

**CONCERN WORLDWIDE (U.S.), INC.**

**AUDIT REPORT**

**FINANCIAL STATEMENTS AND  
FEDERAL UNIFORM GUIDANCE REPORTS**

**YEAR ENDED DECEMBER 31, 2018  
(With Independent Auditor's Report Thereon)**

# CONCERN WORLDWIDE (U.S.), INC.

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# SECTION 1

**CONCERN WORLDWIDE (U.S.), INC.**

***FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
(CFR UNIFORM GUIDANCE AUDIT)***

**DECEMBER 31, 2018**

# CONCERN WORLDWIDE (U.S.), INC.

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## INDEPENDENT AUDITOR'S REPORT

**Board of Directors**  
**Concern Worldwide (U.S.), Inc.**  
**New York, New York**

We have audited the accompanying financial statements of Concern Worldwide (U.S.), Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concern Worldwide (U.S.), Inc. as of December 31, 2018, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors  
Concern Worldwide (U.S.), Inc.  
New York, New York

***Report on Summarized Comparative Information***

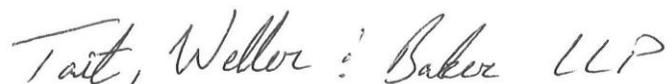
We have previously audited Concern Worldwide (U.S.), Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



**TAIT, WELLER & BAKER LLP**

Philadelphia, Pennsylvania  
June 20, 2019, except for the Schedule of Federal Awards,  
for which the date is September 27, 2019

# CONCERN WORLDWIDE (U.S.), INC.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2018 And 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 8,246,442	\$ 7,007,433
Receivables:		
U.S. Government	8,195,384	5,556,212
Other	1,077,862	939,967
U.S. Government grant advance to Concern Worldwide IRL	342,642	404,127
Prepaid expenses and other assets	<u>34,960</u>	<u>30,133</u>
<b>Total Current Assets</b>	<u>17,897,290</u>	<u>13,937,872</u>
<b>OTHER ASSETS</b>		
Cash – restricted	134,780	134,584
Deposits	5,875	5,875
Equipment – net of accumulated depreciation of \$449,297 in 2018 and \$453,504 in 2017	<u>632,359</u>	<u>747,582</u>
<b>Total Other Assets</b>	<u>773,014</u>	<u>888,041</u>
<b>Total Assets</b>	<u>\$ 18,670,304</u>	<u>\$ 14,825,913</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 533,365	\$ 233,964
Deferred lease benefits	75,728	75,728
Deferred revenue – U.S. Government grants	342,641	404,127
Deferred revenue – other	267,313	-
Grants due to Concern Worldwide IRL and other Partners	<u>7,967,888</u>	<u>5,551,694</u>
<b>Total Current Liabilities</b>	<u>9,186,935</u>	<u>6,265,513</u>
<b>LONG TERM LIABILITIES</b>		
Deferred lease benefits	<u>597,137</u>	<u>672,868</u>
<b>NET ASSETS</b>		
Without donor restrictions – undesignated	7,160,192	6,366,129
Without donor restrictions – board designated	1,666,454	1,452,644
With donor restrictions	<u>59,586</u>	<u>68,759</u>
<b>Total Net Assets</b>	<u>8,886,232</u>	<u>7,887,532</u>
<b>Total Liabilities And Net Assets</b>	<u>\$ 18,670,304</u>	<u>\$ 14,825,913</u>

# CONCERN WORLDWIDE (U.S.), INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2018 With Summarized Information For 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>	<u>2017 Total</u>
<b>Support and Revenue</b>				
Contributions and non-government grants	\$ 2,315,069	\$ 819,918	\$ 3,134,987	\$ 4,542,364
Support from Concern Worldwide IRL	1,390,757	-	1,390,757	-
Government grants	32,649,443	-	32,649,443	29,338,450
Special events – net	2,753,906	-	2,753,906	2,840,287
Other income	56,725	-	56,725	6,746
Net assets released from restrictions	<u>829,091</u>	<u>(829,091)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>39,994,991</u>	<u>(9,173)</u>	<u>39,985,818</u>	<u>36,727,847</u>
<b>Expenses</b>				
Program activities	34,880,021	-	34,880,021	32,096,204
Management and general	1,694,877	-	1,694,877	1,651,506
Fundraising	<u>2,412,220</u>	<u>-</u>	<u>2,412,220</u>	<u>2,074,037</u>
<b>Total expenses</b>	<u>38,987,118</u>	<u>-</u>	<u>38,987,118</u>	<u>35,821,747</u>
<b>Change in net assets</b>	1,007,873	(9,173)	998,700	906,100
<b>Net Assets</b>				
Beginning of year	<u>7,818,773</u>	<u>68,759</u>	<u>7,887,532</u>	<u>6,981,432</u>
<b>End of year</b>	<u>\$ 8,826,646</u>	<u>\$ 59,586</u>	<u>\$ 8,886,232</u>	<u>\$ 7,887,532</u>

# CONCERN WORLDWIDE (U.S.), INC.

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 And 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Changes in net assets</i>	\$ 998,700	\$ 906,100
<i>Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	109,163	115,450
Loss on disposal of fixed assets	6,060	-
(Increase) decrease in		
Cash – restricted	(196)	(132)
Receivables – U.S. Government	(2,639,172)	1,732,444
Receivables – other	(199,381)	(15,984)
Prepaid expenses and other assets	(4,827)	26,577
Increase (decrease) in		
Accounts payable and accrued liabilities	223,670	(897,244)
Deferred revenue – other	267,313	-
Grants due to Concern Worldwide IRL	<u>2,477,679</u>	<u>(992,516)</u>
<b>Net cash provided by operating activities</b>	<u>1,239,009</u>	<u>874,695</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	<u>-</u>	<u>(50,255)</u>
<b>Net cash used for investing activities</b>	<u>-</u>	<u>(50,255)</u>
<b>Net increase in cash and cash equivalents</b>	1,239,009	824,440
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	<u>7,007,433</u>	<u>6,182,993</u>
Ending	<u>\$ 8,246,442</u>	<u>\$ 7,007,433</u>

# CONCERN WORLDWIDE (U.S.), INC.

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018 With Summarized Information For 2017

	Program			Supporting Services			Total Expenses	
	Overseas Relief	Development Education	Total	Management And General	Fundraising	Total	2018 Total	2017 Total
Salaries and Benefits	\$ 1,748,789	\$ 631,195	\$ 2,379,984	\$ 1,133,543	\$ 1,183,991	\$ 2,317,534	\$ 4,697,518	\$ 4,937,992
Travel, Lodging and meetings	219,080	29,015	248,095	113,690	48,611	162,301	410,396	275,127
Printing and Publications	5,674	4,801	10,475	6,762	376,464	383,226	393,701	465,812
Professional Fees	109,556	77,465	187,021	135,523	589,075	724,598	911,619	292,596
Website Management	8,820	5,385	14,205	10,710	7,356	18,066	32,271	36,262
Dues and Subscriptions	10,489	14,972	25,461	19,579	12,936	32,515	57,976	68,086
Office Supplies and Expenses	28,518	18,767	47,285	37,253	25,859	63,112	110,397	118,293
Video and Exhibitions	580	887	1,467	1,160	785	1,945	3,412	9,773
Occupancy	157,551	83,267	240,818	190,414	128,809	319,223	560,041	550,854
Miscellaneous Expenses	1,183	1,818	3,001	1,751	2,199	3,950	6,951	39,633
Packing, Postage and Shipping	826	1,266	2,092	1,655	7,157	8,812	10,904	21,708
Telephone	4,391	2,864	7,255	5,722	3,871	9,593	16,848	25,020
Grants								
Concern Worldwide IRL	31,359,877	-	31,359,877	-	-	-	31,359,877	28,520,272
Other Partners	306,044	-	306,044	-	-	-	306,044	344,869
Depreciation	<u>28,383</u>	<u>18,558</u>	<u>46,941</u>	<u>37,115</u>	<u>25,107</u>	<u>62,222</u>	<u>109,163</u>	<u>115,450</u>
<b>Total Expenses</b>	<b><u>\$33,989,761</u></b>	<b><u>\$ 890,260</u></b>	<b><u>\$ 34,880,021</u></b>	<b><u>\$ 1,694,877</u></b>	<b><u>\$ 2,412,220</u></b>	<b><u>\$ 4,107,097</u></b>	<b><u>\$ 38,987,118</u></b>	<b><u>\$ 35,821,747</u></b>

# CONCERN WORLDWIDE (U.S.), INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 And 2017

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### (1) SIGNIFICANT ACCOUNTING POLICIES

#### **ORGANIZATION AND PURPOSE**

Concern Worldwide (U.S.), Inc. ("**Concern Worldwide**") is a not-for-profit corporation organized for the purposes of helping people living in extreme poverty to achieve major improvements in their lives which last and spread without ongoing support from Concern. To achieve this mission, Concern engages in long term development work, responds to emergency situations, seeks to address the root causes of poverty through advocacy work, educates the public of the need to provide relief assistance, and cooperates with other charitable organizations whether local, national or international for any of the foregoing purposes. Concern Worldwide is supported primarily by grants, public support and special events.

Concern Worldwide is affiliated with Concern Worldwide IRL, headquartered in Dublin, Ireland. Concern Worldwide IRL has provided and will continue to support Concern Worldwide (U.S.), Inc. in the form of reimbursements, and in-kind support. Concern Worldwide (U.S.), Inc. supports Concern Worldwide IRL by recruiting personnel, providing training and capacity building, technical program support, financial and programmatic monitoring and financial grants for international programs.

#### **BASIS OF PRESENTATION**

The accompanying financial statements of Concern Worldwide have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP) which requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and types of transactions affecting each category are as follows:

**Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of income earned on cost reimbursement contracts; gifts without restrictions, including those designated by the Board of Directors; and expenses associated with the core activities of Concern Worldwide.

**With Donor Restrictions** – Net assets subject to donor-imposed restrictions that will be met either by actions of Concern Worldwide or the passage of time. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by Concern Worldwide. As of December 31, 2018, and 2017, there were no net assets required to be maintained in perpetuity.

#### **ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **CONCENTRATION OF CREDIT RISK**

Concern Worldwide occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("**ASC**") 825, "**Financial Instruments**" identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

# CONCERN WORLDWIDE (U.S.), INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### **INCOME TAXES**

Concern Worldwide is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and has been classified as a public charity under Section 509(a)(1) of the Code.

Management has reviewed the tax positions for each of the open tax years (2015 – 2017) or expected to be taken in Concern Worldwide’s 2018 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

### **CASH AND CASH EQUIVALENTS**

Concern Worldwide considers cash and cash equivalents to include short-term investments with maturities of less than three months when purchased.

### **PROPERTY AND EQUIPMENT**

Property and equipment are capitalized at cost and depreciated over their estimated useful lives on the straight-line basis (leasehold improvements – 10 years, furniture and fixtures – 5 years, computers and equipment – 3 years). Concern Worldwide follows the practice of capitalizing all expenditures related to property and equipment having a cost in excess of \$5,000. Donated property and equipment are similarly capitalized but at fair market value at the time of donation.

### **CONTRIBUTIONS**

Contributions are recorded at net realizable value as revenue on receipt or when unconditional promises to give are received. Unless its use is limited by time or donor-imposed restriction, contribution revenue is recorded as increases in net assets without donor restrictions.

### **U.S. GOVERNMENT GRANTS**

Concern Worldwide has various grants with the United States Government, from the United States Agency for International Development (“USAID”), including the Office of Foreign Disaster Assistance (“OFDA”), the United States Department of State Bureau of Population, Refugees, and Migration (“PRM”), and the United States Department of State Food for Peace (“FFP”). Concern Worldwide applies for such funds at the time the expenditure is made, which is the basis for recognizing revenue.

### **CONTRIBUTED SERVICES AND EQUIPMENT**

Concern Worldwide received donated services from a variety of volunteers. These services are not subject to reasonable objective measurements and as such, are not reflected in the accompanying financial statements.

### **FUNCTIONAL ALLOCATION OF EXPENSES**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and utilities, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

### **PRIOR YEAR INFORMATION**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Concern Worldwide’s audited financial statements for the year ended December 31, 2017, from which the summarized information was derived.

# CONCERN WORLDWIDE (U.S.), INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

### **NEW ACCOUNTING PRONOUNCEMENT**

On August 18, 2016, the FASB issued Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements for Not-for-Profit Entities*. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. The main provisions of this guidance include the presentation of two classes of net assets versus the previously required three. This guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. The ASU is effective for years beginning after December 15, 2017 and was adopted by Concern Worldwide for the year ended December 31, 2018.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of December 31, 2017 is as follows:

<u>Net Assets Classifications</u>	<u>ASU 2016-14 Classifications</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As previously presented:			
Unrestricted	\$7,818,773	\$ -	\$7,818,773
Temporarily Restricted	<u>-</u>	<u>68,759</u>	<u>68,759</u>
	<u>\$7,818,773</u>	<u>\$68,759</u>	<u>\$7,887,532</u>

### **NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED**

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a transaction is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The ASU should be applied using a modified prospective basis. Concern Worldwide plans to adopt the new ASU at the required implementation date.

In November 2016, the FASB issued ASU No. 2016-18 - Statement of Cash Flows (Topic 230): Restricted Cash, which requires the statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The new guidance also requires entities to reconcile such total to amounts on the statement of financial position and disclose the nature of the restrictions. The standard is effective for private entities for fiscal years beginning after December 15, 2018. The standard requires the use of the retrospective transition method. Concern Worldwide plans to adopt the new ASU at the required implementation date.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 31, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. Concern Worldwide plans to adopt the new ASU at the required implementation date.

# CONCERN WORLDWIDE (U.S.), INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### (2) NET ASSETS

The board designated \$1,666,454 and \$1,452,644 of net assets without donor restrictions as an operating reserve in 2018 and 2017, respectively. The operating reserve is used as an internal line of credit to manage cash flow and maintain financial flexibility.

Net assets with donor restrictions at December 31, 2018 and 2017 are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Use in future periods	<u>\$ 59,586</u>	<u>\$ 68,759</u>

For the year ended December 31, 2018 and 2017, net assets of \$829,091 and \$2,934,831, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

### (3) SPECIAL EVENTS

During 2018 and 2017, Concern Worldwide held several fund-raising events. The gross receipts from these events were \$3,662,471 and \$3,708,974 for 2018 and 2017, respectively. Direct expenses consisting of \$908,565 in 2018 and \$868,687 in 2017 were charged against these receipts resulting in net proceeds of \$2,753,906 and \$2,840,287 respectively.

### (4) LEASE COMMITMENTS

As of December 31, 2018, Concern Worldwide leases its office facilities in New York City and Chicago, Illinois. The New York City lease agreement expires in November 2025 and provided for a 7 month rent holiday and reimbursement of approximately \$670,000 of renovation costs (the “lease benefits”) at the time it was signed. The lease benefits are being amortized on a straight-line basis over the life of the lease, as required. The Chicago, Illinois lease is on a month to month basis. The leases are subject to adjustments for escalations and certain operating expenses. Rent expense for the years ended December 31, 2018 and 2017, was approximately \$518,500 and \$514,600, respectively.

Approximate future minimum rentals under its non-cancelable operating lease is as follows:

	<u>Office Facilities</u>
2019	\$ 511,000
2020	523,000
2021	553,000
2022	553,000
2023	553,000
2024 and thereafter	<u>945,000</u>
	<u>\$3,638,000</u>

# CONCERN WORLDWIDE (U.S.), INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### (5) CONTINGENCY

Under the terms of the U.S. Government grants, which are made based upon the acceptance by the U.S. Government of the program proposals submitted by Concern Worldwide, amounts are stipulated for both direct program costs and administrative overhead costs. The administrative overhead rate used by Concern Worldwide, while provisionally approved, is subject to review and final approval by the U.S. Government. The administrative overhead rate has been approved through December 31, 2017. Management believes that any adjustment to the 2018 administrative overhead rate will not have a material effect on the financial position or operating results of Concern Worldwide.

### (6) PENSION PLANS

Full time employees are eligible to contribute to Concern Worldwide's defined contribution retirement plan after three months of service. Concern Worldwide matches up to 3% of eligible employees' contributions to the plan. Total pension expense was approximately \$69,000 and \$78,000 for the periods ended December 31, 2018 and 2017.

### (7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Concern Worldwide strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects Concern Worldwide's financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date, and does not include expected drawdowns on federal awards that will support its 2019 operating budget.

	<u>2018</u>
Financial Assets:	
Cash and cash equivalents	\$ 8,246,442
Accounts receivable	<u>9,273,246</u>
Total financial assets	17,519,688
Less:	
Net assets with donor restrictions	(59,586)
Board designated net assets	<u>(1,666,454)</u>
Financial assets available to meet current obligations	<u>\$15,793,648</u>

Concern has board designated net assets in the amount noted above, which could be made available, if necessary with Board approval.

### (8) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, June 20, 2019, have been evaluated in the preparation of the financial statements.

## **SUPPLEMENTAL INFORMATION**

# CONCERN WORLDWIDE (U.S.), INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (Continued)

Year Ended December 31, 2018

<u>Federal Grantor/Program or Cluster Title</u>	<u>Received As A Sub-Award From</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Provided To Sub-Recipients</u>	<u>Total Federal Expenditures</u>
<b>UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT</b>					
USAID Foreign Assistance for Programs Overseas					
	N/A	N/A	98.001	\$ 27,466,065	\$ 28,844,286
	IMC	AIDOFDAA1700008	98.001	-	241,412
	SCI	AIDOAAA1700003	98.001	283,323	304,382
	IRC	AIDOFDAA170060	98.001	<u>2,072,641</u>	<u>2,249,389</u>
<b>Total: United States Agency for International Development</b>				<b><u>\$ 29,822,029</u></b>	<b><u>\$ 31,639,469</u></b>
<b>DEPARTMENT OF STATE BUREAU OF POPULATION, REFUGEES, AND MIGRATION (PRM)</b>					
Overseas Refugee Assistance Program for Near East and South Asia			19.519	<u>970,056</u>	<u>1,009,974</u>
<b>Total: Department of State PRM</b>				<b><u>970,056</u></b>	<b><u>1,009,974</u></b>
<b>Total: All Grants</b>				<b><u>\$ 30,792,085</u></b>	<b><u>\$ 32,649,443</u></b>

# CONCERN WORLDWIDE (U.S.), INC.

## *NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

Year Ended December 31, 2018

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### **(1) BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Concern Worldwide (U.S.), Inc. ("Concern Worldwide") under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Concern Worldwide, it is not intended and does not present the financial position, changes in net assets, or cash flows of Concern Worldwide.

### **(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Concern Worldwide has elected not to use 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# SECTION 2

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Board of Directors  
Concern Worldwide (U.S.), Inc.  
New York, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Concern Worldwide (U.S.), Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Board of Directors  
Concern Worldwide (U.S.), Inc.  
New York, New York**

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
June 20, 2019**

# SECTION 3

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN REQUIRED BY THE UNIFORM GUIDANCE**

**Board of Directors  
Concern Worldwide (U.S.), Inc.  
New York, New York**

***Report on Compliance for Each Major Federal Program***

We have audited Concern Worldwide (U.S.), Inc's (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

**Board of Directors  
Concern Worldwide (U.S.), Inc.  
New York, New York**

***Report on Internal Control Over Compliance***

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
September 27, 2019**

# SECTION 4

# CONCERN WORLDWIDE (U.S.), INC.

## *SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

Year Ended December 31, 2018

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### **SECTION I**

#### ***Summary of Auditor's Results***

1. An unmodified opinion was issued on the financial statements in accordance with GAAP of Concern Worldwide (U.S.), Inc., as of and for the year ended December 31, 2018.
2. There were no significant deficiencies or material weaknesses noted with respect to Concern Worldwide (U.S.), Inc.'s internal control over financial reporting.
3. Our audit disclosed no instances of noncompliance which are material to the financial statements of Concern Worldwide (U.S.), Inc.
4. No significant deficiencies or material weaknesses were reported with respect to Concern Worldwide (U.S.), Inc.'s internal control over its major programs.
5. An unmodified opinion was issued on compliance with requirements applicable to the major programs of Concern Worldwide (U.S.), Inc. in accordance with the Uniform Guidance.
6. Our audit disclosed no findings which are required to be reported in accordance with 2 CFR section 200.516(a).
7. The major programs of Concern Worldwide (U.S.), Inc. were as follows:

<b><u>Federal Grant/Program Title</u></b>	<b><u>Federal CFDA Number</u></b>
USAID Foreign Assistance for Programs Overseas	98.001
Overseas Refugee Assistance Program Near East and South Asia	19.519

8. The dollar threshold used to distinguish a Type A program from a Type B program was \$979,483.
9. Concern Worldwide (U.S.), Inc. qualified as a low-risk auditee.

### **SECTION II**

#### ***Findings Related to Financial Statements***

None

### **SECTION III**

#### ***Federal Award Findings and Questioned Costs***

None

# SECTION 5

# CONCERN WORLDWIDE (U.S.), INC.

## *PRIOR YEAR FINDINGS*

**Year Ended December 31, 2018**

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The audit for the year ended December 31, 2017 disclosed no areas of non-compliance.