

AFRICA ACTION

AFRICA ACTION
FINANCIAL STATEMENTS
DECEMBER 31, 2008

Contents

| | |
|---------------------------------------|-----|
| INDEPENDENT AUDITOR'S REPORT..... | 1 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position..... | 2 |
| Statement of Activities | 3 |
| Statement of Functional Expenses..... | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6-8 |

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Africa Action

We have audited the accompanying statement of financial position of Africa Action as of December 31, 2008 and the related statements of activity and net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Africa Action's management. Our responsibility is to express an opinion on these financial statements based on our audit. Prior year summarized comparative information has been derived from the audited 2007 financial statements and our report dated August 27, 2008 where we expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Africa Action, as of December 31, 2008 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Washington, DC
December 29, 2009

Statement of Financial Position
 December 31, 2008
 (with comparative totals for 2007)

| | <u>2008</u> | <u>2007</u> |
|-------------------------------------|-----------------------|-------------------------|
| ASSETS | | |
| Current | \$ | \$ |
| Cash & Cash Equivalents | 48,198 | 90,868 |
| Grants Receivable | 0 | 0 |
| Prepaid Expenses | 10,807 | 8,964 |
| Total Current Assets | <u>59,005</u> | <u>99,832</u> |
| Property | | |
| Furniture & Equipment | 8,173 | 48,381 |
| Less: accumulated depreciation | <u>(3,252)</u> | <u>(41,216)</u> |
| Total Property | 4,921 | 7,165 |
| Investments | | |
| Fixed Income & Equity Securities | 731,410 | 970,188 |
| Total Investments | <u>731,410</u> | <u>970,188</u> |
| Long-Term | | |
| Security Deposits | 0 | 4,013 |
| Total Long-Term Assets | <u>0</u> | <u>4,013</u> |
| Total Assets | <u><u>795,336</u></u> | <u><u>1,480,877</u></u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable & Accrued Expenses | 9,261 | 17,300 |
| Total Liabilities | <u>9,261</u> | <u>17,300</u> |
| NET ASSETS | | |
| Unrestricted | 12,184 | 16,169 |
| Temporarily Restricted | 42,481 | 47,729 |
| Permanently Restricted | 731,410 | 1,000,000 |
| Total Net Assets | <u>786,075</u> | <u>1,063,898</u> |
| Total Liabilities & Net Assets | 795,336 | 1,081,198 |

AFRICA ACTION

Statement of Activities
 December 31, 2008
 (with comparative totals for 2007)

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total 2008 | Total 2007 |
|---------------------------------------|--------------|---------------------------|---------------------------|---------------|---------------|
| | \$ | \$ | \$ | \$ | \$ |
| REVENUE | | | | | |
| Grants | 114,000 | 0 | 0 | 114,000 | 13,200 |
| Contributions | 98,523 | 0 | 0 | 98,523 | 96,553 |
| Honorariums & Bequests | 404,158 | 0 | 0 | 404,158 | 1,150 |
| Publications & Subscriptions | 0 | 0 | 0 | 0 | 533 |
| Interest | 525 | 0 | 0 | 525 | 18,889 |
| Miscellaneous | 3,279 | 0 | 0 | 3,279 | 49 |
| Realized gain (loss) on investments | 20,500 | 0 | 0 | 20,500 | 53,682 |
| Unrealized gain (loss) on investments | 0 | 0 | 0 | 0 | (29,369) |
| Net assets released from restriction | 0 | 0 | 82,975 | 0 | 0 |
| Total Revenue | 640,985 | 0 | 82,975 | 723,960 | 154,687 |
| EXPENSES | | | | | |
| Program Services | 579,968 | 0 | 0 | 579,968 | 396,171 |
| Management & General | 140,540 | 0 | 0 | 140,540 | 122,971 |
| Fundraising | 48,318 | 0 | 0 | 48,318 | 33,204 |
| Total Expenses | 768,826 | 0 | 0 | 768,826 | 552,346 |
| NET ASSETS, BEGINNING OF YEAR | 16,169 | 47,729 | 1,000,000 | 1,063,898 | 1,461,557 |
| CHANGE IN NET ASSETS | (3,985) | (5,248) | (268,590) | (277,823) | (397,659) |
| NET ASSETS, END OF YEAR | 12,184 | 42,481 | 731,410 | 789,075 | 1,063,898 |

AFRICA ACTION

Statement of Functional Expenses
 December 31, 2008
 (with comparative totals for 2007)

| | Program Services | Management & General | Fundraising | Total 2008 | Total 2007 |
|------------------------------------|---------------------|-------------------------|---------------|----------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Salaries | 178,740 | 72,021 | 21,352 | 272,113 | 279,265 |
| Employee Benefits | 39,092 | 12,240 | 3,714 | 55,046 | 58,583 |
| Payroll Taxes | 13,639 | 6,137 | 1,982 | 21,758 | (combined above) |
| Consultants & Professional Fees | 25,614 | 5,000 | 0 | 30,614 | 61,145 |
| Advertising & Promotion | 18,666 | 0 | 0 | 18,666 | 50 |
| Office Expenses | 50,749 | 11,306 | 14,479 | 76,534 | 43,779 |
| Occupancy | 38,664 | 18,243 | 5,909 | 62,816 | 63,677 |
| Travel | 83,243 | 2,200 | 0 | 85,443 | 23,434 |
| Conferences, Conventions, Meetings | 116,502 | 2,385 | 0 | 118,887 | 7,269 |
| Interest | 28 | 0 | 0 | 28 | 2 |
| Payments to Affiliates | 0 | 3,980 | 0 | 3,980 | 0 |
| Insurance | 4,250 | 0 | 0 | 4,250 | 4,757 |
| Dues & Subscriptions | 6,892 | 5,000 | 650 | 12,542 | 5,469 |
| Miscellaneous | 1,340 | 728 | 17 | 2,085 | 2,134 |
| Payroll Fees | 1,328 | 386 | 215 | 1,929 | 1,702 |
| Contributions | 0 | 650 | 0 | 650 | 250 |
| Bank Fees | 1,221 | 264 | 0 | 1,485 | 830 |
| Totals | 579,968 | 140,540 | 48,318 | 768,826 | 552,346 |

AFRICA ACTION

Statement of Cash Flows
 December 31, 2008
 (with comparative totals for 2007)

| | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | \$ | \$ |
| Increase (decrease) in net assets | (277,823) | (397,659) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | | 6,299 |
| Realized gain (loss) on sale of investments | 103,475 | (3,161) |
| Unrealized gain (loss) on investments | (194,848) | 29,369 |
| (Increase) decrease in | | |
| Grants receivable | (20,000) | 20,000 |
| Accounts receivable | 0 | 0 |
| Other assets | | (2,690) |
| Increase (decrease) in | | |
| Accounts Payable & Accrued Expenses | (8,039) | (2,020) |
| Net cash provided (used) by operating expenses | (119,412) | (349,862) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of furniture and equipment | (3,151) | (2,317) |
| Purchase of investments | (2,902) | (47,559) |
| Sale of investments | 82,795 | 109,700 |
| Net cash provided (used) by investing activities | 76,742 | 59,824 |
| CASH, BEGINNING OF YEAR | 90,868 | 380,906 |
| NET CHANGE IN CASH | (42,670) | (290,038) |
| CASH, END OF YEAR | 48,198 | 90,868 |

A. ORGANIZATION

Africa Action was incorporated under the Non-Profit Corporation Act of the District of Columbia. Prior to 2001, Africa Action was known as the Africa Policy Information Center (APIC) was incorporated in 1978 to obtain information about conditions and developments in South Africa. In April 2001, Africa Action amended its Articles of Incorporation, bylaws and logo to reflect the new name. Africa Action makes information available on a non-partisan basis to the general public, members of the United States Congress, other government officials, and academic institutions. Africa Action publishes educational materials, conducts educational campaigns and engages in other activities deemed desirable or required to fulfill its purposes and objectives.

B. SUMMARY OF ACCOUNT POLICIES

- **Basis of Accounting** – The financial statements are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred without regard to the date of receipt or payment of cash.
- **Cash Flow Information** – Cash and cash equivalents consist of all highly liquid investments with maturity of three months or less when purchased.
- **Contributions** – Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions having temporary restrictions which are met in the period they are received are reported as unrestricted. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.
- **Investments** – Investments consist primarily of equity and fixed income mutual funds, the fair value of which is based upon quoted market prices.
- **Property** – Property is stated at cost. Depreciation is computed on the straight-line method based on estimated useful life of five years.
- **Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ in those estimates.

C. INCOME TAX

Africa Action is exempt from federal income taxes on income derived from any source related to its exempt purpose under Section 501(c)(3) of the Internal Revenue Code. Income which is not related to exempt purpose, less applicable deductions is subject to federal and state corporate income taxes. Africa Action does not have any unrelated business income for the year ended December 31, 2008.

D. INVESTMENTS

As of December 31, 2008 investments consisted of equity mutual funds with a fair market value of \$731,410 and fixed income mutual funds with a fair market value of \$42,481.

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2008 consisted of \$42,481.

F. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of a donation received from the estate of Andrew E. Norman and the estate of Margot McInerney.

G. OPERATING LEASE

On December 1, 2002, Africa Action entered into a 5-year operating lease for office space at 1634 Eye Street, NW, Suite 810, Washington, DC. The lease was renewed on 12/1/07 for an additional 3-year term ending 11/30/10. Africa Action is required to make monthly rental payments and additional payments relating to its proportionate share of total building rentable area and any increase in the operating expenses of the building. Rent expense for the year ended December 31, 2008 was \$62,816.

Future lease commitments are:

| | |
|---------------------|----------|
| 12/1/08 – 11/30/09: | \$64,086 |
| 12/1/09 – 11/30/10: | \$65,848 |

On November 23, 2008 Africa Action entered into a 36-month non-cancelable operating lease for a digital copier. The lease requires basic monthly payments of \$185. Lease expenses for year ended December 31, 2008 was \$370. Future minimum lease payments are \$5,595.

H. PENSION PLAN

Africa Action maintains a 403(b) tax-deferred annuity plan (the Plan) for all eligible employees. In order to participate in the Plan, employees must maintain three months of service and attain age 18. Africa Action contributes 8% of each employee's salary to the Plan. During 2008, Africa Action's contribution to the Plan was \$15,001.

I. PROGRAM SERVICES

Africa Action is the oldest organization in the U.S. working on African affairs. We are a national organization based in Washington, DC. Our work dates back to 1953, the year our oldest predecessor organization was founded in New York. Today, in partnership with activists and civil society organizations throughout the United States and in Africa, Africa Action is working to change U.S. foreign policy and the policies of international institutions in order to support African struggles for peace and development.

AFRICA ACTION

Africa Action is the name adopted in 2001, when three of the oldest Africa advocacy groups in the United States merged to become one new organization, working for political, economic and social justice throughout the African continent. The predecessor organizations date back to 1953, when the American Committee on Africa (ACOA) was founded in New York. It was created by a group of black and white civil rights activists who had organized support for the historic Defiance Campaign in South Africa the previous year. ACOA, together with The Africa Fund, which was founded in 1966, provided key support for independence movements throughout Africa. They built strong networks of U.S.-based activists that became crucial partners in the anti-apartheid struggle. The Africa Policy Information Center (APIC) was founded in Washington, DC in 1978. It pioneered the use of new information and communication technology to support advocacy work on Africa. With the merger of these three organizations in 2001, their complementary strengths became a solid framework to organize activism for Africa in the decades ahead.

Africa Action is a national organization that works for political, economic and social justice in Africa. Through the provision of accessible information and analysis combined with the mobilization of public pressure the organization works to change the policies and policy-making processes of U.S. and multinational institutions toward Africa. The work of Africa Action is grounded in the history and purpose of its predecessor organizations, continuing this tradition,

- Africa Action seeks to re-shape U.S. policy toward African countries. Africa Action's work is guided by a set of core beliefs:
- We believe that the U.S. has a special historic responsibility toward Africa;
- We believe that racism has been and is a major determinant of U.S. policies toward Africa, Africans and U.S. citizens of African descent;
- We value Africa and the people of Africa and seek to work in partnership with Africans;
- We believe in the principles of consultation, openness, accountability and consensus.

In 2008, continued advocacy and activism on U.S. policies toward Africa. Africa Action made major progress in its program work on its primary campaigns (Darfur, HIV/AIDS, Debt Cancellation), along with public education & mobilization, and policy & communications work.

In 2008, Africa Action conducted a 5-year strategic planning process which included engaging previous employees from Africa Action and all the predecessor organizations, African activists and students. Africa Action produced our annual report, *Africa Policy Outlook 2008*. Africa Action produced numerous reports, fact-sheets and other resources on our key campaign issues. We engaged the media, the African diasporas, policy-makers, and academia from the U.S. and Africa on numerous occasions.

Africa Action mobilized our grassroots activists in creative ways, including holding workshops and forums on important policy issues, and kicking off a new campaign on Darfur, *Just L.E.A.D* (Learn. Educate. Act. Daily). In 2008, Africa Action also hosted a major rally at the Darfur Mission to the United Nations, calling upon policy-makers to protect the people of Darfur and promote peace for all Sudan. Africa Action was a key-player in events in Washington, DC around World Aids Day (December 1).