	2 824 417
Write-backs on Provisions and Depreciation		0	4 879
<b>Extraordinary charges</b>		<b>656 150</b>	<b>2 975 374</b>
<b>IV. EXTRAORDINARY RESULTS</b>		<b>-132 507</b>	<b>116 696</b>
Corporate income tax		106	369
+ Unused income from previous financial years carried forward		2 884 239	3 376 190
- Payments out of appropriated income		4 368 406	3 647 036
<b>Total income</b>		<b>229 507 727</b>	<b>214 204 210</b>
<b>Total charges</b>		<b>226 700 827</b>	<b>212 635 185</b>
<b>EXCESS or SHORTAGE (III + IV)</b>		<b>2 806 901</b>	<b>1 569 025</b>
<b>EVALUATION OF VOLUNTARY IN-KIND CONTRIBUTIONS</b>			
Social missions		7 258 076	9 531 172
Fundraising expenditures		97 415	116 037
Operating costs and other charges		9 125	2 931
<b>Charges</b>		<b>7 364 616</b>	<b>9 650 141</b>
Voluntary work		8 344	1 437
In-kind bequests		6 804 598	9 594 259
In-kind donations		551 675	54 445
<b>Income</b>		<b>7 364 616</b>	<b>9 650 141</b>



# **Notes to the Financial Statements for the Financial Year Closed on 31 December 2018**

## General Accounting Principles

The annual financial statements for the 2018 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 CRC [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 1 January 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 21 countries in 2018 and deployed the necessary humanitarian aid to 7.2 million people, a significantly higher number than 2017 (+25%).

2018 was a year of multiple ongoing crises, in particular, at times, regional. This has led to close collaboration between missions and sometimes within the ACF network through advocacy, communication and fundraising, such as with Lake Chad (and the launch of the large regional RESILAC programme), or prolonged crises in the Middle East, such as Iraq/Syria and Yemen, or in Asia around the Rohingya crisis in Myanmar and Bangladesh.

Action Against Hunger continued its strategic investments in information systems (Logistics, Finance, HR). An action plan to prevent acts of sexual exploitation and abuse has been implemented and is being deployed throughout the organisation.

In mid-2018, ACF reformed its emergency pool and renamed it Emergency Readiness and Response Unit (ERRU). This included rolling out a new strategy for emergency services, with a significant increase in readiness, among other changes.

Social Missions (\$192.1 million) increased by 7% compared with 2017 due to the increase in operating expenditures (\$148.5 million versus \$144 million) and projects delegated to the network.

This growth in Social Missions is mainly financed by a 14.5% increase in subsidies received from public and institutional donors (\$159.7 million versus \$139.6 million in 2017).

Private fundraising totalled \$51.6 million, a level equivalent to the 2017 fundraising round. Fundraising from businesses has increased, as has fundraising from individuals via direct debit. On the other hand, fundraising via the paper channel is down. In addition, donors and companies are providing more and more allocated funds.

In the continuation of 2017 with a surplus of \$1.6 million and following a very negative 2016 of -\$5 million, 2018 shows a surplus of \$2.9 million, thus enabling reserves to be rebuilt after the 2016 deficit. This improvement is mainly due to the improvement in financial income (+\$3.7 million) which, moreover, offsets the deterioration in our operating income and the increase in the allocation of donations collected.



# 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 K\$, 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 17 K\$, the depreciation period is determined according to its economic life. Capital goods located on missions, the purchase of which is financed 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 2018.

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

<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	Total as at 31.12.2017	Increases	Decreases	Transfers between items	Total 31.12.2018
Computer software		1 048 586	224 231	0	0	1 272 816
<b>Intangible assets</b>		<b>1 048 586</b>	<b>224 231</b>	<b>0</b>	<b>0</b>	<b>1 272 816</b>
Fixtures & installations		2 245 904	36 038	0	0	2 281 942
Computer & telephone equipment		1 371 607	141 199	282 382	0	1 230 424
Office equipment		67 086	3 137	0	0	70 223
Video equipment		110 564	1 380	0	0	111 944
Furniture		251 293	0	0	0	251 293
Technical equipment for research		47 964	0	0	0	47 964
Fixed assets under construction		0	90 602	0	0	90 602
<b>Tangible Assets "Headquarters"</b>		<b>4 094 418</b>	<b>272 356</b>	<b>282 382</b>	<b>0</b>	<b>4 084 392</b>
Transport equipment		3 255 781	266 696	124 470	0	3 398 007
Radio and communication equipment		1 062 139	108 612	0	0	1 170 750
Hardware		4 028	0	0	0	4 028
<b>Tangible Assets "Missions"</b>		<b>4 321 948</b>	<b>375 308</b>	<b>124 470</b>	<b>0</b>	<b>4 572 786</b>
<b>Tangible assets</b>		<b>8 416 367</b>	<b>647 664</b>	<b>406 852</b>	<b>0</b>	<b>8 657 178</b>
Loans from ACF International Network		5 204 897	0	29 906	0	5 174 991
Guarantee Deposit for Paris Offices Rental Lease		281 572	7 576	0	0	289 148
Deposits and Guarantees - Missions		220 201	103 900	84 306	0	239 794
<b>Financial assets</b>		<b>5 706 670</b>	<b>111 475</b>	<b>114 212</b>	<b>0</b>	<b>5 703 933</b>
<b>TOTAL FIXED ASSETS - GROSS</b>		<b>15 171 622</b>	<b>983 369</b>	<b>521 065</b>	<b>0</b>	<b>15 633 927</b>

The investments made by the head office have evolved as follows:

- on software workstations: +224 K\$. This change mainly relates to the acquisition of licences.
- for IT equipment: -141 K\$. This decrease resulted from the scrapping of 281 computers following the inventory of the computer equipment at 31-12-2018.

In 2018, 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.

In particular, there were new vehicle purchases in Sierra Leone and Chad for almost 172 K\$, as well as the purchase of generators in Yemen and the Central African Republic for just over 72 K\$.

In 2018, the \$5 million loan granted to ACF Development was novated by a change of debtor and creditor. Two tripartite agreements were signed, cancelling ACF Development's debts to ACF France and transferring the bonds to ACF Italy and ACF Germany.

At the same time, two loan agreements were signed between Action Against Hunger France, Action Against Hunger Italy and Action Against Hunger Germany for \$2,181,556 and \$2,398,444 respectively.

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

(in US Dollars)	Rate = 1,145	Total as at 31.12.2017	Amortization	Depreciation	Transfers between items	Total 31.12.2018
Computer software		450 852	154 999	0	0	605 852
<b>Intangible assets</b>		<b>450 852</b>	<b>154 999</b>	<b>0</b>	<b>0</b>	<b>605 852</b>
Fixtures & installations		865 325	265 596	0	0	1 130 921
Computer & telephone equipment		923 876	184 825	246 088	0	862 612
Office equipment		28 095	11 184	0	0	39 279
Video equipment		55 787	16 855	0	0	72 642
Furniture		170 198	47 371	0	0	217 570
Technical equipment for research		47 964	0	0	0	47 964
Fixed Assets under Construction		0	0	0	0	0
<b>Tangible Assets "Headquarters"</b>		<b>2 091 245</b>	<b>525 831</b>	<b>246 088</b>	<b>0</b>	<b>2 370 988</b>
Transport equipment		2 387 671	408 050	115 554	0	2 680 168
Radio and communication equipment		814 494	150 167	0	0	964 661
Hardware		4 028	0	0	0	4 028
<b>Tangible Assets "Missions"</b>		<b>3 206 194</b>	<b>558 218</b>	<b>115 554</b>	<b>0</b>	<b>3 648 892</b>
<b>Tangible Assets</b>		<b>5 297 439</b>	<b>1 084 049</b>	<b>361 642</b>	<b>0</b>	<b>6 019 880</b>
<b>TOTAL DEPRECIATION</b>		<b>5 748 291</b>	<b>1 239 048</b>	<b>361 642</b>	<b>0</b>	<b>6 625 732</b>

Numerous fixed asset purchases were made during 2017, so the impact of depreciation was felt in 2018, which led to an increase in depreciation in addition to new acquisitions in 2018.

## 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 31.12.2018:

<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	<b>Total as at 31.12.2018</b>	<b>Total as at 31.12.2017</b>
European Union- ECHO		6 535 286	4 960 292
European Union- Others		6 797 076	6 741 188
United Nations		7 072 846	9 116 340
American Government		6 109 002	5 153 694
French Government		5 513 769	2 862 389
British Government		5 881 173	4 636 246
Gouvernement suédois (SIDA)		302 525	
Other Governments		3 214 720	1 327 798
Other NGOs		2 352 216	947 998
communities		3 817 426	
Miscellaneous Institutional Donors		3 263 730	2 939 914
Provisions Amounts receivable from institutionnal donors		-155 628	-256 939
<b>Total Amounts receivable from institutional donors</b>		<b>50 704 140</b>	<b>38 428 920</b>

The \$10.9 million increase in donor receivables is mainly due to the increase in receivables from:

- The receivable from the French government (\$5.5 million / +\$2.6 million), particularly on Jordanian contracts (+\$3.2 million)
  - The receivable from "other public institutions" (\$3.8 million / +\$3.1 million), particularly Bangladesh (\$3.1 million / +\$2.6 million).
  - The receivable from other NGOs (\$2.3 million / +\$1.4 million), particularly for contracts in Yemen (\$2.1 million / +\$1.3 million).
  - Lastly, an increase in the "other governments" line (\$3.2 million / +\$1.9 million), which mainly comprises the receivable on CIDA (\$1.5 million / +\$1 million).
- The item "Other Receivables" includes accrued income from fundraising to be received of 2,379 K\$ (versus 1,691 K\$ in 2017) and supplier advances of 7,647 K\$ (versus 719 K\$ in 2017). Supplier advances are essentially advances made to ACF partners in the implementation of humanitarian programmes (\$7 million). In 2018, two major contracts on Resilac and in Cameroon began, generating \$2.4 million and \$2.9 million in partner advances and explaining the increase in this item.
  - 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 United States, 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:

<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Amounts receivable from AAH USA		14 981 049	12 184 538	2 418 846
Amounts receivable from AAH UK		450 269	352 370	188 805
Amounts receivable from ACH Spain		7 003 451	4 050 211	3 238 992
Amounts receivable from ACF Canada		281 065	137 006	144 572
Amounts receivable from ACF FHF India		68 780	1 306	-
Others amounts receivable from the network		-	96 023	-
<b>Total Amounts receivable from the ACF network</b>		<b>22 811 984</b>	<b>16 821 454</b>	<b>5 991 215</b>

The receivables from Action Against Hunger United States relate to:

- The successor agreement signed with Action Against Hunger USA following exchanges between Somalia, Haiti and the Democratic Republic of Congo. The receivable amounted to 2,013 K\$ (4,057 K\$ in 2017).
- The 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-US as at 31.12.2018, for a total amount of 5,395 K\$ (versus 3,594 K\$ in 2017).
- The rebilling of purchases and provision of personnel as well as administrative costs (overhead) paid as part of country exchanges, for a total amount of 7,564 K\$ (versus 4,523 K\$ in 2017).

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

- the repayment by Action Against Hunger France of subsidies to cover the execution of contracts for a total amount of 5,226 K\$ (versus 3,069 K\$ in 2017). This receivable mainly concerns the Regional Office of West Africa (921 K\$) and actions in Mali (1,004 K\$) and Colombia (676 K\$);
- the rebilling of purchases and the provision of personnel 1,753 K\$ (versus 978 K\$ in 2017).

The impairment summary table is presented as follows:

(in US Dollars)	Rate = 1,145	Total as at 01.01.2018	Allocations	Write-backs		Total as at 31.12.2018
				Used provisions	Unused provisions	
Intangible Assets		-	-	-	-	-
Deposits and guarantees		17 518	-	-	2 915	14 603
Loans		320 701	-	-	29 904	290 797
Stocks		15 690	19 165	-	15 690	19 165
Amounts receivable from institutional donors		256 939	-	-	101 311	155 628
Other amounts receivable		-	-	-	-	-
Amounts receivable from ACF International Network		-	-	-	-	-
<b>TOTAL PROVISION FOR DEPRECIATION</b>		<b>610 848</b>	<b>19 165</b>	<b>-</b>	<b>149 820</b>	<b>480 193</b>
Of which	- operating	272 629	19 165	-	117 001	174 793
	- Financial	338 219	-	-	32 819	305 400
	- extraordinary					
		610 848	19 165	-	149 820	480 193

The impairment of donor receivables ranged from 256 K\$ to 156 K\$.

In the 2018 financial year, there was no impairment of any donor receivables.

Provision write-backs not used in 2018 for an amount of 101 K\$ correspond to receivables recovered.

#### 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 = 1,145	31.12.2018	31.12.2017	31.12.2016
Marketable securities		7 229 841	7 568 676	10 011 754
<b>Marketable securities</b>		<b>7 229 841</b>	<b>7 568 676</b>	<b>10 011 754</b>

In 2018, some money market funds were liquidated in the amount of 339 K\$.

As at 31.12.2018, this item amounted to \$7.2 million and consisted of the following:

- Medium-term investments (4 and 5 years): \$6.9 million.
- Open-ended money-market mutual funds in euro: \$0.3 million.

#### 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:

<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Bank accounts		13 551 922	14 779 054	20 550 471
Cash Boxes		823 434	924 714	883 185
<b>Cash at bank and in hand "missions"</b>		<b>14 375 357</b>	<b>15 703 769</b>	<b>21 433 657</b>
Bank accounts		42 483 777	54 161 301	30 134 129
Cash Boxes		167 143	2 154 614	2 834 625
<b>Cash at Bank and in Hand "Headquarters"</b>		<b>42 650 920</b>	<b>56 315 916</b>	<b>32 968 754</b>

The "mission" liquid assets consists of the balances of the bank accounts and the banks as at 31.12.2018, held on the missions. They went from 15,704 K\$ in 2017 to 14,374 K\$ in 2018. This continuous decline since 2016 reflects the improvement of our cash management policy for missions as closely as possible to our needs.

The "headquarters" liquid assets are comprised of the balances of the bank accounts and cash held by the headquarters as at 31.12.2018.

The decrease in "Headquarters" liquid assets at the end of 2018, compared to the balance at the end of 2017, was due to the decrease in bank balances on foreign currencies as well as an increase in mission cash requirements and support expenses (+19%) over 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 31.12.2018.

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 16 June 2018 decided to allocate the 2017 surplus of \$1,569,024.8 as follows:

(in US Dollars)	Rate = 1,145	As at 31.12.2017 (before allocation of 2017 Results)	Before allocation of 2017 Results)		2018 Results	As at 31.12.2018 (before allocation of 2018 Results)
			Decrease	Increase		
Associative funds		28 330 165		1 952 794		30 282 959
Reserve funds for the Associative Project		17 070 692	5 021 021	4 637 251		16 686 923
- Applied research		1 201 492	262 333	286 250		1 225 409
- Operational Programs		8 241 292	2 067 180	2 290 000		8 464 113
- International development		4 751 669	1 828 966	1 145 000		4 067 703
- Information Systems Development		2 876 240	862 541	916 000		2 929 699
Financial year results		1 569 024	-1 569 024		2 806 900	2 806 900

## 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 = 1,145	Total as at 01.01.2018	Allocations	Write-backs		Total as at 31.12.2018
				Used provisions	Unused provisions	
<b>General Financial Risks related to the Activity</b>		<b>5 053 369</b>	<b>2 869 593</b>	<b>284 152</b>	<b>1 333 990</b>	<b>6 304 821</b>
Provision for losses and charges		4 127 401	2 869 593	284 152	1 160 605	5 552 238
Provision for foreign cash		-	-	-	-	-
Provision for liabilities treasury		687 135	-	-	97 789	589 347
Provision for contingencies		238 832	-	-	75 596	163 236
Currency risk		3 472 478	2 425 587	3 472 478	-	2 425 587
<b>TOTAL PROV<sup>o</sup> FOR RISKS AND CHARGES</b>		<b>8 525 846</b>	<b>5 295 181</b>	<b>3 756 631</b>	<b>1 333 990</b>	<b>8 730 409</b>
Of which	- operating		2 869 593	284 152	1 333 990	
	- financial		2 425 587	3 472 478	-	
	- extraordinary					

- **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 related to the activity amounted to 2,869 K\$ and mainly comprises:

- Risks following donor audits: +\$1.7 million.
- Of which:*
- Allocation on SIDA Audit 2014 – 2016: +\$0.7 million
- Allocation on Europaid contract in Pakistan: +\$0.3 million.
- Yemen allocation: +\$0.3 million.
- Ethiopia allocation: +\$0.1 million

- Tax risks: +\$0.3 million in Sierra Leone following the government's decision to tax health programs and expatriate employees as of 2018.

- **Provisions for Foreign Exchange Risks**

A provision was made for an amount of 2,425 K\$ to cover the unrealised foreign exchange losses recognised on debts and receivables in foreign currencies.

Foreign exchange losses in 2018 amounted to 3,319 K\$ for a provision of 3,472 K\$ recognised at the end of 2017 and written back in 2018.

The 2018 allocation is mainly due to currency exchange differentials recorded on contracts in foreign currencies.

## **Note 8: Restricted Funds**

Restricted 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 "restricted 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 "restricted funds" item on the liabilities side of the balance sheet for the same value.

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

(in US Dollars)	Rate = 1,145	Total 01.01.2018	Increase	Utilization		Total 31.12.2018
				Allocation of Funds in Fiscal Year	Funds Raised during Past Fiscal Years	
RESTRICTED FUNDS France						
Restricted funds Applied research	-	-	-	-	-	-
Restricted funds Afghanistan	5 259	-	-	-	-	5 259
Restricted funds Bangladesh	145 229	37 951	-	45 513	137 666	
Restricted funds Burkina Faso	311 885	4 298	-	287 743	28 440	
Restricted funds Myanmar	268 348	39 503	17 405	155 701	134 744	
Restricted funds Central African Republic	227 069	476 481	323 061	163 766	216 724	
Restricted funds Ivory Coast	88 905	242 730	206 100	88 907	36 628	
Restricted funds The Horn of Africa	164 100	12 272	-	47 374	223 747	
Restricted funds Djibouti	353 670	-	-	247 493	106 177	
Restricted funds Ethiopia	1 216 781	1 797	-	430 064	788 513	
Restricted funds Haiti	45 028	897	-	-	45 925	
Restricted funds Indonesia	2 965	93 984	-	-	96 949	
Restricted funds India	19 748	1 500	-	-	21 248	
Restricted funds Iraq	3 600	687 286	109 715	-	581 171	
Restricted funds Cameroon	127 513	127 460	-	81 144	173 829	
Restricted funds Liberia	2 686	-	-	-	2 686	
Restricted funds Madagascar	274 091	557 680	78 638	309 459	443 674	
Restricted funds Mongolia	7 022	-	-	-	7 022	
Restricted funds Nepal	595 039	492 350	151 563	348 594	587 231	
Restricted funds West Africa	5 580	-	-	-	5 580	
Restricted funds Forgotten populations	64 599	-	-	-	64 599	
Restricted funds Sahel crisis	45 043	-	-	-	45 043	
Restricted funds Sierra Leone	11 926	-	-	-	11 926	
Restricted funds Somalia	74 707	344	-	-	75 050	
Restricted funds Chad	367 232	223 275	-	424 185	166 322	
Restricted funds Yemen	471 281	1 061 045	-	44 507	1 487 818	
Restricted funds Zimbabwe	121 413	-	-	120 937	476	
Restricted funds South Sudan	-	-	-	-	-	
Restricted funds Syrian crisis	12 751	458	-	-	13 209	
Restricted funds vanuatu	-	-	-	-	-	
Restricted funds Jordan	256 137	5 725	-	-	261 862	
Restricted funds Emergency programs	21 271	342 439	-	-	363 710	
Restricted funds Lake Chad	166	-	-	-	166	
Restricted funds Ukraine	115	115	-	-	229	
Restricted funds Congo	389 318	696 678	632 257	183 601	270 138	
Restricted funds Pakistan	458 000	240 214	-	-	698 214	
TOTAL RESTRICTED FUNDS France	6 158 475	5 346 480	1 518 739	2 884 239	7 101 977	
RESTRICTED FUNDS ACF SPAIN						
Restricted funds Equateur	-	-	-	-	-	
Restricted funds Guatemala	-	166	-	-	166	
Restricted funds Mali	-	887	-	-	887	
Restricted funds Niger	-	85 875	-	-	85 875	
Restricted funds Palestine	23	-	-	-	23	
Restricted funds Philippines	11	676	-	-	687	
Restricted funds Senegal	-	1 470	-	-	1 470	
Restricted funds Syria	458	641	-	-	1 099	
TOTAL RESTRICTED FUNDS SPAIN	492	89 714	-	-	90 207	
RESTRICTED FUNDS ACF UNITED STATES						
Restricted Funds KENYA	-	-	-	-	-	
Restricted Funds NIGERIA	-	450 555	-	-	450 555	
Restricted Funds UGANDA	1 540	-	-	-	1 540	
Restricted Funds Sudan	23 528	395	-	-	23 923	
TOTAL RESTRICTED FUNDS ACF UNITED STATES	25 068	450 950	-	-	476 018	
TOTAL RESTRICTED FUNDS						
	6 184 036	5 887 145	1 518 739	2 884 239	7 668 202	

## Allocation of Restricted Funds

In 2018, the restricted 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 2018 Race Against Hunger for 3,712 K\$ and allocated to four funds: Iraq, Nepal, Pakistan and Madagascar;
  - 35% of the net donations collected during the Intercompany Challenge for 1,619 K\$ and allocated to two funds: Chad 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 31.12.2018:

<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	<b>Total as at 31.12.2018</b>	<b>Total as at 31.12.2017</b>
European Union- ECHO		5 696 204	8 507 718
European Union- Others		19 507 664	19 000 785
United Nations		7 608 216	4 606 659
American Government		13 283	355 615
French Government		11 638 496	7 818 894
British Government (DFID)		20 890	337 458
Swedish Government (SIDA)		9 877 257	4 858 812
Other Governments		9 947 021	18 510 207
Other NGOs		125 756	104 555
Communities		2 418 262	1 069 058
Miscellaneous Institutional Donors		961 498	3 333 879
<b>Advances from institutional donors</b>		<b>67 814 548</b>	<b>68 503 642</b>

In 2018,

- Increase in advances to the French government (+\$3.8 million), particularly following the start of the RESILAC project in 2018 and the signing of 11 new contracts.
- The changes observed in SIDA and “Other Governments” are explained by a reclassification of the grant allocation between these two lines in 2017.

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 31.12.2018, this item consisted mainly of trade payables for \$3.9 million (versus \$4.5 million in 2017) and invoices not yet received for \$5.7 million (versus \$3 million in 2017).

In 2018, invoices not yet received mainly consisted of those not received donor budgets (\$5 million) which increased by +\$2.6 million over the financial year due to the increase in the volume of partner expenditure.

<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	<b>31.12.2018</b>	<b>31.12.2017</b>
Trade Payables		3 912 335	4 489 129
Invoices not received		5 732 816	2 970 906
Other expenses to pay		230 989	723 062
<b>Total trade payables &amp; related accounts</b>		<b>9 876 140</b>	<b>8 183 096</b>

The item "Tax and Social Security Liabilities" includes:

<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	<b>31.12.2018</b>	<b>31.12.2017</b>
Personnel and related accounts		275 694	194 185
Provision for paid leave		2 225 734	2 431 130
Organizations collecting payroll taxes and related accounts		3 516 640	4 102 262
<b>Taxation and social security debts</b>		<b>6 018 067</b>	<b>6 727 578</b>

Lastly, maturities on the liabilities are as follows:

<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	<b>Total au 31.12.2018</b>	<b>Timeliness</b>	
			<b>&lt; 1 an</b>	<b>&gt; 1 an</b>
Loans and debts with credit institutions		-	-	-
Advances from institutional donors		67 814 548	67 814 548	-
Trade payables & Related Accounts		9 876 139	9 876 139	-
Taxation and social security debts		6 018 067	6 018 067	-
Other debts		1 572 511	335 144	1 237 368
Debts related to ACF International Network		8 544 732	8 544 732	-
<b>Total</b>		<b>93 825 997</b>	<b>92 588 630</b>	<b>1 237 368</b>

Liabilities of more than one year relate principally to the rent discount for the Clichy office, spread over nine years, from 2014 to 2023.

The distribution of liabilities on the Action Against Hunger international network over the last three financial years:

<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Dues to AAH USA		6 803 269	3 319 473	1 244 057
Dues to AAH UK		690 999	602 601	994 146
Dues to ACH Spain		913 458	279 501	619 064
Dues to ACF Canada		137 006	174 814	198 620
Dues to ACF FHF India		-	4 712	-
<b>Total Dues from ACF Network</b>		<b>8 544 732</b>	<b>4 381 101</b>	<b>3 055 887</b>

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 change in debt to Action Against Hunger United States is largely due to the re-invoicing of staff provision and other purchases (\$3.1 million / +\$1.5 million). The balance at 31/12/2018 includes all the costs rebilled for 2018, the 2017 balance only including expenses for the second half-year.

## **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 31.12.2018, which extends until February 2023, is for the payment of rents and rental charges amounting to 4,099 K\$ (7,529 K\$ in 2017).

### **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 \$3.5 million.

### **Commitments Given and Received:**

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 233,485 K\$ (versus 176,098 K\$ in 2017). This variation is explained by major contracts signed at the end of 2017, for which the programmes only began in 2018.

The agreement signed between Action Against Hunger France and Action Against Hunger USA in November 2016, for the transfer of country management in six countries between the two headquarters, was amended and provides that the original headquarters shall still provide financial support to the new headquarters in 2019 in order to cover the structural costs of missions. This amendment also provides for the two headquarters to share the administrative costs collected in 2019 in the six countries concerned.

Consequently:

- Action Against Hunger France will provide total and maximum financial support of 515 K\$ and 260 K\$ to Action Against Hunger United States in 2019 as support for Ethiopia and Somalia missions
- Action Against Hunger United States will provide total and maximum support of 200 K\$ and 147 K\$ to Action Against Hunger France over 2019 in support of the Pakistan and DR Congo missions.

Furthermore, the administrative costs of the Ethiopia, Nigeria and Pakistan missions will be shared between the two head offices in accordance with the aforementioned agreement.

## **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 \$6.9 million.

The valuation has been established exclusively on products delivered in 2018 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.

Since the 2017 financial year, voluntary contributions relating to headquarters operations (Race Against Hunger, Inter Enterprise Challenge, etc.) have also been taken into consideration. They represent 3.6% of total contributions, i.e. 266 K\$

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 = 1,145	31.12.2018	31.12.2017	31.12.2016
<b>Contributions in kind for missions</b>		<b>7 098 471</b>	<b>9 531 172</b>	<b>10 006 140</b>
Afghanistan		344 685	-	-
Bangladesh		-	270 504	613 788
Myanmar		239 832	-	202 218
Burkina Faso		337 343	-	-
Cameroun		50 982	30 720	106 593
Central Africa Republic		825 637	953 953	1 037 521
Congo		-	1 851 017	-
Ivory Coast		83 444	-	-
Ethiopia		4 647 738	4 915 035	4 588 361
Haiti		-	-	185 523
Indonesia		38 930	-	-
Irak		-	207 690	2 611 392
Madagascar		255 039	111 902	-
Siera leone		-	-	589
Somalia		-	1 106 490	351 608
Chad		274 840	23 199	30 884
Ukraine		-	-	-
Yemen		-	60 660	277 664
<b>Contributions in kind for the headquarters*</b>		<b>266 146</b>	<b>118 969</b>	<b>-</b>
Youth service		10 504	1 783	-
Partnership Direction		188 477	51 479	-
Delegation Service		50 189	59 810	-
Quality Direct Marketing service		932	-	-
Sport and solidarity in enterprise		16 044	5 897	-
<b>Total In-Kind Contributions</b>		<b>7 364 616</b>	<b>9 650 141</b>	<b>10 006 140</b>

contributions related to Comdev operations and valued since 2017

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

“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 financed 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).

## 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	2018	2017
Total Employees at the French headquarters	277	275
Total Expatriates in ACF France Missions	224	244
Total Local Staff in ACF France Missions	3 894	3 990

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	2018	2017
Total Employees at the French headquarters	36,5	36,0
Expatriates in ACF France Missions	38,9	38,5

Seniority as at December 31	2018	2017
Total Employees at the French headquarters	3,8	3,6
Expatriates in ACF France Missions	2,2	2,0

#### • Remuneration at Headquarters

The monthly average of gross salaries at the headquarters (13<sup>th</sup> 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	2018	2017
10 highest salaries	\$7 420	\$6 783
10 lowest salaries	\$2 804	\$2 530
The highest salary	\$8 825	\$7 884
The lowest salary	\$2 625	\$2 154
Average salary	\$4 052	\$3 776
excluding work-study contracts		

	2018	2017
Gross Annual Salary Paid to the three senior executives	\$295 322	\$273 838
* 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 2018 financial year is 9.2 K\$ (versus 18.3 K\$ in 2017). The amount of expenses reimbursed by the Organisation to Directors for the same financial year amounts to 12.6 K\$ (versus 30.9 K\$ in 2017).

#### Note 14: Statutory Auditor's Fees

Fees were paid to the Statutory Auditor in 2018 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: 112.2 K\$ exc. VAT.

## Note 15: Proposed Allocation of 2018 Income

The Board of Directors of Action Against Hunger-France proposes to the General Meeting of 15 June 2019 to give its opinion on the proposed allocation of the 2018 surplus of +\$2,806,901, of which \$4,538,293 in expenditures used in the reserve for organisational projects. Namely an amount of \$7,345,193 ready to be allocated based on the table below:

(in US Dollars)	Rate = 1,145	As at 31.12.2018 (before allocation of the results 2018)	Allocation of the Results 2018		As at 31.12.2018 (after allocation of the results 2018)
			Decrease	Increase	
Associative funds		30 282 959	0	2 078 193	32 361 152
Reserve funds for the Associative Project, of which:		16 686 923	4 538 293	5 267 000	17 415 630
- Applied research		1 225 409	266 699	343 500	1 302 210
- Operationnal Programs		8 464 113	2 320 331	4 007 500	10 151 281
- International Development		4 067 703	1 136 257	0	2 931 446
- Information Systems Development		2 929 699		916 000	3 030 692
Financial Results		2 806 901	-4 538 293	-7 345 193	0
<b>TOTAL EQUITY CAPITAL</b>		<b>49 776 783</b>	<b>0</b>	<b>0</b>	<b>49 776 783</b>

# 2018 Application of Funds Statement

<b>EXPENDITURES</b>		Expenditures in 2018 = Income Statement	Allocation by use of resources raised from the and used in 2018
<i>(in US Dollars)</i>	<i>Rate = 1,145</i>	(1)	(3)
<b>1 - SOCIAL MISSIONS</b>		<b>192 156 742</b>	<b>32 528 207</b>
<b>1.1 - SOCIAL MISSIONS IN FRANCE</b>		<b>3 271 223</b>	
Actions performed directly		3 271 223	
Payments to other bodies intervening in France		0	
<b>1.1 - SOCIAL MISSIONS PERFORMED ABROAD</b>		<b>188 885 520</b>	
<b>Actions performed directly</b>		<b>168 702 932</b>	
Operational expenses		148 555 666	
Other operational projects		2 664 132	
Operations support		15 506 409	
Expatriates from other headquarters		1 976 725	
<b>Payments to a Central Body or Other Bodies</b>		<b>20 182 587</b>	
<b>2 – EXPENSES INCURRED FOR RAISING FUNDS</b>		<b>16 261 488</b>	<b>14 457 044</b>
2.1 - COSTS INCURRED FOR APPEALING TO PUBLIC DONATIONS		14 059 678	
2.2 – EXPENSES INCURRED FOR OTHER PRIVATE FUNDING		1 373 139	
2.3 - CHARGES RELATING TO FINDING GRANTS AND OTHER PUBLIC CONTRIBUTION		828 671	
<b>3 - OPERATING COSTS</b>		<b>8 615 469</b>	<b>0</b>
<b>I - TOTAL OF EXPENDITURES FOR THE FISCAL YEAR ENTERED IN THE FINANCIAL STATEMENT</b>		<b>217 033 700</b>	<b>46 985 251</b>
<b>II - ALLOCATIONS OF PROVISIONS</b>		<b>5 298 721</b>	
<b>III - INVESTMENT ON APPROPRIATED INCOME</b>		<b>4 368 406</b>	
<b>IV - SURPLUS OF INCOME DURING THE FISCAL YEAR</b>		<b>2 806 901</b>	
<b>V - TOTAL</b>		<b>229 507 727</b>	
<b>V - Proportion of Gross Capital Expenditures for the fiscal year financed by the funds raised from the general public</b>			<b>415 074</b>
<b>VI - Equalization of the Depreciation of Fixed Assets financed from the first enforcement of the decrees by funds raised from the general public</b>			<b>47 904</b>
<b>VII - Total Expenditures Financed by Funds Raised from the General Public</b>			<b>47 352 421</b>
<b>EVALUATION OF VOLUNTARY IN-KIND CONTRIBUTIONS</b>			
Social missions		7 258 076	
Expenditures relating to Fundraising		97 415	
Operating costs and other expenses		9 125	
<b>TOTAL</b>		<b>7 364 616</b>	



<b>INCOME</b>		Income raised in 2018 = Income Statement (2)	Monitoring of funds raised from the general public and used in 2018 (4)
<i>(in US Dollars)</i>	<i>Rate = 1,145</i>		
AMOUNT CARRIED FORWARD - INCOME RAISED FROM THE PUBLIC NOT ALLOCATED / NOT USED AT THE BEGINNING OF THE FINANCIAL YEAR			17 416 461
<b>1 - INCOME RAISED FROM THE GENERAL PUBLIC</b>		<b>46 200 119</b>	<b>46 200 119</b>
<b>1.1 - DONATIONS AND BEQUESTS RAISED</b>		<b>40 678 742</b>	
Non dedicated manual donations		36 016 849	
one-off donations		12 812 484	
Direct debit payment		23 204 365	
Dedicated manual donations		2 151 198	
Non dedicated bequests and other donations		2 510 695	
Dedicated bequests and other donations		0	
<b>1.2 - OTHER INCOME RELATING TO APPEALING FOR PUBLIC DONATIONS</b>		<b>5 521 377</b>	
Other Dedicated Income relating to Public Generosity		2 062 838	
Other Non-Dedicated Income relating to Public Generosity		3 458 539	
<b>2 - OTHER PRIVATE FUNDS</b>		<b>5 480 782</b>	
Unallocated Donation and Mentoring		2 133 746	
Allocated Donation and Mentoring		1 673 109	
Allocated private Grant		1 673 926	
<b>3 - GRANTS AND OTHER PUBLIC CONTRIBUTIONS</b>		<b>159 743 399</b>	
<b>4 - OTHER INCOME</b>		<b>9 974 374</b>	
<b>I - TOTAL INCOME FOR THE FISCAL YEAR ENTERED IN THE INCOME STATEMENT</b>		<b>221 398 673</b>	
II - WRITING-BACK OF PROVISIONS		5 224 815	
III - AMOUNT CARRIED FORWARD FOR DEDICATED INCOME AND NOT USED FROM PREVIOUS FINANCIAL YEAR		2 884 239	
IV - FLUCTUATION OF RESTRICTED FUNDS RAISED FROM THE PUBLIC ( refer to the table summarizing restricted funds)			1 374 862
V - INCOME SHORTAGE DURING THE FISCAL YEAR		0	
<b>VI - TOTAL</b>		<b>229 507 727</b>	<b>47 574 981</b>
VII - Total expenditures financed by funds raised from the general public			47 352 421
BALANCE OF INCOME RAISED FROM THE PUBLIC NOT ALLOCATED AND NOT USED AT THE END OF THE FINANCIAL YEAR			17 639 021
<b>EVALUATION OF VOLUNTARY IN-KIND CONTRIBUTIONS</b>			
Voluntary work		8 344	
In-Kind Benefits		6 804 598	
In-Kind Donations		551 674	
<b>TOTAL</b>		<b>7 364 616</b>	

## **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 - 2018 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.

<b>(in US Dollars)</b>	<b>Rate = 1,145</b>	<b>2018</b>	<b>2017</b>
Communication events and general events		1 087 031	1 096 603
Communication and advertising		571 895	477 645
Cost incurred for organizing information and raising-awareness campaigns		1 612 297	1 543 828
<b>Total for Social missions performed directly in France</b>		<b>3 271 223</b>	<b>3 118 076</b>

##### **- 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:

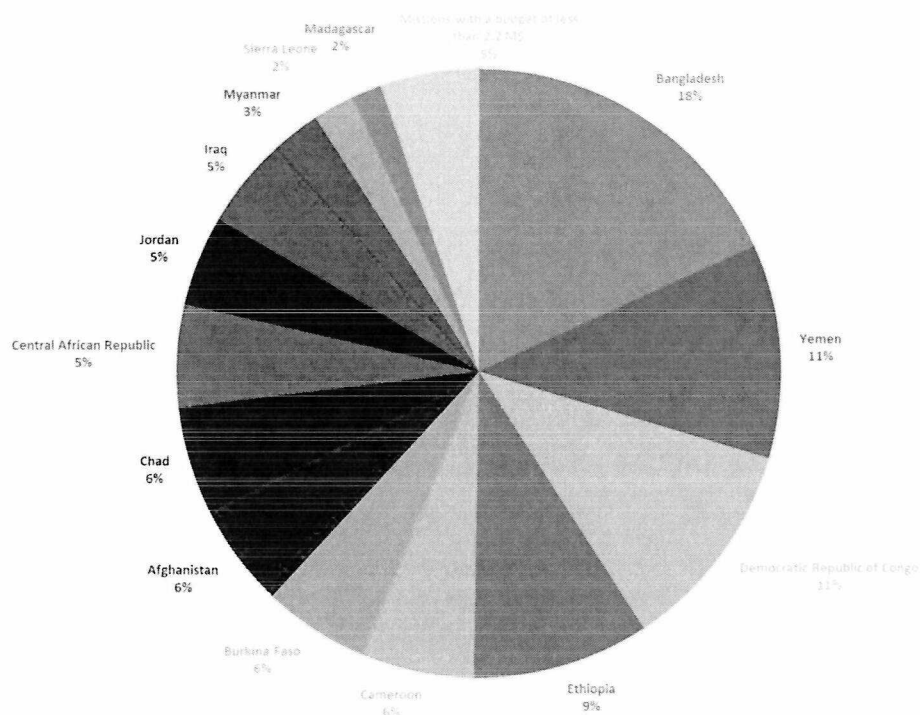
<b>(in US Dollars)</b>	<b>Rate = 1,145</b>	<b>2018</b>	<b>2017</b>
Operational expenses		148 555 667	144 062 794
Other operational projects		2 664 132	2 789 625
Technical assistance to operations		15 506 409	15 258 396
Expatriate staff in missions managed by other headquarters		1 976 724	2 065 235
<b>Total for Social Missions performed directly abroad</b>		<b>168 702 932</b>	<b>164 176 050</b>

- **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, hydraulic, physical and mental health as well as food safety).

(in US Dollars)	Rate = 1,145	2018	2017
Afghanistan		8 319 574	7 157 544
Bangladesh		27 023 355	12 540 637
Myanmar		3 826 738	7 016 861
RESILAC Project*		1 711 652	131 391
Middle East regional office		285 916	278 269
Burkina Faso		8 397 477	5 446 235
Cameroon		8 999 197	4 182 494
Central African Republic		8 126 961	8 773 117
Democratic Republic of Congo		16 687 177	7 730 793
Ivory Coast		1 145 837	1 121 039
Djibouti		480 642	1 539 163
Ethiopia		14 045 741	18 778 242
Indonesia		531 743	1 033 803
Iraq		7 213 722	9 695 363
Jordan		7 192 914	8 031 595
Liberia		1 162 751	2 522 042
Madagascar		2 372 183	2 593 620
Nepal		1 678 943	3 349 831
Pakistan ACF Fr		541 564	0
Sierra Leone		3 277 838	4 777 410
Somalia		39 528	6 507 499
Chad		8 280 355	11 099 183
Ukraine		79 471	953 455
Yemen		16 895 476	15 557 956
Zimbabwe		457 515	1 329 315
Closed missions and miscellaneous charges		-218 603	1 915 937
<b>Total Operational Expenses</b>		<b>148 555 667</b>	<b>144 062 794</b>

\*: Project Strengthening Resilience and Social Cohesion of the Territories of the Lake Chad Basin



In 2018, the volume of operating expenses was close to that of 2017 (+3.1%). However, this reality must not mask the changes in our activities around the world. Ukraine and Djibouti have closed. Liberia, Sierra Leone, Zimbabwe, Indonesia and Nepal continue to see their financial volumes decline, and strategic work is under way to adapt our positioning as closely as possible to context. The Bangladesh, Cameroon and Burkina Faso missions have grown significantly due to our responses to the major crises that affected them. Yemen maintains a similar volume with programmatic activities implemented in a very deteriorated context and high operational complexity.

Finally, we have maintained our volume of response in the countries of the Middle East and Central Africa (the growth in volume of the DRC and the reduction in volume for Somalia are due to the fact that we are dealing with a full year following the exchange with Action Against Hunger US in July 2017).

- **Other Operational Projects**

This item concerns projects not directly linked to a country on the ground and financed by restricted 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.

(in US Dollars)	Rate = 1,145	2018	2017
<b>Total Other operationnai programs</b>		<b>2 664 132</b>	<b>2 789 625</b>

- **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 = 1,145	2018	2017
Management of Human Resources		3 598 707	3 767 636
Technical support to Operations and Scientific Research and advocacy		3 464 162	3 615 093
Coordinating and piloting of programs		6 000 137	5 536 989
Logistics coordination		1 084 422	914 828
Administrative and financial management, controlling and internal audit		1 358 981	1 423 850
<b>Total Support to Operations</b>		<b>15 506 409</b>	<b>15 258 396</b>

- **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 = 1,145	2018	2017
Salaried expats under ACF France contract made available to other HQs		1 976 724	2 065 235
<b>Total expatriates staff in Missions for other head offices</b>		<b>1 976 724</b>	<b>2 065 235</b>

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

This item includes donations or grants to the international network.

(in US Dollars)	Rate = 1,145	2018	2017
Assistance to ACF International Network		3 092 486	6 338 573
Grants for the Funding of Other Headquarters Programs		17 090 101	6 008 361
<b>Payments to a central body or other bodies</b>		<b>20 182 587</b>	<b>12 346 934</b>



Support for the network decreased in 2018 mainly due to the lack of exchange of countries (and therefore of asset disposals) between Action Against Hunger France and Action Against Hunger US.

Breakdown of the programmes by country of the other headquarters:

(in US Dollars)	Rate = 1,145	2018	2017
Cambodia		386 042	
Kenya		1 192 681	
Nigeria		3 603 817	
Uganda		2 498 917	
Pakistan		966 632	
Somalia		445 086	
South Sudan		1 822 925	
<b>Total US ACF Expenditures</b>		<b>10 916 101</b>	<b>4 279 197</b>
West Bank		197 520	
Malawi		585 028	
Mali		702 032	
Niger		947 110	
Peru		421 220	
philippines		825 861	
Syria		1 617 128	
WARO		88 143	
Mauritania		556 268	
<b>Total expenses ACF Spain</b>		<b>5 940 309</b>	<b>1 347 882</b>
<b>Total expenses ACF Canada</b>		<b>233 691</b>	<b>381 281</b>
<b>Grants for the Funding of Other Headquarters Programs</b>		<b>17 090 101</b>	<b>6 008 361</b>

The growth in subsidies delegated to other head offices is essentially due to the growth of our partnership with SIDA. The AFD and Devco (for Action Against Hunger US) are the two other donors that are growing, which explain this development.

## 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 = 1,145	2018	2017
Expenses incurred for raising funds		8 233 127	7 302 356
Occasional donations		4 382 456	4 087 266
Direct transfers		3 850 671	3 215 089
Expenses Incurred for Organizing Events		144 193	186 927
Management of campaigns and donations processing		5 629 235	5 734 064
ACF Development		53 123	0
Expenses incurred for raising funds from public generosity		14 059 678	13 223 346

The cost of appealing to the public's generosity increased in 2018 (following a year of decline in 2017). Direct debit investments continue and investments for Action Against Hunger Development have resumed.

### 2.2.2 – Cost of Fundraising from Other Private Funds

This item includes expenditures incurred to raise funds from businesses.

(in US Dollars)	Rate = 1,145	2018	2017
Expenses incurred for raising other private funds		1 373 139	1 131 806

### 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.

(in US Dollars)	Rate = 1,145	2018	2017
Total expenses incurred for raising grants and other public funds		828 671	772 689

## 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.

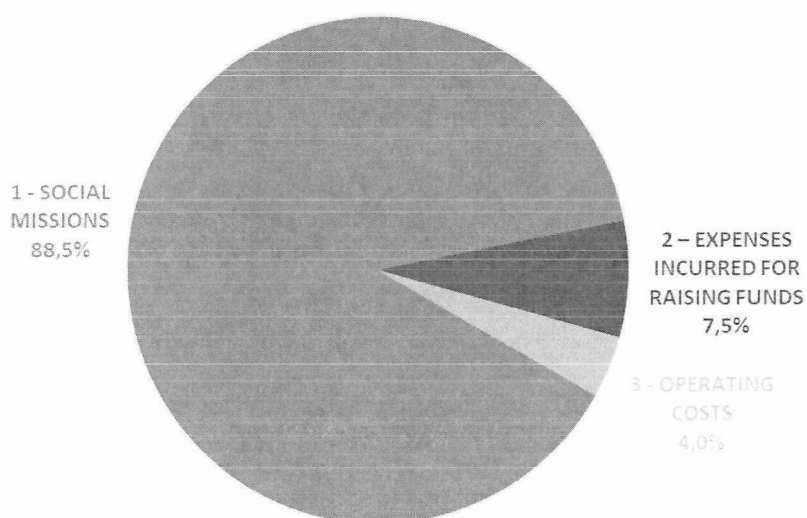


(in US Dollars)	Rate = 1,145	2018	2017
Operating costs and general services costs - Headquarters		7 331 944	7 079 185
Financial charges		1 229 800	2 370 491
Extraordinary charges		53 725	45 758
<b>Total Operating Costs</b>		<b>8 615 469</b>	<b>9 495 434</b>

Financial expenses mainly correspond to losses generated on bank accounts in foreign currencies (\$1 million), which fell by -\$0.8 million in 2018 due to the combined effect of the decrease in balances in foreign currencies and the positive trend in interest rates.

## 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 = 1,145	STAFF PAYROLL	OTHER COSTS	FINANCIAL CHARGES	EXTRAORDINARY CHARGES	CORPORATE TAX	FINANCIAL COMMITMENTS ON APPROPRIATED FUNDS	TOTAL
SOCIAL MISSIONS	75 584	113 880	2 090	602			192 157
EXPENSES INCURRED FOR RAISING FUNDS	3 433	12 829					16 261
OPERATING COSTS	4 889	2 443	1 230	54			8 615
<b>TOTAL EXPENDITURES</b>	<b>83 906</b>	<b>129 152</b>	<b>3 320</b>	<b>656</b>	<b>0</b>	<b>0</b>	<b>217 034</b>
ALLOWANCES FOR PROVISIONS		2 873	2 426				5 299
COMMITMENT TO INVEST OUT OF ALLOCATED INCOME						4 368	4 368
INCOME SURPLUS FOR THE FINANCIAL YEAR							2 807
<b>TOTAL</b>	<b>83 906</b>	<b>132 025</b>	<b>5 745</b>	<b>656</b>	<b>0</b>	<b>4 368</b>	<b>229 508</b>

## **3rd PART - 2018 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, restricted funds are created to monitor the relevant allocations.

#### **3.1.1 – Donations and Bequests Collected**

<b>(in US Dollars)</b>	<b>Rate = 1,145</b>	<b>2018</b>	<b>2017</b>
Occasional donations		12 812 484	14 933 355
Direct transfers		23 204 365	22 669 209
<b>Non-Restricted manual donations</b>		<b>36 016 849</b>	<b>37 602 564</b>
<b>Restricted manual donations</b>		<b>2 151 198</b>	<b>600 788</b>
<b>Non-Restricted bequests</b>		<b>2 510 695</b>	<b>2 294 856</b>
<b>Restricted bequests</b>		<b>0</b>	<b>0</b>
<b>Total Donations and Bequests</b>		<b>40 678 742</b>	<b>40 498 208</b>

2018 fundraising was stable compared to 2017 but we are seeing an increase in the allocation of our donations.

#### **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 financial products.

(in US Dollars)	Rate = 1,145	2018	2017
<i>Run against Hunger</i> and Non-Restricted Delegations		1 998 360	2 095 560
Other events		1 152 097	1 241 375
Solidarity-based investment income		299 724	312 904
Other operations		8 359	9 366
<b>Other non-Restricted income related to public generosity</b>		<b>3 458 539</b>	<b>3 659 205</b>

(in US Dollars)	Rate = 1,145	2018	2017
<i>Run against Hunger</i> and Delegations - Restricted		1 847 830	2 180 012
Other events		215 008	55 858
Solidarity-based investment income		0	0
Other operations		0	0
<b>Other Restricted income related to public generosity</b>		<b>2 062 838</b>	<b>2 235 870</b>

<b>Total Other income related to public generosity</b>		<b>5 521 377</b>	<b>5 895 075</b>
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### 3.2 – OTHER PRIVATE FUNDS

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

(in US Dollars)	Rate = 1,145	2018	2017
Corporate philanthropy and sponsorships – Non-Restricted		2 133 746	1 425 336
Corporate philanthropy and sponsorships – Restricted		1 673 109	1 625 542
Private grants - Restricted		1 673 926	2 091 176
<b>Other private funds</b>		<b>5 480 782</b>	<b>5 142 054</b>

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

### 3.3 – SUBSIDIES AND OTHER PUBLIC AID

“Subsidies and Other Public Aid” includes all resources arising from the raising of funds from public sources (European Union, United Nations, nations and other public institutions) as well as specific funding administered as subsidies (financing from or to the international network in particular).

Subsidies can be received by way of two channels:

- by Action Against Hunger headquarters in France,

- or directly by the missions.

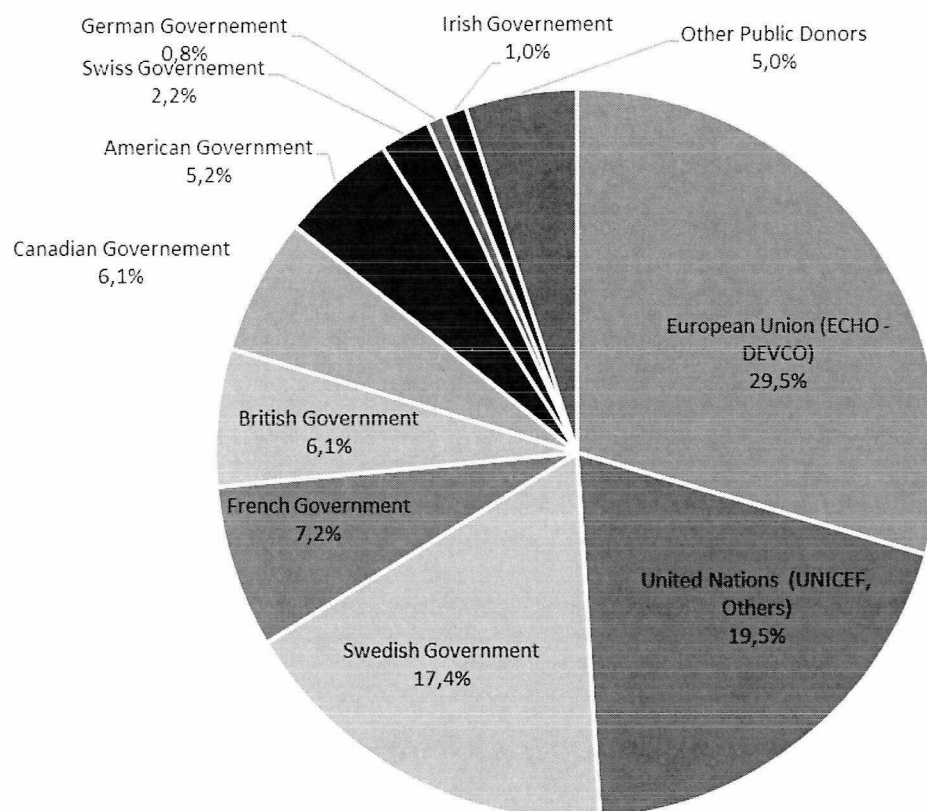
(in US Dollars)	Rate = 1,145	2018	2017
European Union - ECHO		29 009 339	36 305 850
European Union - DEVCO		18 125 403	8 095 945
United Nations - UNICEF		11 358 443	15 333 093
United Nations - Others		19 812 455	15 692 133
American Government		8 257 796	9 262 452
French Government		11 438 785	6 380 185
Swedish Government		27 771 042	15 037 413
British Government		9 707 671	12 142 905
Canadian Government		9 788 717	6 912 703
Swiss Government		3 561 182	3 083 455
German Government		1 232 454	3 070 725
Irish Government		1 672 428	1 938 990
Other Governments		1 310 458	694 822
Other Public Institutions		4 759 422	4 551 775
Miscellaneous Institutional Donors		1 937 807	1 045 126
<b>Total Grants and other public aid</b>		<b>159 743 399</b>	<b>139 547 571</b>

In 2018, institutional donations received rose significantly (+14.5%). This growth is mainly due to the Swedish and French funds for which Action Against Hunger France has signed up for the network.

Concerning Action Against Hunger France, the European Union remains Action Against Hunger's main source of public subsidies (29.5% of subsidies in 2018) despite a fall in ECHO funds, offset by growth in DEVCO funds (+123.9%).

The United Nations is our second main source of subsidies (19.5% of subsidies in 2018) and while we note a decrease in UNICEF funds (mainly in the Middle East), we have experienced growth in other UN agencies (in particular in Bangladesh).

With regard to government financing, there has been a significant increase in subsidies issued by the Swedish government (+84.7%) which has become our third donor, but more than 45% of these funds go to Action Against Hunger Spain and the United States. Lastly, we also have significant growth (+79.3%) in French funds (in particular AFD) with the RESILAC project in Central Africa as well as projects in Jordan.



### 3.4 – OTHER INCOME

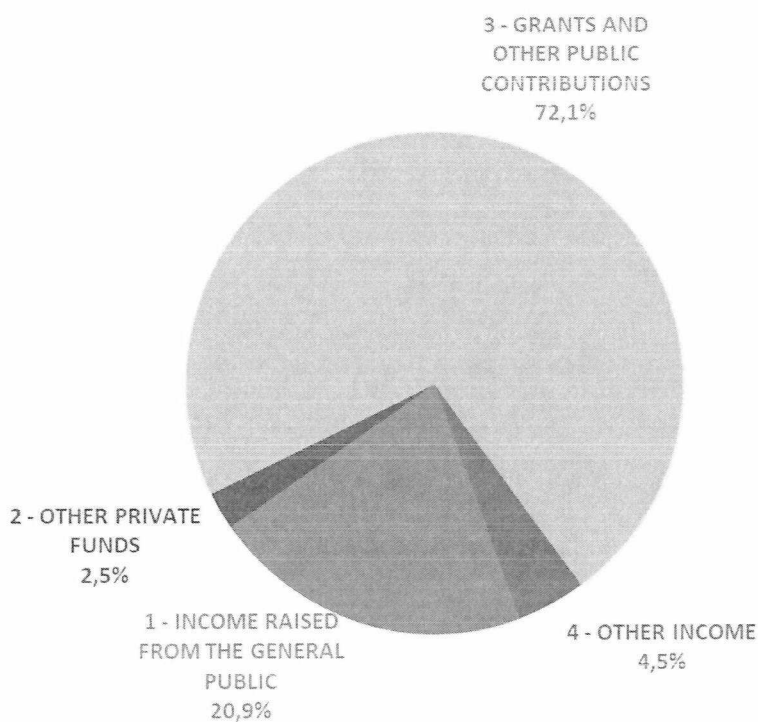
“Other Income” includes resources not connected to the raising of private or public funds. This is divided into two main items:

- 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 2018 is linked to the absence of asset disposals in 2018 (vs. the assets of the Haiti and Somalia missions at Action Against Hunger USA in 2017).
- Other unallocated income of the organisation - foreign exchange gains and financial income from the headquarters but also the sharing of the administrative costs of missions managed by Action Against Hunger United States concerned by the country exchange agreement (\$3,701), or the support of the network for our joint projects.

(in US Dollars)	Rate = 1,145	2018	2017
<b>Other income allocated to Social Missions</b>		<b>5 262 875</b>	<b>7 266 850</b>
Miscellaneous income - Missions		2 964 422	4 989 295
Miscellaneous income - Headquarters		2 298 453	2 275 502
Investment income		0	2 053
<b>Other income non-allocated to Social Missions</b>		<b>4 692 370</b>	<b>4 848 141</b>
Miscellaneous income		4 424 549	4 194 669
Investment income		267 821	653 473
<b>Extraordinary Income</b>		<b>19 129</b>	<b>139</b>
<b>TOTAL OTHER INCOME</b>		<b>9 974 374</b>	<b>12 115 130</b>

### 3.5 – DISTRIBUTION OF RESOURCES BY ORIGIN (column 2)

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



### 3.6 – RESTRICTED FUNDS

In “commitments to be made on allocated resources” (column 1) we note the difference between the amounts allocated in 2018 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 restricted funds, that is, programmes carried out by Action Against Hunger France during the financial year and financed by restricted funds.

Restricted 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 = 1,145	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	46 200	-	-	-	46 200
Other Private funds	5 481	-	-	-	5 481
Grants and other public contribution	159 743	-	-	-	159 743
Other Income	6 866	2 585	524	-	9 974
<b>Total Income</b>	<b>218 291</b>	<b>2 585</b>	<b>524</b>	<b>-</b>	<b>221 399</b>
Writing-back of provisions	1 752	3 472	-	-	5 225
Allocated income not used during previous years and to be carried forward	-	-	-	2 884	2 884
Income shortage during the fiscal year	-	-	-	-	-
<b>Total</b>	<b>220 043</b>	<b>6 057</b>	<b>524</b>	<b>2 884</b>	<b>229 508</b>

## 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 financed 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 financed 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 financed 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 financed 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 financed 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 restricted funds made it possible to identify the source of the resources in the balances at the end of 2017 and the end of 2018 and therefore to precisely determine the change in the amount of the restricted funds collected from the public.