

CONCERN WORLDWIDE (U.S.), INC.

AUDIT REPORT

FINANCIAL STATEMENTS AND FEDERAL UNIFORM GUIDANCE REPORTS

YEAR ENDED DECEMBER 31, 2019
(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, 2019

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, 2019 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 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 September 29, 2020 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
September 29, 2020**

CONCERN WORLDWIDE (U.S.), INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 And 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,333,919	\$ 8,246,442
Receivables:		
U.S. Government	11,576,890	8,195,384
Other	1,642,135	1,077,862
U.S. Government grant advance to Concern Worldwide IRL	-	342,642
Prepaid expenses and other assets	<u>69,627</u>	<u>34,960</u>
Total Current Assets	<u>21,622,571</u>	<u>17,897,290</u>
OTHER ASSETS		
Cash – restricted	134,982	134,780
Deposits	5,875	5,875
Equipment – net of accumulated depreciation of \$551,826 in 2019 and \$449,297 in 2018	<u>529,830</u>	<u>632,359</u>
Total Other Assets	<u>670,687</u>	<u>773,014</u>
Total Assets	<u>\$ 22,293,258</u>	<u>\$ 18,670,304</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 294,219	\$ 533,365
Deferred lease benefits	75,728	75,728
Deferred revenue – U.S. Government grants	-	342,641
Deferred revenue – other	-	267,313
Grants due to Concern Worldwide IRL and other Partners	<u>10,739,650</u>	<u>7,967,888</u>
Total Current Liabilities	<u>11,109,597</u>	<u>9,186,935</u>
LONG TERM LIABILITIES		
Deferred lease benefits	<u>521,406</u>	<u>597,137</u>
Total Liabilities	<u>11,631,003</u>	<u>9,784,072</u>
NET ASSETS		
Without donor restrictions – undesignated	7,964,147	7,160,192
Without donor restrictions – board designated	1,671,416	1,666,454
With donor restrictions	<u>1,026,692</u>	<u>59,586</u>
Total Net Assets	<u>10,662,255</u>	<u>8,886,232</u>
Total Liabilities And Net Assets	<u>\$ 22,293,258</u>	<u>\$ 18,670,304</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2019 With Summarized Information For 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Support and Revenue				
Contributions and non-government grants	\$ 2,133,339	\$ 2,888,320	\$ 5,021,659	\$ 3,134,987
Support from Concern Worldwide IRL	1,608,327	-	1,608,327	1,390,757
Government grants	41,177,262	-	41,177,262	32,649,443
Special events – net	1,870,934	100,000	1,970,934	2,753,906
Other income	102,068	-	102,068	56,725
Net assets released from restrictions	<u>2,021,214</u>	<u>(2,021,214)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>48,913,144</u>	<u>967,106</u>	<u>49,880,250</u>	<u>39,985,818</u>
Expenses				
Program activities	44,530,904	-	44,530,904	34,880,021
Management and general	1,606,869	-	1,606,869	1,694,877
Fundraising	<u>1,966,454</u>	<u>-</u>	<u>1,966,454</u>	<u>2,412,220</u>
Total expenses	<u>48,104,227</u>	<u>-</u>	<u>48,104,227</u>	<u>38,987,118</u>
Change in net assets	808,917	967,106	1,776,023	998,700
Net Assets				
Beginning of year	<u>8,826,646</u>	<u>59,586</u>	<u>8,886,232</u>	<u>7,887,532</u>
End of year	<u>\$ 9,635,563</u>	<u>\$ 1,026,692</u>	<u>\$ 10,662,255</u>	<u>\$ 8,886,232</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2019 And 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Changes in net assets</i>	\$ 1,776,023	\$ 998,700
<i>Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	102,529	109,163
Loss on disposal of fixed assets	-	6,060
(Increase) decrease in		
Receivables – U.S. Government	(3,785,633)	(2,639,172)
Receivables – other	(564,273)	(199,381)
Prepaid expenses and other assets	(96,152)	(4,827)
Increase (decrease) in		
Accounts payable and accrued liabilities	(314,877)	223,670
Deferred revenue – other	(205,827)	267,313
Grants due to Concern Worldwide IRL	<u>3,175,889</u>	<u>2,477,679</u>
Net cash provided by operating activities	<u>87,679</u>	<u>1,239,205</u>
Net increase in cash and cash equivalents	87,679	1,239,205
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning	<u>8,381,222</u>	<u>7,142,017</u>
Ending	<u>\$ 8,468,901</u>	<u>\$ 8,381,222</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019 With Summarized Information For 2018

	Program			Supporting Services			Total Expenses	
	Overseas Relief	Development Education	Total	Management And General	Fundraising	Total	2019 Total	2018 Total
Salaries and Benefits	\$ 1,826,663	\$ 702,726	\$ 2,529,389	\$ 1,021,154	\$ 1,279,414	\$ 2,300,568	\$ 4,829,957	\$ 4,697,518
Travel, Lodging and meetings	233,288	22,022	255,310	114,957	705,728	820,685	1,075,995	1,017,361
Printing and Publications	2,566	1,896	4,462	3,792	149,869	153,661	158,123	451,036
Professional Fees	89,046	52,981	142,027	152,242	373,328	525,570	667,597	1,000,244
Website Management	7,051	5,192	12,243	10,020	8,274	18,294	30,537	32,318
Dues and Subscriptions	13,328	8,806	22,134	19,705	15,388	35,093	57,227	58,086
Office Supplies and Expenses	22,909	16,712	39,621	39,114	25,932	65,046	104,667	110,397
Occupancy	133,712	96,990	230,702	197,069	223,601	420,670	651,372	652,704
Video and Exhibitions	807	596	1,403	1,193	18,744	19,937	21,340	23,074
Miscellaneous Expenses	5,669	741	6,410	3,381	34,182	37,563	43,973	45,088
Packing, Postage and Shipping	795	636	1,431	1,175	10,341	11,516	12,947	15,925
Telephone	4,487	3,287	7,774	8,207	5,102	13,309	21,083	16,848
Grants								
Concern Worldwide IRL	40,918,951	-	40,918,951	-	-	-	40,918,951	31,359,877
Other Partners	318,036	-	318,036	-	-	-	318,036	306,044
Depreciation	<u>23,581</u>	<u>17,430</u>	<u>41,011</u>	<u>34,860</u>	<u>26,658</u>	<u>61,518</u>	<u>102,529</u>	<u>109,163</u>
Total	43,600,889	930,015	44,530,904	1,606,869	2,876,561	4,483,430	49,014,334	39,895,683
Less Special Events Expenses	-	-	-	-	(910,107)	(910,107)	(910,107)	(908,565)
Total Expenses	<u>\$43,600,889</u>	<u>\$930,015</u>	<u>\$44,530,904</u>	<u>\$1,606,869</u>	<u>\$1,966,454</u>	<u>\$3,573,323</u>	<u>\$48,104,227</u>	<u>\$38,987,118</u>

See notes to financial statements.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 And 2018

(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).

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, Concern Worldwide's net assets and changes therein are classified 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 from conditional contributions whose 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.

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, 2019 And 2018

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 (2017 – 2018) or expected to be taken in Concern Worldwide’s 2019 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. Restricted cash is comprised of escrowed funds deposited with a bank relating to a letter of credit required under Concern Worldwide’s lease agreement. The following table provides a reconciliation of cash, cash equivalents and restricted cash in the statements of financial position to the total amount shown on Concern Worldwide’s statements of cash flows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 8,333,919	\$ 8,246,442
Cash – restricted	<u>134,982</u>	<u>134,780</u>
Total cash, cash equivalents and restricted cash	<u>\$ 8,468,901</u>	<u>\$ 8,381,222</u>

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

Concern recognizes contributions when cash, securities, or other assets, and unconditional promises to give are received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before Concern is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. Concern recognizes conditional contributions when the conditions are substantially met or waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “*net assets released from restrictions.*”

GOVERNMENT GRANTS

Concern Worldwide receives funding from the United States Agency for International Development (“USAID”), including the Office of Foreign Disaster Assistance (“OFDA”) and the Office of Food for Peace (“FFP”) and from the United States Department of State Bureau of Population, Refugees, and Migration (“PRM”) for direct and indirect program costs and to provide certain whole or partial sub-grants to other agencies. Revenue from such grants are considered to be conditional contributions and are recognized as qualifying expenses are incurred. Concern adopted the simultaneous release option for donor-restricted conditional grants that are recognized as used within the same reporting period, therefore, these amounts are reported as without donor restriction.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2019 And 2018

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 benefit 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, and salaries and benefits, which are allocated on the basis of estimates of time and effort.

RECLASSIFICATIONS

Certain reclassifications were made to the 2018 financial statements to conform to the 2019 presentation.

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, 2018, from which the summarized information was derived.

NEW ACCOUNTING PRONOUNCEMENT

During 2019, Concern Worldwide adopted 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. As a result of adopting the new guidance, \$197 of restricted cash, which was previously included as operating cash outflows within the statements of cash flows for the year ended December 31, 2018 has been removed and is now included in the cash, cash equivalents and restricted cash line items at the beginning and end of the period.

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 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. Concern Worldwide adopted the new ASU during 2019 and it did not have a material effect on the financial statements.

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

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 15, 2021. Early adoption is permitted. 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, 2019 And 2018

(2) NET ASSETS

The board designated \$1,671,416 and \$1,666,454 of net assets without donor restrictions as an operating reserve in 2019 and 2018, 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, 2019 and 2018 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Use in future periods	<u>\$1,026,692</u>	<u>\$59,586</u>

For the year ended December 31, 2019 and 2018, net assets of \$2,021,214 and \$829,091, 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 2019 and 2018, Concern Worldwide held several fund-raising events. The gross receipts from these events were \$2,881,041 and \$3,662,471 for 2019 and 2018, respectively. Direct expenses consisting of \$910,107 in 2019 and \$908,565 in 2018 were charged against these receipts resulting in net proceeds of \$1,970,934 and \$2,753,906 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, 2019 and 2018, was approximately \$529,700 and \$518,500, respectively.

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

	<u>Office Facilities</u>
2020	\$ 523,000
2021	553,000
2022	553,000
2023	553,000
2024	553,000
2025 and thereafter	<u>392,000</u>
	<u>\$3,127,000</u>

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2019 And 2018

(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, 2018. Management believes that any adjustment to the 2019 administrative overhead rates, if any, 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 immediately. Concern Worldwide matches up to 3% of eligible employees' contributions to the plan after three months of service. Total pension expense was approximately \$62,900 and \$69,400 for the periods ended December 31, 2019 and 2018.

(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, 2019 and 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 operating budget.

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash and cash equivalents	\$ 8,333,919	\$ 8,246,442
Accounts receivable	<u>13,219,025</u>	<u>9,273,246</u>
Total financial assets	21,552,944	17,519,688
Less:		
Net assets with donor restrictions	(1,026,692)	(59,586)
Board designated net assets	<u>(1,671,416)</u>	<u>(1,666,454)</u>
Financial assets available to meet current obligations	<u>\$18,854,836</u>	<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.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2019 And 2018

(8) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, September 29, 2020, have been evaluated in the preparation of the financial statements.

In March 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. A prolonged outbreak could impact Concern Worldwide's programmatic efforts and possibly adversely affect its financial results in 2020. Concern Worldwide's management is carefully monitoring the situation and evaluating the possible ramifications of the COVID-19 virus and its impact on the economy as well as the organization's operations. While some of the Organization's fundraising events have been cancelled and there is a possible negative impact on individual donor contributions, the need for Concern Worldwide's services are greatly increasing, and the specific impact on Concern Worldwide's financial position, results of operations and cash flows in 2020 are not reasonably estimable at this time. Therefore, the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

SUPPLEMENTAL INFORMATION

CONCERN WORLDWIDE (U.S.), INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (Continued)

Year Ended December 31, 2019

<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>
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT					
USAID Foreign Assistance for Programs Overseas					
	N/A	N/A	98.001	\$ 33,363,185	\$ 35,380,751
	IMC	AIDOFDAA1700008	98.001	-	176,110
	CARE International	APSFPP17000001	98.001	1,697,527	1,790,118
	IRC	72DFFP18CA00001	98.001	85,748	85,748
	Save the Children	72OFDA19GR0085	98.001	204,235	214,382
	CRS	72DFFP18CA00002	98.001	65,823	69,310
	SCI	AIDOAAA1700003	98.001	272,170	280,447
	IRC	AIDOFDAA170060	98.001	<u>1,691,010</u>	<u>1,752,030</u>
Total: United States Agency for International Development				<u>\$ 37,379,698</u>	<u>\$ 39,748,896</u>
DEPARTMENT OF STATE BUREAU OF POPULATION, REFUGEES, AND MIGRATION (PRM)					
Overseas Refugee Assistance Program for Near East and South Asia					
			19.519	<u>1,356,766</u>	<u>1,428,366</u>
Total: Department of State PRM				<u>1,356,766</u>	<u>1,428,366</u>
Total: All Grants				<u>\$ 38,736,464</u>	<u>\$ 41,177,262</u>

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2019

(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

**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 September 29, 2020.

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
September 29, 2020**

SECTION 3

**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, 2019. 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, 2019.

**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 29, 2020**

SECTION 4

CONCERN WORLDWIDE (U.S.), INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019

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, 2019.
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:

<u>Federal Grant/Program Title</u>	<u>Federal CFDA Number</u>
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 \$1,235,318.
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, 2019

The audit for the year ended December 31, 2018 disclosed no areas of non-compliance.