

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

## **Action Contre la Faim**

Year ended December 31, 2020

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

ERNST & YOUNG Audit



## Action Contre la Faim

Year ended December 31, 2020

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

To the Annual General Meeting of Action Contre la Faim,

#### Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Action Contre la Faim for the year ended December 31, 2020.

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, 2020 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 requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1, 2020 to the date of our report.

#### Emphasis of Matter

We draw attention to the following matter described in Notes "General accounting Policies" and "Applying the new accounting rules for associations" to the financial statements relating to the impact on the balance sheet and on the income statement of the application of the accounting standard ANC no. 2018-06 starting from the year ended December 31, 2020. Our opinion is not modified in respect of this matter.



## Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 Income statement by Sources and Uses and the Annual Resource Utilisation Account are appropriately described in the Notes to the financial statements "General accounting policies" and "2020 Income Statement by Sources and Uses and Annual Resource Utilisation Account", that they comply with the terms of the Accounting standard ANC no. 2018-06 and that they have been correctly applied.

## 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.

## 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 28, 2021

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

May Kassis-Morin



# 2020 FINANCIAL REPORT



An independent association under the Act of 1901 recognised as a public utility, authorised to receive donations, legacies, and life insurance - SIRET: 318 990892 00065 - APE: 94 99Z

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# **2020 annual financial statements**

# 2020 BALANCE SHEET



**Preliminary note:** Since 1 January 2020, Action Contre la Faim applies, in addition to the French General Chart of Accounts (PCG), the regulation of the French Accounting Standards Authority (ANC) No. 2018-06 of 5 December 2018 modified by French Accounting Standards Authority's regulation no. 2020-08 of 4 December 2020 relating to the annual accounts of private non-profit legal entities

As a result, the balance sheet and income statement formats were revised. At the foot of the balance sheet are specified the changes in headings and wording introduced for the fiscal year ending 31 December 2020 by the new regulation No. 2018-06.

Balance sheet - Assets					
(in US Dollars)	Rate = 1,2271	31.12.2020			31.12.2019
		Under ANC 2018-06			Under CRC 1999-1
	Note	Gross	Depreciation	Net	Net
<b>FIXED ASSETS</b>					
<b>Intangible assets</b>					
Concessions, patents, licenses, brands, processes, software, rights and similar values		1 885 166	1 067 789	817 377	719 877
Intangible assets in progress		517 454	-	517 454	827 447
<b>Tangible Assets</b>					
Tangible Assets "Headquarters"					
Technical installations		2 544 749	1 809 730	735 018	1 025 290
Equipment		2 159 564	1 893 029	266 535	439 837
Tangible assets "missions"					
Equipment		5 685 733	4 791 267	894 466	699 234
<b>Goods received by bequest or donation intended to be yield (0)</b>		967 239	31 451	935 788	
<b>Financial assets</b>					
Loans		6 461 508	1 227 101	5 234 407	6 162 356
Others		637 172	0	637 172	560 989
<b>TOTAL I.</b>	<b>(1)</b>	<b>20 858 586</b>	<b>10 820 368</b>	<b>10 038 218</b>	<b>10 435 030</b>
<b>CURRENT ASSETS</b>					
<b>Stocks</b>	(2)	1 615 826	-	1 615 826	1 310 455
<b>Receivable</b>					
Donor receivables	(3.1)	291 423 920	651 130	290 772 790	82 501 893
Receivables received by bequest or donation (0)	(3.2)	1 782 522	-	1 782 522	-
Others	(3.3)	21 361 538	-	21 361 538	13 535 110
Receivables on the ACF international network	(3.4)	16 158 699	-	16 158 699	19 917 669
<b>Stock market securities</b>	(5)	5 297 805	-	5 297 805	5 294 043
<b>Cash at bank and in hand</b>	(6)	42 864 159	-	42 864 159	66 538 357
<b>Prepayments</b>		2 095 746	-	2 095 746	2 587 155
<b>TOTAL II.</b>		<b>382 600 215</b>	<b>651 130</b>	<b>381 949 085</b>	<b>191 684 681</b>
Conversion difference - assets (III)	(7)	18 891 477	-	18 891 477	2 799 871
<b>TOTAL ASSETS (I + II + III)</b>		<b>422 350 279</b>	<b>11 471 498</b>	<b>410 878 781</b>	<b>204 919 582</b>

(0) New sections introduced by the New ANC Regulation 2018 - 06

<b>Balance sheet - Liabilities</b>				
<b>(in US Dollars)</b>	<b>Rate = 1,2271</b>	<b>Note</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
			<b>Under ANC 2018-06</b>	<b>Under CRC 1999-1</b>
<b>ASSOCIATIVE FUNDS</b>				
<b>Associative Fund without recovery rights</b>			<b>30 177 463</b>	<b>34 681 546</b>
Statutory reserves			1 841	-
Additional reserve			30 175 623	-
<b>Reserves for associative project</b>			<b>17 609 087</b>	<b>18 664 383</b>
Applied Research			2 086 344	1 395 582
Operational Programs			10 879 159	10 879 159
International Developpement			1 395 582	3 141 639
Information Systems Development			3 248 002	3 248 002
Retained earnings		-	1 409 267	-
<b>Results of the financial year</b>		-	<b>7 118 818</b>	<b>5 559 379</b>
<b>TOTAL I.</b>		<b>(8)</b>	<b>39 258 466</b>	<b>47 786 549</b>
<b>DEFERRED AND DEDICATED FUNDS</b>				
Deferred funds related to bequests or donations (0)		(9.1)	2 168 754	-
Dedicated funds		(9.2)	6 420 959	9 695 942
<b>TOTAL II.</b>			<b>8 589 714</b>	<b>9 695 942</b>
<b>PROVISIONS</b>				
Provisions for risks and charges			22 310 563	14 542 443
<b>TOTAL III.</b>		<b>(10)</b>	<b>22 310 563</b>	<b>14 542 443</b>
<b>DEBTS</b>				
Loans and Debts with Credit Institutions			-	3 374 525
Donors debts			-	85 187 656
Trade payables & related accounts		(11.1)	20 177 096	10 867 250
Debts from bequests and donations (0)		(11.2)	409 370	-
Taxation and social security debts		(11.3)	9 264 011	8 455 935
Other debts		(11.4)	1 810 673	3 199 145
Debts related to ACF International Network		(11.5)	16 490 809	18 622 464
Deferred Income		(12)	286 830 794	-
<b>TOTAL IV.</b>			<b>334 982 753</b>	<b>129 706 975</b>
Conversion Difference - Liabilities (V)		(13)	5 737 287	3 187 673
<b>TOTAL LIABILITIES (I+ II+ III+ IV+ V)</b>			<b>410 878 782</b>	<b>204 919 582</b>

**(0) New sections introduced by the New ANC Regulation 2018 - 06**

Note: The new headings introduced by the New Accounting Regulations are:

- Assets received by bequest or donation to be disposed of (Note 1.2)
- Receivables obtained by bequest or donation (Note 3.2)
- Funds carried forward related to bequests or endowments (Note 9.1)
- Bequest and donation liabilities (Note 11.2)

Other headings were affected by the introduction of the Regulation. See Note, Application of the New Accounting Regulations

# INCOME STATEMENT 2020-2019

INCOME STATEMENT (in US Dollars)      Rate = 1,2271	2020 financial year (Under ANC 2018-06)	2019 financial year (under CRC 1999-01)
<b>OPERATING INCOME</b>		
Contributions (c)	11 596	21 253
<b>Income from third party funders</b>	<b>343 538 013</b>	<b>312 711 919</b>
Public aid and operating grants	292 624 022	-
Grants (a)	-	259 209 081
Resources related to public generosity	49 733 175	53 502 838
Manual donations (c)	43 116 376	40 921 275
Sponsorship (c)	3 457 952	3 269 542
Bequests, donations and life insurance (b)	3 158 847	3 032 613
Income from events (a)	-	6 279 409
Financial contributions	1 180 816	-
<b>Write-backs on provisions (and depreciation), transfer of charges</b>	<b>22 563 675</b>	<b>6 209 806</b>
Uses of dedicated funds (c)	5 165 856	-
Other income (b)	17 397 819	6 209 806
<b>Total I</b>	<b>366 113 285</b>	<b>318 942 979</b>
<b>OPERATING CHARGES</b>	-	-
Purchase of goods	142 171 924	133 413 802
Taxes, duties and similar prepayments	4 534 301	3 863 312
Personnel costs	118 038 382	110 691 510
Amortization and depreciation charges	1 950 855	1 370 912
Provisions	16 959 420	7 110 254
Carry forward in dedicated funds (c)	1 982 906	-
Other charges (b)	86 440 692	66 239 350
Financial aid (c)	83 551 087	64 244 783
Other charges	2 889 605	1 994 567
<b>Total II</b>	<b>372 078 481</b>	<b>322 689 141</b>
<b>1. OPERATING RESULT (I-II)</b>	<b>- 5 965 196</b>	<b>- 3 746 162</b>

- (a) Item which was in the CRC 1999-01 models and which no longer appears in the ANC 2018-06 models
- (b) Item whose content is different between CRC 1999-01 and ANC 2018-06, and where applicable, also has a different positioning
- (c) Item which had a different positioning with the CRC 1999-01

<b>INCOME STATEMENT</b> (in US Dollars)      Rate = 1,2271	<b>2020 financial year</b> (Under ANC 2018-06)	<b>2019 financial year</b> (under CRC 1999-01)
<b>1. OPERATING RESULT (I - II)</b>	- 5 965 196	- 3 746 162
<b>FINANCIAL INCOME</b>	-	-
Interests and similar Income	4 423	17 099
Write-backs on provisions, depreciation and transfer of charges	242 097	2 922 709
Exchange gains	5 791 723	3 929 794
<b>Total III</b>	<b>6 038 243</b>	<b>6 869 601</b>
<b>FINANCIAL CHARGES</b>	-	-
Allowances for depreciation and provisions	1 227 100	2 779 165
Interest and similar charges	12 696	18
Exchange losses	6 110 109	4 265 977
<b>Total IV</b>	<b>7 349 906</b>	<b>7 045 161</b>
<b>2. FINANCIAL RESULT (III - IV)</b>	- 1 311 662	- 175 560
<b>3. CURRENT RESULT before tax (I - II + III - IV)</b>	- 7 276 859	- 3 921 721
<b>EXTRAORDINARY INCOME</b>	-	-
Extraordinary income on management operations	493 732	260 728
Extraordinary income on capital operations	35 270	437 750
<b>Total V</b>	<b>529 001</b>	<b>177 022</b>
<b>EXTRAORDINARY CHARGES</b>	-	-
Extraordinary charges on management operations	370 961	142 175
Extraordinary charges on capital operations	-	221 541
Allowances for depreciation and provisions	-	61 973
<b>Total VI</b>	<b>370 961</b>	<b>17 393</b>
<b>4. EXTRAORDINARY RESULT (V - VI)</b>	<b>158 041</b>	<b>159 630</b>
Employee participation in the result (VII)	-	-
Income taxes (VIII)	-	-
<b>Total Income (I + III + V)</b>	<b>372 680 529</b>	<b>325 635 557</b>
<b>Total charges (II + IV + VI + VII + VIII)</b>	<b>379 799 348</b>	<b>329 716 908</b>
<b>INTERMEDIATE BALANCE (a)</b>	-	-
+ Unused income from previous financial years carried forward	-	2 861 278
- Payments out of appropriated income (a)	-	4 339 305
<b>SURPLUS OR DEFICIT</b>	- 7 118 818	- 5 559 379
	-	-
<b>VOLUNTARY CONTRIBUTIONS IN KIND</b>	-	-
In kind donations	7 173 549	8 841 592
In kind benefits	1 080 476	1 131 673
Volunteering	8 921	10 782
<b>TOTAL</b>	<b>8 262 945</b>	<b>9 984 047</b>
<b>CHARGES FOR VOLUNTARY CONTRIBUTIONS IN KIND</b>	-	-
In kind rescue	7 173 549	8 996 209
In kind services	1 080 476	984 000
Free provision of goods and services (a)	-	-
Volunteer staff	8 921	3 837
<b>TOTAL</b>	<b>8 262 945</b>	<b>9 984 047</b>

# **Annex to the financial statements for the fiscal year ending 31 December 2020**

## Presentation of Action Contre la Faim

Created in 1979, Action Contre la Faim (ACF) is a non-governmental organisation (NGO) of international solidarity fighting against hunger throughout the world. The association under the Act of 1901 was founded by a group of French doctors and intellectuals with a worldwide, international vocation.

ACF's mission is to save lives by alleviating hunger through concrete actions in the following areas: prevention, detection, and treatment of undernutrition, particularly during and after emergencies related to conflicts and natural disasters.

Structured into international networks, Action Contre la Faim operates in 23 countries with an international presence in 50 nations.

Recognised as a public utility, Action Contre la Faim's priority is to act concretely in the field by documenting the fate of the populations it supports.

Since 2019, Action contre la Faim is a member of Alliance Urgences, a collective of six NGOs whose objective is to create a national solidarity movement around humanitarian emergencies.

The response to the fight against hunger is based on various areas of expertise: nutrition and health, food security, water, sanitation and hygiene, mental health, gender and protection, advocacy, risk and disaster management, and research.

Intervention	23 countries
Deployment of humanitarian aid	12.5 million people
Areas of Activity	France and International
Employees	4968

## General accounting policies

The annual financial statements for the fiscal year 2020 were prepared and presented in accordance with the general rules for preparing and presenting annual financial statements applicable to associations as defined by the French Accounting Standards Authority's regulation No. 2018-06 of 5 December 2018, as amended by French Accounting Standards Authority's regulation no. 2020-08 of 4 December 2020 relating to the annual financial statements of private not-for-profit legal entities

Concerning the accounting principles not covered by French Accounting Standards Authority's regulation no. 2018-06 of 5 December 2018, the annual financial statements were prepared in accordance with the rules defined by French Accounting Standards Authority's regulation no. 2014-03 of 5 June 2014, as amended, on the General Chart of Accounts.

The rules for drawing up the annual accounts comply with the accounting policies of :

- Going concern;
- Consistency of accounting policies from one year to the next;
- Independence of fiscal years;
- Prudence.

The main accounting policies adopted are set out in the various notes to the annual financial statements, each relating to a specific item on the balance sheet and income statement. The valuation of the items recorded in the accounts was based on the historical cost method.

The balance sheet is presented in accordance with the accounting principles of the general chart of accounts except for the following specific transactions presented in accordance with the regulation of the French Accounting Standards Authority No. 2018-06 of 5 December 2018:

- Assets received by bequest or donation to be disposed of;
- Receivables obtained by bequest or donation;
- Equity;
- Dedicated funds; and
- Funds carried forward;
- Bequest and donation liabilities.

For the first year implementing the new accounting regulation:

- The figures for fiscal 2020 were presented as required under French Accounting Standards Authority's regulation no. 2018-06.
- The 2019 figures were presented in accordance with French Accounting Standards (CRC) regulation no. 99-01.

In addition, the information required to understand the transition from French Accounting Regulation (CRC) 99-01 to French Accounting Regulation (ANC) 2018-06 in accordance with the accounting principles of Article L.123-17 of the French Commercial Code and Articles 833-1 and 833-2 of the French General Chart of Accounts relating to changes in accounting methods is provided in the annex, in particular, with regard to:

- Assets received by bequest or donation to be disposed of (Note 1.2)
- Receivables obtained by bequest or donation (Note 3.2)
- Equity (Note 8)
- Funds carried forward (Note 9.1)
- Bequest and donation liabilities (Note 11.2)

The income statement by origin and destination and the use of resources statement were prepared in accordance with the French accounting standards authority regulation no. 2018-06 of 5 December 2018 as amended.

The income statement was prepared based on data from the general accounts in accordance with Article 511-2 of the General Chart of Accounts. In applying these rules, its presentation enables listing expenses and income by their nature.

The income statement was prepared in accordance with the accounting principles of the general chart of accounts except for the following specific transactions:

- Presentation of operating income including contributions and revenue from third party funders;
- Carryovers and usage of dedicated funds;
- Voluntary contributions in kind and expenses of voluntary contributions in kind.

## **Key events of the fiscal year**

Action contre la Faim France was active in 23 countries in 2020. It deployed necessary humanitarian aid to 23.5 million people.

After the strong growth in 2019, Social Missions of \$328.9 million continued to grow by 13%, again mainly due to the increase in operating expenses at \$276.2 million vs. \$247.8 million.

This growth in Social Missions was mainly financed by a 14% increase in subsidies received from public and institutional funders at \$292 million vs. \$258.9 million in 2019.

Private fundraising amounts to \$49.7 million, a decrease of almost \$3.7 million compared to fundraising in 2019. This was obviously due to the health crisis linked to COVID-19 and the promulgation of the state of health emergency by Act no. 2020-290 of 23 March 2020. Indeed, while direct donations from individuals and companies continued, fundraising events such as the Race against Hunger and the Intercompany Challenge could not take place.

To compensate for this shortfall in collections, headquarters limited the creation of new staff positions and travel throughout the year, thus keeping the volume of expenditures close to that of 2019 despite the growth experienced. Nevertheless, Action contre la Faim continued its strategic investments in information systems for Logistics, Finance, and HR. 25 employees were on partial unemployment in the spring of 2020, representing a government contribution of approximately \$73,626.

Action contre la Faim has requested the deferral of social security payments for the months of March, April, and May, representing a deferred payment of \$1.6 million. Action contre la Faim also applied for the deferral of the payment of payroll taxes for the months of March, April, and May, representing a carry-over of \$0.9 million.

The repayment of this deferral was spread from June 2020 to August 2020.

In addition, we received approximately \$16 million in 100% COVID-19 projects in countries such as Yemen, the Democratic Republic of Congo, Madagascar, and even Nigeria. The main donors involved were DFID, Europaid, and AFD. We will be including the COVID-19 response in our programmes as soon as possible. Very few projects were shut down due to the lockdown.

The 2020 results reflect a deficit of \$7.1million, mainly due to the impact of losses and provisions for unrealised foreign exchange losses.

### **Current loans outstanding within the ACF-IN network**

As of 31 December 2020, the loans granted to the network can be broken down as follows:



- ACF Italy: the amount of the loan granted was \$2,338K. Its repayment was not impacted by COVID-19. However, in order to comply with changes in Italian legislation concerning the equity capital of associations, ACF Italy must convert a portion of the loan into a financial contribution to its equity capital (see note on financial assets).
- ACF Germany: the amount of the loan granted is \$3,491K. In 2019, a \$1 million loan facility was signed with ACF Germany to support the expansion of its activities. The loan agreements provided for the first repayment instalments in 2020. Due to the COVID-19 situation and the impact on ACF Germany's cash position, mainly due to the cancellation of events such as the Race Against Hunger -80% and -30% street marketing, ACF France agreed to defer ACF Germany's reimbursement by one year.
- ACF Canada: the amount of loans granted stands at \$326K. The loan agreements provide for the first repayment instalments in 2024.

### **Country management transfer with ACF USA**

The strategy aimed at enhancing expertise and regional presence led ACF France and ACF USA to initiate a transfer of management of six countries in which it operates. ACF USA now oversees humanitarian operations in Haiti since 1 January 2017, in Somalia since 1 July 2017, and in Ethiopia since 1 January 2019. The French headquarters took over the management of the Democratic Republic of Congo on 1 July 2017, Nigeria on 1 January 2019, and Pakistan on 1 January 2020.

At the close of fiscal year 2020, ACF recorded in its accounts the exchange of countries that took place within the ACFIN network, between the ACF US headquarters and the ACF France headquarters. The exchange was ratified via a Memorandum of Understanding dated 11 November 2016. This provided for reciprocal transfers of supervisory responsibilities for a number of country offices. This Memorandum of Understanding was amended in 2018, 2019, 2020, and 2021.

On 1 January 2020 ACF USA transferred its Pakistan programme to ACF France.

The transactions concerned fall under the regime of transfers for valuable consideration. They were legally qualified as successor agreements.

From an accounting perspective, these successor agreements involved the mutual assignment and retrocession of the relevant assets and liabilities relating to the above-mentioned programmes. These include tangible and financial fixed assets, the entirety of payables and receivables relating to donor agreements and other trade receivables and payables, as well as cash and equivalents.

The amounts and operational transaction dates corresponding to these asset/liability transfers amount to net assets valued at \$206K starting on 1 January 2020. It should be noted that the assets and liabilities transferred were entered in the accounts of ACF France on 01/01/2020 in the transaction currency. They were revalued in euros at the 1 January 2020 rate.

This transaction had no impact on the Association's 2020 results as these assets and liabilities were transferred at their net book value. The net balances mentioned will be subject to financial compensation in 2021.

The positive impact of the transfer stems from the financial agreements that provide for a sharing of the administrative costs charged to the donors between the two headquarters. The financial impacts related to

the sharing of administrative costs are detailed in the notes on international network receivables and payables and the annexes to the Employment Resource Account.

### **Renegotiation of administrative costs incurred for SWAPS**

To this end, an adjustment of the administrative costs impacting the SWAPS from previous years was agreed between ACF USA and ACF France. This was done in order to take into account the NICRA rate adjustments validated by the USAID donor. The impact on the 2020 accounts came to -\$425,247.

As a reminder, the negotiated indirect cost rate agreement (NICRA) is the rate used for assessing the structure costs charged on contracts signed with the US government. When the agreement is signed, the last validated rate is used, subsequently this rate is updated each year on the basis of the association's structural costs/activity volume ratio. Currently, there is a two-year lag between the signing of an agreement and the final validation of the rate by the US government.

### **Applying the new accounting rules for associations**

Since 1 January 2020, Action Contre la Faim's accounts have been prepared in accordance with the new regulation applied to associations, the French Accounting Standards Authority's regulation no. 2018-06.

The following flows were therefore restated:

- Recording in the accounts of bequests and donations approved by the Board of Directors
- Recognition of receivables and deferred revenue related to donor finance agreements
- Accounting for funds raised from the public generosity

The impacts on the balance sheet at the beginning of the 2020 financial year from applying the New Accounting Regulations are as follows:

		Impact of ANC 2018-06 01.01.2020	Note
ASSETS	Goods received by bequest or donation intended to be yield	2 138 527	1.2
	Depreciation of goods received by bequest	- 7 564	1.2
	Receivables received by bequest	1 610 766	3.2
	Donor receivables	288 674 119	3.1
	Conversion difference - assets	1 409 266	7
LIABILITIES	Deferred funds not dedicated	2 951 958	9.1
	Prepaid income	286 494 531	12
	Provision for unrealized exchange loss	1 409 266	10
	Debts on donations and bequests	789 771	11.2
	Conversion difference - Liabilities	3 588 856	13
Retained earnings	Provisions for risks and charges	- 1 409 266	

### Impact on the income statement

In terms of the income statement, the changes compared to 2019 are as follows:

- Financial contributions without consideration, received from other non-profit legal entities, are now recorded separately from grants.
- In 2020, the income from events is divided between individual donations and sponsorship
- Bequests are now accounted for upon acceptance by the Board of Directors.
- The use of dedicated funds and the carry forward of dedicated funds are moved from the bottom of the income statement to operating income and operating expenses respectively.
- The change in other income and other expenses in the operating result can be explained by the reclassification of foreign exchange differences generated by non-financial transactions previously included in the financial result.

### Impacts on CER / CROD ratios

The new accounting regulation requires redefining the public generosity. Indeed, until 2019, Action Contre la Faim only considered the generosity of individuals as public generosity. From 2020 onwards, corporate sponsorship is also considered as public generosity. This shift implied re-estimating the share of public generosity in our associative funds. It was \$14,494,792 at the end of the 2019 fiscal year. With the inclusion of corporate sponsorship, this amount increased to \$23,755,105 on 1 January 2020.

In addition, the new regulation requires reporting of new information on public generosity:

- The production of an income statement of sources and uses (CROD)
- An evolution of the income and expenditure account (CER).

All of these changes are described in the second part of this financial report.

### **Foreign exchange implications for the fiscal year**

In 2020, Action Contre la Faim's operating result was significantly impacted by foreign exchange gains and losses generated mainly on donor grant transactions. The net impact of these exchange rate differences on the result amounted to -\$6.4 million. It breaks down as follows:

- o Provisions for unrealised foreign exchange losses amounting to a net loss of \$5.4 million following the revaluation of donor receivables at the end of the fiscal year due to the cumulative effect of:
  - o The implementation of the French Accounting Standards Board regulation 2018-06 and its impact on the balance sheet, in particular the volume of donor receivables of \$209 million.
  - o Action Contre la Faim's considerable exposure to the dollar due to the high proportion of grants signed with the US government amounting to 25% of the 2020 volume.
- o Realised foreign exchange losses and gains of \$1 million in net loss.

It should also be noted that as of 1 January 2020, the exchange rate impacts generated by donor receivables and other transactions related to operations will be recorded under operating income and no longer under financial income. This reclassification resulted in a net impact on operating income of \$6.6 million for the year.

## POST-BALANCE SHEET EVENTS

Partial conversion of the ACF Italy loan into a financial contribution to its equity.

Through a free loan assigned by ACF-Développement to ACF France, the latter holds a receivable of \$2,337,980 from the "Fondazione Azione Contro la Fame Italia ONUS" (hereinafter "ACF Italy"). This receivable is to be repaid from 2023 onwards.

In order to be able to issue tax receipts, Italian legislation now requires ACF Italy to justify at least \$36,813 of equity. ACF Italy requested the loan to be partially converted into a financial contribution to its equity.

On the basis of the figures provided by ACF Italy following the meeting of its "Consiglio di Amministrazione" / Board of Directors meeting of 25 June 2020, the directors of ACF France approved, at the Board of Directors meeting of 1 July 2020, the partial conversion of the loan into a contribution without right of redemption for an amount of \$1 million. This was agreed under the following conditions:

- Conversion of \$1 million of the loan into a financial contribution to its Italian equity and a repayment plan on the remaining debt of \$1,110,879 starting from 2025 in accordance with the amendment to the loan agreement signed to this effect on 2 February 2021.
- ACF Italy committed to donate \$1 million in the form of non-earmarked funds to finance ACF France's social missions in accordance with the pledge signed on 2 February 2021.
- Increased presence and powers of ACF France on the Board of Directors of ACF Italy. Operational management of activities via a collaboration and coordination agreement signed on 2 February 2021.

### **Purchase of the head office**

Action contre la Faim is currently renting its headquarters. Action contre la Faim is due to vacate its current premises at the end of November 2022. In preparation for this relocation, the Board of Directors of Action contre la Faim decided that the association should purchase its future headquarters in order to strengthen its assets. The equity capital the association has built up over the past 40 years is what enables it to make this acquisition.

A sale agreement was signed on 27 April 2021 for a building located at 102 Rue de Paris in Montreuil (93). Action contre la Faim will finance the building's acquisition and the associated works of \$32.5 million through a bank loan of \$26.4 million and an equity injection of \$6 million.

A non-trading property company (SCI) will be created in June 2021 to buy this 4185m<sup>2</sup> building, part of which, 980m<sup>2</sup>, i.e. 2 floors out of 6, will be rented to third parties.

The charges for Action contre la Faim arising from this building, deducted from the rental revenue, will be equivalent to those of its current premises.

## Notes to the balance sheet

### **Remark on the scope**

Action Contre la Faim is part of an international network, ACF International. The financial statements presented here are those of ACF France. As the various entities of the ACF International network are independent of each other, the accounts are not presented in a consolidated manner.

### **Note 1: Fixed assets**

#### **1.1 Tangible and intangible assets**

The Association's fixed assets are recorded and valued in compliance with the standards laid down in the rules on assets.

Fixed assets located in France, at the Association's headquarters, are recorded at their acquisition cost in accordance with the provisions of French Accounting Standards (CRC) 2004-06. They are depreciated on a straight-line basis over their useful life:

Computer software	3 years
Fixtures & fittings	5 to 9 years
Computer & telephone equipment	3 years
Computer equipment for IS projects	7 years
Office equipment	5 years
Video equipment	5 years
Furniture	5 to 10 years

Capital goods, such as transport, radio, and communication material, located in the missions, acquired with equity capital and whose unit value is greater than \$2.454K, are recorded as fixed assets at their acquisition cost.

Since 2008, the depreciation schedule for this equipment and vehicles has been aligned with the duration of the re-invoicing to the donors:

Vehicles	2 to 3 years
Telecommunication equipment	1 to 2 years
Computer and video hardware	1 year
Other large equipment programme	1 to 2 years
Other equipment	1 to 2 years

For any other equipment not included in this list, acquired with equity capital and whose value exceeds \$18K, the depreciation period is determined according to its economic useful life. Capital goods located at the missions, the purchase of which is financed directly by the donors, are recorded directly in the missions' expense accounts. The accounting policies for fixed assets located in France and at the missions remain unchanged for 2020.

The change in gross fixed assets since the previous year is detailed as follows:

(in US Dollars)	Rate = 1,2271	Total as at 31.12.2019	Increases	Decreases	Transfers between items	Total 31.12.2020
Computer software		1 564 240	320 926	-	-	1 885 166
Assets under construction		827 447	291 186	601 178	-	517 454
<b>Intangible assets</b>		<b>2 391 687</b>	<b>612 112</b>	<b>601 178</b>	<b>-</b>	<b>2 402 620</b>
Fixtures & installations		2 534 582	10 166	-	-	2 544 749
Computer & telephone equipment		1 501 904	133 661	-	-	1 635 564
Office equipment		75 258	-	-	-	75 258
Video equipment		120 902	951	-	-	121 853
Furniture		272 766	2 720	-	-	275 485
Matériel technique pour la recherche		51 403	-	-	-	51 403
<b>Tangible Assets "Headquarters"</b>		<b>4 556 815</b>	<b>147 498</b>	<b>-</b>	<b>-</b>	<b>4 704 313</b>
Transport equipment		3 550 479	724 422	14 416	-	4 260 485
Radio and communication equipment		1 304 581	133 059	16 709	-	1 420 931
Hardware		4 317	-	-	-	4 317
<b>Tangible Assets "Missions"</b>		<b>4 859 377</b>	<b>857 482</b>	<b>31 125</b>	<b>-</b>	<b>5 685 733</b>
<b>Tangible assets</b>		<b>9 416 192</b>	<b>1 004 979</b>	<b>31 125</b>	<b>-</b>	<b>10 390 046</b>
<b>TOTAL ASSETS</b>		<b>11 807 879</b>	<b>1 617 091</b>	<b>632 304</b>	<b>-</b>	<b>12 792 667</b>

## Intangible assets

As of 31 December 2020, assets under construction pertain to:

- Expenses incurred in 2020 in the context of the various IT projects launched by ACF France: implementation of Timesheets/Shared costs and associated Time and Activity Management (TAM) tool, and a new HRIS (Nibélis) started in 2020 of +\$280K;
- Expenses incurred in 2019 in the context of the UNIFI project for which commissioning was not yet completed by 31/12/2020.

The reduction in assets under construction relates mainly to:

- The UNIFI project, for which expenses related to the deployment of Microsoft Dynamics were expensed by \$475K following the discontinuation of this tool.
- To the Link project whose 2019 expenses were commissioned in 2020 for \$129K.

## Tangible assets

The tangible assets of the head office were up by \$147K, mainly due to the purchase of computer hardware in connection with the implementation of teleworking for employees in the context of COVID-19.

In 2020, the tangible assets of the missions increased as a consequence of the growing logistical requirements for implementing humanitarian programmes.

The main increase was in vehicle purchases of +\$724K, notably in the Central African Republic for +\$286K and in the Democratic Republic of Congo for +\$204K.

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

(in US Dollars)	Rate = 1,2271	Total as at 31/12/2019	Amortization	Depreciation	Transfers between items	Total 31.12.2020
Computer software		844 363	223 425	-	-	1 067 788
<b>Depreciation of intangible Assets</b>		<b>844 363</b>	<b>223 425</b>	-	-	<b>1 067 788</b>
Fixtures & installations		1 509 293	300 438	-	-	1 809 730
Computer & telephone equipment		1 119 145	276 101	-	-	1 395 246
Office equipment		54 439	10 872	-	-	65 311
Video equipment		96 065	18 335	-	-	114 400
Furniture		261 343	5 325	-	-	266 668
Technical equipment for research		51 403	-	-	-	51 403
<b>Tangible Assets "Headquarters"</b>		<b>3 091 688</b>	<b>611 071</b>	-	-	<b>3 702 759</b>
Transport equipment		2 978 418	545 835	14 416	-	3 509 837
Radio and communication equipment		1 177 408	122 711	23 004	-	1 277 115
Harware		4 317	-	-	-	4 317
<b>Tangible Assets "Missions"</b>		<b>4 160 143</b>	<b>668 546</b>	<b>37 420</b>	-	<b>4 791 269</b>
<b>Depreciation of tangible Assets</b>		<b>7 251 831</b>	<b>1 279 617</b>	<b>37 420</b>	-	<b>8 494 028</b>
<b>TOTAL DEPRECIATION</b>		<b>8 096 194</b>	<b>1 503 042</b>	<b>37 420</b>	-	<b>9 561 816</b>

### **1.2 Assets received by bequest or donation to be disposed of;**

The change in assets received by way of bequest and held for sale is detailed as follows:

(in US Dollars)	Rate = 1,2271	31.12.2019 Under CRC 1999-01	01.01.2020 Under ANC 2018 - 06	31.12.2020
Goods received by bequest or donation intended to be yield		-	2 138 527	967 239
Depreciation on goods received by bequest or donations		-	7 564	31 451
<b>Net total of goods received by bequest or donation</b>		-	<b>2 130 962</b>	<b>935 788</b>

Since 1 January 2020, assets received by way of bequest or donation were recorded for the first time on the assets side of the balance sheet in accordance with the new accounting rules.

Assets and liabilities received by way of bequest were recorded at either their date of acceptance of the bequest by the Board of Directors or the date of commencement of use, whichever was later, in the absence of a condition precedent. Where conditions precedent exist, the accounting is deferred until the last of these conditions is met.

Assets received by bequest intended to be sold include all assets received by ACF excluding :

- cash, bank assets, listed financial assets, and units or shares in UCITS and similar
- Property intended by the testator or donor to be used to strengthen equity
- Assets to be retained by decision of the Board of Directors

The assets to be disposed of were valued as follows:

- Inventory transactions mentioned and valued off-balance sheet as of 31 December 2019: valued as of the date of acceptance by the Board of Directors or discounted value for assets for which a depreciation was recorded.
- Assets accepted by the Board of Directors during fiscal 2020: value as of the acceptance date of the Board of Directors.

The valuation of assets is done at market value at the net selling price. These assets are not depreciated. In the event of an impairment loss, the net book value of the fixed asset was reduced to its current value by means of a depreciation.

It should be noted that life insurance policies are not subject to Board validation. They are therefore recorded as "Life insurance" income on the date the funds are received.

### **1.3 Financial assets**

Changes in financial assets are detailed as follows:

<b>(in US Dollars)</b>	<b>Rate = 1,2271</b>	<b>31.12.2019</b>	<b>Increase</b>	<b>Decrease</b>	<b>31.12.2020</b>
ACF Canada loans		333 631	-	7 623	326 008
ACF Germany loans		3 490 745	306 775	-	3 797 520
ACF Italy loans		2 337 980	-	-	2 337 980
<b>Total ACF network loans</b>		<b>6 162 356</b>	<b>306 775</b>	<b>7 623</b>	<b>6 461 508</b>
Deposits and guarantees		576 639	85 925	25 392	637 172
<b>Total financial fixed assets</b>		<b>6 738 995</b>	<b>392 700</b>	<b>33 015</b>	<b>7 098 680</b>
Impairment on loans		-	1 227 100	-	1 227 100
Depreciation deposits and guarantees		15 650	-	15 650	-
<b>Depreciations on financial assets</b>		<b>15 650</b>	<b>1 227 100</b>	<b>15 650</b>	<b>1 227 100</b>
		-	-	-	-
<b>Total net financial assets</b>		<b>6 723 344</b>	<b>1 619 800</b>	<b>48 666</b>	<b>5 871 580</b>

### **ACFIN network loans**

### **ACF Italy**

ACF Développement granted a \$2.3 million loan to ACF Italy in 2012. The objective was to create a new fundraising headquarter for ACF International. In 2017, ACF Développement transferred the receivable held on ACF Italy to ACF France. The latter thus became a creditor of ACF Italy for \$2.3 million. Repayment of the loan was originally scheduled to begin in 2023 with a maturity date of 2027.

In order to be able to issue tax receipts, Italian legislation now requires ACF Italy to justify at least \$36,813 of equity. In 2020, ACF Italy requested the conversion of a portion of the ACF-France loan into a financial contribution to its equity.

It was therefore agreed that the loan granted to ACF Italy would be partly converted into a financial contribution to ACF Italy's equity of \$1 million and that the \$1.1 million loan would be repaid starting in 2025. This is in accordance with the pledge and the amendment to the loan agreement signed on 2 February 2021 (see Post balance sheet events)

A depreciation provision on the ACF Italy loan was therefore recorded for \$1 million on 31 December 2020.

### **ACF Germany**

The amount of the loan granted is \$3,798K. In 2020, payment of the last instalment of the loan agreement signed with ACF Germany to support its activities for \$307K. The loan agreements provide for the first repayment instalments in 2021.

### **ACF Canada**

The amount of loans granted stands at \$326K. The loan agreements provide for the first repayment instalments in 2024.

Deposits and guarantees of \$637K break down into guarantees granted on the headquarters of \$317K and missions of \$320K.

## **Note 2: Inventory**

Inventory consists of material and supplies for use in the missions. They enable shorter response times to mission supply needs, thereby increasing ACF's effectiveness in emergencies.

Additions to inventories are valued at their purchase cost, including any incidental costs. Inventories are managed during the year using the perpetual inventory method. Inventory consumption is then charged directly to mission expenses.

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

A provision for depreciation is established based on the age of the inventory and its possible use-by date for perishable products.

## **Note 3: Receivables**

### **3.1 Donor receivables**

The donor receivables are detailed as follows for fiscal year 2020:



(in US Dollars)	Rate = 1,2271	31.12.2019	01.01.2020	31.12.2020
		Under CRC 1999-01	Under ANC 2018 - 06	
Receivables		82 724 800	288 897 027	291 423 920
Depreciation on donors' receivables	-	222 908	222 908	651 130
<b>Donors' receivables</b>		<b>82 501 893</b>	<b>288 674 119</b>	<b>290 772 790</b>

Donors' receivables due in over one year amounted to \$144 million on 31/12/2020.

Since 1 January 2020, and in accordance with the new French Accounting Standards Authority's regulation no. 2018-06, institutional financing agreements that qualify as "grants" as well as financial contributions that do not have a suspensive clause, are accounted for by crediting an income account and debiting a receivable account for their full amount on the date of their notification, corresponding more precisely to the signing date of the agreement.

In the case of multi-annual donor funding or financial contributions, the portion of the multi-annual grant relating to future fiscal years is recorded at the end of the fiscal year in a "Deferred Revenue" account.

In the absence of prescriptive milestones in the funding agreement, income from multi-annual grants is recognised in the income statement at the same rate as expenditures actually incurred in the year and eligible for funding agreements. Where prescriptive milestones exist, revenue from multi-year grants is recorded in accordance with these milestones. The unused portion of the year is accounted for in dedicated funds.

The portion of the multi-annual grant related to future milestones is recorded at year-end in a "Deferred Revenue" account

### **Treatment of transactions recorded as off-balance sheet commitments as of 31/12/2019**

As of 1 January 2020, the amounts recorded as off-balance sheet commitments on 31 December 2019 were recorded in the balance sheet as "receivables". The offsets were recorded in retained earnings as this represented a change in accounting policy.

For transactions in foreign currencies, receivables were recorded at the historical exchange rate on the day the financing agreement was signed.

The receivables were converted at the closing rate of 31/12/2019 and the conversion differences between assets and liabilities were recorded. A provision for depreciation was recorded against retained earnings in the amount of \$1.3M.

### **3.2 Receivables obtained by bequest or donation;**

Receivables from bequests and donations are detailed as follows for fiscal 2020:

(in US Dollars)	Rate = 1,2271	31.12.2019	01.01.2020	31.12.2020
		Under CRC 1999-01	Under ANC 2018 - 06	
<b>Receivables from bequests or donations</b>		-	1 610 766	1 782 522

Since 1 January 2020, receivables pertaining to bequests and donations are recorded in the association's balance sheet. Receivables consist of cash, bank assets, listed financial assets, units or shares in UCITS, and similar. These receivables are cleared on the reception date of the funds or the transfer of the securities.

### **3.3 Other receivables**

The "Other receivables" item is broken down as follows:

<b>(in US Dollars)</b>	<b>Rate = 1,2271</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Debtors suppliers - Headquarter		137 450	148 045
Tax and social security receivables - Headquarter		68 552	280 158
Partner advances - Missions		17 572 437	9 342 551
Products to receive - fundraising		3 344 977	3 600 921
Others		238 121	163 434
<b>Total other receivables</b>		<b>21 361 538</b>	<b>13 535 109</b>

The other receivables relate in particular to advances made to ACF's partners in the context of implementing humanitarian programmes of \$17.5M. The observed increase of \$8.2M is mainly attributable to:

- The impact of the Rapid Response Mechanism programme on population migration started at the end of 2019 in Burkina Faso of +\$3.6M
- The increase of our activities in Cameroon and Iraq with respectively the *Resilient* programme of +\$2.7M and our Mental Health programmes of +\$2.7M
- The implementation of the *Start Fund* in Bangladesh led to an increase in agreements signed with our partners of \$1.5M.

It should be noted that these increases were partially offset by the decrease in transfer items to Ethiopia and Pakistan. These missions were considered partners in 2019 under the tripartite agreements that ended in 2019.

Accrued collection income amounted to \$3.3M compared to \$3.6M in 2019

### **3.4 Receivables from the international network**

The item "Receivables from the ACF international network" reflects the receivables generated by economic or financial transactions between ACF and the other entities of the ACF international network: ACF United States, ACF United Kingdom, ACF Spain, ACF Canada, and ACF India, excluding subcontracting of field missions. These operations can be of different types:

- Re-invoicing by ACF France of the purchase cost of material and supplies acquired via its purchasing department on behalf of another entity;
- Cross-billing, including at the expense of ACF France, at the actual cost of expatriate staff under agreement with one network entity and made available to another entity for its missions;
- Raising private donations or public grants for countries whose operations are carried out by another network member, with special monitoring of the operations involved;
- Transfer of donor grants to ACF International for implementing agreements;
- Collection of private donations or public subsidies by network members for ACF France social missions;
- Donations from ACF France to another entity of the network to help it expand its social missions. These are included in the income statement as expenses are incurred.

The breakdown of "Receivables on the international ACF network" is as follows:

(in US Dollars)	Rate = 1,2271	31.12.2020	31.12.2019	31.12.2018
Amounts receivable from AAH USA		10 699 481	10 512 659	16 055 236
Amounts receivable from AAH UK		362 379	232 964	482 554
Amounts receivable from ACH Spain		3 787 702	8 751 607	7 505 619
Amounts receivable from ACF Canada		1 206 177	292 972	301 219
Amounts receivable from ACF FHF India		73 626	73 626	73 712
Others amounts receivable from the network		29 333	53 840	29 333
<b>Total amounts receivable from ACF network</b>		<b>16 158 699</b>	<b>19 917 669</b>	<b>24 447 673</b>

Receivables from the ACF network decreased by \$3.8M in 2020 mainly due to a drop in receivables from ACF Spain (-\$4.9M) partially offset by an increase in receivables from other ACFIN offices.

The ACF United States receivable relates to:

- Flows related to country transfers with ACF USA, namely the balance of the successor agreement signed with ACF USA following the transfer of Nigeria. This includes:
  - Overheads assigned for all transferred countries for a total of \$3,875K against \$4,746K in 2019. Note that \$2.3M relates to overhead costs and equity (Z1) for 2018 and 2019. These amounts are subject to a repayment plan signed in 2020 with ACF USA.
  - The amounts related to exchanges of assets and liabilities between ACF France and ACF USA.
- Flows pertaining to current transactions between ACF France and ACF United States. Namely:
  - Difference between the amounts paid by ACF France for the execution of donor agreements signed by ACF France and the expenses actually incurred by ACF USA at the end of 2020 for a total amount of \$1,411K against \$319K in 2019, i.e. an increase of +\$1M.
  - Invoicing of salaries, logistical purchases, and cross-cutting ACFIN projects.

The receivable from ACF Spain (ACF-ES) relates in particular to:

- The repayment by ACF Spain of grants to cover the execution of contracts for a total amount of \$2,474K vs. \$6,987K in 2019, in particular programmes set up under the agreement signed between ACF France and the AIDS donor, notably for Sudan for \$763K and Colombia for \$450K
- Re-invoicing of purchases and provision of personnel of \$1,313K vs. \$1,746K in 2019.

#### **Note 4: Asset depreciation**

The summary depreciation table is as follows:

(in US Dollars)	Rate = 1,2271	Total as at	Total as at	Allocations	Write-backs		Total as at	
		31.12.2019	01.01.2020		Used provisions	Unused provisions		31.12.2020
		Under CRC 1999-01	Under ANC 2018 - 06					
Deposits and guarantees		15 650	15 650			15 650	-	
Loans				1 227 100			1 227 100	
Stocks		17 144	17 144	-	17 144		-	
Goods received by bequest or donation intended to be yield		-	7 565	23 887	-		31 452	
Amounts receivable from institutional donors		222 908	222 908	454 245	26 023		651 130	
<b>TOTAL PROVISION FOR DEPRECIATION</b>		<b>255 702</b>	<b>263 266</b>	<b>1 705 232</b>	<b>43 167</b>	<b>15 650</b>	<b>1 909 682</b>	
Allocations and Write-Backs								
		- operating	240 051	247 615	478 132	43 167	-	682 581
		- Financial	15 650	15 650	1 227 100	-	15 650	1 227 100
		- extraordinary						

The \$1.2 million allocation relates to the depreciation of the ACF Italy loan.

## Note 5: Marketable securities

The "Marketable securities" item consists of liquid money market funds and a capitalisation agreement whose maturity corresponds to the portfolio held in France. This portfolio is carried at cost and valued using the first-in, first-out method.

Changes in marketable securities over the last three years:

(in US Dollars)	Rate = 1,2271	31.12.2020	31.12.2019	31.12.2018
Marketable securities		5 297 804	5 294 043	7 748 243
<b>Marketable securities</b>		<b>5 297 804</b>	<b>5 294 043</b>	<b>7 748 243</b>

On 31/12/2020, this item breaks down as follows:

- Medium-term investments of between 4 and 5 years: \$5M.
- Euro denominated money market funds: \$0.4M

## Note 6: Cash and equivalents

Cash is divided into two items:

- Cash available for missions
- Cash available for head office

The breakdown of cash and equivalents over the last three years is as follows:

<i>(in US Dollars)</i>	<i>Rate = 1,2271</i>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Bank accounts		16 505 198	18 043 311	14 523 637
Cash Boxes		1 065 197	1 118 527	882 477
<b>Cash at bank and in hand "missions"</b>		<b>17 570 395</b>	<b>19 161 838</b>	<b>15 406 114</b>
Bank accounts		25 070 637	47 180 909	45 529 994
Cash Boxes		223 125	195 608	179 128
<b>Cash at Bank and in Hand "Headquarters"</b>		<b>25 293 762</b>	<b>47 376 517</b>	<b>45 709 121</b>

The "mission" cash is composed of the bank and cash account balances as of 31 December 2020, held by the missions. They decreased from \$19,162K in 2019 to \$17,570K in 2020, a reduction of \$1.1M explained by increased control over locally held cash levels that were maintained at a minimal level despite a context of strong growth in operational activity.

The cash and equivalents "head office" are composed of the balances of bank accounts and cash held by the head office as of 31 December 2020.

The decrease in cash at headquarters can be explained by:

- First of all, the impact of the COVID-19 crisis on our fundraising through the cancellation of the races and challenges against hunger;
- Then due to the increasing share of the American donor who, to date, pays us in reimbursements, but discussions are underway to move to advance payments in 2021;
- Finally, the impact of implementing our new shared cost method. This is linked to the deployment of time sheets having led to delays in the sending of reports and therefore payment by donors in the first months following its implementation.

Cash in hard currencies held in France or abroad in bank and cash accounts was valued at the official rate on 31/12/2020.

Local currency balances held abroad in bank and cash accounts were valued at the official rate or at the local rate (TMP) in cases where the official rate was not in line with local rates.

## **Note 7. Currency conversion difference**

On 1 January 2020, following the application of the new French Accounting Standards Authority's regulation No. 2018-06, the donor receivables included in the accounts were revalued. Unrealised foreign exchange losses were recorded as a currency conversion difference.

<i>(in US Dollars)</i>	<i>Rate = 1,2271</i>	<b>31.12.2019</b>	<b>01.01.2020</b>	<b>31.12.2020</b>
		<b>Under CRC 1999-01</b>	<b>Under ANC 2018 - 06</b>	
Foreign exchange Asset		2 799 870	4 209 137	18 891 477
<b>Total Foreign exchange Asset</b>		<b>2 799 870</b>	<b>4 209 137</b>	<b>18 891 477</b>

The increase in currency conversion differences relates to the revaluation of donor receivables. The cumulative impact of the significant increase in the volume of receivables following the implementation of the New Accounting Rules and the dollar's devaluation at year-end led to the devaluation of receivables by \$17M at the end of 2020. This resulted in a currency conversion difference of the same amount and a provision for risks and charges of \$9M given the natural partial hedging of receivables and future expenses in foreign currencies (see Note 10).

## Note 8: Equity

ACF has two types of reserves:

- Associative Funds the purpose of which is to ensure the sustainability of the organisation in the event of sudden funding difficulties;
- The Associative Project Reserve Fund to finance operational projects or applied research programmes and to support the expansion of the ACF International network or the upgrading of information systems.

For the record, the General Meeting of 26 September 2020 decided to allocate the 2019 deficit result of \$5,559,379 as follows:

(in US Dollars) Rate = 1,2271	As at 31.12.2019 (before allocation of 2019 Results)	As at 01.01.2020	Allocation of 2019 Results			2020 Results	As at 31.12.2020 (before allocation of 2020	of which public generosity
			Under ANC 2018 - 06	Increase	of which public generosity			
Equity without recovery rights	34 681 546	34 681 546	-		4 504 082	0	30 177 463	12 571 160
<b>Equity</b>	<b>34 681 546</b>	<b>34 681 546</b>			<b>4 504 082</b>	<b>0</b>	<b>30 177 463</b>	
<b>Reserve funds for the Associative Pro</b>	<b>18 664 382</b>	<b>18 664 384</b>	<b>4 065 438</b>		<b>5 120 733</b>	<b>4 232 435</b>	<b>17 609 088</b>	<b>11 183 945</b>
Applied research	1 395 582	1 395 582	132 580		132 580	132 580	1 395 582	1 263 002
Operational Programs	10 879 159	10 879 159	3 044 560		3 044 560	3 044 560	10 879 159	7 834 599
International development	3 141 640	3 141 640	-		1 055 295	1 055 295	2 086 345	2 086 344
Information Systems Development	3 248 002	3 248 002	888 298		888 298		3 248 002	
Retained earnings		-1 409 267					-1 409 267	
Results of the financial year	-5 559 379	-5 559 379			-5 559 379		-7 118 818	-7 118 818
<b>TOTAL EQUITY</b>	<b>47 786 549</b>	<b>46 377 284</b>	<b>4 065 438</b>	<b>-</b>	<b>4 065 437</b>	<b>4 232 435</b>	<b>-7 118 818</b>	<b>39 258 467</b>
							<b>23 755 105</b>	

Following the implementation of French Accounting Standards Authority's regulation no. 2008-06, a provision for unrealised losses on donor receivables was recorded via retained earnings in the amount of \$1.4M. 2008-06, a provision for unrealised losses on donor receivables was recorded via retained earnings in the amount of \$1.4M.

## Note 9: Dedicated funds and funds carried forward

### 9.1 Funds carried forward

The change in funds carried forward is detailed as follows:

(in US Dollars) Rate = 1,2271	31.12.2019 Under CRC 1999-01	01.01.2020 Under ANC 2018 - 06	Increase	Decrease	31.12.2020
funds carried forward	-	2 951 958	2 287 413	3 070 615	2 168 754
<b>Total funds carried forward</b>	<b>-</b>	<b>2 951 958</b>	<b>2 287 413</b>	<b>3 070 615</b>	<b>2 168 754</b>

Since 1 January 2020, the funds carried forward related to the accounting of bequests and donations are recorded in the ACF balance sheet.

Funds carried forward represent the future net book assets that will be realised at the time of sale or realisation of the asset received by bequest or donation. They are estimated on the basis of information made known to ACF at the time the donated or bequeathed asset is entered in the balance sheet.

The funds carried forward can then be adjusted on the basis of a new management decision by the Board of Directors. This will be done in the light of the differences between the management decisions taken at the time of the first entry in the balance sheet and the revaluations of assets and liabilities in subsequent years, until the property to be disposed of is actually realised.

The funds are said to be "carried forward" because the accounting result generating event, i.e. the disposal of the asset, has not occurred at the time of the balance sheet date.

## **9.2 Dedicated funds**

Dedicated funds are accounted for in accordance with the provisions of the French Accounting Standards Authority regulation no. 2018-06 as amended.

Unused earmarked resources at year-end are offset by a charge of the same amount in the income and expenditure account (item "Resources remaining to be used") and in the income statement (item "Commitments to be realised on earmarked resources"). These unused resources are then entered on the liabilities side of the balance sheet as "dedicated funds".

The utilisation of a portion of these funds in the following year generates income in the income and expenditure account (item "Resources remaining to be used") and in the income statement (item "Commitments to be realised on earmarked resources"). This will be for the amount actually used during the year and will give rise to a decrease in the "dedicated funds" item on the liabilities side of the balance sheet for the same amount.

The dedicated funds come solely from public generosity.

### **Allocation of dedicated funds**

During the year 2020, the dedicated funds item changed through new allocations on the one hand, and through the use of existing funds on the other. The new allocations come from several sources:

- All grants earmarked according to donors' decisions, by country or theme for water and sanitation, logistics, and COVID-19;
- Earmarked private partnerships, by country, or theme such as water and sanitation, logistics, and covid.

(in US Dollars)	Rate = 1,2271	01/01/2020	Utilization		Transferts	31/12/2020		
			Increase	Allocation of Funds in Fiscal Year		Funds Raised during Past Fiscal Years	Total Amount	Of which dedicated funds corresponding to projects without expenditure over the last two years
			Fund raising	Expenses		Expenses		
<b>RESTRICTED FUNDS France</b>								
Restricted funds Afghanistan	336 076	-	-	273 142	-	62 934	-	
Restricted funds Bangladesh	25 052	7 703	-	-	-	32 755	-	
Restricted funds Burkina Faso	30 480	30 972	-	-	-	61 452	61 452	
Restricted funds Myanmar	110 149	-	-	-	-	110 149	110 149	
Restricted funds Central African Republic	828 602	90 604	-	488 596	-	430 609	-	
Restricted funds Ivory Coast	65 288	238 203	121 847	38 742	-	142 903	-	
Restricted funds The Horn of Africa	241 385	103	-	-	-	241 488	241 488	
Restricted funds Djibouti	113 790	-	-	-	65 650	48 140	48 140	
Restricted funds Ethiopia	846 399	61	-	564 476	281 985	-	-	
Restricted funds Haiti	49 218	245	-	-	49 463	0	0	
Restricted funds Indonesia	5 775	-	-	5 775	-	0	0	
Restricted funds India	22 833	31 475	30 678	-	-	23 631	23 631	
Restricted funds Iraq	236 212	12	0	135 300	-	100 924	-	
Restricted funds Cameroon	358 805	159 310	-	314 888	-	203 228	-	
Restricted funds Liberia	2 879	13 861	-	-	-	16 739	16 739	
Restricted funds Madagascar	281 135	394 697	228 247	186 223	-	261 361	-	
Restricted funds Mongolia	7 525	-	-	-	-	7 525	7 525	
Restricted funds Nepal	869 793	-	-	472 254	-	397 540	-	
Restricted funds West Africa	5 980	258 467	37 042	-	-	227 405	-	
Restricted funds Forgotten populations PARIS	69 231	-	-	-	-	69 231	69 231	
Restricted funds Sahel crisis	48 397	81 194	-	-	-	129 590	129 590	
Restricted funds Sierra Leone	220 128	-	-	35 869	-	184 259	-	
Restricted funds Somalia	80 432	-	-	-	-	80 432	80 432	
Restricted funds Chad	1 017 580	11 599	-	185 656	-	843 523	-	
Restricted funds Yemen	1 367 438	13 108	90 865	938 247	65 650	417 083	-	
Restricted funds Zimbabwe	620	-	-	620	-	0	0	
Restricted funds Syrian crisis	14 156	-	-	14 156	-	0	-	
Restricted funds Vanuatu	-	-	-	-	-	-	-	
Restricted funds Jordan	327 720	3 804	56	248 698	-	82 769	-	
Restricted funds Emergency programs	519 246	387 759	87 784	278 834	-	540 388	-	
Restricted funds Lake Chad	215	-	-	215	-	-	-	
Restricted funds Ukraine	245	-	-	-	-	245	245	
Restricted funds Congo	388 580	198 714	9 109	294 319	-	283 867	-	
Restricted funds Pakistan	748 278	-	-	689 844	-	58 434	-	
Restricted funds Malawi	12	-	-	-	-	12	12	
Restricted funds Mozambique	3 593	-	-	-	-	3 593	3 593	
Restricted funds Southern Africa	1 472	-	-	-	-	1 472	1 472	
Restricted funds Nigeria	45 818	-	-	-	-	45 818	45 818	
Restricted funds COVID	-	230 595	142 288	-	-	88 307	-	
Restricted funds Logistics	-	44 544	-	-	-	44 544	-	
Restricted funds Wash projet	-	208 891	-	-	-	208 891	-	
Restricted funds Mission France	-	600 075	429 488	-	-	170 586	-	
<b>TOTAL RESTRICTED FUNDS France</b>	<b>9 290 539</b>	<b>3 005 995</b>	<b>1 177 403</b>	<b>5 165 856</b>	<b>-331 448</b>	<b>5 621 827</b>	<b>839 517</b>	
<b>FONDS DEDIES ACF SPAIN</b>								
Restricted funds Guatemala	178	-	-	-	-	178	178	
Restricted funds Mali /Mission	1 729	1 902	-	-	-	3 631	3 631	
Restricted funds Niger /Mission	92 033	1 227	-	92 033	-	1 227	1 227	
Restricted funds Palestine	55	-	-	-	-	55	55	
Restricted funds Philippines	920	49	-	-	-	969	969	
Restricted funds Senegal	279 586	35 425	-	-	-	315 011	315 011	
Restricted funds Syria	2 429	675	-	-	-	3 104	3 104	
Restricted funds Colombia	1 037	-	-	-	-	1 037	1 037	
Restricted funds Mauritania	147	-	-	-	-	147	147	
Restricted funds Lebanon	-	113 711	-	-	-	113 711	-	
<b>TOTAL RESTRICTED FUNDS SPAIN</b>	<b>378 114</b>	<b>152 989</b>	<b>0</b>	<b>92 033</b>	<b>0</b>	<b>439 071</b>	<b>325 360</b>	
<b>RESTRICTED FUNDS ACF UNITED STATES</b>								
Restricted Funds Uganda	1 650	-	-	-	-	1 650	1 650	
Restricted Funds South Soudan	25 638	1 227	-	-	-	26 866	26 866	
Restricted Funds Ethiopia	-	-	-	-	281 985	281 985	-	
Restricted Funds Haiti	-	-	-	-	49 463	49 463	-	
<b>TOTAL RESTRICTED FUNDS ACF UNITED STATES</b>	<b>27 289</b>	<b>1 227</b>	<b>0</b>	<b>0</b>	<b>331 448</b>	<b>359 964</b>	<b>28 516</b>	
<b>TOTAL RESTRICTED FUNDS</b>	<b>9 695 942</b>	<b>3 160 212</b>	<b>1 177 403</b>	<b>5 257 889</b>	<b>0</b>	<b>6 420 862</b>	<b>1 193 393</b>	



## Note 10: Provisions for risks and charges

The change in "Provisions for risks and charges" since the previous year is summarised as follows:

(in US Dollars)	Rate = 1,2271	Total as at 31.12.2019	Total as at 01.01.2020	Allocations	Write-backs		Total as at 31.12.2020
		Under CRC 1999-01	Under ANC 2018 - 06		Used provisions	Unused provisions	
<b>General Financial Risks related to the Activity</b>		<b>11 763 278</b>	<b>11 763 278</b>	<b>7 405 930</b>	<b>473 008</b>	<b>5 939 126</b>	<b>12 757 078</b>
Provision for losses and charges		8 367 619	8 367 619	2 924 628	473 008	3 220 398	7 598 846
<i>of which ineligible risks</i>		3 852 809	3 852 809	2 218 247	333 880	1 365 376	4 371 800
Provision for various risks		3 395 659	3 395 659	4 481 302	-	2 718 728	5 158 232
<b>Currency risk</b>		<b>2 779 165</b>	<b>4 188 432</b>	<b>9 553 485</b>	<b>4 188 432</b>	-	<b>9 553 485</b>
<b>TOTAL PROV<sup>e</sup> FOR RISKS AND CHARGES</b>		<b>14 542 443</b>	<b>15 951 710</b>	<b>16 959 415</b>	<b>4 661 440</b>	<b>5 939 126</b>	<b>22 310 563</b>
Allocations and Write-Backs							
		- operating	-	16 959 415	4 661 440	5 939 126	-
		- Financial	-	-	-	-	0
		- extraordinary	-	-	-	-	-

- **Provisions for general business risks;**

Provisions for "general business risks" concern disputes or events related to ACF's activity during the financial year (provision) or previous financial years (carry-over) likely to generate expenses during subsequent fiscal years. The recognition of provisions enables anticipating the financial settlement of identified risks and charging this payment to the result of the fiscal year in which the risk occurred. Provision reversals then neutralise the subsequent charge if the provision is "used", or generate an "exceptional" result if the risk is not ultimately proven and therefore the provision is not used.

The provisions for risks and charges on business activities relate to all the risks associated with ACF's operations. The 2020 provision amounts to \$2,925K mainly composed of:

- Risks following donor audits: +\$2M  
*Of which:*
  - Provision on the Bangladesh Audit: +\$1M*
  - Provision on the Burma Audit: +\$0.2M*
- Tax risks: +\$0.2M mainly in the Central African Republic on customs fees due on vehicle purchases.
- Other risks of +\$0.2M mainly in the Democratic Republic of Congo.

The provision for miscellaneous risks relates mainly to the negotiated indirect cost rate agreement (NICRA) provision amounting to \$4.4M. The reversal of the NICRA provision was recorded as a result of the close-outs in 2020 on the agreements for the years 2017 to 2019.

The negotiated indirect cost rate agreement (NICRA) is the rate used for assessing the structure costs charged on contracts signed with the US government. When the agreement is signed, the last validated rate is used, subsequently this rate is updated each year on the basis of the association's structural costs/activity volume ratio. Currently, there is a two-year lag between the signing of an agreement and the final validation of the rate by the US government.

The provision recorded in 2020 therefore addresses the amount that ACF France may have to reimburse to USAID in the event the contractual NICRA is higher than that validated by USAID on the basis of 2020 data.

- **Provisions for currency risks**

Following the implementation of the French Accounting Standards Authority (ANC) No. 2018 - 06 regulation, the currency conversion differences attached to receivables were revalued as of 01/01/2020. A provision for unrealised currency conversion differences was recorded in carry-forward in the amount of \$1.3M.

At the end of 2020, receivables and payables were revalued at the closing rate. In particular, the revaluation of donor receivables generated a currency conversion difference of \$17,645K at the end of December 2020. This was provisioned for the estimated risk of unrealised losses of \$8,798K versus \$1,971K in 2019. This provision was assessed in the light of the operational and financial characteristics of the financing agreements, in particular taking into account future expenditures to be incurred in foreign currencies in relation to the amounts still to be collected.

## **Note 11: Payables**

### **11.1 Trade payables and related accounts**

Trade payables can be detailed as follows:

<b>(in US Dollars)</b>	<b>Rate = 1,2271</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Trade Payables		6 026 308	4 738 667
Invoices not received		14 150 788	6 128 583
Other expenses to pay		-	-
<b>Total trade payables &amp; related accounts</b>		<b>20 177 096</b>	<b>10 867 250</b>

This item includes payables on purchases related to the current activity of the Association such as social missions, fundraising, and operating the headquarters, as well as payables on fixed assets and accrued expenses on invoices not received by the headquarters and missions.

As of 31/12/2020, outstanding invoices from missions amounted to \$13.7M compared to \$6M in 2019. Indeed, invoices not received on partner expenditures represented \$9.9M against \$2.6M in 2019, an increase of \$7.2M. Outstanding invoices are recorded at the end of the year if ACF does not have validated financial reports from partners.

The variance recorded in 2020 mainly related to Cameroon of +\$3.9M and the *Resilient* agreement for which the reporting of partner expenses is conducted at the end of the agreement with a 6-month delay. The agreement ended in December 2020.

Also noteworthy is the increase in Outstanding Invoices from Burkina Faso of +\$2.3M.

### **11.2 Liabilities related to bequests or donations**

<b>(in US Dollars)</b>	<b>Rate = 1,2271</b>	<b>31.12.2019</b>	<b>01.01.2020</b>	<b>31.12.2020</b>
		<b>Under CRC 1999-01</b>	<b>Under ANC 2018 - 06</b>	
<b>Liabilities related to bequests or donations</b>		-	<b>789 770</b>	<b>409 370</b>

Since 1 January 2020, payables pertaining to bequests and donations are recorded in the association's balance sheet.

On the date of acceptance, liabilities arising from bequests or donations consist of:

- The debts that the deceased had not settled at the time of their death;
- Debts on the assets transferred to the beneficiary of the donation;

- All obligations resulting from the stipulations of the testator or donor that ACF undertakes to assume as a consequence of accepting the bequest or donation.

### **11.3 Tax and social security liabilities**

<b>(in US Dollars)</b>	<b>Rate = 1,2271</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Personnel and related accounts		331 496	346 669
Provision for paid leave		3 599 329	2 202 872
Organizations collecting payroll taxes and related accounts		5 333 185	5 906 394
<b>Taxation and social security debts</b>		<b>9 264 010</b>	<b>8 455 935</b>

The \$0.7M increase in tax and social security liabilities is mainly due to the \$1.3M increase in provisions for paid leave. In 2020, the remaining leave owed for employees working on the missions' amounts to \$1.3M.

### **11.4 Other payables**

<b>(in US Dollars)</b>	<b>Rate = 1,2271</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Expenses to pay		799 505	1 198 930
Missions outstanding (SWAPS)		795 837	1 698 437
Others		215 331	301 777
<b>Other payables</b>		<b>1 810 673</b>	<b>3 199 145</b>

### **11.5 Payables to the ACF International network**

<b>(in US Dollars)</b>	<b>Rate = 1,2271</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Dues to AAH USA		11 887 647	16 079 733	7 291 083
Dues to AAH UK		1 069 505	456 076	740 546
Dues to ACH Spain		2 451 842	1 748 641	978 956
Dues to ACF Canada		1 081 816	337 837	146 830
Dues to ACF FHF India		-	177	-
<b>Total Dues from ACF Network</b>		<b>16 490 809</b>	<b>18 622 463</b>	<b>9 157 415</b>

The payables on the ACF network for the USA, UK, Spain, and Canada consist of:

- o Participation in operating and administrative costs within the framework of country exchanges
- o Cross-invoicing at cost of expatriated staff under agreement with a network entity and made available to ACF for its missions.

The decrease in network liabilities of (- \$2.2M) is mainly explained by the change in ACF France's liability to ACF USA of (- \$4.2M) partially offset by the increase in liabilities to other network members.

Payables to ACF USA include:

- Flows relating to country exchanges with ACF USA, i.e. the balance of the successor agreement signed with ACF United States following the transfer of all countries and the administrative costs repaid (Overheads) for all transferred countries for a total of \$2,789K vs. \$7,090K in 2019, i.e. a decrease of \$4.3M.
- Flows related to the transfer of assets and liabilities within the framework of the Ethiopia, Nigeria, and Pakistan country exchange for \$931K.
- Flows related to re-invoicing of salaries and logistics purchases for a total amount of \$6,113K.

## 11.6 Debt maturities

(in US Dollars)	Rate = 1,2271	Total as at 31.12.2020	Timeliness	
			< 1 an	> 1 an
Trade payables & Related Accounts		20 177 096	20 177 096	-
Liabilities related to bequests or donations		409 370	123 756	285 614
Taxation and social security debts		9 264 011	9 264 011	-
Other debts		1 810 673	1 810 673	-
Debts related to ACF International Network		16 490 809	9 071 572	7 419 238
<b>Total</b>		<b>48 151 959</b>	<b>40 447 107</b>	<b>7 704 852</b>

Amounts payable after one year to the ACF IN network refer to the debt towards ACF USA. The outstanding receivables and payables with ACF USA relating to 2018 and 2019 were subject to a payment schedule signed in July 2020. The remaining balance of receivables and payables due in more than one year was settled in February 2021.

## Note 12: Deferred income

(in US Dollars)	Rate = 1,2271	31.12.2019	01.01.2020	31.12.2020
		Under CRC 1999-01	Under ANC 2018 - 06	
Deferred income		-	286 494 531	286 830 794
<b>Total deferred income</b>		<b>-</b>	<b>286 494 531</b>	<b>286 830 794</b>

Since 1 January 2020, institutional financing agreements that qualify as "grants" as well as financial contributions that do not have a suspensive clause, are accounted for by crediting an income account and debiting a receivable account for their full amount on the date of their notification, corresponding more precisely to the signing date of the agreement.

In the case of multi-annual donor funding or financial contributions, the portion of the multi-annual grant relating to future fiscal years is recorded at the end of the fiscal year in a "Deferred Revenue" account. Income from multi-annual grants is recorded in the income statement at the rate of expenditure actually incurred in the fiscal year eligible for the funding agreements.

In the absence of prescriptive milestones in the funding agreement, income from multi-annual grants is recognised in the income statement at the same rate as expenditures actually incurred in the year and eligible for funding agreements. Where prescriptive milestones exist, revenue from multi-year grants is recorded in accordance with these milestones. The unused portion of the year is accounted for in dedicated funds.

The portion of the multi-annual grant related to future milestones is recorded at year-end in a "Deferred Revenue" account.

## Treatment of transactions recorded as off-balance sheet commitments as of 31/12/2019

As of 1 January 2020, the amounts recorded as off-balance sheet commitments on 31 December 2019 were recorded in the balance sheet as deferred revenue. The offsets were recorded in retained earnings as this represented a change in accounting policy.

### Note 13: Currency conversion differences

On 1 January 2020, following the application of the new French Accounting Standards Authority's regulation No. 2018-06, the donor receivables included in the accounts were revalued. Unrealised foreign exchange gains were recorded as a currency conversion difference.

(in US Dollars)	Rate = 1,2271	31.12.2019 Under CRC 1999-01	01.01.2020 Under ANC 2018 - 06	31.12.2020
Foreign exchange liability		3 187 673	6 776 528	5 737 288
<b>Total Foreign exchange liability</b>		<b>3 187 673</b>	<b>6 776 528</b>	<b>5 737 288</b>

### Note 14: Off-balance sheet commitments

#### Commitments made:

Given the average age of ACF's employees and the high turnover, the impact of provisions for retirement is considered negligible. It was therefore not calculated.

ACF France signed the lease for its headquarters in Clichy in October 2013. The commitment remaining on 31/12/2020 given until February 2023 for the payment of rent and service charges amounted to \$2,285K against \$3,339K in 2019.

#### Pledges received:

ACF Italy pledge to donate \$1M.

### Note 15: Voluntary contributions in kind

Voluntary contributions in kind, from which the association benefited during the fiscal year, were valued and recorded in the accounts if the following two conditions were met:

- The nature and size of the voluntary in-kind contributions are key to understanding the entity's activity;
- The entity is able to identify and value voluntary contributions in kind;

Voluntary contributions relating to field programmes mainly concern the provision of foodstuffs, primarily in six countries, for just under \$7.4M.

The valuation was based exclusively on products delivered in 2020 for which proof of receipt exists in the form of a dated delivery slip and for which a verifiable valuation is available. This is in the following form:

- o The price is provided by the donor
- o The price is determined on the basis of an ACF procurement file for the same products and for the same period as that in which the donations were received. This procurement file may have been prepared by the field mission or by the procurement department at headquarters. It is prepared on the basis of the current procurement procedures accepted by the donors
- o The price is based on a local quotation or international quotation if the product is not available in the country.

If the two conditions of proof of delivery and verifiable valuation are met, donations in kind shall be valued. If one of the conditions is not met, the donations are not valued.

Voluntary contributions related to headquarters operations represent 13.2% of total contributions or \$1,088K.

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 department, for the headquarters, of these two types of contribution is as follows :

(in US Dollars)	Rate = 1,2271	2020	2019
<b>Contributions in kind for missions</b>		<b>7 173 551</b>	<b>8 915 116</b>
Afghanistan		472 403	477 476
Bangladesh		3 469 015	5 586 348
Myanmar		415 322	236 411
Democratic Republic of Congo		321 342	635 187
Central Africa Republic		564 291	-
Ivory Coast		8 501	-
Cameroun		9 792	61 081
Liberia		-	73 598
Madagascar		-	141 453
Nigeria		1 702 366	1 453 982
Chad		104 999	249 580
Zimbabwe		105 520	-
<b>Contributions in kind for the headquarters*</b>		<b>1 089 396</b>	<b>1 068 932</b>
Marketing Direction		-	1 007
Youth service		7 128	9 462
Partnership Direction		1 080 476	1 055 670
Delegation Service		1 792	2 792
<b>Total In-Kind Contributions</b>		<b>8 262 947</b>	<b>9 984 048</b>

## Note 16: Information on staff numbers and pay levels

- **Workforce, average age and seniority**

The change in the number of employees and their breakdown by category are as follows:

Average staff	2020	2019
Total Employees at the French headquarters	308	287
Total Expatriates in ACF France Missions	251	263
Total Local Staff in ACF France Missions	4 409	4 447

Excluding work-study contracts, trainee conventions and volunteers

The average age and seniority of the workforce in France or of expatriates are as follows:

Average Employees Age as at December 31	2020	2019
Total Employees at the French headquarters	36.5	36.2
Expatriates in ACF France Missions	39.0	38.8

Seniority as at December 31	2020	2019
Total Employees at the French headquarters	3.9	3.7
Expatriates in ACF France Missions	2.2	2.2

- **Head office remunerations**

The average monthly gross salaries at the headquarters (including 13<sup>th</sup> month) as of 31 December are as follows:

The average monthly gross salaries as at December 31 (including the 13th month salary) at the headquarters	2020	2019
10 highest salaries	\$7 857	\$7 804
10 lowest salaries	\$3 259	\$3 123
The highest salary	\$9 971	\$9 475
The lowest salary	\$2 902	\$2 867
Average salary	\$4 599	\$4 460

excluding work-study contracts

	2020	2019
Gross Annual Salary Paid to the three senior executives	\$325 773	\$330 191

\* including annual leave payments and time savings accounts

Employees do not receive any additional remuneration such as profit-sharing and/or bonuses and they do not receive any benefits in kind.

The members of the Executive Committee receive the highest remuneration in the Association. Furthermore, the Chairman and the members of the Board of Directors do not receive any remuneration from the Association, although they are entitled to the reimbursement of their representation expenses in accordance with the procedures in force.

The amount of professional expenses reimbursed by the Association to the members of the Executive Committee for fiscal 2020 amounted to \$1K compared to \$23K in 2019. The amount of expenses reimbursed by the Association to the Directors for the same fiscal year amounted to \$1K vs. \$11K in 2019. The cost reduction in 2020 can be explained by the context of the health crisis that limited travel.

### Note 17: Statutory auditor's fees

Fees were paid to the statutory auditor in 2020 in connection with their statutory audit assignment. There were no audits of field programme agreements at the expense of institutional donors this year. The fee amounts were as follows:

- Fees relating to the statutory audit: \$141K pretax.

## Note 18: Proposed allocation of the 2020 result

(in US Dollars)	Rate = 1,2271	As at 31.12.2020 (before allocation of 2020 Results)	Allocation of 2020 Results		As at 31.12.2020 (After allocation of 2020 Results)
			Decrease in equity	Transfer of associative funds to Reserves	
<b>Associative funds</b>		<b>30 177 463</b>	<b>2 974 780</b>	<b>-2 660 683</b>	<b>24 542 000</b>
	<i>Of which PG</i>	<i>12 571 160</i>	<i>2 130 819</i>	<i>0</i>	<i>10 440 341</i>
<b>Reserve funds for the Associative Proj</b>		<b>17 609 088</b>	<b>5 553 305</b>	<b>2 660 683</b>	<b>14 716 466</b>
- Applied research		1 395 583	79 193	0	1 316 389
	<i>Of which PG</i>	<i>1 263 002</i>	<i>79 193</i>	<i>0</i>	<i>1 183 809</i>
- Operational Programs		10 879 159	3 384 251	1 810 336	9 305 244
	<i>Of which PG</i>	<i>7 834 599</i>	<i>3 384 251</i>	<i>0</i>	<i>4 450 348</i>
- International development		2 086 344	1 201 729	126 515	1 011 130
	<i>Of which PG</i>	<i>2 086 344</i>	<i>1 201 729</i>	<i>0</i>	<i>884 615</i>
- Information Systems Development		3 248 002	888 132	723 832	3 083 702
	<i>Of which PG</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Retained earnings</b>		<b>-1 409 267</b>			<b>0</b>
<b>Financial year results</b>		<b>46 377 284</b>			<b>39 258 466</b>
<b>Results of the financial year</b>		<b>-7 118 818</b>			<b>0</b>
<b>TOTAL EQUITY CAPITAL</b>		<b>39 258 466</b>			<b>39 258 466</b>

*PG: Public generosity*



# **2020 Income Statement by Sources and Uses and Annual Resource Utilisation Account**

# **NOTES ON THE ANNUAL RESOURCE UTILISATION ACCOUNT AND INCOME STATEMENT BY SOURCES AND USES**

## **PART 1 - GENERAL INFORMATION**

- With the implementation of the French Accounting Standards Authority (ANC) No. 2018-06 of 5 December 2018 as amended, the financial report includes:
  - An income statement of sources and uses (CROD) that summarises all the association's income and expenses.
  - An annual income and expenditure account (CER) specifying the use of public generosity that now includes donations and bequests from individuals as well as corporate sponsorship, which the CROD separated out in the column "Of which public generosity" in the table of uses and resources for the year.
- The annual resource utilisation account and income statement by sources and uses were prepared in line with the items of the Income Statement to give:
  - For the income statement by sources and uses:
    - Overall information on all uses and resources (column 1) for the fiscal year;
    - The allocation by use of only the resources collected from the public as well as the follow-up of the resources collected before the current fiscal year (column 2). This is in accordance with the methods set out below in Part 3 and validated by the Board of Directors of Action Contre la Faim.
  - For the use of resources account: the same information taking into account only the public's generosity and making a statement of the balance of generosity on the association's liabilities.

Furthermore, in accordance with Article 611-2 of ANC Regulation No. 2018-06, the 2019 CER is presented separately in the 4<sup>th</sup> part of the annex, since the 2020 CER was drawn up in accordance with ANC Regulation No. 2018-06, whereas the CER for fiscal year 2019 was prepared in accordance with Regulation No. 2018-12 on the preparation of CERs for associations and foundations amending CRC Regulation No. 99-01.

The expenses or uses are broken down according to the Association's cost accounting. They are under three headings: Social Missions, Fundraising Expenses, and Operating Expenses. The breakdowns between headings were validated by the Board of Directors of Action contre la Faim:

- The vast majority of costs were directly allocated to one of the headings from the cost accounting. Direct costs are thus allocated to the relevant departments and operations.
- However, some expenses are related to operations that can be attached to several expense or use headings. In these particular instances, such indirect costs are then allocated to the various headings. This breakdown relates to the following expenditures:
  - The costs of monitoring the administrative management and recruitment of human resources at headquarters are broken down under the various headings according to the number of permanent staff at headquarters directly assigned to each type of post;
  - The costs related to accounting management and developing financial procedures and tools are charged half to operational support and half to operating costs.
  - The costs of the Logistics, Human Resources, Administrative and Financial, Communication and Development Departments are broken down under the various headings according to the annual budgeted number of permanent staff in the departments concerned and allocated to each type of post.
  - Headquarter overheads including rent, utilities, maintenance, security, cleaning, photocopying, and postage, etc. are broken down under the relevant headings according to the annual budgeted number of permanent headquarter staff assigned to each type of job.

Furthermore, as the Race Against Hunger is an educational event aiming to raise awareness of world hunger issues among young people, half of the organisational costs are allocated to raising public awareness and half to fundraising costs. The same applies to the delegations' running costs as they play a role in both fundraising and raising awareness of ACF's mandate.

## **PART 2 - THE INCOME STATEMENT BY SOURCES AND USES**

The CROD should provide a comparison of the closed year with the previous year. However, pursuant to Article 611-2 of ANC Regulation No. 2018-06, transitional provisions allow for presenting the CROD for fiscal 2020 according to the models prescribed by ANC Regulation No. 2018-06 although without a comparative column for fiscal 2019. The fiscal year comparisons will take place at the end of 2021 for 2020 and 2021.

INCOMES AND EXPENDITURES BY ORIGIN AND DESTINATION		2020 FINANCIAL YEAR	
<i>(in US Dollars)</i>	<i>Rate = 1,2271</i>		Of which Public Generosity
		<b>TOTAL</b>	
<b>INCOMES BY ORIGIN</b>			
1 - INCOME RAISED FROM THE GENERAL PUBLIC		49 744 771	49 744 771
1.1 - CONTRIBUTION WITHOUT CONSIDERATION		11 596	11 596
1.2 - DONATIONS, BEQUESTS AND SPONSORSHIP		47 712 052	47 712 052
- Manual Donations		41 066 104	41 066 104
- Bequests, donations and life insurance		3 158 847	3 158 847
- Sponsorship		3 487 101	3 487 101
1.3 - OTHER INCOME RELATING TO APPEALING FOR PUBLIC DONATIONS		2 021 123	
2 - RESOURCES NOT RELATED TO THE GENEROSITY OF THE PUBLIC		15 160 899	
2.1 - CONTRIBUTION WITH CONSIDERATION		-	
2.2 - CORPORATE SPONSORSHIP		-	
2.3 - FINANCIAL CONTRIBUTION WITHOUT CONSIDERATION		1 839 568	
2.4 - OTHER INCOMES NOT RELATED TO PUBLIC GENEROSITY		13 321 330	
3 - GRANTS AND OTHER PUBLIC CONTRIBUTIONS		291 965 270	
4 - WRITING-BACK OF PROVISIONS		10 643 734	
5 - USE OF PREVIOUS DEDICATED FUNDS		5 165 856	5 165 856
VI - GENERAL TOTAL		372 680 529	54 910 627
		<b>TOTAL</b>	
<b>EXPENDITURES BY DESTINATION</b>			
1 - SOCIAL MISSIONS		329 025 256	43 024 671
1.1 - CARRIED OUT IN FRANCE		4 306 261	
Actions carried out by the organization		4 306 261	
Payments to a central organization or to other organizations operating in France		-	
1.2 - CARRIED OUT ABROAD		324 718 995	
Actions carried out by the organization		297 596 002	
Payments to a central organization or to other organizations operating in France		27 129 128	
2 - FUNDRAISING COSTS		16 829 435	16 242 334
2.1 - PUBLIC GENEROSITY CALL FEES		15 766 202	
2.2 - OTHER RESOURCES RESEARCH EXPENSES		1 063 233	
3 - OPERATING COSTS		13 320 984	
4 - DEPRECIATION, AMORTIZATION AND PROVISIONS		18 640 765	
5 - INCOME TAX		-	
6 - RETURNS IN DEDICATED FUNDS FOR THE FINANCIAL YEAR		1 982 906	1 982 906
TOTAL		379 799 348	61 249 912
SURPLUS OR DEFICIT		- 7 118 818	- 6 339 284

<b>B - VOLUNTARY CONTRIBUTIONS IN KIND</b>	<b>2020 Financial year</b>	
	(in US Dollars) Rate = 1,2271	Of which Public Generosity
<b>INCOMES BY ORIGIN</b>		
<b>1 - VOLUNTARY CONTRIBUTIONS RELATED TO THE PUBLIC GENEROSITY</b>	<b>1 089 396</b>	<b>1 089 396</b>
Volunteering	8 920	
Benefits in kind	1 080 476	
Donations in kind	-	
<b>2 - VOLUNTARY CONTRIBUTIONS NOT RELATED TO THE PUBLIC GENEROSITY</b>	<b>-</b>	
<b>3 - PUBLIC AID IN KIND</b>	<b>7 173 549</b>	
Benefits in kind		
Donations in kind		
<b>TOTAL</b>	<b>8 262 945</b>	<b>1 089 396</b>
<b>EXPENDITURES BY DESTINATION</b>		
<b>1 - VOLUNTARY CONTRIBUTIONS TO SOCIAL MISSIONS</b>	<b>7 173 549</b>	
Carried out in France	-	
Carried out abroad	7 173 549	
<b>2 - VOLUNTARY CONTRIBUTION TO FUNDRAISING</b>	<b>1 080 476</b>	<b>1 080 476</b>
<b>3 - VOLUNTARY CONTRIBUTION TO OPERATING COSTS</b>	<b>8 921</b>	<b>8 920</b>
<b>TOTAL TOTAL</b>	<b>8 262 947</b>	<b>1 089 396</b>

## **A. Expenses**

The separate expense headings include both external costs such as purchases, fees, and travel, etc., and the salaries of the staff assigned to these headings.

### **A.1 - SOCIAL MISSIONS**

Our social missions are defined in the Association's statutes and spelled out in its associative project. Their mission is to save lives by alleviating hunger through concrete actions in the following areas: prevention, detection, and treatment of undernutrition, particularly during and after emergencies related to conflicts and natural disasters. The response to the fight against hunger is based on various areas of expertise: nutrition and health, food security, water, sanitation and hygiene, mental health, gender and protection, advocacy, risk and disaster management, and research.

Expenditures allocated to social missions includes all the costs incurred for each of ACF's social missions in accordance with its statutory purpose.

#### **A.1.1 - Social missions carried out in France**

##### **- Actions undertaken directly**

Initiatives carried out in France include the cost of organising events and public awareness campaigns, as well as communication and publicity expenses if they are not tied to calls for donations.

Following its opening in 2019, Mission France continued its expansion, accelerated by responses to the COVID-19 crisis in Ile-de-France, Paris and Marseille.

(in US Dollars)	Rate = 1,2271	2020	2019
Mission France		1 056 069	143 891
Communication events and general events		1 116 184	1 437 148
Communication and advertising		238 300	622 354
Cost incurred for organizing information and raising-awareness campaigns		1 895 708	1 964 544
<b>Total for Social missions performed directly in France</b>		<b>4 306 261</b>	<b>4 167 937</b>

- **Payments to other organisations operating in France**

Action Contre la Faim does not fund any organisation in France.

**A.1.2 - Social missions performed abroad**

- **Actions undertaken directly**

The Social Missions carried out directly abroad can be broken down into four categories:

(in US Dollars)	Rate = 1,2271	2020	2019
Operational expenses		276 283 185	247 741 308
Other operational projects		1 781 513	2 321 229
Technical assistance to operations		17 480 701	18 260 873
Expatriate staff in missions managed by other headquarters		2 050 605	1 873 930
<b>Total for Social Missions performed directly abroad</b>		<b>297 596 003</b>	<b>270 197 341</b>

- **Operating Expenses**

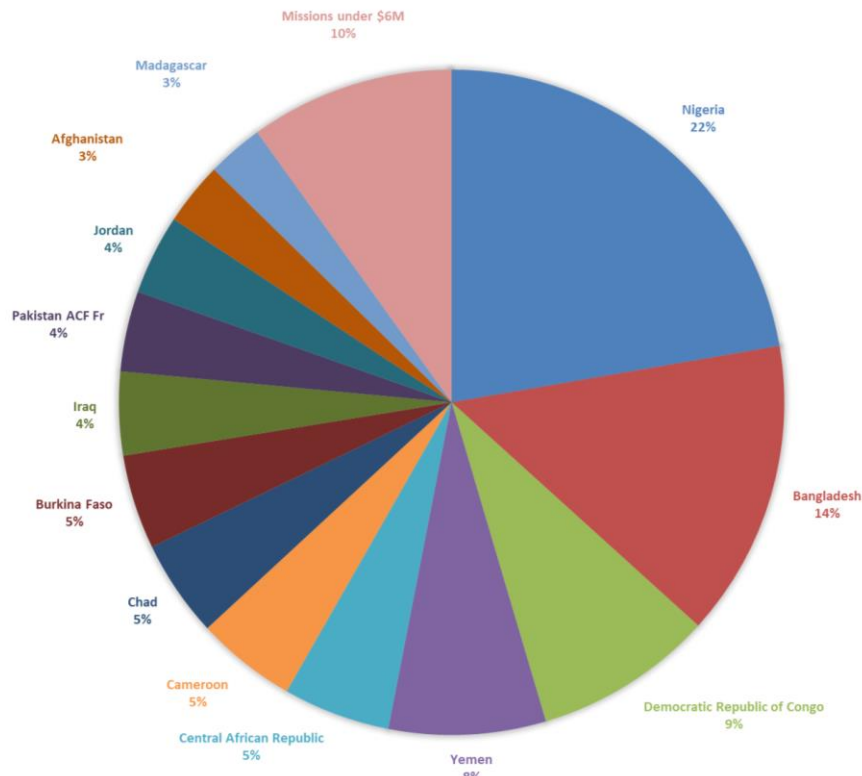
Operational expenses include costs related to implementing programmes in the field. These cover human resources in the field, logistics, and the purchase of material and supplies such as nutrition, water, mental and medical health, and food security.

(in US Dollars)	Rate = 1,2271	2020	2019
Afghanistan		8 369 565	8 996 450
Bangladesh		39 403 153	40 470 287
Myanmar		5 341 798	5 215 193
RESILAC Project*		5 696 798	4 787 122
Middle East regional office		86 158	242 875
Burkina Faso		12 537 027	6 608 977
Cameroon		13 299 096	10 850 216
Central African Republic		14 196 419	12 495 380
Democratic Republic of Congo		23 788 519	16 297 153
Ivory Coast		2 426 200	970 288
Ethiopia		4 170 430	1 745 055
Iraq		11 068 328	11 813 482
Jordan		10 607 235	11 734 576
Liberia		2 165 766	1 041 669
Libya		471 759	-
Madagascar		7 441 170	3 165 740
Mozambique		33 313	398 113
Nepal		963 333	1 231 201
Nigeria		60 827 928	54 123 312
Pakistan ACF Fr		10 662 103	10 739 999
Sierra Leone		2 345 723	2 331 909
Chad		12 871 803	11 007 054
Yemen		20 829 938	28 079 744
Zimbabwe		3 416 951	534 939
Closed missions and miscellaneous charges		3 262 673	2 860 572
<b>Total Operational Expenses</b>		<b>276 283 185</b>	<b>247 741 308</b>

The increase in operational volume can be explained by the worsening of the humanitarian crises in Burkina Faso, Madagascar, Zimbabwe, and the Democratic Republic of Congo, as well as by our institutional donors' response envelopes to the COVID-19 crisis in Cameroon, Afghanistan, DR Congo, and Yemen.

At the same time as these emergencies, Action Contre la Faim also finalised negotiations for development agreements in Côte d'Ivoire and Burkina Faso.

On the other hand, despite the additional funds linked to COVID-19 acquired in some cases, the missions in Jordan, Iraq, Afghanistan, Bangladesh, and Yemen suffered from a decrease in the funding available for these crises.



- **Other operational projects**

This item concerns projects not directly linked to a country on the ground and financed mainly by institutional donors. These activities are primarily scientific, technical, or advocacy research activities aiming to increase and share knowledge internationally and to improve the quality of practices implemented within field programmes.

As of 31 December 2020, total other operating projects totalled \$1,782K vs. \$2,322K in 2019. This decrease is partly explained by the slowdown in activity in 2020 due to the COVID-19 crisis, the reduction in recruitment and limitation of travel.

- **Operational support**

This item covers direct or indirect costs incurred by the headquarters in managing and supporting the activities of social missions abroad. In particular:

- The costs of monitoring, managing, recruiting, and training human resources;
- Technical support costs for operations, including expertise in nutrition, food security, and water/sanitation;
- Coordinating and steering the programmes by the operational departments;
- Advocacy and mobilisation activities;
- Logistical coordination and procurement management for the missions;
- Costs related to administrative and accounting management, financial control of the missions and internal control;



(in US Dollars)	Rate = 1,2271	2020	2019
Management of Human Resources		3 980 275	4 252 256
Technical support to Operations and Scientific Research and advocacy		3 571 594	3 885 697
Coordinating and piloting of programs		7 406 664	7 558 587
Logistics coordination		1 063 348	1 301 715
Administrative and financial management, controlling and internal audit		1 458 820	1 262 618
<b>Total Support for Operations</b>		<b>17 480 701</b>	<b>18 260 873</b>

The reduction in expenses is attributable to a fall in recruitment and limited travel during the COVID-19 crisis. The growth of the finance department can be explained by the creation of a team specifically assigned to the missions during 2019. There was an internal reorganisation of the department to be more supportive of the missions that, in fact, had a presence throughout 2020.

- **Expatriate staff on mission from the other headquarters;**

This item includes the cost of expatriates assigned to missions managed by another headquarters of the international network. The cost is borne and offset by income allocated to social missions.

The amount was \$2,051K in 2020 vs \$1,874K in 2019;

- **Payments to a central organisation or other bodies;**

This item includes donations, grants, and financial agreements between ACF France and the international network.

(in US Dollars)	Rate = 1,2271	2020	2019
Assistance to ACF International Network		2 854 574	5 008 633
Grants for the Funding of Other Headquarters Programs		24 268 418	10 237 936
<b>Payments to a central body or other bodies</b>		<b>27 122 992</b>	<b>15 246 569</b>

Support to the network is decreasing because the principle of sharing management costs ended in 2019 due to the exchange of countries between ACF France and ACF USA.

The growth in grant management for the other headquarters is essentially linked to the growth in volume of the Swedish donor (see 3.3 Grants) for which ACF France is the contact organisation. However, funds are then transferred to other operational headquarters for implementing their programmes for \$24 million in 2020.

## A.2 - FUNDRAISING COSTS

This heading covers all expenses incurred in collecting donations, particularly from private sources. All expenses relating to fundraising campaigns incurred within a fiscal year are attributed to that year.

### A.2.1 - Costs of calling on the public's generosity

(in US Dollars)	Rate = 1,2271	2020	2019
Expenses incurred for raising funds		8 547 812	9 084 724
Expenses Incurred for Organizing Events		149 513	160 314
Management of campaigns and donations processing		5 827 094	6 623 238
Expenses Incurred for sponsorship research		1 241 783	1 576 820
<b>Expenses incurred for raising funds from public generosity</b>		<b>15 766 202</b>	<b>17 445 097</b>

The first three categories include all costs related to appeals for donations from the general public. These include direct operational costs (direct marketing, bequests, Race Against Hunger for half), campaign monitoring, management costs, and donation processing costs.

Fundraising costs include expenses incurred in seeking donations from companies.

The decrease in expenses is linked to a reduction in mailings as well as to completing the transition of our collection registration service provider.

In addition, the expenses related to organising the intercompany Challenges were limited due to their cancellation.

### A.2.2 - Expenses related to obtaining grants and other public assistance

Since 2017, Action Contre la Faim France has centralised the unit's costs for grant-seeking and relations with institutional donors. To this end, Action Contre la Faim France is financially supported by the entire network.

As of 31 December 2020, grant-seeking costs totalled \$1,063K compared to \$1,066K in 2019.

### A.3 - OPERATING COSTS

This heading includes costs associated with operating the structure and general services of ACF's headquarters, information systems, as well as financial expenses and exceptional expenses.

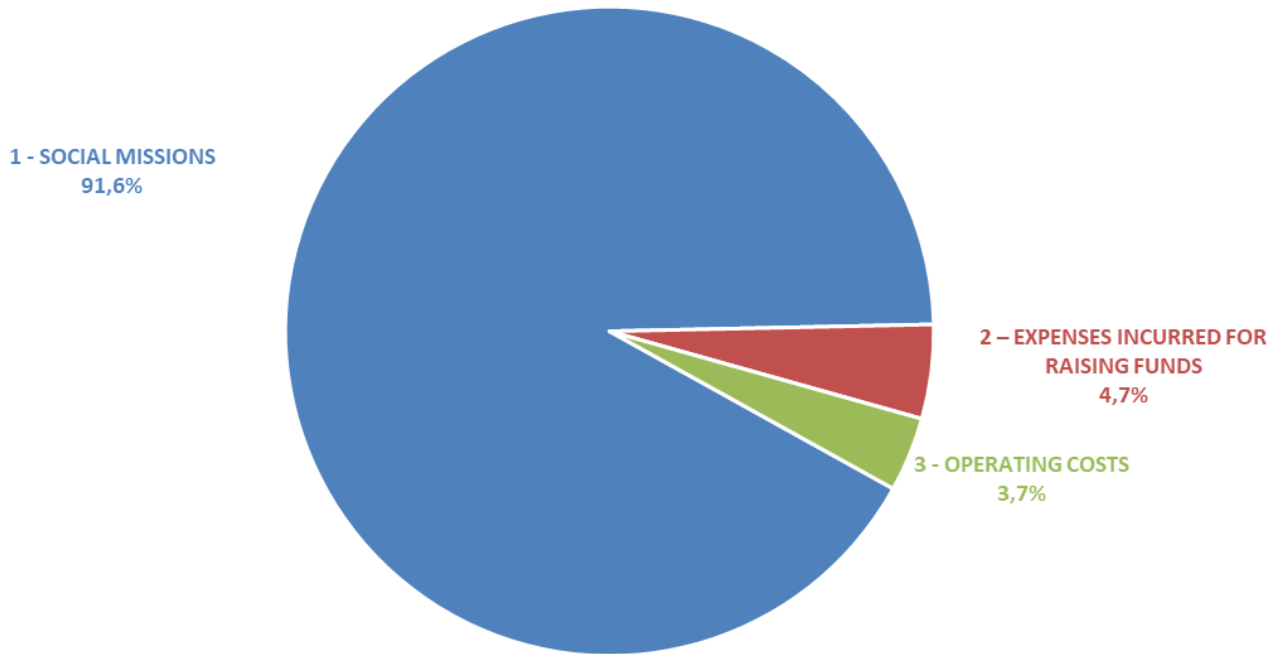
(in US Dollars)	Rate = 1,2271	2020	2019
Operating costs and general services costs - Headquarters		9 808 285	8 866 863
Financial charges		3 504 456	2 339 762
Extraordinary charges		8 242	368 109
<b>Total Operating Costs</b>		<b>13 320 984</b>	<b>11 574 734</b>

The change in structural costs and general services is related to the capital expenditure on information systems.

The \$1.2M increase in financial charges is linked to hedging operations carried out in 2020. These expenses must be assessed in light of the income recorded on these operations amounting to \$2.8M (see B.2.4)

#### A.4 - BREAKDOWN OF EXPENSES BY USAGE (column 1)

This chart shows the amount of each use item in relation to the total uses of the Resource Utilisation Account. This is excluding allocations to provisions and carryovers to dedicated funds for the fiscal year.



## **B - 2020 PROCEEDS**

The new ANC regulation no. 2018-06 has an impact on the reading by item of the association's income. This is because:

- Corporate sponsorship is moved from the 2019 heading "Other private funds" to the heading "Income from public generosity".
- Financial contributions are moved from the 2019 heading "Other private funds" to the heading "Income not from public generosity".

In accordance with Article 432-9 of Regulation No. 2018-6, the proceeds of the public's generosity according to the funder's will to dedicate them or not to defined projects are composed as follows:

<b>Incomes restricted by the third-party funder to a defined project and Non-Restricted Incomes</b>	<b>Restricted</b>	<b>Non-Restricted</b>	<b>Total</b>
<b>(in US Dollars) Rate = 1,2271</b>			
Manual donations	698 761	40 367 344	41 066 104
Bequests, donations and life insurance	-	3 158 847	3 158 847
Sponsorship	1 912 623	1 574 477	3 487 100
Other income relating to appealing for public donations	481 436	1 539 688	2 021 123
<b>Public Generosity</b>	<b>3 092 820</b>	<b>46 640 357</b>	<b>49 733 175</b>

### **B.1 - PROCEEDS FROM THE PUBLIC'S GENEROSITY**

This income corresponds to all donations from individuals and companies (sponsorship).

#### **B.1.1 - Contributions without consideration.**

Membership fees are the cost of joining the association. They amounted to \$12,210 in 2020.

#### **B.1.2 - Donations, bequests, and sponsorship.**

##### **B.1.2.1 Donations**

<b>(in US Dollars) Rate = 1,2271</b>	<b>2020</b>	<b>2019</b>
Non-Restricted manual donations	40 367 344	37 995 018
Restricted manual donations	698 761	1 038 166
<b>Total Donations</b>	<b>41 066 104</b>	<b>39 033 184</b>

In 2020, donations from individuals increased in 2020. Our calls for donations during the health situation received a positive response from our donors.

### B.1.2.2 Bequests

In accordance with Article 431-8 of ANC Regulation no. 2018-06, the amount of bequests, in the CROD as well as in the income statement, to be considered is \$3,159K since it is composed of the following accounting items:

Incomes	Amount (in US Dollar) Rate = 1,2271
Amount received for life insurance	749 681
Amount of the section "Bequests or donations" defined in article 213-9	1 453 230
Selling price of goods received by bequest or donations intended to be sold	1 651 319
write-backs of depreciations of assets received by bequest or donations intended to be sold	0
Use of deferred funds related to bequests or donations	2 607 095
Expenditures	Amount (in US Dollar) Rate = 1,2271
Net book value of goods received by bequest or donations intended to be sold	1 849 967
Depreciation of assets received by bequest or donations intended to be sold	31 451
Carryover in deferred funds related to bequests or donations	1 421 059
<b>balance of the section</b>	<b>3 158 847</b>

This amount is in line with the bequests obtained in 2019 of \$3,032K.

### B.1.2.3 Sponsorships.

(in US Dollars)	Rate = 1,2271	2020	2019
<b>Sponsorship and partnerships - Non restricted</b>		<b>1 574 477</b>	<b>2 644 262</b>
<b>Sponsorship and partnerships - Restricted</b>		<b>1 912 623</b>	<b>2 373 060</b>
<b>Other private funds</b>		<b>3 487 100</b>	<b>5 017 322</b>

Conversely, corporate sponsorship was down by 30%. This was primarily due to the cancellation of the intercompany Challenges caused by the COVID-19 crisis.

### B.1.3 - Other income generated by appeals to the public's generosity

(in US Dollars)	Rate = 1,2271	2020	2019
Run against Hunger and Non-Restricted Delegations Partnerships		109 402	2 413 239
		1 430 286	1 564 181
<b>Other non-Restricted income related to public generosity</b>		<b>1 539 688</b>	<b>3 977 420</b>

(in US Dollars)	Rate = 1,2271	2019	2018
Run against Hunger and Restricted Delegations		103 446	2 169 872
Other events		377 990	272 427
<b>Other Restricted income related to public generosity</b>		<b>481 436</b>	<b>2 442 299</b>

<b>Total Other income related to public generosity</b>		<b>2 021 123</b>	<b>6 419 719</b>
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This item includes all private donations collected during events, such as the Race against Hunger, or within the framework of solidarity items, the "Je dej', Je donne" operation.

Donations in 2020 were \$2,021K compared to \$6,419K in 2019. This shortfall was mainly due to the cancellation of the Race Against Hunger event in 2020 as a consequence of the COVID-19 health crisis.

## B.2 - PROCEEDS UNRELATED TO THE PUBLIC'S GENEROSITY

**B.2.1 - Contribution with Consideration:** not relevant

**B.2.2 - Company sponsorship:** not relevant

**B.2.3 - Financial contribution without consideration.**

The financial contributions without consideration correspond to payments from the Gates Foundation as well as from the network's associations.

They amounted to \$1,839K in 2020 compared to \$3,013K in 2019.

**B.2.4 - Other proceeds not related to public generosity**

(in US Dollars)	Rate = 1,2271	2020	2019
Other income allocated to Social Missions		5 516 731	3 878 259
Other income non-allocated to Social Missions		7 800 336	3 993 995
Extraordinary Income		4 263	154
<b>TOTAL OTHER INCOME</b>		<b>13 321 330</b>	<b>7 872 408</b>

"Other proceeds" include resources not related to private or public fundraising. They are separated into three main items:

- Other income related to social missions: this includes currency gains and exceptional income recognised on missions.

- Other income not allocated to the association's social missions. The main changes being:
  - o Increase in our income on our currency hedging operations of +\$700K;
  - o Increase in our income from currency flows for the year of +\$1.7M;
  - o Renegotiation of management fees between ACF France and ACF USA in the context of the country exchanges of +\$700K.

### B.3 - Grants and other public assistance

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

Grants can be received through two channels:

- By the ACF headquarters in France;
- Or directly by the missions.

(in US Dollars)	Rate = 1,2271	2020	2019
European Union - ECHO		26 479 733	22 470 842
European Union - DEVCO		37 403 698	33 194 270
United Nations - UNICEF		13 491 159	19 320 303
United Nations - Others		23 562 515	35 796 605
American Government		66 144 454	52 245 026
French Government		22 121 800	18 704 603
Swedish Government		37 105 984	23 664 500
British Government		26 019 234	20 679 271
Canadian Government		7 663 642	7 052 649
Swiss Government		4 958 927	4 367 298
German Government		14 651 391	8 613 623
Irish Government		1 405 380	1 049 026
Other Public Institutions		10 690 300	8 497 444
Other Gouvernements and miscellaneous Institutional Donors		267 052	541 042
<b>Total Grants and other public aid</b>		<b>291 965 270</b>	<b>256 196 502</b>

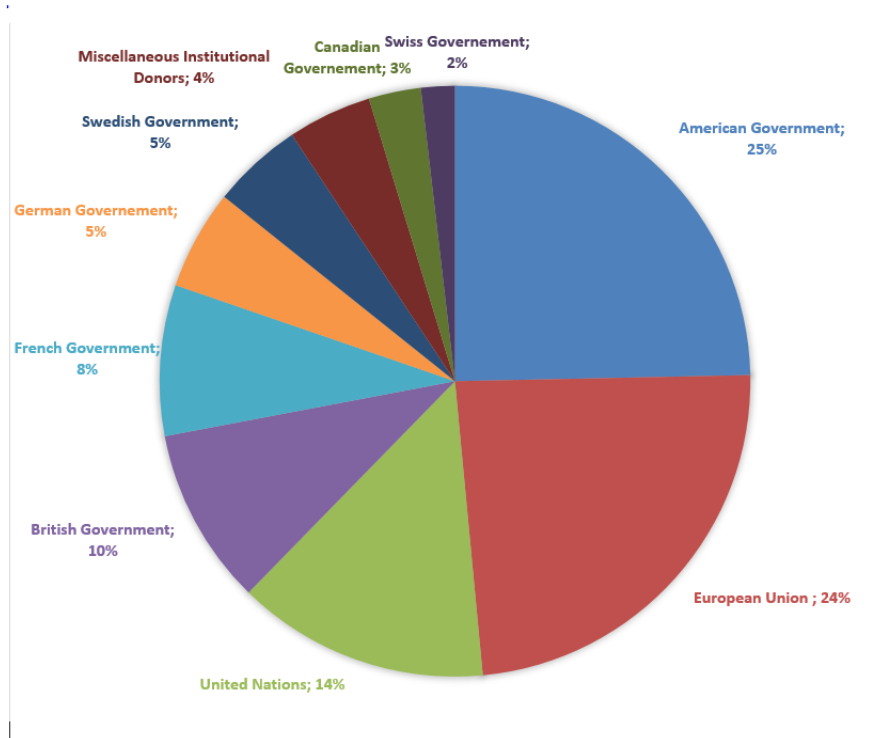
In 2020, operational growth continued to be supported by institutional donors. However, there has been a shift in ACF France's donor portfolio with a significant increase in American, German, and British funds along with a decrease in United Nations funds.

The 27% growth in US funds was primarily due to the development of Food For Peace-funded food security projects in Bangladesh, Burkina Faso, the Democratic Republic of Congo, Chad, and the Central African Republic.

The 70% increase in German funding reflects the missions' ability to position themselves, particularly with regard to the German Federal Foreign Office (GFFO) emergency funds, thanks to the support of ACF Germany. The 26% growth in UK funds can be explained by two COVID-19 responses in Yemen and the Democratic Republic of Congo. It is also the result of the increase in START FUND and health and mental health/care practice funding via FCDO/UNOPS (United Nations Office for Project Services) in Bangladesh.

On the contrary, there was a sharp drop in UN funding in two countries, Bangladesh, where UN agencies are directing their funding to local NGOs, and in Yemen, where the humanitarian response plan was significantly underfunded in 2020.

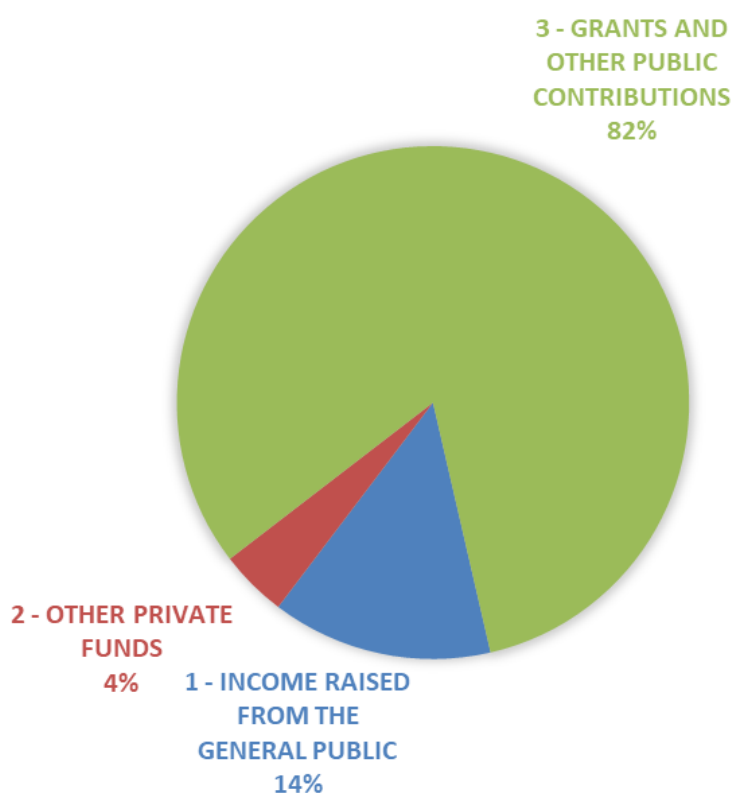
It should be noted that the share of funding from the Swedish government remained stable within ACF France at approximately \$13.5M, but is growing for the international network at \$23.7M in 2020. The ratios of grants for activities carried out directly by ACF France, excluding payments of Swedish government funds to other organisations operating abroad, amounted to \$23M. These are as follows:





## B.4 - BREAKDOWN OF RESOURCES BY THEIR ORIGIN

This diagram shows the amount of each type of resource in relation to the total resources of the Income Statement. They are broken down by origin and destination, excluding reversals of provisions and use of previous dedicated funds.



## C - DEDICATED FUNDS

At the level of the Income Statement by Sources and Uses (CROD), we note in "use of previous dedicated funds" the allocation of dedicated funds related to implementing programmes by ACF France during the fiscal year and financed by dedicated funds.

"Dedicated funds carried forward": the difference between the amounts collected and allocated in 2020 and the use made of them in the same fiscal year.

The balance sheet accounts enable linking the information provided in the annex to the balance sheet with the movements reported in the income statement by sources and uses.

## **PART 3 - ALLOCATION OF RESOURCES AND REVENUES COLLECTED FROM THE PUBLIC AND USED OVER 2020 BY SOURCES AND USES**

### **3.1 - METHOD**

The allocation by use of resources collected from the public is the balance corresponding to uses that were not financed by resources other than those from public generosity.

### **3.2 - PRINCIPLES OF RESOURCE ALLOCATION BY USE**

#### **3.2.1 - Operating costs**

Operating costs are funded according to the following order:

- By the indirect costs of administrative fees charged to institutional donors within the framework of projects;
- Beyond that, there are two possibilities:
  - o The indirect costs charged are higher than the operating costs. The balance is then charged to the social missions;
  - o The indirect costs charged are lower than the operating costs. The balance is therefore financed by other unrestricted private funds, i.e. the balance after financing the fundraising costs. If necessary, it is financed by resources from the public's generosity.

#### **3.2.2 - Social missions**

The Social Missions are funded in the following order:

- By the resources allocated and used, excluding indirect invoiced costs such as grants, financial contributions without consideration, and other income allocated to social missions;
- By any remaining indirect costs charged after allocation to operating costs;
- And by public generosity.

#### **3.2.3 - Fundraising costs**

Fundraising costs are funded according to the following order:

- Through contributions of the international network to the Donor Relations Department
- And by public generosity.

### **3.3 - FIXED ASSETS**

All fixed assets procured for the headquarters were financed by resources raised from the public.

### **3.4 - ANNUAL USE OF RESOURCES ACCOUNT**

The Resource Utilisation Account is an extrapolation. It is compiled in order to present a more accurate picture of the information given in the column "of which public generosity" of the CROD. These have been defined in line with the resource utilisation method described above.

EXPENDITURES BY DESTINATION	2020 Financial year	INCOMES BY ORIGIN	2020 Financial year
<b>EXPENDITURES BY DESTINATION</b>		<b>INCOMES BY ORIGIN</b>	
<b>EXPENDITURES FOR THE YEAR</b>	<b>43 024 671</b>	<b>INCOMES FOR THE YEAR</b>	
<b>1 - SOCIAL MISSIONS</b>	-	<b>1 - INCOMES RAISED FROM THE GENERAL PUBLIC</b>	<b>49 744 771</b>
<b>1.1 - CARRIED OUT IN FRANCE</b>	<b>4 007 889</b>		
Actions carried out by the organization	4 007 889	<b>1.1 - CONTRIBUTION WITHOUT CONSIDERATION</b>	<b>11 596</b>
Payments to a central organization or to other organizations operating in France	-		
<b>1.2 - CARRIED OUT ABROAD</b>	<b>39 016 782</b>	<b>1.2 - DONATIONS, BEQUESTS AND SPONSORSHIP</b>	<b>47 712 052</b>
Actions carried out by the organization	37 839 619	- Manual Donations	41 066 104
Payments to a central organization or to other organizations operating in France	1 177 163	- Bequests, donations and life insurance	3 158 847
		- Sponsorship	3 487 101
<b>2 - FUNDRAISING COSTS</b>	<b>16 242 334</b>	<b>1.3 - OTHER INCOME RELATING TO APPEALING FOR PUBLIC DONATIONS</b>	<b>2 021 123</b>
<b>2.1 - PUBLIC GENEROSITY CALL FEES</b>	<b>15 766 202</b>	Other products related to public generosity - Restricted	481 436
<b>2.2 - OTHER RESOURCES RESEARCH EXPENSES</b>	<b>476 132</b>	Other products related to public generosity - Non Restricted	1 539 688
<b>3 - OPERATING COSTS</b>	-		
<b>TOTAL EXPENDITURES</b>	<b>59 267 005</b>	<b>TOTAL DES RESOURCES</b>	<b>49 744 771</b>
<b>4 - DEPRECIATION, AMORTIZATION AND PROVISIONS</b>	-	<b>2 - WRITING-BACK OF PROVISIONS</b>	-
<b>5 - INCOME TAX</b>	<b>1 982 906</b>	<b>3 - USE OF PREVIOUS DEDICATED FUNDS</b>	<b>5 165 856</b>
<b>SURPLUS OF PUBLIC GENEROSITY FOR THE YEAR</b>	-	<b>DEFICIT OF PUBLIC GENEROSITY FOR THE YEAR</b>	<b>6 339 284</b>
<b>TOTAL</b>	<b>61 249 912</b>	<b>TOTAL</b>	<b>61 249 912</b>
		<b>INCOMES CARRIED OUT RELATED TO THE GENEROSITY OF THE PUBLIC AT THE BEGINNING OF THE FINANCIAL YEAR (EXCLUDING DEDICATED FUNDS)</b>	<b>23 755 106</b>
		Surplus or deficiency of Public Generosity	- 6 339 284
		Net investments and divestments related to the Public Generosity for the year	- 456 707
		<b>INCOMES CARRIED OUT RELATED TO THE PUBLIC GENEROSITY AT THE END OF THE YEAR (EXCLUDING DEDICATED FUNDS)</b>	<b>16 959 114</b>

VOLUNTARY CONTRIBUTIONS IN KIND	2020 Financial year		2020 Financial year
<b>EXPENDITURES FOR THE YEAR</b>		<b>INCOMES FOR THE YEAR</b>	
<b>1 - VOLUNTARY CONTRIBUTIONS TO SOCIAL MISSIONS</b>	-	<b>1 - VOLUNTARY CONTRIBUTIONS RELATED TO THE PUBLIC GENEROSITY</b>	<b>1 089 396</b>
- Carried out in France	-	Volunteering	8 921
- Carried out abroad	-	Benefits in kind	1 080 476
		Donations in kind	-
<b>2 - VOLUNTARY CONTRIBUTION TO FUNDRAISING</b>	<b>1 080 476</b>		
<b>3 - VOLUNTARY CONTRIBUTION TO OPERATING COSTS</b>	<b>8 921</b>		
<b>TOTAL</b>	<b>1 089 396</b>	<b>TOTAL</b>	<b>1 089 396</b>

In 2020, Action Contre la Faim drew on \$61,249,469 from public generosity to carry out its activities. This was possible thanks to the year's donations of \$54,910K, but also thanks to the balance of Public Generosity still available in early 2020 vs. \$23,975K

It is important to note that Action Contre la Faim's strategy of using Public Generosity as explained in Part 3 implies a decrease in its share of associative funds. This was partly offset by the capitalisation of other unused income, most of which consisted of financial income (see B.2.4)

The dedicated funds are only composed of public generosity.

DEDICATED FUNDS RELATED TO THE PUBLIC GENEROSITY	2020 Financial year	2019 Financial year
<b>DEDICATED FUNDS RELATED TO THE GENEROSITY OF THE PUBLIC AT THE BEGINNING OF THE YEAR</b>	<b>9 695 942</b>	<b>8 218 036</b>
(-) Use	5 165 856	2 861 400
(+) Report	1 982 906	4 339 305
<b>DEDICATED FUNDS LINKED TO PUBLIC GENEROSITY AT THE END OF THE YEAR</b>	<b>6 512 992</b>	<b>9 695 942</b>

## **PART 4 - CER, THE INCOME AND EXPENDITURE ACCOUNT, 2019.**

The CER for fiscal year 2019 was prepared in accordance with Regulation No. 2018-12 on the preparation of the CER of associations and foundations amending CRC Regulation No. 99-01. It is therefore presented here for information, though not specifically in comparison to the 2020 CER or CROD. All activity-related developments between 2019 and 2020 were specified in Part 2 of this report.

EXPENDITURES	Expenditures in 2019 = Income Statement	Allocation by use of resources raised from the and used in 2019
<b>1 - SOCIAL MISSIONS</b>	<b>289 611 847</b>	<b>36 763 197</b>
<b>1.1 - SOCIAL MISSIONS IN FRANCE</b>	<b>4 167 938</b>	
Actions performed directly	4 167 938	
Payments to other bodies intervening in France	0	
<b>1.1 - SOCIAL MISSIONS PERFORMED ABROAD</b>	<b>285 443 909</b>	
<b>Actions performed directly</b>	<b>270 197 340</b>	
Operational expenses	247 741 308	
Other operational projects	2 321 229	
Operations support	18 260 873	
Expatriates from other headquarters	1 873 930	
<b>Payments to a Central Body or Other Bodies</b>	<b>15 246 569</b>	
<b>2 – EXPENSES INCURRED FOR RAISING FUNDS</b>	<b>18 511 262</b>	<b>16 362 551</b>
<b>2.1 - COSTS INCURRED FOR APPEALING TO PUBLIC DONATIONS</b>	<b>15 868 277</b>	
<b>2.2 – EXPENSES INCURRED FOR OTHER PRIVATE FUNDING</b>	<b>1 576 820</b>	
<b>2.3 - CHARGES RELATING TO FINDING GRANTS AND OTHER PUBLIC CONTRIBUTIONS</b>	<b>1 066 165</b>	
<b>3 - OPERATING COSTS</b>	<b>11 574 734</b>	<b>0</b>
<b>I - TOTAL OF EXPENDITURES FOR THE FISCAL YEAR ENTERED IN THE FINANCIAL STATEMENT</b>	<b>319 697 843</b>	<b>53 125 748</b>
<b>II - ALLOCATIONS OF PROVISIONS</b>	<b>10 019 065</b>	
<b>III - INVESTMENT ON APPROPRIATED INCOME</b>	<b>4 339 305</b>	
<b>IV - SURPLUS OF INCOME DURING THE FISCAL YEAR</b>	<b>0</b>	
<b>V - TOTAL</b>	<b>334 056 214</b>	
<b>V - Proportion of Gross Capital Expenditures for the fiscal year financed by the funds raised from the general public</b>		<b>469 731</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>49 615</b>
<b>VII - Total Expenditures Financed by Funds Raised from the General Public</b>		<b>53 545 864</b>
<b>EVALUATION OF VOLUNTARY IN-KIND CONTRIBUTIONS</b>		
Social missions	8 996 209	
Expenditures relating to Fundraising	984 000	
Operating costs and other expenses	3 837	
<b>TOTAL</b>	<b>9 984 046</b>	

<b>INCOME</b>	<b>Income raised in 2019 = Income Statement</b>	<b>Monitoring of funds raised from the general public and used in 2019</b>
<i>(in US Dollars)</i> <i>Rate = 1,2271</i>	(2)	(4)
AMOUNT CARRIED FORWARD - INCOME RAISED FROM THE PUBLIC NOT ALLOCATED / NOT USED AT THE BEGINNING OF THE FINANCIAL YEAR		18 903 793
<b>1 - INCOME RAISED FROM THE GENERAL PUBLIC</b>	<b>48 506 769</b>	<b>48 506 769</b>
<b>1.1 - DONATIONS AND BEQUESTS RAISED</b>	<b>42 065 797</b>	
Non dedicated manual donations	37 995 018	
One-off donations	11 543 065	
Direct debit payment	26 451 953	
Dedicated manual donations	1 038 166	
Non dedicated bequests and other donations	3 032 613	
Dedicated bequests and other donations	0	
<b>1.2 - OTHER INCOME RELATING TO APPEALING FOR PUBLIC DONATIONS</b>	<b>6 440 973</b>	
Other Dedicated Income relating to Public Generosity	2 442 299	
Other Non-Dedicated Income relating to Public Generosity	3 998 673	
<b>2 - OTHER PRIVATE FUNDS</b>	<b>8 029 901</b>	
Unallocated Donation and Mentoring	2 644 262	
Allocated Donation and Mentoring	2 373 060	
Allocated private Grant	3 012 579	
<b>3 - GRANTS AND OTHER PUBLIC CONTRIBUTIONS</b>	<b>256 196 502</b>	
<b>4 - OTHER INCOME</b>	<b>7 872 408</b>	
<b>I - TOTAL INCOME FOR THE FISCAL YEAR ENTERED IN THE INCOME STATEMENT</b>	<b>320 605 580</b>	
II - WRITING-BACK OF PROVISIONS	5 029 978	
III - AMOUNT CARRIED FORWARD FOR DEDICATED INCOME AND NOT USED FROM PREVIOUS FINANCIAL YEAR	2 861 278	
IV - FLUCTUATION OF RESTRICTED FUNDS RAISED FROM THE PUBLIC (Refer to the table summarizing restricted funds)		630 095
V - INCOME SHORTAGE DURING THE FISCAL YEAR	5 559 379	
<b>VI - TOTAL</b>	<b>334 056 214</b>	
VII - Total expenditures financed by funds raised from the general public		53 545 865
BALANCE OF INCOME RAISED FROM THE PUBLIC NOT ALLOCATED AND NOT USED AT THE END OF THE FINANCIAL YEAR		14 494 792
<b>EVALUATION OF VOLUNTARY IN-KIND CONTRIBUTIONS</b>		
Voluntary work	10 782	
In-Kind Benefits	8 841 592	
In-Kind Donations	1 131 673	
<b>TOTAL</b>	<b>9 984 046</b>	