

CONCERN WORLDWIDE (U.S.), INC.

AUDIT REPORT

FINANCIAL STATEMENTS AND FEDERAL UNIFORM GUIDANCE REPORTS

YEAR ENDED DECEMBER 31, 2021
(With Independent Auditor's Report Thereon)

CONCERN WORLDWIDE (U.S.), INC.

TABLE OF CONTENTS

	<u>SECTION</u>
Financial Statements and Independent Auditor's Report (CFR Uniform Guidance Audit)	1
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	2
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance	3
Schedule of Findings and Questioned Costs	4
Prior Year Findings	5

SECTION 1

CONCERN WORLDWIDE (U.S.), INC.

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

DECEMBER 31, 2021

CONCERN WORLDWIDE (U.S.), INC.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
FINANCIAL STATEMENTS	
<i>Statement of Financial Position,</i> December 31, 2021 and 2020	4
<i>Statement of Activities and Changes in Net Assets,</i> Year ended December 31, 2021 with Summarized Information for 2020	5
<i>Statement of Cash Flows,</i> Years ended December 31, 2021 and 2020	6
<i>Statement of Functional Expenses,</i> Year ended December 31, 2021 with Summarized Information for 2020	7
<i>Notes to Financial Statements</i>	8
SUPPLEMENTAL INFORMATION	
<i>Schedule of Expenditures of Federal Awards,</i> Year ended December 31, 2021	15
<i>Notes to the Schedule of Expenditures of Federal Awards</i>	18

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Concern Worldwide (U.S.), Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concern Worldwide (U.S.) as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Concern Worldwide (U.S.) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Concern Worldwide (U.S.)'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Concern Worldwide (U.S.)'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Concern Worldwide (U.S.)'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Concern Worldwide (U.S.), Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2022 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 30, 2022

CONCERN WORLDWIDE (U.S.), INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,626,453	\$ 10,174,496
Investments	2,999,590	-
Receivables:		
U.S. Government	16,703,262	14,476,131
Other	1,888,754	1,182,050
Prepaid expenses and other assets	<u>360,570</u>	<u>239,963</u>
Total Current Assets	<u>27,578,629</u>	<u>26,072,640</u>
OTHER ASSETS		
Cash – restricted	135,204	135,134
Equipment – net of accumulated depreciation of \$670,073 in 2020 and \$551,826 in 2019	<u>389,067</u>	<u>511,942</u>
Total Other Assets	<u>524,271</u>	<u>647,076</u>
Total Assets	<u>\$ 28,102,900</u>	<u>\$ 26,719,716</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 358,066	\$ 220,528
Deferred lease benefits	118,289	75,728
Deferred revenue – U.S. Government grants and other	491,367	27,516
Grants due to Concern Worldwide IRL and other partners	<u>16,077,242</u>	<u>14,879,891</u>
Total Current Liabilities	17,044,964	15,203,663
LONG TERM LIABILITIES		
Deferred lease benefits	<u>272,410</u>	<u>433,262</u>
Total Liabilities	<u>17,317,374</u>	<u>15,636,925</u>
NET ASSETS		
Without donor restrictions – undesignated	7,712,411	9,146,923
Without donor restrictions – board designated	2,999,590	1,671,921
With donor restrictions	<u>73,525</u>	<u>263,947</u>
Total Net Assets	<u>10,785,526</u>	<u>11,082,791</u>
Total Liabilities And Net Assets	<u>\$ 28,102,900</u>	<u>\$ 26,719,716</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2021 With Summarized Information For 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Support and Revenue				
Contributions and non-government grants	\$ 2,627,019	\$ 1,224,473	\$ 3,851,492	\$ 3,028,329
Support from Concern Worldwide IRL	2,308,814	-	2,308,814	1,851,698
Government grants	67,700,683	-	67,700,683	46,595,727
Special events – net	1,242,979	-	1,242,979	1,386,071
Other income	79,479	-	79,479	87,853
Net assets released from restrictions	<u>1,414,895</u>	<u>(1,414,895)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>75,373,869</u>	<u>(190,422)</u>	<u>75,183,447</u>	<u>52,949,678</u>
Expenses				
Program activities	69,614,577	-	69,614,577	48,366,506
Management and general	2,050,597	-	2,050,597	1,539,189
Fundraising	<u>3,815,538</u>	<u>-</u>	<u>3,815,538</u>	<u>2,623,447</u>
Total expenses	<u>75,480,712</u>	<u>-</u>	<u>75,480,712</u>	<u>52,529,142</u>
Change in net assets	(106,843)	(190,422)	(297,265)	420,536
Net Assets				
Beginning of year	<u>10,818,844</u>	<u>263,947</u>	<u>11,082,791</u>	<u>10,662,255</u>
End of year	<u>\$10,712,001</u>	<u>\$ 73,525</u>	<u>\$10,785,526</u>	<u>\$11,082,791</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Changes in net assets</i>	\$ (297,265)	\$ 420,536
<i>Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	122,875	118,247
Unrealized losses	10,468	-
(Increase) decrease in		
Receivables – U.S. Government	(2,227,131)	(2,871,725)
Receivables – other	(706,704)	460,085
Prepaid expenses and other assets	(120,607)	(164,461)
Increase (decrease) in		
Accounts payable and accrued liabilities	19,247	(161,835)
Deferred revenue – other	463,851	-
Grants due to Concern Worldwide IRL	<u>1,197,351</u>	<u>4,140,241</u>
Net cash provided by operating activities	<u>(1,537,915)</u>	<u>1,941,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(100,359)
Purchases of investments	<u>(3,010,058)</u>	<u>-</u>
Net cash used in investing activities	<u>(3,010,058)</u>	<u>(100,359)</u>
Net change in cash and cash equivalents	(4,547,973)	1,840,729
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning	<u>10,309,630</u>	<u>8,468,901</u>
Ending	<u>\$ 5,761,657</u>	<u>\$ 10,309,630</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021 With Summarized Information For 2020

	Program			Supporting Services			Total Expenses	
	Overseas Relief	Development Education	Total	Management And General	Fundraising	Total	2021 Total	2020 Total
Salaries and Benefits	\$ 1,823,471	\$ 449,632	\$ 2,273,103	\$ 1,612,052	\$ 1,478,716	\$ 3,090,768	\$ 5,363,871	\$ 4,860,079
Travel, Lodging and Meetings	18,058	4,296	22,354	36,958	481,027	517,985	540,339	152,299
Printing and Publications	3,476	7,372	10,848	2,313	1,499,393	1,501,706	1,512,554	513,024
Professional Fees	121,736	23,523	145,259	97,541	479,597	577,138	722,397	523,990
Website Management	22,931	5,742	28,673	21,135	36,637	57,772	86,445	59,000
Dues and Subscriptions	24,943	4,519	29,462	17,852	37,425	55,277	84,739	80,679
Office Supplies and Expenses	70,345	17,163	87,508	62,714	71,915	134,629	222,137	144,214
Occupancy	163,461	42,062	205,523	151,743	180,546	332,289	537,812	581,200
Video and Exhibitions	-	-	-	-	-	-	-	765
Miscellaneous Expenses	5,736	93	5,829	473	7,988	8,461	14,290	36,297
Packing, Postage and Shipping	842	226	1,068	5,103	17,003	22,106	23,174	18,365
Telephone	6,514	1,644	8,158	7,694	8,141	15,835	23,993	25,019
Grants								
Concern Worldwide IRL	66,359,560	-	66,359,560	-	-	-	66,359,560	45,091,260
Other Partners	389,802	-	389,802	-	-	-	389,802	393,704
Depreciation	<u>37,723</u>	<u>9,707</u>	<u>47,430</u>	<u>35,019</u>	<u>40,426</u>	<u>75,445</u>	<u>122,875</u>	<u>118,247</u>
Total	69,048,598	565,979	69,614,577	2,050,597	4,338,814	6,389,411	76,003,988	52,598,142
Less Special Events Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(523,276)</u>	<u>(523,276)</u>	<u>(523,276)</u>	<u>(69,000)</u>
Total Expenses	<u>\$69,048,598</u>	<u>\$565,979</u>	<u>\$69,614,577</u>	<u>\$ 2,050,597</u>	<u>\$ 3,815,538</u>	<u>\$ 5,866,135</u>	<u>\$75,480,712</u>	<u>\$ 52,529,142</u>

See notes to financial statements.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 And 2020

(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 gifts without restrictions; conditional contributions whose conditions are met during the period; resources 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, 2021 And 2020

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 (2018 – 2020) or expected to be taken in Concern Worldwide’s 2021 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,626,453	\$ 10,174,496
Cash – restricted	<u>135,204</u>	<u>135,134</u>
Total cash, cash equivalents and restricted cash	<u>\$ 5,761,657</u>	<u>\$ 10,309,630</u>

INVESTMENTS

Accounting Standards Codification (“ASC”) 958, “Not-for-profit Entities” establishes standards for accounting for certain investments held by not-for-profit organizations and requires that investments in securities be recorded at fair market value with the resulting gains and losses reported in the statement of activities.

The fair market value of investments traded on a securities exchange is determined based on quoted market prices for those investments.

According to the policy approved by the Finance Committee (the “Committee”), Concern Worldwide’s Nonprofit Fund (the “Fund”) was created to provide ongoing financial support to Concern Worldwide. The objective of the Fund is to preserve the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions. The objective is accomplished through the selection of high-quality fixed income investment securities, investment diversification and ongoing management of interest rate risk; maintaining sufficient liquidity to meet the cash flow needs of Concern Worldwide; and maximizing the rate of return on invested funds.

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.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

CONTRIBUTIONS

Concern recognizes contributions when cash, securities, or other assets, and unconditional promises to give are received. Conditional contributions include donor-imposed conditions that include one or more barriers that must be overcome and a right of return to the contributor for assets transferred or a right of release of the contributor from its obligation to transfer assets before Concern is entitled to the assets transferred or promised. 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 (directly and indirectly) from the United States Agency for International Development (“*USAID*”), including the Bureau for Humanitarian Assistance (“*BHA*”) 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. Revenues 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.

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.

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, 2020, from which the summarized information was derived.

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, 2021 And 2020

(2) INVESTMENTS

At December 31, 2021 and 2020 investments consisted of the following:

	2021		2020	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash	\$ 7	\$ 7	\$ -	\$ -
Fixed income funds	<u>3,010,051</u>	<u>2,999,583</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,010,058</u>	<u>\$ 2,999,590</u>	<u>\$ -</u>	<u>\$ -</u>

Investment earnings for the years ended December 31, 2021 are comprised of the following and included in other income on the statement of activities and changes in net assets:

Interest and dividends	\$ 10,058
Unrealized loss	<u>(10,468)</u>
	<u>\$ (410)</u>

The following describes the hierarchy of inputs used to measure market value and the primary valuation methodologies used by Concern Worldwide for investments measured at market value on a recurring basis. An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the market value measurement. The three levels of inputs are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities. Market price data is generally obtained from exchange or dealer markets.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers, and brokers.

Level 3 - Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment.

The methods described above may produce a market value calculation that may not be indicative of net realizable value or reflective of future market values. Furthermore, Concern Worldwide, Inc. believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the market value of certain investments could result in a different estimate of market value.

The following table presents the investments carried at market value as of December 31, 2021:

	2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income:				
Cash	\$ 7	\$ -	\$ -	\$ 7
Fixed income funds	<u>2,999,583</u>	<u>-</u>	<u>-</u>	<u>2,999,583</u>
	<u>\$ 2,999,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,999,590</u>

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(3) NET ASSETS

The board designated \$2,999,590 and \$1,671,921 of net assets without donor restrictions as an operating reserve in 2021 and 2020, 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, 2021 and 2020 are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Use in future periods	<u>\$73,525</u>	<u>\$263,947</u>

For the year ended December 31, 2021 and 2020, net assets of \$1,414,895 and \$1,632,961, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

(4) SPECIAL EVENTS

During 2021 and 2020, Concern Worldwide held various fund-raising events. The gross receipts from these events were \$1,766,255 and \$1,455,071 for 2021 and 2020, respectively. Direct expenses consisting of \$523,276 in 2021 and \$69,000 in 2020 were charged against these receipts resulting in net proceeds of \$1,242,979 and \$1,386,071 respectively.

(5) LEASE COMMITMENTS

Concern Worldwide leases its office facilities in New York City. The lease agreement expires in November 2025 and, at the inception of the lease, 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 lease is subject to adjustments for escalations and certain operating expenses. Rent expense, which includes a month-to-month office lease in Chicago during 2020, was approximately \$507,800 and \$543,100, for the years ending December 31, 2021 and 2020, respectively.

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

	<u>Office Facilities</u>
2022	\$ 553,000
2023	553,000
2024	553,000
2025	<u>392,000</u>
	<u>\$2,051,000</u>

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(6) 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 rates used by Concern Worldwide, while provisionally approved, are subject to review and final approval by the U.S. Government. The administrative overhead rate has been approved through December 31, 2019. In September 2022, Concern Worldwide requested a one-time extension of its 2019 NICRA rate for a four-year period from 2020 through 2023 as allowed under 2 CFR 200, Subpart E, Section 200.414(g). As of the report date, this request is being reviewed by the oversight agency. Management expects to be granted this one time-time extension, however, in the event that such request is not approved, a repayment to the U.S. Government of approximately \$1,700,000 to \$2,000,000 may be required.

(7) 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 \$97,400 and \$71,300 for the periods ended December 31, 2021 and 2020.

(8) 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, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 5,626,453	\$ 10,174,496
Investments	2,999,590	-
Receivables	<u>18,592,016</u>	<u>15,658,181</u>
Total financial assets	27,218,059	25,832,677
Less:		
Net assets with donor restrictions	(73,525)	(263,947)
Board designated net assets	<u>(2,999,590)</u>	<u>(1,671,921)</u>
Financial assets available to meet current obligations	<u>\$24,144,944</u>	<u>\$23,896,809</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, 2021 And 2020

(9) COVID-19 AND PAYCHECK PROTECTION PROGRAM

The COVID-19 pandemic has resulted in significant economic disruption affecting the global economy. As vaccination efforts continue, restrictions on activities have been lifted and a return to more normal economic activity has begun. However, a significant degree of uncertainty still exists concerning the ultimate duration and magnitude of the COVID-19 pandemic and subsequent outbreaks, including whether restrictions that have been lifted will need to be imposed again or tightened in the future. Given the ongoing and dynamic nature of the circumstances, it is still difficult to predict the full impact of the COVID-19 pandemic on Concern Worldwide.

On April 7, 2020, Concern received a \$739,178 loan under the Small Business Administration’s (“SBA”) Paycheck Protection Program (the “PPP Loan”). Concern Worldwide considered this to be a conditional contribution with the incurrence of eligible expenses to be the underlying barrier. As such, government grant revenue was recognized as the qualifying expenses were incurred. During the year ended December 31, 2020, Concern incurred eligible expenditures in excess of the PPP Loan, and as a result, recognized \$739,178 as government grant revenue. On February 24, 2021, Concern was granted forgiveness by the SBA for the full amount of the PPP Loan.

(10) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, September 30, 2022, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

CONCERN WORLDWIDE (U.S.), INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2021

<u>Federal Awarding Agency/Program Title</u>	<u>Received As A Sub-Award From</u>	<u>Grant / Contract Number</u>	<u>Federal CFDA Number</u>	<u>Total Amount Provided To Sub-Recipients</u>	<u>Federal Expenditures</u>
DEPARTMENT OF STATE BUREAU OF POPULATION, REFUGEES, AND MIGRATION (PRM)					
Overseas Refugee Assistance Programs for Near East:					
Education Support for Syrian Refugees in Sanliurfa Province, Turkey	N/A	SPRMCO18CA0199	19.519	\$ -	\$ 1,419
Livelihoods, Protection and Education Support for Refugees in Turkey Value chains for improved socioeconomic well-being of Syrian refugees and Lebanese host communities	N/A	SPRMCO20CA0219	19.519	2,356,419	2,461,577
Integrated COVID-19 Humanitarian assistance to Afghan refugees in KP and Balochistan (ICHA)	N/A	SPRMCO20CA0203	19.519	1,228,289	1,283,170
	N/A	SPRMCO21CA3295	19.519	<u>72,903</u>	<u>76,142</u>
Total Overseas Refugee Assistance Programs for Near East				3,657,611	3,822,308
Overseas refugee assistance programs for South Asia:					
Delivering Health, Nutrition and Livelihood, and Protection services for Rohingya Refugees and vulnerable host communities in Cox's Bazar, Bangladesh	INTERNATIONAL RESCUE COMMITTEE	SPRMCO20CA0181	19.523	<u>2,147,133</u>	<u>2,242,176</u>
TOTAL DEPARTMENT OF STATE BUREAU OF POPULATION, REFUGEES, AND MIGRATION (PRM)				<u>5,804,744</u>	<u>6,064,484</u>
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT					
Foreign Assistance for Programs Overseas:					
Responding to Pakistan's Internally Displaced (RAPID) Fund - Phase Two (RAPID Fund II)	N/A	AIDOFDAA1300019	98.001	-	209,918
Humanitarian Leadership Program	N/A	AIDOFDAA1500062	98.001	(2,396)	(2,396)
CMAM Surge: Can seasonal peaks in demand for nutrition services be met through government health systems?	N/A	AIDOFDAG1700142	98.001	-	(272)
Humanitarian Response for Newly Conflict-Affected IDPs from Basse-Kotto Arriving in Eastern Kouango	N/A	720FDA18GR00186	98.001	-	(1,908)
Responding to Pakistan's Internally Displaced (RAPID) III	N/A	720FDA18CA00050	98.001	1,199,759	1,222,096
Sindh Drought Resilience Program (SDRP)	N/A	720FDA19CA00017	98.001	797,313	829,594
Multi-sectoral Emergency Response for Conflict-Affected and Food Insecure Populations in South Sudan	N/A	720FDA19GR00179	98.001	-	(138)
Multi-Sector Emergency Response for Conflict-Affected Populations in North East Syria – Phase II	N/A	720FDA19CA00046	98.001	3,126,187	3,291,935
Merged Areas Returnees Support Program (MARSP)	N/A	720FDA19CA00027	98.001	136,662	144,033
National NGO Program on Humanitarian Leadership - Phase Two	N/A	720FDA19CA00077	98.001	391,726	611,447
Integrated Capacity for Recovery and Early Action in Emergencies for Drought Affected Communities in ASAL Counties (I-CREATE)	N/A	720FDA20GR00036	98.001	4,490,769	4,700,468
Humanitarian Assistance to Conflict Affected Households in Eastern DRC	N/A	720FDA20CA00064	98.001	4,808,516	5,020,106
Integrated Emergency Nutrition and WASH Response in Amhara Region, Ethiopia	N/A	720FDA20GR00273	98.001	745,795	778,686
Integrated Emergency Nutrition and WASH Response in Amhara Region, Ethiopia	N/A	720FDA20CA00040	98.001	1,325,014	1,391,897

CONCERN WORLDWIDE (U.S.), INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (Continued)

Year Ended December 31, 2021

<u>Federal Awarding Agency/Program Title</u>	<u>Received As A Sub-Award From</u>	<u>Grant / Contract Number</u>	<u>Federal CFDA Number</u>	<u>Total Amount Provided To Sub-Recipients</u>	<u>Federal Expenditures</u>
Multi-sectoral Emergency Response for Conflict-Affected and Food Insecure Populations in South Sudan	N/A	720FDA20GR00322	98.001	5,024,399	5,279,491
Strengthening Multi-Sectoral Emergency Interventions in West and South Kordofan States, Sudan	N/A	720FDA20GR00282	98.001	1,109,989	1,159,631
Emergency Nutrition Response in Tigray Region	N/A	720BHA21GR00101	98.001	278,999	291,424
Multi-Sector Emergency Response in North East Syria	N/A	720BHA21GR00089	98.001	7,608,581	7,948,877
Integrated life-saving emergency response in Somali Region, Ethiopia	N/A	720BHA21GR00237	98.001	261,730	273,416
Multi-Sector Emergency Response in South Sudan	N/A	720BHA21GR00260	98.001	1,648,366	1,722,266
Integrated Mechanism to PROMote the RecoVERY of the Most Vulnerable Households Supporting Immediate Needs and Enhancing Community Self-sufficiency in Response to New and Chronic Conflicts in CAR	N/A	720BHA21GR00276	98.001	512,146	535,432
Manje pi Byen (Eat Better)	N/A	720BHA21GR00223	98.001	106,831	111,571
Humanitarian response for conflict affected populations in West and South Kordofan States and building their resilience to future shocks and stresses	N/A	720BHA22GR00009	98.001	6,263	6,541
COVID-19 emergency response in West Pokot and Tana River Counties through an integrated Nutrition and WASH activity	N/A	720BHA22GR00033	98.001	249,702	261,189
Beyond Barriers: Overcoming funding and workforce obstacles to achieve a localized Humanitarian response	N/A	720BHA21CA00037	98.001	-	3,456
Increased Food Security of Conflict–Affected Communities in Northern Syria – Phase III	N/A	72DFFP18GR00031	98.001	-	24,337
Restoring Livelihoods through Agriculture Revitalization (RLAR) North East Syria	N/A	72027619CA00001	98.001	2,690,526	2,801,188
Increased Food and Nutrition Security of Conflict–Affected Communities in Ouaka Prefecture, CAR	N/A	72DFFP19GR00081	98.001	1,153,425	1,212,024
Increased Food Security of Conflict–Affected Communities in Northern Syria – Phase IV	N/A	72DFFP19GR00057	98.001	6,794,930	7,138,008
Manje Byen, La Sante (Eat Well, Good Health) Program	N/A	72DFFP20GR00056	98.001	1,490,009	1,553,655
Food and Livelihoods assistance to vulnerable households in Tanganyika and Haut Katanga in DRC	N/A	72DFFP20GR00092	98.001	6,623,708	6,975,107
Local Capacity Strengthening for Response (LCS4R) (In partnership with IMC)	INTERNATIONAL MEDICAL CORPS	720BHA21CA00006	98.001	-	107,866
Strengthening Risk Communication and Community Engagement Aspects of COVID-19 Response in Central African Republic	INTERNATIONAL MEDICAL CORPS	720FDA20GR00182	98.001	102,459	107,627
Emergency Nutrition and WaSH Rapid Response Capacity in Ethiopia” in partnership with the International Rescue Committee	INTERNATIONAL RESCUE COMMITTEE	72DFFP18CA00001	98.001	369,005	369,005
Building a Better Response: Strengthening Capacity for Coordination in Humanitarian Response. (In partnership with IMC)	INTERNATIONAL MEDICAL CORPS	720FDA20CA00073	98.001	-	125,548
Nutrition in ASALs within integrated resilient institutions (Nawiri). In partnership with the Catholic Relief Services (CRS), Concerns implementing the program	CATHOLIC RELIEF SERVICES	72DFFP19CA00002	98.001	1,272,516	1,316,594
title Nutrition in ASALs within integrated resilient institutions (Nawiri)	INTERNATIONAL RESCUE COMMITTEE	720FDA20GR00120	98.001	64,686	65,407
Emergency Response to the COVID-19 Pandemic in Ethiopia					

CONCERN WORLDWIDE (U.S.), INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (Continued)

Year Ended December 31, 2021

<u>Federal Awarding Agency/Program Title</u>	<u>Received As A Sub-Award From</u>	<u>Grant / Contract Number</u>	<u>Federal CFDA Number</u>	<u>Total Amount Provided To Sub-Recipients</u>	<u>Federal Expenditures</u>
Provision of lifesaving, emergency Hygiene and Sanitation assistance to conflict affected IDPs in temporary collecting centers in El Geneina town, West Darfur state	UN - INTERNATIONAL ORGANIZATION FOR MIGRATION	720FDA19CA000039	98.001	433,177	450,000
Deepening a culture of resilience among disaster, drought and conflict-affected communities through scaled-up integrated response in CP, GBV, Shelter, FSL, Agriculture, Health and Nutrition, and WASH across 13 provinces of Afghanistan	SAVE THE CHILDREN INTERNATIONAL	720BHA21GR00268	98.001	339,517	354,607
Deepening a culture of resilience among disaster and conflict-affected communities through scaled-up integrated response in DRR, CP, FSL, Health and Nutrition, and Emergency Response across 14 provinces of Afghanistan	SAVE THE CHILDREN INTERNATIONAL	720FDA20GR00146	98.001	39,560	41,296
Emergency Nutrition and WaSH Rapid Response Capacity in Ethiopia	INTERNATIONAL RESCUE COMMITTEE	AIDOFDAA170060	98.001	475,314	444,335
TOTAL U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT				<u>58,313,052</u>	<u>61,636,285</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS				<u>\$ 64,117,796</u>	<u>\$ 67,700,769</u>

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2021

(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, 2020. 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.

(3) RECONCILIATION TO THE FINANCIAL STATEMENTS

Government grants	\$ 67,700,769
Other	<u>(86)</u>
Federal award expenditures	<u>\$ 67,700,683</u>

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, 2021, 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 30, 2022.

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**

Report on 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 30, 2022**

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

Opinion On Each Major Federal Program

We have audited the compliance of Concern Worldwide (U.S.), Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2021. Concern Worldwide (U.S.)'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Concern Worldwide (U.S.) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Concern Worldwide (U.S.) and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Concern Worldwide (U.S.)'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Concern Worldwide (U.S.)'s federal programs.

**Board of Directors
International Social Service,
United States of America Branch, Inc.
Baltimore, Maryland**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Concern Worldwide (U.S.)'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Concern Worldwide (U.S.)'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Concern Worldwide (U.S.)'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Concern Worldwide (U.S.)'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Concern Worldwide (U.S.)'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 30, 2022**

SECTION 4

CONCERN WORLDWIDE (U.S.), INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2021

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, 2021.
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:

Federal Grant/Program Title

Federal CFDA Number

USAID Foreign Assistance for Programs Overseas	98.001
Overseas refugee assistance programs for South Asia	19.523

8. The dollar threshold used to distinguish a Type A program from a Type B program was \$2,031,023.
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, 2021

The audit for the year ended December 31, 2020 disclosed no areas of non-compliance.